

GRI summary report 2008  
An excerpt from the Electrolux Annual Report 2008

# Sustainability matters



*Thinking of you*  
**Electrolux**

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Sustainability Matters is an excerpt from the Electrolux Annual Report 2008.

## Annual report 2008



**Part 1** describes Electrolux operations and strategy.

**Part 2** consists of the financial review, sustainability report and corporate governance report.

## Contact

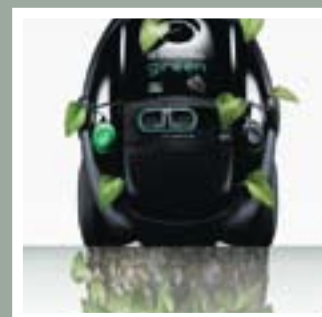
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For Electrolux, sustainability provides business opportunities. Innovative, energy-lean appliances can contribute to increased market shares. A sustainable approach reduces exposure to non-financial risk and reinforces partnerships with retailers. Improving the efficiency of operations generates cost savings.



## 90 YEARS OF LEADING INNOVATIONS AND DESIGN



Axel Wenner-Gren, the founding father of Electrolux, established the principles by which the company still thrives. His dream to improve quality of life has had fundamental impact on homes around the world. Today's Electrolux, 90 years later, is a global leader in household appliances and appliances for professional use.

"Thinking of you" expresses the Electrolux offering: To maintain continuous focus on the consumer, whether it's a question of product development, design, production, marketing logistics or service.

*Thinking of you*  
**Electrolux**

# Highlights of 2008

- Net sales amounted to SEK 104,792m (104,732).
- Operating income decreased to SEK 1,188m (4,475).
- Operating income was adversely effected by downturn in demand and cost-saving activities.
- Charge of SEK 1.0 billion was taken within operating income in the fourth quarter for personnel cutbacks of 3,100 globally.
- Operating income for appliances in Europe and North America declined significantly.
- Improved results in Latin America and Asia/Pacific for Professional Products and floor-care products.
- The Board of Directors proposes that no dividend will be paid for 2008.

## Key data

SEKm, EURm, USDm, unless otherwise stated	2008	2007	2008 EURm	2008 USDm
Net sales	104,792	104,732	10,837	15,902
Operating income	1,188	4,475	123	180
Margin, %	1.1	4.3	—	—
Income after financial items	653	4,035	68	99
Income for the period	366	2,925	38	56
Earnings per share, SEK, EUR, USD	1.29	10.41	0.13	0.20
Dividend per share, SEK, EUR, USD	0 <sup>1)</sup>	4.25	—	—
Average number of employees	55,177	56,898	—	—
Net debt/equity ratio	0.28	0.29	—	—
Return on equity, %	2.4	20.3	—	—

Excluding items affecting comparability

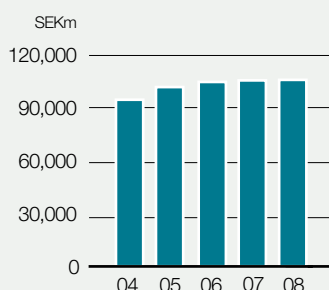
Items affecting comparability	-355	-362	—	—
Operating income	1,543	4,837	160	234
Margin, %	1.5	4.6	—	—
Income after financial items	1,008	4,397	104	153
Income for the period	656	3,276	68	100
Earnings per share, SEK	2.32	11.66	0.24	0.35
Return on net assets	7.2	20.9	—	—

1) Proposed by the Board of Directors.

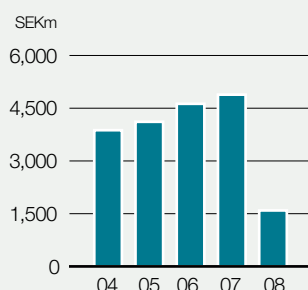
## Net sales and employees in 10 largest countries

	SEKm	Employees
US	28,610	10,046
Brazil	8,416	6,773
Germany	7,392	2,141
Italy	4,979	7,515
France	4,942	1,386
Australia	4,462	1,756
Canada	4,427	1,352
UK	3,782	891
Sweden	3,559	2,865
Spain	2,718	838
Other	31,505	19,615
<b>Total</b>	<b>104,792</b>	<b>55,177</b>

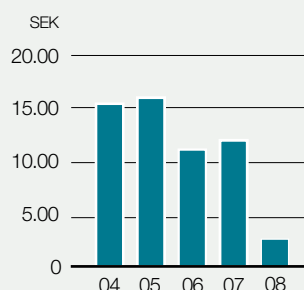
## Net sales



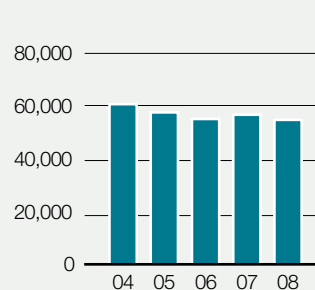
## Operating income<sup>1)</sup>



## Earnings per share<sup>1)</sup>



## Number of employees<sup>2)</sup>



1) Excluding items affecting comparability.  
2) Average number of employees.

# Electrolux offering

## Category

## Products

### CONSUMER DURABLES

#### KITCHEN



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.

#### LAUNDRY



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 and user-friendliness are driving demand for Electrolux products.

#### FLOOR-CARE



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 countries.

### PROFESSIONAL PRODUCTS



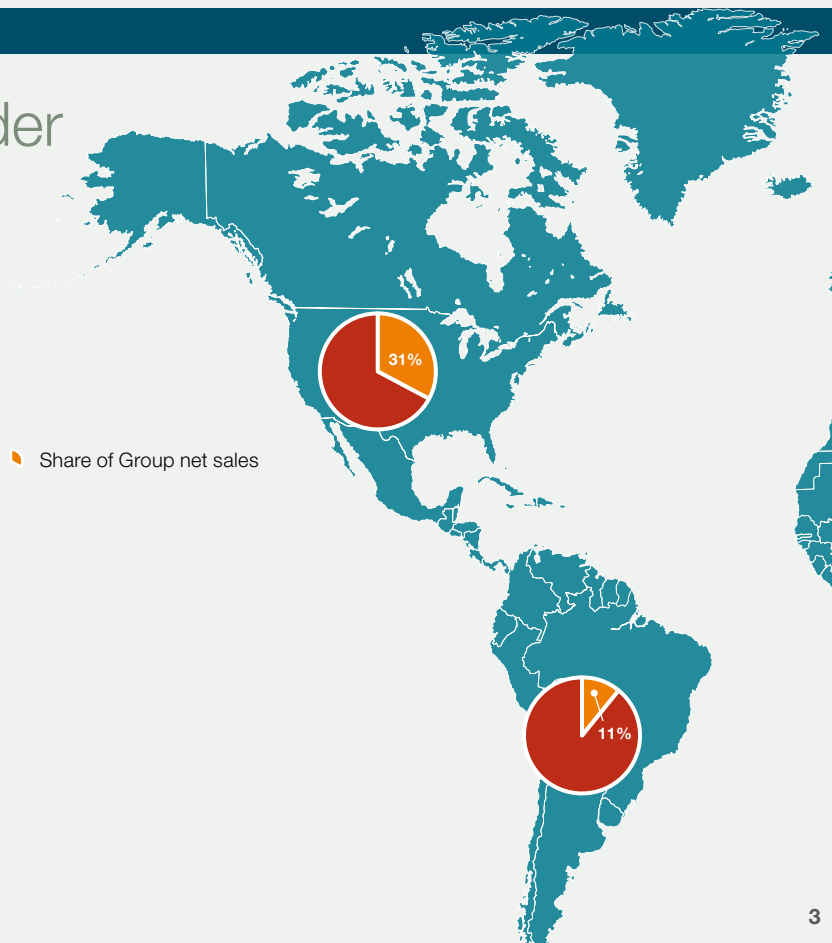
Electrolux sells a range of products for professional kitchens and laundries. High productivity, maximum utilization of resources and an extensive service network are key factors for purchases by professionals. Electrolux has a global presence, and is largest in Europe.

## Electrolux – a global leader with a customer focus

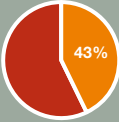




Electrolux is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year.

