

Sustainability Matters

Strategy
Performance
Value chain



Electrolux — a global leader with a customer focus



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Electrolux is a global leader in home appliances and appliances for professional use. The company focuses on innovations that are thoughtfully designed and based on extensive consumer insight to meet the real needs of consumers and professionals. In 2012, Electrolux had sales of SEK 110 billion and 61,000 employees.

It is part of great business leadership to deliver business growth that is high-integrity, low environmental impact and of high value to society. Sustainability Matters is a brief glimpse into the Electrolux approach to sustainability. Much more information is available at www.electrolux.com/sustainability2012. Feel free to get in touch with us at sustainability@electrolux.se.



Eco Care

The new tumble-dryer from Electrolux Inspiration Range is a Green Range product that reuses heat for maximum effect and stops automatically when clothes are dry. That's why the Eco Care is more gentle on clothes and is energy-smart.

Sustainability leadership requires clear vision, strong organizational alignment and global commitment. It begins with making a positive everyday difference in people's lives and for our planet. It lies at the heart of the corporate culture and shapes how we do business. It means the same high standards and principles of conduct apply, wherever Electrolux operates. It connects the company with its strong heritage.



“As part of our strategy for profitable growth, we want to deliver a sustainability step-change.”

Keith McLoughlin

President and CEO

March 2013

Electrolux vision

We will be the best appliance company in the world, as measured by our customers, employees and shareholders.

Financial goals over a business cycle

Average growth of at least 4% annually	Operating margin of at least 6%	Capital turnover rate of at least four times	Return on net assets of at least 20%
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Strategy



Values

Core values	Passion for Innovation	Customer Obsession	Drive for Results
Foundation	Respect and Diversity	Ethics and Integrity	Safety and Sustainability

Integrating sustainability

With innovative products under strong brands and by leveraging the Group's global strength and scope, Electrolux aims to create a platform for profitable growth. Dedicated employees with diverse backgrounds and a leadership in sustainability are necessary for Electrolux to achieve its vision.

The sustainability strategy

The Electrolux sustainability strategy is to develop smarter, more accessible, resource-efficient solutions that meet people's needs and improve their lives. Now in its third year and comprising three areas, the strategy focuses both on responsibly managing social, ethical and environmental risks and on developing emerging opportunities around new products, materials and markets.

Products, services and markets



To sustainably provide resource-efficient products and services that are accessible to more people around the world.

With sustainable innovation key to product development, investments in developing technology (mainly energy and water efficiency and design-for-recycling) will rise 20% to meet 2015 goals. As of 2012, at least one third of the development spend is sustainability-related and all major markets have energy, chemical use and water reduction targets.

People and operations



To engage and inspire employees and improve Group operations for people and the environment.

The Code of Conduct, Green Spirit Energy program and Ethics at Electrolux all help reinforce this focus throughout the organization. The Electrolux Purpose, a program to engage employees in sustainability objectives, helps build an understanding of the value Electrolux creates for society, consumers and fellow employees.

Stakeholders and society



To be a responsible, open and honest societal partner and build trust, partnership and engagement with stakeholders along the value chain.

In restructuring processes and with retailers, consumer groups and corporate peers, Electrolux strives for transparency in all its actions and engages actively in dialogue with others. The Responsible Sourcing program holds suppliers to high environmental and labor standards. Compliance to the Electrolux Workplace Standard is mandatory and is used to evaluate existing and potential suppliers.



Performance and progress

Electrolux is placing strong emphasis on integrating sustainability priorities within all aspects of the business. Targets to make operations and products more eco-efficient and to promote high ethical standards and transparency across the business support the strategy.

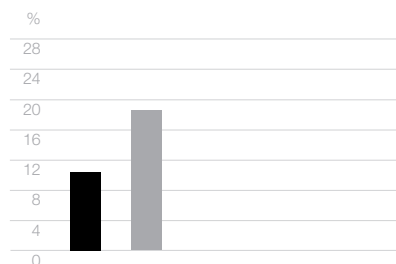
Products, services and markets

Electrolux uses lifecycle analysis to assess the environmental impact of its products and services. This shows that up to 80% of the total environmental impact of appliances occurs during use. Improving efficiency of the product fleet and making efficient appliances available in all markets are therefore the Group's most important priorities. Greenhouse gases will be substituted for alternatives with low global warming potential across the company. This process was completed for refrigerators this year in Australia, ahead of 2016 legislation to phase out these gases. Electrolux supports developments to phase out inefficient appliances, along with better enforcement of efficiency standards.

