

Technology for good



Girl Scouts of Northeast Texas – STEM Center of Excellence.
Ericsson has partnered with the Girl Scouts as part of our commitment
to increase the number of women in ICT.



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Cover photo:

Ericsson Response volunteer working in disaster-afflicted area. Hurricane Maria (Category 5) struck the Caribbean in September 2017 and first made landfall on Dominica. While other islands were also heavily impacted, Dominica quickly became the focus of international humanitarian operations in the region. Connectivity through the Ericsson Response WIDER solution (supporting UN WFP/ETC) was provided in Roseau and Marigot for +2,900 relief and humanitarian workers.

Ericsson in brief

Ericsson has been at the forefront of innovation for more than 140 years and as the market continues to transform and user demands continue to change – so does Ericsson. It all started in a mechanical workshop in Stockholm where Lars Magnus Ericsson designed telephones and Hilda Ericsson produced them by winding copper wire coils. Over the years, inclusion and diversity have remained important building blocks of the company, and are fundamental to the culture and its core values of professionalism, respect and perseverance.

Ericsson has revolutionized analogue communications with new switching techniques and digital technology, and has led the development of mobile communications. When broadband was in its infancy Ericsson was already working on the technology that would become 3G, and was developing 4G long before the smartphone became ubiquitous. Now 5G is around the corner and Ericsson is investing for technology leadership in 5G.

Ericsson has its headquarters in Stockholm, and the Ericsson share trades on Nasdaq Stockholm and on NASDAQ, New York.

Business model

We create value for our stakeholders by providing industry-leading, high-performing, sustainable and cost-effective solutions to our customers. We have always driven our technology development with the intention to improve people's lives and contribute to the betterment of society, while at the same time providing shareholder value. We take active measures to ensure that we are a responsible and relevant driver of positive change.

About this report

This report summarizes Ericsson's sustainability and corporate responsibility (CR) performance in 2017. It is our 25th such report. Additional information is available on the company [website](#). Sustainability and CR are central to Ericsson's core business. We are committed to using the triple bottom line approach to evaluate our performance broadly – including responsible environmental, social and economic development aspects – as we believe this helps us create greater business value.

The purpose of this report is to inform interested parties about our progress in line with our ambition to create positive impacts for our stakeholders and our business, while mitigating risks related to environmental, social, employee, human rights and anti-corruption matters.

We take a full value-chain perspective to conducting business responsibly, working closely with our suppliers, our customers and society.

Our business and operations

External factors

- Technological development
- Market innovations
- End-user trends and behaviour
- Sustainable development
- Geopolitical conditions and macro environment
- Standardization and cooperations
- Regulations

Company purpose

Innovating technology for good

Mission

Enabling the full value of connectivity for service providers

Strategy

- Technology leadership
- Product-led solutions
- Global scale and skill

Wanted position sustainability and corporate responsibility

To be a responsible and relevant driver of positive change in society

Business area responsibility

Develop competitive global business solutions.

Market needs and customer demands

Networks

Digital Services

Managed Services

Develop

Group function responsibility Provide an effective support platform, drive synergies, align ways of working and driving the corporate agenda.

Our key assets, a foundation for stakeholder value creation

Number of patents
45,000

Employees worldwide
100,735

R&D employees
23,600

Services professionals
55,000

Sustainability Performance and Risk report

In accordance with the Swedish Annual Accounts Act, we prepared our first Sustainability Performance and Risk Report in 2017 and integrated it into our [Annual Report](#).

UN Global Compact

Ericsson has been a signatory since 2000. We report our Communication on Progress annually and according to the Advanced Level criteria since 2012.

UNGP Reporting Framework

This is the fourth year that Ericsson has reported according to the UN Guiding Principles (UNGP) Reporting Framework. The UNGP Reporting Framework Index is on page 76.

Report boundaries

Unless otherwise stated, all information and data pertains to activities undertaken from January 1, 2017, to December 31, 2017. The report covers the Ericsson Group, i.e.

Telefonaktiebolaget LM Ericsson and its subsidiaries. The Ericsson Annual Report 2017 provides information about Ericsson's structure; the nature of our ownership and legal form; our subsidiaries; and changes regarding size, structure, financial and non-financial performance.

Technology for Good™

Ericsson is a leading advocate of using Technology for Good™. It is a concept we work with every day to address areas such as climate change, poverty, education, human rights and humanitarian issues, and it is the overarching theme of this report.

Global Reporting Initiative

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, and includes a GRI Content Index (page 74); a complete GRI compilation appears [online](#).

Ericsson Compliance Line

To report suspected violations of laws or the Code of Business Ethics via Ericsson Compliance Line, our whistleblower tool, visit: www.ericsson.com/reporting-compliance-concerns.

Combined Assurance Report

The report has been assured by PricewaterhouseCoopers (pages 78–79).

Forward-looking statements

Certain matters discussed in this report include forward-looking statements subject to risks and uncertainties. Readers are cautioned that our forward-looking statements are not guarantees of our future actions or developments, which may differ materially from those described or implied. We disclaim a duty to provide updates to these forward-looking statements after the date of this report, to reflect events or changes in circumstances or changes in expectations, or the occurrence of anticipated events. Links to any websites that appear in this report are for informational purposes only – they have not been included in the report assurance.

Core values

- Respect
- Professionalism
- Perseverance

Group long-term (beyond 2020) financial targets

- Operating margin >12%
- Strong free cash flow

Market area responsibility

Sell and deliver customer solutions.

Sell



Deliver

Key stakeholders and our focus

- Customers**
Enabling the full value of connectivity
- Employees**
Attract, develop and retain the best talent
- Society**
Responsible and relevant driver of positive change
- Shareholders**
Shareholder value creator

Shareholder value, 2017

Net sales SEK 201.3 billion
Operating margin (%) negative
Free cash flow SEK 5.1 billion

Dividend
SEK 3.3 billion

Total shareholder
return 3%

Customers
in 180 countries

Established
relationship
with world leading
service providers

Letters

President and CEO



Börje Ekholm
President and CEO

2017 was a year of change for Ericsson as we continued on our mission to enable customers to capture the full value of connectivity. It's clear that telecom has become one of the greatest drivers of economic growth, innovation and human equality the world has ever seen, which makes our work more exciting with each passing year. We believe strongly that ICT is an invaluable tool in achieving all 17 of the UN Sustainable Development Goals (SDGs) and it is encouraging to see the growing recognition of this reality amongst decision makers around the world. Equally important, 86% of employees surveyed believe that Ericsson is living up to the position of a relevant and responsible driver of positive change in society.

5G

Existing mobile infrastructure already plays a critical role in the development of societies, and 5G is set to provide a major boost because it is being built to support both humans as well as major industrial applications. In fact, we have identified manufacturing as one of the single biggest opportunities for 5G with a business potential of more than 100 billion USD globally for service providers by 2026. We believe that the Internet of Things (IoT) also has great potential to create a more efficient and sustainable world, and this report highlights many examples of how this potential can be harnessed. In all of our initiatives,

we strive to engage our customers and stakeholders in creating positive impacts and sustainable business models, and each year this work grows in importance.

Responsible business at our core

Strong responsible business practices are at the core of Ericsson's company culture and I believe they should be the foundation for how we conduct business. We strive to be proactive and at the forefront of evolving corporate responsibility (CR) standards. Our Code of Business Ethics is our guiding star and employees globally re-acknowledged the Code during 2017. We have strong initiatives in areas such as human rights, anti-corruption, occupational health and safety, and responsible sourcing. We also continue to support the ten principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. But it is the people at Ericsson that put this responsibility into practice every day.

We take our commitment to responsible business seriously, and we continue to voluntarily cooperate with inquiries from the United States Securities and Exchange Commission and the United States Department of Justice regarding compliance with the U.S. Foreign Corrupt Practices Act.

Tracking our performance

I am pleased with our sustainability and corporate responsibility performance in 2017, particularly the progress we made in the areas of energy performance, climate action and circular economy (page 42–55). All of our sustainability goals are anchored at the top, and most of them were met. However, we still have more work to do in areas like e-waste management, anti-corruption and health and safety in our supply chain.

In 2018 we will continue our work to turn around our business performance after a tough period for the company. I remain convinced that integrating sustainability and responsible business practices into our business operations will be vital to our long-term success, and one of my goals will be to maintain a strong tone from the top on the importance of these issues.

SVP and Chief Sustainability and Public Affairs Officer



Elaine Weidman-Grunewald
Senior Vice President and Chief Sustainability and Public Affairs Officer

Twenty-five years have passed since Ericsson published our first environmental report in 1993, in conjunction with the first Earth Summit in Rio, marking us as one of the early adopters of sustainability commitments and reporting. Over time, the company's long-standing commitment to doing the right thing and taking responsibility for our actions has remained both proactive and progressive. While there is still much work that remains to be done, I think it's important to acknowledge the progress we have made so far, which was reflected in the Global 100 Most Sustainable Companies in early 2018, where Ericsson ranked #28 globally and #1 in Sweden.

A purpose-driven company

I believe that the company purpose, "Innovating Technology for Good," is a strong directional statement. As technology becomes increasingly complicated and touches on more and more aspects of our lives, issues like inclusion, new types of digital divides, security and privacy are all areas of growing concern that need to be addressed.

Keeping our purpose statement in mind will help us determine what role we should play and what our responsibility is within our

industry value chain. In light of this, we are committed to ensuring that our company purpose is meaningful in employees' daily work, and we see growing interest from employees to be part of a change for good.

Sustainable Development Goals

Since they were first unveiled in 2015, we have advocated for the SDGs and used them to help us determine how best we can contribute to overcoming global sustainability challenges. Two years later, we have integrated the SDGs as a framework for how we describe our impacts on society and moved from the theoretical to the opportunistic with several examples of how ICT is enabling progress toward the SDGs (see page 14–15 for details).

IoT as a game changer

One of the most promising technological developments for sustainability is the Internet of Things (IoT). The IoT is about connecting and remotely controlling previously unconnected "things" in both the virtual and physical worlds. When combined with the mobile connectivity that 5G brings on an industrial scale, and the computing and analysis that the cloud will bring, our enhanced ability to sense the physical world around us may become the biggest game changer for sustainability ever. The examples in this report, ranging from connected mangroves to urban transport solutions to IoT farming, all highlight the potential.

At Ericsson we are convinced that providing internet access to the unconnected is both a great business opportunity and a powerful way to deliver on the SDGs. Our goal is to enable cost-efficient upgrade paths from 2G to 3G to 4G to 5G and find viable ways to provide Internet for All. As I conclude my tenure leading Ericsson's Sustainability and Corporate Responsibility efforts, I firmly believe by connecting our portfolio, our customers and sustainability, a strong foundation for the future is in place.

Chairman of the Board



Leif Johansson
Chairman of the Board

It has been an honor for me to serve as the Chairman of Ericsson's Board of Directors and oversee the company as it has pursued its ambition to be a responsible and relevant driver of positive change in society. I believe that all global companies today must embrace a sustainability agenda and purpose or they will be left behind. Ericsson has been building sustainability and responsible business into its operations for some time now, and it's rewarding to see that it is beginning to bear fruit.

Triple bottom line

Ericsson's Board of Directors is keenly aware of the fact that proactive management of sustainability and corporate responsibility (CR) issues creates considerable value for a wide range of stakeholders in the short, medium and long term. That's why our commitment to delivering results along the triple bottom line of financial, environmental and socio-economic performance is so important.

We want to ensure proactive and meaningful results, and be as transparent as we can be about our activities. By doing so we open ourselves up for feedback that can help us improve, as well as providing inspiration for others.

Risk management

For all the good that they may bring, the types of technologies that Ericsson works with also present risks, including threats to the right to privacy and the potential for human rights violations. We also need to consider, for example, health and safety risks in our supply chain and corruption risks in the countries in which we operate. The board is aware of these risks and receives regular updates to ensure that action is taken to address them when needed.

Good governance

It is encouraging to see how seriously ESG (environmental, social and governance) issues have been addressed by the company during my tenure on Ericsson's board. As I prepare to leave my post as chairman, I am confident that the compass is set in the right direction but, of course, the work must never stop. New challenges will arise, but the company has worked to establish a robust and systematic way to manage them. In particular, we have set out our commitment to conduct business responsibly in our Code of Business Ethics, a guiding framework that must be followed by everyone who performs work for Ericsson – including both employees and suppliers.

In closing, I am confident that Ericsson's focus on the power of technology to create positive change, together with its commitment to responsible business practices and sustainability, will serve the company well for many years to come.

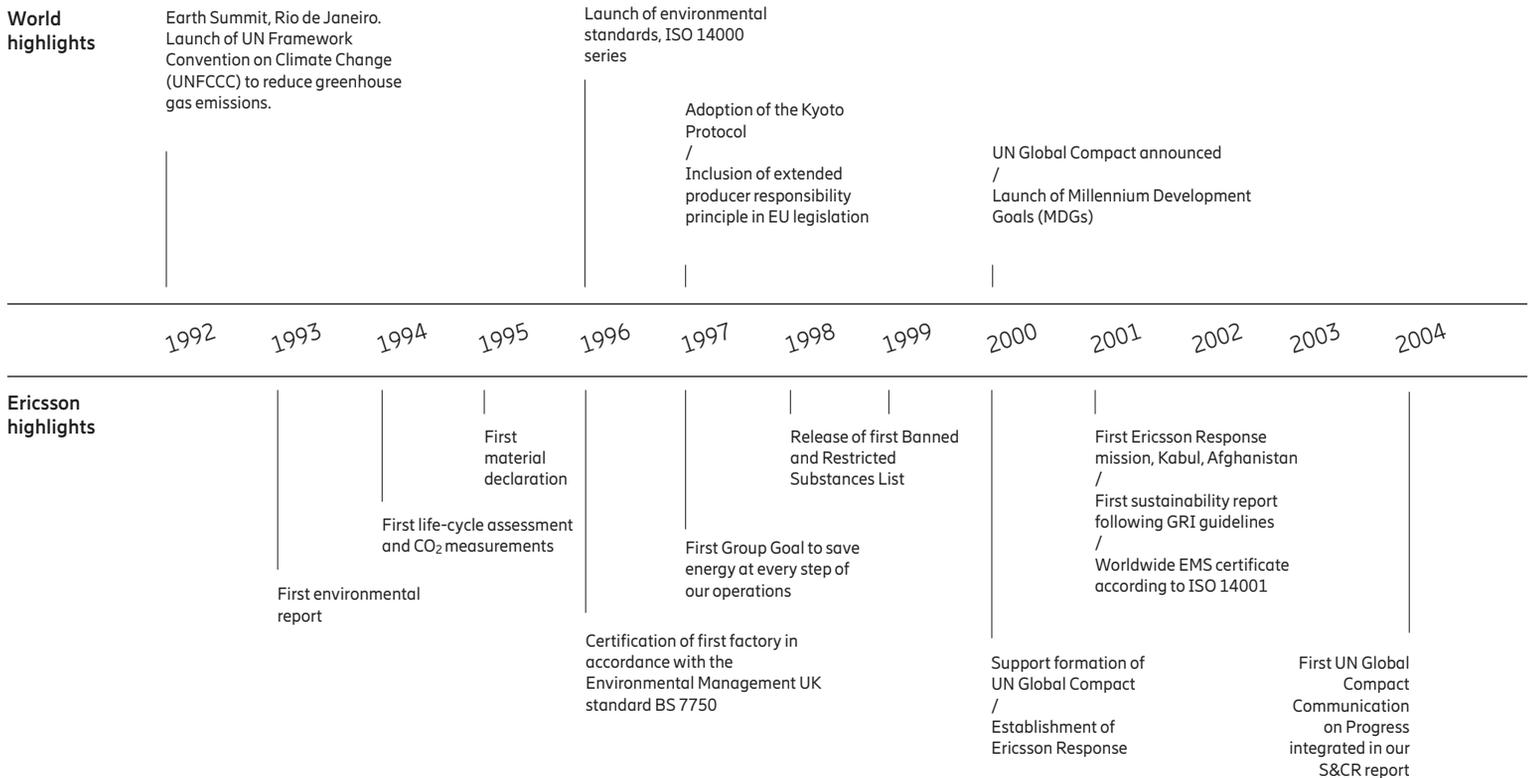
25 years of sustainability leadership

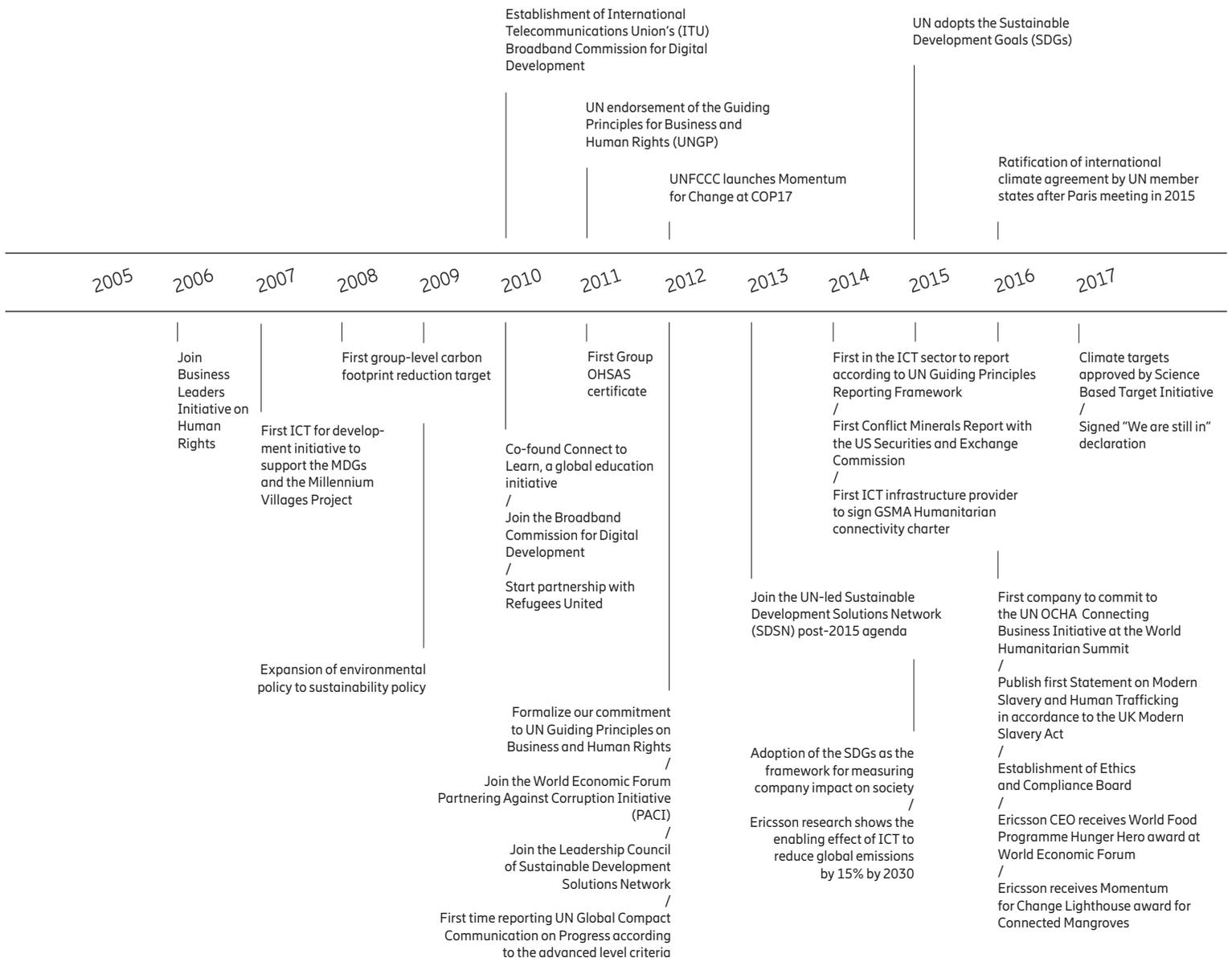
In hindsight it is clear that the Rio Earth Summit of 1992 was an important landmark in the history of sustainability. It was there that more than 170 countries agreed for the first time to pursue sustainable development and take action to prevent climate change.

The following year, Ericsson was one of a handful of companies that embraced the opportunity to start our journey toward becoming a corporate sustainability leader.

While we acknowledge that there is still much work left to be done, we are proud to

celebrate the 25th anniversary of the publication of our first environmental report in 1993. The timeline below provides an overview our most relevant activities since then, in the context of major global milestones.





Ericsson in context

“In short, our company purpose is
Innovating Technology for Good.”

Our company purpose

Since Ericsson’s founding more than 140 years ago, we have been guided by the idea that access to communication is a basic human need. Since then, we have continuously delivered innovative solutions and evolved technology to connect places, people, things and societies. In short, our company purpose is Innovating Technology for Good.

We have always driven our technology development with the intention of improving people’s lives and contributing to the betterment of society. Whether it was the first phone

call, or bringing communications to Africa over a century ago, digital infrastructure and the Internet of Things (IoT), or the artificial intelligence systems of the future, we take active measures to ensure that we are a responsible and relevant driver of positive change for humanity.

While we have specific programs that help illustrate this, including Ericsson Response and Connect to Learn, our purpose to Innovate Technology for Good is much broader – it applies company-wide, and is an important

directional statement for all that we do.

We believe that the potential of mobility, broadband and the cloud to address economic development, sustainability and CR issues remains highly underleveraged. We are fully committed to scale the power of ICT so that everyone can reap its benefits. We believe that by connecting our portfolio, our customers, and our sustainability know-how, we can affect massive positive change in society as we build a strong and profitable company now and for the future.



Our latest Connected Mangroves project is in Bangkung Malapad, an islet located in Sasmuan, Pampanga, the Philippines. It is considered a critical habitat as it serves as a temporary home to migratory birds in the region. Located at the mouth of the Pampanga River, the mangrove forest also protects the coastal community against flooding and other natural disasters.

Understanding the world around us

We live in a world characterized by rapid technological advancements that are enabling enormous efficiency gains for individuals, businesses and governments. The IoT, cloud, blockchain, big data, artificial intelligence, machine learning, advanced robotics, virtual and augmented reality – the list of life-changing technologies continues to grow yearly.

At the same time, however, the world continues to face major sustainable development challenges, such as climate change, resource scarcity, poverty and inequality. By recognizing that the goal of ending poverty goes hand in hand with strategies that build economic growth, tackle climate change and improve environmental protection, the UN Sustainable Development Goals (SDGs) are helping us to focus our efforts, work together with strategic partners, and maximize our positive impact.

While new technologies are creating a wealth of opportunities to address development challenges, it is important to acknowledge the fact that they can also pose risks. We know, for example, that our technology can be misused to intrude on individuals' right to privacy and/or limit their right to freedom of expression. We are committed to addressing these risks across our business operations. For more information, see pages 24–27.

Mobile broadband

According to Ericsson Mobility Report (November 2017), over 95% of the world's population will be covered by mobile broadband networks by 2023. This scale-up provides an excellent opportunity to accelerate progress toward the SDGs. We are committed to enabling cost-efficient upgrade paths from 2G all the way to 5G to support the process of providing everyone with the benefits of the internet.

ICT, and mobile broadband in particular, are increasingly recognized as basic societal infrastructure that provide critical solutions for national development from the social, economic, and environmental perspectives. In 2017, Ericsson Research and the Imperial College of London published a working paper that confirms that when a country adopts mobile broadband, the result is solid overall economic development (see page 58).

Digital transformation

On top of its economic benefits, digitalization contributes to sustainability in a variety of ways. Perhaps most importantly, digitalization makes it possible to use fewer resources to do more things more efficiently. We believe that mobile networks are the most efficient and effective way to gather data. That's why we have invested heavily in developing solutions to help our customers leverage networks to generate data-driven insights that can drive automation and greater agility. Our customers can also use our technology to deliver similar benefits to their customers. By offering these capabilities to our customers we enable them to transform their operations and seize new opportunities that spur sustainable development.

The Internet of Things

The IoT is a network of physical objects embedded with electronics, software, sensors, actuators and network connectivity that enable them to connect and exchange data. Examples of IoT applications include wearable devices that track individual health data, smart meters, connected vehicles, and sensors that monitor water quality or weather patterns. The real-time data capture that the IoT provides is key to effective remote monitoring

and control, and to making rapid decisions in industrial and societal applications. By the end of 2017, there were already about 0.5 billion IoT devices with cellular connections and this number is projected to reach 1.8 billion in 2023.

5G

We are committed to using our technology, solutions and expertise to create positive impacts for all of our stakeholders. Looking forward, we believe that one of the main ways we can make a difference in the world is by delivering and leveraging on 5G, the next generation of mobile broadband. 5G will accelerate the digital transformation and enable more advanced IoT solutions. We expect the initial commercial 5G networks to be up and running in 2019, with major network deployments from 2020 and 1 billion 5G subscriptions forecast by 2023. We plan to have the most energy-efficient 5G solution on the market.

Advocacy

As an industry leader, we are strong advocates for the message that ICT can help shape more sustainable societies. We engage in public-private partnerships to advance shared aims and visions. Our work in the Broadband Commission for Sustainable Development continues to drive the fundamental role of mobile broadband as the key enabler to realizing Internet for All.

CTO voice on technology trends

“5G is more than just a new generation of mobile technology”



Erik Ekudden, Ericsson's Chief Technology Officer (CTO)

to transform their production processes toward a much higher degree of flexibility, supporting the fourth industrial revolution.”

This is where 5G-Enabled Manufacturing (5GEM) comes in: a concept that leverages wireless and 5G-based communication to achieve radically increased manufacturing productivity, flexibility and competitiveness, with the highest security standards. “This approach can also address areas such as

circular economy, improved energy performance and climate change,” Ekudden adds.

“Our 5GEM pilot projects include manufacturing system design, deployment, operation and maintenance: the key life-cycle phases for competitive, secure and sustainable manufacturing,” he says. “This is just one example of the vital role the mobile industry has to play in creating the foundation for new business in a broad range of industry sectors.”

The 3rd Generation Partnership Project (3GPP) announced the first 5G New Radio standard in December, setting the stage for large-scale trials and commercial deployments as early as 2019.

“While every previous network generation has brought significant enhancements to voice and mobile broadband services, what’s special about 5G is that we have an alignment in time with transformations in other industries,” our CTO Erik Ekudden explains. “One example is the use of connected sensors in farming to more accurately measure soil conditions, improve yields and optimize irrigation.”

He continues: “On the other side of the spectrum we see how high-speed, resilient and low-latency connectivity combined with distributed computing, the IoT, machine learning and artificial intelligence enable industries

5G expands the addressable market and offers new revenue streams

Massive Machine Type Communication

Smart meters, sensors and buildings | Smart agriculture, air and water quality | Logistics and fleet management

Critical Machine Type Communication

Smart industrial applications | Traffic safety & control | Remote healthcare

Enhanced Mobile Broadband

VR/AR | 4K/8K UHD | Smart phones

Fixed Wireless Access

Mobile/Wireless/Fixed | Enterprise | Home

Mobile Connect – a new standard in digital identity

Ericsson is committed to creating solutions that respect individuals’ right to privacy. This is one of the key reasons why we have been working closely with the GSMA for the past four years to develop **Mobile Connect**, an easy-to-use digital identity solution that ensures that users are in full control of their data when they interact with service providers. Our role in the project has been to do the backend work, developing the gateway between the service provider and the operator.

A mobile phone number provides a strong basis for establishing a person’s digital identity because it is both global and unique. Operators are well placed to act as identity providers because they already have enough information about their subscribers to start building their identities.

Mobile Connect makes it possible for operators to take on the role of trusted identity providers. Users gain the ability to access digital services without the need to remember user names and

passwords. We believe that the ability to provide authentication and secure identity verification will help operators enhance consumer trust and ultimately allow digital service providers to deliver a more seamless user experience.

One of the key benefits of Mobile Connect is that it is easy for users to separate services from each other and prevent unwanted commercialization of their data. Personal data is only shared with the specific consent of the end user in the Mobile Connect ecosystem.

Mobile Connect also has the potential to bring great value to people who live in countries in the developing world that lack national identification systems. It is estimated that more than one billion people worldwide currently have no proof of their identity, which makes it difficult for them to access public services and fully engage in the economy. The ability to gain access to a digital identity solution via their mobile phones could open up a world of new opportunities for many of these people.

Sustainability & corporate responsibility strategy

Creating positive impacts and mitigating risks

At Ericsson, we believe that sustainability and corporate responsibility (CR) are cornerstones of building a company for the future and creating lasting value. We work on two dimensions: creating positive impacts using the SDGs as our framework, and reducing risks related to environmental, social, employee, human rights and anti-corruption matters. Our principal risks relating to sustainability and CR are identified in Ericsson's risk management framework.

Our sustainability and CR strategy is a core part of Ericsson's business strategy, and it is embedded across the company. It focuses on three areas: Responsible Business; Energy, Environment and Climate Action; and Internet for All.

Every year, we aim to deliver results along the triple bottom line of financial, environmental and socio-economic performance. We are convinced that proactive management of these issues creates value in the short, medium and long term.

Integrating sustainability and CR into our business propositions helps us to manage group-wide performance and differentiate ourselves from the competition. We are confident that we have the innovative solutions

and all the necessary capabilities to contribute to solving a wide range of business and development challenges that will ultimately enable the creation of a growing economy that is both inclusive and sustainable.

Responsible Business

Our CR standards are among the highest in the industry. We have strong programs in areas such as human rights, anti-corruption, occupational health and safety, and responsible sourcing, and we continue to support the ten principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. A robust approach that combines prevention and accountability helps mitigate risks and reinforce employee awareness, which encourages them to do the right thing. For more details, see pages 18–41.

Energy, Environment and Climate Action

The circular economy encapsulates our approach to environmental sustainability. This includes the environmental impacts of our company, products and services, as well as the use of ICT to reduce the environmental impacts of other sectors. We have become

leaders by using a circular approach in the management of materials, waste and water, and in setting ambitious energy goals for 5G. We are committed to developing and delivering solutions that support climate action by continuing to address energy and CO₂e aspects in our own operations, our portfolio and our installed base, as well as further investigating our ability to offset carbon emissions in society. For more details, see pages 42–55.

Internet for All

Despite the rapid proliferation of mobile coverage, more than 50% of the world's population does not have internet access. We deploy solutions that improve mobile broadband (MBB) affordability and accessibility to all. In addition to connecting the world, we apply our technology, leadership, and innovation in areas such as education, improved livelihoods and humanitarian issues. With our network and coverage, we provide connection platforms for refugees, peace-building and disaster response, with the aim of scaling the impact of our Technology for Good initiatives. For more details, see pages 56–69.

The cornerstones of our sustainability and corporate responsibility strategy



Responsible Business

Drive proactive agenda beyond legal compliance to maintain Ericsson as a trusted partner

Energy, Environment and Climate Action

Provide sustainable solutions and services through a circular economy approach to contribute to Ericsson's differentiation and create business value

Internet for All

Deploy innovative solutions that improve mobile broadband affordability and accessibility to all

Significant sustainability issues

Setting our priorities

To provide a strong foundation for our strategy and decision-making, we regularly review our most significant sustainability and CR issues.

Materiality assessment is a central component of our sustainability and CR strategy, target setting, risk management, and reporting process. We consider a wide range of economic, environmental and social impacts significant to our business, as well as those that substantively influence the views and decisions of our key stakeholders.

We use a materiality matrix to review significant issues on an annual basis, taking into account emerging trends, stakeholder feedback and other input. We also make adjustments as needed to incorporate critical issues as they arise.

Our materiality process

We published our first materiality assessment in our 2012 Sustainability and CR Report. It continues to evolve year by year as we gather new information and sharpen our focus on our most significant issues. Some issues have long-term significance for the business, such as the right to privacy and security issues, while others may have relevance in the short to mid term.

As a first step, we begin each year with a baseline, reviewing previous materiality assessments, along with updates and developments during the year. We draw on life-cycle assessments to identify and measure environmental impacts, and to identify opportunities to increase our positive impacts along the entire value chain. Human Rights Impact

Assessments and the sales compliance process are also helpful in identifying our salient human rights issues (page 24). Each material issue and applicable 'boundary' – i.e., where in the value chain the impact occurs – is described in this report.

Defining our approach

Our materiality matrix (shown on the next page) is composed of four quadrants:

Actively address and engage: Issues that are identified as most significant to Ericsson and our stakeholders are actively addressed. Where necessary, we investigate and adjust and/or implement new governance procedures to ensure business sustainability and accountability. We actively engage stakeholders on these issues through dialogue and advocacy, to discuss and mitigate potential risks and enhance positive socio-economic and environmental effects of mobility, broadband and the cloud.

Assess and engage: These are issues in which stakeholders express some interest. We monitor these issues, report on our performance and continue dialogue as needed.

Assess and Address/engage when appropriate: The issues in these two quadrants are ones that we engage with selected stakeholders about when appropriate. We have procedures in place to manage these issues, but we do not necessarily report on them.

Stakeholder feedback

In 2017, we conducted a focused employee survey on sustainability and CR. The results showed that 88% of employees surveyed perceive Ericsson's work with responsible business to be a competitive differentiator; 86% believe Ericsson is living up to the position of a relevant and responsible driver of positive change in society; and 79% agree that Ericsson's sustainability and CR strategy is integrated across the company. These results helped to inform our materiality assessment.

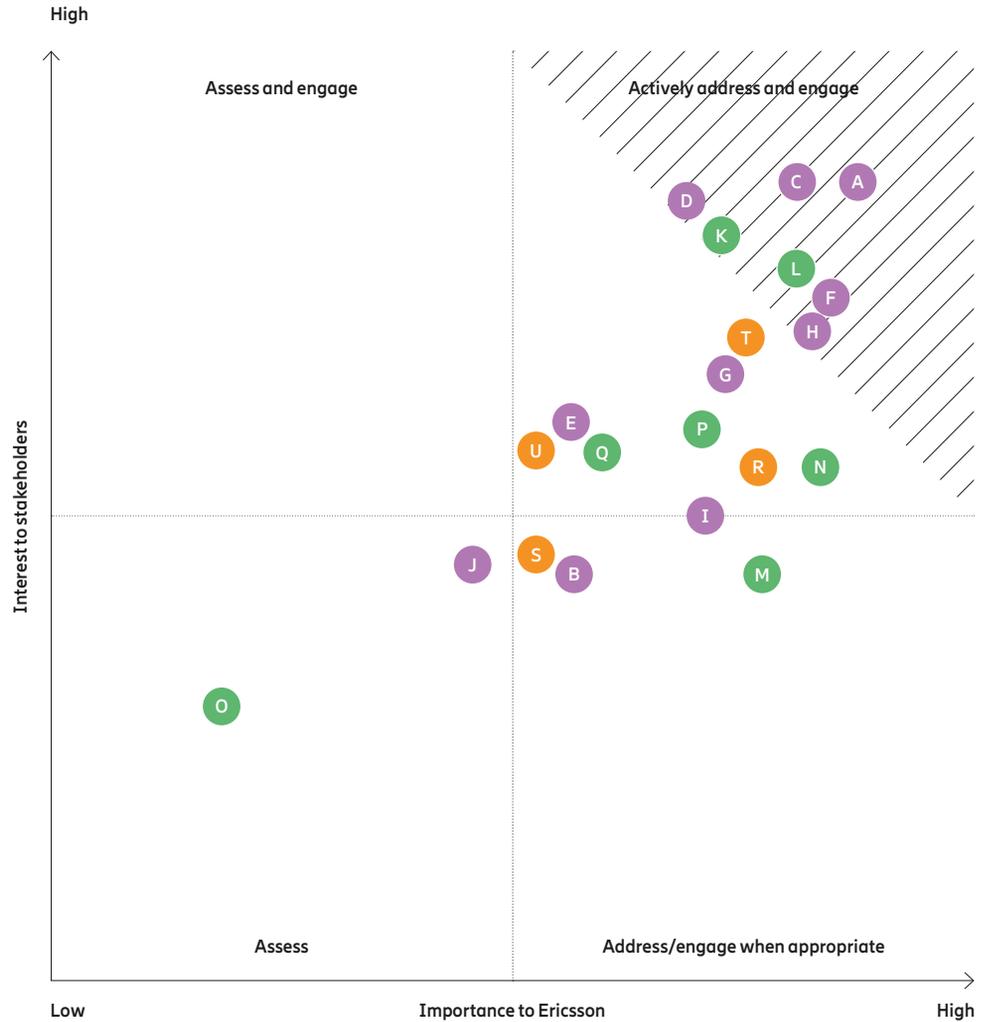
Customers and investors are also important stakeholder groups for our company. We seek information from them through surveys and dialogue; for example, we are a member of the Telefónica Stakeholder Panel on Responsible Business (page 17).

Our key issues in 2017 were anti-corruption, right to privacy, product energy performance and how the company is working with the SDGs.

We value stakeholder input and welcome feedback and ongoing dialogue on emerging issues relating to our business activities.

Feedback or questions can be directed to corporate.responsibility@ericsson.com

Materiality matrix



● Conducting Business Responsibly

- A Anti-corruption
- B Radio waves and public health
- C Right to privacy
- D Freedom of expression
- E Labor standards
- F Responsible sourcing
- G Diversity and inclusion
- H Occupational health and safety
- I Employee engagement
- J Responsible tax

● Energy, Environment and Climate Action

- K Ericsson carbon footprint (GHG emissions) and climate change
- L Product energy performance
- M Materials usage
- N Life-cycle impacts of products and services
- O Water and wastewater management
- P Contribution to low-carbon economy
- Q Sustainable cities

● Communication for All

- R Strategic partnerships for socio-economic development
- S Access to education
- T Access to communication
- U Humanitarian response (including disaster response)

Sustainable Development Goals

When the Sustainable Development Goals (SDGs) were launched in New York in 2015, Ericsson was there, leading our industry in embracing the goals as a common framework for measuring impacts on society. In 2017, we began using the GRI Practical Guide for Business on SDG Reporting to help us make the linkages between our materiality assessment and the SDGs even stronger. As the fastest and largest global technology uptake in history, mobile broadband has the potential to positively impact all of the 17 SDGs. These two pages present a few examples of the ways Ericsson made a positive impact in society and contributed toward the achievement of the SDGs in 2017.

Examples of projects that contribute toward the SDGs



Cases marked with an asterisk (*) are IoT cases, which are described in more detail on pages 50–51 of this report. For more examples of Ericsson projects that address the SDGs, visit www.ericsson.com/sustainability



1 NO POVERTY
Financial inclusion for the unbanked, Pakistan

Running on Ericsson's Mobile Wallet platform, Telenor Pakistan's Easypaisa solution provides customers with basic financial services, contributing to the betterment of their lives. The service is one of the largest mobile money deployments globally, serving over 16 million active users, and 70,000 agents in 800 cities.



2 ZERO HUNGER
IoT farming, Japan*

PS Solutions, affiliated with SoftBank, and CKD are using Ericsson IoT Accelerator together with artificial intelligence technologies to optimize agricultural processes. The platform provides integration of new IoT devices as agriculturalists need them and immediate access to devices after installation, enabled by the Ericsson IoT Accelerator platform.



3 GOOD HEALTH AND WELL-BEING
Saving lives with Massive IoT, China*

We use narrowband IoT sensors to monitor land movement, so that when a landslide occurs the system can send data to a server and trigger an alarm. In 2017, at PT Expo China, Ericsson showed in a simulation how movement on a mountain that is determined to be a landslide is immediately communicated to a mobile phone.



4 QUALITY EDUCATION
Launch of Connect to Learn in South Africa

More than 1,000 students and teachers at rural schools in the Colesberg (Northern Cape), Mtubatuba (Kwazulu-Natal) and Kameelrivier (Mpumalanga) districts are benefiting from the cloud-hosted, open-source learning solution that Connect to Learn has rolled out in their communities. The system is designed to help teachers with limited IT skills build their confidence. See page 63 for details.



5 GENDER EQUALITY
Supporting the Girl Scouts, USA

We built the fiber network and ICT infrastructure at a Girl Scout camp in north-east Texas. Their Camp Whispering Cedars transformed into a dedicated STEM (science, technology, engineering and mathematics) center with opportunities in robotics, coding, botany, chemistry and more. The Girl Scouts have created a recipe for success to build a pipeline of women in STEM.



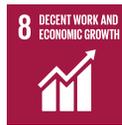
6 CLEAN WATER AND SANITATION
MicroWeather, Sweden*

In partnership with the Swedish weather agency, we developed a solution for monitoring rainfall using microwave networks that provides accurate, high-resolution rainfall measurement. It has been launched as a commercial solution, and the development of proof of concepts for other usages, such as fog and snow, are in the planning as well.



7 AFFORDABLE AND CLEAN ENERGY
Green Scheduler with Lean Carrier, South Korea

Together with SK Telecom we have deployed an innovative energy efficient traffic scheduler with Ericsson Lean Carrier to achieve 15% energy savings on SK Telecom's total network. In a live network traffic environment, we verified that Green Scheduler can provide power savings of around 30W (15%) even at 10% cell load.



8 DECENT WORK AND ECONOMIC GROWTH
Rural coverage, Tigo Tanzania

This public-private partnership resulted in an infrastructure that connects 13 million rural people. The energy-efficient site solutions reduced the total cost of ownership by up to 40% for the operator Tigo. Previously unconnected people will now be able to access the internet via mobile broadband, providing digital inclusion with new services and opportunities. See page 56 for details.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
BSC Modernization, Brazil

This base station controller (BSC) modernization project with an operator in Brazil has resulted in footprint and rental savings, lower hardware consumption, O&M (operations and maintenance) cost reduction and hardware recycling. The BSC modernization, from HC/HD to EVO controller concept, consolidated 35 cabinets into three. See page 47 for details.



10 REDUCED INEQUALITIES
Technology for Good Lab, São Paulo, Brazil

This digital inclusion project promoted local culture and entrepreneurship to children living in an at-risk environment. Approximately 160 students between ages 14 and 18 are educated on audio-visual technology in the project every year. A lab has been created and made available for the whole community.



11 SUSTAINABLE CITIES AND COMMUNITIES
Connected Urban Transport, Dallas, USA*

We supported the City of Dallas to launch a regionally specified Connected Urban Transport system that makes it possible for regional stakeholders to see and make use of data to enhance end-user services. Ericsson's IoT platform and solutions have made it possible to transform data into real-time actions.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
E-waste, MTN Cameroon

We gathered 53 tons of e-waste from telecom operator MTN Cameroon in 2017 and sent it to our recycling partner in South Africa. We were able to recycle 98% of all the materials in the decommissioned electrical equipment. This E-waste initiative reduced the costs and risks associated with disposal, as well as the carbon footprint.



13 CLIMATE ACTION
Talking Traffic, the Netherlands*

We helped build a nationwide cloud solution for the ministerial program Talking Traffic (Beter Benutten). Ericsson Connected Urban Transport used the cloud to connect data sources (e.g. traffic lights) with smart services. 25% of all traffic lights in the Netherlands and 5,500 intersections are connected.



14 LIFE BELOW WATER
Water monitoring networks, Scandinavia*

This public-private partnership led to an end-to-end solution that sources and distributes water, as well as handling sewage and storm water. It includes real-time monitoring of the water status, early warning and predictability functions. As a result, water status knowledge for short and long-term analysis improved, and risks and costs for crisis handling and mitigation efforts decreased.



15 LIFE ON LAND
Connected Mangroves, Philippines*

Smart Communications Inc. and Ericsson have launched the Connected Mangroves project to help conserve the marine ecosystem of Bangkung Malapad – a critical habitat and ecotourism area in the Philippines. This IoT solution uses wireless connectivity to capture data relevant to mangroves' survival, such as water level, humidity, soil moisture and temperature, as well as hazards in the environment.



16 PEACE AND JUSTICE STRONG INSTITUTIONS
Whitaker Peace & Development Initiative, Uganda

In partnership with WPDI, we have deployed ICT at schools in Uganda to educate young survivors of the civil war. We established two computer centers with Connect to Learn. So far 151 peacemakers have received mediation and management training to enable them to start small businesses to stimulate grassroots economic growth, and to then teach the next generation. See page 64 for details.



17 PARTNERSHIPS FOR THE GOALS
UN WFP with Ericsson Response

Ericsson Response played a decisive role in re-establishing communications and internet after the hurricanes that hit the Caribbean in 2017 by supporting the UN and humanitarian agencies. In Dominica, Ericsson Response and the Emergency Telecommunications Cluster (ETC) partners provided internet connectivity to more than 2,900 humanitarian workers and the affected local population at 18 sites.

Partnerships for the goals

Working together for the common good

Partnership for the Goals (SDG 17) is at the heart of the SDGs, and public-private partnerships play a key role in our approach. We also take a proactive leadership role in a number of high-level fora and collaborate with a wide range of stakeholders to scale the impact of our sustainability efforts. Examples of fora where we were active in 2017 include the World Economic Forum's (WEF) CEO Climate Leaders, WEF's IoT for the SDGs initiative, the UN Sustainable Development Solutions Network, the Business and Sustainable Development Commission, and the UN Broadband Commission for Sustainable Development.

As a member of the Business & Sustainable Development Commission we work to highlight the role of the private sector in achieving the SDGs. Through our engagement with the UN Global Compact we work actively with its 10 principles on human rights, labor, environment and anti-corruption. We are also part of the UN Global Compact's Caring for Climate initiative and The CEO Water Mandate, which commit members to take meaningful action to address climate and water challenges. Our focus area is the topic of how to leverage technology to achieve smart water management throughout the value chain.

Climate change

The closely interlinked global challenges of climate change and sustainable development make it imperative that we work together with a wide range of stakeholders and use all the tools at our disposal – including ICT – to create effective solutions.

In 2017 we regularly engaged with customers on the topic of energy performance, and efforts to tackle climate change. For example, 2017 was the third consecutive year that we gathered industry leaders in a CxO Energy Roundtable to discuss solutions to the global energy challenges that affect us all – from the environmental effects of our sector to the cost of energy.

We also participated in the international climate meeting COP23 in Bonn in 2017. Most notably, we joined industry panels and

raised awareness of ICT as a solution. Our key message was the topic of how climate change is coupled with digitalization and IoT. We also shared information about some of our pilot projects related to smart sustainable cities, 5G for agriculture and connected vehicles.

Collaborating on climate research

From a research perspective, we are deeply engaged in the work of the International Telecommunication Union (ITU) to establish an agreed methodology for studies of the ICT sector's carbon footprint that will support us all as we work toward the Paris Agreement's 2% trajectory. We are also advocates for ICT indicators in smart city initiatives, to improve the visibility about the critical role that it plays.

Connecting the unconnected

Through our work in the Broadband Commission for Sustainable Development, the Alliance for Affordable Internet, the Internet for All Steering Group of the World Economic Forum, and the Smart Africa Alliance we aim to ensure that the benefits of the internet, which underpin achievement of the SDGs, are affordable and accessible to all. In these fora we are assessing existing efforts and progress towards connecting the 4.2 billion people not on the internet, and exploring multistakeholder business initiatives to bridge the digital divide.



Elaine Weidman-Grunewald at the World Food Programme (WFP) Data Week discussing the vital role of telecommunications and data for development, and how Ericsson Response is helping address not only the needs of humanitarian workers but also local communities during emergencies.

Stakeholder engagement

Sharing, listening and learning

Our approach to stakeholder engagement enables us to learn about our stakeholders' concerns early, providing us with insight into risks as well as opportunities. Our stakeholders fall into four categories: customers, shareholders, employees and society. In the society category we include suppliers, governments, civil society, non-governmental organizations, industry partners, media, academia, and the general public.

We engage with our stakeholders on an ongoing basis on a diverse range of topics, including supply chain management, energy performance, human rights, anti-corruption, our Technology for Good programs, access to education and other sustainable development goals. The engagement takes a variety of forms such as employee engagement activities, joint projects and initiatives, customer meetings, investor meetings, surveys, participation in industry groups, representation on decision-making bodies, research projects and stakeholder engagement in conjunction with our Human Rights Impact Assessments (HRIAs). We also gain stakeholder insight in other ways, such as research collaboration with academia, institutions, industry peers and others.

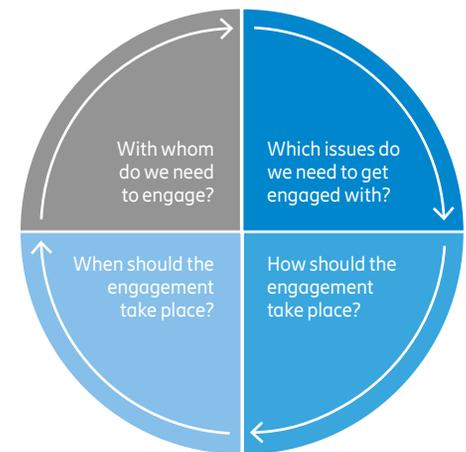
We leverage our social media to extend the conversation. We have a steady and growing engagement with our "Technology for Good" focused social media channels, including our [Technology for Good blog](#), [Facebook page](#), and [Twitter account](#).

During 2017, we engaged in dialogue with investors on the topic of responsible business, providing them with clear and transparent information about our practices. Topics of interest included anti-corruption, human rights and environment; Board engagement with sustainability; sustainability and CR target measurement; ensuring compliance with targets across the company; responsible sourcing including conflict minerals and occupational health and safety, and responsible handling of staff reductions.



Energy Round Table at Mobile World Congress 2017 in Barcelona. From left to right: Bradley Mead, Ericsson; Andrea Calvi, TIM; Arnaud Vamparys, Orange; Elaine Weidman-Grunewald, Ericsson; Juan Manuel Caro, Telefónica; Nishant Batra, Ericsson

Our approach to stakeholder engagement



Stakeholder Panel on Responsible Business

We are a proud member of the Stakeholder Panel on Responsible Business that began in 2016 at the initiative of our customer Telefónica, a Spanish multinational broadband and telecommunications provider.

The panel invites experts in environmental, social and ethical matters from companies and civil society organizations to meet quarterly to discuss sustainability trends and stakeholder concerns, and provide

insight on global sustainability developments and best practices. This platform has provided the opportunity for us to listen to and learn from other experts, and to share our insights and experience.



Conducting Business Responsibly

Conducting business responsibly is a cornerstone of our company strategy and corporate culture. Our ambition is to be a responsible and relevant driver of positive change. We work continuously to improve and strengthen our business practices, with a focus on building and maintaining trust, transparency and integrity. This makes us better able to manage risks and respond efficiently as issues arise.

Our approach focuses on:

- Assessing risks and challenges
- Implementing consequence criteria
- Strengthening internal governance and accountability
- Ensuring awareness.

Our people are key to ensuring our success. We focus on attracting the best talent and no one is discriminated against; providing a safe and healthy work environment; and enabling a company culture that supports every employee to bring out the best version of Ericsson.

“Strong responsible business practices are at the core of Ericsson’s company culture and I believe they should be the foundation for how we conduct business.”

Börje Ekholm, Ericsson President and CEO

Highlights

- Setting the Tone from the Top
- Updates to our Code of Business Ethics and Code of Conduct
- Fourth year of reporting according to the UN Guiding Principles Reporting Framework
- Further strengthening of our sales compliance process
- Operationalization of our Ethics and Compliance Board and establishment of Business Partner Review Boards
- Increase in Occupational Health and Safety incident reporting
- Continued rollout of anti-corruption screening tool for suppliers

SDGs highlighted in this section



Governance

Building on a strong foundation

Our governance system is the foundation of our way of working. We have anchored our responsible business approach at the highest levels of our company, starting with the Board of Directors, the CEO and Executive Team, who receive regular updates. Since 2016, our Ethics and Compliance Board has been responsible for the overall governance of compliance within the Group. It consists of the heads of each Group function and is chaired by our CEO.

We brief our Board of Directors annually on sustainability and corporate responsibility matters; more often if needed. In 2017, briefings covered governance updates; strategy execution including risks, performance, and results; specific topics like occupational health and safety (OHS); human rights, including modern slavery; advocacy activities; and stakeholder feedback and perception. We also briefed the Board 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.

In accordance with the Swedish Annual Accounts Act, we prepared our first Sustainability Performance and Risk Report in 2017 and integrated it into our Annual Report.

Our way of working

Group policies, directives and processes cover responsible sourcing, OHS, environmental management, anti-corruption, human rights, sales compliance, e-waste and other material

topics. As critical parts of Ericsson governance, the Code of Business Ethics (CoBE), the Code of Conduct (CoC), Sales Compliance Policy, OHS Policy and Sustainability Policy are all part of the Ericsson Group Management System. This ensures the integration of our sustainability and corporate responsibility (CR) commitment into every aspect of how we do business, wherever we do business. Through our Global Assessment Program, external assurance providers audit how we implement policies and directives, manage our risks and achieve our objectives.

Our Code of Business Ethics

The CoBE is an overview of our fundamental Group policies and directives. It sets a clear requirement for ethical conduct and compliance with company policies as well as all applicable laws and regulations for every member of our staff. It guides our relationships among employees and with external stakeholders, reflecting our commitment to the UN Global Compact's 10 principles and the United Nations' Guiding Principles on Business and Human Rights (UNGPs).

The CoBE underlines our zero-tolerance for corruption in all its forms. Employees read and sign the CoBE at the time of employment and periodically throughout their term of employment. We updated the CoBE in 2017 to reinforce responsibilities regarding a number of issues including anti-corruption. We also executed a re-signing process for all employees. By the end of December, 99% of them had signed.

Our Code of Conduct

Our CoC applies to employees, contractors and suppliers. It is based on the 10 principles of the UN Global Compact regarding human rights, labor, the environment and anti-corruption, and includes a commitment to respect all internationally proclaimed human rights. It also highlights our intention to implement the UNGPs throughout our business operations. In 2017, we updated the CoC to reinforce responsibilities regarding anti-corruption and conflict minerals, and we adjusted the forced labor standards to incorporate modern slavery. A statement on our approach to modern slavery and human trafficking can be found on our website.

Chief Compliance Officer

Senior-management level attention on anti-corruption and compliance is crucial, as is ensuring that these matters are addressed from a cross-functional perspective. Since 2012 we have had an anti-corruption program headed by the Group's Chief Compliance Officer (CCO) and evaluated annually by the Audit and Compliance Committee of the Board of Directors. In 2017, a decision was made that the CCO will henceforth report directly to the Audit and Compliance Committee.

In addition to being responsible for the ongoing development of Ericsson's anti-corruption program, the CCO ensures that compliance matters are regularly on the agenda of the Board and the Executive Team. The Audit and Compliance Committee receives regular reports from the CCO, and is also responsible for reviewing and evaluating our anti-corruption program at least once a year. To help us work more efficiently, in 2017 we strengthened both the Compliance Office and the Corporate Investigations teams with more staff, and established a new compliance audit function within Corporate Audit. Both Corporate Audit and the Compliance Office are line organizations with a direct reporting line to the Audit and Compliance Committee

Setting the tone from the top

In 2017 the Executive Team supported a Group target to "Set the Tone from the Top", which aimed to raise awareness about the importance of conducting business responsibly throughout our global operations. To provide staff with

guidance and reinforce Ericsson's strong commitment to addressing and eliminating unethical behavior, we used a range of communication tools including videos, surveys and weekly CEO letters to employees. We have also provided employees

with a variety of real examples of good behavior, as well as explaining how inappropriate behavior has created risks for our company and our brand, and highlighting the consequences for the individuals involved.

(through the Head of Corporate Audit and the CCO, respectively), whereas the Ethics & Compliance Board is the CEO's body that governs various compliance matters in the company.

Compliance Line

Employees, suppliers and other external parties can use our [Compliance Line](#), an external whistleblower tool, to anonymously report suspected violations of law, the CoBE, or other policies and directives that: are conducted by Group or local management; and relate to corruption, questionable accounting, deficiencies in the internal control of accounting or auditing matters or otherwise seriously affect vital interests of the Group or personal health and safety.

Compliance Line is available via phone or secure website, 24/7, 365 days a year, in 188 countries and in more than 75 languages. In 2017, 412 alleged violations were reported. These incidents were classified into the following categories:

- 26% related to fraud, corruption and regulatory breach
- 3% related to security
- 11% related to operations
- 35% related to human resources
- 11% related to conflicts of interest
- 14% miscellaneous.

Alleged breaches of the CoBE (reported at group level either through the Compliance Line or other channels) are forwarded to the Corporate Investigation team within Corporate Audit. The Corporate Investigation team presents each new reported concern to the Group Compliance Forum, which is chaired by the CCO and made up of representatives from different functions. The Forum decides if the matter merits investigation and, if so, by whom (usually the Corporate Investigation team or the Market Area Compliance Forum). The Audit and Compliance Committee is briefed about all reported concerns.

Training for employees and suppliers

To ensure that all aspects of our CoBE and CoC are respected by our staff and our business partners around the world, we provide training in a variety of forms.

Code of Business Ethics

As part of the 2017 signing process, we released an internal video on living the CoBE, which was part of a broader information campaign. It provided a short summary of what the code means to us, and included examples, case studies and other material to help employees choose the correct behavior.

Anti-corruption

By the end of 2017, 92,950 active employees had completed an anti-corruption e-learning course aimed at raising awareness of risks, dilemmas and appropriate courses of action. We have also conducted additional anti-corruption trainings for key personnel in sales and other relevant functions, including Market Area leadership teams.

Human rights

We have had an e-learning training on human rights and business for all Ericsson employees since December 2015. We have also carried out specific human rights training for personnel within, for example, Corporate Audit and the regional compliance organization. Key personnel in sales and other relevant functions, including regional leadership teams, also receive additional specialized training.

Compliance

Our compliance e-learning course focuses on anti-corruption, competition law and trade compliance.

Training for suppliers

We offer free online training to all suppliers, and other stakeholders, in four areas: the Ericsson Code of Conduct, anti-corruption, OHS for site service providers, and conflict minerals.



Anti-corruption

Reinforcing a zero-tolerance culture

Ericsson has zero tolerance for bribery and corruption. As part of our commitment to raising business standards and contributing to greater transparency and accountability, we are signatories to the World Economic Forum's Partnering against Corruption Initiative (PACI) – a cross-industry collaboration to address corruption, transparency and emerging-market risks.

