

# Corporate governance report 2012

*Electrolux is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year. The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals.*

*Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners, cookers and air-conditioners sold under esteemed brands such as Electrolux, AEG, Eureka and Frigidaire.*

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of:

- an efficient organizational structure,
- systems for internal control and risk management and
- transparent internal and external reporting.

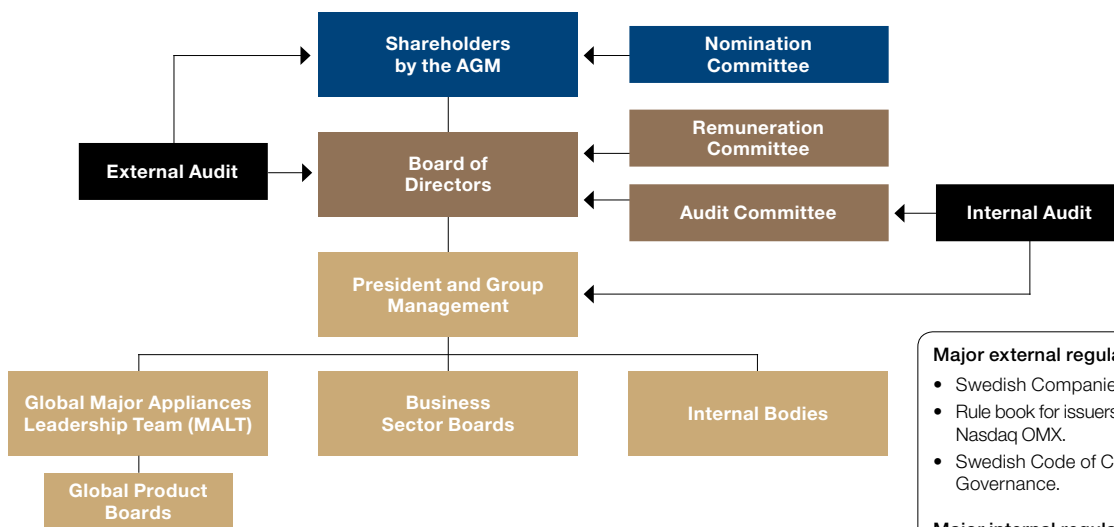
The Electrolux Group is comprised of approximately 157 companies with operations in over 150 countries. The parent company of

the Group is AB Electrolux, a public Swedish limited liability company. The company's shares are listed on Nasdaq OMX Stockholm.

The governance of Electrolux is based on the Swedish Companies Act, the rule book for issuers at Nasdaq OMX and the Swedish Code of Corporate Governance (the "Code"), as well as other relevant Swedish and foreign laws and regulations. Below is Electrolux formal governance structure.

This corporate governance report has been drawn up as a part of Electrolux application of the Code. Electrolux does not report any deviations from the Code in 2012.

## Governance structure



### Major external regulations

- Swedish Companies Act.
- Rule book for issuers at Nasdaq OMX.
- Swedish Code of Corporate Governance.

### Major internal regulations

- Articles of Association.
- Board of Directors' working procedures.
- Policies for information, finance, credit, accounting manual, etc.
- Processes for internal control and risk management.
- Electrolux Code of Ethics, Policy on Corruption and Bribery and Workplace Code of Conduct.

### For further information regarding:

- Swedish Companies Act; [www.sweden.gov.se](http://www.sweden.gov.se)
- Nasdaq OMX Stockholm; [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)
- Swedish Code of Corporate Governance and specific features of Swedish corporate governance; [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)

AB Electrolux (publ) is registered under number 556009-4178 with the Swedish Companies Registration Office. The registered office of the Board of Directors is in Stockholm, Sweden. The address of the Group headquarters is S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

## Highlights 2012

- Election of Ronnie Leten and Fredrik Persson as new Board members at the Annual General Meeting 2012.
- Election of Ronnie Leten as Deputy Chairman of the Board of Directors.
- Two new members joined Group Management.
- Closer cooperation between R&D, Design and Marketing since the formal structure in Group Management known as "The Innovation Triangle" was completed.
- Performance-based, long-term incentive program for top management.
- Focus on a global ethics-training program and implementation of a whistleblowing system.

