

## The Board of Directors

The Board of Directors has the overall responsibility for Electrolux organization and administration.

### Composition of the Board

From the AGM in 2011, the Electrolux Board is comprised of nine members without deputies, who are elected by the AGM, and three members with deputies, who are appointed by the Swedish employee organizations in accordance with Swedish labor law.

The AGM elects the Chairman of the Board. Directly after the AGM, the Board holds a meeting for formal constitution at which the Deputy Chairman of the Board is elected, among other things. The Chairman of the Board of Electrolux is Marcus Wallenberg and the Deputy Chairman is Peggy Bruzelius.

All members of the Board, except for the President, are non-executive members. Five of the nine Board members are not Swedish citizens.

For additional information regarding the Board of Directors, see pages 88–89. The information is updated regularly at the Group's website; [www.electrolux.com/board-of-directors](http://www.electrolux.com/board-of-directors).

### Independence

The Board is considered to be in compliance with relevant requirements for independence. The assessment of each Board member's independence is presented in the table on pages 88–89. Marcus Wallenberg has been considered independent in relation to the company and the administration of the company, but not in relation to major shareholders of Electrolux. Keith McLoughlin has been deemed to be independent in relation to major shareholders of Electrolux, but not in his capacity as President and CEO, in relation to the company and the administration of the company. Keith McLoughlin has no major shareholdings, nor is he a part-owner in companies having significant business relations with Electrolux. Keith McLoughlin is the only member of Group Management with a seat on the Board.

### The Board's tasks

The main task of the Board is to manage the Group's operations in such a manner as to assure the owners that their interests, in terms of a long-term good return on capital, are being met in the

best possible manner. The Board's work is governed by rules and regulations including the Swedish Companies Act, the Articles of Association, the Code and the working procedures established by the Board. The Articles of Association of Electrolux are available on the Group's website; [www.electrolux.com/corporate-governance](http://www.electrolux.com/corporate-governance).

### Working procedures and Board meetings

The Board determines its working procedures each year and reviews these procedures as required. The working procedures describe the Chairman's specific role and tasks, as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the procedures, the Chairman shall:

- Organize and distribute the Board's work.
- Ensure that the Board discharges its duties.
- Secure the efficient functioning of the Board.
- Ensure that the Board's decisions are implemented efficiently.
- Ensure that the Board evaluates its work annually.

The working procedures for the Board also include detailed instructions to the President and other corporate functions regarding issues requiring the Board's approval. Among other things, these instructions specify the maximum amounts that various decision-making functions within the Group are authorized to approve as regards credit limits, capital expenditure and other expenditure.

The working procedures stipulate that the meeting for the formal constitution of the Board shall be held directly after the AGM. Decisions at this meeting include the election of Deputy Chairman and authorization to sign on behalf of the company. The Board normally holds six other ordinary meetings during the year. Four of these meetings are held in conjunction with the publication of the Group's full-year report and interim reports. One or two meetings are held in connection with visits to Group operations. Additional meetings, including telephone conferences, are held when necessary.

### The Board's work in 2011

During the year, the Board held eight scheduled meetings and two extraordinary meetings. All meetings except one were held in Stockholm, Sweden. The attendance of each Board member at these meetings is shown in the table on pages 88–89.

## The Board deals with and decides on Group-related issues such as:

- Main goals.
- Strategic orientation.
- Essential issues related to financing, investments, acquisitions and divestments.
- Follow-up and control of operations, communication and organization, including evaluation of the Group's operational management.
- Appointment of and, if necessary, dismissal of the President.
- Overall responsibility for establishing an effective system of internal control and risk management.
- Important policies.

## Remuneration to the Board of Directors 2009–2011:

SEK	2009	2010	2011
Chairman of the Board	1,600,000	1,600,000	1,600,000
Deputy Chairman of the Board	550,000	550,000	550,000
Board member	475,000	475,000	475,000
Chairman of the Audit Committee	200,000	200,000	200,000
Member of the Audit Committee	85,000	85,000	85,000
Chairman of the Remuneration Committee	120,000	120,000	120,000
Member of the Remuneration Committee	55,000	55,000	55,000

All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Meetings usually last for half a day or one entire day in order to allow time for presentations and discussions. Cecilia Vieweg, Electrolux General Counsel, served as secretary at all of the Board meetings.

