

Corporate governance report 2010

The Electrolux Group is comprised of approximately 150 companies with operations in over 50 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.

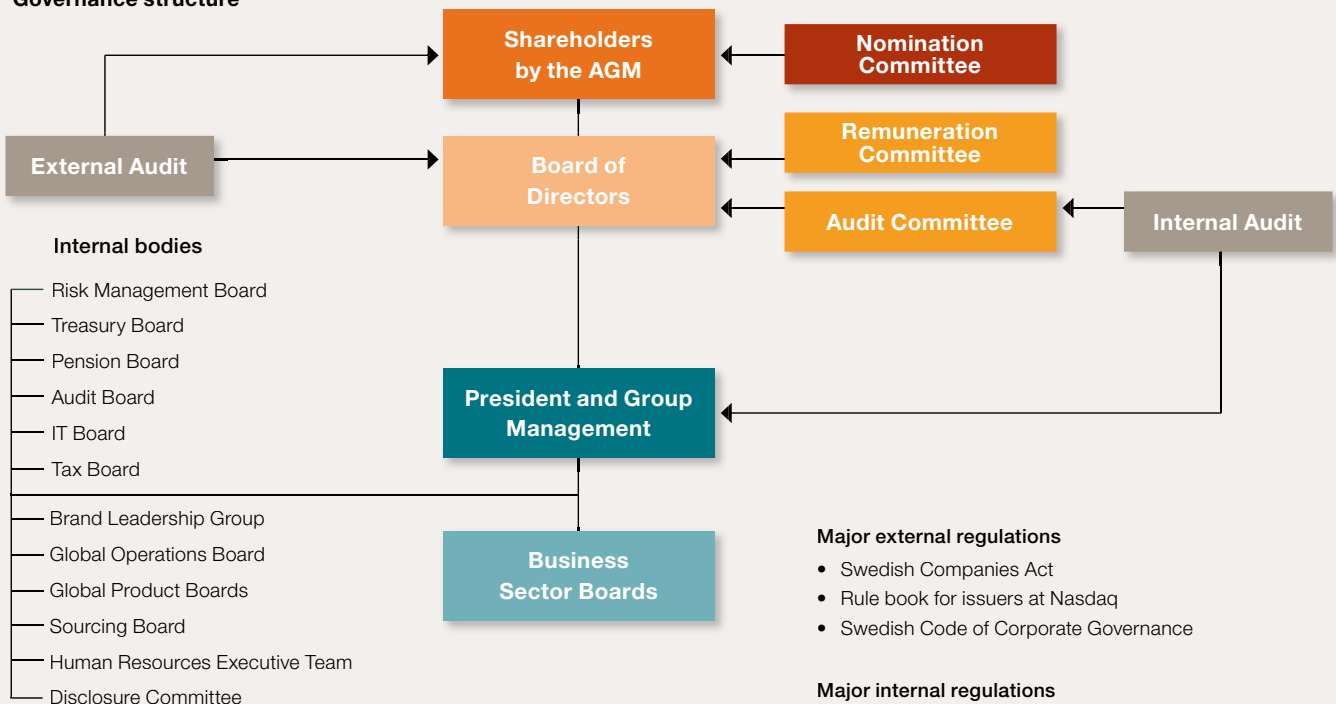
The governance of Electrolux is based on the Swedish Companies Act, the rule book for issuers at Nasdaq and the Swedish Code of Corporate Governance (the "Code"), as well as other relevant Swedish and foreign laws and regulations.

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 2010.

HIGHLIGHTS

- Hans Stråberg left Electrolux at year-end after nine years as President and Chief Executive Officer. At the same time, he left the Board of Electrolux.
- Keith McLoughlin has been appointed new President and Chief Executive Officer as of January 1, 2011.
- Lorna Davis was elected new Board member at the Annual General Meeting on March 30, 2010.
- Henrik Bergström has been appointed head of Floor Care and Small Appliances and new Group Management member.
- Three new appointments in Group Management as of February 1, 2011, to accelerate Electrolux strategy.
- Electrolux B-share was delisted from London Stock Exchange on March 11, 2010.

Governance structure



For further information regarding:

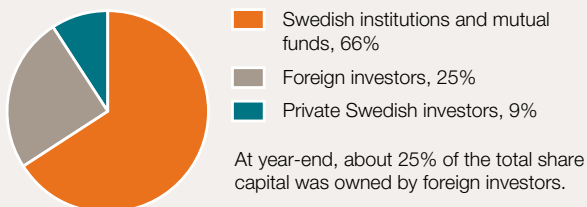
- Swedish Companies Act; www.sweden.gov.se
- Nasdaq OMX Stockholm; www.nasdaqomxnordic.com
- Swedish Code of Corporate Governance and specific features of Swedish corporate governance; www.corporategovernanceboard.se

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.

Ownership structure

Electrolux shares are registered with Euroclear Sweden AB. This means that no share certificates are issued, and that Euroclear Sweden AB keeps a share register of owners and custodians in the company.

According to the share register at year-end 2010, the Group had a total of approximately 57,200 shareholders. The number of Electrolux shareholders in Sweden at year-end was approximately 53,400. Investor AB is the largest shareholder, with approximately 13.6% of the share capital and approximately 29.9% of the voting rights.



Source: SIS Ägarservice as of December 31, 2010.

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 page 20. The information on ownership structure is updated quarterly on the Group's website, www.electrolux.com/corporate-governance.

Voting rights

The share capital of Electrolux consists of A-shares and B-shares. An A-share entitles the holder to one vote and a B-share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. An A-share can at the request of the owner be converted into a B-share.

Nomination Committee

Nomination Committee

The Annual General Meeting (AGM) resolves upon the nomination process for the Board of Directors and, when appropriate, the auditors. The process involves the appointment of a Nomination Committee comprised of six members. The members should be one representative of each of the four largest shareholders, in terms of voting rights that wish to participate in the Committee, together with the Chairman of the Electrolux Board and one additional Board member.

The composition of the Nomination Committee shall be based on shareholder statistics from Euroclear Sweden AB as of the last banking day in August in the year prior to the AGM and on other

reliable shareholder information which is provided to the company at such time. The names of the representatives and the names of the shareholders they represent shall be announced as soon as they have been appointed. If the shareholder structure changes during the nomination process, the composition of the Nomination Committee may be adjusted accordingly.