We have embedded zero tolerance as a guiding principle at the highest levels of the company and implemented it throughout our global organization with a comprehensive set of policies and processes. Since 2016, our Ethics and Compliance Board – chaired by our CEO – has been responsible for the overall governance of compliance within the Group. We invest considerable time and resources each year to continuously improve our ethics and compliance program.

Corruption carries serious legal and reputation risks; impedes business growth; damages relations with staff, customers, shareholders, suppliers and society as a whole; and is a considerable obstacle to economic and social development in countries around the world. With customers in 180 countries, many of which are considered to be exposed to a high risk of corruption, we are aware that prevention and accountability are paramount.

Our approach

Although we have achieved significant progress in compliance and anti-corruption in recent years, we remain attentive and responsive to improvements that may be necessary. We continue to strengthen a comprehensive set of policies and processes that clearly set out our own high expectations for ourselves and ensure our ability to meet the increasingly stringent anti-corruption regulations that are emerging in markets around the world. Our CoBE and CoC are the two main policies that outline our anti-corruption commitment.

We continuously reinforce our approach to anti-corruption at employee and executive-level meetings. Further, we require that all of our Market Areas and Business Areas perform

annual Group Risk Assessments that evaluate corruption risks. The Compliance Office also performs corruption risk assessments continuously. Moreover, improving employees' understanding of the importance of anti-corruption is a regular focus of our staff training and internal communications. We have measurable targets that are regularly reported. Anti-corruption is one of the focus areas of the Corporate Audit, which means that it is included in selected audits every year.

Ericsson aims to conduct its business in a responsible and lawful manner, and we require the same of all our contractors and suppliers. We reduce corruption risks by explicitly communicating our anti-corruption commitment to suppliers and other business partners through our CoC and anti-corruption e-learning, which is available in 16 languages.

Inquiries from U.S. authorities

Ericsson is voluntarily cooperating with inquiries from the United States Securities and Exchange Commission and the United States Department of Justice regarding its compliance with the U.S. Foreign Corrupt Practices Act. As of today, these inquiries concern a period from January 1, 2007 and onwards. We will make additional disclosures regarding these inquiries as required.

Notable in 2017

During 2017, we adjusted the anti-corruption program based on a thorough assessment that was carried out by external expertise in 2016–17. The program has been expanded to include 10 elements to ensure full alignment with the US Foreign Corrupt Practices Act (FCPA) guidelines.

Senior manager vetting process

In 2017, Ericsson introduced a vetting process that focuses on ethics and compliance. So far we have used it for appointments to the Executive Team and for approximately 110 employees in exposed positions, such as sourcing, finance and customer facing roles. All members of the current Executive Team

Our anti-corruption tool kit

- Code of Business Ethics
- Code of Conduct
- Compliance Line
- Anti-corruption program
- Senior manager vetting process
- Anti-corruption screening tool
- Business Partner Review Boards
- Training
- Awareness raising

have been vetted, and all future recruitments to these positions will also go through mandatory vetting. In designing the process, Ericsson has drawn on external counsel to ensure a best-in-class and robust process.

Rollout of automated anti-corruption screening tool

During 2017, we continued a global rollout of an automated anti-corruption screening tool to undertake due diligence of suppliers. In 2017 over 17,600 suppliers have been screened by this tool.

Business Partner Review Boards

We established Business Partner Review Boards in all of our Market Areas in 2017. These Boards are made up of senior Market Area managers who generally meet on a monthly basis to review business partners from a compliance risk perspective to ensure that they meet our compliance and ethical criteria. To assist the Boards we have also engaged due diligence firms that are global leaders.

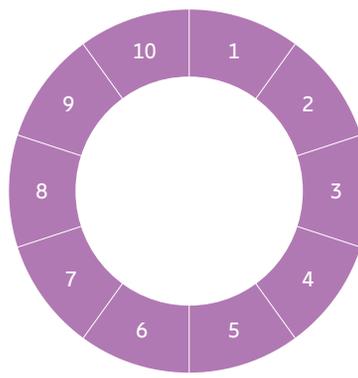
Face-to-face compliance training

In 2017, we strengthened our anti-corruption program by providing face-to-face compliance training to the leadership teams in customer units around the world. These efforts will continue in 2018.

Internal awareness campaign

During the second half of 2017, we ran an internal awareness campaign on responsible business for all employees, focusing on financial irregularities and anti-corruption. It included email messages from our CEO, videos with executives, and anonymized real cases of employees who violated the CoBE and the consequences that followed.

Key elements of our anti-corruption program



- 1 Leadership and culture
- 2 Policies and procedures
- 3 Compliance organization
- 4 Risk assessment
- 5 Training and communication
- 6 Rewards and sanctioning
- 7 Third-party management
- 8 Allegations and investigations
- 9 Monitoring and testing
- 10 M&A due diligence and integration

Key figures for 2017

- 99% of employees acknowledged the Code of Business Ethics.
- Anti-corruption was highlighted at all major leadership meetings during 2017.
- 92,950 active employees have completed an anti-corruption e-learning course aimed at raising awareness of risks, dilemmas and appropriate courses of action.
- 16 employees left Ericsson due to corruption, fraud and regulatory breaches.

Human rights

Putting respect into practice

Ericsson is committed to addressing and integrating human rights across our business operations. Over the past several years we have worked to develop and strengthen our human rights framework to fulfil our responsibility to respect human rights according to the UN Guiding Principles (UNGPs) on Business and Human Rights. As society's understanding of the complexity of ICT and human rights deepens, we are fine-tuning our approach to keep pace with new issues and manage emerging risks.

Understanding the context

ICT delivers great value by improving people's ability to earn a livelihood and empowering them to more fully realize their human rights, from freedom of expression and freedom of assembly to economic, social and cultural rights. Governments use ICT to provide health, education and other government services, to assist in emergencies, as well as to fight crime and to protect citizens' safety and security. Other societal benefits of ICT include the opportunity to use big data for social good, such as improving response to disease outbreaks and managing traffic flows in cities.

The increasing use of ICT also brings challenges in security and privacy and risk management. Our focus is on providing end-to-end security solutions to our customers and protecting critical assets in a rapidly changing environment and responding proactively to existing and emerging threats, so that both communications and the right to privacy are protected.

When it is misused, ICT can contribute to the restriction or violation of human rights, such as when governments or other actors use it for illegitimate purposes. This makes it crucial to regularly balance the benefits of ICT against individuals' rights to privacy and freedom of expression. To address these dilemmas, we engage with a variety of stakeholders, including other members of the ICT industry. For example, in 2017 we joined the Global Network Initiative (GNI) as an observer (see page 26).

The UN Guiding Principles on Business and Human Rights

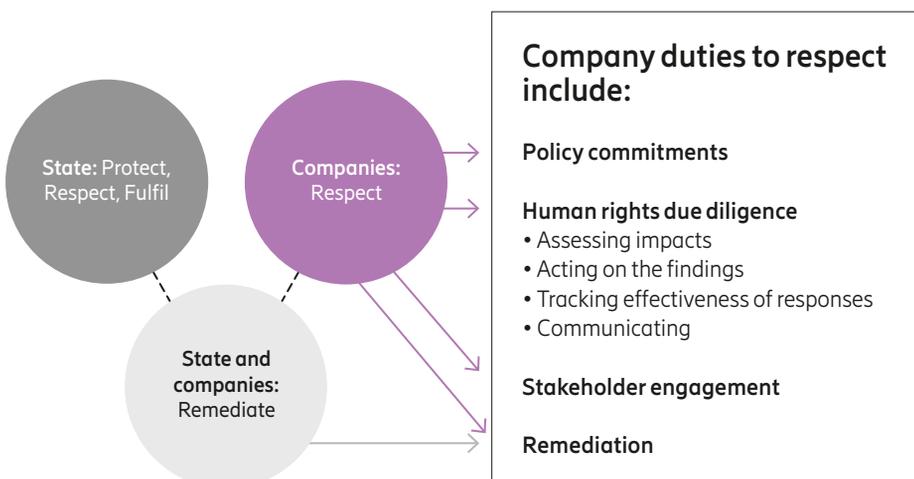
As reflected in our Code of Business Ethics (CoBE) and Code of Conduct (CoC), Ericsson respects all internationally proclaimed human rights. Since 2011, we have been working to integrate the UNGPs on Business and Human Rights into our governance framework. The UNGPs set out the corporate responsibility to respect human rights, stating that business enterprises should avoid infringing on human rights as well as addressing the adverse human rights impacts with which they are involved.

For the fourth year, we are applying the UNGP Reporting Framework for how businesses respect human rights (page 76). Ericsson is one of the early adopters to report according to the Framework, as well as being the first ICT company to do so.

Defining and addressing our salient issues

The UNGP Reporting Framework states that a company's salient human rights issues are those rights that are at risk of the most severe negative impact through the company's activities or business relationships. We have

The UN Guiding Principles on Business and Human Rights



defined our salient human rights issues to be the right to privacy, labor rights and the right to freedom of expression. These are highlighted in our CoBE and CoC.

We identify and manage human rights issues in a number of ways, including Human Rights Impact Assessments (HRIA) in high-risk countries, stakeholder consultations in conjunction with HRIsAs, and internal processes such as sales compliance (page 28) and responsible sourcing (page 30). We discuss our salient human rights issues in consultations with stakeholders such as employees, investors, governments, customers, industry initiatives and civil society. We implement the feedback from these consultations along with the recommendations from our HRIsAs into our management system and operations. Additionally, we have a Privacy Framework in place to ensure that we consider privacy from the beginning of any product release and that it is an integral part of product development.

We are fully committed to continuously addressing and monitoring human rights challenges.

Conducting due diligence

The UNGPs require companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights. We have worked with Shift, the leading non-profit center of expertise on the UNGPs, to systematically embed a human rights framework across our company since 2012. This work significantly strengthened our due diligence processes within sales, sourcing, legal affairs, mergers and acquisitions, and operations. We continue to strengthen these areas and each year we select particular focus areas or processes to address. In 2017 our focus was on responsible sourcing and the issue of modern slavery (page 30) as well as the continued strengthening of our sales compliance process (page 28).

Training and awareness raising

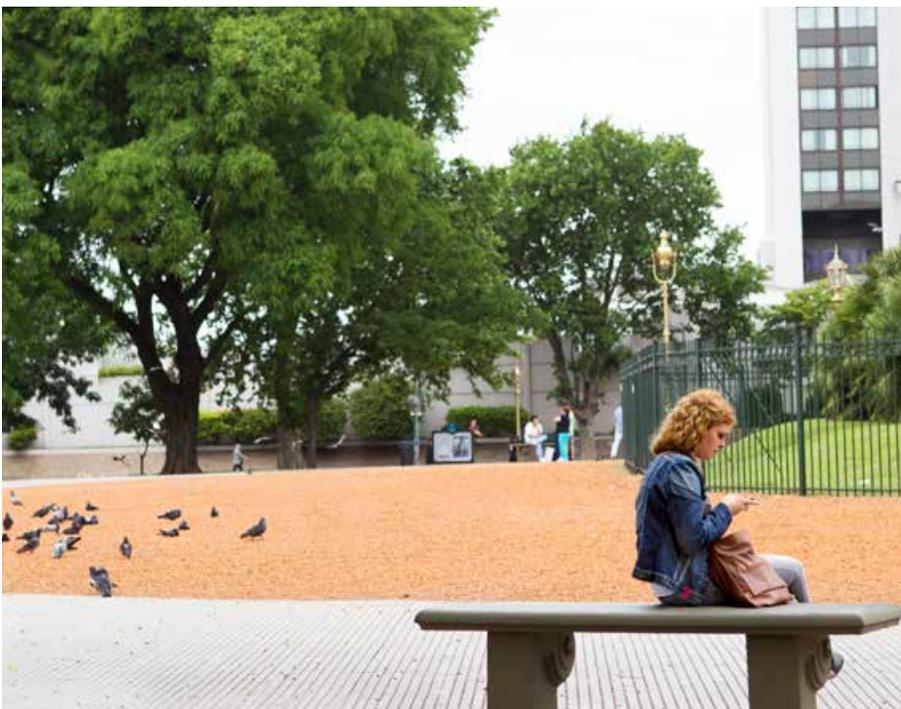
Raising employee awareness about human rights is key to our approach. We have a human rights and business e-learning available for all employees and it is mandatory training for certain functions, including Legal Affairs, Security and from the end of 2017 also Corporate Audit. The training describes human rights issues, opportunities and challenges for Ericsson, international requirements, and key concepts used in the business and human rights framework. The aim is to help employees understand the scope of the issues and their relevant risks and how we work with them. In addition to the e-learning, we have also conducted targeted human rights trainings for Regional Business Review officers and Corporate Audit.

Taking action and remediation

Under the third pillar of the UN Guiding Principles, both states and companies have roles to play in ensuring that victims of business-related rights abuses have access to effective remedy. Remedy means taking action to repair any harm done to people. One way we provide remedy is through the Ericsson Compliance Line (page 21) where employees and other persons such as suppliers, customers and other partners involved with Ericsson, can use a whistleblower tool to report alleged violations of the Code of Business Ethics, including those in relation to human rights. We will continue to explore this aspect of the third pillar of the UNGPs.

Building leverage

Another important way to take action in support of the UNGPs is to use leverage. Leverage exists where we can effect change in the wrongful practices of an entity that causes harm (principle 19, UNGPs). We have continued to work to explore this in our sales compliance process (page 28) by introducing the use of contractual mitigations as conditions. Within our HRIA processes we have also identified the use of leverage as important mitigation measures, including initiating stakeholder discussions about our salient human rights issues.



Engaging in dialogue

The interrelationship between ICT and human rights is becoming increasingly clear to our stakeholders but at the same time, new technologies such as artificial intelligence (AI), automation, and the Internet of Things (IoT) bring with them new ethical dilemmas. In many areas there is growing awareness of the potential risks that misuse of ICT poses to human rights, and rising expectations for greater transparency, including new legislation relating to surveillance and other privacy topics. Given the complex and fast-changing landscape of ICT and its intersection with human rights, there is a need for routine dialogue. We engage with human rights organizations, governments, employees, customers and other stakeholders to better understand the responsibilities and challenges around human rights and business.

Engagement in 2017

A few examples of our engagement in 2017 are listed below:

- **Global Network Initiative:** The GNI is a unique multi-stakeholder group that is dedicated to protecting and advancing freedom of expression and privacy in ICT. In late 2017, Ericsson announced its decision to join as an observer for 2018. This will allow us to engage directly on freedom of expression and privacy issues with internet and telecommunications companies and more than 35 human rights and press freedom groups, investors and academic members.
- **Definition of a process for customized HRIAs:** Consultations with human rights stakeholders helped us gather input to the customized HRIA that we piloted in Cuba. Labor issues were highlighted and we further strengthened our mitigation measures.
- **The Circle of Innovators:** Together with the Institute for Human Rights and Business (IHRB) we explored the subject of safeguarding human rights in the big data and AI revolution at the Circle of Innovators meeting. Together with other participants, Ericsson representatives addressed the interface of business and human rights within the context of this “disruptor”. The initiative built on previous Wilton Park events on safeguarding rights in the big data revolution.
- **Shift Business Learning Programme:** Ericsson has been a member of the Shift Business Learning Programme since 2012, which has the purpose to foster leading practice by companies and to gain insight, both for the organization, for participants and for the wider business and human rights community, about how to implement the UNGPs.

Human Rights Impact Assessments

Our HRIA process considers potential adverse human rights impacts that Ericsson may cause or contribute to through our own activities, or which may be directly linked to our operations, products or services via our business relationships. The aim is to ensure that we respect human rights within the scope of our business operations and analyze the social, operational and human rights context for doing business in a country.

Over the years, we have carried out HRIAs in a number of countries starting with Sudan in 2009, and then continuing with Myanmar in 2013–14, Iran in 2014–15, Ethiopia in 2015–16, and other selected countries. Our HRIAs address all our salient human rights issues (right to privacy, freedom of expression and labor rights), and our

experiences of carrying them out have provided us with valuable insights about how these issues arise and how they can be mitigated. The stakeholder consultations we conducted when developing the HRIAs for Myanmar, Iran and Ethiopia provided us with important feedback for implementation of mitigating actions into our operations. We continue to evaluate the human rights situation in these countries and monitor international developments.

Customized HRIA in Cuba

Based on our experience of carrying out HRIAs we decided to develop a simplified HRIA process in 2016 that would enable us to scale up and work more efficiently. Working together with Shift, we developed a custom-

ized HRIA process that we are using as a complement to our more in-depth HRIAs for higher-risk contexts. We carried out our first customized HRIA in Cuba in 2016, which identified the following topics: labor issues, transport and OHS, privacy and freedom of expression. During 2017, we acted on the identified mitigation measures. Examples include:

- Providing existing Ericsson training for employees, business partners and service providers in the area of transportation health and safety
- Following up on the implementation of the requirement in supplier contracts on driving instructions
- Exploring living wage levels in Cuba and opportunities to address this.



Spotlight on privacy assurance

At Ericsson we devote significant time and attention to privacy assurance activities in the development of our products and services. Our Privacy Framework encompasses our corporate IT network, our products and our services. It requires us to consider privacy from the outset of any product or service release as an integral part of development.

We perform mandatory privacy impact assessments to manage the privacy-related risks of our products and services, so to design and operate them in a privacy compliant manner. In addition, privacy is also addressed in the product privacy impact assessments we perform for all our products' major releases,

according to our Security Reliability Model. We also use the results from all of these assessments within the sales compliance process (page 28).

In recent years we have increased the development efforts on specific functions and processes in our products and services that enable our customers to better protect their end customers' data. We do this by including in the product the relevant features and functions needed by our customers to respond in flexible ways to requests for the fulfillment of new rights, including data portability and the right to be forgotten. These new capabilities are designed to help our customers meet the requirements of upcoming

regulations such as the General Data Protection Regulation (GDPR) in the European Union.

We also prioritize communicating to our customers about the possible privacy impacts that using our products in their networks may have. One way we do this is by providing a security and privacy user guide as part of the customer product information package, when relevant. These efforts ensure additional transparency about the data processing performed by our products and solutions and inform our customers about how to deploy them in a secure and privacy-compliant way.

Spotlight on children's rights

During 2017, we continued our work to break the silence about child sexual abuse. In addition to our salient human rights issues, the topic of respecting and promoting children's rights is important to us. As a vulnerable population, children require special efforts to guarantee respect for their human rights. Ericsson works proactively on initiatives that focus on promoting and protecting child rights with a range of partners. For example, we have worked with World Childhood Foundation and the non-profit organization Darkness to Light to develop the Stewards of Children Prevention Toolkit mobile app, which is designed to help anyone working with children to detect the signs of, and prevent, child sexual abuse. It has a built-in mobile learning module along with information about where to get help. It is available at: www.socapp.org

We work as a company to actively prevent child sexual abuse (CSA) and we are one of the leaders in the industry in terms of adopting a zero-tolerance policy. Our efforts in this area include a unique monitoring tool that scans all PCs used by Ericsson employees and consultants to ensure that the PCs are not used to access or store CSA images (as defined by law enforcement authorities).

“Only through partnerships and collective action can we reach the SDG 16.2 – ending abuse, exploitation, trafficking and all forms of violence and torture of children by 2030. The Stewards of Children Prevention Toolkit mobile app (Socapp) is a great example of how the private sector can contribute to protect children from sexual abuse and exploitation.”

Dr. Joanna Rubinstein, President & CEO of Childhood USA



Sales compliance

Applying a human rights lens

We have integrated human rights due diligence into our sales process to help us assess, prevent and mitigate potential negative impacts on the right to freedom of expression and the right to privacy – two of our most salient human rights issues. Specifically, we aim to reduce the risk that third-parties use our technology, services and knowledge directly or indirectly in a way that impacts negatively on these human rights.

We can see that technology evolution will require industry cooperation, which we discuss with different stakeholder groups such as the Global Network Initiative.

Our process

Our sales compliance process consists of two main steps: trigger, which is handled by Market Area Commercial Management (MACM), and evaluation, which is handled by the Sales Compliance Unit. During the trigger step, MACM uses an automated tool to assess each potential sale or business engagement according to two parameters: Portfolio and Country. If the automated tool determines that the risk is high for one of these parameters, or medium for both, the MACM submits

an approval request to the Sales Compliance Unit. During the evaluation step, the Sales Compliance Unit evaluates the engagement according to the sales compliance risk methodology. The benefit of this centralized evaluation process is that we can guarantee that all engagements are evaluated according to the same standard.

Risk methodology

Sales opportunities are evaluated according to the following criteria:

1. **Portfolio:** Whether the sale includes sensitive products, services and knowledge
2. **Purpose:** The purpose and context in which the customer intends to use the product, service or knowledge
3. **Customer:** The type and ownership structure
4. **Country:** We use a third-party risk analytics firm to rank the countries according to risk and selected indices such as the Right to Privacy and Freedom of Speech, as well as Democratic Governance and Corruption. In addition, we routinely follow international developments.

Management structure

Our Sales Compliance Policy and Directive aim to protect the Ericsson brand and our stakeholders' interest, and describe how we work to uphold our responsibility to respect human rights. The Sales Compliance Board, a cross-functional forum that consists of high-level representatives of all Group functions and business areas, is responsible for ensuring that all business engagements are conducted according to the Sales Compliance Policy.

The cross-company Sales Compliance Core Team and the Sales Compliance Unit support the Board and have a delegated mandate to make decisions. The Sales Compliance Unit escalates the engagements that it cannot resolve at unit level to the Sales Compliance Core Team. Likewise, the Sales Compliance Core Team escalates engagements that it cannot resolve to the Sales Compliance Board. The Board is informed about all cases, and is also accountable for the decisions that it delegates to the Core Team and the Unit.

Sales compliance risk methodology



Sales compliance process



¹⁾ Review: Portfolio, Purpose, Customer, Country

Taking action

A sales opportunity can be rejected, approved, or approved with conditions. Our sales compliance process mitigates the risk for misuse through conditional approvals – that is, technical mitigations that prevent deployment of sensitive functionality and/or contractual mitigations that prevent misuse. These conditional approvals enable us to apply leverage to influence and potentially effect a positive change. The sales compliance process includes procedures to follow up on decisions and corresponding mitigation activities. In addition, the Sales Compliance Board can request a country HRIA if required to support decisions (page 26).

Leveraging automation

In 2017, we integrated our automated sales compliance tool into our global sales management system, which is fully integrated into our sales process. As a result, our sales compliance process covers sales and business engagements around the world, with every sales opportunity automatically screened for potential risks. The tool uses the specific selected criteria and parameters described on the previous

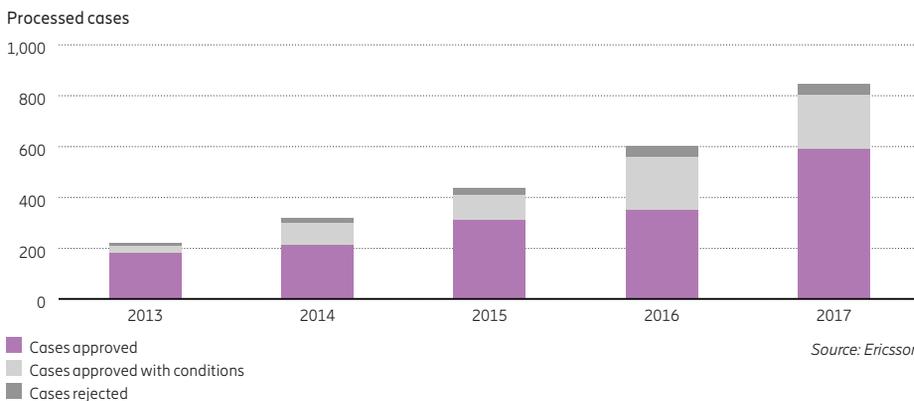
page to capture engagements that might pose human rights risks. When potential issues are identified, the tool automatically escalates the case to the Sales Compliance Unit for review.

Cases in 2017

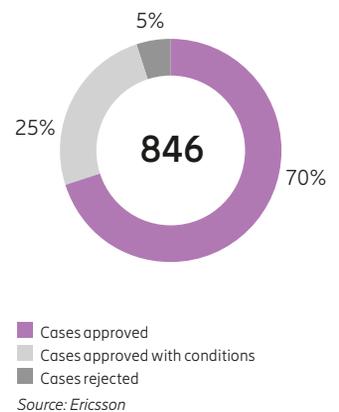
In 2017, 846 engagements were reviewed for sales compliance (see graphs below). This corresponds to an increase of 41% compared to 2016. The increase is due to a combination of a more robust system and the introduction of automated case handling since we first implemented the process. We also started including our “Entering into new country” evaluations as a formal component of the process.

We continually work to improve both the sales compliance process and the adherence to it. A challenge is to ensure full adherence to the process and conditions, which is why we report the results at the executive level in order to secure responsibility and accountability. We work continuously to improve the process to better fit the needs of the company in light of global and technological developments.

Sales compliance cases 2013–2017



Sales compliance cases 2017



Responsible sourcing

Maintaining high standards for suppliers

Managing the social, ethical, environmental and human rights impacts in our supply chain is part of our value chain approach to embedding corporate responsibility throughout our business. Build capacity for our suppliers to meet high standards in all of these areas is a fundamental part of our approach.

Sustainable management of supply chains is of growing importance to our stakeholders, including customers and investors. We have set social and environmental requirements for our suppliers for many years, including a ban on the use of forced or bonded labor and child labor. This issue is reflected in legislation, such as the UK Modern Slavery Act that passed into law in 2015.

Ericsson Code of Conduct

The foundation of our Responsible Sourcing Program is the Ericsson Code of Conduct (CoC), which includes a supplier supplement. All suppliers and sub-suppliers must comply with the [Ericsson CoC](#). It covers four main

areas: human rights, labor standards (including occupational health and safety), environmental management and anti-corruption. In 2017, we published an updated version of the Ericsson CoC that includes an expansion of the text related to anti-corruption and conflict minerals, and we adjusted the forced labor standards to incorporate the issue of modern slavery. The Ericsson CoC is available in 16 languages on our website, and it is a core component of our supplier contracts.

Assessing risk

All potential new suppliers must complete mandatory Supplier Self-Assessments, and existing suppliers must repeat this process once a year. We also carry out CoC audits of relevant suppliers that we identify using a risk-based approach. Prioritized risk areas include working at heights, road and vehicle safety, anti-corruption, labor rights (including modern slavery and specifically working hours), environmental management, and

communication of requirements further down the supply chain. In 2017, we addressed 88% of all suppliers in the top 80% of supplier spend. For 2018, we have set a target to address all suppliers in the top 90% of supplier spend.

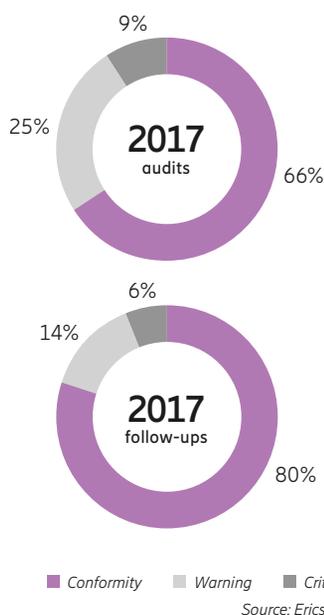
Contract compliance

In addition to CoC audits, we also conduct contract compliance audits to verify compliance with our agreements, covering areas like business continuity management, IPR, trade compliance, and information security and privacy. In 2017, we performed about 25 audits and in 2018 we plan to launch a new risk assessment model for contract compliance.

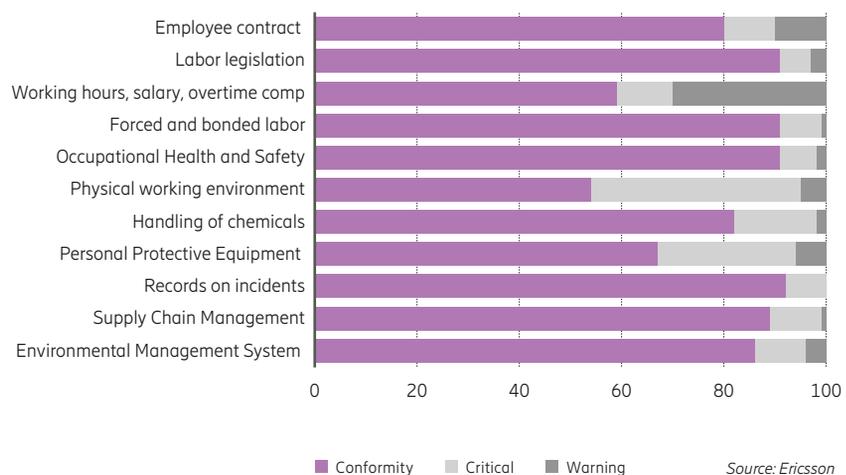
Third-party auditors

In 2017, we fully implemented third-party CoC audits of our suppliers. The benefits of using a third-party professional auditing company include enhanced credibility towards customers, investors and other stakeholders, and a more consistent and thorough audit process.

Performance of audited suppliers 2017



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



Third-party auditors have brought with them additional and more tailored expertise that they have obtained through their extensive audit activities in various industries.

Anti-corruption screening tool

Following the pilot in 2016, in 2017 we started the rollout of an automated anti-corruption screening tool for suppliers and other third-parties to help ensure that suppliers meet our business integrity standards. Global rollout is completed for eight of our ten former regions, which have been reorganized into our Market Areas. By the end of the year, we had uploaded 17,600 suppliers into the tool, which is screened on a weekly basis.

Increased focus on modern slavery and human trafficking

In light of the focus on modern slavery, we have identified areas for improvements in current processes and are currently implementing several changes. To date we have:

- added modern slavery questions to the Supplier Self-Assessment
- updated the Ericsson CoC to enhance the language relating to modern slavery

- mapped supplier categories in relation to risk for modern slavery, and
- updated the third-party auditor checklist to strengthen the focus on modern slavery (for more information see the Ericsson Modern Slavery Statement).

Close collaboration

Working together with suppliers with the aim of continual improvement is an important part of our approach. We offer free online training to all suppliers in four areas: the Ericsson CoC, anti-corruption, OHS, and conflict minerals. To date more than 25,000 supplier employees have completed our trainings worldwide.

Outcome of audits 2017

In 2017, we engaged a third-party auditing company to perform 225 CoC audits on identified high-risk suppliers. 13 additional audits were also performed by Ericsson's own CoC auditor. We view each audit as an improvement opportunity and expect suppliers to address all identified non-compliance. Audit results vary, but commonly identified areas of improvement include working hours, fire prevention, training and awareness, use of

personal protective equipment, and environmental management.

Every year we aim to audit suppliers in different geographical areas. In 2017, we audited suppliers located in 52 countries.

Joint Audit Cooperation

We also engage with external stakeholders to monitor our performance as a supplier. We participate in the yearly Joint Audit Cooperation (JAC) Forum that comprises 13 of our largest telecom operator customers. JAC members conduct supplier corporate responsibility audits of Ericsson factories and suppliers and share results. JAC auditors have assessed several Ericsson sites in the past few years, with good results.

JAC has also audited selected Ericsson suppliers. In those cases where issues were identified, our suppliers have implemented corrective action plans approved by JAC member companies.

Voimatel wins supplier of the year award

At the Ericsson Supplier Collaboration Day in 2017, our site services supplier Voimatel was recognized as the winner of the 2017 Sustainability & Corporate Responsibility Award, with the following motivation:

"Thanks to Voimatel's continued commitment to improving Occupational Health & Safety (OHS) performance, they have maintained a track record of zero incidents for a long time. Their strong focus on training and collaboration programs, aimed at enhancing the health & safety knowledge of their staff, has not only ensured sustained safe working practices, but also efficient business operations. This supports Ericsson's vision of Zero OHS incidents in the supply chain."



Raw materials sourcing

Transparency and due diligence

We are committed to continuously improving our raw materials sourcing and addressing the important issue of conflict minerals. During 2017 we have continued our efforts to increase transparency and continued our work with due diligence in accordance with the Organization for Economic Co-operation and Development's Due Diligence Guidance (OECD DD Guidance) for Responsible Mineral Supply Chains as well as with the Dodd-Frank Act, despite the uncertainty around the Act.

Our approach

As an ICT company purchasing electronic components we acknowledge the potential risks in our supply chain associated with mining and the trading of minerals. Some of these risks include armed conflicts, human rights violations and negative environmental impacts.

There are several tiers of suppliers between us and smelters or refiners of minerals; even more when tracing a mineral all the way back to the mines. As a result, we do not have a direct purchasing relationship with mines or smelters, but are part of a complex ICT supply chain. We have actively chosen not to ban any minerals from the Democratic Republic of the Congo (DRC) or other conflict-affected regions as an embargo can result in severe negative consequences for the most vulnerable groups in a society.

In line with the OECD DD Guidance, we work with suppliers to increase transparency by identifying smelters and refiners in our supply chain. We also offer our suppliers, and other interested stakeholders, a training on conflict minerals. As a member of the Responsible Mineral Initiative (previously the Conflict-Free Sourcing Initiative), we support the system for certification of smelters and refiners, which is known as the Responsible Minerals Assurance Process (RMAP). We aim to increase the number of smelters certified in accordance with the RMAP in our supply chain.

In 2017, we strengthened our Code of Conduct to cover responsible sourcing of raw materials and make it clearer that all suppliers shall exercise due diligence with respect to the sourcing and extraction of raw materials.

Due diligence

Our annual due diligence follows the five steps of the OECD DD Guidance:

1. Appropriate management systems have been established.
2. Risks in the supply chain have been identified and assessed.
3. A strategy to respond to identified risks has been implemented.
4. Third-party audits of smelters' due diligence practices have been carried out.
5. Annual reporting on supply chain due diligence has been performed.

Taking a risk-based approach we have focused on suppliers of electronic and electro-mechanic components. These products can contain conflict minerals (tin, tantalum, tungsten and gold) that have been shown by the United Nations to occasionally contribute to financing armed conflict. We will continue to deliver our findings in our Conflict Minerals Report.

Other issues on our agenda

We recognize that there are other geographies and raw materials beyond the four we include in our conflict minerals program that also pose potential risks in terms of armed conflict, human rights violations and negative environmental impact. Cobalt, which is commonly used in lithium ion batteries, is one of these raw materials. We have investigated the use of cobalt in the batteries we purchase and queried suppliers regarding their due diligence to avoid the aforementioned risks.

Conflict minerals data

	Smelters identified in our supply chain	Smelters conformant ¹⁾ to RMAP	Smelters conformant ¹⁾ to RMAP (%)
Tin	79	72	91%
Tantalum	42	41	98%
Tungsten	46	43	93%
Gold	146	111	76%
Total no. of smelters	313	267	85%

¹⁾ Includes smelters working actively to become conformant

Source: Ericsson

Occupational health and safety



Ensuring a safe and healthy workplace

Our ability to provide a safe and healthy working environment is fundamental to our commitment to conduct business responsibly. Occupational health and safety (OHS) customer requirements are becoming increasingly common in our business delivery around the globe.

Our approach

We take an inclusive, risk-based approach to OHS that includes our employees as well as anyone working on our behalf. This is significant because contractors carry out the bulk of the installation and service work involving our products around the world.

Our ambition is zero major incidents. To get there, we work actively to raise awareness about how to prevent injuries and work-related ill health, and strive to ensure that we are working towards the best OHS practices in the industry. In addition to including OHS in regular management reviews, we also expect managers within Ericsson to work with their teams and engage employees in health and safety. We have established Market Area OHS Boards to support implementation.

Governance

We have two key governance fora: the Incident Review Board and the Global OHS Board. The Incident Review Board examines all major incidents and determines if root causes of major incidents were within or outside of Ericsson's control, as well as handling reports about focused and general actions to improve work methods and reduce risks. The role of the Global OHS Board is to provide decisions and guidance on the development and implementation of OHS strategy, targets and practices and to coordinate activities Group-wide.

Global OHS program

Our global OHS program focuses on improving OHS awareness and training among project managers, field-service personnel and subcontractors; reinforcing governance and inspections; and improving global management tools (including the use of the Global Incident Reporting Tool).

Our key focus on the handling and reporting of incidents has been raising knowledge and awareness about reporting for selected job roles and increasing both the frequency and the quality of reports.

Zero Tolerance Safety Rules

In 2017, we continued our ongoing efforts to educate our employees and our suppliers about our Zero Tolerance Safety Rules, which we established in 2015 to improve the understanding of – and adherence to – workplace safety practices. The rules are available in written form in 10 languages and [in video form](#) on our website in 14 languages.

Reporting on incidents

In line with our OHS strategy we strive towards a “No Blame Culture” that encourages employees and suppliers to transparently report incidents. We report on all our major incidents, including both fatal and non-fatal ones, for Ericsson as well as suppliers that build and service networks on our behalf.

One of our key improvement areas for 2017 was to increase incident reporting and close all reported incidents in a timely fashion.

From 2016 to 2017 the number of reported incidents rose by approximately 50%. There was a fairly sizable increase in the number of near misses and minor incidents reported. This indicates a positive adoption of our Global Incident Reporting Tool. We also saw more than 80% of incidents being closed and followed up within 30 days. This indicates a good response from our management and case handlers to ensure that subsequent actions are made to reported incidences.

With respect to major incidents in 2017, the three biggest causes were: (1) traffic, (2) working at heights, and (3) working with electricity. These risk factors are largely due to the volume of work that our suppliers undertake as well as the inherently risky nature of the job. However, we recognize the need to intensify our management efforts both in the supply chain and in our project delivery.

While no Ericsson employees or members of the public were involved in fatal incidents in 2017, 23 fatalities were reported in our supply chain. The majority of these incidents were traffic-related, which includes vehicles, motorcycles and crossing the road.

Targeting high-risk situations

Since almost all reported fatalities in recent years and the vast majority of major incidents have occurred with contractors, we know that improving OHS in the supply chain is key. We focus our efforts on countries where we have significant operations that could present high risk to health and safety, and where the largest number of incidents occur.

In 2017, we developed and launched a global Safe Driver awareness campaign in several local languages. The campaign will continue into 2018. It includes a driving safety awareness course along with workshops and activities to ensure that our employees and our suppliers are fully aware of the risks, tech-

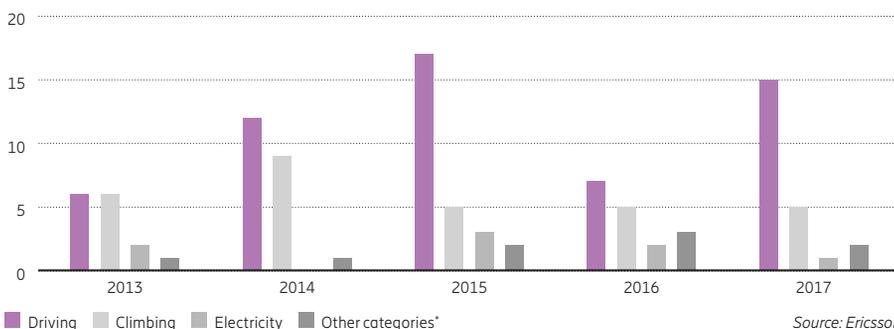
niques for how to mitigate them, and how committed we are to reducing them. We have also been working to lower risks by raising the safety requirements on vehicles used by those who are working for Ericsson, and providing driving training to anyone driving for business purposes, including our suppliers.

We started the foundational work in the “working at heights” area in 2017 with the global rollout of our authorized service partner (ASP) consequence management program and our site inspection target program. We are confident that when these programs are applied effectively at the right levels of an organization they can help ensure that both our workers and those of our suppliers go home safely at the end of the work day.

Consequence Management Program

In 2017, we rolled out a new consequence management program. Governed by the Sourcing Procurement Board, the program emphasizes health and safety requirements in all new supplier contracts, and requires the updating of existing contracts to ensure that they reflect our global OHS requirements. The program also makes it clear that Ericsson may end a supplier contract if persistent violations occur. The program is a collaborative effort between our Operations, Sourcing, OHS and Project Management teams to ensure compliance.

Fatalities (employees and reported by suppliers) per category



* Other categories include: 1) construction, 2) explosion/fire, 3) manual/lifting, 4) slip/fall.

Radio waves and health

In accordance with the Group Policy on Electromagnetic Fields and Health, Ericsson employs rigid testing of radio products with the goal of ensuring that radio wave exposure levels from products and network solutions are below established safety limits. We also provide information on radio waves and health to customers and the general public.

Ericsson supports independent research to further increase knowledge in this area. Since 1996, Ericsson has co-sponsored over 100 studies related to electromagnetic fields and health, primarily through the Mobile & Wireless Forum (MWF), an international association of companies with an interest in mobile and wireless communications including the evolution to

5G and the Internet of Things. To assure scientific independence, firewalls were in place between the industrial sponsors and the researchers conducting these studies, and all results were made available by publication in the open scientific literature. Independent experts and public health authorities, including the World Health Organization (WHO), have reviewed the total amount of research and have consistently 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.

Ericsson is currently developing products and solutions for the fifth generation (5G) mobile communication networks. Although 5G will have capabilities that

will extend far beyond previous generations, it will be based on similar radio technologies and the same radio wave safety guidelines apply. Like current products, Ericsson designs and tests the 5G equipment for compliance with established radio wave exposure limits. We are also actively involved in the development of technical standards for 5G to enable that products can be properly tested and that information can be provided to customers on how to install the 5G equipment to ensure that there are no health and safety risks for the general public and workers.



Engineers deploying radio equipment in Japan, taking care to ensure a safe working environment at a rooftop site.

Our people

The key to continued technology leadership

Our people are key to ensuring Ericsson's future success and our continued technology leadership. We focus on attracting the best talent, supporting competence development and enabling a work culture that supports our people to bring out the best version of Ericsson. We recruit and retain talent, regardless of age, race, gender, nationality or sexual orientation.

Our core values – professionalism, respect and perseverance – define our company culture, and guide us in our daily work and in the way we do business.

Our people strategy

Our people strategy consists of three central elements: culture, collaboration and capabilities.

- **Culture:** This involves performing at our best to increase speed and simplicity and to drive business results; a diverse and inclusive environment; and our core values of professionalism, respect and perseverance.
- **Collaboration:** This involves digital enterprise ways of working; sharing knowledge to drive innovation; and being the best brand ambassador for Ericsson.
- **Capabilities:** This involves building organizational capability and top competence to create and deliver the best solutions, as well as change makers to drive profitability.

Evolving culture

While our core values remain unchanged, in 2017 we undertook a major initiative to evolve our company culture to support our focused business strategy and the rapidly evolving marketplace in which we operate.

Based on input from across the organization, we have developed a model that represents our wanted position and is the guiding star for the shared behaviors and habits that define our unique environment and ways of

working. We call the model our "cultural sweet spot". It consists of 12 dimensions, organized into three categories: Act to execute, Act to win and Act to accelerate. It is when we have a culture characterized by the dimensions of this model that we hit our cultural sweet spot.

We unveiled the model to employees during the second half of 2017. The launch consisted of an internal communications campaign, videos and workshops, and was also highlighted in weekly letters from the CEO to employees.

In 2018, we will continue our work to co-create a culture and vision that we can all be proud to be a part of. Using this model we will establish necessary behaviors and habits, act as role models and support our colleagues to bring out the best version of Ericsson.

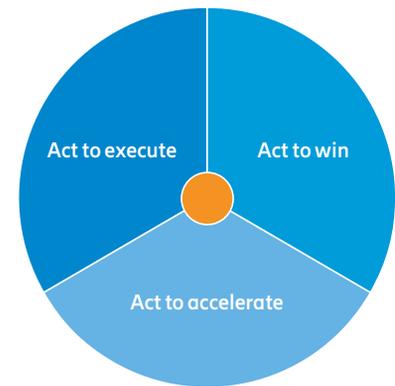
Employee engagement and satisfaction

We have had a long tradition of carrying out annual surveys to gauge our employees' level of engagement and satisfaction with the workplace. Looking forward, we plan to move away from annual surveys and pulses toward continuous, two-way dialogue with employees. We believe that this more flexible approach will make it easier to ask relevant questions to the appropriate people in a timely fashion and take immediate action. We are currently investigating potential options.

Organizational changes

Our transformation activities in 2017 included changes to our organization both in structure and in size. We have taken steps to reduce the negative impact of these changes by looking for opportunities for redeployment wherever possible. In accordance with national legislation and, when applicable, collective bargaining agreements, we have shared information and consulted with unions throughout this process.

Our cultural sweet spot



● Acting to execute requires:

- Accountability
- Collaboration
- Trust
- Transparency

● Acting to win requires:

- Customer focus
- Creativity
- Experimentation
- "One Ericsson" mindset

● Acting to accelerate requires:

- Agility
- Simplification
- "Fail fast and learn" attitude
- Decisiveness

Career and competence development

We aim to give our employees the freedom and flexibility to take their careers in many different directions. Our “career agility” approach is designed to ensure that they can adapt to deliver the agile solutions that our customers and end users require from Ericsson. We support employees with clear development plans and a range of training opportunities including classroom learning, on-the-job training, mentoring and ad hoc learning and development initiatives.

New approach to performance measurement

We have carried out an employee jam that consisted of crowdsourcing sessions in which we asked employees what they needed to perform at their best. The answer was clear: they told us that they need to know at all times what work needs to be done and why, and they need to receive continuous feedback about their performance and development.

In light of this feedback, during 2017 we have moved away from one global Individual Performance Management (IPM) process and associated timelines toward a way of working focused on continuous feedback. The aim is to ensure that employees are always clear on their goals and know why the work they are

delivering is important to Ericsson, and that they meet regularly with their manager to share their progress and plans. So far we have received unanimous feedback that the new approach is simpler and more impactful, and contributes to the creation of a climate of high performance.

Lifelong learning

Ericsson Academy provides access to a wide variety of learning opportunities to help our employees grow and succeed. Both our structured formal and on-the-job training programs build competence in emerging technology areas across the key functions of sales, services and product development. Every employee has clearly defined development goals that are reviewed throughout the year.

Virtual learning is a key component of our training strategy. The Ericsson Academy Virtual Campus offers learning on a wide variety of topics, including digital skills, behavioral competencies and gamification. Not only does virtual learning save time and money; the reduction in travel also results in an environmental benefit. Our virtual offering includes techniques such as crowd sourcing, discussion forums and video sharing. One example of how we promote collaboration

and knowledge management is our use of video learning on the Ericsson Play channel, which is available on mobile devices.

To ensure that our training offering keeps up with current and future trends, our annual business planning process includes an alignment of our strategy and our competence needs. Based on this, we identify critical technical and non-technical skill gaps and work to fill them as quickly as possible.

2017 training highlights

- 75% of employees participated in formal training.
- 1.8 million learning hours have been consumed through the completion of over 700,000 learning activities.
- An average of 18 learning hours were consumed per employee across an average of 9.8 activities per person.
- 99% of people who answered level 1 evaluations thought the training was relevant to their work and 97% felt it would go some way to improving their work performance.

Ericsson Innovation Awards

The Ericsson Innovation Awards (EIA) are a unique opportunity for Ericsson to support young innovators and encourage them to develop solutions to global challenges. Held annually, the competition provides students around the world the chance to develop innovative ideas in collaboration with Ericsson experts. The theme for 2017 was the Future of Food, addressing SDGs 2 (No hunger) and 12 (Ensure sustainable consumption and production patterns). The challenge was for participants to propose innovative ways of using ICT to improve the production, transport, distribution and consumption of food.

The Indian Institute of Technology Roorkee’s Team SNAP was the winning project. SNAP’s solution helps keep crops healthy and productive by improving the efficiency and cost of soil sample analytics. Farmers have access to real-time data that enables them to select the most appropriate fertilizers and only use them in the areas where they are needed. This type of solution is crucial to addressing the pressing global issue of soil degradation – the decline in soil quality caused by improper use, usually for agricultural, pastoral, industrial or urban purposes. The optimization of nutrition in soil is crucial to future food security.



Team SNAP receiving the Ericsson Innovation Award 2017

Diversity and inclusion

At Ericsson, we believe diversity has a positive impact on all aspects of our business. In our company strategy, we talk about how our culture is one of our biggest strengths, together with our global presence and our innovative mindset. Our definition of diversity goes beyond race, color 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, and any other characteristic protected by local law.

A gender-intelligent organization

To create the game-changing technology that is needed in a fully connected world, we must continue to recognize and unleash the potential of the diverse bright minds that make up this company. We strive to be a gender-intelligent organization that recognizes and values the differences that both men and women bring to the workplace. In 2013, we set a global ambition to increase the number of women in our organization. Our gender diversity ambition is to have a workforce that is 30% female by 2020, including leaders and executives.

We have worked with annual gender diversity plans since we communicated our ambition in 2013, and we are making progress toward our ambition but we are not yet where we want to be. Women account for 23% of Ericsson's total workforce and female line managers for 20%. Female representation on the Executive Team remained the same as in 2016, but there was an increase in female representation among the top 200 leadership positions in the company, 27% in 2017 compared to 25% in 2016.

Our focused strategy of recruiting female talent shows good progress with 29% of hires during 2017 being women. In our leadership development programs, women make up 39% of the participants in the executive programs and 34% in the early career programs. Business transformation, reorganizations,

mergers and acquisitions may to some extent have an impact on the gender ratios, and are thus monitored carefully and reviewed in connection with any larger changes within the company.

To further improve the gender-neutrality competence of those involved in the recruitment process we introduced a training course and an accompanying tool kit in 2017. We have also reviewed the majority of all job postings in 2017 to ensure we use gender-neutral language. We continue to increase the number of women hired, and there is a comparable attrition rate for females and males.



Ericsson CEO Börje Ekholm

Attracting more female followers

Currently nearly 40% of the traffic to our careers website is made up of women, compared to approximately 20% in 2015. We attribute this increase to the cumulative effects of featuring more women across our channels, including our Careers blog, and a focused recruitment strategy. More than 50% of the subscribers to our Careers blog are currently female.

Equality: a shared goal

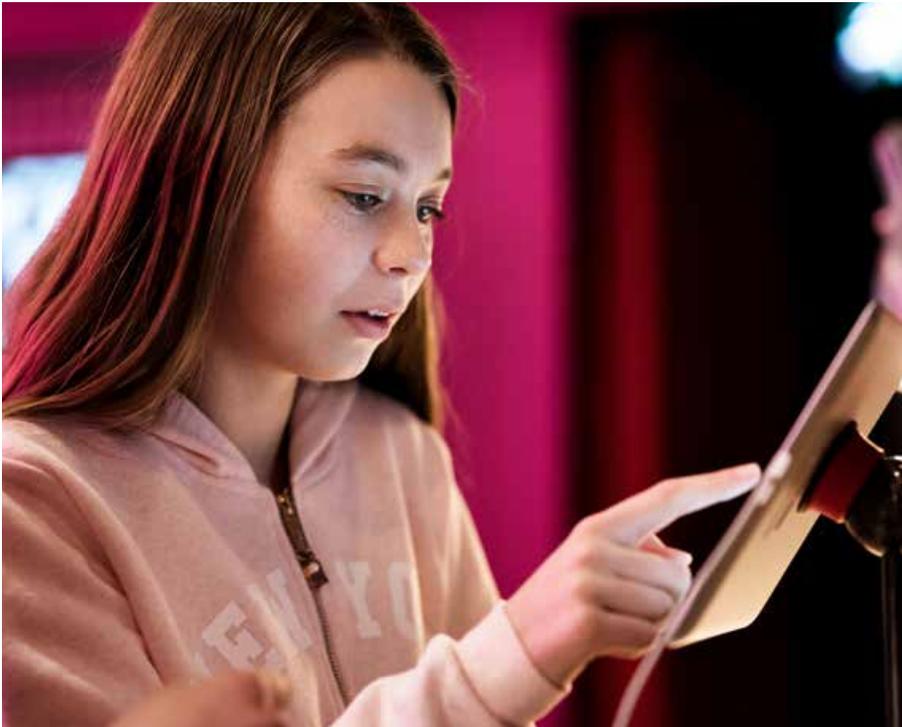
Building a gender-intelligent organization requires the engagement of both men and women. We want to maintain a constructive dialogue, extend our network of role models and confirm that equality is a human issue, not a women's issue. The goal is to involve everyone in our efforts to improve gender relations, drive gender equality, break traditionally prescribed gender norms, and to minimize biases and stereotypes. November 19, International Men's Day, is an opportunity to confirm that diversity at Ericsson embraces everyone. We encouraged employees to participate in activities such as the grassroots Movember movement supporting men's health.

Building our talent pipeline

One of the biggest obstacles on our path to achieving gender balance is the fact that there are simply not enough women in the industry at present, and there are currently not enough female students studying ICT and STEM (Science, Technology, Engineering and Mathematics) subjects either. To help build our future talent pipeline, we have intensified our focus on partnerships with universities, with for instance on-campus ambassadors, who also represent Ericsson at events like Mobile World Congress and the Nobel Week Dialogues.

The Living Library

Ericsson recognized International Women's Day on a global basis for the fifth consecutive year by launching a "Living Library" as one of



Leonora is 13 years old and lives in Sweden. Ericsson supports girls across the globe to study STEM subjects as part of our efforts to increase the number of women in ICT.

our main global activations. In a living library, books are people and reading is conversations. Our living library provided a platform for connections and relationships around the world. Just like in an ordinary library, visitors browsed for books (i.e. interesting fellow employees to connect with); selected one or several that appealed to them; made a reservation to check out that book for a limited time (signed up for a meeting with the individual); read it (listened/talked/discussed/got inspired); and returned it when finished.

The living library gave us the chance to reach beyond the surface to get to know people we had never met before. We shared experiences, challenges, and passions to build understanding, expand our networks, gain insights and challenge prejudice. More than 80 “books” were available in our library – of both genders – and more than 600 connections were made throughout the week our library was open.

Another initiative recognizing International Women’s Day was an Ericsson Consumer Lab study titled “Gender gaps in ICT – the role of ICT in supporting gender parity” that we presented internally in a series of webinars.

#HeForShe

This year we also participated in the relaunch of UN Women’s #HeForShe campaign and launched #SheForShe as well, which is targeted at women who want to pledge their support to other women. The #HeForShe/#SheForShe commitment is this: “I believe that everyone is born free and equal. I will take action against gender bias, discrimination and violence to bring the benefits of equality to us all.” #HeForShe and #SheforShe “selfie” posts filled our internal Yammer

Girls who Innovate

In 2017 we introduced the Ericsson Innovation Awards: [Girls who Innovate](#) competition as part of our Girls in ICT Day activities. Targeted at girls aged 8 to 18, the theme of the competition was the Future of Food (also the theme of the 2017 Ericsson Innovation Awards for university students described on page 37. Our ambition was to motivate girls to study STEM subjects by inspiring them to think about innovative ways of using technology to achieve zero hunger. The theme connected the competition to three of the Sustainable Development Goals: (2) Zero Hunger, (5) Gender Equality and (12) Responsible Consumption and Production.

One hundred and fifty-five girls from 32 countries submitted contributions to the competition. A jury made a first selection, and Ericsson employees were then invited to vote for their favorite submissions. The competition generated 12 million impressions on Ericsson Careers social media accounts, and added 5,489 new followers to our community. We set up Ericsson’s first Snapchat account to reach our younger target audiences.

flow, and challenges across countries, organizations and hierarchies made it a truly global movement.

Zero tolerance of sexual misconduct

In light of the #metoo social media movement and all the testimonials of sexual misconduct and harassment in workplaces around the world, we took the opportunity to remind the entire organization of our standpoint as an organization and employer. As a company, we cannot assume responsibility for all of our

Enhancing supplier diversity

Ericsson North America’s supplier diversity program continued to win recognition and accolades in 2017. The program centers on a commitment to work with suppliers that are owned and operated by women and minorities. For example, for the fifth year in a row, Ericsson North America received AT&T’s 2016 Supplier Diversity Crystal Award in August 2017, in recognition of achieving more than 21.5% utilization of diverse companies in the products/services provided to AT&T.

On top of that honor, the summer 2017 issue of Diversity-Plus magazine featured Ericsson Supplier Diversity Manager, Anisha Jackson, as one of America’s Top 25 Women in Power Impacting Diversity. We were also honored to welcome a wide assortment of companies to our fifth annual Supplier Diversity Matchmaker Event at our Plano offices in November. We intend to continue to build out the supplier diversity program in 2018, and investigate how we can expand it to achieve global reach.



Ericsson's Dublin office prepared for the Pride march. Photo by Stephen Quinn.

employees' actions, but we are fully committed to addressing and eliminating unethical behavior throughout our entire operations. There should be no doubt about the company's point of view when it comes to harassment of any kind: we have zero tolerance. We have reminded leaders across our organization how we expect them to handle complaints or grievances, and what actions to take at any indication of inappropriate behavior.

For several years now we have received

very few formal complaints or grievances when it comes to sexual harassment. We hope this reflects reality, but we are not naïve. We know that sexual misconduct or harassment can happen anywhere and that we are not immune. With the huge numbers of stories shared across the globe in reference to #metoo, there are risks of Ericsson-related cases surfacing as well. If they do, we will take action to ensure that the person/people involved are held responsible for their actions.

Our global instructions to employees make our position very clear: "If you are being harassed, you should speak up. Confront the person who harasses, or contact your manager, manager's manager, HR, union representative, or Work Environment Representative. Leave no room for misunderstanding. Be specific and clear about how you perceive the situation. Do it verbally or in writing. It is your perception of the situation that determines if you feel offended or harassed."

Celebrating Global Diversity Awareness Month

We recognize Global Diversity Awareness Month as a time to address all aspects of our global diversity and inclusion strategy, and we encourage our local organizations to address all strands of the strategy, including gender, nationality, generation, sexual orientation and

disability. As a way to pay tribute to our diverse global team, we put together our own version of "Humans of New York". Our "Cultural Journeys eBook" includes more than 30 portraits of Ericsson employees, along with reflections on their experiences of our common journey.

Employee resource groups

Our employee resource groups support, promote and drive a diverse and inclusive working environment. They also benefit the larger organization by sharing their unique perspectives and insights with us. The employees who choose to join have the opportunity to participate in information forums, mentoring programs, recruitment events, professional development and various volunteer events.

