

FUTURE INSIGHT



Thinking of you

Contents

Future focus, action now	2
Designing our future	4
A strategic approach	6
On common ground	8
Tessa Tennant and Keith McLoughlin peer into the future	10
Empowering change	12
Thinking outside the box	16
Proof is in the pudding	20
Step change in the supply chain	22
Strength in numbers	24
Good foundations	27
Don't take our word for it	28

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



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



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

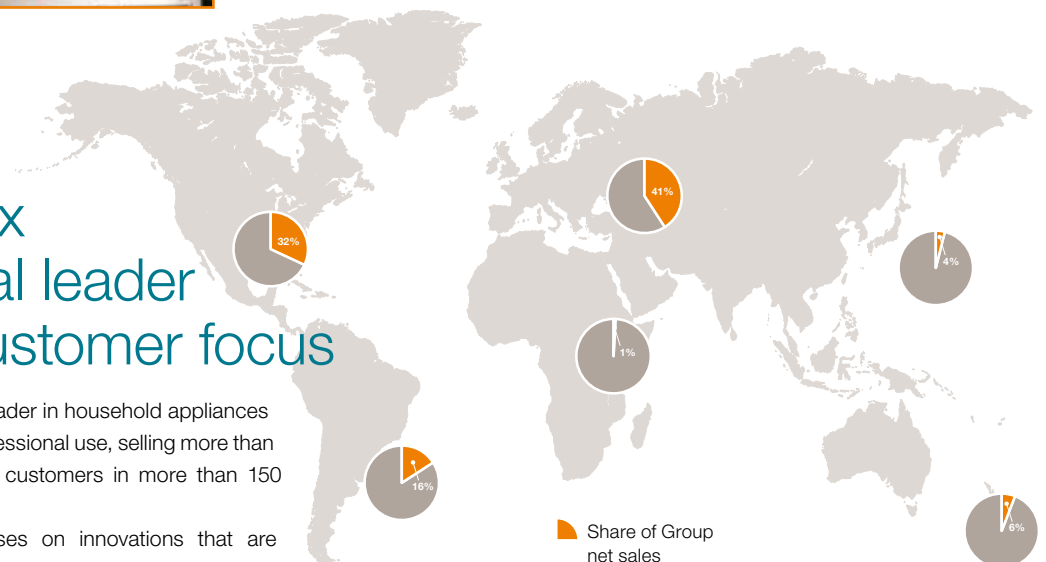


Electrolux sells a range of products for professional kitchens and laundries. High productivity, maximum utilization of resources and an extensive service network are key factors for purchases by professionals. Electrolux has a global presence, and is largest in Europe.

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?

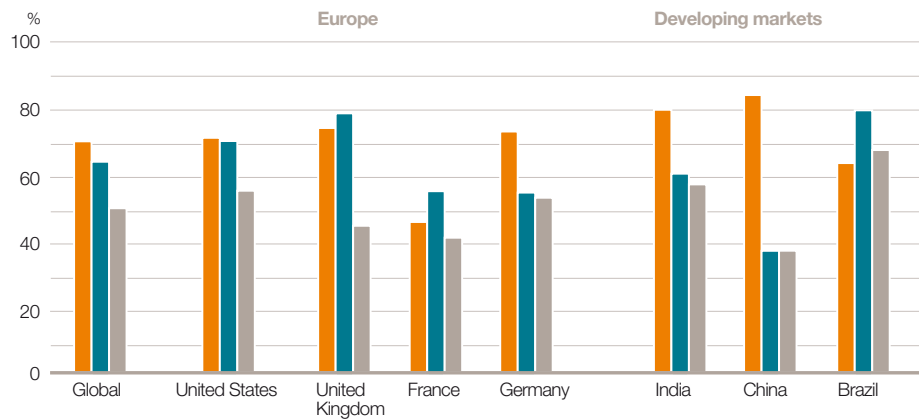
www.electrolux.com/sustainability



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



A strategic approach

Our business strategy is founded on a strong brand, consumer insight to develop innovative products, and cost-efficiency. Engagement in sustainability is an essential part of achieving this strategy.

Our approach to sustainability issues has been an important part of our success since the late 1980's. To stay ahead of rapidly evolving conditions for doing business, though, Electrolux is taking a leap forward in engagement through its sustainability strategy. Our aim is to build a platform for innovative, sustainable solutions and create the right conditions for the long term.

"We aim to do more with less energy, resources and impact," says Henrik Sundström, Vice President of Sustainability Affairs. "Our ongoing challenge is to continually reduce the impacts of our manufacturing, find ways to enhance our products' value while they are being used, and make sure their waste becomes a valued resource for a new function."

Our strategy incorporates how we run our business, how we innovate and promote our products, and how we define our role as a company and engage stakeholders in our goals.

- Three-part climate strategy**
- 1 Innovating and promoting efficient products
 - 2 Raising awareness on the importance of energy-efficient appliances
 - 3 Reducing energy use in operations

Operational efficiency

By streamlining operations and creating safe workplaces, Electrolux is bringing value to our shareholders, customers and employees. We're also lowering our impact on the environment and people while reducing costs and risks. In fact, by achieving our energy-reduction target in 2012, we'll save more than SEK 200m annually compared with 2005 energy costs.

Objectives

- We aim to reduce our environmental footprint in the short and long term, in part by achieving a 28% absolute reduction of energy use by 2012 compared with 2005 consumption.
- We have also set a 20% reduction goal for water use and a 15% carbon reduction target in transportation and logistics, both using 2010 consumption levels as our baseline and 2014 as the target year.
- In terms of health and safety, we aim to operate 25% of Group plants at best practice levels for the manufacturing industry by 2016; with the vision of achieving accident-free facilities.

YOUR INSIGHT

From China to India, Brazil and Eastern Europe, growing middle-classes will place strain on limited water, food and energy. How can we help emerging markets leapfrog to smarter, greener technologies?

www.electrolux.com/sustainability

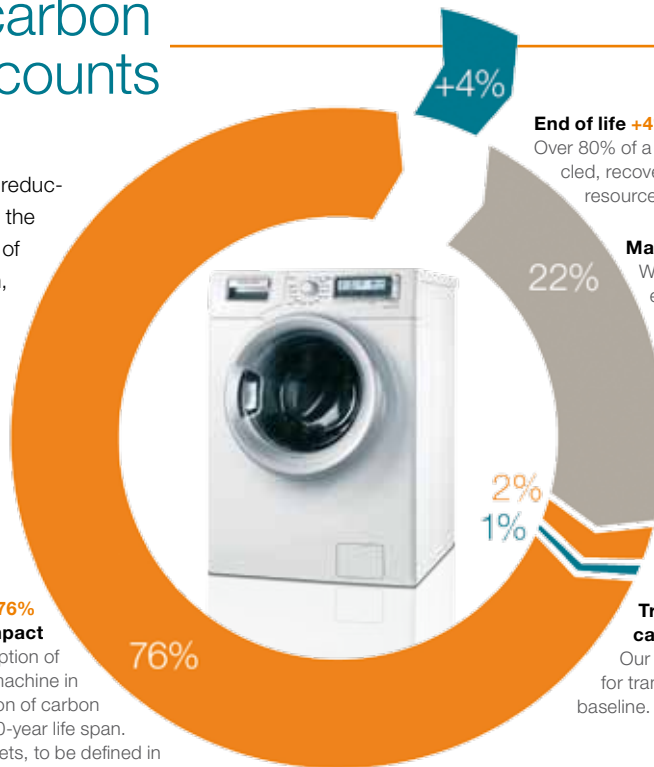


Cutting carbon where it counts

The product life-cycle approach guides us in reducing carbon. It indicates the carbon dioxide impact of raw-material extraction, manufacturing, transportation, use and end-of-life treatment.

Source: Öko Institute.V.'s LCA of a washing machine, 2004.