The Nomination Committee's tasks include preparing a proposal for the next AGM regarding:

- Chairman of the AGM
- Board members
- Chairman of the Board
- Remuneration to individual Board members
- Remuneration for committee work
- Nomination Committee for the next year
- Auditors and auditors' fees, when these matters are to be decided by the following AGM

The Nomination Committee is assisted in preparing proposals for auditors and auditors' fees by the company's Audit Committee. The Audit Committee evaluates the auditors' work and informs the Nomination Committee of its findings.

The Nomination Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may submit proposals for nominees to the Nomination Committee.

Nomination Committee for the AGM 2010

The Nomination Committee for the AGM 2010 was comprised of six members. Petra Hedengran of Investor AB led the Nomination Committee's work.

Lorna Davis was proposed as a new Board member in Electrolux. A report regarding the work of the Nomination Committee was presented at the AGM 2010. Further information regarding the Nomination Committee and its work can be found on the Group's website, www.electrolux.com/corporate-governance.

Nomination Committee for the AGM 2011

The Nomination Committee for the AGM 2011 is based on the ownership structure as of August 31, 2010, and was announced in a press release on September 30, 2010.

The Nomination Committee's members are:

- Petra Hedengran, Investor AB, Chairman
- Ramsay J. Brufer, Alecta
- Marianne Nilsson, Swedbank Robur funds
- Peter Rudman, Nordea Investment Funds
- Marcus Wallenberg, Chairman of Electrolux
- Peggy Bruzelius, Deputy Chairman of Electrolux

No changes in the composition of the Nomination Committee had occurred as of February 1, 2011. Shareholders wishing to submit proposals to the Nomination Committee should send an e-mail to nominationcommittee@electrolux.com.

**Shareholders
by the AGM**

**General Meetings of
shareholders**

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

The AGM resolves upon:

- The adoption of the annual report
- Dividend
- Election of Board members and, if applicable, auditors
- Remuneration to Board members and auditors
- Guidelines for remuneration to Group Management
- Other important matters

Extraordinary General Meetings (EGM) 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.

Annual General Meeting 2010

The AGM on March 30, 2010, was attended by shareholders representing a total of 40.1% of the share capital and 53.1% of the voting rights in the company. The President's speech was broadcasted live via the Group's website and is also presented on www.electrolux.com/corporate-governance, together with the minutes and resolutions. The meeting was held in Swedish, with simultaneous interpretation into English.

The AGM decided to adopt the Board's proposed dividend of SEK 4.00 per share for 2009. Lorna Davis was elected new Board member and PricewaterhouseCoopers AB was re-elected auditors for the period until the Annual General Meeting in 2014.

Marcus Wallenberg was re-elected as Chairman. The meeting also adopted the Board's proposed guidelines for remuneration

to the Group Management of Electrolux, as well as the scope and main principles of the performance-based, long-term Electrolux share program 2010.

All Board members, as well as the Group's auditor in charge, were present at the meeting.

Annual General Meeting 2011

The next AGM of Electrolux will be held on March 31, 2011, at the Berwald Hall, Stockholm, Sweden.

For additional information on the next AGM, see page 98.

**Board of
Directors**

The Board of Directors

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

Composition of the Board

The Electrolux Board was from the AGM in 2010 comprised of ten 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. Four of the ten Board members are not Swedish citizens.

In September 2010, Hans Stråberg notified that he intended to leave Electrolux after 27 years with the company and nine years as President and CEO. He resigned as President and Chief Executive Officer and Board member of Electrolux on December 31, 2010.

For additional information regarding the Board of Directors, see page 88. The information is updated regularly at the Group's website, www.electrolux.com/board-of-directors.

Independence

The Board is considered to be in compliance with relevant requirements for independence.

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. Hans Stråberg 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. Hans Stråberg has no major shareholdings, nor is he a part-owner in companies having significant business relations with Electrolux. As previously mentioned, Hans Stråberg left the Board on December 31, 2010. He was 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

Composition of the Board¹⁾

	Nationality	Independence ²⁾	Audit Committee	Remuneration Committee	Total remuneration, SEK ³⁾
Marcus Wallenberg, Chairman of the Board	SE	No		●	1,655,000
Peggy Bruzelius, Deputy Chairman of the Board	SE	Yes	●		750,000
Lorna Davis	AUS	Yes			475,000
Hasse Johansson	SE	Yes			475,000
John S. Lupo	US	Yes			475,000
Johan Molin	SE	Yes		●	530,000
Hans Stråberg, President and CEO	SE	No			—
Caroline Sundewall	SE	Yes	●		560,000
Torben Ballegaard Sørensen	DK	Yes	●		560,000
Barbara Milian Thoralfsson	US	Yes		●	595,000
Ola Bertilsson, Employee representative	SE	—			—
Gunilla Brandt, Employee representative	SE	—			—
Ulf Carlsson, Employee representative	SE	—			—
Total					6,075,000

- Chairman
- Member

1) For the period from the AGM 2010 to the AGM 2011 except for Hans Stråberg who resigned as Board member on December 31, 2010.

2) For additional information, see Independence on page 86.

3) The Board of Directors can receive part of the remuneration in the form of synthetic shares. For additional information, see Remuneration to Board members on page 89.

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.

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

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 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 2010

During the year, the Board held eight scheduled meetings and one extraordinary meeting. All meetings except one were held in Stockholm, Sweden.

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.

Board of Directors and Auditors

Marcus Wallenberg

Chairman

Born 1956. B. Sc. of Foreign Service. Elected 2005. Member of the Electrolux Remuneration Committee.

Board Chairman of SEB, Skandinaviska Enskilda Banken AB, and Saab AB. Deputy Chairman of Telefonaktiebolaget LM Ericsson. Board Member of Astra Zeneca Plc, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited. **Previous positions:** President and CEO of Investor AB, 1999–2005. Executive Vice-President of Investor AB, 1993–1999.

Holdings in AB Electrolux: 5,000 B-shares. Through company: 30,000 B-shares. Related party: 1,000 B-shares.

Peggy Bruzelius

Deputy Chairman

Born 1949. M. Econ. Hon. Doc. in Econ. Elected 1996. Chairman of the Electrolux Audit Committee.