Global green range

The Electrolux Green Range includes products with the best environmental performance (in 2012, 10% of total units sold and 18% of gross profit).

■ Share of units sold
■ Share of gross profit



People and operations

Operational efficiency

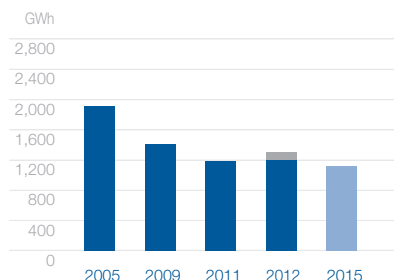
The Group has a strong track record in energy reduction. With regards to the Electrolux Green Spirit program for greater efficiency in factories, by the end of 2012, almost 50% had achieved gold standard, with one unit—in Hungary—securing platinum. The program will continue in 2013.

By 2015, the target is to reduce energy by 15% compared to 2011 production volumes. The Group realized a 6% relative improvement in 2012—a significant rise in production efficiency. In absolute terms, the result was a marginal increase, due to a rise in production volumes.

Energy savings target

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

■ Energy use
■ Target
■ Newly acquired operations



Health and safety

A '100 days without accident' program was launched to spur positive, safety-focused series of events across the company. To build an even stronger safety culture across the organization, a global safety management system will be rolled out from 2013.

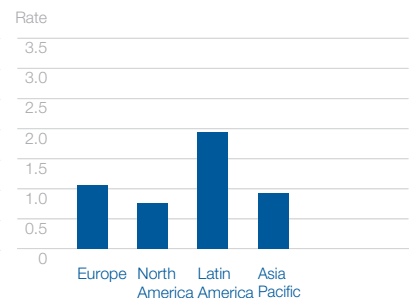
Ethics, integrity and human rights

In 2012, Electrolux stepped up its approach to human rights. It conducted a corporate human rights risk assessment and began alignment with the UN Guiding Principles on Business and Human Rights.

Rates of injury

With a Group incident rate (TCIR) of 1.1, almost 70% of factories achieved below 1.0, considered good performance. The aim is to cut by another 5% in 2013.

■ Injury rate per 200,000 hours worked (TCIR)



Stakeholders and society

The Ethics Program, including training and a helpline operated by a third party, rolled out in seven European countries in 2012 to continue in 2013. Approximately 75% of all employees in Europe, North and Latin America have access to confidential reporting helplines.

In 2012, 85% of the Group's white-collar workers took part in the Employee Engagement Survey. Approximately 80% stated that company actions reflected its Foundation of ethics and integrity, respect and diversity and safety and sustainability.

Responsible sourcing

Through audits, training and reporting, the Responsible Sourcing program aims to improve labor and environmental conditions by building transparent and supportive relationships with suppliers.

Restructuring

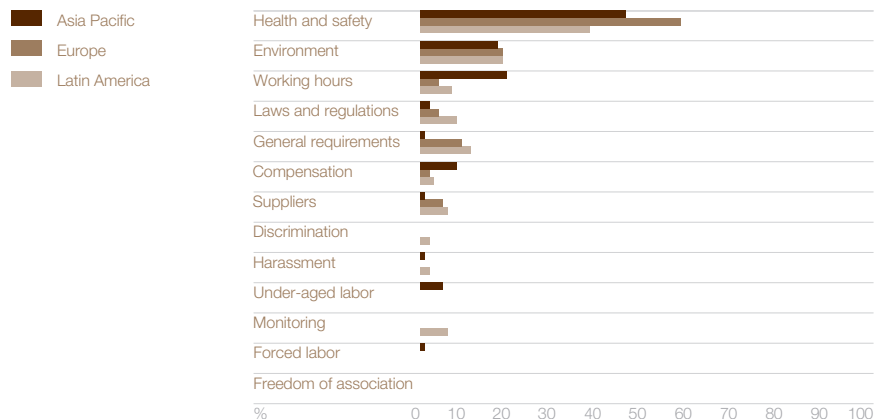
As Electrolux continues to relocate its operations to align with business strategies, it is mindful of the impacts on individuals and local communities and aims to act transparently and responsibly. As part of a restructuring program initiated in 2012 that impacted European operations, efforts were made to facilitate a smooth and cost-effective transition in dialog with unions and local and national authorities to find solutions for affected employees.