Products in use 76% carbon impact
Through its consumption of energy, a washing machine in operation emits about 1 ton of carbon dioxide in a typical 10-year life span. Product-efficiency targets, to be defined in 2011, will reduce this further.



End of life +4% (energy recovery)
Over 80% of a large appliance can be recycled, recovering energy and saving resources.

Materials 22% carbon impact
We're engaging suppliers in cutting energy use, too. The carbon impact of materials equates to approximately 0.3 tons for every product.

Manufacturing 2% carbon impact
We have a 2012 28% energy-reduction goal, compared to 2005 consumption levels.

Transportation less than 1% carbon impact
Our 2014 15% carbon-reduction target for transport emissions uses 2010 as the baseline.

Product excellence

With a billion new consumers emerging in the next decade, Electrolux is using its insights into evolving consumer needs to create appliances of the highest efficiency and effectivity. In other words, doing more with less. When we deliver products and services with less inputs – of water, of energy, of effort – we're building future markets and contributing to lower impacts and smarter living.

Objectives

- We're working on improving the environmental performance of our appliances and setting long-term product targets for energy, water and chemical use for products in all markets.
- We aim to raise the bar by introducing new products that empower our consumers to do more with less. Sustainable innovation is among the top four priorities in our R&D program.



Engaged in society

Electrolux engages with stakeholders across its value chain, from suppliers to customers, consumers and business partners as well as NGOs, and involves them in our sustainability goals. This collaboration leads to innovative solutions to complex challenges such as championing efficient appliances and promoting sustainable consumption.

Objectives

- We strive to shape future markets for green products through sustainable products and product marketing.
- We're raising awareness on the role of efficient appliances in tackling climate change.
- We're creating partnerships with stakeholders across the value chain, such as engaging our suppliers in our energy reduction targets and actively participating in the development of smart grid technologies.
- We aim to build trust through dialogue, transparency and openness.

On common ground

We know that our behavior in one place has an impact on how our performance is regarded in another. This underlines the importance of instilling the same high standards for labor practices, ethical conduct and the environment – no matter the country of origin, or the market where our products are sold.

A culture of common values, ethical behavior, with safe workplaces and minimal negative impact on the environment helps us ensure that we are walking the talk. Through our membership in initiatives like the UN Global Compact, we are committed to supporting universal values on how good business should be conducted.

Ensuring high standards

This commitment is reflected in the actions of each Electrolux facility. Every year, we conduct Workplace Code of Conduct audits and collate environmental, safety and Code of Conduct data to make sure that we're living up to these high standards. Every manufacturing operation with over 50 employees is also expected to maintain ISO14001 certification of their operations.

Global Operations is a Group organization built to leverage global strengths and consolidate knowledge in manufacturing, purchasing and product development across the company. It also sets common, ambitious objectives.

"The more we share, and amplify the strengths of every operation, the stronger we get as a company," says Tina Mayn Andersen, Senior Vice President at Global Operations. "This is especially important for achieving our targets in safety, energy and water reductions, all integral to realizing the operational efficiency aspect of our sustainability strategy."

Within Global Operations, all Electrolux Major Appliances' facilities share platforms to achieve these goals. Green Spirit is a program designed to reach our 2012 energy reductions target and a health and safety function is driving our goal to maintain 25% of our operations at best in class safety levels by 2016.

Values that count

Our common corporate identity is articulated by our core business values coupled with principles of operations, called our foundation. Our foundation is a set of six sustainability values of ethics, diversity, respect, integrity, safety and the environment. Together, they govern everything we do, and serve as the ultimate guide to how we treat each other and how we approach our day-to-day business with customers, suppliers and others with whom we interact as employees of Electrolux.

Thinking of you

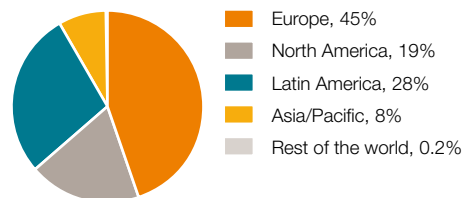
Thinking and acting

We want consumers to know that our brand promise "Thinking of you" does not stop at their front door; we're thinking of the world around them, too.

This means we're committed to making appliances safe for the environment—now and for future generations. We strive to manufacture our products with the lowest impact on the environment, and ensure that they are safe and efficient, do not contain hazardous materials and are produced under good working conditions.

The Group's core values 'Customer obsession', 'Passion for innovation' and 'Drive for results' also support a sustainable business culture. Together, they emphasize a strong customer focus, an openness to change and a striving to generate long-term benefits. With these values as a springboard, Electrolux is better able to strengthen our global brand and reinforce an integrated approach to sustainability.

Employees by geographical area



Electrolux has more than 50,000 employees. Wherever Electrolux operates in the world, the company applies the same high standards and principles of conduct.

A lean machine

As part of our three-part climate strategy, we've committed to a 28% energy use reduction in our factories by 2012 compared to what we consumed in 2005.

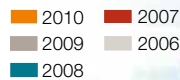
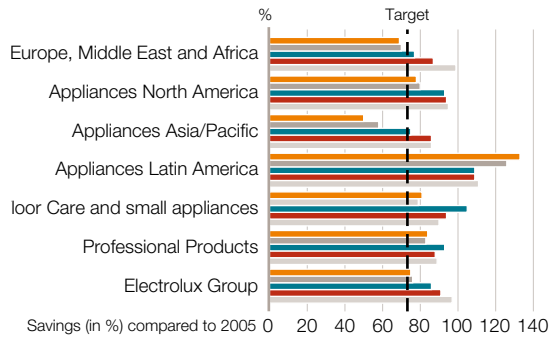
Through local Green Spirit programs, every Electrolux employee is engaged in achieving this target; sharing best practice, deploying energy-sound procurement and collating results group-wide.

Green Spirit information points are set up at each facility, detailing local and Group status and encouraging everybody's feedback on progress.

How do we know we can achieve it? At the start of 2011, we were two percentage points shy of achieving the goal and we emitted approximately 173,000 tons less carbon than in 2005, the equivalent of the yearly emissions from more than 75,000 cars.

Green Spirit is also incorporating group-wide targets for transportation, water efficiency and elimination of hazardous substances. Track how we're performing in our annual performance reviews at www.electrolux.com/sustainability.

Efficiency target



Sharing strengths

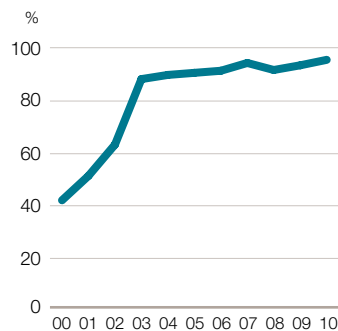
Our challenge is to combine global leadership with the know-how of each individual facility. As a baseline, compliance to the Electrolux Code of Conduct and Environmental Policy is non-negotiable for all facilities, employees and suppliers. All manufacturing units with at least 50 employees must be certified to ISO14001. Health and safety practices are defined according to Group policies. Targets are in place to guide actions group-wide and our Workplace Standard outlines how these codes and policies should be implemented. To measure progress, we report and monitor our performance using standardized indicators.

At the same time Electrolux is decentralized to give our business units flexibility in adapting to local culture, different regulatory regimes and varying levels of consumer awareness and market maturity. Their experiences are shared across the company to raise the bar further.



ISO 14001 certification

The share of factories with more than 50 employees that have certified ISO 14001 environmental management systems.



YOUR INSIGHT

How do we meet growing demand for our products while using less energy to manufacture them? As more suppliers from low cost countries enter the marketplace, how do we convince consumers that high standards are worth more than low prices?

www.electrolux.com/sustainability



Tessa Tennant and Keith McLoughlin peer into the future



Facing the challenges

Keith McLoughlin: As we look around the world, we see an enormously fast-growing middle class. More people will have disposable income for buying appliances, which is good for business. But from a consumption standpoint, we need to consider the constraint on resources and ask ourselves, are we consuming natural resources faster than they can be renewed? That is not sustainable.

