



Sustainability and Corporate Responsibility Report 2018



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“Ericsson’s leadership in sustainability for the past 25 years is a core asset that will continue to be in focus across the company and is becoming an ever more fundamental part of the business.”

Ronnie Leten
Chair of the Board

This Sustainability and corporate responsibility report is rendered as a separate report added to the Annual Report in accordance with the Annual Accounts Act ((SFS 1995: 1554) chapter 6, section 10 and 11). A report from the auditor is appended hereto.

Cover photo



Teachers and staff members of the Department of Basic Education in Myanmar attending the Ericsson Virtual Reality (VR) Training to use the tools developed for the Connect to Learn program in its efforts to bring internet for all. Myanmar is one of the first countries in the world to use VR for teacher professional development.

About this Report

Ericsson has reported on sustainability performance for over 25 years. The report has evolved over time from environmental disclosure to the broader 'triple bottom line' approach which covers environmental, social and economic development aspects and the responsible business practices that the Company has today.

This Sustainability and Corporate Responsibility Report 2018 is added to the Company's Annual Report in accordance with the Swedish Annual Accounts Act, and includes information previously disclosed in the separately published Sustainability and Corporate Responsibility Report. The report comprises sustainability and corporate responsibility information relating to Ericsson in the areas of environment, social matters, human resources and responsible business conduct, including human rights, health and safety and anti-corruption.

The Sustainability and corporate responsibility report describes the Ericsson Group's policies relating to sustainability and corporate responsibility, their outcome, and the significant risks and opportunities related to those topics linked to the Group's operations. Further, it describes how the Company manages related risks and opportunities. Selected non-financial key performance indicators relevant to Ericsson's business are highlighted. Ericsson's business model is described in the Annual Report 2018 on pages 4–5.

Unless otherwise stated, all information and data pertain to activities undertaken from January 1, 2018, to December 31, 2018. The report covers the Ericsson Group, i.e. Telefonaktiebolaget LM Ericsson and its subsidiaries.

The report has been assured by PricewaterhouseCoopers AB as an independent third-party in accordance with ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) as well as AA1000AP (2018) issued by AccountAbility (type 2 engagement).

Reporting principles

Sustainability and corporate responsibility principles and requirements are implemented in Ericsson's business. The Company reports on its sustainability and corporate responsibility performance in accordance with globally recognized standards and principles to enable stakeholders to make informed decisions about Ericsson's performance in this area.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, Core option. Ericsson has reported in accordance with GRI since 2006.

Ericsson has been a UN Global Compact (UNGC) signatory since 2000 and has reported its Communication on Progress (COP) annually to inform its stakeholders on progress concerning human rights, labor stan-

dards, the environment and anti-corruption, and according to UN Global Compact Advanced Level criteria since 2012. Ericsson's COP is available on www.ericsson.com and on the UNGC website as part of Ericsson's Company Information.

In 2012 the Company formalized its commitment to UN Guiding Principles (UNGPs) on Business and Human Rights. This report has been prepared in accordance with the UNGPs on Business and Human Rights Reporting Framework.

Ericsson also publishes other annual statements and reports related to its commitments to responsible business such as a Modern Slavery Statement in accordance with the UK Modern Slavery Act, and a Conflict Minerals Report under the US Dodd-Frank Act.

The principles of stakeholder inclusiveness, sustainability context, materiality and completeness, as well as responsiveness and impact, help the Company to define the sustainability and corporate responsibility reporting content. To ensure reporting quality, Ericsson applies the reporting principles of accuracy, balance, clarity and timeliness among others.

Additional information on Ericsson's sustainability and corporate responsibility work is available on Ericsson's website www.ericsson.com. A complete GRI compilation and the UNGPs Reporting Framework Index are also publicly available online.

Sustainability approach

Sustainability and corporate responsibility are integrated into Ericsson's business and the Company's commitment to the triple bottom line of responsible environmental performance and social and economic development.

Conducting business responsibly is a cornerstone of the Company's strategy and culture. Ericsson believes that access to communication is a basic human need and that technology is a driver to improve people's lives. The Company's ambition is to be a responsible and relevant driver of positive change in society.

The Company's declared vision and purpose, "Empowering an intelligent, sustainable and connected world", embodies the breadth of what Ericsson aims to do and how to contribute to the sustainable development agenda outlined in the UN's Sustainable Development Goals (SDGs).

Ericsson believes that digitalization is fundamental to achieving all 17 of the SDGs,

and that delivering internet access to the unconnected through mobile broadband solutions is both a business opportunity and a powerful way to make a positive impact on society.

Ericsson is also committed to reducing risk in the company and for its stakeholders, and to minimizing negative economic, environmental and social impacts. Ericsson's approach to sustainability and corporate responsibility is integrated into its business operations and performance is regularly measured, assessed and assured.

The Company believes that new technologies, such as 5G and IoT, will be fundamental means for industries, cities and countries to reduce their carbon footprints exponentially so as to achieve the targets in the Paris Agreement set to strengthen the global response to the threat of climate change.

Strategic priorities

Ericsson's sustainability and corporate responsibility strategic priorities are part of the Company's business strategy and are embedded across the Company. At Ericsson, sustainability and corporate responsibility are cornerstones of building a company for the future which creates lasting value and works with two main aims: creating positive impacts and reducing risks. The sustainability and corporate responsibility strategy focuses on three areas: responsible business; climate action, energy and environment; and internet for all. Integrating sustainability and corporate responsibility into the Company's business operations helps Ericsson to improve sustainability performance and differentiate itself from its competitors. Technology leadership enables Ericsson to bring the most innovative and best solutions to the market and to create a growing, inclusive and sustainable economy.

Sustainability and corporate responsibility strategy



THE GLOBAL GOALS
For Sustainable Development

Responsible business

Ericsson drives a proactive agenda that extends beyond legal compliance, and has strong programs in areas such as human rights, anti-corruption, occupational health and safety and responsible sourcing. Ericsson continues to support the ten principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

Climate action, energy and environment

The circular economy encapsulates Ericsson's approach to environmental sustainability. Ericsson continuously strives to improve the environmental performance of its products, to minimize the negative impacts of its own operations and to contribute to societal environmental benefits resulting from the implementation of its technology.

Internet for all

Ericsson is committed to deploying solutions and advocates to improve mobile broadband affordability and accessibility. This foundation of internet access will enable the delivery of digital services to meet a wide range of societal needs, including education, health, entrepreneurship and humanitarian response.

Stakeholder engagement

The approach to stakeholder engagement enables Ericsson to learn about its stakeholders’ expectations and concerns, thus providing insights into risks as well as opportunities. The Company’s stakeholders fall into four categories: customers, shareholders, employees and society. In the society category Ericsson includes suppliers, governments, civil society, non-governmental organizations, industry partners, media, academia and the public.

Ericsson engages with its stakeholders on an ongoing basis on a diverse range of topics, including supply-chain management, energy performance, human rights, anti-corruption, Technology for Good programs and other significant topics. The engagement takes a variety of forms such as joint projects and initiatives, meetings, surveys, participation in industry groups, representation on decision-making bodies, research projects and NGO dialogues. Other ways to gain stakeholder insight are research collaborations with academia, institutions and industry peers. The Company leverages its social media outreach to extend the conversation and hear from the public.

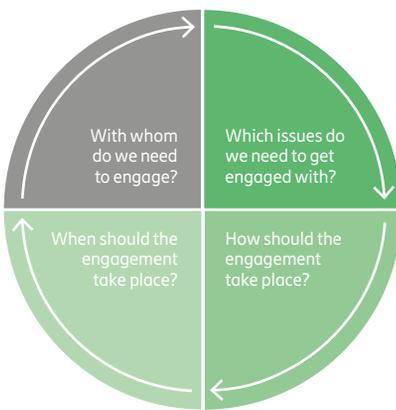
In 2018, Ericsson engaged in dialogue with investors on sustainability and corporate responsibility topics. Among other meetings the Company was invited as an industry representative to the United Nations Global Compact, Principles for Responsible Investment and Global Reporting Initiative meeting on Investor-Relevant Business Reporting on the Sustainable Development Goals. Key topics discussed included an increasing interest from investors in reporting of data in line with the Task Force on climate-related financial disclosures and Sustainability Accounting Standards Board frameworks. During stakeholder consultations, identified dilemmas are discussed and addressed. Ericsson supports discussions on finding ways to manage emerging dilemmas through greater transparency, collective action and a clear regulatory framework. Ericsson engages with customers through regular customer interactions and meetings as well as through dialogues focusing on specific sustainability and corporate responsibility topics; for example, upon customer request, in 2018 the Company has renewed its commitment to the Telefónica Stakeholder Panel on Responsible Business.

In 2018, Ericsson conducted a focused employee survey on sustainability and corporate responsibility. The Company’s employees were requested to select and rank the top sustainability and responsible business related topics that they believed were of most significance to them and to Ericsson’s business, these results helped to inform our materiality assessment.

Over 25 years of sustainability leadership

Twenty-six years have passed since Ericsson published its first environmental report in 1993 in conjunction with the first Earth Summit in Rio making the Company one of the early adopters of sustainability commitments and reporting. Over time, Ericsson’s longstanding commitment to doing the right thing and taking responsibility for its actions has remained both proactive and progressive. While there is still much work that remains to be done in the area of sustainability and corporate responsibility, the progress made by the Company is reflected in the recognition and awards received over the years. In early 2019, Ericsson ranked #21 globally on the Global 100 Most Sustainable Companies.

Ericsson’s approach to stakeholder engagement



Interview with President and CEO Börje Ekholm and Bloomberg at Smart Economy luncheon at the World Economic Forum 2019 in Davos.

Sustainability management

Ericsson has one common global management system, the Ericsson Group Management System (EGMS), which includes amongst other elements Policies, Group Directives and Group Instructions. EGMS is a dynamic governance system, enabling Ericsson to adapt it to changing demands and expectations, including new legislation as well as customers' and other stakeholders' requirements. The EGMS is designed to ensure the integration of Ericsson's sustainability and corporate responsibility commitment into every aspect of how the Company conducts its business. Having one global management system brings a common management approach and consistent global implementation of how we conduct our business. As the EGMS is a global system, group-wide certificates are issued by

a third-party certification body proving that the system is efficient throughout the whole organization. Ericsson is currently globally certified to ISO 9001 (Quality), ISO 14001 (Environment), and OHSAS 18001 (Health & Safety) and ISO 27001 (Information Security) (achieved in certification cycle 2018). The Company regularly assesses its significant topics in the economic, environmental and social areas and related sustainability and corporate responsibility risks which are identified in accordance with Ericsson's Risk Management framework. Responsible business practices are embedded in Ericsson's operations to prevent and mitigate risks.

Ericsson's objectives on sustainability and corporate responsibility are set and reviewed annually in line with the Company's strategy.

Previous performance, internal and external audits and assessment results as well as the Company's life-cycle assessment and research studies are used as input when setting objectives. Sustainability and corporate responsibility objectives are followed-up on a regular basis by the accountable organization. Through Ericsson's Global ISO certification assessment program, the external assurance provider assesses and audits how Ericsson implements and adheres to Policies and Group Directives, manages risks and achieves the Company's objectives.

Ericsson provides training to employees and suppliers to ensure and improve awareness and competence related to sustainability and corporate responsibility topics and commitments.