### Shares and shareholders

The Electrolux share is listed on Nasdaq OMX Stockholm. At year-end 2012, Electrolux had 51,775 shareholders according to the share register kept by Euroclear Sweden AB. Of the total share capital, 51% was owned by Swedish institutions and mutual funds, 41% by foreign investors and 8% by Swedish private investors, see below. Investor AB is the largest shareholder, holding 15.5% of the share capital and 29.9% of the voting rights. The ten largest shareholders accounted for 35.9% of the share capital and 47.6% of the voting rights in the company.

### Voting rights

The share capital of Electrolux consists of Class A-shares and Class B-shares. One A-share entitles the holder to one vote and one B-share to one-tenth of a vote. Both A-shares and B-shares entitle the holders to the same proportion of assets and earnings and carry equal rights in terms of dividends. Owners of A-shares can request to convert their A-shares into B-shares. Conversion reduces the total number of votes in the company. As of December 31, 2012, the total number of registered shares in the company amounted to 308,920,308 shares, of which 8,212,725 were Class A-shares and 300,707,583 were Class B-shares. The total number of votes in the company was 38,283,483. Class

B-shares represented 78.6% of the voting rights and 97.3% of the share capital.

### Dividend policy

Electrolux goal is for the dividend to correspond to at least 30% of the income for the period, excluding items affecting comparability. For a number of years, the dividend level has been considerably higher than 30%.

The Annual General Meeting (AGM) in March 2012 decided to adopt the Board's proposed dividend of SEK 6.50 per share for 2011. The Board of Directors proposes a dividend for 2012 of SEK 6.50 per share, for a total dividend payment of approximately SEK 1,860m.

### Shareholders by the AGM

### General Meetings of shareholders

The decision-making rights of shareholders in Electrolux are exercised at shareholders' meetings. The AGM of Electrolux is held in Stockholm, Sweden, during the first half of the year.

Extraordinary General Meetings may be held at the discretion of the Board or, if requested, by the auditors or by shareholders owning at least 10% of the shares.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or through a proxy. In addition, the shareholder must be registered in the share register by a stipulated date prior to the meeting and must provide notice of participation in the manner prescribed. Additional requirements for participation apply to shareholders with holdings in the form of American Depositary Receipts (ADR) or similar certificates. Holders of such certificates are advised to contact the ADR depository bank, the fund manager or the issuer of the certificates in good time before the meeting in order to obtain additional information.

Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so well in advance to the meeting via an address provided on the Group's website.

Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of votes than the number of votes cast and shares represented at the meeting.

### Ownership structure



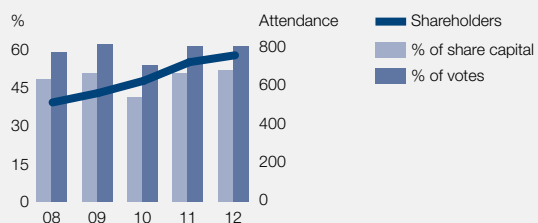
- 51% was owned by Swedish institutions and mutual funds
- 41% by foreign investors
- 8% by Swedish private investors

At year-end, about 41% of the total share capital was owned by foreign investors.

Source: SIS Ågarservice as of December 31, 2012.

The foreign ownership has increased to 41% from 24% at year-end 2011. Foreign investors are not always recorded in the share register. Foreign banks and other custodians may be registered for one or several customers' shares, and the actual owners are then usually not displayed in the register. For additional information regarding the ownership structure, see above. The information on ownership structure is updated quarterly on the Group's website; [www.electrolux.com/corporate-governance](http://www.electrolux.com/corporate-governance).

### Attendance at AGMs 2008–2012



756 shareholders representing a total of 51.0% of the share capital and 60.3% of the votes were present at the 2012 AGM.