So, population growth and demographics are big issues. Another one is climate change. Twenty percent of energy consumption in the home is directly related to appliances, right in the heart of our business.

To maintain sustainability leadership, we need to ensure that the way we operate, innovate, manufacture and distribute products has a positive impact on society and the environment. We need clarity of vision and total organizational alignment and commitment to achieving that vision.

Tessa Tennant: Much of sustainability is what happens inside the company. The seed for keeping alive the sustainability story within Electrolux as well as with your customers is making it engaging and vital for everyone. There is every reason why companies on the right side of the sustainability fence should be the ones having the fun party, not those propping up the old guard.

McLoughlin: It is not just about altruism, it's about business opportunities, about balancing the long term with the short term.

The role of business in the 21st century

McLoughlin: Things are changing quite dramatically. Business has to take on a bigger responsibility. It can no longer be capitalism for the quarter. It has to be capitalism for the long term, including social, moral, sustainability and environmental issues. We will need technology and innovation to find solutions to the issues and opportunities facing the planet and business must drive that development.

Tennant: We're really talking about the next 20 to 30 years. This is a make-or-break time, because of the underlying data that we know. Business has got to be no longer a problems creator but rather a solutions provider. Electrolux can play a central role in terms of catalyzing sustainable living. Business must get better at aligning with like-minded businesses, to make the voice of sustainable enterprise more powerful. It is also about smart policy. It's quite clear from the climate negotiations that governments collectively find it difficult to reach workable solutions around complex issues. The role of business to push smart policy is really important.

McLoughlin: We don't feel any global boundaries because we're not politically tied to a geographic space. Electrolux operates in over 160 countries pretty seamlessly and we apply the same standards around integrity, ethics, and business conduct in all countries where we operate. I agree business has to play a much bigger role in the collaboration required to find solutions and provide opportunities.

Keith McLoughlin, CEO of Electrolux, looks at what lies ahead together with Tessa Tennant, a leading figure in the sustainability field. Tennant is Executive Chair of the Ice Organisation, creators of Ice, a consumer loyalty programme rewarding sustainable living in the UK. She is Chair of GlobalCool.org, which works with celebrities and entertainment personalities to engage people with greener lifestyles. She also co-founded both the UK's first eco-investment fund in 1988 and the Carbon Disclosure Project in 1999, of which she is a trustee. Here is an excerpt from their conversation.



Engaging consumers

Tennant: I am intrigued about why we don't make more headway in consumer communications. Through Global Cool, a not-for-profit I chair, we discovered that a lot of environmental communications, whether from governments, NGOs or business, emphasize a type of rational environmental messaging which only about 30% of a population hears; over 60% aren't tuned into that language, they are driven by other things—fashion, celebrities, music, or what the person next door is doing.

We've found success with campaigns that sell the action, not the reason why the action is a good idea. Our campaign Turn Up the Style, Turn Down the Heat has people turning their home heating down so they can wear stylish winter woolies, and it's good for your skin, too. The fact that you can shut down one or two power stations if everyone lowers the thermostat is not the lead message, even if it's our objective. With this approach, we reach groups not otherwise engaged. We're excited to work with aligned corporations to develop a new generation of messaging.

McLoughlin: In our consumer research, we find that all segments connect to environmentalism and sustainability, but in different ways. For some, it's clearly about doing the right thing, they're thinking about the next generation, and they engage immediately. For others, you need a different angle. Our Green Range FloorCare products actually doubled their sales in the last year, with communication that went straight to people who connected to it. And we made it fun, with our Vac from the Sea campaign (p. 17), highlighting the problem of plastic waste in the sea.

Creating shareholder value

McLoughlin: Long-term investors identify companies that are in alignment with the trends and stepping up to the opportunities and the challenges within sustainability. I'd like to think that Electrolux is one of those companies.

Investors want us to put a stake in the ground, to have a point of view about the future. That means having metrics and deliverables, meeting and reaching those targets. We are open and transparent about our performance and we were an early adopter of the Carbon Disclosure Project.

Tennant: The growth of responsible investment is extraordinary. It started with a niche group of ethical investors; now the broader institutional investment community is following. Initially, this was at odds with Wall Street, but today, we see more alignment. Asset inflows in the US have been pretty flat during the credit crunch, but SRI (Socially Responsible Investment) funds grew by some 34%. In the US today, one in eight dollars are invested in responsible investment.

McLoughlin: Investors recognize that the measures we are taking, such as reducing our own energy consumption by 25% since 2005, have a direct impact on our bottom line. That represents over 20 million euros a year in savings, a huge opportunity for cost reduction and waste minimization, as well as positive for the environment. Ultimately, we lower the cost per unit, which brings more value to our customers and our shareholders.

Watch their conversation at
www.electrolux.com/sustainability

Empowering change

By promoting the most resource-efficient products, Electrolux intends to deliver significant environmental and economic savings to customers – and at the same time increase our contribution to tackling climate change.

Electrolux has been investing in environmentally-sound products for decades. But now we see a sharp increase in consumer demand. And with over 70% of the total environmental impact of an appliance occurring during its use, Electrolux can make its biggest contribution through a product-led approach.

To help grow the market for sustainable products, each of our business sectors is responsible for launching and marketing a green range of its most environmentally savvy products. Every year, the bar for entry to these ranges is raised. Global sales of these ranges have progressed steadily since rolling them out in 2008, thanks in part to innovative, targeted local campaigns and approaches aimed at meeting the needs of a particular region or sector. The common point of departure is that a low-carbon

economy is going to require considerable change, and that making informed decisions – including choice of appliance – is a step on the journey towards reduced resource consumption.

We are committed to promoting water and energy efficiency across all our offerings and are developing a methodology for defining efficiency targets to ensure sustainability is an integral element in future product lines.



Green product range takes off

In 2010, our most water and energy-efficient appliances captured 22% of net sales and contributed 35% of the Group's gross profits, (Global green range graph, p. 14). This builds on a long heritage: In Europe, Electrolux was the first appliance manufacturer with an entire range of environmentally-efficient appliances.

In all our markets, we are actively informing and educating consumers through campaigns, in-store displays, websites, contests and other initiatives to demonstrate the environmental profile of our most efficient products.

Harmonizing labeling schemes

Labeling schemes, such as the Energy Guide in the US, the Energy Labeling Directive in Europe and Energy Rating label in Australia, help consumers rank a product's energy efficiency.

Electrolux products are among the most energy-efficient products under the various labeling schemes around the globe.

However, competing labeling programs and evolving standards can confuse consumers. Electrolux supports harmonized standards and a robust labeling scheme that accommodates improvements in efficiency and reflects the latest technical innovation.

Building the market

Our strategy of promoting products based on their environmental profile shows market promise. Results vary based on regional priorities, such as high energy prices in the Nordic countries or water scarcity in Australia and China.

The call for concerted global action on climate change, greater awareness of environmental issues and the perception that consumers can make a difference through their purchasing decisions, look set to bolster this approach. Our strategy reflects our commitment to product stewardship, and is intended to empower the kind of change that will build a strong market for sustainable appliances.

A selective process

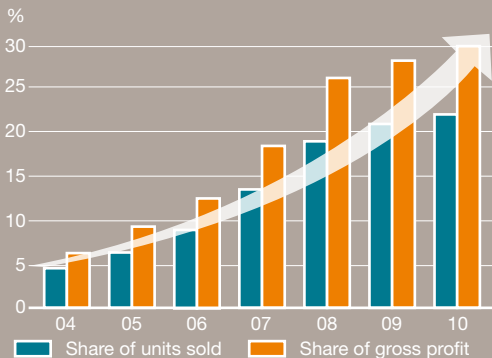
Each year Electrolux identifies a number of criteria to select the most environmentally efficient products among all the products we have to offer on the market. Electrolux business units around the world must report annually on the sales performance of these products in comparison to the entire range of products.