Governance, policies and directives

The Board of Directors is briefed annually, or more often if needed, on sustainability and corporate responsibility performance and risk. In 2018, briefings covered progress on anti-corruption, sensitive business, cybersecurity, occupational health and safety, responsible sourcing, climate action and social inclusion. The Board of Directors was also briefed about the ongoing inquiries from the United States Securities and Exchange Commission and the United States Department of Justice regarding the Group's compliance with the U.S. Foreign Corrupt Practices Act.

Group functions support the President and CEO in the governance and management of Ericsson. Group Function Marketing and Corporate Relations is accountable for developing and deploying strategies, policies, directives, processes and tools for sustainability and corporate responsibility.

Policies and Group Directives of particular relevance from a sustainability and corporate responsibility perspective are the Code of Business Ethics, the Code of Conduct, and other Group steering documents concerning

sustainability, sensitive business, information security, privacy, occupational health and safety, electromagnetic fields and health and anti-corruption – all of which reflect how Ericsson works to ensure responsible business practices. These Group steering documents are reinforced by employee-awareness training and monitoring. Compliance with Policies is mandatory for all employees and operations unless a deviation is approved by the CEO.

The Code of Business Ethics

The Code of Business Ethics (CoBE) is an overview of Ericsson's fundamental Policies and Group Directives guiding Ericsson's relationships among employees and when interacting with external stakeholders. It sets the tone for how Ericsson conducts business globally and is a guiding framework to support everyone performing work for Ericsson. It reflects the Company's commitment to the UN Global Compact's 10 principles and the United Nations Guiding Principles (UNGPs) on Business and Human Rights.

The CoBE emphasizes Ericsson's zero-tolerance for corruption. Employees read and acknowledge the CoBE at the time of employment and periodically re-acknowledge it throughout their term of employment. The CoBE is periodically updated and is translated into more than 30 languages to ensure that it is accessible to employees and stakeholders.

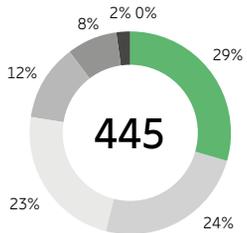
The Code of Conduct

Ericsson's Code of Conduct (CoC) applies to employees, contractors and suppliers. It is based on the 10 principles of the UN Global Compact, and includes the Company commitments regarding human rights, labor standards, the environment and anti-corruption, as well as Ericsson commitment to the UN Guiding Principles on Business and Human Rights. Employees and suppliers are required to comply with Ericsson's CoC requirements.

Ericsson uses a risk-based approach to assess compliance with the CoC requirements as part of supplier agreements.

Reporting compliance concerns

Reported Compliance Concerns (2018)^{1,2)}



¹⁾ Compliance concerns reported to Audit and Compliance Committee, most of them received via The Ericsson compliance line but also via certain other channels such as mail addressed to Group Functions or Market Areas excluding unrelated spam e-mails).

²⁾ The category of reported compliance concerns is determined based on the most significant impact identified by Corporate Investigations' team. Categorization may be modified during an investigation as additional information related to the initial allegations is obtained.

Ericsson's employees, suppliers and other external parties are encouraged to report suspected violations of law, the Ericsson Code of Business Ethics or the Ericsson Code of Conduct through The Ericsson compliance line, an externally managed anonymous whistleblower tool, or can talk directly to their manager, manager's manager or Group Function Legal Affairs and Compliance. Compliance concerns may relate to corruption, questionable accounting, deficiencies in the internal control of accounting, auditing, environmental, occupational health and safety, or human right matters, or other matters that could seriously affect vital interests of the Group or personal health and safety.

Reported compliance concerns are handled by Ericsson's Group Compliance Committee, which consists of representatives from Ericsson's Group Function Legal Affairs and Compliance and Group Function Human Resources and related operational units depending on the compliance concern. The Head of Corporate Investigations briefs the Audit and Compliance Committee of the Board of Directors (BoD) about significant reported compliance concerns.

The Corporate Investigations team within Group Function Legal Affairs and Compliance receives alleged breaches from the Ericsson compliance line or other sources and decides whether the reported compliance concern merits investigation. It presents each reported compliance concern to the Group Compliance Committee, which is chaired by the Chief Compliance Officer (CCO). During 2018 the process around reporting compliance concerns has been strengthened and further developed to include both centrally and locally reported allegations of violations.

In 2018, Ericsson has worked to strengthen its allegations management and investigation processes and resources to help ensure more methodical and robust investigations and follow-up. During 2018 the Company received 445 cases reported through The Ericsson compliance line or other means. The Ericsson compliance line is available via phone or secure website, 24/7, 365 days a year in 188 countries and in over 75 languages.

Sustainability ambition

Ericsson has set sustainability and corporate responsibility objectives based on the Company's strategy. The objectives reflect the Company's ambition both to increase positive impacts and to mitigate risks. In 2018

and in line with Ericsson's focused business strategy, the Company has simplified and reviewed the number of objectives disclosed in previous sustainability and corporate responsibility reports.

Positive-impact objectives

<p>Achieve 35% energy saving in Ericsson Radio System compared with the legacy portfolio by 2022 (baseline 2016) ¹⁾</p> <p style="text-align: center;">33%</p>	<p>Innovate to allow for alternative energy sources to be economically feasible in 25% of the total installed base by 2020</p> <p style="text-align: center;">On track</p>	<p>Achieve a 5G product portfolio that is ten times more energy efficient (per transferred data) than 4G by 2022 (baseline 2017)</p> <p style="text-align: center;">On track</p>
<p>Increase to 30% the female representation of executives, line managers and total workforce by 2020</p> <p style="text-align: center;">23%</p>	<p>Enable internet for all through roll out of mobile broadband to connect additional 500 million people by 2024 (baseline 2018)</p> <p style="text-align: center;">On track</p>	

Risk-mitigation objectives

<p>Reduce occupational health and safety major incidents</p> <p style="text-align: center;">On track</p>	<p>Address risk assessment for 100% of the top 90% of supplier spend by 2020</p> <p style="text-align: center;">98%</p>	<p>Reduce 35% of CO₂e emissions from Ericsson's own activities by 2022 (baseline 2016) ¹⁾</p> <p style="text-align: center;">8%</p>
<p>Reinforce the Company ethics and compliance program with emphasis on anti-bribery and corruption</p> <p style="text-align: center;">On track</p>	<p>Achieve 100% adherence to the sensitive business process and conditions by 2020</p> <p style="text-align: center;">98%</p>	

¹⁾ Science Based Targets (SBT) approved by SBT Initiative.

Significant topics and risk management

Ericsson regularly assesses its significant economic, environmental and social topics to provide a strong foundation for the Company's sustainability and corporate responsibility priorities. This is a central component of the situation analysis for strategy, target setting, risk management and reporting.

The assessment is done on an annual basis and has two purposes. It considers the Company's business impact on economic, environmental and social topics, and it contemplates stakeholder feedback to analyze those topics that substantively influence the views and decisions.

In 2018, Ericsson continued to evolve the assessment process by sharpening the focus while identifying significant topics that have long-term significance for the business. Sustainability focus and risks in each of Ericsson's segments are described in pages 18–22.

The Company continued its alignment with international standards such as the Sustainability Accounting Standards Board (SASB) in order to facilitate its understanding of the meaning of each topic. The nomenclature of the topics listed in the matrix on page 173, are aligned with the SASB Materiality Map®. Significant topics covered in this report are listed by the name of the chapter and the SASB terminology in brackets.

Ericsson begins each year's assessment by reviewing the significant topics identified in the previous year's assessments (baseline).

As part of integrating sustainability and corporate responsibility into the business segments, Ericsson has conducted topic-assessment workshops with each Business Area in 2018. A consolidated outcome from the workshops was presented and approved by Ericsson's Executive Team. Progress during the year and inputs resulting from surveys and

from dialogue with employees, customers, investors and other stakeholders were considered in the assessment.

Each significant topic including where in the value chain the impact occurs, is described in this report. Significant topics identified in 2018 were anti-corruption; human rights; information security and privacy; diversity; occupational health and safety; radio waves and health; responsible sourcing; efficient use of material resources; energy performance from products; and the carbon footprint from the Company's own operations.

Ericsson's sustainability and corporate responsibility "Significant topics matrix" is publicly available on Ericsson's website www.ericsson.com, together with additional information on other topics that are not considered significant and the rationale behind the prioritization.

Risk management

The Company's sustainability and corporate responsibility related risks described in this report are managed in accordance to Ericsson's risk management framework, which is integrated into the Company's operational processes. The Board of Directors also oversees the Company's risk management.

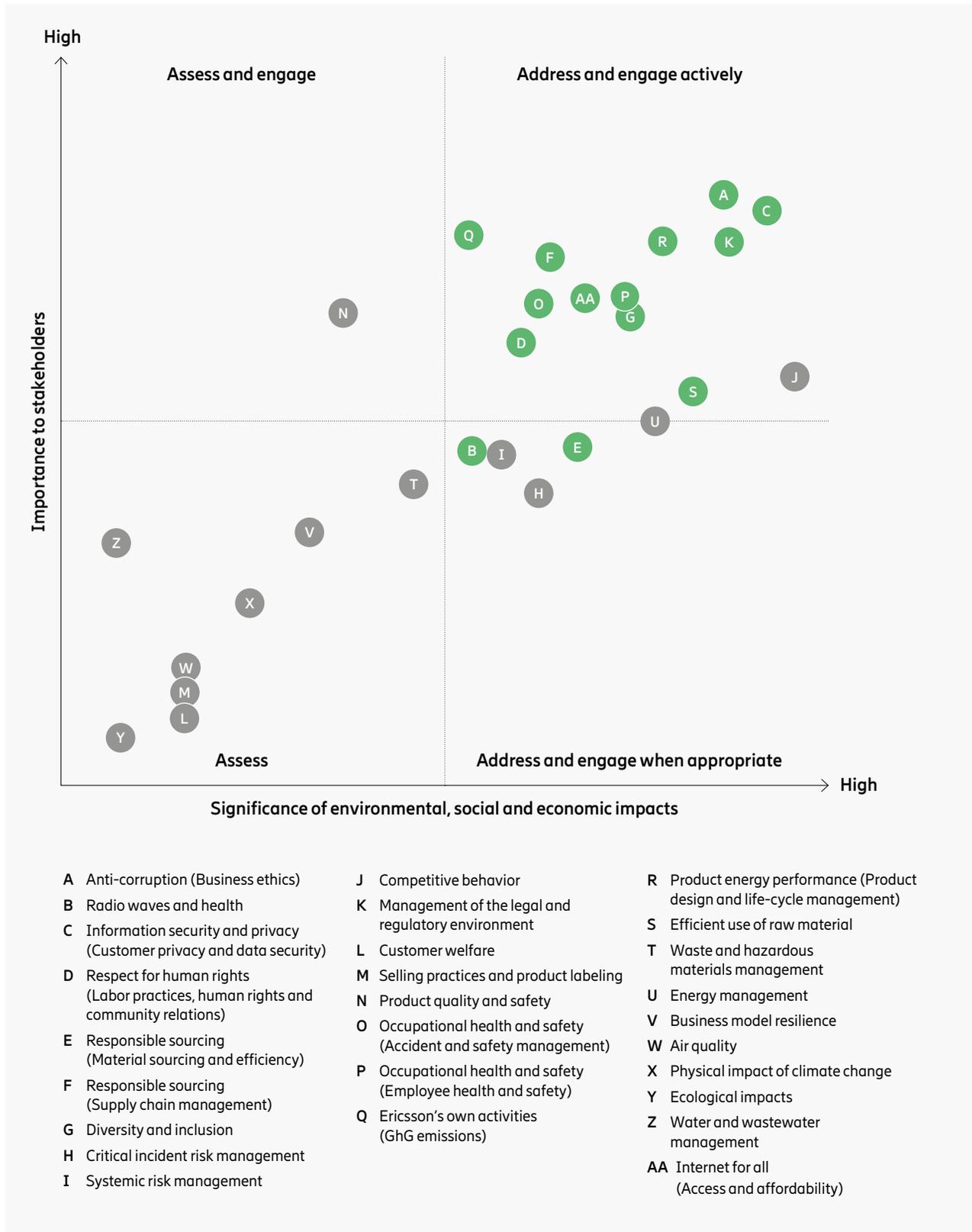
Ericsson has Group Policies and Directives to comply with applicable laws and regulations, and controls are implemented to comply with reporting standards. Group Policies and Directives of particular relevance for

sustainability and corporate responsibility are described in page 169 of this report.