Transparency, partnerships and dialogue

An emphasis on openness and accountability helps build trust with stakeholders and demonstrates that the company is a responsible societal partner. In 2012, socially responsible investors underlined greater expectations on Electrolux to focus on human rights. Electrolux participated in and hosted events with a range of other stakeholders to examine the role of business in human rights.

Responsible sourcing audit findings

Audit findings of 293 supplier audits conducted during 2012. Health and safety and environmental non-compliances were the most frequently uncovered areas among suppliers.



Through its people, its products and innovation, its partnerships and social initiatives, Electrolux puts sustainability to work every day.

Product, services and markets

Product innovations

Sustainable innovation is among the top four priorities of the Electrolux R&D program. These examples—many of which were launched during 2012—illustrate what this focus means for the product offering.



Electrolux was among the first companies to apply breakthrough innovations in induction cooking (above) to deliver energy savings of up to 20% over conventional electric cooktops.

Based on the theme “Limited space, more possibilities”, the OuYu, multi-door refrigerator (top left) in China aims to meet demand for well-designed and energy-efficient products. In 2012, it won Sina Digital Billboard’s Best Home Appliance Award.

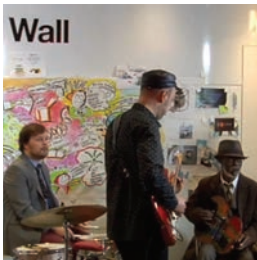
Electrolux Professional Ecostore refrigerators consume 65% less energy than equivalent refrigerators and provide 50 liters more space than equivalent cabinets.

In Latin America, Ecologic (bottom left) is the most water-efficient and economic top-load washing machine on the market. Ecologic is a Group 2013 Sustainability Award finalist.

People and
operations

iJamming

Employees worldwide logged on during a 72-hour marathon, unleashing a blizzard of ideas on possible future Electrolux products and services.



At a 72-hour marathon, iJam unleashed over 3,500 ideas for future products and services. With iLab, Electrolux will continue this crowd-sourced approach to idea generation and is setting up an open platform for employee community feedback. A strong sustainability theme ran through the entries. Ten thousand comments on the ideas and 20,000 votes from employees led to a list of Top 20 iJam ideas. Amongst the top 20 was a communal shared kitchen for developing nations; a re-use program for appliances; and an innovative food waste collection device from Brazil that generates both compost and electricity.

On Purpose



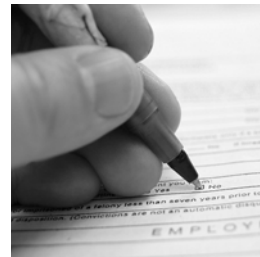
The Electrolux Purpose is a single sentence: to make a positive everyday difference in people's lives and for our planet. As an online community and series of workshops, the Purpose program aims to build an understanding among employees of the value that Electrolux creates in society, and disseminates experiences and learning globally. Workshops are ongoing throughout 2013.

The real success of the Purpose will only come about if the message resonates and is brought to life locally amongst Electrolux line managers and employees.

Feedback foremost

In addition to assessing employee satisfaction, team leadership, and corporate culture, the Electrolux Employee Engagement Survey gauges progress on sustainability leadership. In 2012, 85% of the Group's white collar workers took part. Overall results demonstrated positive improvement compared to the previous assessment in 2010. Participants' perception of their engagement at Electrolux and the Leadership Index, measuring confidence in managers' ability as business leaders, both exceed external corporate benchmarks. Approximately 80% stated that company actions reflected its Foundation of ethics and integrity, respect and diversity and safety and sustainability. Fair and equal treatment is an area employees regarded as needing improvement.

Survey participants perception of their engagement at Electrolux rose to 82% — higher than the global corporate benchmark engagement rate of 74%.