Board Chairman of Lancelot Asset Management AB. Board Member of Axfood AB, Akzo Nobel nv, Husqvarna AB, Syngenta AG, Diageo Plc and the Association of the Stockholm School of Economics. **Previous positions:** Executive Vice-President of SEB, Skandinaviska Enskilda Banken AB, 1997–1998. President and CEO of ABB Financial Services AB, 1991–1997.

Holdings in AB Electrolux: 6,500 B-shares.

Lorna Davis

Born 1959. Bachelor of Social Science and Psychology. Elected 2010. President of Kraft Foods China since 2007. **Previous positions:** Senior positions within the food industry, mainly with Danone in China and the UK.

Holdings in AB Electrolux: 0 shares.

Hasse Johansson

Born 1949. M. Sc. in Electrical Engineering. Elected 2008.

Board Chairman of Dynamate Industrial Services AB, Lindholmen Science Park AB and Alelion Batteries AB. Board Member of Fouriertransform AB and Skyllbergs Bruk AB. **Previous positions:** Executive Vice-President and Head of Research and Development of Scania CV AB, 2001–2009. Founder of Mecel AB (part of Delphi Corporation). Senior management positions with Delphi Corporation, 1990–2001. **Holdings** in AB Electrolux: 4,000 B-shares.

John S. Lupo

Born 1946. B. Sc. in Marketing. Elected 2007.

Board Member of Citi Trends Inc. and Cobra Electronics Corp., USA.

Previous positions: Principle of Renaissance Partners Consultants, 2000–2008. Executive Vice-President of Basset Furniture, 1998–2000. Chief Operating Officer of Wal-Mart International, 1996–1998. Senior Vice-President Merchandising of Wal-Mart Stores Inc., 1990–1996. **Holdings** in AB Electrolux: 1,000 ADR.

Johan Molin

Born 1959. B. Sc. in Econ. Elected 2007. Member of the Electrolux Remuneration Committee. President and CEO of ASSA ABLOY AB since 2005.

Board Member of ASSA ABLOY AB and Nobia AB. **Previous positions:** CEO of Nilfisk-Advance, 2001–2005. President of Industrial Air Division within Atlas Copco Airpower, Belgium, 1998–2001. Management positions within Atlas Copco, 1983–2001. **Holdings** in AB Electrolux: 1,000 B-shares.

Caroline Sundewall

Born 1958. M.B.A. Elected 2005. Member of the Electrolux Audit Committee. Independent Business consultant since 2001.

Board Chairman of Svolder AB and The Streber Cup Foundation.

Board Member of Ahlsell AB, Haldex AB, Lifco AB, Mertzig Asset Management, Pågengruppen AB, SJ AB, TradeDoubler AB and the Association of Exchange-listed Companies. **Previous positions:** Business commentator at Finansstidningen, 1999–2001. Managing editor of the business desk section at Sydsvenska Dagbladet, 1992–1999. Business controller at Ratos AB, 1989–1992. **Holdings** in AB Electrolux through company: 2,000 B-shares.

Torben Ballegaard Sørensen

Born 1951. M.B.A. Elected 2007. Member of the Electrolux Audit Committee.

Board Member of Egmont Fonden, LEGO A/S, Pandora Holding A/S, Systematic Software Engineering A/S, Tajco A/S, Årstiderne Architects A/S, Monberg-Thorsen A/S, Denmark, and VTI Technology OY, Finland. **Previous positions:** President and CEO of Bang & Olufsen a/s, 2001–2008. Executive Vice-President of LEGO A/S, 1996–2001. Managing Director of Computer Composition International, CCI-Europe, 1988–1996. Chief Financial Officer of Aarhus Stiftsbogtrykkerie, 1981–1988. **Holdings** in AB Electrolux: 800 B-shares.

Barbara Milian Thoralfsson

Born 1959. M.B.A., B.A. Elected 2003. Chairman of the Electrolux Remuneration Committee. Director of Fleming Invest AS, Norway, since 2005.

Board Member of SCA AB, Telenor ASA, Fleming Invest AS, and Norfolier AS. **Previous positions:** President of TeliaSonera Norway, 2001–2005. President of Midelfart & Co, 1995–2001. Leading positions within marketing and sales, 1988–1995. **Holdings** in AB Electrolux through company: 10,000 B-shares.

Employee representatives, members

Ola Bertilsson

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006. **Holdings** in AB Electrolux: 0 shares.

Gunilla Brandt

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006. **Holdings** in AB Electrolux: 0 shares.

Ulf Carlsson

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001. **Holdings** in AB Electrolux: 0 shares.

Employee representatives, deputy members

Gerd Almlöf

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007. **Holdings** in AB Electrolux: 0 shares.

Peter Karlsson

Born 1965. Representative of the Swedish Confederation of Trade Unions. Elected 2006. **Holdings** in AB Electrolux: 0 shares.

Viveca Brinkenfeldt Lever

Born 1960. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2010. **Holdings** in AB Electrolux: 0 shares.

Auditors

At the Annual General Meeting in 2010, PricewaterhouseCoopers AB (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2014.

Anders Lundin

PricewaterhouseCoopers AB

Born 1956. Authorized Public Accountant. Partner in Charge.

Other audit assignments: AarhusKarlshavn AB, AB Industrivärden, Loomis AB, Melker Schörling AB, Husqvarna AB and SCA AB. **Holdings** in AB Electrolux: 0 shares.

Björn Irlie

PricewaterhouseCoopers AB

Born 1965. Authorized Public Accountant. **Holdings** in AB Electrolux: 0 shares.

Secretary of the Board

Cecilia Vieweg

Born 1955. B. of Law. General Counsel of AB Electrolux. Secretary of the Electrolux Board since 1999. **Holdings** in AB Electrolux: 11,972 B-shares.

Changes in Board of Directors

Hans Stråberg, President and Chief Executive Officer of AB Electrolux during 2002–2010, left the company and the Board on December 31, 2010. As President and Chief Executive Officer he was succeeded by Keith McLoughlin from January 1, 2011.

Holdings in AB Electrolux as of December 31, 2010. The information is regularly updated at www.electrolux.com/board-of-directors.