As part of sustainability and corporate responsibility strategy work, risks and mitigating actions related to the long-term objectives as well as short-term targets are identified. Key components in the evaluation of risks related to Ericsson's long-term objectives include for example technology development, information security related matters, health and environmental aspects and laws and regulations.

Identified and prioritized sustainability and corporate responsibility related risks and mitigating actions, are described in Ericsson's sustainability and corporate responsibility Risk Heat Map and are regularly followed-up in governance meetings and presented to the Board of Directors annually or if needed. For information on risks that could impact the fulfillment of objectives and form the basis for mitigating activities, see the Risk Factors section, pages 116–125, and Risk Management in the Corporate governance report, pages 149–151.

Significant topics 2018

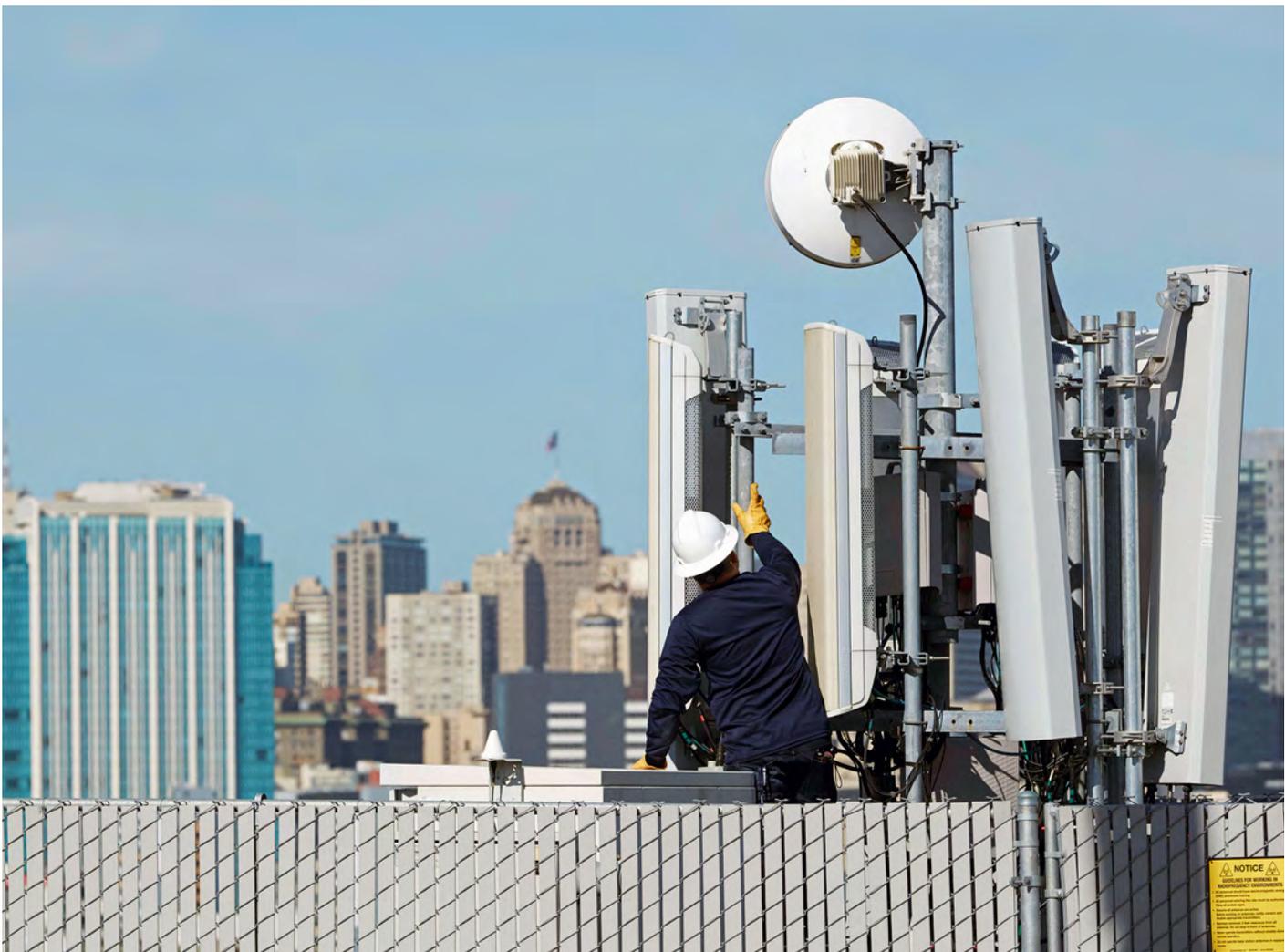


Responsible business

Ericsson works continuously to improve and strengthen its responsible business practices, with a focus on building and maintaining trust, transparency and integrity regardless of where in the world it operates. Respect for human rights, fair and safe working conditions, and

ethically and environmentally sound business practices shall be fundamental parts of the Company's culture and identity. This commitment to responsible and ethical behavior starts at the Board level and is implemented throughout Ericsson's organization via the

Company's ethics and compliance program and by raising awareness and encourage stakeholders to report compliance concerns through the Ericsson compliance line.



Ericsson engineer performing hardware installation for a customer in Silicon Valley during spring 2018.

Respect for human rights

Human rights are fundamental to protect the inherent dignity of human beings. Ericsson is committed to respecting human rights by mitigating and minimizing the risk of potential misuse of its technology throughout its operations, products and business engagements.

Ericsson believes that through its innovation and leadership in developing technologies it meaningfully contributes to positive social and economic development in society, such as improving people's ability to earn a better livelihood and contributing to facilitating freedom of expression. Governments use Ericsson's technology to provide health, education and other government services and to assist in emergencies as well as to fight crime and to protect citizens' safety and security.

The increasing use of Information and Communication Technology (ICT), and specifically of new technologies such as machine learning and Artificial Intelligence (AI), also brings challenges to security, privacy and risk management. This makes it crucial to remain vigilant and balance the benefits of ICT against respecting the human rights of individuals.

Governance, policies and directives

Ericsson's commitment to respect human rights is part of its Code of Business Ethics (CoBE) and Code of Conduct (CoC). The Company's commitment to the UN Guiding Principles on Business and Human Rights Framework is reflected in these documents.

Based on its current operations and business relationships, Ericsson has defined its salient human rights issues to include the right to freedom of expression, right to privacy and labor rights.

Human rights impact assessment

Based on the results of the Company Human Rights Impact Assessment performed in previous years, Ericsson continued improvement activities in the areas of emergency readiness, work/life balance, occupational health and safety, right to privacy, and freedom of expression awareness.

Human rights due diligence

In order to assess, prevent and mitigate potential negative impacts on its salient human rights issues, Ericsson has integrated due diligence about human rights into its sales process through its sensitive business process. The Company's Sensitive Business Policy aims to emphasize Ericsson's commitment to respecting human rights in its business engagements and operations. Ericsson's Sensitive Business Board, a cross-functional forum that consists of high-level representatives of Group Functions and Business Areas, is responsible for ensuring that business opportunities and engagements are conducted according to the Policy.

When a high-risk sales opportunity is identified by the sensitive business automated tool, the Market Area submits an approval request in accordance with the sensitive-business process. Submissions are evaluated according to the sensitive-business risk methodology and may be rejected, approved or approved with conditions. Conditional approvals include technical and/or contractual mitigations to prevent unintended use of sensitive functionality. Ericsson follows up on decisions in a separate dedicated process.

Risk methodology and criteria for evaluating sales opportunities:

- Portfolio: whether the sales opportunity includes sensitive products, services and knowledge.
- Purpose: the purpose and context in which the customer intends to use the product, service or knowledge.
- Customer: the type of customer and ownership structure.
- Country: countries are ranked by third-party risk analytics according to selected indices, such as the indices of right to privacy and freedom of expression.

Building leverage and engaging in dialogue

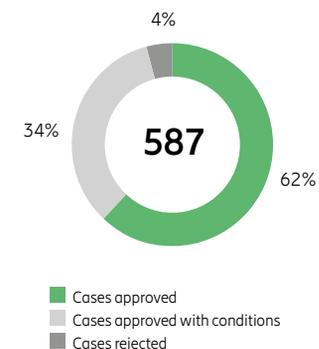
As part of its continuous efforts to partner leading companies and Non-Governmental Organizations in building leverage for respect for human rights, Ericsson signed the Paris call for trust and security in cyberspace in 2018 and furthered its collaboration with the Global Network Initiative (GNI).

The Company also carried out a cross-functional collaboration to map the risks of potential adverse impact on human rights from AI. Ericsson believes that AI ethics correspond well with internationally recognized human rights risks, and it works to ensure that human rights considerations are integrated into the process of developing and using AI.

Main risks include:

- Misuse of Ericsson's technology could adversely impact right to privacy and freedom of expression.
- Lack of adherence to labor standards in the supply chain could adversely impact on labor rights.

Sensitive business cases 2018



Anti-corruption

Corruption is harmful for many reasons. Primarily, it is a considerable obstacle to economic and social development around the world. It holds back sustainable development and often affects poorer communities the most. From a business perspective, corruption undermines fair competition, impedes innovation, raises costs and poses serious legal and reputational consequences.

Ericsson is committed to winning business on merit, ability and fairness and acting vigorously to correct any irregularities the Company encounters. Ericsson strives to be a responsible and relevant driver of positive change within the communities and societies where the Company operates. As part of this commitment, fighting and preventing corruption are a high priority.

Ericsson's ethics and compliance program is built on four cornerstones: preventing, detecting, responding and testing/monitoring, and Ericsson continually works to strengthen and improve this framework. The Company is committed to providing the leadership and resources necessary to achieve its anti-corruption objectives.

The ethics and compliance program and the performance of Ericsson's anti-corruption program are reviewed at least annually by the Audit and Compliance Committee of the Board of Directors.

Ericsson has been a member of the World Economic Forum Partnership Against Corruption Initiative (PACI) since 2012.

