

## Electrolux Group statement on slavery and human trafficking

Electrolux is dedicated to being a responsible employer and a good corporate citizen, with products and solutions that contribute to improving people's lives around the world. Part of the Group's work with human rights is to ensure that Electrolux is non-convicted in infringements in forced and bonded labor within its sphere of influence – i.e. that there is no modern slavery in any part of our business or our supply chain.

This statement is made by the Electrolux Group pursuant to section 54 of the Modern Slavery Act 2015 and section 3 of the California Transparency in Supply Chains Act.

### About the Electrolux Group

The Electrolux Group is a global leader in home appliances, offering solutions for households and businesses, including products such as refrigerators, dishwashers, washing machines, cookers, vacuum cleaners, air conditioners and small domestic appliances. The Group has 53 factories on all continents and sells more than 60 million products to customers in more than 150 countries every year, under brands including Electrolux, AEG, Zanussi and Frigidaire. In 2017, the Electrolux Group had sales of SEK 122 Billion and 56 000 employees.

### Our commitment

Our Code of Conduct sets out provisions for human rights and labor standards, both in our own operations and those by our suppliers. The Code defines a zero-tolerance principle towards forced, involuntary, or trafficked labor. This includes indentured, bonded, and unapproved prison labor and other forms of working against one's own will or choice – also known as modern slavery.

Electrolux has nearly 3,000 direct material suppliers throughout its markets, more than 120 OEM (original equipment manufacturing) suppliers and a large number of indirect material partners. The Electrolux Responsible Sourcing Program monitors and supports suppliers by screening supplier candidates, monitoring compliance, educating suppliers and building transparent and supportive relationships.

### Identifying risks

Electrolux verifies risks and conditions regarding forced and bonded labor in our product supply chains on an annual basis. The risk analysis is conducted by Electrolux, using input from Verisk Maplecroft, a global agency that monitors political, economic and social risks. The number of countries deemed at high risk for forced and bonded labor within our sphere of influence totaled 24 in 2017, and included Brazil, China, Egypt, Mexico, Romania and Thailand. Direct suppliers of all categories – including components and finished goods – as well as service suppliers are part of the risk assessment. Certain categories of service suppliers, such as manpower agencies, facility management companies and security providers are in themselves considered as high risk.

### Auditing

Electrolux conducts audits of suppliers in high and medium risk countries to evaluate supplier compliance with company standards, including forced and bonded labor in supply chains. In 2017, 387 (471) audits were conducted, 36 (75) by third-party assurers and the rest by our own dedicated Corporate Social Responsibility auditors. Any finding of elements of forced labor puts the supplier in "Disqualified" status until the situation has been remedied. In 2017, there were 3 (4) cases of forced labor in Mexico involving mandatory overtime and restriction of movement related to this.

### **Certification**

The Code of Conduct is included either in procurement contracts or in a separate formal agreement signed by the supplier.

Electrolux has joined the Conflict-Free Sourcing Initiative (CFSI), allowing us to influence those suppliers sourcing from countries affected by conflict. Our approach is based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and is embedded in our policies and activities.

### **Internal accountability**

Electrolux maintains accountability standards and procedures for employees and onsite contractors and all are expected to uphold the Code of Conduct. The line managers' responsibility is reinforced by an annual self-assessment performed by all plant managers, versus the key component of the Code of Conduct, including requirements for management of suppliers.

Within the Purchasing function, the formal sourcing forum used for all sourcing decisions over EUR 50,000 mandates a completed supplier Code of Conduct-screening.

### **Training**

Training for our employees on Ethics and Code of Conduct, including human rights is ongoing within the organization. Electrolux provides training for employees who have direct responsibility for supply chain management, which includes practices to manage incidents of forced and bonded labor. Our procurement professionals are regularly trained in responsible sourcing procedures.

Suppliers are trained as part of audits in separate seminars and workshops, as well as through e-learning which is available in 6 languages. In 2017, we reached 651 supplier representatives from over 300 suppliers in different types of capacity building initiatives.

**For more details on our Responsible Sourcing Program, including audit outcomes and targets, please see: <http://www.electroluxgroup.com/sustainabilityreports/2017/en/>**

On behalf of the Board of Directors

Stockholm January 2018

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Jonas Samuelson  
President and Chief Executive Officer  
AB Electrolux