Global Green Range



Green Range Europe



In 2010, products with the best environmental performance, accounted for approximately 22% of total units sold within Major Appliances in Europe and 30% of gross profit.

YOUR INSIGHT

Will consumers pay more for high-tech appliances that help them consume less energy?

How do we convince them to replace old appliances that still work?

www.electrolux.com/sustainability



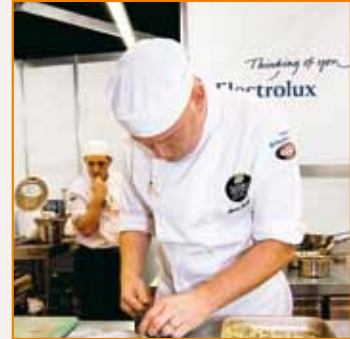
Big kitchens, big savings

PROFESSIONAL: In a European country, on average, 300,000 professional kitchens serve 15 million meals a day, using over 6.5 million professional appliances. That's equivalent to the energy consumption of 26 million domestic fridges or three large power plants of 1,300 MW/H each.

The Electrolux Professional 'Green Spirit' range aims to slash energy bills while reducing environmental impact. Induction heating, for example, is highly efficient.

Each sub zone works independently, using energy only when needed. The induction technology ensures 90% energy efficiency compared to the 50% guaranteed by the standard gas burners. Professional Undercounter and Hood-type dishwashers use less water, energy, detergent and rinse aid and cut running costs by 20%.

Food waste is a challenge for restaurants and schools. In the US, a single restaurant deposited more than 50 tons of organic waste per year. When stored in landfill, this releases methane, a global warming gas. Electrolux Waste Management System reduces waste to 20% of its volume by recycling it into a green product such as compost.



Push for efficiency in US market

NORTH AMERICA: To get more energy-efficient products into more American homes, Electrolux in 2011 intends to be among the leaders in a US Environmental Protection Agency (EPA) pilot for a new ENERGY STAR program to identify and advance highly efficient products in the marketplace.

According to Tom Anderson, Director of Energy Efficiency at Electrolux Major Appliances in North America, the EPA will acknowledge select Energy Star-qualifying categories of appliances as among the most efficient on the market. "Our aim is to be present in every category," says Anderson.

The EPA is scouting for products that represent more than an incremental improvement in energy efficiency, but in fact demonstrate efficiency performance that is "truly exceptional, inspirational, or leading edge—consistent with the interests of environmentally motivated consumers and early adopters." The bottom line, says Anderson, is to get the word out to consumers, and for companies like Electrolux to work with the government to offer the right incentives.

The ideal solution, he says, is a three-fold program that includes rebates from the EPA, the manufacturer and the utility. Such collaboration would go a long way in making the most efficient products more affordable for all. It would also help pave the way towards the ultimate goal: the zero-consumption home. (See also p. 25.



Taking on the Eco-Challenge in Asia

ASIA / PACIFIC: The next generation of innovation was evident in an event organised by Electrolux in Malaysia, Think Eco Challenge, a month-long competition during 2011 that attracted over 90 applications from 20 colleges and universities to demonstrate creative ideas for turning recyclable materials into eco-friendly and functional household items. Showcased at the Swedish Innovation Day 2011 event in Kuala Lumpur, the winner, "The Oil Barrel Bed," featured a mobile bed made from oil barrels and sacks, designed with wheels that enabled it to be folded back into its original barrel-shaped form for easy storage.

In Thailand, Electrolux employees supported the WWF Earth Hour in 2011, joining the local community to promote the campaign through a roadshow in front of the Electrolux Thailand offices.

To support the 60+ theme to extend energy saving beyond the annual Earth Hour, employees also came up with energy-saving ideas.

Photo: In Thailand, Electrolux employees switched on their enthusiasm for Earth Hour while switching off the lights.



Vacuum cleaners go ultra-green

Take five of the company's leading vacuum cleaners and give them the ultimate sustainability twist: greater energy efficiency, more recycled plastic content, and close the loop by making sure nearly all of the product can be recycled. The result? A green range of vacuum cleaners from Electrolux Small Appliances, being rolled out during 2011 in all major countries of Europe and on all five continents, from the US to New Zealand.

Each of the products has between 33% to 50% reduced energy consumption, and is made from a minimum of 55% post-consumer recycled plastic content. The UltraOne (p. 18) is made from 70% recycled plastic. To close the loop, the packaging for all five products is made from 100% recycled paper, making 92% of the total vacuum cleaner recyclable. "Our aim was to create a superior offer, taking the same high standard of performance, aesthetics, maneuverability and design while adding sustainability features on top," says Cecilia Nord, Vice President, Floor Care Environmental and Sustainability Affairs.

A sixth product, the first rechargeable vacuum cleaner in the range, will be launched at year-end 2011. At Small Appliances, the green range products are stimulating innovation across all products. "We drive innovation in the green range and take those sustainability elements into other products to improve our sustainability profile over time."



Thinking outside the box

How does an appliance manufacturer integrate sustainability into every aspect of its business? The answer is a 360° appraisal of our product range, from choice of materials and production processes, to supply chain and logistics, to consumer interface and function and end-of-life disposal.

By scrutinizing what we do – and how – from a systems perspective, opportunities arise for innovation across the whole product lifecycle.

No quick fixes

With consumer demand rising for cleaner, smarter products, Electrolux is committed to improving environmental performance throughout the product lifecycle. Sustainability-driven innovation provides a clear point of differentiation for the Electrolux brand. But innovation is neither quick nor easy. It requires major intellectual and financial investment and presents technical and marketing challenges as well as significant business risk. Yet it also offers tremendous opportunities. Group Management has made sustainable innovation among the top four priorities in the Group's R&D program.

"To be sustainable is not an option; it is a prerequisite to stay in the market and to live up to the growth and profitability factors we have set long term," says Jan Brockmann, Chief Technology Officer for Electrolux.

Inside the box today

With our Green Range products, we are pushing the envelope for sustainable appliances in terms of efficiency, materials, waste and recyclability. As well as incremental improvements, we are exploring breakthrough technologies which promise a step-change in sustainability performance, featuring 'smart' technology with enhanced control, efficiency and intelligence.

We're also looking at how we produce our products. By globally integrating, harmonizing and standardizing certain components across product categories, for example, we dramatically reduce waste and improve system efficiency.

Beyond the box tomorrow

What's cutting edge today quickly becomes tomorrow's baseline and sustainability best practice is a moving target. Future innovation will be centered on the development of closed loop systems and upgradability. Hand-in-hand with the development of 'smart grids' – the use of digital technology to improve the efficiency, reliability and resilience of the energy supply – appliances will be more connectivity-driven, offering greater responsiveness and more 'intelligent' use of power, energy and waste.

As well as eyeing the opportunity space around even more efficient appliances, we have to consider the fate of environmental underperformers in our product lines. To do so, the market must be ready for step-change. "The challenge is to decide where we think the world is going and take a position today," says Simon Coultas, Vice President Food Preservation & Air Care, Asia Pacific. "There are not many companies willing to take those early steps."

The wider horizon

The long view must be cultivated at Electrolux, Brockmann adds. "Sustainability is a short- and long-term business need that must still be better understood in the company," he says. "The challenge is to look beyond short-term planning in order to fully capture the drivers for sustainability and sustainable product innovation."

It is important to get it right. "To lead in sustainability, we must support our desired brand position: our products' ability to deliver ecological and economic benefits to consumers," he adds. "Increasingly, the product characteristics that are part of sustainability—such as energy and resource consumption—are key decision factors and entry tickets to competition."