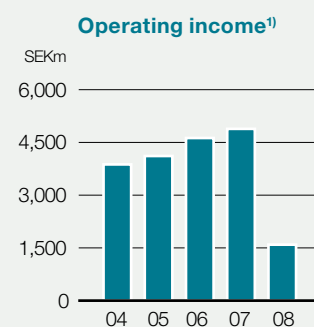
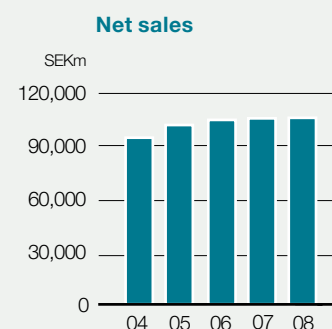
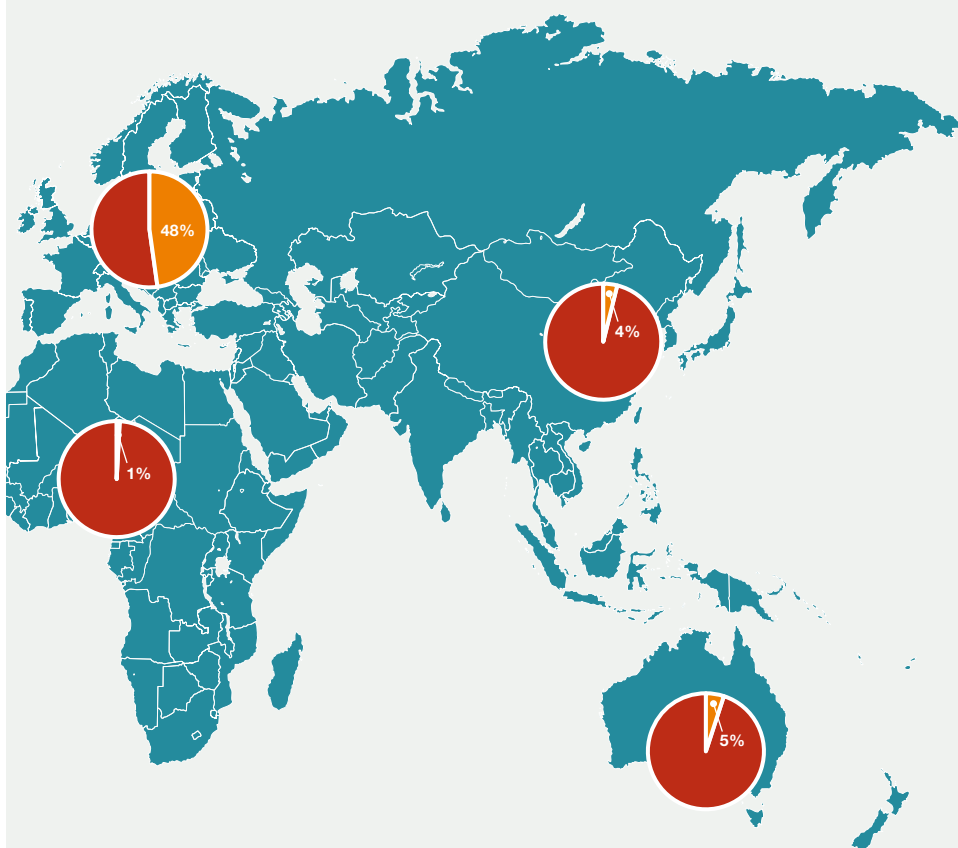
The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and cookers sold under esteemed brands such as Electrolux, AEG-Electrolux, Eureka and Frigidaire.

In 2008, Electrolux had sales of SEK 105 billion and 55,000 employees.



# Electrolux business areas

	Share of sales	Operating income	Development 2008
<b>Total Group</b>	<b>SEK 104,792m</b>	<b>SEK 1,188m</b>	
Consumer Durables Europe		<b>SEK -22m</b>	Declining demand in many of the Group's most profitable markets, lower utilization of capacity in the plants and costs for personnel cutbacks adversely affected operating income for appliances in Europe in 2008.
Consumer Durables North America		<b>SEK 222m</b>	Operating income for appliances in North America was affected by continuing weak market demand, increased raw material costs and costs for the Electrolux launch in the premium segment.
Consumer Durables Latin America		<b>SEK 715m</b>	Group sales in Latin America increased strongly during the year and market shares were strengthened. Operating income improved substantially and is the highest ever for the Latin American operations.
Consumer Durables Asia/Pacific and Rest of world		<b>SEK 369m</b>	Sales in Asia/Pacific showed good growth. Operating income for the operations in Australia, New Zealand and Southeast Asia improved compared to 2007, mainly thanks to previous restructuring measures and market growth.
Professional Products		<b>SEK 774m</b>	Operating income and margin for Professional Products improved in 2008 compared to the previous year, as a consequence of increased sales volumes, price increases and relocation of production to Thailand. Operating income of 2008 was the best ever.



1) Excluding items affecting comparability.

# Delivering lasting value

With a sustainable business approach, Electrolux aims to increase trust among consumers, employees, investors and regulators. The Group's environmental and social performance and energy-efficient products help build strong relationships with retailers such as IKEA and Sears.

Sustainability is integrated into the Electrolux business strategy and operations. This creates opportunities for growth, cost reduction and brand-building.

To support the Group strategy, four main priorities for sustainability have been identified: sound business practices; response to the climate challenge; responsible sourcing; and restructuring.

## Sound business practices

Companies with sound business practices, that are transparent and inspire trust, will emerge stronger out of current financial turbulence.

Electrolux emphasizes high standards of quality in products and company conduct. That is why the Group's governance structure is designed to safeguard high environmental, social and human rights standards wherever Electrolux does business. This helps the Group anticipate risks and opportunities and manage them transparently. Through training, monitoring and awareness-raising, these values are integrated into company culture.

Nurturing competence, equality and cultural diversity as well as ensuring safe and healthy workplaces are ongoing focus areas. Future initiatives include a coordinated program for ethics-related policies, including the Code of Ethics and the Policy on Countering Bribery and Corruption.

## United Nations Global Compact

Electrolux is a participant in the United Nations Global Compact. The UNGC brings together companies, UN agencies, labor and civil society to promote ten principles in the areas of human rights, labor, the environment and anti-corruption. All Electrolux policies, including the Code of Ethics, Workplace Code of Conduct, Policy on Countering Corruption and Bribery and Environmental Policy are in line with these principles.



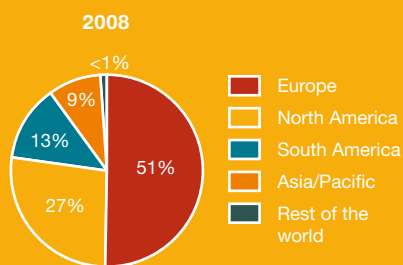
## Climate challenge

Climate change is a global challenge, and Electrolux has a responsibility to get involved. Moreover, showing leadership in this area helps the Group to differentiate products as well as brand.

Electrolux has a three-pronged climate strategy. Firstly, the approach is product-led. Efficient products comprise the Group's greatest contribution to reduction of CO<sub>2</sub> emissions. Each business area is, therefore, promoting its own range of environmentally leading products.

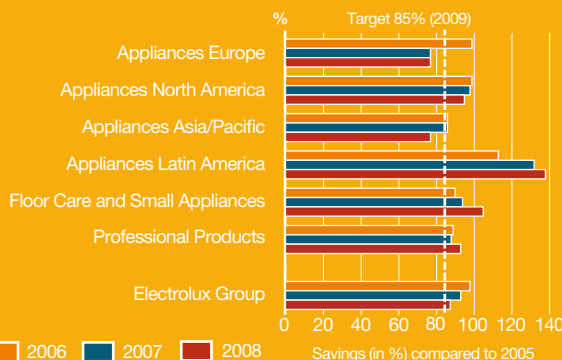
Secondly, the Group will cut its own energy consumption by 15% in factories and facilities by 2009. Energy use has declined by 12.5% from 2005 levels, which has reduced CO<sub>2</sub> emissions by 74,200 tons. A new target for 2012 will be defined.

Employees, by geographical areas (GRI LA1)



The ratio of employees between geographical areas has not changed significantly between 2007 and 2008. There were 55,200 employees in 2008. The corresponding number for 2007 was 56,900.

Group 2009 energy savings targets (GRI EN18)



The Group target to reduce energy consumption 15% by year-end 2009, compared to the 2005 level was almost accomplished already in 2008. Energy consumption has been reduced 12.5%, corresponding to a reduction of 74,200 tons of CO<sub>2</sub>.

2008 data is based on 53 factories, 23 warehouses and 39 offices, compared to 52 factories, 17 warehouses and 25 offices in 2005.



Thirdly, the Group communicates the benefits of efficient appliances. Electrolux aims to expand the market for climate-smart products by influencing consumer purchasing through marketing and communications. With the right market conditions, the industry can do more. Electrolux is, therefore, calling on decision-makers to create financial incentives that increase demand of efficient appliances.

### Responsible sourcing

Upholding high workplace and environmental standards within the Group's supply chain is essential. More than 3,800 companies supply Electrolux with products, components and services. Compliance to the Electrolux Code of Conduct and Environmental Policy is mandatory for all of these suppliers.

The goal of the Responsible Sourcing program is to build transparent business relationships and improve labor and environmental conditions. Suppliers are monitored by Group sustainability auditors based in Asia/Pacific, Eastern Europe and Latin America as well as through external audits. The program applies a risk-

based approach, with a focus on those regions that pose particular challenges because of poor enforcement of existing national labor and environmental protection laws.

The program is expanding, audit tools are evolving and work conditions are improving amongst audited suppliers.

### Restructuring

In order to maintain and enhance competitiveness, 60% of Group plants will be located in low-cost countries by 2010.

How responsibly the company manages the restructuring process that this involves, and its effects on communities and individuals, is linked to the Group's reputation. Through transparency, engagement and dialogue, Electrolux seeks a positive future for those involved.

Transfer of operations and technologies to emerging economies generates social and economic benefits for local communities. It also positions Electrolux in markets of the future and helps improve today's operating margins.

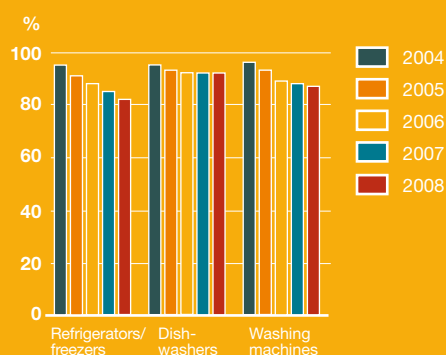
### DJSI World Index

Electrolux is the only manufacturer of major household appliances listed in the prestigious Dow Jones Sustainability World Index.