Each scheduled Board meeting includes a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters, as presented by the President. The meetings also deal with investments and the establishment of new operations, as well as acquisitions and divestments. The Board decides on all investments exceeding SEK 100m and receives reports on all investments exceeding SEK 25m. Normally, the head of a sector also reviews a current strategic issue at the meeting. For an overview of how the Board's work is spread over the year, see the table below.

**Major issues addressed by the Board during 2011**

- Acquisition of Olympic Group in Egypt and CTI in Chile.
- Actions to improve operational excellence by adapting manufacturing capacity, taking out overhead costs and accelerating efforts to capitalize on the Group's global strength and scope.
- New appointments in Group Management.
- Capitalization of the Group.
- Dividend payment for the fiscal year 2010.

**Ensuring quality in financial reporting**

The working procedures determined annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Group's Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes,

as well as internal audit reports submitted by the Group's internal audit function, Management Assurance & Special Assignments.

The Group's external auditors report to the Board as necessary, but at least once a year. A minimum of one such meeting is held without the presence of the President or any other member of Group Management. The external auditors also attend the meetings of the Audit Committee.

The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the auditors.

**Evaluation of the Board's activities**

The Board evaluates its activities annually with regard to working procedures and the working climate, as well as regards the focus of the Board's work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board's work and also serves as input for the Nomination Committee's work.

A separate annual evaluation of the Chairman's work is performed under the leadership of the Deputy Chairman of the Board.

**Remuneration to Board members**

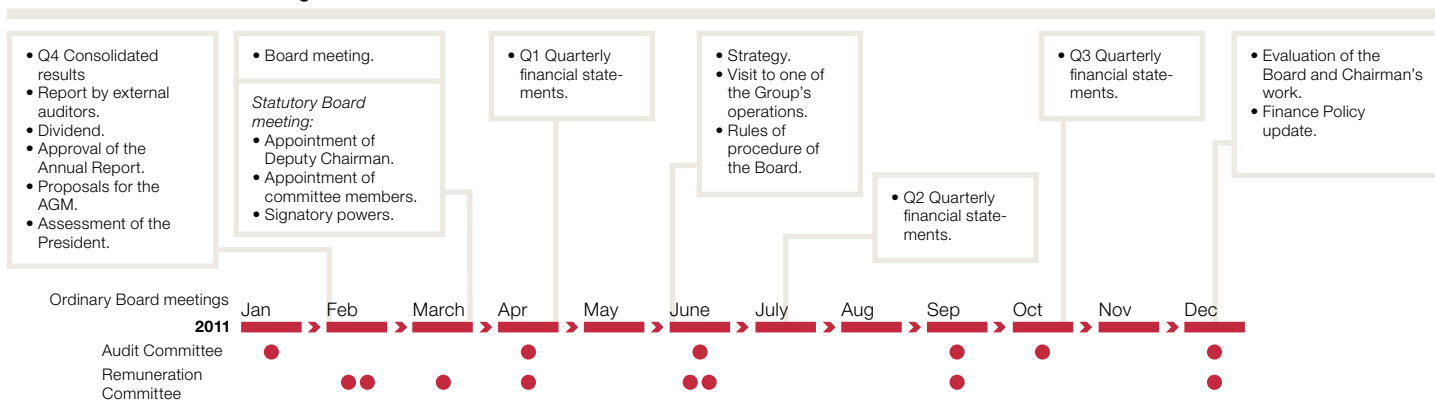
Remuneration to Board members is determined by the AGM and distributed to the Board members who are not employed by Electrolux. Remuneration to each Board member, in accordance with a resolution made at the AGM 2011, remained unchanged, see page 85.

The Nomination Committee has recommended that Board members appointed by the AGM acquire Electrolux shares and that these are maintained as long as they are part of the Board. A shareholding of a Board member should after five years correspond to the value of one gross annual fee.

Board members who are not employed by Electrolux are not invited to participate in the Group's long-term incentive programs for senior managers and key employees. Remuneration to the President is proposed by the Remuneration Committee and determined by the Board.

For additional information on remuneration to Board members, see Note 27.

**Overview of various items on the Board's agenda and committee meetings 2011**



Each scheduled Board meeting included a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters.