

# Corporate Responsibility

**Sustainability and corporate responsibility (CR) are integral parts of our business strategy, company culture and overall ways of working. Proactive engagement builds trust and creates opportunities with stakeholders.**

## Sustainable business approach

Ericsson's core business boosts social and economic development. Telecommunications enables access to basic services that improve livelihoods and productivity. By replacing energy-intensive travel and delivering virtual products and services, it helps to create a carbon-lean economy.

Our integrated approach to CR is about maintaining the necessary controls to minimize risks, while at the same time creating positive social, economic and environmental business impacts. This makes the Company more competitive and resilient in today's uncertain economic climate.

## Building business advantage

Energy-optimization and due diligence along the supply chain help differentiate us in a competitive market. Increasingly, customers evaluate us on sustainability performance and many customers have introduced ambitious goals to cut CO<sub>2</sub> emissions, and want to secure their supply chains. Investors recognize good governance as a proxy for a well-run company. Several indices and ratings organizations rank Ericsson highly, including the FTSE4Good, the Carbon Disclosure Project and the SAM Corporate Sustainability Assessment.

Our employees value a responsible company. In a recent

survey, close to 80 percent stated that CR had a positive influence on how they felt about working for Ericsson.

## Our focus areas

Five priority areas are most relevant to our business strategy. These are monitored by our primary stakeholder groups, including customers, investors and analysts, employees, and media. Our challenge is to manage effectively the associated risks and opportunities.

## Responsible Business

A strong governance commitment helps ensure integrity. It starts at the top, from the Board of Directors and CEO, and extends to every operation and employee.

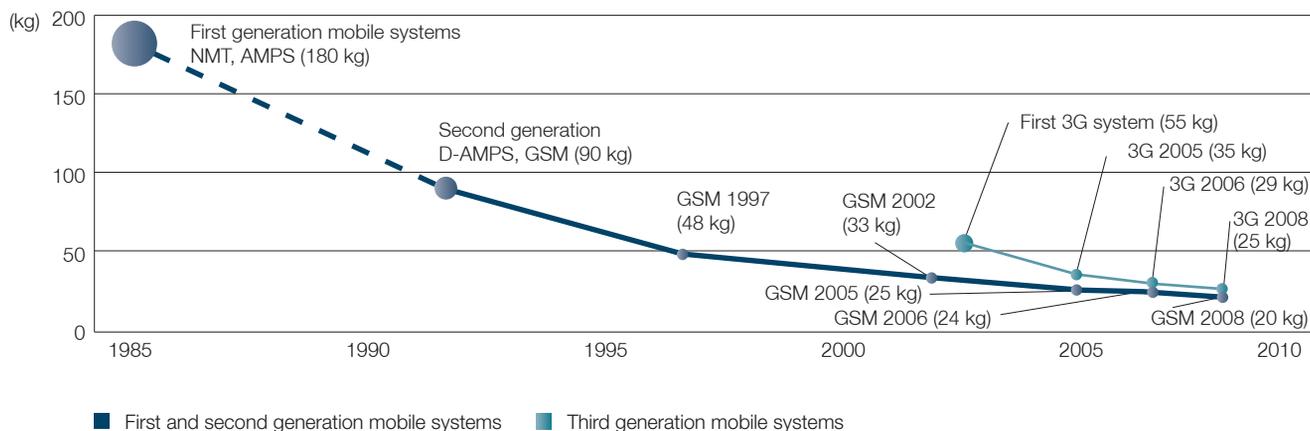
Our governance framework is built on the global Ericsson Group Management System (EGMS). This includes corporate responsibility elements such as the Code of Business Ethics, the Code of Conduct, anti-corruption measures and our Group-wide certified Environmental Management System. EGMS is reinforced by training, workshops and monitoring, including a Global Assessment Program run by assurance provider Det Norske Veritas (DNV).

In an increasingly global marketplace, actions in one region have worldwide implications. Company-wide policies build trust and help protect us from reputational risks.

2008 performance highlights:

- The Ericsson Board of Directors participated in the annual corporate responsibility training.