Women's networks

There are six chapters of the Women in Leadership (WIL) network within Ericsson around the world. They advocate for leadership and innovation as

a means to connect members, establish collaboration and share knowledge. They also support professional development and networking both internally and externally, while connecting with our customers and local communities.

LGBT networks

Our LGBT (Lesbian, Gay, Bisexual, Transgender) networks promote equal treatment and opportunities at Ericsson. The aim is an inclusive and diverse working environment that encourages a culture of respect and equality for everyone regardless of their sexual orientation or gender identity.

Facts and figures

Employees

No.	2017	2016	2015	2014	2013
Year-end	100,735	111,464	116,281	118,055	114,340
Average	107,369	114,302	119,718	117,156	116,630
Temporary employees	676	1,142	1,413	776	493
Employees who have left Ericsson	21,791	18,998	16,610	15,536	13,025
Employees who have joined Ericsson	11,062	15,048	14,836	19,251	17,110
Turn-over (%) ¹⁾	10	7.9	7.8	–	–

Employee diversity – background

%	2017	2016	2015	2014	2013
Executives with a background other than Swedish (top 200 positions)	53	60	54	54	48
Executives with a background other than Swedish (Executive Team)	31	29	23	29	29

Employee diversity – female representation

%	2017	2016	2015	2014	2013
Overall workforce	25	23	22	22	21
Line manager	20	20	18	19	18
Executive (top 200 positions)	27	25	22	20	19
Executive Team	31	35	31	29	29
Board of Directors	48	40	36	30	25

Employee diversity – age and gender 2017

No.	Under 25	25–35	36–45	46–55	Over 55
Female	1,611	9,776	6,452	4,205	1,490
Male	2,283	27,458	25,301	16,741	5,418

Reported compliance concerns²⁾

	2017	2016	2015	2014	2013
Fraud, corruption and regulatory breach (%)	26	29	16	18	26
Security issues (%)	3	1	10	16	21
Operations issues (%)	11	11	9	14	16
Human resources issues (%)	35	49	54	41	37
Conflicts of interest issues (%)	11	10	9	11	0
Sustainability issues (%)	0	0	1	0	0
Miscellaneous (%)	14	0	1	0	0
Total cases reported during the year	412	145	116	76	70

¹⁾ Excluding non-voluntary leave (attrition rate).

²⁾ Reporting Violations received and reported to Audit Committee (mainly received via Ericsson Reporting Violations mailbox / Ericsson Compliance Line but also via certain other channels and excluding unrelated spam e-mails).

Cases reviewed in the Sales Compliance Process

	2017	2016	2015	2014	2013
Cases approved	593	350	312	214	183
Cases approved with conditions	210	209	98	85	24
Cases rejected	43	45	28	20	12
Cases approved or approved with conditions (%)	95	93	94	94	95
Total cases reviewed	846	604	438	319	219

Occupational Health and Safety by Market Area ³⁾⁴⁾

Fatalities (Ericsson employees)	2017	2016	2015	2014	2013
South East Asia Oceania and India	0	0	0	1	0
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	1	0

Major incidents (Ericsson employees)

	2017	2016 ⁵⁾	2015	2014	2013
South East Asia Oceania and India	8	21	2	0	0
North East Asia	13	13	8	0	7
North America	2	4	0	0	0
Europe and Latin America	123	92	63	22	22
Middle East and Africa	7	7	3	3	0
Total	153	137	76	25	29

Fatalities (supply chain and others)

	2017	2016	2015	2014	2013
South East Asia Oceania and India	6	6	4	7	1
North East Asia	1	2	0	0	1
North America	0	0	0	2	2
Europe and Latin America	6	6	4	6	4
Middle East and Africa	10	3	19	6	7
Total	23	17	27	21	15

Major incidents (supply chain and others)

	2017	2016 ⁵⁾	2015	2014	2013
South East Asia Oceania and India	16	12	13	17	3
North East Asia	6	6	0	0	4
North America	2	0	2	4	2
Europe and Latin America	24	23	31	15	16
Middle East and Africa	12	8	46	8	10
Total	60	49	92	44	35

³⁾ Due to organizational changes, figures disclosure in previous Sustainability and Corporate Responsibility Reports have been consolidated to Market Areas.

⁴⁾ Reported incidents via Ericsson Global Incident Reporting Tool.

⁵⁾ Nominal discrepancies in incident reporting when initially reported.

Energy, Environment and Climate Action

Proactive management of issues relating to energy, environment and climate action is a core component of our company strategy and corporate culture. We leverage our circular economy approach to continuously improve both energy use in our own operations and energy performance in our products, and to minimize negative environmental and climate impacts. We are committed to working together with other companies, governments, and international organizations to combat climate change.

Ericsson's climate action strategy includes our strong support for the Paris Climate Agreement of 2016. Since ICT is a carbon-lean sector that accounts for less than 2% of global CO₂ emissions, we advocate for ICT-based solutions as a viable means for cities and countries to reduce their carbon footprints. According to Ericsson research, ICT solutions could help to reduce greenhouse gas emissions by up to 15% by 2030.



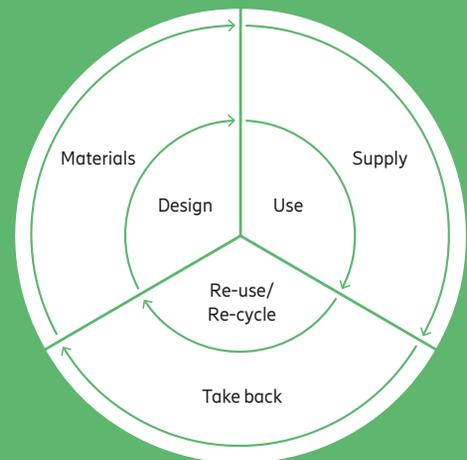
“We highly value the commitment that Ericsson shows in doing business in a sustainable way. Future-proof hardware with lower power consumption and smaller footprint and energy-efficient software features in the KPN radio network contribute to our environmental goals. Thanks to initiatives like this we achieved our Industry Leadership position for the telecommunications sector in the Dow Jones Sustainability Index in 2017. We look forward to continuing our close cooperation in the future so that we can achieve our joint circular ambitions.”

Eelco Blok, CEO of Dutch telecommunications company KPN

Highlights

- 35% absolute energy reduction on radio units
- 5G ten times more energy efficient than state-of-the-art 4G
- ICT remains under 2% of global CO₂e
- Reduced an additional 14% CO₂e from our own operations
- Recycled more than 94% of materials from electronics
- Climate targets approved by Science Based Target Initiative

Circular economy



SDGs highlighted in this section



Circular economy

Coming full circle

As a global company, efficient use of natural resources is important to us and we use circular economy thinking as a platform for managing our environmental impact. Our circular economy approach builds on over 20 years of life-cycle assessments (LCA), which include data on raw material extraction, manufacturing, transport, use of products, and end-of-life management.

Design

A crucial aspect of this phase is to design for excellent energy performance. We also aim to ensure that we make sustainable material choices that enable a high level of recycling

and avoid the use of hazardous substances. Our responsible sourcing approach ensures that we make informed decisions about material purchasing. To keep carbon emissions low, we transport our products to customers by surface transport rather than air transport whenever possible.

Use

We know that products in operation represent about two-thirds of the carbon footprint of ICT. In light of this, we have invested significant time and effort in developing a range of innovative solutions to help our customers improve energy performance in operation.

Both our experience and our research show that ICT can play a transformative role in reducing emissions across all sectors of the economy.

Re-use/recycle

When products reach end of life, the Ericsson Global Product Take-Back Program is available in 180 countries to ensure products are recycled with high environmental standards. More than 98% of the material content is recycled.

Our history of sustainability research

Ericsson was one of the corporate pioneers in implementing life-cycle assessment (LCA) methodology as an environmental strategy tool. We completed our first LCA study of a printed circuit board in the early 1990s. As our knowledge grew, we began to focus on assessing complete products, such as a radio base station. In the late 1990s we started to work with operators to build LCA models of complete networks.

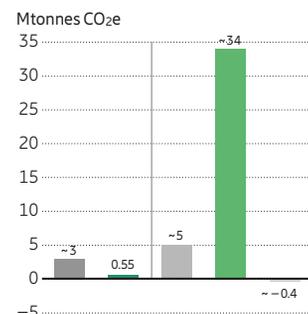
Our first LCA of a mobile phone identified that the energy consumption of the charging units, which were often continually plugged in, contributed significantly to the total life-cycle impact. Insights such as this led the mobile industry to be one of the first to develop smart chargers with very low standby consumption. Our continued research shows that energy consumption during the use phase remains a major contributor to the carbon footprint of ICT.

Credibility is a core value in our research, which is why we engage in university collabo-

rations and publish our studies in scientific journals. These collaborations are mutually beneficial because academia provide us with a research framework while we provide academia with data sets that otherwise wouldn't have been available to them. Working together, we are able to provide a well-founded fact base regarding the impacts of ICT.

Our early studies indicating the significance of network energy consumption have had a major impact on our product development strategies. More recently our research efforts have broadened to include material use and the circular economy. Since their launch in late 2015, the Sustainable Development Goals (SDGs) have become an important framework for us when setting our research strategy. As a result, our research ambitions have expanded beyond environmental impacts to include the social and macroeconomic aspects of the ICT sector as well.

Ericsson life-cycle assessment – carbon footprint 2017



Activities in 2017

■ Supply chain

■ Ericsson own activities

Future (lifetime) operation of products delivered in 2017

■ Operator activities

■ Products in operation

■ End-of-life treatment

~ Approximately

Source: Ericsson

Latest research on ICT and climate change

Downward energy trend continues

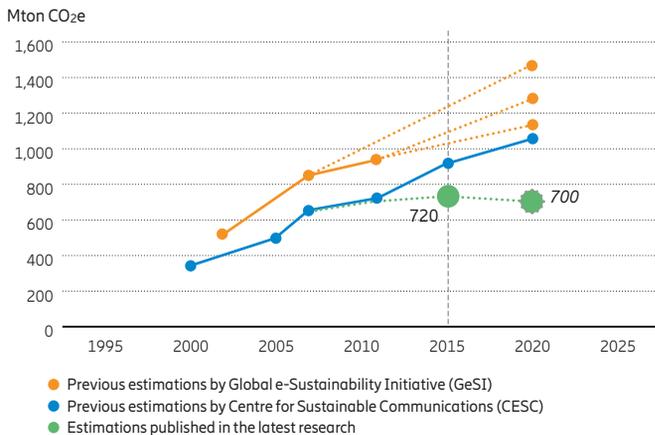
Several recent studies indicate that the massive growth in data traffic in ICT networks in the last few years has not resulted in equivalent growth in the energy-related carbon footprint of the networks. For example, our joint study with Telia in Sweden in 2016 showed that despite a continuing exponential increase of data traffic, the carbon footprint of ICT in Sweden started to decrease around 2010, after 20 years of constant growth. The study concludes that the total ICT and E&M (entertainment and media) carbon footprint is

about 1.9% (1.2% ICT and 0.7% E&M respectively) of Sweden’s total carbon footprint, with a decrease from 2010 of around 10%.

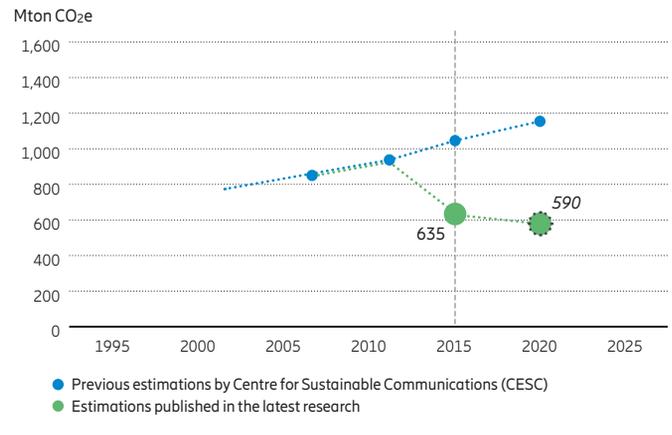
In 2017, we expanded the project and focused on the ICT network operators in a global context, gathering data built on network operators’ overall energy use from 2010 to 2015. This unique data set corresponds to 45% of overall global mobile subscriptions and 15% of fixed subscriptions. Using this as a basis, we estimated the overall global emissions. In spite of the very high data traffic

growth and a subscription increase from 6.7B to 9.0B, the result shows only a limited increase in annual electricity consumption and operational carbon emission. The increase is associated with the mobile network expansion, since the fixed and broadband levels remain nearly unchanged. Still, the impact per subscription is actually decreasing in most cases. The report ‘The electricity consumption and operational carbon emissions of ICT network operators 2010–2015’ was published by KTH Royal Institute of Technology.

IT sector total carbon footprint



E&M sector total carbon footprint



10 hot consumer trends 2018

Ericsson ConsumerLab has identified 10 hot consumer trends for 2018. Two in particular show consumers’ increasing interest in ICT as it relates to sustainability. In general the research indicates that consumers are moving towards a paradigm shift in how they expect to interact with technology. They can see that more and more things are becoming connected, which is making the complexities of interacting a topic of paramount importance.

Streets in the air

The fact that 4 out of 10 respondents are interested in using flying taxis might reveal more about current frustration levels among city dwellers than it does about the most economically viable type of transport. A more likely near-future scenario could be that the competition to minimize the delivery time for online purchases pushes delivery into the air. 77% of respondents think that in just five years’ time most online retailers will use drones to speed up delivery.

The charged future

A connected world requires mobile power. Keeping power flowing will be as critical as maintaining connectivity; if either go down, instant disruption will ensue. Consumers now rate electricity as the most popular energy source and 56% of advanced internet users say they expect smart battery technology to fundamentally change how we power everything from phones to cars in the near future.

Product energy performance

Understanding the energy challenge

Between Q3 2016 and Q3 2017, the total data traffic in mobile networks increased by 65%, according to the latest [Ericsson Mobility Report](#) (November 2017). Mobile data traffic is expected to continue to grow by eight times over the coming six years, leveraging network evolution and expansion. Looking forward to 2020, current radio technologies will coexist with 5G systems that will be commercially introduced in 2019.

Each successive launch of a new generation of mobile network technology has enabled new types of services that require extended application coverage for more people and places. At the same time, building networks for extended application coverage has entailed a corresponding rise in energy consumption. The challenge, therefore, is to secure the network's total energy performance despite the introduction of new capabilities.

Breaking the energy curve

Our life-cycle assessment studies show that two-thirds of the carbon footprint of ICT comes from products in operation, while one-third of it comes from the manufacturing and transport of equipment and devices. In light of this, we are developing innovative products and solutions that will enable the mobile industry to meet current and future traffic demands while simultaneously addressing the energy and climate challenge. We are helping operators to "break the energy curve" as we move toward 5G by driving energy performance improvements in standards. We also develop energy-optimized products, solutions and services both for 5G and for the current installed base.

We do this in a systematic way that goes beyond focusing only on a product's low energy consumption. We consider how

customers' current and future network performance requirements for application coverage can be met with the lowest possible energy use. This integrated approach addresses the whole network including hardware, software, and site dimensions, and considers both the network modernization and installed base.

"The goal for our 5G product portfolio is to be 10 times more energy efficient than our current 4G portfolio."

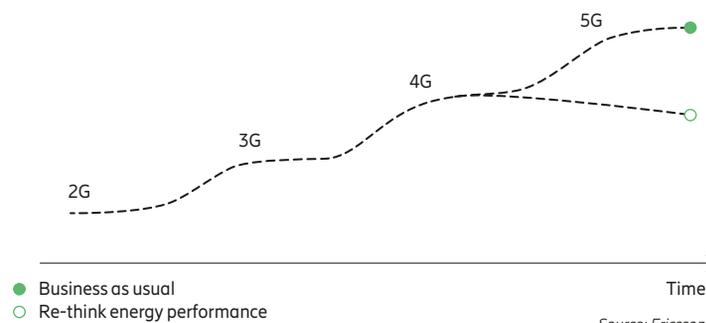
Nishant Batra,
Head of Product Area Network Infrastructure at Ericsson

New 5G design site in Austin, Texas

In 2017, we opened a design center in Austin, Texas, to strengthen our radio design capability in one of the world's 5G pioneer markets and accelerate on our path to 5G commercialization. Our designers in Austin focus on Application Specific Integrated Circuits (ASICs), a type of microelectronics that are at the core of Ericsson Radio System. These ASICs are processors that are specially made for the computation needs of mobile infrastructure. They are 100x faster, more cost-efficient, and less power hungry than a general processor in a personal computer.

Commenting on the opening of the new site, Sinisa Krajnovic, Head of Development Unit Networks at Ericsson, highlighted the environmental aspect of our ASIC development work: "Along with our ASIC design teams in Sweden and China, we'll be making faster, better and greener 5G products to bring into the Ericsson portfolio."

Breaking the energy curve



Driving 5G energy performance

Initial commercial 5G networks and devices based on the 3GPP standards are expected in 2019, with major network deployments from 2020. 5G will bring enhanced mobile broadband that will build on and extend the public network for new applications and improved user experience. It will also improve fixed wireless access for the residential market.

With 5G, we will also experience new Massive Internet of Things (Massive IoT) use cases, for instance in a smart city, on top of those already utilizing 4G technology. Eventually, we will also see use cases for critical IoT applications emerging, like industrial process control. The use cases will be developed across all sectors of society, including manufacturing, healthcare, transport and utilities. Thereby, 5G has a huge potential not only to develop energy-efficient technology for the deployments, but also to help different sectors of society to reduce their environmental impact.

Leading research for 5G standards

We have long regarded efficient energy performance as one of the key requirements for 5G. Already in LTE, the standard specification that is used for 4G cellular systems introduced possibilities to save energy that were not possible in previous cellular system generations. When the first LTE specification was finalized, we worked together with the cellular industry community to determine how to achieve even lower energy consumption in radio access networks.

One highly significant EU-financed joint research project on energy performance that we participated in was the EARTH project (2010). Under Ericsson's technical management, the EARTH project developed the concepts for energy-saving modes. The Ericsson research team has continued to drive these network energy-efficiency concepts into 3GPP standards. The joint efforts of the cellular community have resulted in a considerably

improved 5G standard, enabling the industry to develop more energy-efficient products and solutions. The 5G standard now includes the key technical enablers for better energy performance; ultra-lean design and Massive MIMO.

Ultra-lean design, when compared to previous standards, assures that the radio-frequency signals are transmitted by the radio hardware only when necessary, leveraging on our smart sleep-mode technology. Massive MIMO extends the network application coverage and provides higher capacity resulting in the need for fewer sites to be installed. The enhanced network capacity provides extended application coverage in a sustainable and more resource-efficient way and helps reduce total cost of ownership.

Leveraging smart sleep-mode

Our solutions also use smart sleep-mode functionality to optimize energy performance when the mobile network has periods of high traffic load and coverage demands, combined

with large traffic variations and low average load. This functionality ensures that the 5G systems are active and transmitting only when and where needed, leveraging ultra-lean design principles and advanced beam-forming techniques, and using a flexible and scalable system design.

We take advantage of "network slicing" that allows multiple logical networks to be created on top of a shared physical infrastructure. We also use virtualized network functionality and cloud technologies. The result is a scalable, manageable and flexible network that can be used for different purposes at the same time. For instance, Massive IoT for low-power devices and mobile broadband for public safety can be managed on the same network, despite the different requirements they put on network characteristics. This optimizes how and when the network resources are utilized, thus reducing power consumption and maximizing energy related savings.

5G Plug-Ins

LTE will continue to play a strong role in 5G networks and therefore it is important that the industry continues to work on further improvements in energy efficiency of LTE as well. We can help operators to improve their LTE network performance and efficiency with Ericsson 5G Plug-Ins and at the same time enable them to begin trialing 5G technology before it is launched commercially. The 5G Plug-ins are software-driven innovations that bring key 5G technology concepts to today's mobile networks and include, for example, the following functionality for energy savings:

- Massive MIMO Plug-In: Enables higher spectrum efficiency and improves application coverage of the mobile network by transmitting data with beam-forming on advanced antennas.
- Multi-User MIMO Plug-In: Enables same spectrum to be shared simultaneously among several users that are spatially separated in the cell. Improves spectrum efficiency during high load.

Addressing the installed base

Upgrading to more energy-efficient equipment and shifting from single-standard products to multi-standard, mixed-mode-capable hardware and software can contribute to significant energy savings, particularly when the latest innovations in site-build are also taken into account. An example of an upgraded radio base station site in western Europe serves as a good illustration of this. Over the period 2004–14, despite the fact that the site traffic capacity increased 75 times, energy use decreased by 40%. These savings help our customers to reduce their operational costs.

Energy-efficient hardware

Our research shows that a major part of energy consumption in mobile networks comes from the radio access network (RAN), dominated by the radio base station sites. Typically, the installed base consists of 2G, 3G and 4G and it will coexist with energy-efficient 5G systems. However, by modernizing the mobile network with the latest portfolio of products and solutions, it is possible for operators to not only reduce energy consumption, but also gain access to the latest functionality, future-proof their investments and reduce costs. We continuously make investments to improve the energy performance of our offerings, as the following two examples from our modular Ericsson Radio System (ERS) show.

1) Multi-standard radio units

These industry-leading radio units are 50% more energy efficient than legacy products, with a multi-standard, multi-band and multi-layer architecture, on the smallest site footprint.

2) Multi-standard baseband

Our 5G-ready multi-standard baseband supports Massive IoT, LTE, WCDMA, GSM, and Transport Connectivity simultaneously on a single board. The baseband replaces four boards in the previous generation while supporting the same capacity with more than 50% energy savings.

Energy-saving software

Our RAN energy-saving software features for 2G, 3G and 4G can be broadly used across both modernized and legacy hardware to take advantage of traffic variations during the day. Our software makes it possible to enable savings on a network level across all RAN generations; up to 15% of the overall energy consumption.

Ericsson Green Scheduler with Lean Carrier, for example, efficiently supports our customers to reduce energy consumption in 4G networks. It improves the network throughput and service quality benefits for mobile users.

It is also possible, by using our software alone, to increase network capacity and introduce new functionality on the existing net-

work. For example, our Massive IoT solution for LTE makes it possible to bypass the need to build a separate network for IoT purposes alone, which saves energy.

Site dimensioning

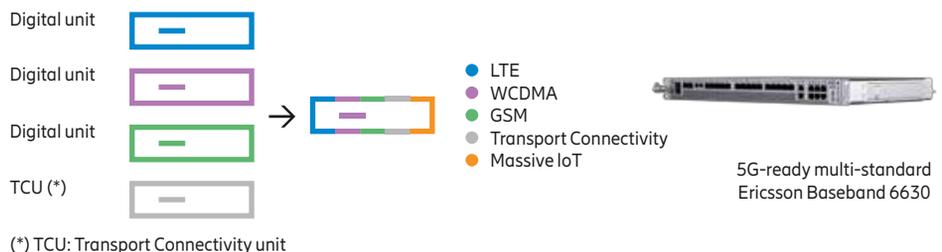
More precise site dimensioning and enabling the use of renewable energy sources are two effective ways to reduce energy consumption and environmental impact.

Building with precision

Mobile traffic distribution is highly uneven. To maximize energy savings, it is crucial to dimension site-traffic capacity to fit the traffic demand of each particular site. To make this

Reduce space and power needs

5G-ready multi-standard baseband unit
80% less space with 56% power savings



Ericsson Green Scheduler with Lean Carrier wins GTB award

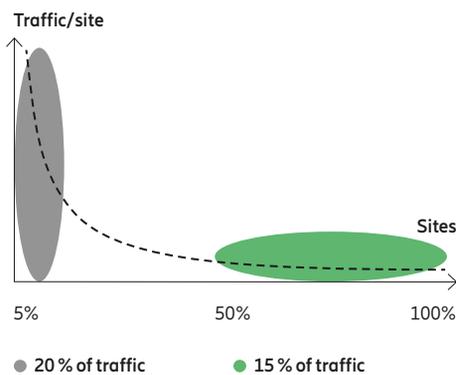
The 2017 GTB (Global Telecoms Business) Telecoms Innovation Summit & Awards event in May honored Ericsson and SK Telecom for our LTE radio base station interference reduction and power saving technology. The winning solution is a combination of Ericsson

Lean Carrier, which deactivates the base station control signal when there is no data transmission from the radio base station, and Green Scheduler, which optimizes the radio resources according to the service characteristics utilized by the end user. As a result, both radio

interference and base station power can be lowered at the same time, improving the throughput of the network, reducing radio base station power consumption, and forming a key technology for future evolution of eco-friendly networks.

Build with precision

Real traffic data from 2G, 3G and 4G networks shows an almost identical traffic distribution



Source: Ericsson

easier, we have developed services that analyze network data to draw conclusions on traffic demands per network area.

Studies of real traffic data from 2G, 3G and 4G networks show almost identical traffic distribution over network areas – that is, approximately 5% of all sites tend to carry 20% of the traffic, while roughly 50% of all sites carry 15%. By building with precision and dimensioning sites for the right capacity utilization levels, it is possible to achieve large energy savings, sometimes in the range of 30–40% on a network level.

Enabling the use of renewable energy

Operators in countries with patchy electricity grids tend to rely on diesel generators at many sites. Since diesel emissions pollute the air, water and soil as well as contributing to climate change, we are committed to helping our customers find better alternative energy sources. We can achieve this by reducing and dimensioning the power consumption of the equipment for the level of energy consumption that the selected power source at the site can support.

During 2017, Ericsson and Telenor Myanmar reduced the power consumption of a complete rural macro base station site to just 500W and converted the site to pure solar power. By reducing power consumption to this level, the cost of the solar power supply was reduced to a level competitive with traditional diesel-based off-grid power solutions already during the first year of operation. This was achieved using our site dimensioning expertise and our unique Psi-Coverage solution, together with our PT2020 microwave transmission. Ericsson and Telenor Myanmar won two prestigious awards for this initiative (see page 69).

Energy as a service

We are collaborating with Panasonic to create a new energy-as-a-service (EaaS) solution. It uses big-data-based analytics, energy management software, and lithium ion battery energy storage to provide an efficient way for mobile operators and tower companies to intelligently measure, monitor and maintain energy infrastructure. The EaaS solution will reduce the total cost of ownership for energy equipment by up to 20%, primarily driven by longer battery life and fewer maintenance site visits. This as-a-service model is a good example of how circular economy reduces environmental impacts through longer product life, replacement of lead in batteries and reduced need for transport.

Modernization in Latin America

Severe droughts in some parts of Latin America in recent years have put a strain on the energy supply, as it is mainly based on hydroelectric power. The situation has pushed companies to rethink their energy solutions. Ericsson has supported several operators in the region to implement cost-efficient and environmentally friendly solutions.

Case #1

We modernized an old 2G network by replacing 35 radio base station controller cabinets (BSCs) with one EVO Controller at three locations. The Ericsson multi-standard EVO Controller uses software to define whether to have 2G, 3G or a combination of the standards. The project has enabled approximately 70% energy savings. The physical footprint has been reduced by 90%, which also resulted in substantial savings in terms of rental, operations and maintenance costs while also enabling better billing and traffic execution. This project exemplifies how our solutions for modernizing 2G can generate a positive impact on the environment through energy performance improvements and reduced need for both material and space.

Case #2

We implemented an expansion and modernization project that consolidated 2G, 3G and 4G technology into one by replacing old standalone 2G and 3G hardware at 3,000 sites. This resulted in annual energy savings of approximately 20 GWh or about 50%. The reduced physical footprint resulted in a 60% reduction in rental costs and a 80% reduction in repair costs. This new radio equipment with all three standards provides the customer with more capacity and a more efficient cooling system while reducing power consumption and footprint as well as the number of antennas. The replacement improves network performance and offers consumers better application coverage.

Leveraging the Internet of Things

Innovative IoT-based solutions to sustainable development challenges

The World Economic Forum's IoT analysis shows that 84% of IoT deployments (of the more than 600 that were assessed) are currently addressing, or have the potential to address, the SDGs. The goals relating to climate action, smart sustainable cities, water, hunger (with respect to agriculture), and responsible production and consumption patterns are of particular relevance.

Many of the cases on our SDG map (page 14–15) are based on IoT and other advanced technologies. These solutions support a better foundation for efficient decision making by enabling the collection and analysis of valuable data.

Our portfolio offers operators the possibility to create a range of IoT solutions based on our flexible radio and core networks, network services, industry solutions (such as Connected Urban Transport), and our IoT platform known as the Ericsson IoT Accelerator. This platform is our end-to-end solution for connectivity management, device and data management, and the secure integration and automation of devices and data. We have used it in a number of cross-industry development solutions, some of which are outlined here.

Traffic and transportation

While societies and especially cities must continue to expand their transportation

infrastructure, they must also find ways to move people and goods more efficiently over their existing infrastructure. Investing in an intelligent transport system (ITS) adds value in a variety of ways, including improved public safety, lower operational costs and greatly reduced emissions. It also influences business and industry investment decisions, as well as personal decisions about what city to live in.

