

Management and company structure

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

The Group has a decentralized corporate structure in which the overall management of operational activities is largely performed by the business sector boards.

Electrolux operations are organized into six business sectors. Within Major Appliances, the business sectors are geographically defined, while the sectors Professional Products and Small Appliances are global. There are seven group staff units that support all business sectors: Finance, Legal Affairs, Human Resources and Organizational Development, Marketing and Branding, Technology and Product Development, Design and Communications.

There are a number of internal bodies which are forums that are preparatory and decision-making in their respective areas. Each body includes representatives from concerned functions and in most cases the President and CEO, see chart below.

In order to fully take advantage of the Group's global presence and economies of scale, a global organization within Major Appliances was established in 2009 with the responsibility for product development, purchasing and manufacturing.

Since October 2011, the Global Major Appliances Leadership Team (MALT) includes the President, the CFO, the four Major Appliances business sector heads, the Chief Marketing Officer, the Chief Design Officer, the Chief Technology Officer and the heads of the Product Boards, Purchasing and Manufacturing. The MALT makes decisions and provides clarity on issues and opportunities relevant to the four major appliances businesses. Some decisions regarding cross-sector products and investments are prepared by Global Product Boards. The MALT has the authority to decide when matters amount up to SEK 100m.

President and Group Management

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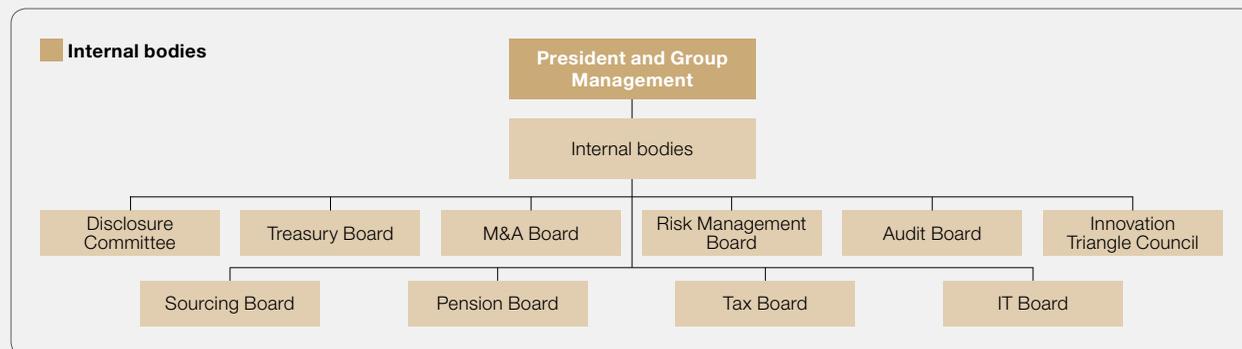
Group Management includes the President, the six sector heads and six group staff heads. The President is appointed by and receives instructions from the Board. The President, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions. Group Management holds monthly meetings to review the previous month's results, to update forecasts and plans and to discuss strategic issues.

A diversified management team

The Electrolux management team, with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the Group's strategy. Electrolux Group Management represents six different nationalities and ten of its thirteen members have worked on at least two continents.

Furthermore, all have previous experience of predominantly multinational consumer goods companies in various sectors. A dynamic management team with in-depth knowledge of the conditions in the various markets is crucial to drive profitable growth. In recent years, a number of major initiatives have been launched aimed at better leveraging the unique, global position of Electrolux. In several areas, global and cross-border organizations have been established to, for example, increase the pace of innovation in product development, reduce complexity in manufacturing and optimize purchasing. In 2011, Group Management was reinforced through the introduction of The Innovation Triangle – a formal structure for collaboration throughout the product-creation process between the R&D, design and marketing functions.

For details regarding members of Group Management, see pages 90–91. The information is updated regularly at the Group's website; www.electrolux.com/group-management.



Major issues addressed by the President and Group Management in 2012

- Electrolux growth strategy.
- Integration of the acquisitions of CTI in Chile and Olympic Group in Egypt.
- Optimizing of the manufacturing footprint.
- Accelerating efforts to capitalize on the Group's global strength and scope.
- Leveraging professional competencies to the consumer products offering.
- More rapid process for new products.
- Project to improve capital efficiency.
- Activities to improve Electrolux environmental performance.
- Strengthening of the Electrolux corporate culture.
- Continued focus on implementation of the ethics-training program and a whistleblowing system.

Business Sector Boards

Business sectors

The sector heads are comprised of members of Group Management and have responsibility for the operating income and net assets of their respective sectors.

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

Remuneration to Group Management

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

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize "pay for performance", and vary with the performance of the individual and the Group.

Remuneration may comprise of:

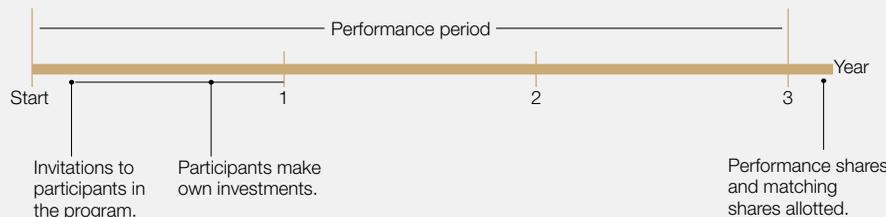
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

Following the "pay for performance" principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay-out shall be made. The targets shall principally relate to financial performance.

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. The AGM 2012 decided on a long-term share program for up to 180 senior managers and key employees.

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

Time-line for the long-term incentive program for senior management 2012



Earnings per share for Electrolux, excluding items affecting comparability, has to increase by an average of at least 4% annually before any performance shares will be allotted.

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