Major issues addressed by the Board

- Keith McLoughlin has been appointed new President and Chief Executive Officer of Electrolux.
- Agreement to acquire a washing-machine plant in Ivano-Frankivsk in the Ukraine. The closing of the deal is expected to take place in the first quarter of 2011.
- A preliminary agreement to acquire Olympic Group in Egypt, which is the largest manufacturer of household appliances in the North African and Middle Eastern regions.
- Decision to improve efficiency at the washing-machine plant in Revin in France and at the cooker factory in Forli in Italy.
- Decision to close the cooker factory in L'Assomption in Quebec, Canada, during 2013 and to build a new cooker factory in Memphis, Tennessee, USA, to consolidate the production of cookers in North America.
- Decision to reduce Electrolux workforce within Major Appliances Europe by approximately 800 people in 2011 and 2012.

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 2010, remained unchanged as follows:

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

The AGM 2010 also resolved to approve the Nomination Committee's proposal to pay a part of the remuneration to the Board in the form of so-called synthetic shares. The aim of providing synthetic shares is to further enhance the connection between the owners' and the Directors' common interest of a good, long-term development for Electrolux. A synthetic share implies the right to receive, at a future point in time, payment of an amount equivalent to the market value of a B-share in the company at date of payment.

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 and synthetic shares, see Note 27.

Participation of the Board in 2010

	Board meetings	Committee meetings
Marcus Wallenberg	9/9	7/8
Peggy Bruzelius	9/9	5/5
Lorna Davis*	7/7	
Hasse Johansson	9/9	
John S. Lupo	9/9	
Johan Molin	8/9	8/8
Hans Stråberg	9/9	
Caroline Sundewall	9/9	5/5
Torben Ballegaard Sørensen	9/9	5/5
Barbara Milian Thoralfsson	8/9	8/8
Ola Bertilsson	9/9	
Gunilla Brandt	9/9	
Ulf Carlsson	8/9	

* Lorna Davis was appointed new Board member at the AGM in March, 2010.

**Remuneration Committee
Audit Committee**

Committees

The Board has established a Remuneration Committee and an Audit Committee. The major tasks

of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The members and Chairmen of the Committees are appointed at the statutory Board meeting following election.

The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters.

Remuneration Committee

One of the Remuneration Committee's primary tasks is to propose guidelines for the remuneration to the members of Group Management. The Committee also proposes the remuneration to the President and CEO, for resolution by the Board, and resolves on remuneration to other members of Group Management on proposal by the President.

The Remuneration Committee's tasks include:

- To prepare and evaluate remuneration guidelines for Group Management.
- To prepare and evaluate targets and principles for variable compensation.
- To prepare terms for pensions, notices of termination and severance pay as well as other benefits for Group Management.
- To prepare and evaluate Electrolux long-term incentive programs.

The Committee is comprised of three Board members: Barbara Milián Thoralfsson (Chairman), Johan Molin and Marcus Wallenberg. At least two meetings are convened annually. Additional meetings are held as needed.

In 2010, the Remuneration Committee held eight meetings. Significant issues addressed include preparation of a proposal for the remuneration to the new President and CEO, resolution on proposed remuneration to new members of Group Management, follow-up and evaluation of previously approved long-term incentive programs and remuneration guidelines for Group Management. In addition, a review of Electrolux remuneration guidelines, relative to the external job market were prepared.

The Head of Human Resources and Organizational Development participated in the meetings and was responsible for meeting preparations.

Audit Committee

The main task of the Audit Committee is to oversee the processes of Electrolux financial reporting and internal control in order to secure the quality of the Group's external reporting.

The Audit Committee's tasks include:

- To review the financial reporting.
- To monitor the effectiveness of the internal control, including risk management, concerning the financial reporting.
- To follow-up the activities of the internal audit function Management Assurance & Special Assignments as regards organization, recruiting, budgets, plans, results and audit reports.
- To oversee the external audit and evaluate the work of the external auditors.
- To review, and when appropriate, preapprove the external auditors' engagements in other tasks than audit services.
- To evaluate the objectivity and independence of the external auditors.

The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors and auditors' fees.

The Audit Committee is comprised of three Board members: Peggy Bruzelius (Chairman), Caroline Sundewall and Torben Ballegaard Sørensen. The external auditors report to the Committee at each ordinary meeting. At least three meetings are held annually. Additional meetings are held as needed.

In 2010, the Audit Committee held five meetings. Electrolux managers have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer and the Head of Internal Audit have participated in all of the Audit Committee meetings. Cecilia Vieweg, General Counsel, has served as secretary at four of the five meetings.

External Audit

External auditors

The AGM in 2010 re-elected PricewaterhouseCoopers AB (PwC) as the Group's external auditors for a four-year period, until the AGM in 2014. Authorized Public Accountant Anders Lundin is the auditor in charge of Electrolux.

PwC provides an audit opinion regarding AB Electrolux, the financial statements of its subsidiaries, the consolidated financial statements for the Electrolux Group and the administration of AB Electrolux. The auditors also conduct a review of the report for the third quarter.

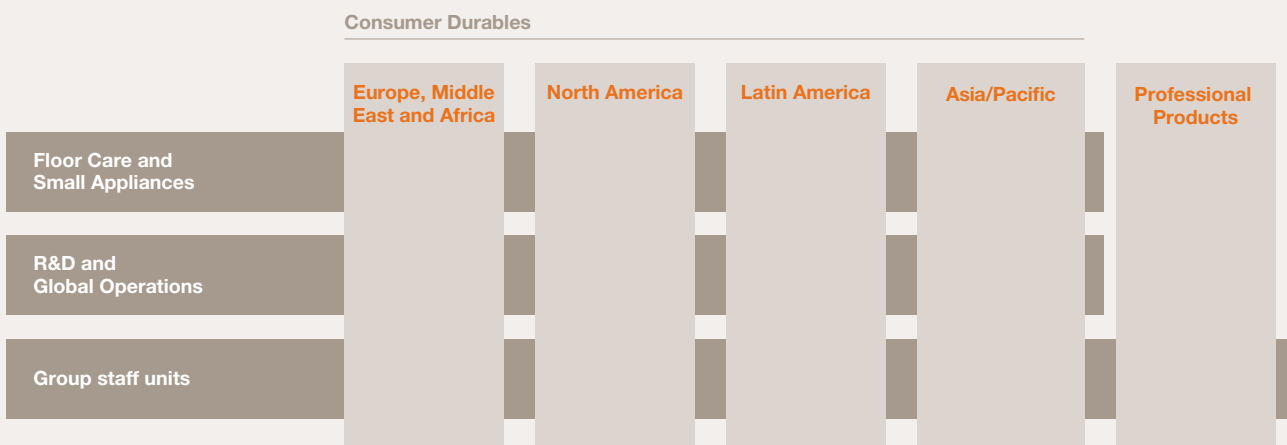
The audit is conducted in accordance with the Swedish Companies Act and the generally accepted Swedish auditing standards issued by FAR, which is the institute for the accountancy profession in Sweden (Swedish GAAS). The auditing standards issued by FAR are based on international auditing standards issued by the International Federation of Accountants (IFAC GAAS).