Connected Urban Transport (CUT)

CUT is a novel solution that helps organizations significantly improve their operations. The City of Dallas is the first to launch a regionally specified system that enables agencies to interwork within the municipality and between municipalities. By creating an overlay, anyone and any system connected through CUT can cooperate on the real-time data generated in the streets. The platform routes data between partner applications, forming an ecosystem where all stakeholders can see and make use of the data to enhance end-user services. The solution enables: the sharing of status information between agencies; the implementation and maintenance of coordinated traffic plans across agency boundaries; coordinated multi-agency responses to incidents; and real-time analysis of regional performance measures.

Platooning with Scania

Platooning is an innovative transport system where trucks can drive closely together – one after another – using a common communication system based on smart technology. This could lead to benefits for the transport system with regard to safety, efficiency and the environment. Ericsson and Scania have started a collaborative research effort to accelerate the connectivity of commercial vehicles and infrastructure. Conventional technology, based on adaptive cruise control, radar and other electronic equipment, can be used to drive 25% of the full distance in platoons. The potential fuel reduction is calculated to be 2% based on Scania test track driving. In a theoretical scenario where platooning based on conventional technology would be used during the whole distance the fuel reduction potential would be 8%. In a theoretical scenario with vehicle to vehicle (V2V) communication in combination with semi-automatic vehicles corresponding to 100% of the distance driven in a platoon, the fuel saving potential is estimated to be 12% for the investigated setup, according to Scania.

Sustainable agriculture and forestry

Digitalization of agriculture can lead to increased efficiencies as well as minimized environmental burden. Ericsson IoT Accelerator

Highlight: Talking Traffic

Since the traffic congestion in the Netherlands is among the worst in Europe, the Dutch Ministry of Infrastructure and Water Management initiated a program called Beter Benutten to optimize road usage. Under that umbrella program, Talking Traffic is a partnership in which Ericsson has co-implemented a cloud-based platform for real-time traffic information. "The Talking Traffic program targets the reduction of travel time, lower emissions and enhancing road safety with cellular-based cooperative intelligent transport system (C-ITS) services delivered to a maximum volume of road users every day. 4G LTE coverage in the Netherlands is above 98%,

and growing traffic intensity requires innovative traffic solutions sooner rather than later. Services like Talking Traffic bring reliable and scalable solutions to everyday road users at the same time that they enable road managers to handle traffic more effectively and cost efficiently. The partners in the program are preparing for the next steps towards 5G to further facilitate and accelerate automated transport, mobility on demand, and smart city products and services."

Jan-Bert Dijkstra, Program Director Beter Benutten,
Dutch Ministry of Infrastructure and Water Management





Incorporating data on variables such as temperature, humidity and precipitation, “e-kakashi” uses artificial intelligence to automatically optimize growing conditions.

tor provides operators with a low cost, reliable method to support enterprise IoT with a large number of connected devices.

IoT farming

Together with PS Solutions Corp. and CKD Corporation, we have collaborated on a platform in Japan that applies artificial intelligence, IoT and cloud technologies to agricultural processes. PS Solutions’ platform “e-kakashi” is designed to maintain an ideal environment for almost any crop to grow in. The purpose is to secure benefits such as reduced water usage, optimized growing conditions and increased crop yield. CKD Corporation, a pioneer in actuation, provides the devices that make it possible to control the IoT machinery remotely. The results of the information are made available in the cloud to support faster decisions. The platform can easily integrate new IoT devices as agriculturalists need them. Through the Zero Touch Onboarding functionality of the Ericsson IoT Accelerator platform, devices are immediately accessible after installation. With the Ericsson IoT Accelerator, the next generation of “e-kakashi” will enable higher automation by connecting with actuators.

Connected Mangroves

This year we continued the Connected Mangroves project by working together with mobile operator SMART Communications Inc. in the Philippines to deploy an IoT warning system with real-time images and advisements on an islet that is a proposed critical habitat and ecotourism area.

Saving lives with Massive IoT

Many parts of China are prone to powerful earthquakes that put hillside communities at high risk for sudden landslides. A disaster monitoring and warning system based on Massive IoT technology provides a low-cost and low-energy solution. The system utilizes Massive cellular IoT networks to monitor, detect and broadcast landslides instantly. Real-time public safety notifications can provide more evacuation time, reduce casualties, help authorities to respond, and capture data to mitigate the impact of future disasters.

Addressing sustainable urbanization

On top of our commercial projects, we are also involved in several proof of concepts and research projects to develop solutions that provide real-time data monitoring of environmental parameters such as air and water quality as well as addressing issues such as

how to enhance engagement with citizens in cities. Digitalization of data collection through Massive IoT solutions can lead to a better understanding of pollution flows and increase spatial and time resolution in the environment.

Water monitoring networks

In the Digital Demo Stockholm initiative, we are working with the city of Stockholm and several other partners to understand how to utilize IoT and ICT to address resource use and a variety of urbanization issues that affect citizens, businesses and the municipality. In one of the projects, we address resource use and the impacts of urbanization on water. The aim is to develop an end-to-end real time solution for water monitoring with small sensors connected through cellular networks to Ericsson’s cloud-based IoT Accelerator platform. We have now entered the second phase of the project, to develop smart algorithms and water models for the detection of changes and prediction of water pollution.

MicroWeather

This project is a public-private partnership with the Swedish Meteorological and Hydrological Institute, the water utility Stockholm Vatten & Avfall and Hi3G Sweden. Together we are turning citywide microwave link networks (between mobile towers) into a local weather monitoring system that can capture and process rainfall intensity data in real-time and offer visual information about rainfall to support climate resilience and early warning systems. MicroWeather covers large areas and measures rainfall intensities with higher accuracy, and with better time and spatial resolution than commercial weather radar systems.

Mixed-reality urban planning

In 2017, we collaborated with UN-Habitat, Johannesburg Development Agency and Wits University on a research project that tested the use of a mixed-reality platform for citizen participation in urban design. As part of UN-Habitat’s Block by Block program, citizens used Minecraft to collaboratively redesign a public space in Braamfontein, Johannesburg. These were then copied to our mixed-reality application and participants could see their design proposals in the space itself, using special smart phones enabled with sensors and 3D-sensing technology.

E-waste management

From waste to resource

E-waste – discarded electrical or electronic equipment – is one of the fastest growing waste streams in the world in terms of volume. According to the report ‘[Global E-waste Monitor 2017](#)’ from ITU/UNU, the amount of e-waste reached 44.7 million tonnes in 2016 and it is estimated to continue growing to reach 52.2 million tonnes in 2021.

This development represents an unfortunate waste of resources, because electronic products contain many different materials that can be recycled and reused as new raw materials if treated properly at end of life. As a manufacturer of electrical and electronic hardware that is committed to implementing a circular economy approach in our business, we are working actively to address this troubling e-waste trend.

Our life-cycle approach

Minimizing waste is key to a circular economy, and we know that high reuse and recycling rates start with smart product design. We also know that upcoming material efficiency standards include detailed requirements on design for recyclability, reuse and recovery – all areas that we are working with actively.

At Ericsson we use a life-cycle approach to product design to ensure that we address environmental aspects including responsible materials selection and effective resource use, as well as efficient reuse and recycling.

While our products are in operation we offer our customers a portfolio of services to support them, including capacity upgrades that will improve the energy performance of products in operations, repair services to prolong life, and help to minimize environmental impact. At the end of product life, we offer our customers a complete take-back service that includes secure data destruction.

Product Take-Back Program

In 2005 we launched our global Product Take-Back Program to minimize the environmental impact of our products at their end of life and ensure that they are handled according to high environmental standards. Since then, we offer the program to our customers in 180 countries around the world. All of our selected recyclers are, at a minimum, third-party audited in accordance with ISO standards such as ISO 14001 and OHSAS 18001, but also in accordance with specific recycling standards such as the Responsible Recycling (R2) scheme.

The recyclers are part of our regular Code of Conduct and Responsible Sourcing program and we follow their performance regularly using a risk-based approach.

Products collected and recycled in 2017

We retrieved over 11,890 tonnes of e-waste from our customers in 2017, as well as approximately 360 tonnes of batteries. The amount of e-waste retrieved is lower than our target of 12,100 tonnes. The reason for this is that the extensive second-hand market for used equipment makes it a challenge to get our equipment back at end of life.

The key streams of recycled material are ferrous metals, precious metals and plastics. We recycle more than 94% of the materials, recover 5% as energy and send less than 1% to landfill. We follow the results monthly and investigate any irregularities.

Our goal of retrieving 20,000 tonnes by 2020 remains in place. To help us get there, we have started a project to review our operations, including improvements to our Product Take-Back Program. Together with some of our customers we have also made a joint commitment to manage e-waste more effectively and thereby save valuable resources.



“We believe it is important for us to take accountability in disposing of our old equipment and this was the perfect way to go about it.”

Brahma Rudra Shankar
Chief Technical Officer of MTN Cameroon

Our own activities

Tracking our carbon footprint

As part of our climate action, we manage the environmental impact of our activities with a particular focus on our carbon footprint. We work continuously in four focus areas:

- Reducing energy usage in facilities (offices, production sites, data centers and test labs)
- Shifting from air to surface product transport
- Reducing the impact of business travel
- Improving fleet vehicle management.

Governance

We have non-financial targets and KPIs that measure and track our environmental impacts. Ericsson is one of only a few companies with a global environment, health and safety (EHS) legal tool in place that provides an overview of applicable legislation and keeps track of compliance measures in the markets where we operate. We also have an internal dashboard that provides a global overview of key activities and that present facts, figures and trends in different areas and locations.

Our track record and commitment

Over the past six years, we have reduced CO₂e emissions in absolute terms with 48%. This

implies a reduction of close to 400 ktonnes CO₂e in absolute emissions from facilities energy usage, product transport and business travel compared to the 2011 result. We have exceeded the target on our long-term objective to maintain absolute CO₂e emissions from our own activities in 2017.

Science Based Targets

In 2017 we bolstered our commitment to the Paris Climate Agreement by joining the Science Based Targets (SBT) initiative, which aims to reduce the carbon footprint by 35% in 2022 compared to 2016.

Product transportation

Focused efforts on converting air to surface transport has resulted in a reduction of about 60% in air transport since 2012. We have reduced product transportation in general by consolidating the number of locations where we store goods to strategically located distribution centers. Product changes make it possible to plan against warehouse stock, which help us better utilize surface transport. We also started implementing a Transportation Management System (TMS) in 2017 to help us

enhance the consolidation, control, and planning of transport, as well as reducing CO₂e.

Business travel

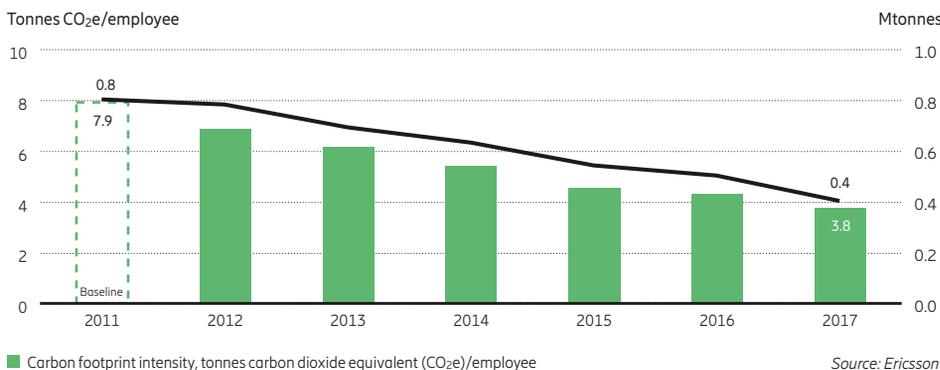
The overall reduction of travel we experienced in 2017 resulted in a reduction of business travel emissions of approximately 19% compared to 2016. Virtual meetings have become a standard way of working at Ericsson, as a substitute to travel.

Fleet vehicles

Our aim is to reduce CO₂e per kilometer in our vehicle fleet by using vehicles more efficiently, implementing telematics, and trialing alternative fuels. Some of our ongoing initiatives in Market Area Europe and Latin America are:

- Changes in the car policy that included a more limited brand and model list based on lower CO₂e emission models
- Changes in vehicle mix that involved swapping off-road vehicles with vans and moving from large Light Commercial Vehicles (LCV) to smaller ones.

Carbon footprint target, Ericsson's own activities¹⁾



¹⁾ Ericsson's own activities including facility energy use, business, travel, and product transportation

Facility energy and CO₂e reduction

The overall reduction in CO₂e emissions at all of our sites in 2017 was 14% compared to 2016. We made good progress throughout the year toward our intention of purchasing more energy from renewable sources. In 2017, more than 45% of the energy we purchased was renewable energy, which stands for more than 350GWh. In 2018 we will continue our work to identify opportunities at other geographical locations.

One energy-related change in 2017 came as the result of restructuring and consolidating our R&D and test environments into high-tech Global ICT Centers (GIC), Verification Centers and Business Near Centers, which led to a reduction in electricity consumption of about 12% compared to 2016.

Another initiative that is helping us reduce CO₂e emissions is the recovered heat delivery project that we rolled out at multiple sites in Canada, Sweden and Finland in 2017. To help us identify the potential for further efficiencies, we also implemented Integrated Facility Management (IFM) best practices in 2017. We monitor and track energy efficiencies and improve CO₂ reduction, which is not a common practice across all IFM platforms.

In 2017, we continued our work to improve energy efficiency within our buildings worldwide, with a particular focus on Leadership in Energy and Environmental Design (LEED) level gold or equivalent. Another example of our work in this area is the implementation of energy conservation measures (ECMs) to reduce the amount of energy used; mainly water, electricity and gas. A good example of this is a LED project in India, where we reduced our carbon footprint and also saved more than USD 500,000 in utility costs over five years by changing the lighting. We have also prepared a Facility Energy Dashboard to provide an overview of energy consumption and carbon footprint in facilities.

We also trialed a Smart Office project as a proof of concept in Sweden in 2017. This sensor technology integrates the IoT to improve the end user experience within the workplace by optimizing air quality, temperature and other variables. We plan to expand it into a global solution and roll it out to key locations within our Real Estate Portfolio.

Food waste

One of our projects in this area focuses on reducing and recycling food waste via "Take only what you will eat" awareness campaigns, which we ran in China, India and Sweden in 2017. In South Africa a worm farm project is ongoing, in which worms digest food waste to produce fertilizer.

Water consumption

Ericsson is a signatory of the UN Global Compact CEO Water Mandate, which commits us to improving our water management.

The water supply for our facilities is ordinary municipal water, mainly used for toilets, restaurants, changing rooms and sport facilities. We do not abstract freshwater directly from ground or surface water sources. We have some local initiatives replacing freshwater with grey water (rainwater or water that has already been used in the building, with the exception of toilets). Our Global ICT Center (GIC) in Rosersberg implemented a rain harvesting system and in Beijing we have diverted grey water for re-use in toilets.

Our main water impacts are in our supply chain, where we require that our suppliers control and measure their water usage. In cases where we identify water consumption as a significant environmental aspect, we expect the supplier to develop a water management plan.

IT Ambition

During 2017 we created an IT Sustainability Ambition; a guide for how we want sustainability to be integrated into our IT organization by 2020. It outlines how we act around the workplace and how we handle our IT operations such as energy consumption, IT sourcing and e-waste.

The focus within IT has been to reduce the electricity consumption generated by the data centers and labs used for Ericsson's internal IT operations through working with consolidation, virtualization and utilization. The scope includes our R&D and test environments, but also IT environments that we have outsourced to suppliers.



Facts and figures

Consumption

Energy consumption (facilities' energy use) (GWh)					
	2017	2016	2015	2014	2013
Electricity	704	788	759	761	845
District heating	33	34	30	36	47
Other energy	45	60	81	89	96

Energy Intensity (GWh/SEK Billion)					
	2017	2016	2015	2014	2013
Energy Intensity	3.9	4.0	3.5	3.9	4.3

Business travel (Mpkm)					
	2017	2016	2015	2014	2013
Air travel	928	1,134	1,177	1,392	1,320
Road travel	55	71	91	113	77
Fleet vehicles	351	377	386	411	390
Commuting	415	440	448	438	430

Product transportation (Mtonnekm)					
	2017	2016	2015	2014	2013
Air transport	161	178	231	274	294
Road transport	288	304	232	280	264
Sea transport	212	370	296	276	309
Rail transport	1	5	9	6	5

Production and office waste (tonne)					
	2017	2016	2015	2014	2013
Recycling	4,465	5,060	6,180	8,180	6,025
Energy	2,943	3,990	3,610	5,080	5,215
Landfill	4,331	4,590	4,680	4,580	4,510
Hazardous	16	25	24	49	150
Total	11,755	13,670	14,490	18,100	16,100

Product take-back and end-of-life treatment					
	2017	2016	2015	2014	2013
e-Waste treated (Tonnes)	11,893	12,535	15,590	15,860	9,870
Re-use (%)	0	0	0	0	0
Recycling (%)	94	93	95	96	95
Energy (%)	5	5	3	2	2
Landfill (%)	1	2	2	2	2

Ericsson follows ISO 14040 and ISO 14044 standards when performing life-cycle assessments.

GWh: Gigawatt hours = one billion (1,000,000,000) watt hours

Mpkm: Million personal kilometer = Million distance traveled

Mtonnekm: Million tonne kilometer

ktonne: Thousand tonne

Mtonne: Million tonne

GHG: Greenhouse Gas

CO₂e: Carbon dioxide equivalent

Emissions (CO₂e)

Ericsson own activities (direct and indirect) (ktonne)					
	2017	2016	2015	2014	2013
Total	550	633	675	766	829

Direct (ktonne)					
	2017	2016	2015	2014	2013
Facilities' energy use (S1)	14	14	18	20	20
Fleet vehicles (S1)	60	61	64	68	66
Facilities' energy use (S2)	156	185	183	210	270
Total	229	260	266	298	357

Indirect (ktonne)					
	2017	2016	2015	2014	2013
Business travel (S3)	123	154	163	193	172
Product transport (S3)	128	146	172	204	229
Commuting (S3)	69	73	75	73	71
Total	320	373	410	470	472

Other indirect (Mtonne)					
	2017	2016	2015	2014	2013
Use of sold products. Products in operation (S3) – future (life-time)	34	34	30	35	28
Total	34	34	30	35	28

S1, S2 and S3 stand for Scope 1, Scope 2 and Scope 3 according to GHG protocol.

Emission factors used in the consolidation		
Aspect	Emission factor	Source
Electricity	Country specific	International Energy Agency
Electricity, Sweden	0.0007 kgCO ₂ /kWh	Sites in Sweden use "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. Site specific when available.
District heating, Sweden	0.10 kg CO ₂ /kWh	Chalmers Industrial Technology/ "Boverket" (Swedish Building Adm.)
Fuels	GHG protocol (for each typical fuel)	
Air travel	0.12 kgCO ₂ /pkm	GHG protocol (average for long/ medium air travel). DEFRA GHG indicators for long haul 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	Based on an investigation of air transport by Ericsson.
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, TEU = Twenty foot container eq. unit.
Rail transport	0.03 kgCO ₂ /tonnekm	2012 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting.

Source: Ericsson

Internet for All

Approximately 4 billion people around the world still lack reliable access to the internet. This reality represents a significant obstacle to the achievement of the Sustainable Development Goals (SDGs), because our experience over the past decade indicates that internet access plays a critical role in both social and economic development.

We now have clear evidence that mobile broadband (MBB) penetration contributes to GDP growth (see page 58). The greater the diffusion, the greater the direct and

indirect benefits will be – especially in terms of social and financial inclusion. Unfortunately, though, there are still a variety of barriers to the uptake and adoption of MBB, ranging from financing in rural areas to general affordability, and language and literacy issues. We are committed to doing our part to overcome these challenges, both in our daily work with our customers and through public-private partnerships that leverage the internet to enable progress toward the SDGs.

“Our joint research project with Ericsson shows that a 10% increase in the mobile broadband adoption ratio causes a 0.6–2.8% increase in economic growth. That is equivalent to a GDP increase of USD 454–2,118 billion worldwide.¹⁾ This figure is in line with other studies that suggest large effects on GDP of new communication technologies. This is useful to help formulate policies that might affect particularly developing countries where growth-promoting policies have been hard to implement and where growth is desperately needed”.

Jonathan Haskell, Professor of Economics at Imperial College, London

¹⁾ 2016 GDP figures

Highlights

- +20 million people positively impacted in 2017. Since 2014 we have positively impacted over 109 million people.
- Enabling quality education for +120,000 students in 25 countries through Connect to Learn.
- Impacting 250,000 people by supporting Whitaker Peace and Development Initiative to train peace builders in conflict zones.
- Empowering refugees to find lost family members with REFUNITE – 750,000 currently registered on the platform.
- Enabling financial inclusion +88 million from Pakistan to Peru via mobile financial services.
- Ericsson Response was on the ground 48 hours after Hurricane Maria hit Dominica, helping to provide connectivity for up to 2,900 humanitarian responders across 18 locations.

SDGs highlighted in this section



Global context

“On average, a 10% increase in the mobile broadband adoption ratio causes a 0.6–2.8% increase in economic growth.”

The role of ICT in development

Internet access is a fundamental enabler for improving quality of life, as it provides the opportunity to access useful information and services. This is a critical factor in reaching the SDGs.

Yet many people around the world still lack internet access, mainly due to the lack of infrastructure, affordability, skills and relevant local content. Ineffective policies, outdated regulatory frameworks and limited incentives to invest also play a role, according to a [recent report](#) from the Broadband Commission for Sustainable Development.

It has become clear that mobile broadband is the most efficient means to provide internet access in underdeveloped areas of the world. Our experience has taught us that through selective investment in mature mobile broadband technologies, operators can sustainably expand mobile broadband coverage by upgrading existing 2G sites, as well as targeting uncovered areas with new deployments.

At the end of 2016, around 3.2 billion subscribers out of the world’s total population of 7.4 billion had access to the internet via mobile broadband (MBB) technology. It is forecast

that an additional 3.2 billion subscribers will have MBB internet access by 2022. Key drivers behind this subscriber uptake are a growing young population with increasing digital skills, decreasing smartphone prices, as well as continued deployment of 3G and 4G MBB technologies in developing markets.

The link between MBB and GDP

As part of our effort to address SDG 8 (decent work and economic growth), we initiated a joint research project in 2017 with Imperial College to investigate the extent to which the diffusion of mobile broadband has impacted economic development in terms of GDP.

The researchers used statistical methods to investigate causality, basing the research on data from 135 countries in total. The project report “[How important are mobile broadband networks for global economic development?](#)” reveals that mobile broadband is, in fact, significantly associated with GDP. The researchers found that there is both a positive association when MBB is first introduced and a longer-run effect as it gradually diffuses throughout different economies.

The report provides strong evidence that it is MBB introduction and penetration that is driving GDP development. On average, a 10% increase in the mobile broadband adoption ratio causes a 0.6–2.8% increase in economic growth depending on the model specifications. The total effect of MBB globally, in 2016, is estimated by the study to have been USD 0.5 to 2.0 trillion.

This peer-reviewed research is important from a policy perspective, because it proves that investments in MBB are not merely “nice to have”. On the contrary, they are as crucial to continued economic development as investments in any other type of major infrastructure, and should be treated as such.

According to the Broadband Commission, approximately 150 countries have national broadband plans today, but not all have connected these plans to their development agenda. Our research suggests that this represents significant untapped potential.



Tigo in Tanzania

In 2017 we partnered with leading Tanzanian mobile network operator Tigo to launch the first of a series of rural pilot tower sites that provide mobile broadband coverage to more than 13 million underserved individuals living in rural parts of the country.

“At Tigo, it is our mission to lead the adoption of the internet and a digital lifestyle in Tanzania,” Jerome Albou, Chief Technical and IT Officer at Tigo Tanzania, explains. “Access to mobile broadband will open these rural communities to previously elusive services such as mobile money, e-health, e-education and e-government, thereby transforming the way people play, learn and do business forever.”

The first active site is based on the new generation, multi-standard Ericsson Radio System. This energy-efficient suite of solutions provides the capabilities needed to reduce total cost of ownership by up to 40%, making investments viable in markets with low average revenue per user. The system will enable Tigo and its roaming partners to seamlessly identify underserved communities in the region, making it faster to introduce or improve the mobile broadband experience of their subscribers in these rural communities.

Partnerships for progress

Three key focus areas

Around the world, mobile technologies are proving to be important tools in expediting information sharing and creating pockets of entrepreneurial enterprise in poor communities. At the same time, they have also been shown to significantly improve outcomes in education, healthcare and business. Yet for companies focused on the provision of telecommunication products and services, focusing on these areas often goes outside of what would be considered “core business”.

Therefore, part of our strategy with regard to Internet for All is based on partnerships with organizations that are experts in three key focus areas:

- socio-economic development
- education
- humanitarian response.

In each of these areas, our role is to act as a technology partner in selected efforts and initiatives that help achieve the SDGs.

Socio-economic development

Our work in the area of socio-economic development began in earnest when we got involved with the Millennium Villages Project back in 2007. See pages 60–61 for details.

Education

We are committed to improving educational opportunities for girls and boys around the world through the use of technology. Connect to Learn is now up and running in 25 countries. Find out more on pages 62–63.

Humanitarian response

On top of our long-running disaster relief program Ericsson Response, we also support other humanitarian projects such as the Whitaker Peace and Development Initiative and REFUNITE. More information about these efforts can be found on pages 64–67.

Measuring our impact

In 2017 we reached a total of 20.4 million people with our Technology for Good (TFG) and mobile financial services (MFS) initiatives and an additional 152.7 million people



Community Health Worker in the Millennium Villages Project

through our Internet for All (I4A) deployments, bringing our total impact to date to 262.4 million. These numbers include TFG non-commercial projects (such as Connect to Learn, Whitaker Peace & Development Initiative, REFUNITE and Ericsson Response), I4A commercial and non-commercial mobile broadband deployments (MBB users globally), and commercial deployments of solutions that

have a positive impact on the SDGs (such as mobile financial services, e-health solutions and so on).

For 2017, our ambition was to positively impact 30 million people through our TFG and MFS initiatives. The goal was not achieved due to weak market conditions, decreased sales for the company, reshaped overall strategy and changes in our product offerings.

Boosting socio-economic development

Pioneering the use of ICT in development work

ICT offers an important platform for achieving the SDGs. Every goal – from ending poverty and halting climate change to fighting injustice and inequality – can be positively impacted by ICT. The digital revolution that is currently underway is paving the way for an Age of Sustainable Development – a profound transformation of society where technology is a key contributor to human and planetary well-being.

We work continuously to make the benefits of broadband as a tool for sustainable development more widely known. When the Millennium Development Goals (MDGs) were set in

2000, broadband was in its infancy, with just 750 million mobile subscriptions worldwide. The latest [Ericsson Mobility Report](#) shows that there are now approximately 7.8 billion mobile subscriptions globally and that over 95 percent of the world's population will be covered by MBB networks by 2023.

Ericsson was one of the first pioneers of what is today referred to as “ICT for development,” with some of our main efforts dating back to the mid-2000s. One project, the Millennium Villages, highlights 10 years of impact and experience.

The Millennium Villages Project: A ten-year milestone

The Millennium Villages Project (MVP) aimed to prove that it is possible to reduce extreme poverty in rural Africa through community-led development at the village level. It started as a joint project of the Earth Institute at Columbia University, the United Nations Development Programme and Millennium Promise in the early 2000s.

The intention was to prove that the MVP's integrated and holistic approach to rural development could spur progress toward achieving the MDGs – the predecessors of the SDGs.

The first Millennium Village (MV) was launched in 2005 in Sauri, Kenya. The MVP included the following countries in Africa: Ghana, Nigeria (two sites), Uganda, Rwanda, Tanzania, Senegal, Mali, Kenya (two sites), Ethiopia and Malawi.

Ericsson's role

Ericsson joined the MVP as a technology partner in 2007. In partnership with customers in Africa, we committed to support the MVP by bringing voice and internet communications to approximately 500,000 people living in the village clusters, with the intention of improving

social and economic conditions. The integration of ICT quickly came to play a critical role in the project. As basic interventions in the areas of health, education, agriculture and entrepreneurship began to achieve success, ICT helped to take the fight against poverty a step further by empowering individuals and institutions with the ability to communicate, and to access and share vital information.

Ericsson provided support for GSM network coverage (voice and data) starting with 2G and upgrading sites to 3G at a later stage. The MVs also benefited from rapid expansion of network coverage by local operators. For example, in Ruhira (Uganda), a Wi-Fi network was created, connecting clinics, schools and the community center to the internet, and facilitating voice over IP (VoIP) calls between these locations.

Health

The MVP has shown that mobile technology has great potential to support public health initiatives and deliver life-saving information even in the most remote and resource-poor areas in developing countries. The use of smart phones and mobile technology in the

MVP healthcare system has both improved the quality of healthcare and helped shift behavior to strengthen prevention and improve health outcomes in both the short and long term. Mobile technology has proven to be an economical, effective and sustainable way to create points of contact between consumers, healthcare workers, health system administrators, and companies in supply chains for health commodities.