Sharing the load

PROFESSIONAL: Imagine a washing machine smart enough to weigh a load of laundry, then release precisely the amount of water and detergent needed to get it optimally clean. The Electrolux Laundry Systems product range generates savings by optimizing use of water, energy and time. At many hospitals, nursing homes, and hotels, the human hand tends to overdose detergent by as much as 30%. Compass Control allows users to choose the program set-up for the least water and energy consumption while maximizing wash results with shorter processing time—so smart decisions can be made by both human and machine.



DESIGN LAB '11



If you want a taste of things to come, look no further than Electrolux Design Lab. This annual competition showcases cutting-edge, innovative ideas from students around the world.

The 2010 winner, The Snail, from Peter Alwin a student at the National Institute of Design in India, is a portable heating and cooking device based on magnetic induction processes. It can be stuck directly on to a pot, a pan, a mug etc., to heat the contents. This reduces the amount of space required for conventional cooking whilst adding portability to the process. Powered by a high-density sugar crystal battery, the Snail converts the energy from the sugar, heating up a coil to conduct the magnetic induction process to the utensil Says Alwin, "The inspiration for my concept is from nature itself. To give back to nature what it has given us"

"Design Lab draws in bright students with no preconceived ideas," explains Henrik Otto, Senior Vice President of Global Design. "They stretch boundaries, provoke discussion, touch on things people don't usually want to talk about. That's refreshing. It helps us think in new ways."

As well as a prize of €5000, the Electrolux Design Lab Winner receives a six-month, paid internship at one of Electrolux's global design centers. There were 1300 entries from 50 countries in 2011.

In addition to helping spot talented young designers, Design Lab brings to life future requirements as identified in our global trend analysis to envision how use of household appliances will evolve over time.



Vac from the sea

Tons of plastic debris threaten vulnerable marine habitats globally. While plastic waste chokes the seas, it is difficult to find a sufficient high-quality source of post-consumer recycled plastic for making more sustainable appliances. Electrolux is spotlighting the issue in our Vac from the Sea campaign, working with environmental organizations. Collected ocean plastic was used to produce a limited number of concept vacuum cleaners to raise awareness.

A total of 175 million people have been engaged in the award-winning campaign, through print, online or social media. Visit www.electrolux.se/Innovation/Campaigns/Vacfrom-thesea/, www.facebook.com/electroluxappliances, and www.twitter.com/vacfromthesea.

Orange goes green

AUSTRALIA: How do you cool your beer without warming the planet? The Electrolux team at Orange, Australia has some idea. Faced with the challenge of developing a best-in-class approach for the refrigeration line with zero ozone depletion, negligible global warming potential and improved energy efficiency, turned to R 600a.

The refrigerant isobutane ticks all the boxes – but its flammability calls for special handling and safety precautions and adapting electrical componentry.

In addition to the implementation of R600a, a first for an Australian factory, the R&D team proposed redesign of the refrigeration system to meet the tough demand of being best in class against all other brands.

The result was pioneering: energy efficiency was boosted by at least 25% and the fridge range earned the 2009 Australia Design Award for Excellence in Sustainable Design.

With Australians increasingly demanding high-efficiency appliances, Electrolux is proving that best-in-class is a winning formula.



YOUR INSIGHT

What do sustainability megatrends like food and water scarcity mean for how we innovate?

What skills and talent are needed to identify the 'right' problems to solve?

www.electrolux.com/sustainability



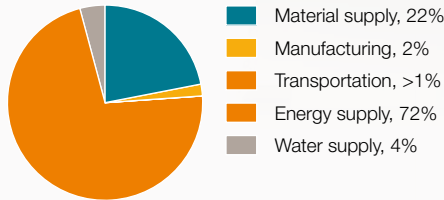
54%

Water-wise

Today's best Electrolux dishwasher (0.92 kWh/cycle) consumes about half the water an average model used a decade ago— 10 liters compared to 22 liters. That is about a tenth of the water the average Western consumer would use to wash the same load by hand.

Source: University of Bonn, Germany, 2009

Product Life-cycle



We are guided by a product life-cycle approach, where the environmental impact is measured during the entire lifecycle, from raw material extraction, to manufacture, transport, use and finally end-of-life treatment.

Source: Öko Institut E.V.'s LCA of a washing machine, 2004

Green Aspirations

Q: What do you call a company that turns a car into a vacuum cleaner?

A: Sustainability-driven.

UltraOne showcases cradle-to-cradle thinking. Its predecessor, the UltraSilencer Green, was the first vacuum cleaner in the world to be made from 55% recycled plastic – mostly shredded car parts. The UltraOne is made from 70% recycled plastic.

Its packaging is made from 100% recycled paper and is 100% recyclable. In fact, 92% of the total vacuum cleaner can be recycled.

Energy and resource efficiency were key design issues – but not at the expense of functionality or performance. Says Simon Bradford, Global Design Director at Electrolux: “We wanted a more sustainable product of the same quality as any other product, a more superior offer.”

UltraOne achieves that. And the journey is far from over, as Bradford and team continue to push the envelope for an even stronger sustainability profile, not only for UltraOne but for all Floor Care and Small Appliances products.

92%





Clean clothes

In Brazil, environmental considerations are steadily winning over consumers. Developed in Brazil by our Industrial Design Center, the Turbo Acqua Jet is a high-capacity washing machine, which uses centrifugal force to push the laundry to the walls, where jets of water and soap penetrate the fibers. Dirt and stains are removed more effectively and water use has been reduced by 40%.



66%

Cooling down

The best (A++) Electrolux combined refrigerator and freezer on the market today consumes 66% less energy compared to an average appliances from 1995; marking an improvement in consumption from 574kWh/year in 1994 to 196kWh per year today.

Waste-savvy

The average home throws out about 6 kg of food waste a week in the UK. With an estimated 20% of global greenhouse gases linked to the food chain, there is plenty of opportunity to apply smart functionality to impact the consumer's carbon footprint.

Electrolux FreshFrostFree® and Market Fresh refrigerators, with moveable glass bins, humidity control, and dual deodorizers, are designed to keep food fresher longer.

Source: 2009 Wrap Report, Household food and drink waste in the UK.



What's cooking?

Induction cooking reduces energy consumption by 20% compared to other electric cooktops.

Proof is in the pudding

Sustainability is an essential ingredient at chef Simon Hulstone's Michelin-starred restaurant in Torquay, England.

UNITED KINGDOM: Simon Hulstone is head chef and owner of Michelin-starred restaurant The Elephant in Torquay, on the Devon coast. His approach to cooking blends common sense with cost efficiency – an old family recipe which takes a long-term view to protecting the bountiful heritage of the region where he grew up. For Hulstone, a second-generation chef, “sustainability” and “future generation” aren't abstract terms. The proof is in the pudding menu, where his two daughters, Cicely, 2, and Tansy, 4, are featured (a Cicely pannacotta and a Tansy pudding). Here, he talks about how he puts his philosophy into action.

You champion the use of local, sustainable suppliers. How does this work in practice?

We're a very small village, so we're not just supporting the restaurant, we're supporting the village, too. I source all my ingredients from local suppliers and locals pick wild herbs for me. I only use products from my own 'larder' locally. Devon is a natural larder. It's all on my doorstep. I can pretty much write a menu in seconds from whatever's in season and phone someone for the ingredients, and it will be at my restaurant, completely fresh, when I arrive. I'm never going to have a fish like tuna on my menu that can't be landed in the local harbor on a daily basis. That means my

customers get to enjoy varieties of fish that may be unfamiliar to them, like Whiting, Dabs and Pout, but which are worth the extra effort in preparation. For me, sustainability is common sense.

I work with local suppliers because I'm giving my customers what they want, and my customers are also my suppliers.

I go down to the local pub and I meet my fisherman, my butcher, the guy who picks herbs for me. I keep my people in jobs and we help keep their people in jobs. If we go down, they go down, too. We're all in this together.

“ For me, sustainability is common sense. I work with local suppliers because I am giving my customers what they want.