This places the Group within the top 10% of the 2,500 companies included in the Dow Jones Global Indexes with regard to long-term economic, environmental and social performance.

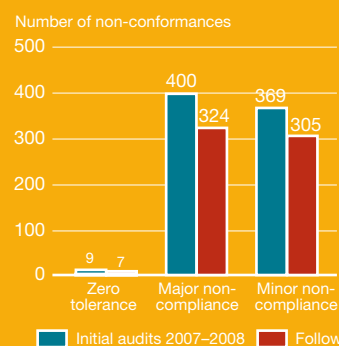


### Fleet average



Reduction in energy consumption for products sold in Europe, with energy index set at 100% in the year 2003.

### Responsible sourcing: Follow-up audit comparisons



Follow-up audits were carried out at 64 suppliers in China during 2008. Initial audits were completed in 2007 and early 2008. The outcome of the audits indicate insufficient improvements by suppliers. In addition, follow-up audits revealed additional findings. The results will be further analyzed to improve the efficiency of the program.

# Green range

Electrolux is a global leader in development of innovative products with outstanding environmental performance. Under the Green range banner, each business sector is promoting a product offering that is water and energy-efficient, and features climate-smart functions.

Year on year, Electrolux has shown that products with outstanding environmental performance provide higher profit margins. Electrolux was the first in its industry to launch a complete climate-smart series of appliances in Europe.

Market acceptance exceeded expectations when the series was initially introduced in the Nordic region. This confirmed that consumer demand for innovative, more efficient products is growing. Electrolux has scheduled similar launches in other markets.

In the spring of 2008, Consumer Durables Europe rolled out its green range marketing communications campaign, highlighting environmental parameters such as improved energy and water efficiency, reduced noise levels and greater use of recycled materials. Beyond low energy consumption at standby mode and delayed start, products also feature other climate-smart functionality.

# 43%

## European roll-out

Electrolux is the only appliance manufacturer in Europe with an entire range dedicated to environmental performance. The green range launch is one of the Group's most ambitious Europe-wide marketing campaigns to date. The goal is to profile energy-efficient, environmentally-sound and iconic products.

In 2008, the Green range share of net sales in the Nordic region has increased 43%.

25%  
LESS ENERGY<sup>1)</sup>



65%  
LESS ENERGY<sup>1)</sup>



35%  
LESS ENERGY<sup>1)</sup>



## Raising the bar

From Europe to Asia/Pacific, each business area is defining and promoting its own range of water and energy-efficient appliances and vacuum cleaners. Electrolux raises the bar annually. In 2008, 20% of the most environmentally leading household appliances qualified for the range. The series is based on environmental parameters defined by the Group.

# 20%

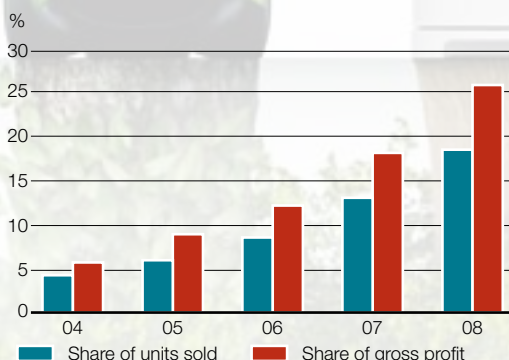


### Green Spirit for professionals

The Electrolux Green Spirit range offers best-in-class environmental performance to professional users. These appliances meet end-user demands for more efficient use of energy, gas and water, as well as lower consumption of detergents in dishwashers. More than 95% of the materials in these products are recyclable. Products include refrigerators, ovens, dishwashers and cookers. They comply with one or more international environmental standard such as ECA, Gastec, EIA and Energy Star. The Green Spirit range was launched in cooperation with WWF Italy and Electrolux supports WWF Italy projects.

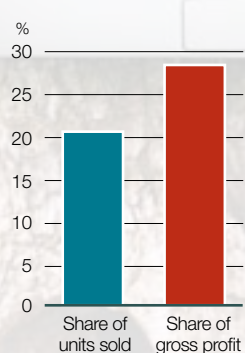


Green range for Major Appliances Europe



Over the past ten years, Electrolux has reported the sales of the most energy-efficient products in Europe and how they contribute to profits. In 2008, these products accounted for 18% of units sold and 26% of gross profit.

Global Green range for Major Appliances



As of 2008, all major appliances sectors report on sales and profitability of their green range. Today, products with outstanding environmental performance represent 20% of Electrolux total sales volume, yet generate 28% of gross profit.

1) Than 10-15 year old average equivalent products.  
2) Than standard 2000W vacuum cleaners.

# People Vision

## **Electrolux People Vision**

The Electrolux People Vision is to have an innovative culture with diverse, outstanding employees that drive change and go beyond in delivering on the Group's strategy and performance objectives.

In 2008, the Group formulated the Electrolux People Vision. The goal of the vision is to create an innovative corporate culture in which the experience of the Group's personnel is utilized, and to give employees with diverse backgrounds the opportunity to maximize their personal development. Implementation of the vision throughout the Group has begun.

Diversity among personnel and a working climate that rewards creative thinking are vital factors in the Group's corporate culture. An innovative corporate culture and personnel with diverse backgrounds create a framework for developing innovative products, and for enabling personnel to develop in their daily work, identify new working methods, solve problems and achieve performance that surpasses expectations.

The Group's ability to compete in the global market is dependent on diversity. Personnel with differing backgrounds contribute to greater understanding of consumer needs in different countries. Electrolux has a number of tools for personnel and managers, designed to contribute to the realization of the People Vision:

- Talent Management; Succession planning
- OLM, an internal database for vacant positions
- EAS, a web-based survey for employees
- Leadership development at all levels of management

### **Talent Management ensures competence**

The Talent Review Process is designed to ensure identification and utilization of internal talent and to fulfill requirements for competence, both short- and long-term. This includes evaluating managers and specialists on an annual basis. In 2008, approximately 3,500 managers and specialists participated in the review process, a greater number than ever before.

### **Succession planning is a vital component**

Succession planning is a vital component of Talent Management. The Talent Review Process enables identification and utilization of internal talent, as well as preparation for new challenges.

### **OLM increases internal recruitment**

The company and its personnel share responsibility for each individual's development and career. Electrolux encourages internal mobility across Group workplaces throughout the world and between specific operational areas in order to enhance competence, create new ideas and develop future managers.

The most important tool for increasing internal mobility is the Group's Open Labor Market (OLM), a database that stores all vacant white-collar positions. The numbers of advertized vacancies and applicants in OLM have shown a strong increase.

### **EAS reflects integration of the People Vision**

The Employee Attitude Survey (EAS) is a web-based tool which gives personnel throughout the Group an opportunity every year to submit their perceptions of Electrolux as a company as well as suggestions for improvements that can help to realize the vision.

### **Leadership development ensures consistent approach**

Electrolux maintains a number of Group-wide leadership programs that contribute to a consistent approach to leadership, irrespective of cultural differences. In 2009, a new leadership program will be launched for the 200 senior managers within the Group. The goal is to steadily accelerate implementation of the Group's strategy, and to reinforce the perception of Electrolux as a cohesive, global company.

## **Electrolux Design Lab 2008**

Since the start in 2000, Electrolux Design Lab has received thousands of entries from students in more than 100 countries.

The sixth annual Electrolux Design Lab competition was held in 2008. Students of design throughout the world were given the challenge of designing the Internet-generation's future household appliances. The designs had to be capable of entering production in 2-3 years. More than 600 contributions from 49 countries were received.

The publicity given to the competition in the media has not only strengthened the Electrolux brand, but has also created a perception among

many talented students that Electrolux is an innovative and responsible company to work for.

The winner of the 2008 competition was the Flatshare concept, created by the Austrian design student Stefan Buchberger. Flatshare is a refrigerator comprised of several stackable elements, intended for people who share living space with each other, e.g., students with separate rooms and a common kitchen. Like all previous winners, Stefan Buchberger received not only the honor of being a winner, but also a six-month traineeship in one of the Group's design departments.



# Sustainability matters

## STRATEGY AND ANALYSIS

Sustainability creates business benefits by building lasting value.

For Electrolux, sustainability provides business opportunities. Innovative, energy-efficient appliances can contribute to increased market shares. A sustainable approach reduces exposure to non-financial risk and reinforces partnerships with retailers. Improving the efficiency of operations generates cost savings. Trust in Group conduct strengthens the Electrolux brand and fosters employee commitment.

### Long-standing engagement

Demonstrating responsibility towards society and the environment has been a priority for Electrolux for decades. With the rise of globalization and global issues such as climate change, however, the boundaries of stakeholder expectations are shifting. It is important for the Group to respond to these emerging concerns.

Electrolux strives for high quality in the design, manufacture and functionality of all products. This applies equally to the integrity of business practices. This is reflected in the company's adherence to international standards such as the ten principles of the United Nations Global Compact and environmental certification of Group operations according to ISO 14001.