According to Sonia Sachs, who led the healthcare work in the MVP, “the concept-driven partnership with Ericsson to incorporate ICT into the MVP and provide connectivity to all of the villages was a game changer.” She says that the implementation of ICT in the MVP played a major role in the development of the One Million Community Health Workers program as well.

Education

Initially Ericsson's installation of mobile broadband in the MVs enabled the education teams to use mobile phones to track attendance data and learning outcomes, helping to detect learning issues and plan remediation measures on a regular basis. Broadband-

“The concept-driven partnership with Ericsson to incorporate ICT into the MVP and provide connectivity to all of the villages was a game changer.”

enabled mobile data collection in the MVs was a pioneering innovation long before broader digital education initiatives emerged on the scene.

Since many girls in the MVs, and in Africa more broadly, were dropping out after primary school, the MVP wanted to find ways to ease girls' transition from primary to secondary education. By integrating MBB-enabled technology tools into secondary schools, we succeeded in improving the quality of education for girls and boys alike. This experience led us to create the Connect to Learn initiative in 2010, a program that is now running in 25 countries (see page 62 for details).

The MVP was established to demonstrate the critical role education plays in breaking the cycle of intergenerational poverty. Parents who are educated are more likely to enforce strong health and hygiene practices and provide nutritious food for their families. Children of educated mothers have lower child mortality rates, as their mothers are more likely to give birth with a skilled birth attendant, to vaccinate their children, to have fewer children at an older age, and to understand how to

prevent deaths from common diseases. Educated women are more empowered in decision-making, affecting their own lives and those of their families. Educated men are more likely to wish to marry an educated woman and respect her rights.

Sustainable business models

Much like the MDGs, the SDGs present an ambitious roadmap to addressing the challenges the world faces today. While technology's potential to play a significant role in addressing many of the world's challenges is great, the MVP experience shows that it is critical to find sustainable business models in order to ensure lasting success. This means that any technology solutions should be properly integrated into the normal course of business, rather than being treated as a stand-alone project.

The role of governments and policymakers in creating an enabling environment is not to be underestimated. Fulfilling the SDGs calls for multi-sectoral partnerships, as described in SDG 17, in which governments, investors, academic institutions, businesses and citizens

collaborate to prepare for ICT-enabled societies. While the introduction and use of ICT solutions have soared in recent years, the use of ICT to tackle the challenges of sustainable development – health, education, infrastructure and environmental sustainability – will also require the initiative of policymakers and the public sector to drive scale, citizen uptake of solutions, and overall progress by 2030. Governments and policymakers must also ensure that ICT is included in urban and rural planning as basic infrastructure for development, and that key public-sector agencies, institutions and policy frameworks are adequately prepared to support an ICT-enabled transformation.

Ericsson's long-term engagement in the MVP demonstrates the importance of public-private partnerships and how they can help to spread the impact of MBB in a way that enables the achievement of the SDGs.

The MVP is one of the first known projects to work holistically with ICT for development, and it has provided valuable insights for companies, academia, development experts and governments.

Viewpoint

“The MVP gave us a deeper understanding of just how vital access to mobile communication is as a tool to fight poverty. It allowed us to explore new business models at the bottom of the pyramid, to engage our customers on creating positive impacts in society and to try new innovations that could bring down operational expenses to improve affordability.

It also shaped our view of the role of public-private partnerships. Perhaps the

most important lesson we learned was that lasting change requires sustainable business models. To reach the SDGs by 2030, it is vital that governments, the private sector and development organizations like Millennium Promise continue to find new models for development.”

Shiletsi Makhofane
Ericsson's Head of Government
& Industry Relations, Africa



Improving education

The SDG connection

SDG 4 aims to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.” While this goal stands on its own, we believe that education is an important cornerstone in achieving all the other SDGs as well.

Investments in technology for education are a requirement to improve access to quality education and the development of digital skills for the future workforce. New technologies that are disrupting industries and changing the nature of work are increasing the demand for highly skilled workers. Experts predict that approximately 2 billion of the world’s low and medium-skilled jobs will be obsolete by 2030. This is troubling, as access to quality education continues to be a major issue globally. However, the potential to transform delivery of quality education to the most remote corners of the world is larger than it has ever been, thanks in large part to the rapid expansion of mobile broadband.

Digital skills for life and work

In 2017, Ericsson contributed to the Broadband Commission for Sustainable Development’s Working Group on Education, which culminated in the report “[Digital skills for life and work](#)”. The report recommends making digital skills a key component of teacher training, and setting up collaborative taskforce teams to strengthen the curricula and programs for digital skills development. The report spotlights Ericsson’s work in Myanmar with UNESCO, where we set an example for others of how MBB and cloud technology can be used to support the development of digital skills in resource-poor schools around the world.

In recent years we have seen that increasing numbers of organizations and governments are aligning with the SDGs. Connect to Learn can provide them with a model for how to work efficiently to achieve SDG 4 (quality education), in particular, as well as contributing toward several other SDGs (1, 2, 3, 5, 8, 10, 16).

Connect to Learn

Connect to Learn is a public-private partnership with the purpose to increase access to quality education, especially for girls, through life skills programs and the integration of technology tools and digital learning resources in schools. Ericsson provides cloud-based MBB infrastructure; the Earth Institute at Columbia University does the monitoring and evaluation, as well as providing access to cutting-edge research on education (including monitoring and evaluation frameworks); and Millennium Promise (MP) helps operationalize the research in under-resourced schools and local communities.

Our Connect to Learn strategy has evolved over the years and become more robust through the incorporation of field-based lessons. We tailor the interventions to the needs of specific groups of children.

Connect to Learn around the world

●

- Bhutan
- Brazil
- Burkina Faso
- Cape Verde
- Chile
- China
- Djibouti
- Ethiopia
- Ghana
- India
- Iraq
- Italy
- Kenya
- Malawi
- Mexico
- Myanmar
- Rwanda
- Senegal
- South Africa
- South Sudan
- Sri Lanka
- Tanzania
- Tunisia
- Uganda
- USA (Florida)

25

countries with
deployments

+120,000

students reached



“Connect to Learn provides best practices for leveraging access to broadband in resource-poor schools all around the world.”



Irene Tamson, Connect to Learn student

Connect to Learn intervention focus areas

1. Improving preschool and early grade local language literacy
2. Improving gender parity in secondary school enrollment
3. Integrating digitally-enabled learning resources
4. Preparing young people to be global citizens
5. Engaging parents in their children's learning process
6. Improving access to skill-building opportunities

Collaborative partnership is a central component of Connect to Learn. We continue to work closely with the three founding partners, other local non-governmental organizations (NGOs), ministries of education, in-country telecommunications industry partners and institutes of higher education.

Connect to Learn highlights in 2017

Tanzania

Irene Tamson, 17, is among the best female students in science subjects across the Tabora region of Tanzania, despite the fact that the school she attends has had no teachers for math or physics for two years, and has a shortage of teachers in chemistry and biology. What's the secret to Irene's success?

A lot of hard work, naturally, but she has also benefited from the fact that Lolangulu Secondary School was one of the first schools in the world to launch Connect to Learn in 2011. Then, in 2015, Connect to Learn partnered with Studi Academy to implement a curriculum-aligned e-learning program in STEM (Science, Technology, Engineering and Mathematics) subjects.

Designed by Studi in collaboration with Tanzanian teachers and the country's Ministry of Education, the program includes videos and assessment quizzes in physics, chemistry, biology and math for the first two years of secondary school, with plans to expand to more grades and subjects soon.

“Studi Academy helps me to do my homework and learn new things, and corrects me instantly after doing my quizzes,” Irene explains.

Ericsson provided the Android tablets that Irene and her fellow students use to access the Studi platform. Connect to Learn has also provided the school with teacher-training and a Critical Links C3 server, loaded with offline materials to make e-learning possible even with limited connectivity.

Irene's outstanding performance is a testament to her commitment to her studies, but also demonstrates the potential Connect to Learn and Studi's e-learning program has for student learning STEM subjects in understaffed schools.

South Africa

In 2017 we launched Connect to Learn in South Africa, supporting over 1,000 students and teachers at rural schools in the Colesberg (Northern Cape), Mtubatuba (Kwazulu-Natal) and Kameelrivier (Mpumalanga) districts. Connect to Learn provided the ICT infrastructure, tools, training, and a cloud-hosted, open-source learning solution aligned to the South African curriculum, while a telecom operator supplied the mobile broadband connections to the schools.

We have designed the system for teachers with limited IT competence, to help build up their confidence and inspire advancement. Cloud technology makes it possible to handle support and maintenance tasks externally, which simplifies the process and enables teachers to focus on education.

“Access to technology is only as important as the opportunity it presents for transforming lives,” Mahomed Essof, Managing Director of Ericsson South Africa, explains. “Over the past years deploying Connect to Learn centers in developing countries, Ericsson has been playing an active role in implementing ICT in education, contributing to the achievement of SDG 4 (quality education). In this time, we have seen education become much more inclusive, and we are excited to be able to bring this inclusion to South Africa.”

Myanmar

Since it was first launched in 2015, the Connect to Learn initiative in Myanmar has been implemented at 31 rural and semi-urban government schools. The technology deployment includes internet access for 21,000 students, laptop computers for teachers, 3,100 tablets, development and deployment of cloud-managed solutions, and context-specific professional development training for 155 teachers, who can now train others. For the students, we have developed context-specific applications and learning content in English and life skills. The response to ICT in the classroom so far has demonstrated an overwhelming increase in student engagement and excitement for learning. The project will continue in 2018 with additional support from Ericsson, and one of the innovative focus areas is building an in-service teacher-training program centered on the use of virtual reality.

Supporting humanitarian response

The importance of telecom in disaster response

The number of people affected by humanitarian crises has almost doubled in the past decade as a result of armed conflicts, environmental degradation and climate change.

According to United Nations Office for the Coordination of Humanitarian Affairs (OCHA) in June 2017, 141 million people around the world currently rely on humanitarian assistance to survive. At Ericsson, we believe that public-private partnerships have a crucial role to play in addressing humanitarian crises, with the private sector bringing its solutions and expertise to help fill in the gaps in both preparedness and response. The telecom network plays a particularly vital role as an enabler for all other essential services, and as the foundation for internet access.

Since we first established our disaster relief program Ericsson Response (ER) in 2000, we have consistently demonstrated the powerful role ICT can play in transforming humanitarian response by creating long-term solutions

that support both efficiency and efficacy. A key consideration is knowing what technology to leverage and how to best make use of equipment, data and partners.

In addition to providing the basic connectivity, we are also exploring how we might implement services such as data analytics and digital aid to improve resilience and humanitarian response in the future. For example, we know that mobile phone data can be an important source of near real-time data on human mobility during an emergency.

Over the years we have expanded our humanitarian efforts to include areas such as support for refugees and peace building. Two examples are the provision of technology to assist refugees in reconnecting with loved ones (with REFUNITE) and the fostering of peace and the improvement of digital skills among youth in conflict-affected countries (with the Whitaker Peace and Development Initiative).

2017 highlights

- We seconded one of our IoT consultants to the International Federation of the Red Cross and Red Crescent Societies for three months in 2017 to help build a new data and information platform. The goal is to make emergency information available to all IFRC responders worldwide via networked approaches to humanitarian information management that enable sustained access to data and analytics through diverse devices in challenging contexts.
- In parallel with our ER mission in 2017 to provide connectivity to humanitarian workers after the hurricanes Irma and Maria, we also offered 24/7 support to local operators in Puerto Rico to help repair the commercial networks as quickly as possible. We assisted the operators with network recovery in various ways, from investigating damage in difficult conditions to quickly providing equipment, services and solutions, even in tough localities.



Dominica after Hurricane Maria (category 5), where Ericsson Response worked in close collaboration with the World Food Programme (WFP) in disaster-affected areas.

Ericsson Response

Established in 2000 and staffed by employee volunteers, Ericsson Response is a disaster relief program that focuses on providing connectivity to humanitarian workers in disaster areas. To date, hundreds of employees have supported over 40 humanitarian relief efforts in 30 countries. We had more than 130 active volunteers, who have had extensive training in disaster response, during 2017. Our humanitarian partners include the World Food Programme, the UN Office for Coordination of Humanitarian Affairs, the International Rescue Committee, UNICEF, the Swedish Civil Contingencies Agency, and Save the Children.

Since its establishment, [Ericsson Response](#) has played a leading role in the UN Emergency Telecommunications Cluster (ETC), a global network of organizations that work together to provide shared communications services in humanitarian emergencies. The key role

of Ericsson Response is to install and maintain temporary internet connectivity until local services have sufficiently recovered or until increased capacity is no longer needed.

We strongly support the ETC's 2020 vision to move toward not just supporting humanitarian assistance on the ground but also providing connectivity to affected populations. Further, we support the ETC in assisting national governments to improve their response readiness and communications resilience in the face of potential future disasters.

The changing nature of our missions

Since we started participating in humanitarian response 17 years ago, the nature of the crises has shifted from predominantly natural disasters then to predominantly conflict-related, protracted crises today. As a result of this shift,

our missions have become much more complex. Protracted emergencies require long-term support, yet the nature of Ericsson Response is to provide temporary relief, on average 3–6 months.

To overcome this challenge, we have developed a method for supporting our systems remotely with the help of trained, local IT staff. Our partners are also learning and adapting their own service delivery models to better accommodate longer response efforts.

We can also see that preparedness is improving, in part due to the GSMA Humanitarian Connectivity Charter, which connects the humanitarian community to mobile operators. This link has proven to be very useful in emergencies, as signatories are more willing to support humanitarian efforts now that they have a better understanding of the needs and requests of the humanitarian community.

Ericsson Response missions in 2017

In early 2017 we finished up our mission in Haiti following Hurricane Matthew. We continued our long-term operations in northern Iraq (Kurdistan) and Nigeria throughout the year. We expect these two missions to extend well into 2018, as both cases represent complex, protracted emergencies in which Ericsson Response and the ETC have been involved for several years.

Madagascar

In March, Cyclone Enawo made landfall in northeast Madagascar, with heavy rains and winds reaching more than 200km/h. The National Office for the Management of Risks and Crises reported that 295,950 people were affected, including 84,660 who were initially displaced. Power and mobile network coverage were down in some areas. Ericsson Response deployed with the ETC to provide temporary connectivity for local first responders and the government at two locations. We sent four volunteers and equipment for a two-month period, during which we supported more than 100 connected users.

Dominica and Puerto Rico

In September the Caribbean region was hit by two powerful Category 5 hurricanes – Irma and Maria, which caused vast devastation across many islands, with Barbuda, Dominica and Saint Martin being among the worst-hit areas. The infrastructure in these countries was heavily damaged, with a large impact on power production and mobile networks. The Caribbean Disaster Emergency Management Agency and the governments of the affected islands, alongside humanitarian responders, delivered critical connectivity services following the hurricanes.

ETC partners Ericsson Response, the Government of Luxembourg and the World Food Programme conducted needs assessments and deployed internet connectivity services for humanitarians operating in Dominica at eight sites in Roseau and four in Marigot. At the peak of the operation in October, more than 2,900 responders from UN agencies, NGOs, governmental entities and local communities had registered to access ETC internet connectivity services.

Whitaker Peace and Development Initiative

We work with the Whitaker Peace and Development Initiative (WPDI) to help young people who have lived through conflict and violence learn how to create positive change.

Founded in 2012, the WPDI provides holistic support to empower young women and men in Africa, Latin America and the United States to become leaders who can foster safer and more productive communities. Its flagship program, the Youth Peacemaker Network (YPN), works with young leaders in active conflict regions such as South Sudan and in post-conflict regions like northern Uganda. The YPN program is also currently active in Mexico, where it addresses conflict transformation in urban settings in which gang-related violence is a major obstacle for many young people.

The WPDI provides a unique approach to working with young people that begins with training in mediation and conflict transformation before shifting focus to developing life

skills and vocational skills in ICT and entrepreneurship. In the next stage, the youth receive mentoring support and seed funds to help them learn to develop and manage educational projects and small businesses tailored to meet the needs of their communities.

As WPDI's technology partner, Ericsson provides ICT equipment and works together with mobile operators to enable connectivity and internet access for the network of computer-equipped Community Learning Centers (CLCs) that WPDI develops in remote areas. We also deliver comprehensive virtual and face-to-face education in ICT and professional skills, based on our Connect to Learn concept.

WPDI has positively impacted approximately 250,000 people to date through its youth training programs, CLCs, peace education in schools, advocacy campaigns and community projects led by the youth. In particular, 2017 was a pivotal year in both South Sudan and northern Uganda.

South Sudan

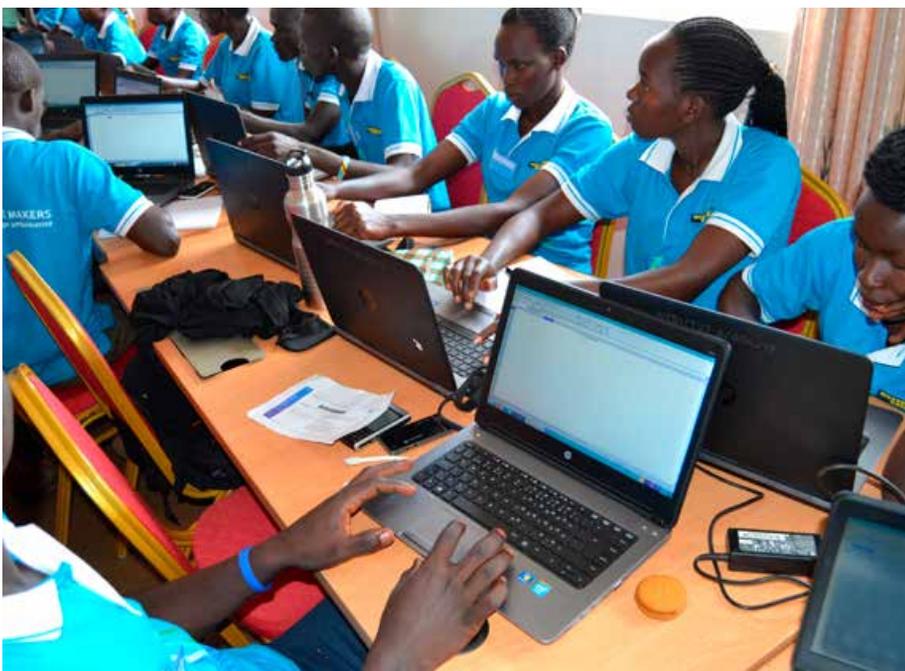
By the end of 2017, just under 200 local WPDI participants in South Sudan were actively engaged in promoting peace and developing businesses. The WPDI also launched a new branch of the YPN in Eastern Equatoria State in 2017, and a new cohort of 24 youth leaders completed their training in Western Equatoria in December. In 2018 this new group will train and launch income-generating businesses with more than 100 youth from Western Equatoria.

WPDI also established six new CLCs in South Sudan in 2017: in Juba (the capital city), in Yambio (Western Equatoria) and in Lopa, Lafon, Ikwoto and Budi (Eastern Equatoria).

Northern Uganda

In 2017 the WPDI expanded the YPN to the Acholi sub-region, adding another cohort of 33 youth to the existing group of 30 peacemakers that were already active in the Gulu area. The peacemakers conduct peace-building activities, including conflict resolution education classes in primary and secondary schools, and manage seven businesses, mostly in agriculture. In 2018 this new group will train and launch income-generating businesses with more than 200 young people from the Acholi sub-region.

The WPDI has also extended the YPN into the Kiryandongo refugee settlement in 2017, where a cohort of 46 youth completed the one-year WPDI curriculum and a new CLC was built for the benefit of the refugees and host communities.



ICT training for WPDI youth trainers in northern Uganda, supported by Ericsson as part of the Connect to Learn initiative

Reconnecting refugees

Today there are more than 65.3 million people in the world who have been forcibly displaced from their homes, which is the highest number since World War II. A large percentage of these people lost contact with family members or friends during their escape from disaster, persecution or conflict. To help them, we have worked with REFUNITE to create the world's largest missing persons platform for refugees. Currently more than 700,000 separated refugees in 17 countries across Africa, Asia and the Middle East have registered on the platform.

The estimate number of total family members reconnected to date is 43,000.

As REFUNITE's lead technology partner since 2010, we supported the development of the platform and provide ongoing technical expertise. Most recently we contributed to the creation of the first prototype for an Interactive Voice Response (IVR) solution to assist displaced families in Pakistan and reconnect them with their missing loved ones. REFUNITE has since started a three-year project in 2017, in collaboration with the H&M Founda-

tion, aimed at reconnecting displaced families and empowering separated women in Pakistan.

In January 2017, the World Economic Forum and the Schwab Foundation for Social Entrepreneurship recognized REFUNITE co-founders Christopher and David Mikkelsen as Social Entrepreneurs of the Year. We will continue to work actively with REFUNITE to find innovative ways to help disconnected and vulnerable individuals communicate.

Badar's story



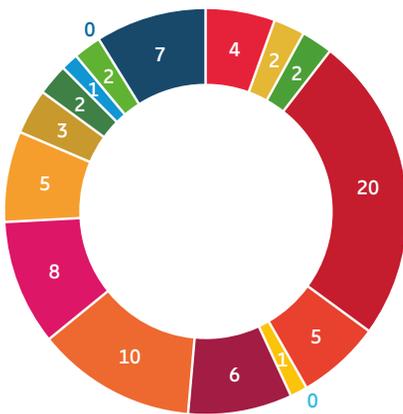
Today Badar¹⁾ is 25 years old. War broke out in Somalia the year he was born, and less than a year later his mother Nafiso¹⁾ decided that their home in Mogadishu was not safe. She was forced to leave the rest of her family behind, including her younger brother Aadan¹⁾. As Badar grew up, Nafiso often recalled life before the war and her childhood in Mogadishu. Before her death, she asked Badar to try to find her brother.

Badar heard about REFUNITE from other Somalis who had been separated during the war and were looking for their families. He decided to register and search for his uncle Aadan. In July 2017, he was contacted by someone who claimed to be his uncle. "I first recognized the name, then I saw on the profile that the tribe also matched," Aadan explains. After more than two decades, Badar and Aadan now have the opportunity to piece together the story of a family that was torn apart by war.

¹⁾ For security reasons, all names have been changed to protect the identities of the interviewees.

Employee volunteer program

SDGs supported by employee volunteer projects 2017



Source: Ericsson



Ericsson volunteers planting mangroves in the Philippines.

Up and running in 76 countries

Our employees share a strong sense of purpose that is closely linked to Ericsson's longstanding commitment to sustainability and corporate responsibility. Many people choose to work for Ericsson because they regard us as a "human company" where it is possible to make a major impact, particularly given the company's leading role in the digital transformation.

The Technology for Good employee volunteer program provides employees with an opportunity to volunteer their time, knowledge and skills to make a positive contribution to

society. In line with our strategy of adopting the SDGs as a platform for measuring our societal impact, we link all volunteering activities in our employee volunteer program to a corresponding SDG. This provides a good visibility over the impact of employee volunteering activities on the SDGs.

In 2017 we extended the program to South-east Asia and Oceania, rolling it out in Australia, Malaysia, Indonesia, and the Philippines. This expansion brought the total number of countries where we have launched the program up to 76.

2017 highlights

- Employees from several countries participated in Ericsson Response, our long-established humanitarian response and disaster relief program (page 65).
- Employee volunteers in the Middle East, Africa and Asia were trained to educate teachers about how to use the ICT technology provided in our Connect to Learn initiative. These volunteers are now actively involved in local projects.
- Employees in the Philippines participated in a planting activity at a mangroves site as part of the Connected Mangroves project.
- Employees in Brazil helped to promote diversity and inclusion by helping people with disabilities enter the labor market.
- Employees in Mexico mentored groups of students from the Harmonizer program in Tijuana and Chiapas (in partnership with the Whitaker Peace and Development Initiative). The volunteers coached the youth in many different areas, including ICT and computer skill training, outreach in their communities, as well as problem and conflict resolution.
- Employees in Poland used their technical expertise to develop a digital register for a hospital school that hosts about 10,000 children per year, including children who are hospitalized for longer periods of time and come back regularly for ongoing medical treatment.
- Employees in Stockholm mentored high school students to provide support and guidance for their personal and future professional lives.
- Employees in Italy collaborated with the Ministry of Education on the second year of the Ericsson@School program, which included training aimed at enabling the digital transformation of schools and helping students to better understand the technological changes ahead.
- Employees in South Africa shared their knowledge and diverse technical skills as part of the Ericsson-sponsored eHub, a media and information communications technology (MICT) center in Diepsloot, Johannesburg. Volunteers participated in various activities including basic photography and practical web design courses, career guidance, social media support, and some business coaching.
- Employees in Australia helped the Foundation for National Parks and Wildlife with regeneration (planting) in the Sydney National Parks area.

Awards and recognitions



Pure Solar Myanmar

Pure Solar Myanmar, a collaboration between Ericsson and Telenor Myanmar, won the GLOMO Award at Mobile World Congress in Barcelona and the AMO Award at Mobile World Congress Shanghai in the category "Social & Economic Development: Outstanding Mobile Contribution to the UN SDGs in Asia". The project resulted in highly efficient off-grid radio base station sites that can operate economically on solar power.



Ericsson Connected Mangroves, Malaysia

Connected Mangroves won the AMO Award at Mobile World Congress Shanghai in the category "Social & Economic Development: Best Mobile Innovation for Emerging Markets". Ericsson created a solution that combines sensors, cloud, M2M and mobile broadband to address widespread reduction of mangrove cover in Malaysia and to help local communities, farmers and NGOs better manage sapling growth.



Ericsson is in the top 1% of suppliers assessed

Ericsson is in the top 1% of suppliers assessed by EcoVadis with a score of 84/100 in all categories. EcoVadis, a collaborative platform that enables companies to benchmark the sustainability performance of suppliers, is used by more than 20 of our customers.



Advanced environmental, social and governance performance

Ericsson was listed in the Euronext Vigeo Index: Europe 120, which distinguishes companies that achieve the most advanced environmental, social and governance performance. Companies included in this index have achieved the highest scores, as determined by the review of up to 330 indicators, according to the Equitics methodology.



ITS WORLD CONGRESS 2017
Montreal | OCTOBER 29 - NOVEMBER 2

Intelligent transport system

Talking Traffic, the intelligent transport system (ITS) that we created together with Siemens and Simacan in the Netherlands, won the ITS Hall of Fame 2017 Award for Industry.



Global 100 Most Sustainable Corporations in the World

Ericsson ranked #28 on the 2018 Global100 list announced at the World Economic Forum in Davos in January 2018. The Global 100 companies demonstrate the strong linkage between the delivery of superior value for society and the generation of superior financial performance.



Ericsson Lean Carrier and Green Scheduler

The 2017 GTB (Global Telecoms Business) Telecoms Innovation Summit & Awards event in May honored Ericsson and SK Telecom for our LTE base station interference reduction and power saving technology. Read more on page 48.



Best performance in the field of Corporate Social Responsibility

Ericsson has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe and the Ethibel Sustainability Index (ESI) Excellence Global. The ESI indices universe is composed of companies included in the Russell Global Index that display the best performance in the field of corporate social responsibility.

CommsMEA

5G innovation and "Connecting the Unconnected"

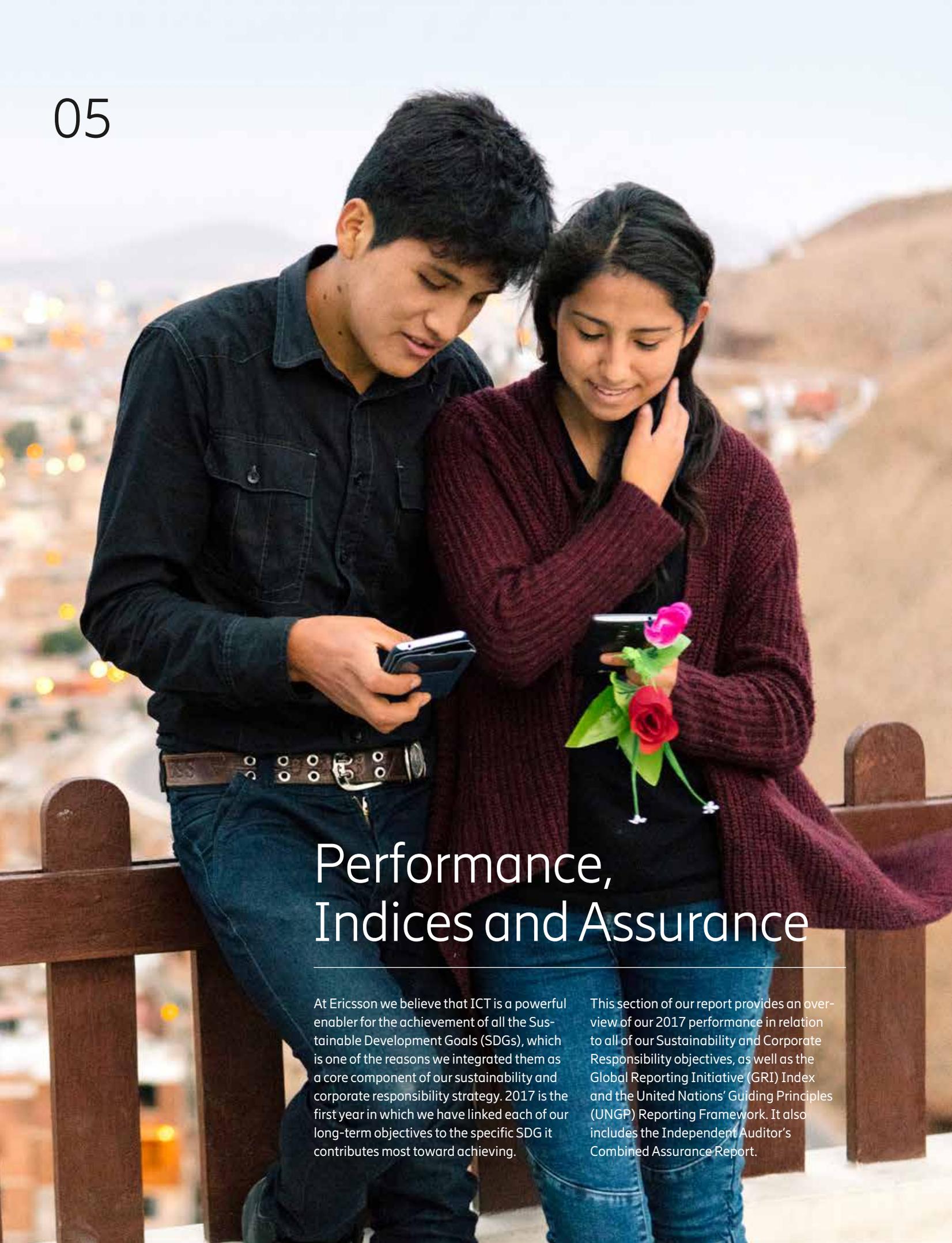
At the 2017 CommsMEA Awards, Ericsson received the Editor's Choice Award for our work in 5G innovation and the Connecting the Unconnected Award for connecting communities in partnership with Wot-If? Trust. The CommsMEA Awards acknowledge operators and individuals who have played a vital role in leading the development of the fast-growing and rapidly changing telecommunications sector in the Middle East and Africa.



