

# Employees

## Electrolux corporate culture

The Electrolux corporate culture in combination with a strong set of values form the core of the Group's operations.

The employees' passion for innovation, their consumer obsession and motivation to achieve results set Electrolux apart. Respect, diversity, integrity, ethics, safety and the environment are at the core of all employee actions when they interact with customers and colleagues around the globe.

Wherever Electrolux operates in the world, the company applies the same high standards and principles of conduct.

In 2011, an ethics training program was initiated and the implementation of a whistleblowing system – the Electrolux Ethics Helpline – started.

Electrolux has a number of tools for employees and management including leadership development programs at all levels of management, the Talent Management program, succession planning, the internal Open Labor Market, and the web-based Employee Engagement Index.

## Code of Conduct

The Group has a Code of Conduct that defines high employment standards for all Electrolux employees in all countries and business sectors. It incorporates issues such as child and forced labor, health and safety, workers' rights and environmental compliance.

## Number of employees

The average number of employees increased in 2011 to 52,916 (51,544), of whom 2,184 (2,296) were in Sweden. At year-end, the total number of employees increased to 57,860 (50,920) on the basis of acquisitions.

Salaries and remuneration in 2011 amounted to SEK 13,137m (12,678), of which SEK 1,076m (1,053) refers to Sweden.

## Proposal for remuneration guidelines for Group Management

The Board of Directors will propose the following guidelines for remuneration to and other terms of employment for the President and CEO and other members of Group Management of Electrolux

to the Annual General Meeting (AGM) 2012. Group Management currently comprises thirteen executives. The proposed guidelines for 2012 are essentially in accordance with the guidelines approved by the AGM in 2011.

The principles shall be applied for employment agreements entered into after the AGM in 2012 and for changes made to existing employment agreements thereafter.

Remuneration for the President and CEO is resolved upon by the AB Electrolux Board of Directors, based on the recommendation of the Remuneration Committee. Changes in remuneration for other members of Group Management is resolved upon by the Remuneration Committee and reported to the Board of Directors.

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group. The total remuneration for Group Management can comprise the components as are set forth hereafter.

For a detailed description on remuneration to Group Management and related costs, see Note 27.

## Fixed compensation

Annual Base Salary (ABS) shall be competitive relative to the relevant country market and reflect the scope of the job responsibilities. Salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognize individual performance.

## Variable compensation

Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay-out shall be made.

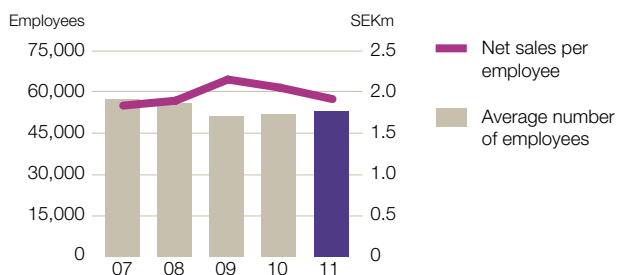
The targets shall principally relate to financial performance, for shorter (up to 1 year) or longer (3 years or longer) periods.

Non-financial targets may also be used in order to strengthen the focus on delivering on the Group's strategic plans or to clarify

## Number of employees

<b>Number of employees in 2010</b>	<b>50,920</b>
Number of employees in acquired operations	9,400
Restructuring programs	-1,870
Other changes	-590
<b>Number of employees in 2011</b>	<b>57,860</b>

## Employees



The average number of employees increased to 52,916 (51,544) in 2011.

that an own investment in Electrolux shares or other commitment is required. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

#### *Short Term Incentive (STI)*

Group Management members shall participate in a STI plan under which they may receive variable compensation. The objectives in the STI plan shall mainly be financial. These shall be set based on annual financial performance of the Group and, for the sector heads, of the sector for which the Group Management member is responsible.

The maximum STI entitlements shall be dependent on job position and may amount up to a maximum of 100% of ABS. Reflecting market norms, the STI entitlement for a Group Management member in the US may amount up to a maximum of 150% of ABS if the maximum performance level is reached.

STI payments for 2012 are estimated<sup>1)</sup> to range between no pay-out at minimum level and SEK 56.3m at maximum level.

#### *Long Term Incentive (LTI)*

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the General Meeting. Long-term incentive programs shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux shareholders of a good long-term development for Electrolux.

For a detailed description of all programs and related costs, see Note 27.

#### *Proposal for performance-based long-term share program 2012*

The Board of Directors will present a proposal to the AGM in 2012 for a performance-based long-term share program in 2012. The proposed program will include performance targets for average annual growth in earnings per share (EPS). The proposed program will include up to 180 senior managers and key employees, making participation conditional upon the saving of money in 2012 by the participants to acquire Electrolux B-shares. In addition to providing performance-based shares, the 2012 program will also provide free matching shares, provided the participant is still employed on the last day of the performance period and also still has full ownership of the shares acquired in connection with the participation. For each share owned, the participant will receive one free share in 2015. Details of the program will be included in the information for the AGM 2012.

Cost for LTI awards for 2012 are estimated<sup>1)</sup> to range between SEK 15m at minimum level and SEK 195m at maximum level.

Details of the program will be included in the information for the AGM 2012.

1) Estimation made on the assumption that Group Management is unchanged.

#### *Extraordinary arrangements*

Other variable compensation may be approved in extraordinary circumstances, under the conditions that such extraordinary arrangement shall, in addition to the target requirements set out above, be made for recruitment or retention purposes, are agreed on an individual basis, shall never exceed three (3) times the ABS and shall be earned and/or paid out in installments over a minimum of two (2) years.

Cost for extraordinary arrangements during 2011 equals to SEK 3.2m. Extraordinary arrangements which have not yet been paid out are estimated to amount to approximately SEK 12m.

#### **Insurable benefits**

Old age pension, disability benefits and medical benefits shall be designed to reflect home country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved.

#### **Other benefits**

Other benefits may be provided on individual level or to the entire Group Management. These benefits shall not constitute a material portion of total remuneration.

#### **Notice of termination and severance pay**

The notice period shall be twelve months if the Group takes the initiative and six months if the Group Management member takes the initiative.

In individual cases, severance arrangements may be approved in addition to the notice periods. Severance arrangements may only be payable upon the Group's termination of the employment arrangement or where a Group Management member gives notice as the result of an important change in the working situation, because of which he or she can no longer perform to standard. This may be the case in, e.g., the event of a substantial change in ownership of Electrolux in combination with a change in reporting line and/or job scope.

Severance arrangements may provide as a benefit to the individual the continuation of the ABS for a period of up to twelve months following termination of the employment agreement; no other benefits shall be included. These payments shall be reduced with the equivalent value of any income that the individual earns during that period of up to twelve months from other sources, whether from employment or independent activities.

#### **Deviations from the guidelines**

The Board of Directors shall be entitled to deviate from these guidelines if special reasons for doing so exist in any individual case.