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries and as required by IFAC GAAS, including issuance of audit opinions for the various legal entities.

For additional information on the Group's auditors, see page 88. For details regarding fees paid to the auditors and their non-audit assignments in the Group, see Note 28.

Company structure

Business areas



Internal Audit

Internal control and risk management

The internal audit function, Management Assurance & Special Assignments, is responsible for independent, objective assurance, in order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes.

The process of internal control and risk management has been developed to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting.

For additional information on internal control, see page 94. For additional information on risk management, see Note 1, Note 2 and Note 18.

Management and company structure

Electrolux operations are divided into five business areas, which include six sectors and a total of 25 product lines. Within Major Appliances, the business sectors are geographically defined, while the sectors Professional Products and Floor Care and Small Appliances are global. There are five Group staff units that support all business sectors: Finance, Communications, Branding, Legal Affairs, and Human Resources and Organizational Development.

In order to fully take advantage of the Group's global presence and economies of scale, a global organization was established in 2009 with responsibility for product development, purchasing and manufacturing within Major Appliances. The Group has a decentralized corporate structure in which the overall management of operational activities is largely performed by sector boards.

Group policies and guidelines

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.

COMPASS was initiated during 2008 as a group-wide project to clarify joint processes and improve their efficiency in order to strengthen control and lower costs. Transparent information also allows better decision data to be developed.

Electrolux has determined that all of its operations will be undertaken on an environmentally, socially and ethically responsible basis. A proactive approach in this regard reduces risks, strengthens the brand, increases the motivation of personnel and ensures good relations with the individuals within the communities with which the Group interacts. Key policies in this context include the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct and the Electrolux Policy on Corruption and Bribery.

The Electrolux People Vision is to have an innovative culture with diverse, outstanding employees that drive changes and go beyond in delivering on the Group's strategy and performance objectives. The Electrolux culture features diversity and innovation. Development of innovative products is a vital part of this vision. Diversity is a prerequisite for Electrolux ability to compete in a global market. Personnel with diverse backgrounds create a greater understanding of consumer needs in different countries.

Group Management

Keith McLoughlin

President and Chief Executive Officer as of January 1, 2011. Born 1956. B.S. Eng. In Group Management since 2003. Senior management positions with DuPont, USA, 1981–2003. Vice-President and General Manager of DuPont Nonwovens, 2000–2003, and of DuPont Corian, 1997–2000. Joined Electrolux as Head of Major Appliances North America and Executive Vice-President of AB Electrolux, 2003. Also Head of Major Appliances Latin America, 2004–2007. Chief Operations Officer Major Appliances, 2009.

Board Member of Briggs & Stratton Corp.
Holdings in AB Electrolux: 30,153 B-shares.

Henrik Bergström

Head of Floor Care and Small Appliances, Executive Vice-President Born 1972. M.Sc. in Business Administration and Economics. In Group Management since 2010. Business Development and General Management positions within Electrolux Major Appliances Latin America, 1997–2002. Managing Director of Electrolux Latin America and Caribbean, 2002–2008. Vice-President and General Manager for three business areas in Electrolux Major Appliances North America, 2008–2010. Head of Electrolux Asia Sourcing Operations, 2009–2010. Executive Vice President of AB Electrolux, 2010.

Holdings in AB Electrolux: 12,297 B-shares.

Jan Brockmann

Chief Technology Officer, Senior Vice President as of February 1, 2011. Born 1966. M. Eng. in Mechanical Engineering. MBA. In Group Management since 2011. Managements positions within Valeo Group, 1994–1999. Project Manager in Roland Berger Strategy Consultants, 2000–2001. Senior managements positions within Volkswagen Group, 2001–2010. Joined Electrolux as head of R&D for Global Operations, Electrolux Major Appliances, 2010. Chief Technology Officer, 2011.

Holdings in AB Electrolux: 593 B-shares (January 20, 2011).

Anderson Guimarães

Head of Major Appliances Europe, Middle East and Africa, Executive Vice-President Born 1959. M.B.A. In Group Management since 2008. Brand management and marketing manager with Procter & Gamble, Brazil, 1990–1991, and Johnson & Johnson, Canada, 1991–1997. Marketing Director with Danone, Brazil, 1997–1998. Senior management positions with Philips Electronics, Brazil and the Netherlands, 1998–2007. Joined Electrolux as Senior Vice-President Product & Branding within Major Appliances Europe, 2008. Head of Major Appliances Europe and Executive Vice-President of AB Electrolux, 2008.

Holdings in AB Electrolux: 3,046 B-shares.

Carina Malmgren Heander

Head of Human Resources and Organizational Development, Senior Vice-President Born 1959. B. Econ. In Group Management since 2007. Project Director at Adtranz Signal (Bombardier), 1989–1998. Vice-President Human Resources of ABB AB, 1998–2003. Senior Vice-President Human Resources of Sandvik AB, 2003–2007. Joined Electrolux as Senior Vice-President of Group Staff Human Resources and Organizational Development, 2007.

Board Member of Cardo AB and IFL at the Stockholm School of Economics.

Holdings in AB Electrolux: 3,464 B-shares.