**ANNUAL CO<sub>2</sub> EMISSIONS PER SUBSCRIBER PER YEAR IN ERICSSON NETWORKS, KG**



- An anti-corruption course was rolled out to employees worldwide.
- An internal employee awareness and engagement program for CR was launched, which included support for the Every Human has Rights campaign by the Elders.

### Supply chain

Ericsson's stakeholders expect the same high environmental and social standards, irrespective of whether production is in our own facilities or outsourced. Every supplier must comply with the Ericsson Code of Conduct and the requirements are an integral part of our overall supplier evaluation process.

During 2006–2008, we have established a more intensified Supplier Code of Conduct Program, to prioritize higher-risk suppliers and encourage and monitor supplier improvement. Increased supplier awareness and actions have improved working conditions, reduced environmental impact, and lessened the suppliers' and Ericsson's overall business risk.

The focus on local suppliers in 2008 was further intensified following media attention on working conditions with tower suppliers in Bangladesh. Some 85–90 percent of the tower suppliers world-wide have been audited or assessed, and continual improvement is ensured through systematic follow-up.

In 2009, we will monitor critical supplier operations, such as tower manufacturing, installation of equipment at telecom sites, surface treatment of parts, power supply and printed circuit board manufacturing. Local auditor training is also an ongoing priority, as is local capacity building among suppliers.

2008 performance highlights:

- Eight auditor training sessions were held, bringing the number of Supplier Code of Conduct auditors to over 50.
- Performed more than 400 on-site audits and assessments.
- On-line Supplier Code of Conduct "observer" training course completed by more than 1,300 Ericsson employees, exceeding

the target that over 90 percent of strategic sourcing personnel should complete training.

- Joined Global e-Sustainability E-TASC program, an industry initiative to inform customers about our own performance as a supplier.
- Code of Conduct implementation verified by DNV as part of global assessment plan and CR Report assurance process.

### Climate change and the environment

Life-cycle assessment shows that our most material environmental impact is energy use. Our greatest carbon impact derives from our products in operation – over two-thirds of total energy consumed occurs when our products are in use. CO<sub>2</sub> emissions from our own operations is just 2–3 percent of our total carbon footprint.

Ericsson maintains a leadership position in energy efficiency. For us, as for our customers, low energy consumption offers competitive advantage. Ericsson is also creating new revenue streams by helping markets like China and India leapfrog to carbon-lean technologies. We have also developed services aimed to support operator energy-consumption analysis on both new and deployed networks.

Being climate-smart strengthens our ability to handle risks. Although Ericsson is less vulnerable than most companies, we need to be prepared to address changing legislative demands. With products that have a long life-cycle, being at the forefront of technology is critical.

2008 performance highlights:

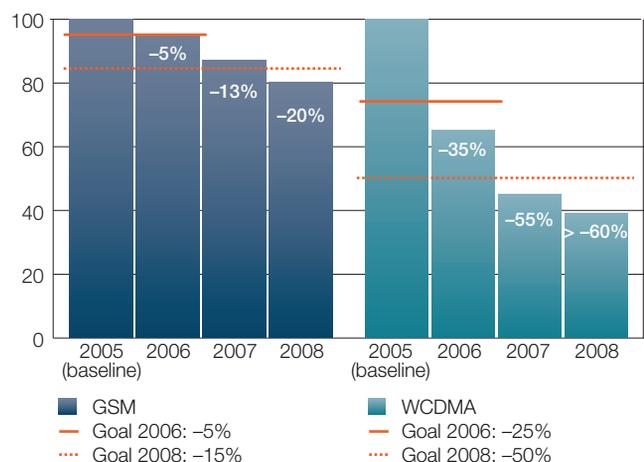
- Energy-efficiency target for GSM exceeded by 7.5 percent and for WCDMA by 15 percent in 2008.
- New Group target was set to reduce life-cycle carbon footprint by 40 percent by 2012.

### UN Global Compact

Ericsson endorses the United Nations Global Compact ten principles on human rights, fair labor practices, the environment and anti-corruption. These principles guide the continuous development of Group policies and practices.