How does sustainability infuse your cooking?

We source from local farms who slaughter to order and we use the whole animal. Many chefs are forgetting how to prepare real food from the raw ingredients; they just do the finishing touches. Everyone goes for the usual fillet steak but that's only 10 portions and you're left with the ribs, the back, the head. There's a lot of meat on the animal that we don't let go to waste.

I think chefs should work harder and not rely on prime ingredients. It's easy to cook a fillet steak. I train my own chefs to learn more skills by working with 'sustainable ingredients' and create something from nothing.

Does recycling enter the recipe?

Yes. In addition to reducing food miles by only using local suppliers, all food waste at The Elephant is recyclable. It's either sent right back to the farms for pig food or used for compost. All plastic and glass bottles are recycled. Nothing gets thrown away.



YOUR INSIGHT

We can deliver resource efficiency, health and nutritional benefits.

How can we help convince professional customers to put sustainability on the menu more?

www.electrolux.com/sustainability



How does your kitchen equipment contribute to sustainability?

I only use Electrolux equipment and I cook only with induction stoves to conserve energy. Electricity bills in the UK are astronomical. Since I've been using induction, I've cut my electricity bill by 50 percent. Induction gives me better, faster results. I also use combi ovens, which I keep on low heat and then cook certain dishes overnight.

Do you think cooking will become a third-generation passion in your family?

My daughter Cicely says she wants to be a chef like her father, but her younger sister says she's happy to be just a customer. That's fine with me. We need both!



Pay more to save more

Electrolux Professional's Green Spirit range incorporates significant environmental benefits.

Professional Undercounter and Hood type dishwashers use less energy, water and chemicals and cut running costs by 20% compared to standard machines on the market.

The latest product in the range is our new Air-O-Steam Touchline, the only professional combi oven that allows the user to choose a range of more environmental options. Thanks to the green functions of the automatic cleaning process, the user can choose to skip the rinse aid or drying phase and reduce water consumption, thus optimizing the use of rinse aid, energy and water.

Together with its existing high-efficiency and low-pollutant, low-gas burners, these features make the product best-in-class for carbon emissions: it performs 10 times lower than the Gastec limit (Dutch government certification that is strictest in Europe) and 100 times lower than the Gas European Standard Limit.

A life-cycle approach is key to how our Green Spirit range is designed and marketed. Products are accredited to the strictest international environmental standards in each respective marketing zone. Lack of harmonization in energy certification is a challenge, but we're working with partners towards this goal.

Positive cycle

Energy and water consumption may not always be top of mind for professional customers when choosing an appliance, but they should be. For customers, ranging from hotels and hospitals to coin-operated laundromats, the purchase price is only 10% of the lifetime cost; the rest is consumption of energy, water and detergents during use.

Improvements to energy and water efficiency over the past 20 years by Electrolux Professional Laundry Systems have delivered our customers considerable savings over the product lifetime.

Our green solutions enhance quality and performance. The Professional Heat Pump Dryer, for example, consumes 70% less energy than conventional heating systems. It also doesn't require an exhaust pipe, simplifying installation and reducing costs.

The new Line 5000 Tumble Dryers provide extensive savings potential on time and running costs: up to 30% less drying time, and up to 20% less energy.

Sustainability-led innovation also helps our customers adjust to stricter regulations: the Electrolux Lagoon water-based dry cleaning system is biodegradable for chemical-free drainage. In California, US, a law from 2009 bans the sale of dry cleaning machines using perchloroethylene, a toxic chemical solvent widely used in dry cleaning, paving the way for take-up of more environmentally friendly dry cleaning products.

Step change in supply chain

Achieving balance between high labor and environmental standards, quality and cost reduction is a challenge in any supply chain. With more suppliers located in high-risk regions, we aim to help trigger change among our suppliers and engage them in our sustainability goals.

Electrolux has some 3,700 suppliers and the share of purchasing from low-cost countries increased from a third in 2004 to over half in 2010. In a few years, it is expected to reach 70%. With our supplier network increasingly global, sourcing responsibly to ensure that our products are manufactured with respect for the environment and for the people who manufacture our products is essential. Responsible sourcing helps meet customers' growing expectations, build our brand and reduce the risk of incidents that can affect our reputation or interrupt supply flow.

Transparency on supplier practices

All our suppliers must comply with the Electrolux Code of Conduct and Environmental Policy. Monitoring helps us ensure that they meet expectations. Our Responsible Sourcing specialists in Eastern Europe, Asia and Latin America support local and global purchasing organizations with advice, training, monitoring and joint audits.

We conduct some 300 internal and external audits a year. Efforts are focused on the regions and commodities at greatest risk and we are open and transparent about our findings.

Integrating the supply chain

Through consolidation, we're building stronger relationships with fewer suppliers. Strategic development programs heighten awareness of our priorities among suppliers. Actively engaging

with suppliers through workshops and joint initiatives invites them to take ownership of environmental and labor issues and discover how they can improve standards further.

Engaging suppliers in our goals

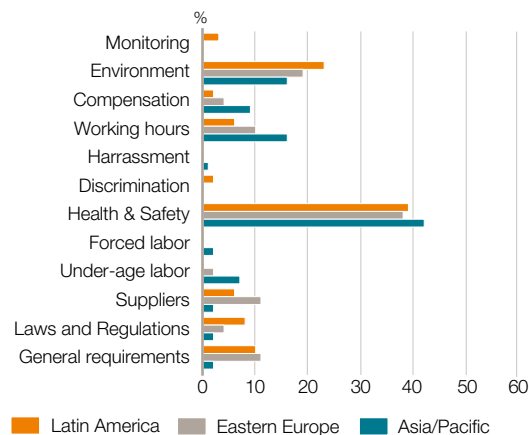
We need to engage our entire value chain in order to achieve our sustainability strategy. By supplying data on, for example, energy and water consumption, our suppliers give us insight into how they manage their environmental footprint.

Approximately 22% of the impact of a washing machine is accounted for by materials supply – notably energy-thirsty steel production. Through our Energy Efficiency Partnership Program (EPPP), we're sharing our experience with the Green Spirit program (p. 9) and helping them streamline their own energy use, too.

Beyond monitoring

Solving supply chain challenges requires the efforts of more than one company and more than one industry, and root causes for insufficient standards often originate beyond a supplier's sphere of influence. That's why Electrolux is also working with organizations such as Business for Social Responsibility (BSR) to engage a full range of actors in society, ranging from governments to the workers themselves to improve conditions in our key supplier markets.

What our audits are telling us



Health and safety, environmental compliance and working hours top the list of issues we find in the 300 some Responsible Sourcing audits we conduct every year. For updates, see our annual performance review at www.electrolux.com/sustainability

YOUR INSIGHT

As we integrate purchasing and extend monitoring and knowledge transfer up the supply chain, where do we draw the line?

How can we best engage our suppliers in our sustainability goals?

www.electrolux.com/sustainability

Eastern Europe

Suppliers are primarily located in Poland, Romania, Turkey and Hungary and as of 2011, includes the Ukraine and Egypt. We conduct approximately 50 audits a year, especially targeted to finished goods suppliers or those involved in special customer projects.

We keep an eye out for practices relating to health and safety, and compliance to environmental laws and regulations. Non-compliances are more frequent among non-EU-based suppliers.

