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# FUTURE INSIGHT



*Thinking of you*

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## OUR APPROACH TO REPORTING

We have developed a comprehensive, three-tiered approach to reporting on sustainability, including this strategy report.

**Future InSight:** Aimed at employees and business contacts, this outlook report is designed to communicate how we intend to realize our sustainability strategy through integration, driving innovation and building partnerships.



Sustainability information is integrated throughout our printed **Annual Reports**. Written for shareholders and stakeholders, a number of pages are additionally dedicated to how sustainability issues are relevant to the business strategy, as well as goals and performance.



The Electrolux annual sustainability performance review, **Sustainability Matters**, is built around the Global Reporting Initiative framework for sustainability reporting and is included in the on-line Annual Report. It can be accessed through [www.electrolux.com/sustainability](http://www.electrolux.com/sustainability)



### YOUR INSIGHT

Throughout this report we have posed thought-provoking questions about the role Electrolux has in tackling the opportunities and challenges society faces.

Let's hear what you think. Continue this conversation online at [www.electrolux.com/sustainability](http://www.electrolux.com/sustainability)



# Electrolux offering

Category

Products

CONSUMER DURABLES



For household kitchens throughout the world, Electrolux sells cookers, ovens, refrigerators, freezers, dishwashers, hoods and small appliances. The increasing role of the kitchen as a meeting place for family and friends gives Electrolux a unique display area.



Washing machines and tumble-dryers are the core of the Electrolux product offering for cleaning and care of textiles. Innovations and a growing preference for higher capacity, user-friendliness as well as lower consumption of water and energy are driving demand for Electrolux products.



Electrolux vacuum cleaners and accessories are sold to consumers worldwide. A strong, global distribution network and an attractive product offering are important competitive advantages. All production is located in low-cost areas.

PROFESSIONAL PRODUCTS

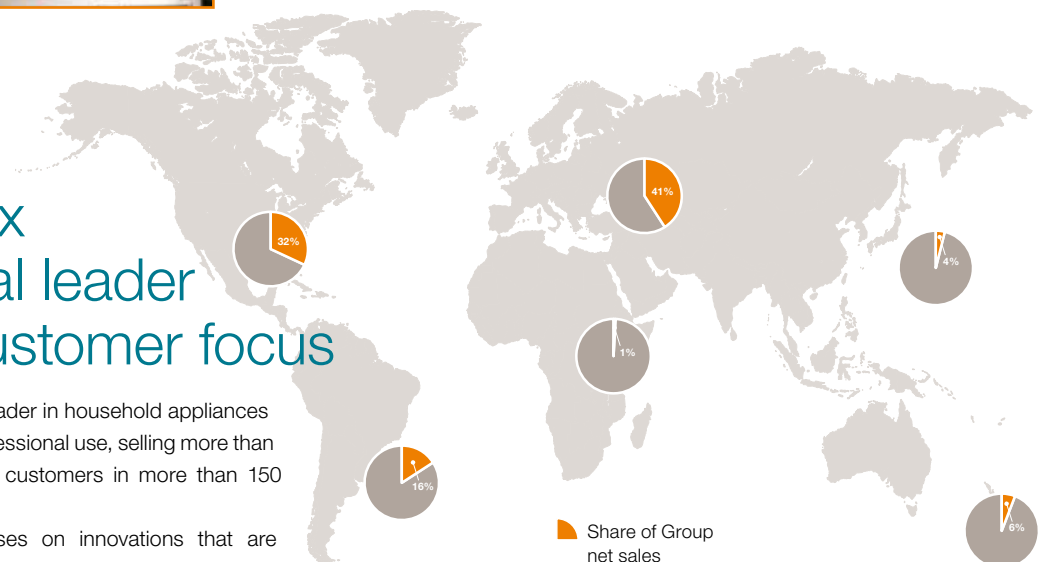


Electrolux sells a range of products for professional kitchens and laundries. High productivity, maximum utilization of resources and an extensive service network are key factors for purchases by professionals. Electrolux has a global presence, and is largest in Europe.

## Electrolux – a global leader with a customer focus

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. In 2010 Electrolux had sales of SEK 106 billion and 50,900 employees.



Share of Group net sales

# Future focus, action now

Good business leadership is about meeting today's needs and preparing for tomorrow's challenges and opportunities. Electrolux is stepping up its commitment to growth that's sustainable—doing more with less for more of the world's people. In Future InSight we outline how we're starting to do this. We don't have all the answers. But we're committed to trying—and working with others to find new ways.

Sustainability is crucial to our future success as a company. Like many others, I like to see it in terms of the seventh generation: the idea—inspired by the laws of the North American Indian Iroquois—that we should think about the impact today's actions will have seven generations from now.

We cannot afford to wait that long. Business has a vital role in driving solutions that will make a difference in just one or two generations. In Future InSight, we present the actions we are taking today to map a different course tomorrow.

## Innovation at the core

We have to be forward-thinking. Our products operate in people's homes for often ten years or more, so our innovation is heavily focused on reducing the negative environmental impacts of products during their lifespan. And we engage consumers and other stakeholders in using appliances more sustainably.

## Bringing it home

Sustainability is integrated into every aspect of our business and across the value chain—from our suppliers, to our choice of partners, to the issues we choose to support. We take a consistent approach to sustainability in the more than 160 countries where we operate. One Electrolux is built on common values and a foundation of principles based on sustainability elements such as diversity, ethics, safety, respect and integrity.

## Teaming up

As we don't have all the answers, we need partnerships. We support government incentives that encourage consumers to make environmentally smart decisions and drive a shared agenda for positive change with other organizations, for example, in our nearly 20-year cooperation with WWF in Italy.