#### United Nations Global Compact

Electrolux supports the United Nations Global Compact and its ten principles, which cover human rights, labor standards, business ethics and the environment.



### Setting priorities

The Electrolux business strategy is founded on consumer insight for developing innovative products, a strong brand and cost-efficiency. Environmental, social and economic factors are central to succeeding in every aspect of the strategy. On the basis of a stakeholder-informed materiality process, Electrolux has prioritized four sustainability issues:

- **Sound business practices** – Upholding universal ethical, social and environmental principles throughout operations
- **Climate challenge** – Managing the implications of climate change in products and business
- **Responsible sourcing** – Extending the Group's high standards of conduct throughout the supply chain
- **Restructuring** – Responsible management of the restructuring program

This Global Reporting Initiative (GRI) summary focuses on the above priorities. In addition, Electrolux is continuing efforts to address other issues of relevance to the appliance industry, such as producer and product responsibility and the restriction of hazardous substances. More information on the Group's progress in these regards is available in the extended GRI report, which is available on-line at [www.electrolux.com/sustainability](http://www.electrolux.com/sustainability).

### Generating value

The Group's integrated approach has generated results. Stronger relationships with retailers such as IKEA and Sears can be attributed in part to the Group's environmental performance, social engagement as well as energy-smart product offering.

Electrolux has a three-pronged climate change strategy in place, and it is showing early successes. In the spring of 2008, the Nordic region launched its range of appliances with outstanding environmental performance. The Green range share of net sales in the Nordic region has increased 43% during 2008. The Group is on track to meet the target to reduce energy 15% in its operations by 2009, compared to 2005. Carbon dioxide (CO<sub>2</sub>) emissions from operations were reduced by 74,200 tons since 2005.

Expanding the Responsible Sourcing Program to Latin America and Eastern Europe has enabled Electrolux to help safeguard human rights and working conditions for suppliers in these regions. In China, incidents of major non-compliance to the Code of Conduct and Environmental Policy were reduced by 19% during 2008.

Constructive dialogue with interest groups such as municipal authorities, unions and potential investors with regard to the plant closure in Scandicci, Italy, enabled a smooth transition to new operations. A total of 370 of the factory's 430 personnel affected by the closure were hired by the company Energia Futura to produce solar panels at the plant.

## GRI Application Level B+

Electrolux has reported its sustainability performance in accordance to the GRI's Application Level B. This includes information provided both in this GRI summary report and on-line at [www.electrolux.com/sustainability](http://www.electrolux.com/sustainability).



In order to confirm the correct application of the GRI Reporting Framework, this report has been GRI Application Level checked.

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared					●		
	Third Party Checked							
Optional	GRI Checked							
				Report Externally Assured		Report Externally Assured		Report Externally Assured



Electrolux is the only manufacturer of major household appliances listed in the prestigious Dow

Jones Sustainability World Index for long-term economic, environmental and social performance. The Group is thus among the top 10% of the 2,500 companies included in the Dow Jones Global Indexes in terms of sustainable economic, environmental and social performance.

Electrolux has been ranked highly in several other indices of social responsibility including:

- FTSE4Good Series, UK
- Global Climate 100 Index, KLD Research and Analytics, USA

### Rising to challenges

Proactive social and environmental engagement provides a competitive edge for Electrolux. The Group annually sells more than 40 million products in more than 150 markets. The way one market addresses sustainability can be leveraged into group-wide sustainability strategies, as the issues evolve and consumer expectations shift. The Group can therefore leverage its long-standing experience of working with sustainability.

Local legislation, energy-labeling schemes and consumer demand vary between markets. The Group must merge local requirements with the ambitions to promote a uniform and global approach to sustainability.

Raising the efficiency bar for the entire product offering in all markets remains a challenge. Energy labeling is a key driver of market demand for efficient products. In cases where labels do

not reflect the product's capacity to further improve energy efficiency, there is a risk that the rate of efficiency improvements will taper off. Electrolux therefore works actively to influence further improvement in energy labeling schemes.

Like others in its industry, Electrolux is shifting production to low-cost countries. In connection with this, it is becoming increasingly important to uphold the same principles as defined by the Electrolux Code of Conduct. This includes how the Group manages its own operations and its suppliers.

### Looking ahead

2009 will see increased activity. The Group will continue to work on a coordinated ethics program. Company-wide energy reduction targets will spur further progress. North America, Asia/Pacific and Latin America will roll out their ranges of eco-leading products.

In the long term, Electrolux is preparing for more stringent environmental legislation world-wide, particularly in terms of energy consumption. In Europe, Minimum Energy Performance Standards (MEPS) for all major appliances will most likely be in effect as of 2010, starting with dishwashers, washing machines, refrigerators and freezers. New regulations for standby requirements as well as revised rules for energy labeling and producer responsibility (EU WEEE Directive) are also expected.

Climate change is a challenge facing the global community. The Group's biggest contribution to the solution is to design products that reduce total emissions, even in expanding markets. In cities such as Shanghai, São Paulo or Bangkok, the appliance market has not yet reached the saturation point. Electrolux can help consumers leapfrog to cutting-edge technologies.

## SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Understanding risks transforms them into opportunity.

Understanding sustainability-related risks enables the Group to transform them into opportunities to improve the business, the environment and society.

Electrolux has identified four main priorities for sustainability. Associated challenges, opportunities and ways to address them are described on the following pages. For information on operational and financial risks, see page 80.

1

### Sound business practices

The Group's corporate governance structure emphasizes ethical and environmental priorities, as well as the health and safety of employees. The Electrolux Code of Ethics, Code of Conduct and Environmental Policy apply to operations on all levels, from Group Management to individual employees.

Actively working with these issues helps anticipate business risks and opportunities. Electrolux operates in more than 150 countries. As a global company under a common brand, the actions of an individual operation can either positively or negatively influence stakeholders' perception of Electrolux.

In Code of Conduct compliance work, Electrolux applies a risk-based approach to training and monitoring. The focus is on regions that pose particular challenges because of poor enforcement of existing national laws regarding labor and human rights.

### Reporting realm

Electrolux reports annually on sustainability strategies and performance. This summary report is based on the Global Reporting Initiative (GRI) framework.

Four issues that are most relevant and material to Group performance are discussed in this report. They have been identified through 35 in-depth interviews with internal and external stakeholders and survey responses of 500 Electrolux employees.

The online GRI report offers greater coverage. It includes additional topics such as compliance with legislation with regards to chemicals (REACH), hazardous substances (RoHS), producer responsibility (WEEE Directive) and product safety.

Standard disclosures in GRI reporting include all operations that can potentially affect Group performance. Data covers majority-owned operations for production, warehouses and office facilities.

Data has been collected over the 2008 calendar year and is based on 53 factories, 23 warehouses and 39 offices. To compensate for changing structure, to improve quality of the indicators and to enable comparisons, data from previous years have been revised to reflect the current structure of Electrolux.

There were no significant changes to the organization during 2008.

Strategy	Challenge	2008 Performance	Next step
Dialogue with Board on sustainability strategies.	<ul style="list-style-type: none"> <li>Fully integrate sustainability into business strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Board informed on priorities and approach.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing.</li> </ul>
Stakeholder inclusiveness on sustainability priorities.	<ul style="list-style-type: none"> <li>Understand expectations and respond to different stakeholder and market concerns.</li> <li>Integrate into decision making processes.</li> </ul>	<ul style="list-style-type: none"> <li>Structured dialogue with investors and interested stakeholders on reporting practices and materiality.</li> <li>Issue-specific discussions with industry partners, organizations, unions and policymakers.</li> </ul>	<ul style="list-style-type: none"> <li>Develop a process for stakeholder dialogue that is integrated into business strategies.</li> </ul>
Communicating a group-wide ethics program that includes the Code of Ethics and related policies.	<ul style="list-style-type: none"> <li>Develop a process to inform all employees about policies for business ethics.</li> </ul>	<ul style="list-style-type: none"> <li>An ethics program has been adopted by the Group.</li> </ul>	<ul style="list-style-type: none"> <li>The program will be implemented in 2009.</li> </ul>
Improving Code of Conduct methodology and tools, including environmental requirements.	<ul style="list-style-type: none"> <li>Integrate customers' environmental and social requirements into Group standards.</li> </ul>	<ul style="list-style-type: none"> <li>New guidelines have been developed.</li> </ul>	<ul style="list-style-type: none"> <li>Implement and monitor compliance with standards and improving performance.</li> </ul>
Monitoring Code of Conduct performance.	<ul style="list-style-type: none"> <li>Uphold principles of the Code of Conduct, especially in regions with higher risks from human and labor rights perspectives.</li> </ul>	<ul style="list-style-type: none"> <li>Audits and interviews with employees.</li> <li>Internal and external audits in Brazil, China, Hungary, Italy, Mexico, Poland and Romania.</li> <li>On-site monitoring of ethical practices and environmental issues.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing.</li> </ul>
Group-wide approach to health and safety (H&S) management.	<ul style="list-style-type: none"> <li>End-objective of zero accidents.</li> <li>Introduce uniform working methods for H&amp;S.</li> </ul>	<ul style="list-style-type: none"> <li>On target for global total cases incident rate (TCIR) reduction of 10%.</li> <li>Set up a Group H&amp;S committee within the Electrolux Manufacturing System.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of a Group program.</li> </ul>
Develop an innovative culture with diverse employees in terms of cultural backgrounds and gender.	<ul style="list-style-type: none"> <li>Create teams that better reflect consumers in the Group's markets. Focus more on gender equality, especially among senior management teams.</li> </ul>	<ul style="list-style-type: none"> <li>Communications program "Our Electrolux" was launched to promote how to achieve an innovative culture through a diverse workforce.</li> </ul>	<ul style="list-style-type: none"> <li>Communications program to continue in 2009.</li> </ul>

## 2

### Climate challenge

Electrolux has a role to play in the climate challenge. Through ongoing actions, the company can contribute to positive change, while at the same time generating business opportunities.

