

UN GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS



The ten principles of the UN Global Compact provide a universal framework for business conduct, which Ericsson strongly endorses. Ericsson's commitment to the ten principles of the UN Global Compact guides us in the development of Group practices throughout our sphere of influence. Through initiatives like Refugees United and Connect To Learn; Ericsson Response, and the Millennium Villages, we mobilize our core business to support the UN in its efforts to alleviate poverty, improve the environment and bridge the digital divide.

Ericsson policies and directives

Respect for Human Rights and intolerance of corruption are embodied in our values of respect, professionalism and perseverance and in our Code of Business Ethics. The Code of Conduct (CoC) is also designed to respect Human Rights, promote fair employment and safe working conditions, and maintain high environmental standards. The Sustainability Policy details our commitment to continuously reduce the environmental impact of our own operations and to engage in activities that have positive socio-economic impacts and promote the vision of communication for all. CR is firmly embedded in our Global Assessment Program. Ericsson expects the same standards of labor and environmental performance among all suppliers. During 2011, we completed the annual sustainability and CR review with the Ericsson Board of Directors, and the ongoing Sustainability and CR e-learning program is mandatory for all new employees as part of the New Employee Learning Milestones.

Human Rights

We actively support the fulfillment of Human Rights within our sphere of influence. Our first obligation is to avoid complicity in Human Rights abuse, but Ericsson's core technologies can also help improve lives and promote democratic societies, and contribute to socio-economic development.

- We are committed to actively work with the UN Guiding Principles for Business and Human Rights, published in 2011.
- Our Code of Business Ethics now reflects these Guiding Principles, which will be acknowledged by all employees in 2012.
- We established a Sales Compliance Board as part of our governance framework.
- A study conducted jointly by Ericsson, Arthur D. Little and Chalmers University of Technology in Sweden in 33 OECD countries quantifies the isolated impact of broadband speed. Doubling the broadband speed for an economy increases GDP by 0.3%.

- Ericsson initiated work on a socio-economic impact assessment framework, looking at how ICT can positively impact lives at the individual and community level.
- We were co-sponsors of the report, "Leveraging Information and Communication Technology for the Base of the Pyramid," examining 280 initiatives in Asia, Latin America and Africa that used ICT for delivering education, health, agriculture and financial services at the Bottom of the Pyramid.
- The Supplier Code of Conduct (S-CoC) program has been implemented in all regions and business units. About 392 S-CoC audits and 270 on-site assessments were performed.
- We are addressing the issue of conflict minerals through our own supply chain initiatives and by working towards common sector-wide solutions.

Fair labor practices

Human resources procedures ban discrimination and ensure equality and diversity in our operations. We encourage union membership and, in countries where workers cannot freely choose membership, work conditions are discussed with local management in a structured format.

- Ericsson Group achieved a global (Occupational Health and Safety Assessment Series) OHSAS 18001 certification.
- Our Code of Conduct stipulates that as far as any relevant laws allow, all employees are free to form and to join trade unions or similar external representative organizations and to bargain collectively. Subjects covered include: health and safety, remuneration, training, work time flexibility, equal opportunity and restructuring. We estimate that approximately one third of all employees are covered by collective bargaining agreements. In some markets we have established other mechanisms for informing and consulting with employees.
- We fund independent research on health and safety issues relating to radio waves and electromagnetic fields (EMF).

Environment

- We actively promote technologies that help create low carbon economies.
- Our CEO serves as a Commissioner on the Broadband Commission for Digital Development and chair of the Working Group on Climate Change which in 2011 issued a report, "The Broadband Bridge: Linking ICT with Climate Action for a Low-Carbon Economy". The report discusses how broadband can help cut carbon emissions as well as aid climate change mitigation and adaptation, supported by best practice cases from around the world and a set of policy recommendations to accelerate the role of ICT in the low-carbon economy.
- At COP17, we launched the Transformative Step of the Day together with the Global e-Sustainability Initiative, GeSI.
- While the Carbon footprint intensity reduction was lower this year compared to last, Ericsson is well on track to meet its five year target which aims to reduce the carbon emission intensities by 40%.
- One significant environmental aspect is the energy consumption of our products during operations. Ericsson has increased 3G/4G energy efficiency by 85% in radio base stations over the last decade.
- We take environmental aspects such as hazardous substances, producer responsibility and efficient use of resources into account in product design, procurement, production and operation.
- As part of our Extended Producer Responsibility, of all material collected and processed during 2011, less than 2% was sent to landfill and more than 98% was recovered. We have increased the amount of reuse to 5% of the total volume treated.
- Our Environmental Management System is globally certified to ISO 14001. This ensures our operations are consistently managed with minimal impact on the environment.

Anti-corruption

- The Ericsson Group Management System, implemented globally, ensures integrity and high standards of conduct. A whistle-blower procedure is in place for employees to report violations relating to accounting, internal controls and procedures or fraudulent practices.
- Ericsson strengthened its process for addressing bribery and corruption with the appointment of a Chief Compliance Officer and implementation of an anti-corruption program backed by a formal structure, policies, directives, training and communication, monitoring and review.