Ruy Hirschheimer

Head of Major Appliances Latin America, Executive Vice-President Born 1948. M.B.A. Doctoral Program in Business Administration. In Group Management since 2008. Executive Vice-President of Alcoa Aluminum, Brazil, 1983–1986. President and CEO of J.I. Case Brazil, 1990–1994. President and CEO of Bunge Foods, 1994–1997. Senior Vice-President of Bunge International Ltd., USA, 1997–1998. Joined Electrolux as Head of Brazilian Major Appliances operations, 1998. Head of Major Appliances Latin America, 2002. Executive Vice-President of AB Electrolux, 2008.

Holdings in AB Electrolux: 33,621 B-shares.

MaryKay Kopf

Chief Marketing Officer, Senior Vice President as of February 1, 2011. Born 1965. B.S. Finance, MBA. In Group Management since 2011. Marketing and segment management positions within, DuPont Nomex, Kevlar, North America, 1991–1998. European Business Manager, DuPont Nomex, Kevlar, 1998–2001. Global Business and Brand Strategy Manager, DuPont Tyvek, Sontara, 2001–2003. Joined Electrolux in 2003 as VP Brand Marketing, Electrolux Major Appliances North America, 2003. Chief Marketing Officer, 2011.

Holdings in AB Electrolux: 2,768 B-shares (January 20, 2011).

Gunilla Nordström

Head of Major Appliances Asia/Pacific, Executive Vice-President Born 1959. M. Sc. In Group Management since 2007. Senior management positions with Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983–2005. President of Sony Ericsson Mobile Communications (China) Co. Ltd. and Corporate Vice-President of Sony Ericsson Mobile Communications AB, 2005–2007. Joined Electrolux as Head of Major Appliances Asia/Pacific and Executive Vice-President of AB Electrolux, 2007.

Board Member of Videocon Industries Ltd, India, and Atlas Copco AB.

Holdings in AB Electrolux: 3,530 B-shares.

Jonas Samuelson

Chief Financial Officer, Chief Operations Officer and Head of Global Operations Major Appliances as of February 1, 2011. Born 1968. M. Sc. in Business Administration and Economics. In Group Management since 2008. Business development and finance positions in General Motors, USA, 1996–1999. Treasurer and Director Commercial Finance and Business Support in Saab Automobile AB, 1999–2001. Senior management positions within controlling and finance in General Motors North America, 2001–2005. Chief Financial Officer of Munters AB, 2005–2008. Joined Electrolux as Chief Financial Officer, 2008.

Board Member of Polygon AB.

Holdings in AB Electrolux: 3,490 B-shares.

Kevin Scott

Head of Major Appliances North America, Executive Vice-President Born 1959. Ph.D. (Chem. Eng.). In Group Management since 2009. Technical, manufacturing, brand marketing and business management roles with DuPont, USA, 1985–1994. Construction, purchasing, and operations finance management roles with PepsiCo, 1994–1999. Senior general management positions within DuPont, Switzerland, 1999–2003. Joined Electrolux as General Manager, Consumer Services Group, within Major Appliances North America, 2003. General Manager Refrigeration within Major Appliances North America, 2006–2009. Head of Major Appliances North America and Executive Vice-President, 2009.

Holdings in AB Electrolux: 8,849 B-shares.

Cecilia Vieweg

General Counsel, Senior Vice-President Born 1955. B. of Law. In Group Management since 1999. Attorney of Berglund & Co Advokatbyrå, 1987–1990. Corporate Legal Counsel of AB Volvo, 1990–1992. General Counsel of Volvo Car Corporation, 1992–1997. Attorney and partner of Wahlin Advokatbyrå, 1998. Joined Electrolux as Senior Vice-President and General Counsel, with responsibility for legal, intellectual property, risk management and security matters, 1999.

Board Member of Haldex AB, Vattenfall AB, PMC Group AB and member of the Swedish Securities Council.

Holdings in AB Electrolux: 11,972 B-shares.

Alberto Zanata

Head of Professional Products, Executive Vice-President Born 1960. University degree in Electronic Engineering with Business Administration. In Group Management since 2009. Joined Electrolux Professional Products, 1989. Senior management positions within factory management, marketing, product management and business development, 1989–2002. Head of Professional Products in North America, 2003–2008. Head of Professional Products and Executive Vice-President of AB Electrolux, 2009.

Holdings in AB Electrolux: 14,313 B-shares.

Changes in Group Management

Hans Stråberg, President and Chief Executive Officer of AB Electrolux during 2002–2010, left the company on December 31, 2010. Keith McLoughlin succeeded him as President and Chief Executive Officer.

Holdings in AB Electrolux as of December 31, 2010. The information is regularly updated at www.electrolux.com/group-management.

As of February 1, 2011, new appointments were made in Group Management;

- Jonas Samuelson, Chief Operations Officer and Head of Global Operations Major Appliances, in addition to his position as CFO
- Jan Brockmann, Chief Technology Officer
- MaryKay Kopf, Chief Marketing Officer

President and Group Management

President and Group Management

Group Management includes the President, the six sector heads, the five Group staff heads, the head of R&D Global Operations and the head of Global Operations Major Appliances. The President is appointed by and receives instructions from the Board. The President, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions.

Group Management holds monthly meetings to review the previous month's results, to update forecasts and plans and to discuss strategic issues.

For details regarding members of Group Management, see page 92. The information is updated regularly at the Group's website www.electrolux.com/group-management

Changes during the year

- Hans Stråberg, President and CEO of Electrolux, left the company on December 31, 2010. He was succeeded by Keith McLoughlin from January 1, 2011.
- Lars Göran Johansson, head of Communications and Branding, has left Electrolux.
- Henrik Bergström has been appointed head of Floor Care and Small Appliances.

New appointments as of February 1, 2011

- Three new appointments in Group Management as of February 1, 2011, to increase the speed of product innovation and to continue to leverage Electrolux shared global strength;
 - Jonas Samuelson, Head of Global Operations Major Appliances, in addition to his position as CFO
 - Jan Brockmann, Chief Technology Officer
 - MaryKay Kopf, Chief Marketing Officer.

Remuneration to Group Management

Remuneration guidelines for Group Management are resolved upon by the AGM, based on the proposal from the Board. Remuneration to the President is then resolved upon by the Board, based on proposals from the Remuneration Committee. Remuneration to other members of Group Management is resolved upon by the Remuneration Committee, based on proposals from the President, and reported to the Board.

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.

Remuneration may comprise of fixed compensation and 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.