Inquiries from US authorities

As previously disclosed, Ericsson has been voluntarily cooperating since 2013 with an investigation by the United States Securities and Exchange Commission (SEC) and, since

2015, with an investigation by the United States Department of Justice (DOJ) into Ericsson's compliance with the U.S. Foreign Corrupt Practices Act (FCPA). The Company has identified facts that are relevant to the investigations. These facts have been shared with the authorities by the Company. The Company continues to cooperate with the SEC and the DOJ and is engaged in discussions with them to find a resolution.

While the length of these discussions cannot be determined, based on the facts that the Company has shared with the authorities, it believes that the resolution of these matters will likely result in monetary and other measures, the magnitude of which cannot be estimated currently but may be material.

People and culture

A strong tone from the top and a company culture committed to integrity are fundamental to an effective ethics and compliance program.

An enhanced ethics and compliance vetting process has been introduced for all current and future Executive Team members and employees in exposed positions such as sourcing, financing and customer-facing roles. Since its implementation in 2017, the executives in the top 200 positions in the company have been subject to this vetting process.

In 2018, Ericsson completed a comprehensive anti-bribery and corruption risk assessment in its Market Areas which led to some adjustments to and further improvements of the program.

A new mandatory online anti-corruption training for all employees was launched in 2018 and completed by over 88,150 employees. Specific face-to-face training was provided by Legal and Compliance employees

to Group Functions and to Market Area/Customer Unit leadership teams as well as to the global compliance and investigations function.

In 2018 the Executive Team has held meetings and discussions on ethics and compliance matters with the top 200 company leaders. The key messages have been relayed through numerous communication activities to all employees.

Third-party management

In 2018, Ericsson has continued to develop and improve its process for the assessment and monitoring of third-parties, including suppliers. A specific global risk scan of third-parties was undertaken in 2018 to ensure that all compliance risks or potential issues are appropriately addressed. Ericsson has cross-functional review boards for business partners in its Market Areas, whose responsibility is to review and validate the business case and control of certain third-parties' engagements. In 2018, Ericsson's finance and compliance functions deployed additional analytic tools to better identify and prevent high-risk transactions or engagements and to strengthen payment controls.

Main risks include:

- Workforce or third-party failure to comply with anti-corruption laws, regulations and Ericsson's related Policies and Directives.

Information security and privacy

Information security and the protection of personal data focus primarily on maintaining the confidentiality, integrity and availability of information, while not hindering an organization’s operations. As both the value of information and the capabilities of threat actors increase, information security and privacy have become issues of national importance globally and a key consideration for operations in Information and Communication Technology (ICT).

Attacks on infrastructure, or crimes focusing on the theft, misuse or tampering of information, can have major impacts on society and on the trust that society places in organizations that handle information. At the same time, the ability of threat actors, including nation states, to launch cyberattacks has outstripped the ability of most organizations to defend against these events.

Governance, policies and directives

Information security and privacy are governed through Ericsson’s Group Information Security Board and ancillary Security Management Boards. The Product and Technology Security Board addresses product and portfolio security issues. The Audit and Compliance Committee of the Board of Directors receives updates on cybersecurity at least twice a year, and includes security as part of its annual training.

Information security and privacy incidents are reported through Ericsson’s Security Incident Management System (SIMS), and routed to the appropriate function for case handling. Ericsson has an established Security and Privacy Framework to ensure that issues are considered throughout the entire product lifecycle.

The Company has a set of Policies and Directives to establish the requirements for information security and privacy across Ericsson. Ericsson’s Product Security framework includes a mandatory area of regulation specifically for security and privacy, which is applicable to all products. Ericsson also enforces a Crisis Management Directive, and has a Group Crisis Management Council which is responsible for the handling of major incidents or crises that affect Ericsson.

Risk management

Ericsson’s products, infrastructure and services handle personal data for its workforce, customers and its customer’s customers the nature of Ericsson’s business, and of the data that its products transmit, requires the Company to be at the forefront of data protection and information security. Given that Ericsson’s financial, customer and personal data as well as its intellectual property are targeted by threat actors, the Company focuses on providing end-to-end secure services, solutions and products and protecting critical assets in a rapidly changing environment while responding proactively to existing and emerging threats to business and human rights.

Ericsson has adopted a risk based approach for investment in cybersecurity and privacy. The potential impact on Ericsson’s brand, in terms of customer trust and market access, is weighed against the cost of implementing tools, processes and technology to make sure that Ericsson can protect its customers and data.

Safe and secure telecommunications networks and services provide the foundation for Critical National Infrastructure such as national security and emergency coordination, healthcare, education and finance services. More secure networks require less downtime and unplanned maintenance, which increases trust in the infrastructure.

Ericsson’s information security and privacy frameworks are designed to ensure that its products and services are more resilient

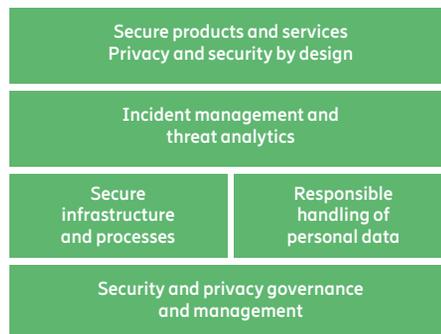
to attacks and less likely to be impacted by unforeseen consequences.

In 2018, Ericsson launched a certification program, Ericsson Certified Security Associate and two training courses for all employees, Data Privacy 2.0 and Be Security Aware which were completed by over 83,640 and over 82,060 employees respectively. Ericsson’s Information Security Management System is certified to ISO/IEC 27001. For privacy, Ericsson maintains Binding Corporate Rules as both a data controller and a data processor.

Main risks include:

- Workforce or third-party failure to comply with information security and privacy laws, regulations and Ericsson’s related Policies and Directives.
- Threat actors targeting Ericsson’s Intellectual Property and financial, customer and personal data.
- Impact on society and on the trust that society places in organizations that handle information due to attacks on infrastructure, or crimes focusing on the theft or misuse of information or tampering with it.
- More stringent or new stakeholder or regulatory information security and privacy requirements may impact Ericsson’s business.

Focus areas for security & privacy



Ericsson’s capabilities

- Product Security Incident Response Team (PSIRT)
- Ericsson IT Incident Response Team (ERICERT)
- Security operations and digital forensics Lab
- Ericsson network security
- Global and national data protection officers
- Network of privacy advisors

Diversity and inclusion

Ericsson believes that diverse, inclusive teams drive performance and innovation and create business value.

The Company strives to be a gender-intelligent organization that recognizes and values the differences that everyone brings to the workplace. In 2013 Ericsson set a global long-term ambition to increase the number of women in its organization. The gender diversity ambition is to have a workforce that is 30% female by 2020, including Executives and leaders. Since 2013, Ericsson has worked with annual gender-diversity plans and is making progress but is not yet where it wants to be. In 2018 women account for 23% of the Company's total workforce. During the year Ericsson saw an overall slowdown in progress due partly to the efforts to improve profitability, which led to a reduction of workforce and had an impact on the number of new recruits. Furthermore, the limited availability of female STEM (Science, Technology, Engineering and Mathematics) profiles continues to have an impact. Ericsson continues to review the Company's job postings to ensure the use of gender neutral language.

Governance, policies and directives

Ericsson believes that diversity goes beyond race and gender to also include sexual orientation, gender identity, marital status, pregnancy, parental status, religion, political opinion, nationality, ethnic background, social origin, social status, indigenous status, disability, age, union membership or employee representation, or any other characteristic protected by local law.

A global diversity and inclusion council governed by Group Function Human Resources is responsible for designing the Diversity and Inclusion strategy for the Ericsson Group and overseeing the development and implementation of people policies and initiatives.

During 2018 the Company focused on four global awareness campaigns: International women's day, World day for cultural diversity, Global diversity awareness month and Girls in ICT day. For Girls in ICT day, Ericsson organized the Girls who Innovate competition on the theme of the future of education, which attracted 300 girls with ages from 9 to 18 representing 38 countries.

Ericsson's leadership development programs reflect the current diversity in the overall leadership population, with 78% men and 22% women. The Company's program targeting leaders early in their career had a diversity of 60% men and 40% women.

The Ericsson Innovation Awards 2018 targeted university students and generated over 1,400 entries from over 100 countries focusing on how ICT can support the future of truth, and 30% of the mentors were female.

Main risks include:

- Ericsson's Focused Strategy to continue to improve profitability could impact the number of new recruits therefore influencing the overall diversity of the workforce.
- Limited availability of female STEM (Science, Technology, Engineering and Mathematics) profiles.
- Inequalities in certain countries may impact gender diversity.

Occupational health and safety

Ericsson is committed to providing a safe and healthy work environment for all. The Company takes an inclusive, risk-based approach to Occupational Health and Safety (OHS) that covers employees, suppliers and public affected by its operations.

Ericsson's OHS vision is for zero major incidents, and the Company works to adopt industry best practices for high-risk tasks and is confident that this will in turn promote a sound OHS culture and prevent harm. Ericsson is focused on creating an OHS culture based on its core OHS values of awareness, prevention and care, as defined in the Ericsson OHS Policy which is publicly available on Ericsson's website www.ericsson.com.

The Company recognizes that OHS requirements are a fundamental aspect of its business delivery around the globe and works to meet legal as well as international standards and requirements from customers.

Ericsson's OHS Management System forms part of the Ericsson Group Management System and is certified to OHSAS 18001. The OHS Management System serves to ensure that Ericsson's products and services are produced and delivered in a safe manner.

Ericsson has two Group OHS Governance Fora in place: the Global OHS Board and the OHS Incident Review Board. The purpose of these Boards is to ensure and drive the execution of OHS strategy within the business by setting clear targets, by analyzing incident trends to prevent reoccurrence, and by building a strong OHS culture. Both Boards are mirrored in Market Areas to support implementation.

Risk management

Ericsson focuses its efforts on activities where the Company has operations that could present high risks to people's health and safety. In Ericsson's business activities, OHS risks are largely contained within site-services areas and work-related driving. Road traffic

accidents, followed by working at heights and working with electricity, accounted for most of the fatalities and major incidents in 2018. Consideration for the safety and wellbeing of suppliers is of paramount importance to Ericsson, since they are exposed to the greatest occupational hazards carrying out installation and service work around the world.

Ericsson's Global OHS Program focuses on continuously improving the Company's safety culture by increasing OHS awareness through consultation and training and by the implementation and enforcement of Ericsson's Zero Tolerance Safety Rules established in 2015. These rules comprise seven key principles of safety to prevent harm, and they require mandatory compliance from anyone who works for or on behalf of Ericsson.

A mandatory online OHS Induction course was launched in 22 languages in 2018. Available to the workforce including suppliers, it provides a basic knowledge of the importance of OHS, citing typical examples of workplace risks and the applicable risk control measures to prevent harm.

Since driving-related hazards are deemed to be Ericsson's highest OHS related risk, the Company launched an online Driver Safety Awareness training course in 2017, and in 2018 continued with the roll-out of the Connected Fleet solution which promotes driver safety through telematic capabilities.

The Remote Site Assurance (RSA), a risk-mitigation platform solution, was launched in 2018. The RSA provides a live interface with suppliers whilst they are present on site and is designed to ensure that safety, quality and environmental aspects are managed appropriately prior to work commencing and that compliance is maintained and harm is prevented.