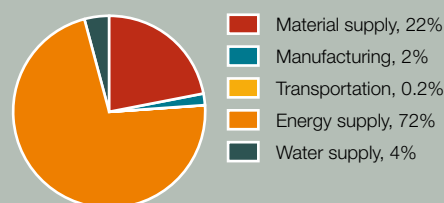
#### Product life-cycle approach

The largest share of the Group's total environmental impact refers to the use of products. This applies particularly to energy-intensive, large appliances such as refrigerators and washing machines.

According to the German research organization Öko Institut, the use of appliances often accounts for more than 75% of total environmental impact. About 2% of all CO<sub>2</sub> emissions in Europe are generated by the approximately 630 million appliances that are in use in this region. Electrolux can therefore contribute most to tackling climate change by developing a product-led approach.

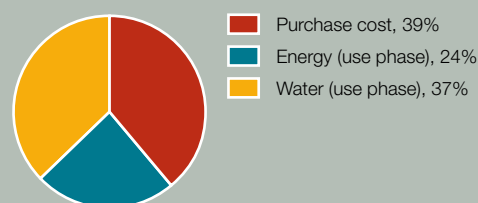
Electrolux is committed to reducing the energy consumed by its products and to promoting appliances with outstanding overall environmental performance.

#### Life cycle impact



The diagrams are based on data from washing machines sold in Europe. Approximately 80% of the total environmental impact of an appliance during its life cycle is generated when it is used, compared to less than 10% during production. Electrolux can therefore contribute most by developing a product-led approach.

#### Life cycle cost



The purchasing price often accounts for less than half of the total life cycle cost and efficient appliances mean both economic and environmental savings. Source: Öko-Institut e.V., Institute for Applied Ecology, 2004.



The Electrolux response to the climate challenge comprises a three-pronged strategy:

Strategy	Challenge	2008 Performance	Next step
<b>Promote a green range of products in each business area.</b> Green range incorporates state-of-the-art energy and water-efficient appliances.	<ul style="list-style-type: none"> <li>Adopting common criteria that are relevant for the Group's major markets and collating sales and profitability.</li> </ul>	<ul style="list-style-type: none"> <li>Green range has been rolled out at Major Appliances Europe and Electrolux Professional Products.</li> <li>Global Green range for Major Appliances accounted for 20% of the volume and 28% net sales.</li> </ul>	<ul style="list-style-type: none"> <li>Launch in major markets.</li> <li>Annually report global Green range sales and profitability.</li> </ul>
<b>Reduce energy consumption in operations by 15% by 2009,</b> relative to 2005 consumption levels. This reduces the Group's CO <sub>2</sub> emissions and improves operating margins.	<ul style="list-style-type: none"> <li>The first target focused on improving energy management and efficiency. The second phase will also require changes in investment routines.</li> </ul>	<ul style="list-style-type: none"> <li>On target for 2009 objective, saving 74,200 tons of CO<sub>2</sub> since 2005.</li> <li>Energy consumption at Group factories have fallen by 12.5% since 2005.</li> <li>Energy Saving Program has been integrated into Electrolux Manufacturing System.</li> </ul>	<ul style="list-style-type: none"> <li>New energy savings target for 2012.</li> </ul>
<b>Raise awareness among consumers and policymakers</b> of how efficient appliances can reduce total CO <sub>2</sub> emissions.	<ul style="list-style-type: none"> <li>State-of-the-art appliances are widely available. However, one in every three appliances in operation is over 10 years old. In Europe, 188 million of the 630 million appliances in use are inefficient by today's standards. The challenge is to convince consumers to exchange these appliances with energy-lean ones.</li> <li>Performance standards and legislation vary between countries. Electrolux supports their global harmonization.</li> </ul>	<ul style="list-style-type: none"> <li>Launch of the European and North American Eco-savings site: an on-line service that calculates savings on electricity and water consumption offered by efficient appliances.</li> <li>Dialogue with representatives of governments, policymakers and inter-governmental organizations.</li> </ul>	<ul style="list-style-type: none"> <li>Launch the Eco-savings site in other markets.</li> <li>Global launch of Water Savings, an on-line service that calculates individual, regional and national water savings of using dishwashers, compared to washing by hand.</li> <li>Ongoing initiatives directed to policymakers and awareness-raising.</li> </ul>

#### Energy legislation and product labeling

Energy-efficiency and product energy labeling are core issues for the appliance industry. In Europe and North America, which are the Group's major markets, regulations require that most appliances bear a label indicating the product's energy-efficiency and consumption levels. Energy-efficiency is thus a relevant factor in purchasing decisions. Similar labeling regulations exist in Australia, Brazil, China, India, Japan and Mexico.

The Group has systems in place to ensure that products comply with all regulatory criteria, and are represented in the highest energy-efficiency classes. Electrolux is prepared for upcoming, more stringent energy-efficiency standards in the EU and the US. In Europe, this includes minimum efficiency-performance standards (MEPS) and other environmental requirements that will be in effect in 2010.

Electrolux qualifies for 2008–2010 tax credits for the sale of Energy Star appliances manufactured in the US. The energy efficiency parameters for qualifying for the credits have been raised for each product type, compared to previous generations of credits.

new legislation and shifts in stakeholder demands.

#### Benefits for Electrolux

A proactive approach to climate change generates business advantages.

- The business strategy weighs in key consumer and retailer concerns.
- It leverages product innovation and increases sales margins.
- A reduction of operational costs as well as exposure to fluctuations in energy prices. Cutting energy consumption has a direct impact on operating costs. The Group's energy target is expected to generate a saving of SEK 100m annually.
- It helps Electrolux stay ahead of legislation in the growing number of markets where manufacturers are subject to energy-efficiency standards and producer responsibility regulations (see box).

In response to the risks associated with climate change, and as part of the Group's responsibility as a corporate citizen, Electrolux intends to take part in the solution. For Electrolux, the most significant risks posed by climate change relate to the possible need to modify products and adjust operations in response to:

- Changes in legislation
- Changing energy pricing
- Changing stakeholder expectations.

In order to manage these risks, Electrolux continually assesses

### 3

#### Responsible Sourcing Program

All suppliers must comply with the Electrolux Code of Conduct and the Environmental Policy. Supplier transparency helps assure that the Group's products are manufactured with respect for human rights, health and safety and the environment. Related criteria are integrated in Electrolux purchasing policies, and are among the key factors that determine choice of suppliers. The Group has a global, risk-based approach to monitoring the supply chain.

The benefits of responsible sourcing include optimized costs, improved relationships with suppliers and better logistics. The program reduces the risk of serious non-compliances that could lead to problems with product deliveries. In addition, incidents of non-compliance to the Code of Conduct could affect brand reputation.

#### The Responsible Sourcing Program

The Responsible Sourcing Program is aimed at creating long-term, sustainable improvement among suppliers. Another important objective is to foster supplier ownership of high environmental and workplace standards. The program includes individual actions with specific suppliers.

Strategy	Challenge	2008 Performance	Next step
Launch of Responsible Sourcing program in Latin America and Eastern Europe.		<ul style="list-style-type: none"> <li>The team has been expanded, with sustainability auditors now covering these regions.</li> </ul>	<ul style="list-style-type: none"> <li>Continue developing the program in all regions.</li> </ul>
Integration of Responsible Sourcing in global and local purchasing procedures.	<ul style="list-style-type: none"> <li>Define a coordinated approach.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing. Internal training sessions and joint audits with the Quality department.</li> <li>Code of Conduct priorities integrated into regular purchasing procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Improve monitoring.</li> </ul>
Training sessions and other support activities for suppliers.	<ul style="list-style-type: none"> <li>Encourage supplier ownership for upholding high environmental and social standards.</li> </ul>	<ul style="list-style-type: none"> <li>Training activities completed in China.</li> </ul>	<ul style="list-style-type: none"> <li>Select pilot suppliers in Asia, Latin America and Eastern Europe.</li> </ul>
Conduct audits.		<ul style="list-style-type: none"> <li>262 audits conducted (116 in 2007).</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing.</li> </ul>

### 4

#### Restructuring

To remain competitive and access new markets, Electrolux is shifting location of production. A decision to close a plant or downsize production affects individuals and communities. Responsible management of the consequences of these decisions is an Electrolux priority.

When a factory restructuring is under evaluation, a procedure is followed, adapted to local needs and priorities. A wide range of stakeholders are consulted, including labor-union representatives, local, regional and national politicians and public authorities.

During 2008, plant closures and restructuring were announced for Scandicci and Susegana in Italy, and within Electrolux Major Appliances in Europe. Approximately 1,500 employees were affected by ongoing plant restructuring, (approximately 650 in 2007). In addition, 400 people were affected by reorganization at Major Appliances Europe (see next page). The restructuring procedure was applied in all cases. Employees were offered pre-retirement schemes, training programs and career coaching.