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. The AGM 2010 decided on a long-term share program for up to 160 senior managers and key employees.

For additional information on remuneration, remuneration guidelines, long-term incentive programs and pension benefits, see Note 27.

Business Sector Boards

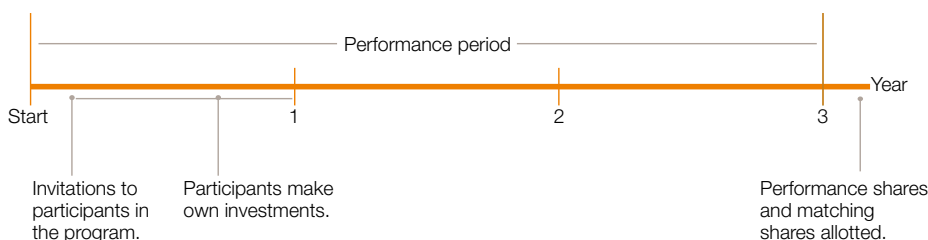
Business sectors

The sector heads are comprised of members of Group Management and have responsibility for the income statements and balance sheets of their respective sectors.

The overall management of the sectors is the responsibility of sector boards, which meet quarterly. The President is the chairman of all sector boards. The sector board meetings are attended by the President, the management of the respective sectors and the Chief Financial Officer. The sector boards are responsible for monitoring on-going operations, establishing strategies, determining sector budgets and making decisions on major investments.

In the external reporting, the Group's operations are divided into five business areas. Operations within Consumer Durables are divided into four geographic business areas: Europe Middle East and Africa, North America, Latin America and Asia/Pacific. Professional Products is the fifth business area.

Timeline for the long-term incentive program for senior management



Earnings per share for Electrolux, excluding items affecting comparability, has to increase by an average of at least 5% annually before any performance shares will be allotted.

Participants in the program must invest in Electrolux shares. At the end of the three-year period, one matching share is allotted for each share acquired.

Internal control over financial reporting

The Electrolux Control System (ECS) has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. ECS adds value through clarified roles and responsibilities, improved process efficiency, increased risk awareness and improved decision support.

ECS is based on the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, monitor and improve and inform and communicate.

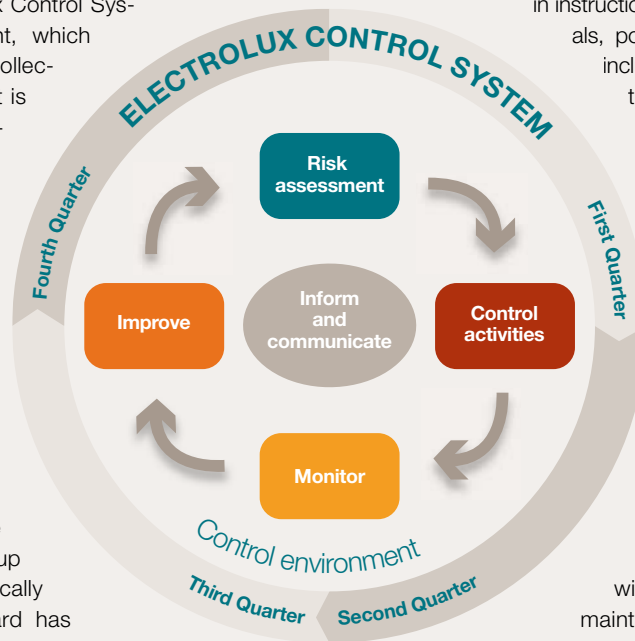


The objective of ECS is to quality assure the internal and external financial reporting.

Control environment

The foundation for the Electrolux Control System is the control environment, which determines the individual and collective behavior within the Group. It is defined by policies and procedures, manuals, and codes, and enforced by the organizational structure of Electrolux with clear responsibility and authority based on collective values.

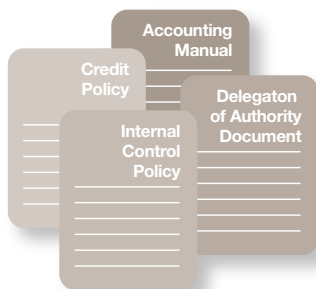
The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President. The governance structure of the Group is described on page 84. Specifically for financial reporting, the Board has established an Audit Committee, which assists in overseeing relevant manuals, policies and important accounting principles applied by the Group.



The limits of responsibilities and authorities are given in instructions for delegation of authority, manuals, policies and procedures, and codes, including the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct, and the Electrolux Policy on Bribery and Corruption, as well as in policies for information, finance and credit, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux employees are held accountable for compliance.

Responsibility for internal control is defined in the Electrolux Internal Control Policy. All entities within the Electrolux Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Group Management have the ultimate responsibility

Control environment — Example trade receivables



Accounting Manual

Rules for revenue recognition and calculation of provision for doubtful trade receivables.

Credit Policy

Rules for customer assessment and credit risk that clarify responsibilities and are the framework for credit decisions.

Delegation of Authority Document

Details the approval rights, with monetary, volume or other appropriate limits, e.g., approval of credit limits and credit notes.

Internal Control Policy

Details responsibility for internal controls. Controls should address the Minimum Internal Control Requirements (MICR) within every applicable process, for example order to cash.

Electrolux Control System – Roles and responsibilities (for larger reporting units)

Role	Sector/Group staff internal control coordinator	Reporting unit internal control coordinator	Process owner	Control operator	Management tester
Typically who	Senior person within the Finance organization in the Sector or Group Staff function.	Controller or CFO for the reporting unit.	Person with overall responsibility for the process, e.g., warehouse manager, purchase manager, sales manager.	Person performing the daily activities within the process, i.e. warehouse operator, accounts payable clerk, accounts receivable clerk.	Person with process knowledge but not performing daily activities in the process to ensure independence.
Main responsibilities	<ul style="list-style-type: none"> * Monitor and report on the effectiveness of controls. * Identify skilled resources to ensure sustainability. 	<ul style="list-style-type: none"> * Plan, coordinate and monitor the timeliness of the documentation, testing and improvement of controls. * Support the process owners, control operators and management testers. 	<ul style="list-style-type: none"> * Ensure that controls are implemented within the process. * Execute remediation, i.e., improvement activities when controls have been tested and deemed not effective. 	<ul style="list-style-type: none"> * Document control descriptions. * Perform control activities. * Maintain evidence of controls performed. 	<ul style="list-style-type: none"> * Perform testing of controls. * Document and report test results.

for internal controls within their areas of responsibility. Group Management is described on page 92.