To reinforce a continued commitment to OHS, Ericsson launched its first Annual Safety day on October 10, 2018. Events and activities were held globally during that day with the

aim of raising OHS awareness and engagement among the Company's employees and suppliers.

Reporting on incidents

Ericsson encourages employees and suppliers' employees to report OHS incidents transparently through its Global Incident Reporting Tool (GIRT). The Company has seen a decrease in the numbers of fatalities and major incidents reported in 2018. Compared with 2017, the number of fatalities reported decreased by approximately 40% and the number of major incidents reported decreased by approximately 40%.

These results reflect the overall OHS improvements undertaken by Ericsson and its suppliers in 2018. Ericsson acknowledges the need to continue and strengthen its efforts in reducing OHS incidents. While no Ericsson employees were involved in the fatal incidents in 2018, there were 9 fatalities in our supply chain and 5 fatalities involving members of the public.

Main risks include:

- Failure to meet legal and customer requirements.
- Lack of compliance to Ericsson's occupational health and safety requirements in the supply chain.

Responsible sourcing

Managing the social, ethical, environmental and human-rights impacts in Ericsson’s supplier base is part of a full value chain approach embedding corporate responsibility throughout the supply chain. Supporting suppliers in building their capacity to meet high standards in all these areas is a fundamental part of the Company’s work. In 2018 Ericsson became member of the Responsible Business Alliance (RBA) formerly known as Electronic Industry Citizenship Coalition (EICC).

Sustainable management of supply chains is of utmost importance to all the Company’s stakeholders, including customers and investors. In 2018 the Company focused on deploying the Ericsson Code of Conduct (CoC) and enhancing compliance in its supply chain through its Responsible sourcing program.

The basis of the Responsible sourcing program is the Ericsson CoC, which includes a supplier supplement. Suppliers and sub-suppliers are required to comply with the Ericsson CoC. It covers four main areas: human rights, labor standards (including occupational health and safety), environmental management and anti-corruption. The program continues to support Ericsson’s responsible business strategy by working to ensure that suppliers comply with the Company’s require-

ments through an outsourced audit program. The Ericsson CoC is available in 16 languages on Ericsson’s website www.ericsson.com, and it is a core component of supplier contracts.

In 2018, Ericsson updated the self-assessment questionnaires to enhance the focus on anti-corruption and ethical behavior (see Supply Chain, page 30). Ericsson’s CoC audits for suppliers are an important component of Ericsson’s Responsible sourcing program. These audits are carried out using a risk-based approach to identify relevant suppliers. Prioritized risk areas include occupational health and safety, anti-corruption, labor rights (including modern slavery, and specifically working hours), environmental management, and communication of requirements further down the supply chain.

To perform these audits Ericsson engages a third-party audit company. In 2018, 176 CoC audits were performed on identified high-risk suppliers. The audited suppliers were located in over 50 countries. The Company addressed 98% of all suppliers in the top 90% of supplier spend.

Ericsson views each audit as an improvement opportunity and expects suppliers to address all identified findings. Audit results vary, but commonly identified areas of

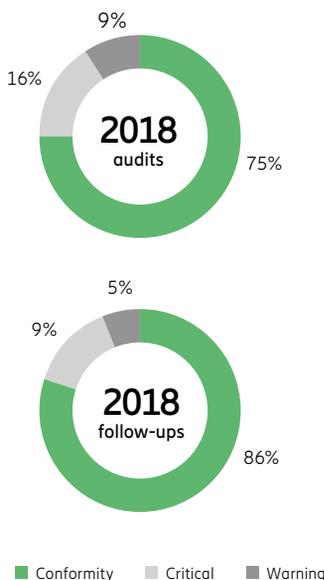
improvement include working hours, fire prevention, use of personal protective equipment and environmental management.

Ericsson has reinforced its efforts to strengthen its ethics and compliance program with policies, processes and tools for preventing, detecting and remediating non-compliance among third-parties. The focus of these efforts is to strengthen internal controls and due diligence in supplier selection and onboarding. In 2018, Ericsson’s sourcing directive was enhanced to instruct employees within Ericsson’s sourcing organization how to handle suppliers that are non-compliant to the Company’s CoC requirements.

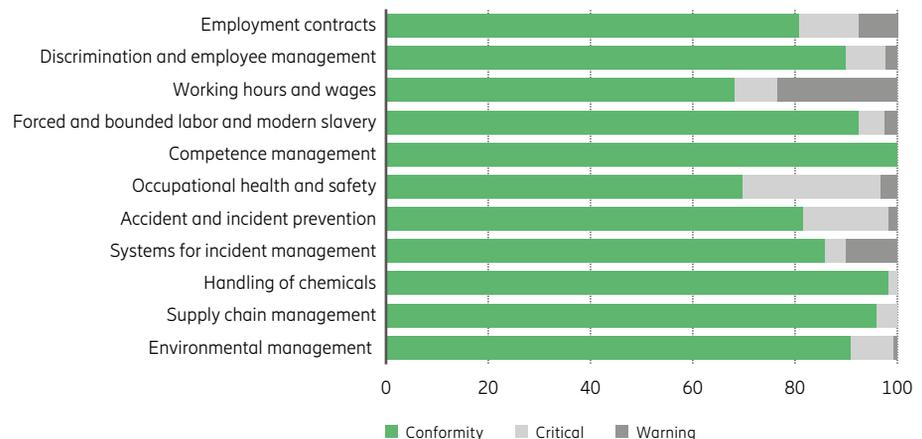
Ericsson is using an automated anti-corruption screening tool for suppliers and other third-parties to help ensure that third-parties meet Ericsson’s business integrity requirements. All suppliers are screened on a weekly basis globally. Alerts are monitored and reviewed in the anti-corruption screening process and non-compliant suppliers are handled in accordance with the sourcing directive.

In 2018, to ensure due diligence and mitigate modern slavery risks within the supply chain, Ericsson has piloted the concept of supplier worker-voice surveys focusing on

Performance of audited suppliers 2018



Performance of audited suppliers after follow-up, per audit area, %



forced labor. The pilots in China and India showed minimal risk of conditions that could lead to forced labor. Internal awareness sessions about modern slavery have been conducted to increase the understanding of how cases of modern slavery in its supply chain could impact Ericsson's business. The Company aims for a safe and healthy working environment for all. Governed by the Procurement Board, the Ericsson's Responsible sourcing program emphasizes health and safety requirements in supplier contracts to ensure that they reflect its Global OHS requirements, resulting in the termination of a supplier contract if persistent violations occur.

Working together with suppliers to achieve continuous improvement is an important part of Ericsson's approach. The Company offers free online training to suppliers in four areas: the Ericsson CoC; anti-corruption; occupational health and safety; and conflict minerals. In 2018 the Company updated the Ericsson CoC training to align with the updated Code of Conduct that was published in 2017.

Raw materials sourcing due diligence

There are normally several tiers of suppliers between Ericsson and any smelters or refiners of minerals; even more when tracing a mineral all the way back to the mines. As a result, the Company does not normally have a direct purchasing relationship with mines or smelters. Ericsson has actively chosen not to ban any

minerals from the Democratic Republic of the Congo (DRC) or other conflict-affected regions. Such a ban could result in negative consequences for responsible mining companies, their workers and the most vulnerable groups in a society.

During 2018 Ericsson continued its efforts to increase transparency and continued its work with due diligence relating to the sourcing of electronic and electromechanical components, including tin, tantalum, tungsten or gold, in accordance with the Organization for Economic Co-operation and Development's Due Diligence Guidance (OECD DD Guidance) for Responsible Mineral Supply Chains.

Ericsson acknowledges the potential risks, including armed conflicts, human rights violations and negative environmental impacts, in its supply chain associated with mining and the trading of minerals.

In line with the OECD DD Guidance, Ericsson works with suppliers to increase transparency by identifying the origin of tin, tantalum, tungsten and gold contained in its products, i.e. the smelters and refiners in its supply chain. In 2018, as a member of the Responsible Mineral Initiative (previously the Conflict-Free Sourcing Initiative), the Company has supported the system for certification of smelters and refiners, which is known as the Responsible Minerals Assurance Process (RMAP).

Ericsson recognizes that there are other geographies and other raw materials that may pose potential human rights violations and environmental impact risks in addition to tin, tantalum, tungsten and gold.

For example, Ericsson has investigated the use of cobalt in the batteries that the Company purchases and has questioned suppliers about their due diligence. The Company's Conflict Minerals Reports prepared under the US Dodd-Frank Act are available on the Company's website, www.ericsson.com

Main risks include:

- Workforce or third-party failure to comply with the Ericsson Code of Conduct.
- Change or new regulatory requirements could adversely affect the sourcing, availability and pricing of materials used in the manufacture of products.
- Inability to sufficiently verify the origins for conflict minerals contained in Ericsson's products through the due diligence procedures, which may result in harm of reputation.
- Potential armed conflicts, human rights violations and negative environmental impacts in Ericsson's supply chain.

Responsible Minerals Assurance Process (RMAP) conformant smelters and refiners ¹⁾

	Smelters identified in the supply chain	Smelters conformant to RMAP	Smelters conformant to RMAP (%)
Gold	112	101	90%
Tantalum	40	40	100%
Tin	79	73	92%
Tungsten	42	41	98%
Total no. of smelters	273	255	98%

¹⁾ Based on suppliers response by 2019/01/31

Radio waves and health

In all mobile networks, connected devices communicate with base stations using radiofrequency electromagnetic fields (EMF), also known as radio waves. The adoption of mobile telephony since the 1990s has created some public concern that the radio waves from mobile phones and base stations may cause adverse health effects. Expert groups and public health authorities, including the World Health Organization (WHO, fact sheets 193 and 304), have reviewed available scientific studies and have concluded that the balance of evidence does not demonstrate any health effects associated with radio wave exposure from either mobile phones or radio base stations complying with international limits.

Most national authorities have adopted international science-based safety guidelines specifying radio wave exposure limits. These limits have been set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) and include wide margins to provide protection from established adverse effects on health.

Governance, policies and directives

Ericsson Research, the Company research organization within Group Function Technology, is accountable for the EMF and Health area. All Ericsson's radio products are tested in Ericsson Research's EMF Laboratory for compliance with relevant EMF regulations and standards before they are delivered to the market. The EMF Laboratory complies with the international standard ISO/IEC 17025 that specifies general requirements for the competence of testing and calibration laboratories, and it is accredited by the Swedish accreditation authority SWEDAC.

In order to maintain confidence and integrity in tests and results, the EMF Laboratory is independent of other parts of the Company and the Head of the EMF Laboratory reports

directly to the Head of Ericsson Research. This complies with the requirements for impartiality and independence in ISO/IEC 17025.

In accordance with Ericsson's Electromagnetic Fields and Health Policy, Ericsson tests radio products with the goal of ensuring that radio wave exposure levels from products and network solutions are below established safety limits. The Company also provides information on radio waves and health to customers, the public, and other stakeholders, and supports research to further increase the knowledge in this area.

Risk management

The EMF exposure levels from base stations in places where people normally reside are typically less than a percent of international limits, since the intensity of radio waves drops quickly with distance from the antenna. Near a base station antenna, the EMF exposure limits may however be reached, therefore the antennas are installed in such a way that unauthorized people do not have access to this area.