In light of the sharp market decline, Electrolux announced that it will further reduce its staff by more than 3,100 in the fourth quarter of 2008 and in 2009, in addition to the ongoing restructuring process. All operations on a global basis are affected.

#### Agent for change in emerging economies

Setting up operations in emerging economies creates positive changes for local communities. It generates indirect effects by prioritizing local suppliers and transferring cutting-edge technologies to these markets. New facilities are aligned with Group practices through the Code of Conduct monitoring procedures together with requirements for ISO 14001 certification of plants.

Plant closures			Closed
Torsvik	Sweden	Compact appliances	(Q1 2007)
Nuremberg	Germany	Dishwashers, washing machines and dryers	(Q1 2007)
Adelaide	Australia	Dishwashers	(Q2 2007)
Fredericia	Denmark	Cookers	(Q4 2007)
Adelaide	Australia	Washing machines	(Q1 2008)
Spennymoor	UK	Cookers	(Q4 2008)

Authorized closures			Estimated closure
Changsa	China	Refrigerators	(Q1 2009)
Scandicci	Italy	Refrigerators	(Q3 2009)

New plants			
Juarez	Mexico	Washing machines	(2007–2008)

**Restructuring activities announced or completed during 2008:**

Activity	Challenge	2008 Performance	Next step
<b>Spennymoor, UK</b> Closure of the cooker plant.	<ul style="list-style-type: none"> <li>• Social plan including job support for affected employees in the UK.</li> <li>• Relocation to, and ramp-up of, production in Swidnica, Poland.</li> </ul>	<ul style="list-style-type: none"> <li>• By year-end, 191 employees had found new jobs and 21 had gone into early retirement.</li> <li>• The factory was closed in Q4 2008. Production has been relocated to Swidnica.</li> <li>• A Code of Conduct audit in Swidnica was conducted by a third party.</li> </ul>	<ul style="list-style-type: none"> <li>• Support by external consultants to remaining employees looking for jobs or retraining.</li> </ul>
<b>Scandicci, Italy</b> Closure of the refrigerator plant.	<ul style="list-style-type: none"> <li>• Re-employment of affected employees by external investor.</li> <li>• Relocation to Jaszbereny, Hungary. Manufacture of built-in products shifted to Susegana, Italy.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreement reached with external investor to re-employ 370 of 430 affected employees.</li> <li>• Re-industrialization and social plan agreed with trade unions and Ministry of Welfare.</li> <li>• Jaszbereny Code of Conduct audited by an external party.</li> </ul>	<ul style="list-style-type: none"> <li>• Refrigerator production to be phased out by Q3 2009.</li> <li>• Training and education plan fully supported by Firenze Industrial Association.</li> <li>• Training in Hungary will start a month prior to installation of equipment.</li> <li>• Start up of industrial activities in Q1 2009.</li> </ul>
<b>Susegana, Italy</b> Optimizing cost base by refocusing product mix.	<ul style="list-style-type: none"> <li>• Agree on social plan.</li> <li>• Re-engineering of the factory to match new mission.</li> </ul>	<ul style="list-style-type: none"> <li>• Social plan agreed for 324 redundancies.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of the social plan.</li> <li>• Re-engineering of the factory.</li> <li>• Optimization to be completed by Q4 2009.</li> </ul>
<b>Electrolux Major Appliances, Europe</b> Efficiency program to optimize resources.	<ul style="list-style-type: none"> <li>• Implementation of pan-European tools and processes.</li> <li>• Make agreements to support redundant employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of more than 400 positions all over Europe.</li> <li>• Agreements to support affected employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Project completed end 2008.</li> </ul>
<b>Adelaide (Regency Park), Australia</b> Closure of the dishwasher plant.	<ul style="list-style-type: none"> <li>• Relocate production to Italy/Poland.</li> <li>• Find job opportunities in Electrolux Dudley Park, Australia cooking plant for affected employees.</li> <li>• Job support and training for remaining affected employees.</li> </ul>	<ul style="list-style-type: none"> <li>• 126 employees were affected, of which 3 went into early retirement and 91 entered outplacement programs.</li> <li>• 32 employees transitioned to other employment within Electrolux.</li> <li>• Dishwasher production transferred to Italy.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue monitoring transfers and outplacement programs.</li> <li>• Closure completed 2008.</li> </ul>
<b>Adelaide (Beverley), Australia</b> Closure of the washer/dryer plant.	<ul style="list-style-type: none"> <li>• Relocate production to Rayong, Thailand.</li> <li>• Find job opportunities in Electrolux cooking plant in Dudley Park, Australia, for affected employees.</li> <li>• Job support and training for remaining affected employees.</li> </ul>	<ul style="list-style-type: none"> <li>• 369 employees were affected. 25 elected to retire. 344 entered outplacement programs.</li> <li>• 150 employees transitioned to other employment within Electrolux.</li> <li>• Approximately 10 employees remain to finalize projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Complete closure.</li> <li>• Provide job search support for remaining employees.</li> </ul>

## AN INCLUSIVE APPROACH

Dialogue helps shape the Electrolux business strategy and the approach to sustainability.

Accountability to stakeholders – consumers, customers, employees, shareholders and others affected by the Group's operations – involves sharing insights and addressing concerns.

Understanding consumers is the basis for the Electrolux brand promise "Thinking of you". Consumer insight is decisive for both the business strategy and product development. Comprehensive interviews and visits to households throughout the world enable the Group to identify global trends in society and respond to them in the product offering.

### Long-term relationships bring sustainable success

Strong, long-term relationships with retailers are also central to the business model. Sustainability-related issues are an important part of the dialogue with customers. Electrolux has long cooperated informally with retailers to promote environmentally-sound purchasing and enhance awareness. Growing numbers of customers are stipulating formal commitments to social and environmental performance standards in their contracts.

### Dialogue with stakeholders

Employee contributions are highly valued. The Group's Board of Directors comprises non-executive members, the President and, in accordance with Swedish law, three employee representatives and three deputies. They thereby provide employee input into company decision-making. Annual employee attitude surveys gauge opinion and seek feedback from personnel on how the strategy is being implemented and how they perceive the organizational climate.

Dialogue with investors and owners, many of which are pension funds with long-term commitments to Electrolux, is also ongoing. Their primary concerns are that Electrolux understands and acts on emerging issues and that the Group is transparent in regards to long- and short-term risks and opportunities.

Media-related activities are focused on products, markets and the Electrolux business strategy. This enables Electrolux to broaden its interface with opinion-formers. In addition, continuous analyses of media trends enable company strategists to track relevant global and local issues.

## Shared agenda

The Electrolux staff for Sustainability Affairs is responsible for Group dialogue with internal and external stakeholders on sustainability-related issues. Identification and selection of stakeholders are based primarily on the bearing of such groups on issues that are central to operations. Stakeholders include environmental organizations such as the Worldwide Fund for Nature (WWF) for climate change, Greenpeace for producer responsibility and Business for Social Responsibility for effective supply-chain management. Frequency of engagement is issue and agenda-driven.

Public policy discussions with governmental authorities cover issues such as energy-efficiency, producer and product responsibility as well as government-led financial incentives for consumer purchases of energy-efficient appliances. Electrolux also maintains a continuous dialogue with representatives from governments and inter-governmental organizations. This is conducted both directly and through membership in The European Appliance Industry Association (CECED).

Discussions with stakeholders and feedback from them are compiled and reported to Group Management on a regular basis, and are reflected in Group decision-making.

Sustainability Affairs also conducts dialogue with target audiences on the reporting process.

Each market and business area is responsible for maintaining dialogue with representatives from relevant interest groups. Local operations cooperate and engage with non-governmental organizations such as WWF in Italy, The Ovarian Cancer Research Fund and the United Way in the United States and the Ethos Institute for Companies and Social Responsibility in Brazil. Electrolux also cooperates with other corporations that have similar goals through, e.g., the UN Global Compact and its Nordic network, as well as the Confederation of Swedish Enterprise.

Global stakeholder insight and a proactive approach enable Electrolux to better understand its markets and societal concerns. At the same time, dialogue partners gain a better understanding of the Group's perspective.

## Direct economic value (GRI EC1)

SEKm	2008	2007
<b>Revenues</b>	<b>105,232</b>	<b>105,167</b>
<b>Economic value distributed</b>		
Operating costs	83,798	80,915
Employee wages and benefits	17,014	16,857
Payments to providers of capital <sup>1)</sup>	1,961	1,748
Payments to government	287	1,110
Community investments	NA	NA
<b>Economic value retained</b>	<b>2,172</b>	<b>4,537</b>
<sup>1)</sup> In addition, redemption of shares.	0	5,582



The direct economic value is defined as net sales plus revenues from financial investments and sales of assets.

## MANAGEMENT AND PERFORMANCE

Fully integrating sustainability into Group strategy and operations at all levels is key to maintaining success in the long term.

The Electrolux organization is decentralized, which gives business units flexibility in meeting consumer preferences and local market requirements. In order to ensure a holistic approach, group-wide performance is monitored, training is coordinated and targets are aggregated.

### Organizational responsibility

The Board assesses ethical risks and opportunities annually. Sustainability-related strategies and policies are defined by Group Management.