Asia Pacific

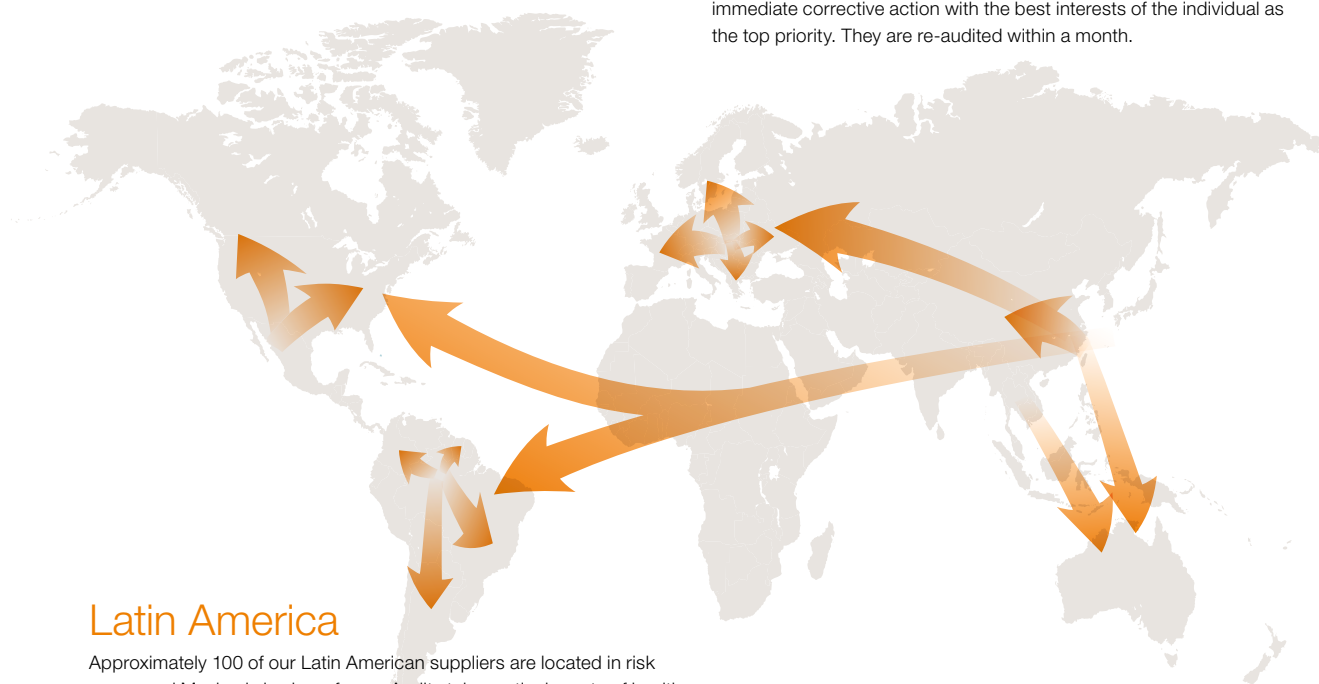
Approximately 250 suppliers are located in risk areas, particularly in China. Our key concerns during audits include health and safety, wages, working hours, falsified records and under-age labor. For strategic suppliers, our audits are complimented with engagement programs covering Code of Conduct development and the Energy Efficiency Partnership Program.

Between 15-25 under-age workers are discovered each year, most involving insufficient protection of authorized minors (16-18 yrs). As a zero tolerance issue, non-compliant suppliers are instructed to take immediate corrective action with the best interests of the individual as the top priority. They are re-audited within a month.

Latin America

Approximately 100 of our Latin American suppliers are located in risk areas; and Mexico is in sharp focus. Audits take particular note of health and safety practices, compliance to environmental laws and regulations and how they monitor compliance of our 2nd and 3rd tier suppliers.

Although performance is demonstrably improving year-on-year, expectations on social and environmental compliance is still new to many suppliers. Communicating value continues to be challenging. A handful of cases of under-age workers are discovered every year, mostly relating to insufficient pre-employment screening.



Strength in numbers

Strong leadership sometimes means stepping out alone. But at Electrolux, we also recognize that achieving our goals requires long-term alliances. No organization, however large or innovative, can claim to have all the answers. Nowhere more so than with sustainability.

Finding solutions for tackling climate change, water scarcity, food security, and demographic shifts is complex. It is not something Electrolux can do alone. To address challenges of this scale effectively, we need to go beyond the traditional business boundaries and align our strengths with the knowledge, networks and capabilities of strategic partners.

Meeting place

The annual Green Spirit Day, hosted by Electrolux in Italy, is one way of encouraging new ideas and external perspectives to help frame our agenda. This event brings together over 150 business leaders, policymakers and sustainability thought-leaders. Nobel-prize winner Amartya Sen has been among the keynote speakers.

To reach future generations, Electrolux in 2010 entered a three-year partnership with the Museum of Science and Technology in Milan, on a lab and exhibit aimed at children ages 9–14 about how food can nourish people and the planet, with activities designed to demonstrate the sustainability features of the most innovative Electrolux kitchen appliances.

Pushing the envelope

For Electrolux, harnessing resource efficiency to cope with a carbon lean, water-scarce future is a top priority. That is why we're tapping into the capabilities of universities, research organizations and design centers to unleash breakthrough technologies.

We are working with Clemson University and Michigan State University's packaging engineering programs to explore new, holistic solutions for moving and protecting our products. In Australia, meanwhile, we're working with the Commonwealth Scientific and Industrial Research Organization (CSIRO) on new approaches for food preservation to ensure that, in future, less is wasted. In the US, as much as half of all food is thrown out. As climate change and population growth place added pressure on global food systems, new preservation technologies can help ensure a more sustainable food supply.

Sustainability buy-in

To help build the market for more sustainable products, we have established strong partnerships geared at reaching consumers and developing new market standards they can trust. The Wal-Mart Sustainability Index is a case in point. In addition to driving



Electrolux in Italy hosts an annual green event to bring together business leaders, policymakers and sustainability thought-leaders.

transparency within the supply chain, their end-goal is to provide consumers with easy-to-understand, point-of-sale information on environmental and social impacts during a product's life-cycle. Electrolux Floorcare is the only small appliance maker included in the initial reference group.

Our participation in the Wal-Mart initiative demands that we take a closer look at our supply chain. We see sustainability proficiency as a way of partnering with retail, giving them the benefit of our knowledge and helping them realize their own sustainability ambitions.

In future, we expect alliances such as these to play a growing role in helping us achieve our sustainability goals.

YOUR INSIGHT

What makes a good strategic partner?

What new types of collaboration are needed to help us achieve - or exceed - our sustainability goals?

www.electrolux.com/sustainability






Star quality

NORTH AMERICA: When the right incentives are in place, the market responds. That was the experience of the Electrolux Swap and Save program in the U.S. Consumers were offered government and manufacturer rebates to recycle older, energy-guzzling appliances for more efficient ENERGY STAR-qualified models. The initiative has so far saved U.S. consumers more than \$240 million dollars in energy savings and more than 7.4 billion gallons of water.

Electrolux delivered 4.9 million ENERGY STAR models in 2010, a 12% increase from 2009. The program earned appreciation from the U.S. Department of Energy and the U.S. Environmental Protection Agency (EPA), which in 2011 named Electrolux Major Appli-

ances North America ENERGY STAR Partner of the Year for Product Manufacturer. Electrolux was recognized for increasing its selection and delivery of environmentally conscious ENERGY STAR-qualified appliances, helping to educate consumers and for demonstrating leadership in addressing climate change through energy efficiency.

Electrolux has ENERGY STAR-qualified kitchen and laundry appliances in every product category, where applicable. These are at least 20% more energy-efficient than non-ENERGY STAR qualified appliances. For example, Electrolux dishwashers use at least 41% less energy and 40% less water compared to 10 years ago.

Unconventional allies

EUROPE: For nearly 20 years, Electrolux and WWF Italy have joined forces to raise awareness of sustainability and the role of energy-efficient homes. Together, we developed an ambitious set of environmental criteria that Electrolux products must meet to earn the WWF Panda seal, which helps consumers make environmentally preferable choices. In 2009 the partnership was honored with a Good Green Design Award for the Panda Club Program, which aims to inspire and educate students about their role in a sustainable future.

Adriano Paoletta, Executive Director, WWF Italy describes the approach: "The partnership between Electrolux and WWF has been pioneering in opening up dialogue between unconventional allies. Our work together is based on a foundation of transparency and accountability, as well as clear objectives and agreed rules of engagement.