The safety of Ericsson employees, customers and suppliers when testing, installing and maintaining the radio products is important to the Company. Ericsson provides information about compliance distances, and other occupational health and safety information related to EMF, with its base station products.

An internal standard is also available that describes the minimum requirements for working in areas where exposure to EMF may occur during work on behalf of Ericsson to ensure that the health and safety aspects are properly managed.

Annual performance and highlights

Since 1996, Ericsson has co-sponsored over 100 independent studies on electromagnetic fields and health, primarily through the Mobile & Wireless Forum (MWF). To ensure scientific

independence, firewalls were in place between the industrial sponsors and the researchers and all results were made available by publication in the open scientific literature. In 2018 the MWF published a summary of the EMF and health research that has been funded since 1998, available on www.ericsson.com.

Ericsson develops products and solutions for the fifth generation (5G) mobile communication networks and designs and tests the 5G products for compliance with established radio wave exposure limits. Ericsson is involved in the development of technical standards for testing and installation of 5G products to ensure that there are no EMF related health effects for the general public and workers.

Ericsson Research has contributed to the International Electrotechnical Commission (IEC TR 62669) and the International Telecommunications Union (ITU-T K-series Supplement 16) reports published in 2018 on how to assess compliance with EMF limits for 5G base station products and sites.

Main risks include:

- Perceived health risks related to radio frequency electromagnetic fields may increase regulatory requirements and cause infrastructure deployment delays.
- Perceived risk or new scientific findings of adverse health effects from mobile communication devices and equipment could impact the Company through a reduction in sales or through liability claims.



Two Ericsson MINI-LINK 6366, 0.6m antennas (two directions), PSI solution installed in India.

Vinay Badeshiya

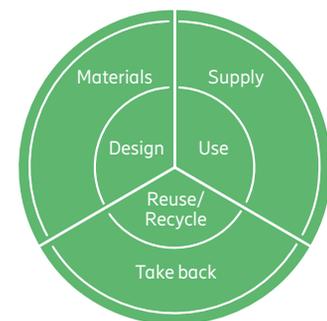
Climate action, energy and environment

Proactive management of topics relating to climate action, energy and environment is a core component of Ericsson's strategy. Based on Life-Cycle Assessments (LCA), the Company focuses on a circular economy approach where the energy efficiency of its products, sustainable materials management, reuse and recycling are key areas of importance. Ericsson continuously strives to improve the environmental performance of its products,

to minimize the negative impacts of its own operations and to contribute to societal environmental benefits resulting from the implementation of its technology.

Ericsson is committed to working together with other companies, governments and international organizations to combat climate change. This includes the Company's support for the Paris Climate Agreement of 2016.

Circular economy



Climate action

Ericsson's environmental strategies are science-based. With LCA as the foundation, Ericsson performs research on the footprints of products, operations and the overall Information and Communication Technology (ICT) sector, as well as on positive impacts on society. To provide a basis for relevant and impactful climate-actions priorities, Ericsson is focusing its research mainly on greenhouse-gas emissions. For over two decades the Company has engaged with universities, and its research results are published in peer-reviewed articles in scientific journals and at conferences. Ericsson is engaged in standardization work around environmental assessment methods for the ICT sector with institutions such as the International Telecommunication Union (ITU), to ensure accurate results and sound methodologies.

ICT sector carbon footprint

In 2018 Ericsson and Telia Company published an extensive study¹⁾ performed on the

carbon and energy footprints of the global ICT sector. The study included measured data from network operations covering 40% of global mobile subscriptions. The carbon footprint of the sector, including end-user equipment, data centers and network infrastructure, corresponds to 1.4% of global emissions¹⁾. According to Ericsson Research, the ICT sector has great potential to enable greenhouse-gas emission reductions of 15% in other sectors by 2030²⁾. New technologies, such as digitalization and 5G, will be fundamental means for industries, cities and countries to exponentially reduce their carbon footprints to achieve the targets in the Paris Agreement.

The Exponential Climate Action Roadmap

In 2018 Ericsson engaged in the development of the Exponential Climate Action Roadmap. The report was developed by researchers and experts from several leading organizations and was launched at the Global Climate Action Summit. It shows that technology and

solutions are available to halve the world's overall carbon emissions by 2030 and that ICT solutions can enable a third of this reduction. This trajectory is in line with the recent Intergovernmental Panel on Climate Change (IPCC) 1.5 degrees Report and the Global Carbon Law, which shows that global emissions must be halved every decade between now and 2050.

The Step Up Declaration

In 2018 Ericsson joined the Step Up Declaration to further emphasize its commitment to climate action. The commitment includes Ericsson's Science Based targets for 2022, the purchase of renewable energy when available, to enable more ambitious trajectories through research and standardization engagements, and to contribute to climate action related projects.

¹⁾ The Energy and Carbon Footprint of the Global ICT and E&M Sectors 2010–2015.

²⁾ Exploring the effect of ICT solutions on GHG emissions in 2030.

Ericsson’s carbon footprint

Ericsson was one of the corporate pioneers in implementing life-cycle assessment methodology as an environmental strategy tool. The Company assesses annually its carbon footprint and has set targets for its reduction that are approved by the Science Based Targets Initiative. Ericsson’s continued research shows that energy consumption during the use phase remains a major contributor to the carbon footprint of ICT. The Ericsson life-cycle assessment – carbon footprint 2018 shows that products in operation account for two thirds of the CO₂e emissions.

Ericsson life-cycle assessment – carbon footprint 2018



Main risks include:

- Difficulty to estimate the future impact of climate change and environmental matters.
- Adverse future events, such as extreme weather conditions.
- New or changes in stakeholders or regulatory environmental requirements related to Ericsson's own activities and to product energy consumption.

Ericsson’s own activities

Ericsson strives for continuous improvement of energy used in its own activities to minimize negative environmental and climate impact. As an approved Science Based Target, the Company is aiming for a 35% carbon footprint reduction from its own activities from 2016 to 2022.

Ericsson manages direct and indirect environmental impact from its own activities, focusing on its carbon footprint in the areas below, to:

- Reduce energy usage in facilities (direct)
- Improve fleet vehicle management (direct)
- Shift transport of products from air to surface (indirect)
- Manage business travel (indirect)

In absolute terms the Company achieved in 2018 approximately 47 Ktonnes reduction compared to baseline representing 8% reduction. The total CO₂e emissions from the Ericsson's own activities resulted in an increase of 7% year on year due to the impact of product transportation.

Facility energy

The overall reduction in CO₂e emissions for facility energy (offices, production sites, data centers and test labs) within the Real Estate portfolio in 2018 was 15%. Ericsson buys renewable energy in countries where it is available. The ratio of renewable energy of the Real Estate portfolio has increased to 54%.

Smart Office concept has been expanded to 11 locations representing 2% of Ericsson's facilities. This concept, which is based on the Internet of Things, aims to improve employee experience in the workplace, for example, by optimizing air quality and temperature.

Fleet vehicles

In 2018 the CO₂e emissions related to fleet vehicles decreased by approximately 16 Ktonnes. Ericsson's goal is to continue to reduce CO₂e emissions per kilometer by using vehicles more efficiently, for example, by implementing telematics and trialing alternative fuels.

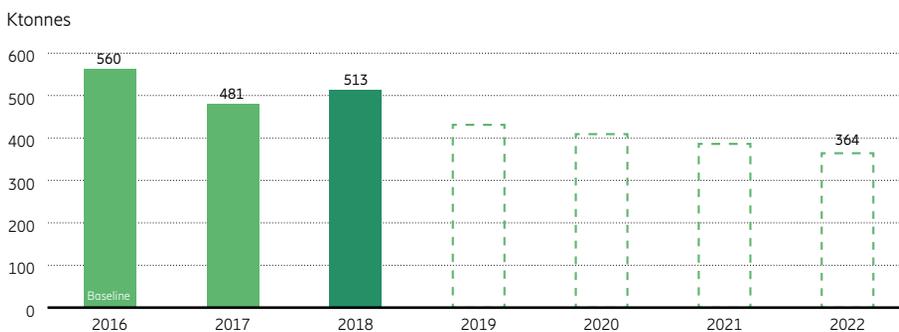
Product transportation

Ericsson faced a component shortage during 2018 which resulted in an increased share of airfreight to meet delivery commitments. The CO₂e emissions for product transportation was approximately 85 Ktonnes higher than 2017. The Company continued to implement its Transportation Management System (TMS), which is designed to enhance the consolidation, control and planning of transport with the aim to reduce the environmental impact.

Business travel

Virtual meetings and restrictions on travel have resulted in a 11% reduction in CO₂e emissions from business travel.

Ericsson’s own activities ¹⁾, Carbon footprint target



■ Carbon footprint absolute emission, Ktonnes
 □ Ericsson's own activities' carbon footprint reduction ambition

¹⁾ Ericsson's own activities including facility energy use, fleet vehicles, business travel, and product transportation (excluding commuting)

Product energy performance

Each new mobile network generation has entailed a rise in energy consumption even if the overall Information and Communication Technology (ICT) and Entertainment and Media (E&M) carbon footprint is shrinking. For 5G, the next mobile generation, energy-efficiency enablers have a prominent focus in the standard. The transition to 5G has a huge potential not only to develop energy-efficient solutions for mobile networks, but also to help different sectors of society to reduce their environmental impact. As mobile networks expand and network traffic rises, growth is being managed so as to achieve better energy performance.

In mobile systems the radio access network (RAN) consumes the most energy. Over the years Ericsson has developed increasingly energy-efficient solutions, shifting from single-standard products to multi-standard solutions contributing to significant energy savings, including improved energy performance in the 5G-ready Ericsson Radio System (ERS). The Company works in a systematic way that addresses the energy performance of the whole network including hardware, software and site dimensions.

Driving 5G energy performance

The Ericsson target is that by 2022 the 5G product portfolio shall be ten times more energy-efficient (for the same transferred data) than the current 4G portfolio (baseline 2017) for an enhanced mobile broadband (eMBB) use case. During 2018 Ericsson has developed

and released its first 5G products for mid-band and millimeter-wave spectrum bands, where further energy-performance improvements and optimizations were identified.

By upgrading software it is possible to increase network capability on the existing hardware. In 2018, the Ericsson Spectrum Sharing software was presented. The software solution offers simultaneous and dynamic support of 4G and 5G within the same spectrum band. Through a remote software installation on ERS radios the new functionality enables operators to deliver nationwide 5G coverage flexibly without adding new energy-consuming hardware.

Making room for 5G

The Ericsson Radio System (ERS) portion of the sales mix has continued to increase. As a part of the Company's Science Based Target, Ericsson commits to a 35% energy saving in ERS versus the legacy portfolio by 2022 (baseline: RBS 6000, 2016 portfolio). In 2018, Ericsson achieved a 33% energy saving from delivered ERS radios versus the legacy portfolio.

Through this change of sales mix, more customers can benefit from the improvements in energy efficiency. In one case study, old equipment was replaced by 5G-ready ERS, resulting in improved throughput of speed and data as well as a reduction of up to 30% in energy consumption.

