

Innovation

Innovating for sustainable growth

Sustainability is central to the Group's business strategy. It is part of great business leadership to deliver business growth that is high-integrity, low-environmental impact and of high value to society.

The Electrolux sustainability strategy is to develop smarter, more accessible, resource-efficient solutions that meet people's needs and improve their lives. As a result of strong top-management commitment, integration of the sustainability strategy across the organization has been a main focus area. The strategy is now in its third year and targets three main areas:

- **Products, services and markets** – to sustainably provide resource-efficient products and services that are accessible to more people around the world.
- **People and operations** – to engage employees in continually improving operations for the safety of people and the good of the environment.
- **Stakeholders and society** – to build trust and connect with stakeholders across the value chain to achieve successful sustainability outcomes.

Sustainability leadership requires clear vision, strong organizational alignment and global commitment. In 2012 and for the sixth consecutive year, Electrolux was recognized as leader of its industry sector in the prestigious Dow Jones Sustainability World Index (DJSI). This positions the Group within the top 10% of the 2,500 largest companies for social and environmental performance.

Products, services and markets

The Group's most significant environmental impact is carbon dioxide emitted by consumers during product use. Improved product efficiency is therefore a core focus area. Sustainable innovation is among the top four priorities of the R&D program. From 2012, at least one-third of the product-development spend is sustainability-related – the majority invested in energy and water efficiency and design-for-recycling. Energy, water and chemicals reduction goals

have been set for all major product categories. To build consumer awareness of the value of efficient appliances, Electrolux will increase the focus on efficiency and other sustainability benefits in marketing messages globally.

Each business sector offers a green range of the most efficient products, and criteria are raised annually. The Group's ambition is for its products to occupy the number one or two position for fleet average efficiency in all consumer segments globally, with efficient products available to all consumers in all markets. In 2012, the Green Range represented 10% of products sold and 18% of gross profit.

A key challenge is to provide emerging middle classes with energy and cost-efficient appliances by scaling innovation more rapidly from premium to mass markets.

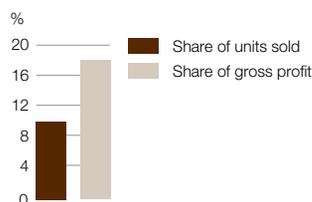
People and operations

The Group's guiding principles are expressed in the Electrolux Foundation: Respect and diversity, ethics and integrity, and safety and sustainability. Code of Conduct audits are conducted to verify that operations are managed accordingly. In 2013, Electrolux will update the Code of Conduct and launch a group-wide certification program for quality, environment and health and safety.

Electrolux is introducing the Purpose, a program to engage employees in sustainability objectives. It aims to build an understanding of the value Electrolux creates beyond financial and market objectives.

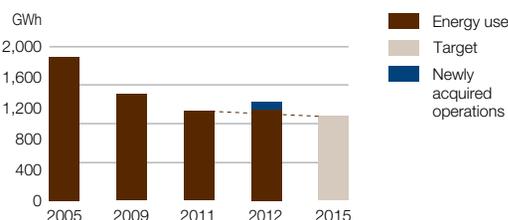
The focus on energy use continued. The Group achieved a six percent relative improvement in efficiency. In absolute terms, the result was a marginal increase in energy use, due to a rise in production volumes. A 2015, 15% relative reduction target was also defined. Completion of a human rights assessment that is in accordance with the UN Guiding Principles, has laid the groundwork for better

Global Green Range



Consumer products with the best environmental performance accounted for 10% of total units sold and 18% of gross profit.

Energy savings target 2015



In line with the 2015, 15% energy reduction target, Electrolux realized a 6% relative improvement in use, excluding newly-acquired operations.



understanding of the Group's human rights risk areas. Improvements were made in health and safety in the majority of Group factories.

In 2012, the Ethics Program, including training and a helpline operated by a third party, rolled out in seven European countries, and approximately 75% of Group employees now have access to confidential reporting helplines throughout Europe, North and Latin America. The helpline allows employees to report anonymously, without fear of exposure or retaliation.

Stakeholders and society

Electrolux endeavors to be a responsible, open and honest societal partner and build trust, partnership and engagement with stakeholders along the value chain. The company keeps track of trends and actively monitors issues of relevance to its industry and markets.

In 2012, to deepen its understanding of stakeholder expectations on human rights, Electrolux hosted a seminar on how to implement the UN Guiding Principles. Dialog will continue through involvement with UNICEF's network on children's rights and business principles, and the Swedish Network for Business and Human Rights. Learnings are to be shared and applied across the company.

As part of the company's responsible sourcing initiatives, a summit was held in Thailand to engage suppliers in the Group's sustainability strategy.

The new tumble-dryer Eco Care from Electrolux Inspiration Range is included as a Green Range product. The tumble-dryer reuses heat for maximum effect and stops automatically when clothes are dry, which is both more gentle on clothes and energy-smart.



Dow Jones Sustainability Indexes
Member 2012/13

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