"Our shared goals are to build environmental awareness and spur innovation.

Early on in our collaboration, we found that the key potential of this partnership was creating clear frames of reference for consumers so that they could make choices based on energy-efficiency. As it has evolved, we realized that sustainability implied a more complex set of issues. We therefore began to build a lifecycle assessment approach into our certification program. The standards we're setting with Electrolux are influencing the entire business community, inducing positive competition for better standards and practices.

"With the Panda Club we've opened up our partnership to impact future generations and have helped to bring the issue of sustainability directly into schools. It's evolved into a fully comprehensive approach to sustainability.

"We hope our partnership with Electrolux will become a benchmark for the entire manufacturing sector."

Enabling talent

SOUTH AMERICA: Diversity is key to fostering an open and innovative culture. In Brazil, a unique partnership with the Free University of Human Efficiency (UNILEHU) helps Electrolux tap into a wider talent pool by supporting employment opportunities for people with disabilities.

Knowledge tap

In 2005, Electrolux founded the UNILEHU in Curitiba to prepare people with special needs to enter the workforce. Thousands of students have used the education, training and support programs to secure skilled jobs, including over 222 graduates who are now part of the Electrolux team.

Ongoing support programs promote conditions for disabled people to thrive at work. The UNILEHU provides education courses in science, mathematics, business and languages as well as training in computers, mechanical tools and practical life skills. The school aids workplace transition by supporting students in job placement, coaching and liaising with employers.

At work, graduates with disabilities such as blindness, hearing loss, or impaired motor functions partner with work colleagues who provide on-the-job assistance.



Shared engagement

Since the program's inception, we have brought 33 other companies to partner with UNILEHU. Brazilian law requires that companies hire up to 5% of employees with some type of disability. Working with the UNILEHU helps Electrolux and other companies comply with the law and supports a proactive approach to diversity in the workplace.

Get smart

EUROPE: Smart appliances are at the center of the future home — and Electrolux is actively engaged in working with partners to bring the future to the present.

Power to the people

Electrolux has joined with the city of Stockholm, the Royal Institute of Technology and businesses including ABB, Ericsson and energy utility Fortum to create a low carbon energy solution for the urban development project, Royal Seaport. This project has the ambitious aim to slash per person carbon emission to 0 by 2030. It will achieve this through carbon-free energy sources such as wind and sun, along with cutting-edge architecture equipped with climate-smart appliances.

Two-way connections

Consuming up to 20% of all residential electricity, household appliances are key to sustainable living. Next-generation appliances being developed by Electrolux are equipped with IT solutions that inform about real-time power capacity. A smart grid delivers electricity from suppliers to consumers using two-way digital communications to control home appliances, helping people save on electricity costs, and cut energy use. Appliances



can be defaulted to make the most of off-peak opportunities, and save money. Alternatively, users can opt to run at high peak, and pay more for the convenience.

Royal Seaport, expected to have 10,000 residences and 30,000 workplaces by 2030, is an opportunity to showcase our product innovation and embodies the important role of cross-industry partnerships in achieving our sustainability vision.

Electrolux is also taking part in other smart-grid initiatives in Italy, Denmark and the Netherlands.

Good foundations

Ethics and integrity guide how we do business at Electrolux. Being open, honest and are not just nice-to-have principles; they are critical to our success.

A responsible company is more likely to be a trusted company and a valued brand, as many consumer surveys have shown. This trust starts with our employees. Being open, honest and fair in our conduct both within and outside our company is critical and ethics and integrity are two of our guiding principles. To underline its importance, more than 8,000 employees have taken part in over 700 values workshops since 2009.

A culture of integrity

We are rolling out a business ethics program across our company to reinforce ethical practices at Electrolux and ensure that the same high ethical standards are applied wherever we operate. Mandatory training, films and an internal website guide employees on ethics and integrity, outlining expected behavior and ways to approach dilemmas. Through a helpline, employees may anonymously and confidentially report suspected breaches of conduct and other concerns. The Electrolux Code of Ethics, Workplace Code of Conduct and related policies support a culture of integrity.

“We want to create a working environment where the rules are clear and all employees feel comfortable raising dilemmas and discussing these issues openly with their managers. Simply hav-

ing values and ethics programs in place does not ensure an ethical corporate culture. We all have to live it,” says Malin Ekefalk, Director of Social Responsibility.

Ethical issues are integrated into company decision-making from the Board level and throughout the organization. Management Assurance & Special Assignments (MASA) conduct around 150 annual audits covering compliance with the Code of Ethics and related policies.

Open dialogue

Proactive engagement with stakeholders helps to demonstrate integrity. Electrolux has adopted a collaborative approach as a way of building trust with stakeholders.

At Electrolux, stakeholder engagement is an ongoing process. Daily employee interactions and Group-level initiatives help define the issues that are most relevant to our business.

“Dialogue is important,” emphasizes Ekefalk. “When we listen to our stakeholders, we learn from each other and make better decisions as a company.”

Increasingly, our retail customers are formulating their own Codes of Conduct and expect Electrolux to be up to standard. Given these trends, in the future, we expect there will be heightened focus on a strategic, systematic and inclusive approach to stakeholder engagement.



Electrolux supports the United Nations Global Compact and its ten principles on environment, labor practices, human rights and anti-corruption.

YOUR INSIGHT

What is the best way to embed ethics in a corporate culture?

How can we further improve the way we interact and learn from the people most important to our business?

www.electrolux.com/sustainability



Don't take our word for it

Electrolux strives for excellence in sustainability – but don't take our word for it. We prefer our products and performance to speak for themselves.



Electrolux Appliances has been named the sole ENERGY STAR Partner of the Year for Appliances by the U.S. Department of Energy and the U.S. Environmental Protection Agency for increasing their selection and delivery of environmentally-conscious ENERGY STAR qualified appliances and helping to educate consumers about the ENERGY STAR program. Award winners are selected from more than 17,000 organizations that participate in the ENERGY STAR program.



The Electrolux Turbo Acqua Jet was awarded UNESCO's prestigious Planeta Casa Award in the home appliances category. A high-capacity washing machine, the Turbo Acqua Jet uses centrifugal force to push laundry to the walls, where jets of water and soap penetrate the fibers, reducing water use by 40%.



For the fourth consecutive year, Electrolux is listed as sector leader in the prestigious Dow Jones Sustainability World Index for long-term economic, environmental and social performance. Electrolux is also ranked as a silver class member and sector leader in the SAM Sustainability Yearbook 2011.



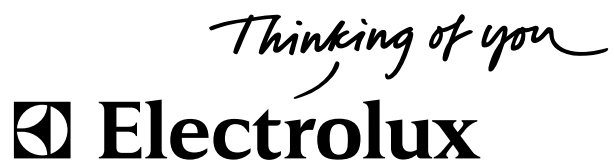
Electrolux is sustainability leader of the consumer electronics sector in German ratings organization Oekom. We are also a constituent in FTSE4Good, a UK-based index which measures the performance of companies that meet globally recognised corporate responsibility standards.



Ethics in focus
Electrolux has been recognized by the Ethisphere Institute as one of the companies in the ranking World's Most Ethical Companies 2011. The ranking names 110 companies in 38 industries that surpass their industry peers. The named companies are rewarded for implementing business practices and initiatives that are instrumental to the company's success, benefit the community, and raise the bar for ethical standards within the industry.



Prized approach
Vac from the Sea was recognized as Best International Communication at the 2010 European Excellence Awards, gold at Cannes Lions 2011 and received a Golden Egg, Sweden's largest communications award. In the US, it captured a gold medal from Andy and Bees' and a Bronze World Medal from the New York Festivals. "Keep Norway Clean" also awarded it a Gullklypa. It was presented at the 2010 Mexico UN Climate Conference, COP16.



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