FTSE4Good

Performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices

FTSE Russell confirms that Ericsson has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices.



Performance, Indices and Assurance

At Ericsson we believe that ICT is a powerful enabler for the achievement of all the Sustainable Development Goals (SDGs), which is one of the reasons we integrated them as a core component of our sustainability and corporate responsibility strategy. 2017 is the first year in which we have linked each of our long-term objectives to the specific SDG it contributes most toward achieving.

This section of our report provides an overview of our 2017 performance in relation to all of our Sustainability and Corporate Responsibility objectives, as well as the Global Reporting Initiative (GRI) Index and the United Nations' Guiding Principles (UNGP) Reporting Framework. It also includes the Independent Auditor's Combined Assurance Report.

Engage with us

This report and additional content can be found at www.ericsson.com/sustainability, including more comprehensive information on Global Reporting Initiative.

If you are interested in learning more or continuing the conversation, we also welcome you to engage with us via our Technology for Good™ social media channels and websites below.



@Inside_Ericsson



@ericssonsustain



Ericsson Sustainability and CR report



Technology for Good blog



Technology for Good videos



Ericsson Annual Report



Facebook/technologyforgood



LinkedIn/company/ericsson



Feedback or questions can be directed to:
corporate.responsibility@ericsson.com



"Reconnecting Refugees" session at the Annual Meeting 2018 of the World Economic Forum in Davos, January 23, 2018. From left to right: Maysoun Azzam, Political Anchor, Al Arabiya, United Arab Emirates; Filippo Grandi, United Nations High Commissioner for Refugees, Geneva; Louise Mushikiwabo, Minister of Foreign Affairs and Cooperation of Rwanda; Sara Pantuliano, Managing Director, Overseas Development Institute, United Kingdom; Kaan Terzioglu, Chief Executive Officer, Turkcell Iletisim Hizmetleri Turkey; and Elaine Weidman-Grunewald, Senior Vice-President and Chief Sustainability & Public Affairs Officer, Ericsson, Sweden.
Copyright: World Economic Forum/Faruk Pinjo

Objectives and achievements

We have set our objectives in accordance with our wanted position to be a relevant and responsible driver of positive change. They reflect our desire to both increase positive impacts and mitigate risks. In line with our focused business strategy of 2017, we simplified the number of objectives within the sustainability and corporate responsibility (S&CR) area.

We remain convinced that ICT in general – and our products, services and solutions, in particular – can help accelerate the achievement of the Sustainable Development Goals (SDGs). However, our implementation of

'The practical guide to defining priorities and reporting' developed by GRI and the United Nations Global Compact (UNGC) highlighted the fact that it may not be feasible for a business to tackle all the SDGs, as some of their targets may not be feasible for business and can dilute sustainability efforts. The guide points out that deciding where to start can be challenging and that what is important is to define an initial focus. 2017 is the first year that we are including a reference to the SDGs in our objectives table below and on the following page.

Status

● Target achieved
 ◐ Partly achieved
 ○ Not achieved
 ◆ On track

Sustainable Development Goals (SDGs)



Positive impact objectives

Status	Long-term objectives	Objectives 2017	Achievements 2017	Objectives 2018	SDG
◐	Increase 30% the female representation of all executives, line managers and the total workforce by 2020.	See long-term objective.	Achieved 27% female representation for top 200 executive positions. Maintained 20% female representation for line managers and 23% for total workforce.	See long-term objective.	5
◆	Ericsson commits to 35% of energy saving in Ericsson Radio System (ERS) versus legacy portfolio baseline 2016 (RBS 6000) by 2022. Part of our approved Science Based Target.	See long-term objective.	Achieved 34% of energy saving from delivered Ericsson Radio System (ERS) versus legacy portfolio (RBS 6000). Part of our approved Science Based Target.	See long-term objective.	13
◆	Ericsson will continue to innovate to allow for alternative energy sources to be economically feasible in 25% of the total installed base of an operator, thereby reducing diesel consumption significantly by 2020.	See long-term objective.	Enabled multi-standard solutions to make solar deployment more feasible, as exemplified by the multi-standard baseband on page 48.	See long-term objective.	7
◆	Ericsson will strive to ensure that the 5G product portfolio shall be ten times more energy efficient (per transferred data) than current 4G by 2022 (baseline 2017).	See long-term objective.	Successful inclusion of energy performance in standardization. 5G standard approved in Lisbon end of 2017 by 3GPP. Development aspects identified and implementation on track.	See long-term objective.	13
○	Based on 2017 baseline of 20.4 million, increase the number of positively impacted people by 10% per year until 2022.	Positively impact 30 million through Technology for Good initiatives.	Achieved 20.4 million through Technology for Good initiative. Since 2014, we have positively impacted over 109 million people by Technology for Good initiatives.	Positively impact 22.4 million through Technology for Good initiatives.	9

Risk mitigation objectives

Status	Long-term objectives	Objectives 2017	Achievements 2017	Objectives 2018	SDG
●	Increase completion rate of anti-corruption e-learning for employees to achieve over 90% attendance of active employees by 2020.	Continue to deploy anti-corruption training targeting all employees and achieve 85%, in line with our zero tolerance policy.	As per December 31, 2017, over 92,900 of active employees, representing over 92% of all active employees, had completed the anti-corruption training for employees.	Continue to deploy anti-corruption training targeting all employees and face-to-face compliance training for Customer Units Leadership teams to achieve an average 90%, in line with our zero tolerance policy.	16
●	Increase the level of knowledge among active employees about Ericsson Compliance Line by 2020.	Increase the level of knowledge among active employees about Ericsson Compliance Line to 60%.	Increased the knowledge about Ericsson Compliance Line among active employees to over 73%, according to Ericsson Sustainability 2017 survey.	Increase the level of knowledge among active employees about Ericsson Compliance Line to 76%.	16
●	Set the tone from the top by including responsible business on main company agendas throughout the year.	Set the tone from the top by including responsible business on main company agendas throughout the year.	Responsible business (including anti-corruption specifically) was included in the agendas for main company meetings and activities.	See long-term objective.	16
●	Implement the anti-corruption screening tool in all Market Areas, maintaining 95% of active and preferred suppliers screened from a compliance perspective. Increase the speed to manage relevant alerts in less than four weeks.	Implement the anti-corruption screening tool in each region to achieve 95% of active and preferred suppliers screened from a compliance perspective.	By end of 2017, over 95% suppliers of seven out of ten former regions where the anti-corruption screening tool were implemented, were screened from a compliance perspective.	See long-term objective.	16
●	Secure Market Areas and Business Areas adherence to the Sales Compliance process. Manage Corporate Responsibility risks including human rights risks.	Increase percentage of adherent cases among all cases subject to Sales Compliance to 85%. Reduce human rights risks by closing mitigation activities identified in human rights study for Cuba and initiate a new Human Rights Impact Assessment (HRIA).	Achieved over 83% adherence to Sales Compliance Process. Reduced human rights risks by closing mitigation activities identified in human rights study for Cuba and a new HRIA has been initiated in a selected country.	Increase percentage of adherent cases among all cases subject to Sales Compliance to 85%. Reduce human rights risks by closing mitigation activities identified in HRIA and initiate a new Human Rights Impact Assessment	10
●	Address 100% of high risk suppliers by 2020.	Address risk assessments for 80% suppliers in the top 80% of supplier spend. ¹⁾	Risks assessed for over 85% of suppliers in the top 80% of supplier spend.	Address risk assessment for 90% suppliers in the top 90% of supplier spend.	12
●	Reduce occupational health and safety major incidents and track mitigation on risks for major incidents, working toward our long-term vision for zero major incidents.	Implement site inspections for 50% of active Authorized Service Providers and implement site inspections for 8% of total work orders for Managed Services, including high risk activities.	Implemented site inspections for 37% of active Authorized Service Providers and implemented site inspections for 20% of total work orders for Managed Services, including high risk activities.	Achieve 90% of fully compliant occupational health and safety audits for field service workers out of total number of audits. Achieve 90% adherence to occupational health and safety audit process in selected projects for Business Area Networks.	3
●	Reduce risk by increasing take-back of products at the end of life stage from our customers.	Achieve 12,000 tonnes e-waste take-back at the end of life.	Achieved over 11,890 tonnes of e-waste take-back. Less than 5% of e-waste is disposed of in landfill.	Retrieve 10,155 tonnes e-waste take-back at the end of life stage from our customer.	12
●	Maintain absolute CO ₂ e emissions from Ericsson own activities for business travel, product transportation and facilities energy use in 2017 at the same level as 2011.	Monitor and report the CO ₂ e emissions per employee reduction performance for the final year.	Achieved a 48% reduction CO ₂ e emissions from Ericsson own activities for business travel, product transportation and facilities energy use compared to 2011 baseline.	Long-term objective closed.	13
●	Reduce Ericsson own activities CO ₂ e emissions, including business travel, product transportation, facilities energy use and fleet vehicles by 35% in 2022 in absolute terms compared with baseline 2016. Part of our approved Science Based Target.	Reduce Ericsson own activities, including business travel, product transportation, facilities energy use and fleet vehicles by 5% in absolute terms.	Reduced Ericsson own activities related CO ₂ e emissions, including business travel, product transportation, facilities energy use and fleet vehicles by 14% compared with baseline 2016. Part of our approved Science Based Target.	Reduce Ericsson own activities, including business travel, product transportation, facilities energy use and fleet vehicles by 18% compared with baseline 2016 (5% YoY).	13

¹⁾ Restatement to reflect our target definition.

GRI Index

Management Approach Disclosure covering identified significant issues can be found online. The topic-specific disclosures listed below have been externally assured (Assurance Statement see p.78–79) and omissions are described when applicable, in GRI Disclosure 2017 online. The topic-specific disclosures listed are an indicative description, for a full description please visit [GRI Sustainability Reporting Standards'](#) website.

GRI	Topic-specific disclosures	Reference
GENERAL DISCLOSURE (GRI 102)		
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	S&CR p. 3
102-2	Activities, brands, products, and services	AR p. 4–17
102-3	Location of organization's headquarters	AR p. 173
102-4	Location of operations	AR p. 4–5
102-5	Ownership and legal form	AR p. 116
102-6	Markets served	AR p. 4–5
102-7	Scale of the organization	AR p. 4–5
102-8	Information on employees and other worker	AR p. 73–78
102-9	Supply chain	AR p. 28
102-10	Significant changes to the organization and its supply chain	AR p. 4–5
102-11	Precautionary principle or approach	GRI
102-12	External initiatives	GRI
102-13	Membership of associations	GRI
STRATEGY		
102-14	Statement from senior decision-maker	S&CR p. 4–5
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	GRI
102-17	Mechanisms for advice and concerns about ethics	GRI
GOVERNANCE		
102-18	Governance structure	AR p. 114–146
STAKEHOLDERS ENGAGEMENT		
102-40	List of stakeholder groups	S&CR p. 3, 17
102-41	Collective bargaining agreements	GRI
102-42	Identifying and selecting stakeholders	S&CR p. 3, 17
102-43	Approach to stakeholder engagement	S&CR p. 17
102-44	Key topics and concerns raised	S&CR p. 12–13

GRI	Topic-specific disclosures	Reference
REPORT PRACTICE		
102-45	Entities included in the consolidated financial statements	AR p. 90–91
102-46	Defining report content and topic boundaries	S&CR p. 3
102-47	List of material topics	S&CR p. 12–13
102-48	Restatements of information	GRI
102-49	Changes in reporting	GRI
102-50	Reporting period	S&CR p. 3
102-51	Date of most recent report	GRI
102-52	Reporting cycle	GRI
102-53	Contact point for questions regarding the report	S&CR p. 12, 71
102-54	Claims of reporting in accordance with the GRI Standards	S&CR p. 3
102-55	GRI content index	S&CR p. 74–75
102-56	External assurance	S&CR p. 78–79
ECONOMIC		
ECONOMIC PERFORMANCE (GRI 201)		
201-2	Financial implications and other risks and opportunities due to climate change	AR p. 152 S&CR p. 42–54
201-4	Financial assistance received from government	GRI
INDIRECT ECONOMIC IMPACTS (GRI 203)		
203-2	Significant indirect economic impacts	S&CR p. 56–69
PROCUREMENT PRACTICES (GRI 204)		
204-1	Proportion of spending on local suppliers	GRI
ANTI-CORRUPTION (GRI 205)		
205-1	Operations assessed for risks related to corruption	AR p. 158
205-2	Communication and training about anti-corruption policies and procedures	S&CR p. 22–23
205-3	Confirmed incidents of corruption and actions taken	S&CR p. 21, 23 GRI

GRI	Topic-specific disclosures	Reference
ENVIRONMENT		
MATERIALS (GRI 301)		
301-1	Materials used by weight or volume	GRI
ENERGY (GRI 302)		
302-1	Energy consumption within the organization	S&CR p. 55
302-2	Energy consumption outside of the organization	S&CR p. 55
302-3	Energy intensity	S&CR p. 55
302-4	Reduction of energy consumption	S&CR p. 55
302-5	Reductions in energy requirements of products and services	S&CR p. 46–49
EMISSIONS (GRI 305)		
305-1	Direct (Scope 1) GHG emissions	S&CR p. 55
305-2	Energy indirect (Scope 2) GHG emissions	S&CR p. 55
305-3	Other indirect (Scope 3) GHG emissions	S&CR p. 55
305-4	GHG emissions intensity	S&CR p. 55
305-5	Reduction of GHG emissions	S&CR p. 55
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	GRI
SUPPLIER ENVIRONMENTAL ASSESSMENT (GRI 308)		
308-1	New suppliers that were screened using environmental criteria	GRI

GRI	Topic-specific disclosures	Reference
DIVERSITY AND EQUAL OPPORTUNITY (GRI 405)		
405-1	Diversity of governance bodies and employees	GRI
NON-DISCRIMINATION (GRI 406)		
406-1	Incidents of discrimination and corrective actions taken	GRI
SOCIAL		
EMPLOYMENT (GRI 401)		
401-1	New employee hires and employee turnover	GRI
OCCUPATIONAL HEALTH AND SAFETY (GRI 403)		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	GRI
TRAINING AND EDUCATION (GRI 404)		
404-1	Average hours of training per year per employee	GRI
404-3	Percentage of employees receiving regular performance and career development reviews	GRI
REFERENCE		
S&CR	Sustainability and Corporate Responsibility Report 2017	
AR	Annual Report 2017	
GRI	GRI disclosure 2017 (online)	

UNGP Reporting Framework Index

This index is designed to help stakeholders identify the location of answers Ericsson has provided according to the United Nations' Guiding Principles Reporting Framework.

The Framework is made up of three sections that each include several questions to be answered by the reporting company:

- Part A – Governance of Respect for Human Rights
- Part B – Defining the Focus of Reporting
- Part C – Management of Salient Human Rights Issues

The full UNGP Reporting Framework, with descriptions of the overarching and supporting questions, is available at: <http://www.ungpreporting.org/>

Section	Overarching and supporting questions		Reference Sustainability and CR Report
Part A: Governance of Respect for Human Rights			
Policy commitment	What does the company commitment state on the duty to respect human rights?	A1	4, 20, 24
	How was develop the company public commitment on the duty to respect human rights?	A1.1	20
	Whose human rights does the company public commitment address?	A1.2	
	How is the company public commitment communicated?	A1.3	20, 31
Embedding respect for human rights	How does the company demonstrate the importance of the implementation of its human rights commitment?	A2	19, 20
	How is responsibility for respect of human rights performance organized within the company, and why?	A2.1	20
	What kinds of human rights issues are discussed by senior management and by the Board of Directors, and why?	A2.2	20
	How are employees and contract workers made aware of the ways in which respect of human rights should inform their decisions and actions?	A2.3	20, 21, 25, 29
	How does the company make clear in its business relationships the importance it places on respect for human rights?	A2.4	29, 30, 35
	What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	A2.5	
Part B: Defining the Focus of Reporting			
Statement of salient issues	State the salient human rights issues associated with the company's activities and business relationships during the reporting period	B1	24, 25, 32
Explanation of salient issues	Describe how the salient human rights issues were determined, including any input from stakeholders	B2	12, 25, 26
Geographical focus	If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made	B3	
Additional severe impacts	Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed	B4	27, 32

Section	Overarching and supporting questions		Reference Sustainability and CR Report		
Part C: Management of Salient Human Rights Issues					
			Right to privacy	Freedom of expression	Labor rights
Specific policies	Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	C1	24, 25, 27, 28	24, 25, 28	24, 25, 33, 38
	How does the company make clear the relevance and significance of such policies to those who need to implement them?	C1.1			33
Stakeholder engagement	What is the company's approach to stakeholders' engagement in relation to salient human rights issue?	C2	26	26	26
	How does the company identify which stakeholders to engage with in relation to salient issue, and when and how to do so?	C2.1			36
	Which stakeholders has the company engaged with regarding each salient issue, and why?	C2.2	12, 17, 26	17, 26	17, 26
	How have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	C2.3	12, 25, 26	25, 26	25, 30, 31
Assessing impacts	How does the company identify any changes in the nature of each salient human rights issue over time?	C.3	25, 26	25, 26	25, 26, 30, 33
	Were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?	C3.1	26, 28	26, 28	26, 28
	Did any severe impacts occur that were related to a salient issue and, if so, what were they?	C3.2			
Integrating findings and taking actions	How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	C.4	11, 26, 28	11, 26, 28	11, 26, 33, 34, 35
	How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in findings and implementing solutions?	C4.1	28	28	
	When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	C4.2			
	What action has the company taken to prevent or mitigate potential impacts related to each salient issue?	C4.3	25, 28, 29	25, 28, 29	25, 26, 30, 31, 33, 36
Tracking performance	How the company know if efforts to address each salient human rights issue are effective in practice?	C5	11, 20, 29	11, 20, 29	11, 20, 33, 34, 36
	What specific examples from the reporting period illustrate if each salient issue is being managed effectively?	C5.1	29	29	30, 31, 34, 35, 36, 38
Remediation	How does the company enable effective remedy if people are harmed by its actions or decisions in relation to the salient human rights issues?	C6			25
	Through what means can the company receive complaints or concerns related to each salient issue?	C6.1	25	25	25
	How does the company know if people feel able and empowered to raise complaints or concerns?	C6.2	25	25	25
	How does the company process complaints and assess the effectiveness of outcomes?	C6.3			
	What were the trends and patterns in the complaints or concerns and their outcomes regarding each salient issues, and what lessons has the company learned?	C6.4			
	Did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	C6.5			



Independent Auditor's Combined Assurance Report

To Telefonaktiebolaget LM Ericsson (publ)

Introduction

We have been engaged by the Executive Team of Telefonaktiebolaget LM Ericsson (publ) ("Ericsson") to perform an examination of the Ericsson Sustainability and Corporate Responsibility (CR) Report for the year 2017, including certain procedures with respect to Ericsson's Conflict Minerals Program agreed with Ericsson and explained below in the Other information section.

Responsibilities of the Board and Management

The Board of Directors and Executive Team are responsible for the preparation of the Sustainability and CR Report in accordance with the applicable criteria, as explained on page 1 of the Sustainability and CR Report, and are the parts of the Global Reporting Initiative (GRI) Sustainability Reporting Standards, which are applicable to the Sustainability and CR Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability and CR Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability and CR Report based on the procedures we have performed.

We conducted our engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by IAASB, as well as AA1000AS (2008) issued by AccountAbility (type 2 engagement). The engagement includes limited assurance on the complete Sustainability and CR Report and audit of carbon dioxide emissions data regarding Ericsson's own activities on page 55.

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 quantitative and qualitative information in the Sustainability and CR Report. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustain-

ability and CR Report, and applying analytical and other limited assurance procedures. Hence, the conclusion based on our limited assurance procedures does not comprise the same level of assurance as the conclusion of our reasonable assurance procedures. Since this assurance engagement is combined, our conclusions regarding the reasonable assurance and the limited assurance procedures will be presented in separate sections.

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.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Leadership Team as described above. We consider these criteria suitable for the preparation of the Sustainability and CR Report.

In accordance with AA1000AS (2008), we confirm that we are independent of Ericsson. Our review has been performed by a multidisciplinary team specialized in reviewing economic, environmental and social issues in Sustainability and CR reports, and with experience from the Information and Communication Technology (ICT) sector.

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 CR Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Team, including adherence to the AA1000APS (2008) principles inclusivity, materiality and responsiveness.

In our opinion the information in the Sustainability and CR Report which has been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and Executive Team.



Other information

AA1000APS observations

The following is other information that has not affected our conclusion above. According to AA1000AS (2008), we have included observations and recommendations for improvements in relation to adherence to the AA1000APS (2008) principles:

Regarding inclusivity

We recognize that Ericsson is committed to being accountable to its key stakeholders and has the necessary competencies and processes in place to engage with stakeholders, particularly at group level. We have seen evidence of how Ericsson actively seeks to understand stakeholder expectations and collaborate with stakeholder organizations on significant sustainability and corporate responsibility issues, locally and globally. We have no specific recommendations regarding inclusivity.

Regarding materiality

We consider Ericsson to have a systematic process for identifying and assessing material sustainability and corporate responsibility topics through internal analyses and stakeholder engagement. An employee survey has been conducted in 2017 to inform the materiality assessment, and there are ongoing dialogues with customers and investors that also address material sustainability and corporate responsibility issues. We have no specific recommendations regarding materiality.

Regarding responsiveness

We appreciate that Ericsson is attentive to stakeholder concerns, and works systematically in responding to stakeholder input. This is also the case where issues raised by stakeholders are deemed important but not necessarily among the most material aspects on the sustainability and corporate responsibility agenda, for instance Ericsson's role in promoting the rights of children. Ericsson has continued to develop an approach to working with the UN Sustainable Development Goals during the year, which is in line with the interests of certain stakeholders. We have no specific recommendations regarding responsiveness.

Assessment of Conflict Minerals Program

We have assessed if Ericsson's Conflict Minerals Program substantially conforms to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Guidance") as it relates to "downstream" purchasers of products and components that are included in Ericsson products. In particular, we have assessed if Ericsson has applied the five-step framework in Annex I (and supplements) of the OECD Guidance.

Our work has been performed with guidance from the International Standard on Related Services (ISRS 4400). The procedures were performed solely to assist Ericsson in evaluating the design of the Conflict Minerals Program in relation to the OECD Guidance.

We found that Ericsson's Conflict Minerals Program substantially conforms to the OECD Guidance (Annex I with supplements) as it relates to "downstream" purchasers of products and components that are included in Ericsson products. Ericsson's participation in the Resource Minerals Initiative (RMI) is a key component of the Conflict Minerals Program and an important means to secure audits of smelters and refiners.

Because this assessment of Ericsson's Conflict Minerals Program does not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Assurance Engagements (ISAE 3000), we do not express any assurance on the Conflict Minerals Program. Had we performed additional procedures or a reasonable or limited assurance engagement in accordance with ISAE3000, other matters might have come to our attention that would have been reported.

Stockholm, February 23, 2018
PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorised Public Accountant

Fredrik Ljungdahl
Expert Member of FAR

Acronyms

3GPP	3rd Generation Partnership Project
2G	Second Generation
3G	Third Generation
4G	Fourth Generation
5G	Fifth Generation
5GEM	5G-Enabled Manufacturing
AI	Artificial Intelligence
AMO Awards	Asia Mobile Awards
ASICs	Application Specific Integrated Circuits
ASP	Authorized Service Partner
BSC	Base Station Controller
C-ITS	Cooperative Intelligent Transport System
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CESC	Centre for Sustainable Communications
CLCs	Community Learning Centers
CoBE	Code of Business Ethics
CoC	Code of Conduct
COP23	23rd Conference of the Parties
CR	Corporate Responsibility
CSA	Child Sexual Abuse
CTO	Chief Technology Officer
CUT	Connected Urban Transport
CxO	Chief Experience Officer
DEFRA	Department for Environment, Food, & Rural Affairs
DRC	Democratic Republic of the Congo
E&M	Entertainment and Media
EaaS	Energy-as-a-Service
ECMs	Energy Conservation Measures
EHS	Environment, Health and Safety
EIA	The Ericsson Innovation Awards

EMS	Environmental Management System
ERS	Ericsson Radio System
ESG	Environmental, Social and Governance
ESI	Ethibel Sustainability Index
FCPA	US Foreign Corrupt Practices Act
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GeSI	Global e-Sustainability Initiative
GHG	Greenhouse Gas
GIC	Global ICT Centers
GNI	Global Network Initiative
GRI	Global Reporting Initiative
GSM	Global System for Mobile Communication
GSMA	Groupe Spéciale Mobile Association
GTB	Global Telecoms Business
GWh	Gigawatt hours
HR	Human Resources
HRIA	Human Rights Impact Assessments
I4A	Internet for All
ICT	Information and Communication Technology
IFM	Integrated Facility Management
IoT	Internet of Things
IPCC	Intergovernmental Panel on Climate Change
IPM	Individual Performance Management
IPR	Intellectual Property Rights
ISO	International Organization for Standardization
ITS	Intelligent Transport System
ITU	International Telecommunications Union
IVR	Interactive Voice Response
JAC	Joint Audit Cooperation
LCA	Life-Cycle Assessment

LCV	Light Commercial Vehicles	TCO	Total Cost of Ownership
LED	Light Emitting Diode	TCU	Transport Connectivity Unit
LEED	Leadership in Energy and Environmental Design	TFG	Technology for Good
LGBT	Lesbian, Gay, Bisexual, Transgender	TMS	Transportation Management System
LTE	Long-Term Evolution	UN ETC	United Nations Emergency Telecommunications Cluster
M&A	Merger and Acquisition	UN WFP	United Nations World Food Programme
MBB	Mobile Broadband	UNFCCC	United Nations Framework Convention on Climate Change
MDGs	Millennium Development Goals	UNGP	United Nations Guiding Principles on Business and Human Rights
MFS	Mobile Financial Services	V2V	Vehicle to Vehicle
MICT	Media and Information Communications Technology	VDPA	Vienna Declaration and Programme of Action
MIMO	Multiple-Input and Multiple-Output	VoIP	Voice over IP
MP	Millennium Promise	WCDMA	Wideband Code Division Multiple Access
MV	Millennium Village	WEF	World Economic Forum
MVP	Millennium Villages Project	WFP	World Food Programme
MWF	Mobile and Wireless Forum	WHO	World Health Organization
NGOs	Non-Governmental Organizations	WIDER	Wireless LAN in Disaster and Emergency Response
O&M	Operations and Maintenance	WIL	Women in Leadership
OCHA	Office for the Coordination of Humanitarian Affairs	WPDI	Whitaker Peace and Development Initiative
OECD DD	Organization for Economic Co-operation and Development's Due Diligence	YPN	Youth Peacemaker Network
OHS	Occupational Health and Safety		
OHSAS	Occupational Health and Safety Assurance Standard		
OPEX	Operating Expense		
PACI	Partnering Against Corruption Initiative		
RAN	Radio Access Network		
RMAP	Responsible Minerals Assurance Process		
SBT	Science Based Targets		
SDGs	Sustainable Development Goals		
SDSN	Sustainable Development Solutions Network		
SK Telecom	South Korea Telecom		
STEM	Science, Technology, Engineering, Mathematics		