Stakeholders and society

Green spirit actions

The Electrolux Jászberény factory aimed to save 9,400 MWh of energy by close of 2012. That goal was met, reducing CO₂ emissions by 2,500 tonnes.

As part of its company-wide Green Spirit initiative, Electrolux is committed to improving the energy efficiency of its operations. Green Spirit actions at the refrigerator and chest-freezer factory in Jászberény, Hungary reduced energy consumption more than 30% in 2012. The 2012 one-year 3.5% energy-reduction target has been integrated into a new 2015 target to reduce energy by 15% compared to 2011 production volumes. In 2012, it was the first plant to achieve platinum-level status in energy efficiencies. Jászberény is now on track to reduce energy consumption a further 3.75% in 2013.

Its efforts earned Jászberény an accolade as Electrolux Sustainability Award winner for 2013.

Sharing the wisdom

As consumers and financial stakeholders expect ever more from Electrolux, extending expectations—and best practice solutions—to strategic suppliers is a must.

As consumers and financial stakeholders ratchet up their expectations for responsible business performance, it is essential that Electrolux sets its own expectations and best practice solutions for strategic suppliers. Over 100 representatives from 57 Electrolux suppliers had the opportunity to attend a one-day set of workshops in Thailand in 2012 to inform suppliers about the Electrolux sustainability strategy. Sessions were held on labor, environmental management, and energy and material efficiency. Expectations were presented by government officials, Electrolux, and its customers. Best practice from Thai industry and the Group's own Thai operations were also highlighted. As part of the Responsible Sourcing Program, similar workshops have been held in China. Next stop is Brazil.

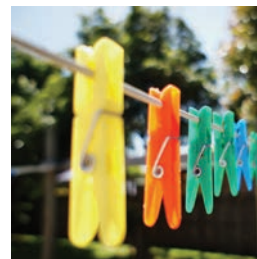
A fresh start

Working in partnership with local advocacy organization Sagip Kapamilya in the Philippines, Electrolux in 2011 created the Mobile Laundry to provide clean clothes to disaster-struck communities. Washing, drying and redistributing donated clothes to weather disaster victims, the award-winning initiative on wheels demonstrates advocacy and helps build the brand. After typhoons Pedring and Pablo, the Mobile Laundry increased its collections, and was able to redistribute 12,000 kilos of freshly-washed clothes. Three years on, the travelling laundry service campaign has evolved to support local disaster preparedness and social responsibility objectives, while having a very direct business result in terms of increased sales and a leadership position in the front-loading segment.

After typhoons Pedring and Pablo, the Mobile Laundry was able to redistribute 12,000 kilos of freshly-washed clothes to storm victims.



flickr.com/visual_
dichotomy



flickr.com/viktor_u

Rubber boots redux



flickr.com/runran

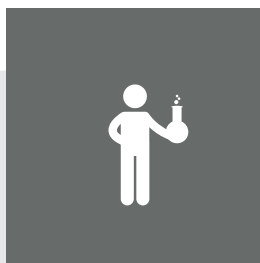
Electrolux lets qualified applicants exchange the rubber boots of guerrilla fighting for the work shoes of trained service technicians.

Re-training and skill-building are crucial in any society. In Colombia, the task is further challenged by the need for ex-guerrilla combatants to re-integrate into society and the workforce. A business and social initiative developed with the Colombian government, the Electrolux Rubber Boots program lets qualified applicants in Colombia exchange the rubber boots of guerrilla fighting for the work shoes of trained service technicians.

After more than a year in operation, the program has generated ten employed technicians, with two able to open their own Authorized Service Centers. The education program prepares prospective service technicians for work in new, growing markets and strengthens the Group's relationships with government, communities, and customers.

Influencing the value chain

Sustainability impacts occur at every aspect of the business, and extend beyond the company's own operations. The value chain approach provides a helicopter view of where impacts occur in the business and beyond, with which partners to engage and how to create the greatest value for Electrolux and its stakeholders.



Product development

One-third of the SEK 3bn Electrolux R&D budget in 2013 is sustainability-related, primarily in energy- and water-efficiency and design-for-recycling.