Each business area is responsible for implementation. This helps ensure that learning can be both leveraged across markets and meet local needs. Responsibility covers environmental management, human resources as well as health and safety issues. In addition, the business areas manage the impacts of operations on communities, both during operation and restructuring.

Group Sustainability Affairs supports business areas and Group functions with expertise, training, issue identification and monitoring. Sustainability Affairs is part of Group Staff Communications and Branding.

Group Purchasing is responsible for compliance with the Code of Conduct along the supply chain. The Responsible Sourcing Program enables the Group to maintain local presence and support purchasers and suppliers with training, audits and development activities. The manager of the program reports to Group Sustainability Affairs.

### Policies

The Electrolux Code of Ethics comprises rules of conduct for relations with employees, shareholders, business partners and other stakeholders.

Elements of the Electrolux Code of Ethics are described in greater detail in the Code of Conduct, the Policy on Countering Corruption and Bribery, and the Environmental Policy. All of the above are based on universal standards of business practice, including those of the International Labour Organization and the OECD Guidelines for Multinational Enterprises.

Codes and policies also reflect the Electrolux commitment to the ten principles of the UN Global Compact. The Board reviews ethical and sustainability-related policies on an annual basis. All of the above policies have been endorsed by Group Management.

Human resource-related policies such as the Grandparent Principle and the Recruitment Policy are designed to ensure fair and transparent hiring practices. The Compensation Policy defines a consistent approach to remuneration. The purpose of the policy "Appointment of Senior Managers" is to ensure that Electrolux appoints the right people to achieve strategic objectives in line with Group policies. Training of the policy has been conducted throughout the global Human Resource community. Compliance is followed up annually. Non-compliant units are requested to have short and long-term action plans in place.

### External assurance

This GRI summary report, which is included in the Annual Report, is reviewed by the company's auditors, PriceWaterhouse Coopers.

Third party assurance of compliance with ISO 14001 is implemented annually at all certified facilities. In addition, third-party assurance of compliance with the Code of Conduct is conducted within risk-defined regions. Electrolux operates 20 plants in Asia, Latin America and Eastern Europe. 13 of these were audited during 2008, 12 of which externally audited. In total, 262 Code of Conduct audits took place among suppliers, 19 of which were externally audited.

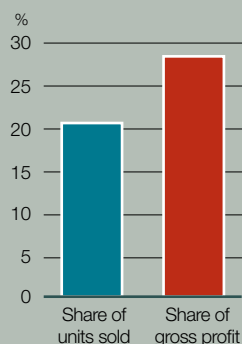
### Training and monitoring

In order to integrate management procedures throughout the Group, Electrolux runs training programs covering environmental certification according to ISO 14001, the Code of Conduct, occupational safety and human resources. These are also supported by internal and third party performance monitoring.

### Environmental performance

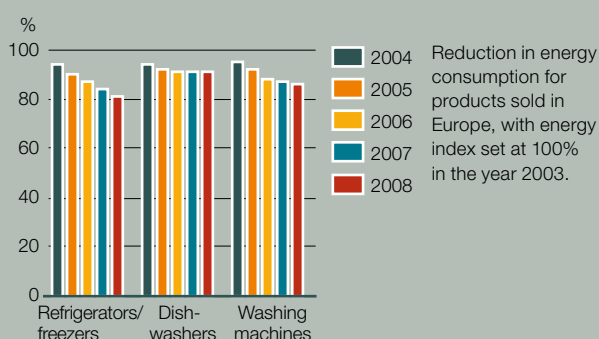
Group Management has stipulated that an environmental management system is to be implemented for each business area's entire operation. All manufacturing units with at least 50 employees are mandated to be certified according to ISO 14001. In 2008, 92% of all factories were certified. Newly acquired units must complete the certification process within three years after acquisition.

#### Global Green range for Major Appliances



As of 2008, all Major Appliances sectors report on sales and profitability of their Green range. Today, products with outstanding environmental performance represent 20% of Electrolux sales volume, yet generate 28 percent of the gross profit.

#### Fleet average





Reducing energy use is a Group objective. Sustainability Affairs is responsible for sharing best practice as well as monitoring performance group-wide. Energy savings targets are implemented, however, primarily through the Electrolux Manufacturing System, a global program for implementation of efficient production. In addition, the program is used for monitoring and eliminating waste and increasing safety and quality within production processes.

#### The Electrolux Environmental Policy

The Electrolux Environmental Policy outlines the Group's commitment to improve environmental performance in production, product use and disposal. The policy prescribes a proactive approach to legislation.

#### Direct energy consumption by primary energy source (GRI EN3)

GJ	2008	2007
<b>Non-renewable primary source</b>		
Oil	60,315	56,912
Coal	35,557	48,724
Natural gas	2,528,876	2,719,634
LPG	178,897	245,042
<b>Renewable primary source</b>		
Biofuel	0	0
Ethanol	0	0
Hydrogen	324	0

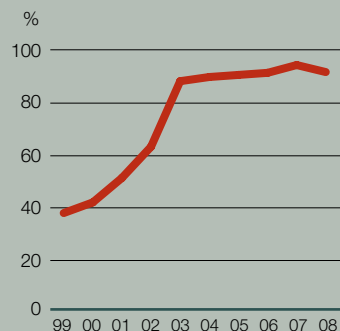
#### Indirect energy consumption by primary source (GRI EN4)

GJ	2008	2007
District heating	133,044	114,153
District cooling	13,067	14,414
Steam	7,583	5,876
Electricity	2,770,430	2,907,712
Renewables	0	0

#### Water withdrawal by source (GRI EN8)

m <sup>3</sup> /year	2008	2007
Surface water	937,204	1,435,067
Ground water	5,208,902	6,412,373
Rainwater	54,000	89,256
Wastewater, other organizations	91,907	114,133
Municipal water	4,661,990	4,592,822

#### ISO 14001 certification



Share of factories with more than 50 employees that have certified ISO 14001 environmental management systems. Two factories are currently in the process of certification.

#### Direct material balance

Data from 53 manufacturing units, %	2008	2007	2006	2005
Finished products (incl. packaging)	91.2	90.9	91.7	92.3
External material and energy recycling	7.8	8.1	7.2	6.5
Waste to landfill (non-hazardous)	0.8	0.9	0.8	1.0
Hazardous waste	0.20	0.15	0.17	0.19
Emission to air	0.010	0.012	0.025	0.020
Emission to water	0.001	0.001	0.003	0.003
<b>Total incoming material</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

In 2008, the high utilization of material in production was maintained.

**Direct and indirect GHG emissions (GRI EN16)**

tons	2008	2007
<b>Direct emissions</b>		
Energy generation (EN3)	148,038	162,818
Fugitive emissions	275,100	287,613
<b>Indirect emissions (EN 4)</b>		
Electricity	326,917	357,363
District heating/cooling	9,546	3,636
Steam	1,659	1,389

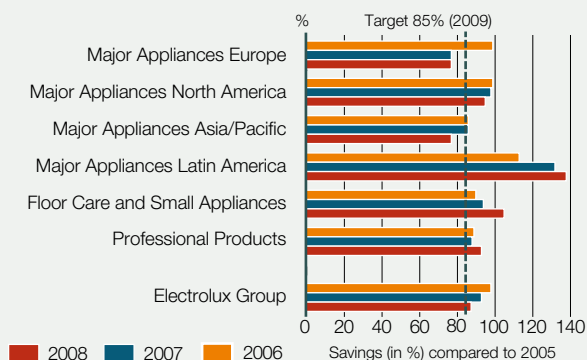
Calculations are based on WRI "Calculation Tool for Direct Emissions from Stationary Combustion Calculation worksheets. July 2005. Version 3.0". Indirect emission have been calculated using Electricity Emission Factors - All Fuels (Electricity Purchase Service Sector v3(1)). Emission factors have been shifted three years (2005 to 2008) to allow year-on-year comparisons.

**Weight of waste by type and disposal method (GRI EN22)**

tons	2008	2007	2006	2005
<b>Hazardous waste</b>				
	4,770	4,056	3,958	4,593
<b>Non-hazardous waste</b>				
Composting	279	11	0	0
Recycling	175,250	212,372	168,645	150,846
Incineration	2,387	2,515	3,594	4,160
Landfill	21,468	22,982	19,856	22,917
Deep well injection	273	0	0	0

**Goal for energy savings (GRI EN18)**

%	2008	2007	2006
<b>Business sector</b>			
Major Appliances, Europe	77	77	99
Major Appliances, North America	95	98	99
Major Appliances, Asia/Pacific	77	86	86
Major Appliances, Latin America	138	132	113
Floorcare and Small Appliances	105	94	90
Professional Products	93	88	89
Electrolux Group	87.5	93	98



The Group target to reduce energy consumption 15% by year-end 2009, compared to the 2005 level was almost accomplished already in 2008. Energy consumption has been reduced 12.5%, corresponding to a reduction of 74,200 tons of CO<sub>2</sub>. 2008 data is based on 53 factories, 23 warehouses and 39 offices, compared to 52 factories, 17 warehouses and 25 offices in 2005.

## Labor practices, human rights and society

At year-end, the Awareness-Learning-Feedback-Assessment (ALFA) tool was deployed in all Electrolux business areas to measure how units have progressed relative to the Code of Conduct and to assess the status of health and safety, as well as related management practices. Sustainability Affairs provides business areas with feedback and suggestions for improvements.