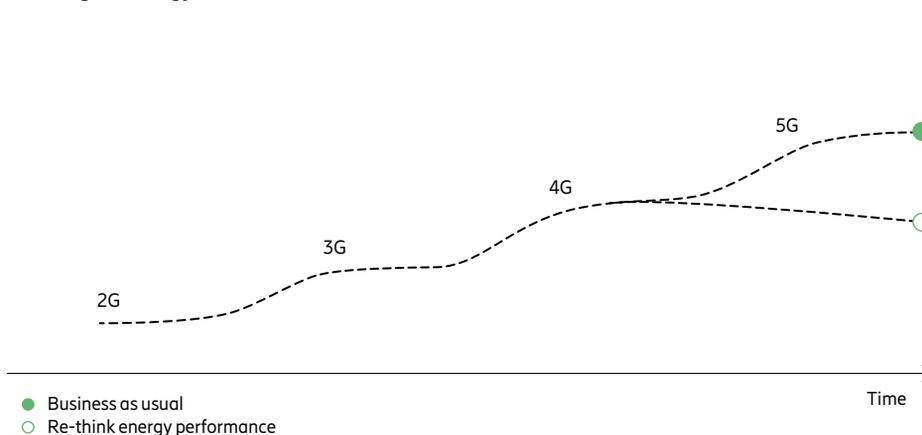
Enabling use of renewable energy sources

Operators in countries with unreliable electricity grids tend to rely on non-sustainable diesel generators at many sites. Ericsson is committed to helping customers find economically viable alternative energy solutions and has set a target to make this achievable in 25% of the total installed base by 2020. Ericsson has a complete portfolio of solutions to address these challenges.

In 2018 Ericsson has trialed and released a triple-band site, using the ERS portfolio, that consumes only 1 kW at site level. The solution supports 2G, 3G, 4G, NB-IoT and, with a future software upgrade, 5G. By using the Ericsson Site Controller to align the solar power supply with traffic patterns, site availability is maximized, battery lifetime is prolonged and the number of solar panels is reduced. This helps reduce the key cost-drivers for solar power, making it an economically viable alternative to diesel on more sites.

Ericsson has also joined forces with Vertiv and NorthStar to form the Ericsson Energy Alliance, a partnership to offer telecom operators cost-effective and sustainable site solutions towards 5G. The partnership includes equipment within the Ericsson Radio Site System, to reduce energy consumption, renewable and hybrid energy solutions, and remote energy management.

Breaking the energy curve



Efficient use of raw materials

For Ericsson, the efficient and sustainable use of materials is based on a circular-economy approach that includes responsible materials selection, effective reuse and efficient recycling. The work is based on more than 20 years of life-cycle assessments (LCA) covering data on raw material extraction, design, manufacturing, transport, use of products and end-of-life management.

The selection and use of materials is an important aspect to consider. It involves both risks (such as unwanted substance content) and opportunities (such as innovative materials that affect energy performance positively). As a company that purchases electronic and other components for the manufacturing of its products, Ericsson acknowledges the potential risks associated with resource exploitation such as mining of minerals and risks of pollution. Regulations related to the content of substances in products are increasing worldwide. Furthermore, waste from electrical and electronic equipment (e-waste) is one of the fastest-growing waste streams in the world. Minimizing waste is key in a circular-economy context, and regulatory frameworks in many countries are developing detailed standards and design-requirements for recyclability, reuse and recovery.

Materials footprint for ICT

Few attempts have been made in the past to understand the overall materials footprint of the Information and Communication Technology (ICT) sector. From a science-based approach, Ericsson Research has made a peer-reviewed study which was presented at the 5th International Conference for ICT4S in May 2018. The study estimated the material footprints of the ICT and Entertainment and Media (E&M) sectors, based on the full life-cycle of products. Four different perspectives were explored: the amount of materials used, the carbon footprint of the materials treatment, materials resource depletion, and toxicity of materials.

The results show that, by weight, the sectors represent only about 0.5% of the global annual usage of sector-relevant materials. However, for some materials such as indium, gallium and germanium, the ICT and E&M sectors represent as much as 80–90% of the overall usage. While 0.5% of the usage is a very small amount, toxicity and resource-depletion results shows that the ICT and E&M sectors have a more substantial impact than their share of materials indicates.

Efficient use of raw materials

Environmentally conscious design has been an integrated part of the Ericsson product development process for twenty years to ensure that requirements from regulators, standards and customers are implemented. To secure compliance and enable substance phase-out, Ericsson collects material declarations from its component suppliers. Aspects such as product durability, upgradability, reparability, serviceability and recyclability are an integrated part of the Ericsson product-design and life-cycle management processes. Software installations are done remotely. For example, Ericsson Radio System radio units delivered since 2015 can be remotely upgraded to 5G functionality without the addition of new hardware. During 2018 Ericsson has changed to a new cooling agent with more than 200 times lower Global Warming Potential (GWP) for its outdoor products. As part of Ericsson's circular approach, the company is working with reuse of components and product parts.

Producer responsibility

Minimizing waste is a key factor in a circular economy context. Ericsson is investigating the possible impact on its operations resulting from increased reuse, refurbishment and remanufacture of equipment from different sources.

Through the Product Take Back Program offered since 2005, the Company takes an extended global-producer responsibility for

products not possible to reuse. The program collects, transports and treats electronic waste (e waste) with strict requirements on the contracted recyclers to handle the waste according to high environmental standards. Ericsson audits recycling partners yearly and they are certified according to relevant standards.

When end-of-life equipment is collected through our take-back program, we secure data-wiping, compliance with relevant legislation and the delivery of a certificate of destruction to our customer in order to secure and fulfil any privacy and data-protection requirements.

For 2018 the total weight of retrieved equipment was over 5,000 metric tons, which was lower than for 2017 and below the expected collection of 10,155 metric tons for 2018. As equipment is the property of the customer, the take-back depends on customer management of used equipment. By improving standards and handling of used equipment, the risk of privacy breaches due to poor data-wiping and the uncontrolled recycling operations that causes environmental harm can be minimized or avoided. This trend is further enhanced by the drive for a more circular approach in the industry.

Main risks include:

- Materials scarcity and regulatory requirements may impact supplier ability to deliver components.
- Ericsson products not entering our Product take-back Program may end up in poorly managed waste treatment.



Venezuelan immigrants and refugees attending a Digital Inclusion Class at the Technology for Good Lab @ Roraima (Federal University of Roraima), Brazil in 2018.

Internet for all

Ericsson is committed to deploying solutions and advocates to improve mobile broadband affordability and accessibility to all. Deployment of mobile broadband networks supports economic development and, with that foundation of internet access, enables the delivery of digital services to meet a wide range of societal needs, including education, health, entrepreneurship and humanitarian response.

The role of mobile broadband in development

Globally, the total number of active mobile broadband subscriptions is expected to reach 4.4 billion by the end of 2018. Despite the rapid proliferation of mobile coverage, approximately 50% of the world's population does not have internet access and concerns continue to emerge about new and growing digital inequalities.

It is forecast that an additional 2.3 billion subscribers will have mobile broadband internet access by 2024 (Ericsson Mobility Report from November 2018). However, to bring the power of Information and Communications

Technology (ICT) to all nations, all people and all segments of society, multi-stakeholder efforts must be pursued.

There is now clear evidence that mobile broadband penetration contributes to GDP growth. As part of Ericsson's efforts to better understand the economic impact of mobile communication, the company has been running a joint research project with Imperial College in London for the past two years. The results show that, on average, a 10% increase in the mobile broadband adoption ratio causes a 0.8% increase in GDP. The researchers found that there is both a positive association when mobile broadband is first introduced and a longer-run effect as it gradually diffuses throughout different economies. The results also show that the effect of mobile broadband is considerably larger and more significant in low-income and non-OECD countries than in high-income and OECD countries.

Partnership for progress

Partnership are at the heart of the Sustainable Development Goals, and public-private part-

nerships play a key role in Ericsson's approach to sustainability. The Company takes a proactive leadership role in a number of high-level forums and collaborates with a wide range of stakeholders to scale the impact of its sustainability efforts.

Through the company's work in the Broadband Commission for Sustainable Development, the World Economic Forum, the Alliance for Affordable Internet and the Smart Africa Alliance, Ericsson aims to ensure that the benefits of the internet, which underpin achievement of the Sustainable Development Goals, are affordable and accessible to all. In these forums Ericsson advocates efforts and progress towards connecting the unconnected and exploring multi-stakeholder business initiatives to bridge the digital divide. Ericsson is also engaged in capacity development with partners like the Swedish International Development Cooperation Agency, the Swedish Post and Telecom Authority, and Spider.

Board of Directors

Stockholm, February 26, 2019

Telefonaktiebolaget LM Ericsson (publ)
Org. no. 556016-0680

Consolidated sustainability statements and notes

S1 Reported compliance concerns

Compliance concerns reported to Audit and Compliance Committee, most of them received via Ericsson compliance line but also via certain other channels (excluding unrelated spam e-mails).

The category of reported compliance concerns is determined based on the most significant impact identified by Corporate investigation team. Categorization may be modified during an investigation as additional information related to the initial allegations is obtained.

Reported compliance concerns (by category)

	2018	2017	2016	2015	2014
Fraud, corruption and regulatory breach (%)	29	26	29	16	18
Security (%)	2	3	1	10	16
Operations (%)	8	11	11	9	14
Human resources (%)	24	35	49	54	41
Conflicts of interest (%)	12	11	10	9	11
Sustainability (%)	0	0	0	1	0
Miscellaneous (%)	23	14	0	1	0
Total (No.)	445	412	145	116	76

S2 Sensitive business

Cases reviewed in the sensitive business process

	2018	2017	2016	2015	2014
Cases approved	362	593	350	312	214
Cases approved with conditions	199	210	209	98	85
Cases rejected	26	43	45	28	20
Total	587	846	604	438	319

S3 Information security and privacy

Number of information security and privacy incidents reported through Security Incidents Management System (SIMS).

Cases reported via SIMS¹⁾

	2018	2017	2016 ²⁾	2015 ²⁾	2014
Critical	8	5	18	1	-
Major	51	54	82	91	-
Medium	887	963	852	1,120	-
Minor	2,366	2,213	1,573	1,612	-
Total	3,312	3,235	2,525	2,824	-

¹⁾ Excluding both canceled and unrelated incidents reported.

²⁾ Only information security incidents reported through SIMS.

S4 Diversity

Employee diversity – female representation

%	2018	2017	2016	2015	2014
Overall workforce	23	25	23	22	22
Line manager	20	20	20	18	19
Executive Team	27	31	35	31	29
Board of Directors	23	48	40	36	30

S5 Occupational health and safety

Number of occupational health and safety fatalities and major incidents reported via Ericsson Global Incident Reporting Tool (GIRT).

Ericsson suppliers are to report occupational health and safety incidents that occur during the operations on behalf Ericsson, according to binding OHS requirements via GIRT.