The Electrolux Control System Program Office, a department within the Internal Audit function, has developed the methodology and yearly time plan for maintaining the Electrolux Control System. To ensure timely completion of these activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group, see table Electrolux Control System – Roles and responsibilities above.

Over the last years, training and support have been provided to the thousands of persons with assigned ECS roles globally. The objective of the training has been to educate in risk and internal control and provide hands-on tools and techniques in order to effectively carry out the assigned responsibilities. These training sessions have been a mix of regional training sessions, computer-based training modules and net meetings.

Risk assessment
Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy, valuation and reporting, for significant accounts in the financial reporting for the Group. Risks assessed also include risk of loss or misappropriation of assets.

At the beginning of each calendar year, the Electrolux Control System Program Office performs a global risk assessment to

determine the reporting units, data centers and processes in scope for the ECS activities. Within the Electrolux Group, 18 different processes generating transactions that end up in significant accounts in the financial reporting have been identified. For each process, key risks are identified and documented. See below examples of key risks within processes generating transactions to the significant account trade receivables.

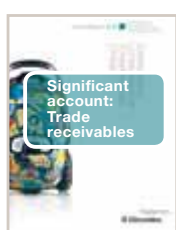
Since 2004, all larger reporting units perform the ECS activities. These larger units cover approximately 70% of the total external sales and external assets of the Group.

During 2009 and 2010, ECS has been rolled out to almost all of the smaller units within the Group. The scope for these units is limited to the four major processes Closing Routine, Order to Cash, Manage Inventory and Procure to Pay and predetermined key risks within these.

Control activities
Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency.

Control activities include both general and detailed controls aimed at preventing, detecting and correcting errors and irregularities. In the Electrolux Control System, the following controls are implemented, documented and tested;

Risk assessment – Example trade receivables



Control activities – Example trade receivables

Process	Risk assessed	Control activity	Type of control
Internal Control and Risk Management	Risk of incorrect and inconsistent financial reporting.	Periodic controls to ensure that the Accounting Manual is updated, communicated and adhered to.	Entity-wide control
Closing Routine	Risk of incorrect financial reporting.	Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved.	Manual control
Manage IT	Risk of unauthorized/incorrect changes in IT environment.	All changes in the IT environment are authorized, tested, verified and finally approved.	IT general control
Order to Cash	Risk of not receiving payment from customers in due time.	Customers' payments are monitored and outstanding payments are followed up.	Manual control
Order to Cash	Risk of incurring bad debt.	Application automatically blocks sales orders/deliveries when the credit limit is exceeded.	Application control

- Manual and application controls – to secure that key risks related to financial reporting within processes are controlled. Examples of important manual and application controls are ones over journal entries, reconciliations, access rights and segregation of duties.
- IT general controls – to secure the IT environment for key applications. Examples of important IT general controls are ones over change management, user administration, production environment and back-up procedures.
- Entity-wide controls – to secure and enhance the control environment within Electrolux. Examples of important entity-wide controls are ones over Group policies, accounting rules, delegation of authority and financial reviews.

Every calendar year, usually between March and May, the documentation of controls is updated and quality-assured. Documentation of controls is stored in a central web-based tool. Documentation comprises of both flowcharts of the process and descriptions of the control activities detailing who performs the control, what he or she does and how often the control is performed. Each control activity documented is also evidenced, i.e., a document or file proving that the control actually has taken place is maintained.

Monitor

Monitor and improve

Monitor and test of control activities is performed periodically to ensure that risks are properly mitigated.

Improve

The effectiveness of control activities are monitored continuously at four levels: Group, sector, reporting unit, and process. Monitoring involves both formal and informal procedures applied by management, process owners and control operators, including reviews of results in comparison with budgets and plans, analytical procedures, and key-performance indicators.

Within the Electrolux Control System, management is responsible for testing key controls. Management testers who are independent of the control operator perform these activities. The Group's Internal Audit function maintains test plans and performs independent testing of selected controls. Testing is usually performed between June and August each calendar year with some additional testing performed up to and at year-end. Results from

testing of controls are monitored through the web-based tool. Controls that have failed need to be remediated, which means establishing and implementing actions to correct weaknesses.

The test results from the larger reporting units are presented to the external auditors who assess the results of the testing performed by management and the Internal Audit function and determine to what extent they can rely upon the work within ECS for Group audit and statutory audit purposes. The external auditors' evaluation of ECS as part of the audit is reported to management as well as to the Audit Board and Audit Committee.

The Audit Committee reviews reports regarding internal control and processes for financial reporting, as well as internal audit reports submitted by the Internal Audit function. The external auditors report to the Audit Committee at each ordinary meeting.

In addition, the Group's Internal Audit function proactively proposes improvements to the control environment. The head of the Internal Audit function has dual reporting lines: To the President and the Audit Committee for assurance activities, and to the CFO for other activities.

Inform and communicate

Inform and communicate

Inform and communicate within the Electrolux Group regarding risks and controls contributes to ensuring that the right business decisions are made.

Guidelines for financial reporting are communicated to employees, e.g., by ensuring that all manuals, policies and codes are published and accessible through the group-wide intranet as well as information related to the Electrolux Control System. This information includes the methodology, instructions and hands-on checklists, description of the roles and responsibilities, and the overall time plan.

Inform and communicate is a central element of the ECS and is performed continuously during the year. Management, process owners and control operators in general are responsible for informing and communicating the results within the ECS. This is done through different sign-off procedures during the year.

The status of ECS activities is followed up continuously through status calls between the ECS Office and sector internal control coordinators. Information about the status of the ECS is provided periodically to relevant parties such as Sector and Group Management, the Audit Board and the Audit Committee.

Test of controls and quality assurance

External reporting



Management testers perform tests of controls in different test phases during the year.

The Internal Audit function performs independent testing of selected controls through desktop reviews and on-site re-performance of tests to ensure methodology is adhered to.



The final result after performing the ECS activities is a quality assured internal and external financial reporting.