The challenges

Finding ways to scale up energy-efficient solutions from premium to mass and making them cost-efficient. Increasing fleet efficiency.

How to share value

Anticipating consumer needs delivers customer value and increases long-term viability.



Suppliers

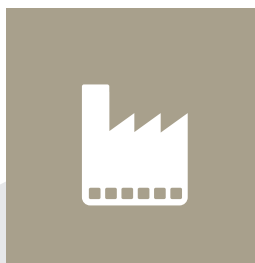
Group sustainability requirements apply to 3,000+ suppliers, with audits aimed at high- and medium-risk countries. Capacity building helps suppliers meet high standards.

The challenges

Demonstrating long-term change, especially in countries with inadequate legislation and/or enforcement. Building supplier partnerships.

How to share value

Applying universal norms supports human rights and raises environmental, labor and economic standards, especially in low-cost countries. It builds trust, reduces complexity and reputational risk.



Operations

The Electrolux Foundation sets out the guiding principles: respect & diversity, ethics & integrity, safety & sustainability. The Group's operations and over 60,000 employees must be managed accordingly.

The challenges

Integrating newly acquired operations. Engaging staff in sustainability goals. Aligning sustainability and business priorities.

How to share value

Jobs, knowledge transfer and economic opportunity benefit communities. Good employee relations enhance competence, wellbeing and talent retention. Energy reductions of SEK 300m a year in cost savings compared to 2005. Fewer accidents cut costs.



Transport

Partnering with logistics suppliers, the aim is to boost transport efficiency by 15% from 2010 to 2014. Logistics make up about 1% of the product lifecycle CO₂ footprint.

The challenges

Increased product volumes mean more transport. Lack of standardized data collection on CO₂ emissions. Increasing rail, intermodal and sea transport.

How to share value

Society benefits by reducing transport, a big climate change contributor. As a transport buyer, Electrolux can help drive change in the logistics industry.



Point of purchase

Engaging with retailers is key. Energy and performance labels and partnerships help consumers make the switch to sustainable products.

The challenges

The right tools for point-of-sales staff to raise awareness. Meeting varied retailer requirements on labor, human rights and environment.

How to share value

Partnerships raise transparency, promote sustainable product offerings and help meet retailers' sustainability goals. Stronger brand, greater customer loyalty.



Consumer use

With main impacts occurring during product use, product efficiency is the top priority. Refrigerator and freezer efficiency in Europe improved on average by 3% per year from 2008 to 2012.

The challenges

Helping consumers understand the value of high sustainability standards. Raising awareness on the role appliance use has in reducing climate impact.

How to share value

Appliances deliver social benefits—especially in emerging markets—provided their CO₂ footprint shrinks. Greater efficiency awareness saves energy costs.



End-of-life

Recycling is legislated in key markets. In Europe major appliances should be 80% recyclable (70% for small appliances).

The challenges

Lack of regional harmonization in recycling laws. Partnering with retailers and NGOs to raise awareness. Greater internal focus on design-for-recycling.

How to share value

Reduced landfill. Innovative designs that reuse materials save money and energy and increase brand trust.

Mapping priorities

The materiality process helps Electrolux keep track of how stakeholders perceive Group performance. Material issues are significant factors that influence the business strategy and how Electrolux manages and reports on sustainability. From a universe of approximately 50 sustainability issues, and based on the priorities of 13 stakeholder groups, Electrolux has identified 27 issues as most relevant to its business.

Product, services and markets

The majority of issues identified within this category are deemed material, particularly rising middle classes, minimum efficiency standards and phase-out of hazardous substances and greenhouse gases. Stakeholders are generally positive on how Electrolux manages its products' environmental impacts. Conflict minerals is flagged as an emerging issue.

People and operations

Human rights performance is rising in importance, due partly to the new UN Guiding Principles on Business and Human Rights and increased Group presence in high-risk regions. Environmental management continues as a key material issue. Flagged are management of waste and transport.