With Royal Seaport, Electrolux works with the city of Stockholm, the Royal Institute of Technology and other companies in a new approach to sustainable urban development. Connected appliances will provide the interface between consumers and the electricity grid, so that people can make smart choices about household energy use.

## Taking it green

In consumers' homes, appliances represent about 20% of their climate impact. We have the opportunity to reduce that footprint. Each of our business sectors is launching and marketing a green range of its most environmentally sound products. The bar for entry to these flagship ranges rises each year. We have developed a methodology for defining efficiency targets across all our products and will report against these, starting in 2011.





We want to grow the market for sustainable products with a strong brand, powerful communications and robust engagement.

### Emphasis on efficiency

By 2020, it's predicted the world's middle classes will have grown by 1 billion. Already, some 30,000 people join this economic group every day, with huge implications for the way natural resources are consumed. Our energy- and water-efficient products can empower these new consumers to use fewer resources.

Constrained resources also mean volatile raw material costs. We will have to do more with less—using a fraction of the energy, steel and other materials our products are made from—as well as making sure those products can be transformed into something new once they've fulfilled their original purpose.

Through responsible sourcing, we seek to make a difference in the lives of people who help manufacture our products. Our employee ethics program ensures that we conduct our business with high ethical standards within our own operations, too.

### Dare to be bold

We want to grow the market for sustainable products with a strong brand, powerful communications and robust engagement.

Our strong emphasis on consumer insight targets innovation. We know that most people care about sustainability issues. Our green marketing campaigns, often carried out together with retailers, offer consumers an opportunity to act on that concern.

### Around for the long term

A responsible business is a lasting business—one that has the skill and insight to survive challenges and grasp opportunities. Being open, honest and transparent about our actions helps earn the trust of our stakeholders.

By leveraging the power of sustainability, we can break new ground, find new customers, new opportunities and boost the bottom line through increased efficiency and innovative products that contribute to society. This is about capitalism for the long term. If we do things right, I hope we will be able to say we made a difference in one generation—not seven.

Keith McLoughlin  
President and Chief Executive Officer



# Designing our future

Taking a strategic approach to sustainability means engaging with wider, often long-term, societal challenges such as climate change, constrained resources, globalization, and human rights. It also means asking tricky questions.

What will 2020 look like? What does that mean for our products and strategy? How do we act today to prepare for tomorrow's challenges?

## Growing population

By the mid-21st century, estimates predict a world population of over 9 billion. By 2020, the middle class will gain another billion people, shifting spending power towards countries like Brazil, Russia, India and China. This will open up new markets for Electrolux but also create supply chain challenges.

At the same time, the share of population aged over 60 is increasing and life expectancy is projected to reach 75 years by 2025. As well as changing the labor force, this means the elderly will be living more independent lives – with implications for appliance consumption patterns and design.

By 2020, 60% of the world's population is expected to be urban. Creating sustainable cities through smarter infrastructure and renewable power generation is a big challenge that will impact people's relationships with domestic appliances.

“First, we need to build consumer demand for greener products today.”

## Heating up

Tackling climate change means changing the energy mix, higher energy prices and increased carbon taxes, all of which will affect product design and affordability.

The combined effect of population growth, rising incomes and the spread of consumer lifestyles will put pressure on finite natural resources and materials. As commodities become scarcer and more costly, the need for greater efficiency, materials substitution, greater recycling and reuse becomes inescapable. Meanwhile, energy and water scarcity will mean that more affordable, diverse energy sources will be required and demand will rise for even more efficient appliances and closed loop production.

“Second, we need to instill trust that we're a valuable partner in the search for solutions tomorrow.”

## Health on the radar

Another consumer-led trend is health. As we learn more about the effects of chemicals, public concern is on the rise and legislators are applying stricter and harmonized regulations to clamp down on hazardous substances. Finding substitute materials for our production processes will deliver the same, or better, performance, while technologies such as nanotechnology will open up new possibilities for appliance innovation.

“Third, we need to lower our impacts through lifecycle-based design and new, sustainable business models.”

## Growing green markets

Reports by GfK Roper and McKinsey, Harvard Business Review, Boston Consulting Group and Consumers International all share the consensus that sustainability is among the drivers influencing consumer purchasing. But research shows that consumers are slow to choose energy-efficient appliances, for reasons like: not knowing what to do, not trusting business and doubting it will make a difference.

Major brands like Electrolux have a responsibility to work with retailers and others to build trust, provide socially responsible, green choices and empower consumers to overcome these barriers, through communication, consumer incentives and clear product labeling.

To earn trust, we must take responsibility and demonstrate the value we bring to society. Our sustainable solutions recognize the problem of increasingly constrained resources – water, energy, food and raw materials. By providing the best environmental choices, communicating their benefits and raising awareness, without compromising on high working standards, quality or functionality, Electrolux can contribute to a more sustainable common future.

“And fourth, we need to meet increasingly harmonized and stricter standards and our consumers' changing expectations with a global response to sustainability.”

## Key drivers

1. Climate change
2. New economies & a growing middle class
3. Constrained resources
4. Changing life stages
5. Urbanization
6. Proliferation of chemicals
7. Digital connectivity
8. Breakthrough innovations



Designing products with the future in mind. Celcius, an Electrolux Design Lab 2011 semi-finalist, is a kitchen waste disposal and recycling appliance that generates energy that can be used to heat other small appliances in the home.

**YOUR INSIGHT**

Where can Electrolux make the greatest difference?  
 How can consumer insight today show what is technically possible tomorrow?

[www.electrolux.com/sustainability](http://www.electrolux.com/sustainability)



**Survey: The activities consumers are most willing to take on to help tackle climate change**

- Use energy-efficient appliances
- Recycle
- Drive a more fuel-efficiency car

Source: McKinsey 2008