### 2005–2008 ENERGY EFFICIENCY GOALS FOR RADIO BASE STATION DEVELOPMENT (IMPROVEMENT IN PERCENT FOR THE ANNUAL PRODUCT PORTFOLIO DELIVERY)



- New sustainable innovations were developed, including Wind Turbine Tower Tube prototype, diesel battery hybrid solution for off-grid radio sites, and a green site in Cambodia, where for the first time ever both radio and transmission equipment is powered by solar energy.
- New energy optimization services were introduced.
- Joined the UN Global Compact's Caring for Climate Coalition.
- Electronic waste recovery program processed globally via ecology management; over 90 percent of collected electronics were recovered; less than 10 percent directed to landfill.

### Meeting the Millennium Development Goals

Connectivity fuels economic growth. Ericsson is extending the benefits of telecom by providing affordable access to basic services that can improve livelihoods, health care, education and other fundamental human rights. In future, the bulk of new mobile subscriptions are expected to come from emerging markets such as Africa, China and India.

Through our presence in emerging markets, we strive to be a force for good. Ericsson is committed to help achieve the eight UN Millennium Development Goals (MDGs), to eliminate extreme poverty by 2015.

2008 performance highlights:

- Together with Columbia University's Earth Institute, we are delivering connectivity to more than half a million people living in the Millennium Villages across 10 African countries.
- We conducted market research on mobile content services in India and Uganda. Results showed that 96 percent of the respondents expressed a positive intention to use mobile data services. However, information requirements concerning user's livelihoods are not met today and lack of applications in local languages are still a barrier to using the services for many.
- Market research done in Indonesia, Rwanda and South Africa

to understand the impact mobile broadband and Internet has on lives in emerging markets. The research showed clear benefits related to development, resource management and networking for businesses, institutions and people.

- Ericsson joined the Business Call for Action to support the MDGs by UK Prime Minister Gordon Brown and was one of only three companies invited to address the UN General Assembly on the MDGs in September.

### Employees

By ensuring a fair and safe environment, Ericsson minimizes business risks and positively contributes to our main asset – our people. Ericsson's core values of professionalism, respect and perseverance remain constant.

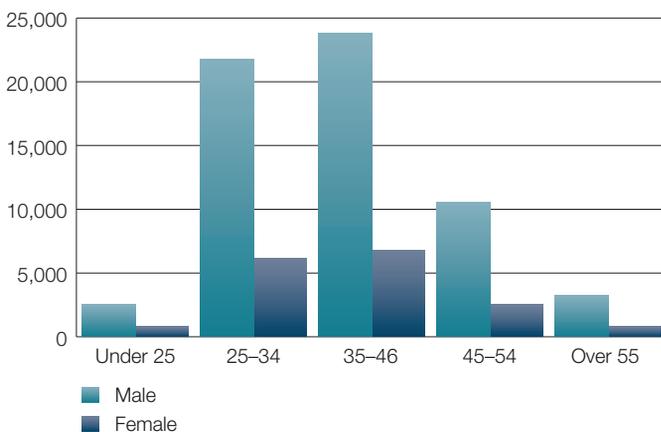
With 73 percent of the workforce located outside Sweden, diversity is a hallmark of Ericsson's culture. It enhances competitiveness by stimulating creativity and openness to change. It also minimizes risks by equipping the Company to meet the demands of a global, dynamic and diverse marketplace.

Currently, women represent 21 percent of the Group's employees and hold 18 percent of managerial positions. Our challenge is to encourage greater female representation. In 2008, 90 percent of employees participated in our annual employee opinion surveys. The results showed that the Company's Human Capital Index scores highly according to external benchmarks.

2008 performance highlights include:

- Completed Individual Performance Management for 91 percent of employees.
- Established global diversity parameters and integrated diversity into Individual Performance Management.
- Implemented global on-line "Diversity I-Check" training to increase awareness of why diversity is important.
- Health and Safety Group reporting structure was established.

### EMPLOYEES BY AGE AND GENDER



### Community engagement

Community-level contributions to society and the environment demonstrate our commitment. Local initiatives inspire employees and instill pride in the benefits telecommunications can bring. Through Ericsson Response, now in its ninth year, our employees engage in response activities, contributing our expertise to relief efforts. In 2008, Ericsson Response was on-site in relief efforts in Sudan, Panama and Central African Republic. Ericsson Response activities are coordinated through the UN.