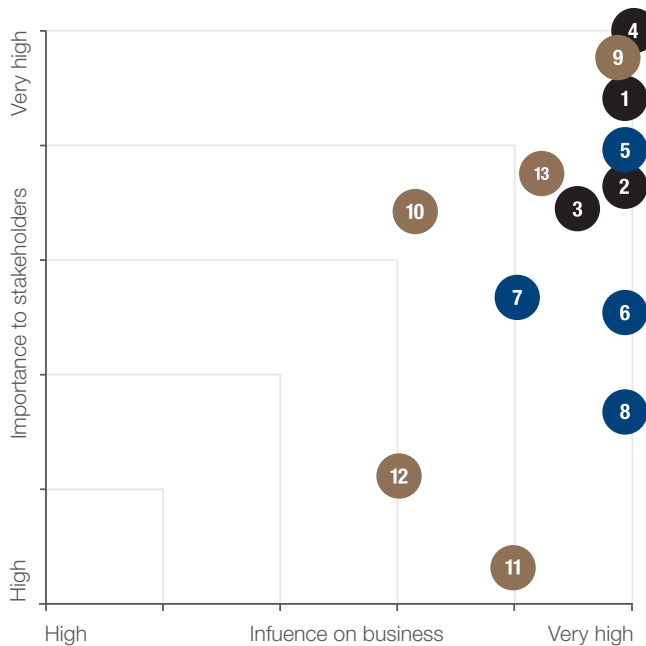
Stakeholders and society

Responsible sourcing remains an area of significance. Expectations are high for transparency, accountability and dialog. How restructuring is managed had limited stakeholder interest but is a strategic priority for the company, and crucial that the process uphold the Foundation values of ethics, integrity and respect.

The materiality process

Among 13 stakeholder groups, customers, employees, consumers and shareholders are the most important stakeholders, and the success of the sustainability strategy is measured to a great degree against their perception of Electrolux and how it manages the issues most relevant to the business.

The 13 issues that are actively managed within the sustainability strategy are identified in this graph. The remaining 14 high-priority areas include product safety, producer responsibility and enabling work/life balance. These are issues that are either ongoing criteria for doing business well, or are features that define benefits of Electrolux products.



Product, services and markets

- 1 Developing energy and water efficient products
- 2 Eliminating potentially hazardous materials
- 3 Phase-out of high-impact greenhouse gases
- 4 Adapting products to the growing middle class in emerging markets

People and operations

- 5 Reductions in energy, water, waste and emissions in operations
- 6 Ethical business practices
- 7 Aligning new operations with Group standards
- 8 Health and safety

Stakeholders and society

- 9 Transparency and accountability
- 10 Responsible sourcing
- 11 Restructuring
- 12 Public advocacy
- 13 Dialog

Approach to reporting

Electrolux has developed a comprehensive, three-tiered approach to reporting on sustainability to meet the needs of different stakeholders. The online report is the most comprehensive source of information. Readers are invited to take a deeper look at the seven main areas of sustainability reporting: Governance disclosures; economics; environment; human rights; labor; product responsibility, and society. These are supplemented by graphs, tables, case studies and additional data, including a detailed GRI Index.



Annual report

Sustainability information is integrated throughout the printed Annual Report. Targeted to shareholders and other stakeholders, the focus is on how sustainability issues relate to the business strategy, as well as goals and performance. (See page 48 in the Annual Report Strategy and page 98 of the Results section)



Strategy briefs

Aimed at employees and business contacts, these reports are designed to communicate how Electrolux will realize its sustainability strategy through integration, driving innovation and building partnerships.



On-line annual report

The Electrolux annual sustainability performance review, Sustainability Matters, is built around the GRI framework for sustainability reporting and is included in the on-line Annual Report. Third-party assured.

www.electrolux.com/sustainability2012

Awards and recognition

CNN and Fortune Magazine

Electrolux is included in the 2012 edition of the annual World's Most Admired Companies list.



Dow Jones Sustainability World Index

Electrolux is a seven-year sector leader in the prestigious index economic, environmental and social performance.



Ethisphere

Electrolux is among the list of World's Most Ethical Companies 2012.



RobecoSAM Sustainability Yearbook 2013

Electrolux is a Gold Class member and sector leader.



Carbon Disclosure Project

Electrolux is a Nordic Leadership Index member.



Climate Counts

Electrolux is the 2012–2013 sector leader.

Corporate Knight's Global 100

Electrolux is included in the list of most sustainable companies.

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