Fatalities (by Market Area)

Ericsson employees	2018	2017	2016	2015	2014
South East Asia, Oceania and India	0	0	0	0	1
North East Asia	0	0	0	0	0
North America	0	0	0	0	0
Europe and Latin America	0	0	0	0	0
Middle East and Africa	0	0	0	0	0
Total	0	0	0	0	1

Supply chain and public

	2018	2017	2016	2015	2014
South East Asia, Oceania and India	2	6	6	4	7
North East Asia	1	1	2	0	0
North America	0	0	0	0	2
Europe and Latin America	3	6	6	4	6
Middle East and Africa	8	10	3	19	6
Total	14	23	17	27	21

Major incidents (by Market Area)

Ericsson employees, supply chain and public	2018	2017	2016	2015	2014
South East Asia Oceania and India	24	24	33	15	17
North East Asia	3	19	19	8	0
North America	5	4	4	2	4
Europe and Latin America	91	147	115	94	37
Middle East and Africa	6	19	15	49	11
Total	129	213	186	168	69

S6 Environmental aspects

Ericsson uses Life-Cycle Assessment (LCA) as input to identify significant environmental aspects and follows ISO 14040 and ISO 14044 standards for LCA.

Energy consumption (facilities' energy use) (GWh)					
	2018	2017	2016	2015	2014
Electricity	634	704	788	759	761
Of which renewable	335	357	351	331	288
District heating	33	33	34	30	36
Other energy	49	45	60	81	89
Total	716	782	882	870	886

Energy intensity (GWh/SEK Billion)					
	2018	2017	2016	2015	2014
Total	3.4	3.9	4.0	3.5	3.9

Business travel (Mpkkm)					
	2018	2017	2016	2015	2014
Air travel	800	928	1,134	1,177	1,392
Road travel	57	55	71	91	113
Fleet vehicles	260	351	377	386	411
Commuting	370	415	440	448	438
Total	1,487	1,749	2,022	2,102	2,354

Product transportation (Mtonnekm)					
	2018	2017	2016	2015	2014
Air transport	295	161	178	231	274
Road transport	235	288	304	232	280
Sea transport	296	212	370	296	276
Rail transport	1	1	5	9	6
Total	827	662	857	768	836

S7 Environmental impacts

Office and production sites waste management (Tonne)					
	2018	2017	2016	2015	2014
Recycling	3,510	4,465	5,060	6,180	8,180
Energy	2,861	2,943	3,990	3,610	5,080
Landfill	3,830	4,331	4,590	4,680	4,580
Hazardous	16	16	25	24	49
Total	10,217	11,755	13,670	14,490	18,100

Product take-back (including batteries) and end-of-life treatment					
	2018	2017	2016	2015	2014
Re-use (%)	0	0	0	0	0
Recycling (%)	93	94	93	95	96
Energy (%)	5	5	5	3	2
Landfill (%)	1	1	2	2	2
Total (Tonne)	8,380	12,252	14,009	16,446	16,440

Water consumption (Mm ³)					
	2018	2017	2016	2015	2014
Total	1.6	1.8	2.7	2.5	2.3

S8 Green House Gas Emissions (CO₂e)

Ericsson measures CO₂e in all Scope categories (1, 2 and 3). Additionally, the Company submits its performance to CDP's signatory investors.

Ericsson own activities (direct and indirect) (Ktonne)					
	2018	2017	2016	2015	2014
Total	575	550	633	675	766

Direct (Ktonne)					
	2018	2017	2016	2015	2014
Facilities' energy use (S1)	11	14	14	18	20
Fleet vehicles (S1)	43	59 ³⁾	61	64	68
Facilities' energy use (S2)	134	156	185	183	210
Total	188	229	260	266	298

Indirect (Ktonne)					
	2018	2017	2016	2015	2014
Business travel (S3)	110	123	154	163	193
Product transport (S3)	215	129 ³⁾	146	172	204
Commuting (S3)	61	69	73	75	73
Total	386	320	373	410	470

Other indirect (Mtonne)					
	2018	2017	2016	2015	2014
Use of sold products.					
Products in operation (S3)	32	34	34	30	35
Total	32	34	34	30	35

S1, S2 and S3 stand for GHG Protocol Scope 1, Scope 2 and Scope 3.

CO₂e is the amount of a particular greenhouse gas, expressed as the amount of carbon dioxide that gives the same greenhouse effect.

Emission factors used in the consolidation		
Aspect	Emission factor	Source
Electricity	Country specific	International Energy Agency (IEA)
Electricity, Sweden	0.0007 kgCO ₂ /kWh	"Bra miljöväl" (Good Environmental Choice)
Green electricity	0.0010 kgCO ₂ /kWh	
District heating, other regions	0.22 kgCO ₂ /kWh	Chalmers Industrial Technology Average.
District heating, Sweden	0.10 kg CO ₂ /kWh	Chalmers Industrial Technology/ "Boverket" (Swedish Building Adm.)
Air travel	0.12 kgCO ₂ /pkm	GHG protocol for long/medium air travel. DEFRA GHG indicators for long air travel.
Car travel	0.16 kgCO ₂ /pkm	"Vägverket" (average car in the EU) (Vägverket = Swedish Road Adm.)
Air transport	0.65 kgCO ₂ /tonnekm	Ericsson Research investigation.
Road transport	0.08 kgCO ₂ /tonnekm	GHG protocol, average Swedish road transport according to Swedish Road and Transport Research Institute.
Sea transport	0.017 kgCO ₂ /tonnekm	Average of Maersk Line and Ericsson typical TEU (Twenty foot container eq. unit).
Rail transport	0.03 kgCO ₂ /tonnekm	Defra/DECC's GHG Conversion Factors for Company Reporting Guidelines.

³⁾ Nominal discrepancies with previous reporting.

Auditor's Assurance Report on the Sustainability and Corporate Responsibility Report

To the general meeting of the shareholders in Telefonaktiebolaget LM Ericsson, corporate identity number 556016-0680

Introduction

We have been engaged by Telefonaktiebolaget LM Ericsson (publ) ("Ericsson") to undertake an assurance engagement of the Sustainability and Corporate Responsibility Report 2018, which also constitutes Ericsson's statutory sustainability report.

Responsibilities of the Board and Management

The Board of Directors and Executive Management are responsible for the preparation of the Sustainability and Corporate Responsibility Report, including the statutory sustainability report, in accordance with the applicable criteria, and the Annual Accounts Act. The criteria presented on page 165, consist of the *GRI Sustainability Reporting Standards*, and the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability and Corporate Responsibility Report based on the procedures we have performed, and to provide a statement on the statutory sustainability report.

We conducted our engagement in accordance with ISAE3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, as well as AA1000AS (2018) issued by AccountAbility (type 2 engagement). We conducted our examination of the statutory sustainability report in accordance with RevR 12, *Auditor's report on the statutory sustainability report*, issued by FAR. The assurance engagement includes limited assurance on the complete Sustainability and Corporate Responsibility Report, and an audit of CO₂ emissions data regarding Ericsson's own activities on pages 184 and 189.

The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the selected information in the Sustainability and Corporate Responsibility Report. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability and Corporate Responsibility Report, and applying analytical and other limited assurance procedures.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 are different and substantially less in scope than an audit in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. Consequently, the conclusion based on our limited assurance and RevR 12 examination procedures does not comprise the same level of assurance as the conclusion of our reasonable assurance procedures. Since this is a combined assurance engagement, we present our conclusions regarding the reasonable assurance, limited assurance and examination procedures according to RevR12, separately below.

The audit firm applies ISQC 1 (*International Standard on Quality Control*) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. In accordance with AA1000AS (2018), we confirm that we are independent of Ericsson. Our assurance engagement has been performed by a multidisciplinary team specialized in reviewing economic, environmental and social issues in sustainability reports, and with experience from the Information and Communication Technology (ICT) sector.

We based our procedures on the applicable criteria defined by the Board of Directors and the Executive Management, as described above. We consider these criteria suitable for the preparation of the Sustainability and Corporate Responsibility Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability and Corporate Responsibility Report is not prepared, in all material respects, in accordance with the applicable criteria, including adherence to the AA1000AP (2018) principles inclusivity, materiality, responsiveness, and impact.

In our opinion, the selected information in the Sustainability and Corporate Responsibility Report, which has been subject to our reasonable assurance procedures, has in all material respects, been prepared in accordance with the applicable criteria.

A statutory sustainability report has been prepared.

Other information

The following is other information that has not affected our conclusion above. According to AA1000AS (2018), we have included observations and recommendations for improvements in relation to adherence to the AA1000AP (2018) principles:

Regarding inclusivity

We consider Ericsson to be committed to an inclusive approach in relation to key stakeholders, with appropriate competencies and processes in place for systematic group-level stakeholder engagement. We have seen that Ericsson seeks to understand and respond to stakeholder expectations, initiating collaboration on significant sustainability and corporate responsibility issues. We have no specific recommendations regarding inclusivity.

Regarding materiality

We recognize that Ericsson since several years has a systematic process in place for carrying out assessments of material sustainability and corporate responsibility topics at group level. In 2018, Ericsson extended this approach to the business areas, providing additional input to the assessment of material topics, and improving engagement on these topics in the company. Going forward, we encourage Ericsson to strengthen the materiality process further by also including market area input.

Regarding responsiveness

We appreciate that Ericsson is attentive to stakeholder concerns, and works systematically in responding to stakeholder input. Responsiveness to stakeholder concerns can be seen for instance in how Ericsson addresses the issue of radio waves and health in the Sustainability and Corporate Responsibility Report, which is perceived as a health risk by certain stakeholders. We have no specific recommendations regarding responsiveness.

Regarding impact

We recognize that Ericsson has a clear ambition to maximize positive impacts and minimize negative impacts of business operations, products and services. We note that Ericsson performs various kinds of environmental and social impact assessments when launching new products or entering new markets, and the 2018 Sustainability and Corporate Responsibility Report highlights impacts in Ericsson's own operations and the supply chain. We encourage Ericsson to keep developing appropriate impact reporting metrics, and to document these reporting processes.

Stockholm, February 26, 2019

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant

Fredrik Ljungdahl
*Sustainability Assurance
Specialist Member of FAR*

Forward-looking statements

This Annual Report includes forward-looking statements, including statements reflecting management's current views relating to the growth of the market, future market conditions, future events, financial condition, and expected operational and financial performance, including, in particular the following:

- Our goals, strategies, planning assumptions and operational or financial performance expectations;
- Industry trends, future characteristics and development of the markets in which we operate;
- Our future liquidity, capital resources, capital expenditures, cost savings and profitability;
- The expected demand for our existing and new products and services as well as plans to launch new products and services including research and development expenditures;
- The ability to deliver on future plans and to realize potential for future growth;
- The expected operational or financial performance of strategic cooperation activities and joint ventures;
- The time until acquired entities and businesses will be integrated and accretive to income; and
- Technology and industry trends including the regulatory and standardization environment in which we operate, competition and our customer structure.

The words "believe," "expect," "foresee," "anticipate," "assume," "intend," "likely," "projects," "may," "could," "plan," "estimate," "forecast," "will," "should," "would," "predict," "aim," "ambition," "seek," "potential," "target," "might," "continue," or, in each case, their negative or variations, and similar words or expressions are used to identify forward-looking statements. Any statement that refers to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

We caution investors that these statements are subject to risks and uncertainties many of which are difficult to predict and generally beyond our control that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Important factors that could affect whether and to what extent any of our forward-looking statements materialize include but are not limited to the factors described in the section Risk Factors.

These forward-looking statements also represent our estimates and assumptions only as of the date that they were made. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this Annual Report, to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events, whether as a result of new information, future events or otherwise, except as required by applicable law or stock exchange regulation.