A key priority is to ensure that group-wide policies are communicated, with particular focus on the Code of Ethics and the Code of Conduct.

### People Vision

The Electrolux People Vision is to have an innovative culture with diverse, outstanding employees that drive change and go beyond in delivering on the Group's strategy and performance objectives. Human resource policies, leadership programs and an internal recruitment tool help to realize the vision. Sustainability is included in induction programs for all new senior managers.

### Health and safety

Individual business areas are responsible for ensuring that health and safety is effectively managed. Local units are responsible for taking action and reporting data in accordance with prevailing laws.

At Electrolux factory facilities, health and safety is monitored through the Electrolux Manufacturing System. In 2008, safety-performance goals were defined.

### Workplace Code of Conduct

The Electrolux Workplace Code of Conduct defines high employment standards for all Electrolux employees in all countries and business areas as well as for all subcontractors. The Code covers issues such as child and forced labor, health and safety, workers' rights and environmental compliance.

Electrolux applies common management practices for the Workplace Code of Conduct and monitors and reports on progress for all facilities with more than 30 employees. An electronic assessment tool, Awareness-Learning-Feedback-Assessment (ALFA), supports internal implementation of the Workplace Code of Conduct and monitors Electrolux units regarding compliance.

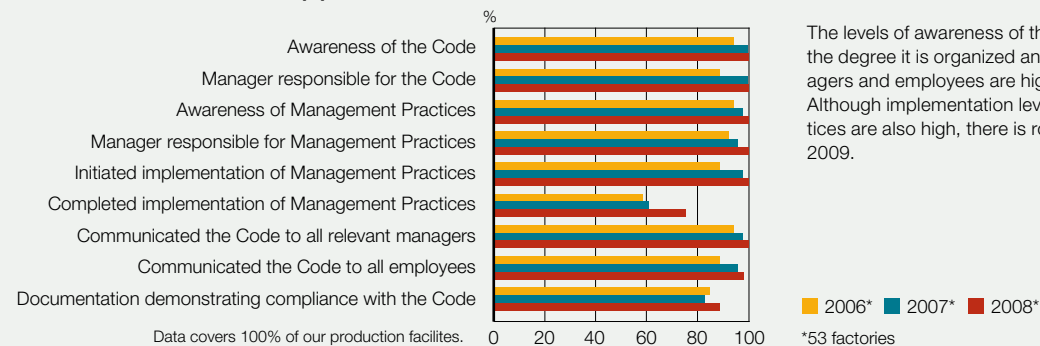
### Society

The Electrolux public policy agenda is primarily coordinated with industry organizations such as the European Appliance Industry Association (CECED) and the American Home Appliance Manufacturers Association (AHAM).

A public policy outcome currently supported by Electrolux in Europe is the creation of market frameworks that promote purchases of energy-efficient appliances.

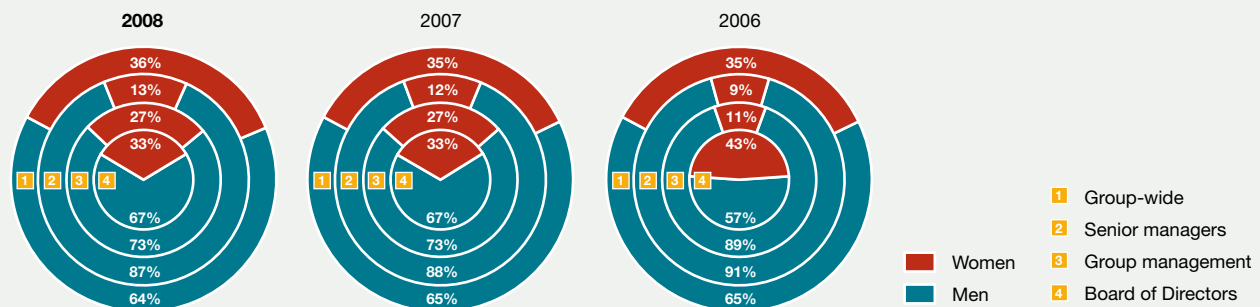
Electrolux observes neutrality with regard to political parties and candidates. Neither the Electrolux name, nor any resources controlled by Group companies may be used to promote the interests of political parties or candidates.

### ALFA assessment of the Group production units

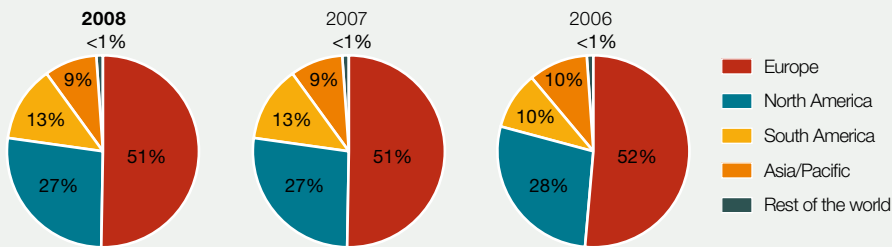


The levels of awareness of the Code of Conduct, and the degree it is organized and communicated to managers and employees are high throughout the Group. Although implementation levels for management practices are also high, there is room for improvement in 2009.

### Gender distribution



## Employees by geographical area (GRI LA1)



The ratio of employees between geographical areas has not changed significantly between 2007 and 2008. There were 52,034 employees in 2008. The corresponding figure for 2007 was 56,930.

## Employee turnover (GRI LA2) and collective bargaining (GRI LA4)

	2008	2007
Total employees – Male	34,236	36,221
Total employees – Female	20,610	20,710
Employee turnover – All employees, %	22 <sup>1)</sup>	18
Employee turnover – Male, %	23 <sup>1)</sup>	18
Employee turnover – Female, %	22 <sup>1)</sup>	20
Employees covered by collective bargaining agreements, %	63 <sup>2)</sup>	67

1) Data covering 53 production facilities, 26 warehouses and 51 offices corresponding to 46,660 employees.

2) 27,526 of 43,578 employees at 53 production facilities were covered by collective bargaining agreements.

## Health and safety (GRI LA7)

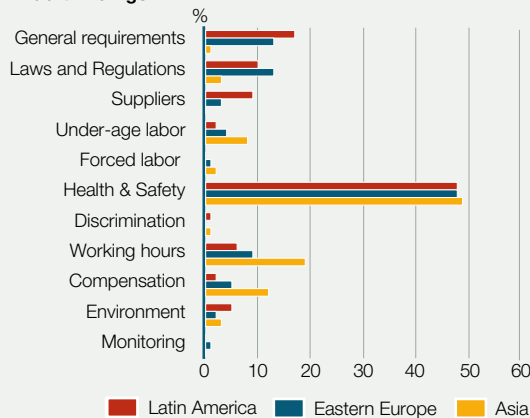
	2008	2007	2006	2005
Number of work-related injuries <sup>1)</sup>	836	1,435	1,170	1,219
Injury rate <sup>1)</sup>	2.2	3.2	2.9	3.3
Number of workdays lost due to occupational injuries <sup>1)</sup>	18,350	17,469	22,801	16,682
Lost day rate <sup>1)</sup>	48	46	56	41
Number of work-related fatalities	0	1	0	0

1) Per 200,000 hours worked (TCIR).

Key health and safety data for the Group's operations. In 2008, data was collected covering 53 production facilities and 26 warehouses corresponding to 42,912 employees. Electrolux has reached its target of 10% TCIR reduction in 2008.

## Responsible Sourcing Program

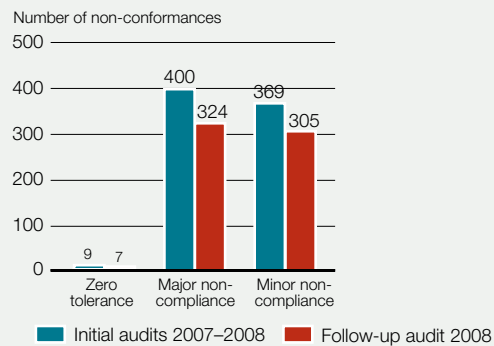
### Audit findings



Audit findings from 262 supplier audits conducted during 2008. Health and safety issues are major problem areas in all regions, together with working hour issues and general legislative compliance.

Issues relating to under-aged labor is mainly a problem in Asia. A majority of cases recorded are related to insufficient protection of authorized minors (16–18 years). In Europe and Latin America under-aged labor issues are related to insufficient pre-employment screening. In China, 15 cases of under-aged workers (15–16 yrs) were uncovered in 2008 (21 cases in 2007).

### Follow-up audit comparisons



Follow-up audits were carried out at 64 suppliers in China during 2008. Initial audits were completed in 2007 and early in 2008. The outcome of the audits indicate insufficient improvements by suppliers. In addition, follow-up audits revealed additional findings. The results will be further analyzed to improve the efficiency of the program.

# Making a change for a better climate starts at home.



**Electrolux Ultrasilencer Green** is our most quiet vacuum cleaner. It's also the most eco-friendly. 55% of the body plastic is recycled and it uses less energy, which saves on CO<sub>2</sub> emissions. And since the Ultrasilencer Green is as efficient as a 2000 W vacuum cleaner, it leaves your home as clean as we hope the environment will be one day.

\* Compared to the average energy consumption of 2000 W vacuum cleaners, 2007.

*Thinking of you*  
**Electrolux**