Communication On Progress (COP)

UN Global Compact Advance Level

Ericsson's Communication on Progress is part of our Sustainability and Corporate Responsibility report 2012 "Technology for Good", and covers the period May 2012 – May 2013

It contains:

A statement by our CEO expressing continued support for the Global Compact and renewing our company's ongoing commitment to the initiative and its principles.

A description of actions and policies related to Human Rights, Labor, Environment, and Anti-Corruption.

A description of policies and practices related to the company's operations in high-risk and/or conflict areas.

Qualitative and quantitative measurement of outcomes illustrating the degree to which targets/performance indicators were met.

It is easily accessible to all interested parties on www.ericsson.com/sustainability and is actively distributed to all stakeholders.

The accuracy and completeness of information in this COP is assessed by PwC (independent assurers) against recognized assurance standards FarRevR6 and AA1000. Assurance statement.

Ericsson's COP has achieved a GRI G3 A+ application level. Global Reporting Initiative information. Information on the company's profile and context of operation can be found in the Annual Report

1 Implementing the Ten Principles into Strategies and Operations

UN Global Compact Advanced Criteria and UNGC recommended best practices covered in Ericsson reporting	Page references to Ericsson Sustainability and CR report 2012, Technology for Good
Criterion 1 – The COP describes mainstreaming into corporate functions and business units. 1. Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc) ensuring no function conflicts with company's sustainability strategy 2. Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy. 3. Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary. 4. Design corporate sustainability strategy to leverage synergies between and among issue areas and deal adequately with trade-offs 5. Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts.	Sustainability and CR strategy (page 6) Strategic target setting (page 6) Ericsson Sustainability and CR Steering Group (page 6) Sustainability Policy (page 6) Code of Conduct Policy (page 6) Code of Business Ethics (page 6)

Criterion 2 –Value chain implementation. 1. Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts. 2. Communicate policies and expectations to suppliers and other relevant business partners. 3. Implement monitoring and assurance mechanisms for compliance within company's sphere of influence. 4. Undertake awareness-raising training and other types of capacity building with suppliers and other business partners	We take a value chain approach to addressing Sustainability and CR issues throughout our business operations. Key issues and value chain perspective (page 7-10) Our CoBE, S-CoC and Sustainability policies take a holistic, value chain approach. Our Supplier Code of Conduct Program includes audits and assessments on S-CoC based on Global Compact 10 principles (page 40-41) Supplier Code of Conduct, online training in 13 languages and joint initiatives (page 40-41)

2 Robust Human Rights Management Policies and Procedures

| **Criterion 3** – Robust commitments, strategies or policies in the area of human rights

1. Commitment to comply with all applicable laws and respect internationally recognized human rights, where ever the company operates.
2. Statement of policy expressing commitment to respect and support human right approved at the most senior level of the company.
3. Statement of policy stipulating human rights expectations of personnel, business partners and other parties linked to operations, products and services.
4. Statement of policy available and communicated internally and externally to all personnel, business partners and other relevant parties. | Our commitment to human rights is described in our Code of Business Ethics and Code of Conduct. The CoBE also specifically includes the UN Guiding Principles on Business and Human Rights. (page 36-37)
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The Code of Business Ethics is valid for all employees and every employee must periodically acknowledge that they have read and understood its contents.
The Code of Business Ethics and Code of Conduct are available on Ericsson.com. |
| **Criterion 4** – Effective management systems to integrate the human rights principles

1. Process to ensure that internationally recognized human rights are respected.
2. Ongoing due diligence processes that include an assessment of actual and potential human rights impacts | Human rights are considered throughout our business operations, and responsibilities are implemented in the line organization, for example, in our supply chain we work with our Supplier Code of Conduct, and we more recently have established a cross functional team that considers human rights risks in the sales process which is steered by the Sales Compliance Board. We also consider human rights in employment and labor conditions.
Our all employee training for Sustainability and CR includes the Code of |

3. Internal awareness-raising and training on human rights for management and employees 4. Operational level grievance mechanisms for those potentially impacted by the company's activities. 5. Allocation of responsibilities and accountabilities for addressing human rights impacts. 6. Internal decision-making, budget and oversight for effective responses to human rights impacts 7. Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to.	Business Ethics and human rights. (page 39) Grievance mechanisms i.e. reporting violations are available at Ericsson.com. A Chief Compliance Officer was appointed in 2011. (page 39) The Sustainability & CR organization is responsible for overseeing the human rights area. (page 8) The Sustainability Steering Group and the Sales Compliance Board provide oversight to human rights impacts. (page 36) In 2012, Ericsson launched a two-year Business Learning Program with Shift, an independent, non-profit center for business and human rights. The aims of our Business Learning Program are to further strengthen our framework on human rights. (page 36)
Criterion 5 – Monitoring and evaluation mechanisms of human rights integration 1. System to monitor the effectiveness of human rights policies and implementation, including the supply chain. 2. Monitoring drawing from internal and external feedback, including affected stakeholders. 3. Leadership review of monitoring and improvement results. 4. Process to deal with incidents the company has caused or contributed to for internal and external stakeholders 5. Outcomes of integration of the human rights principles.	We have recently initiated a two-year Business Learning program to ensure that our practices in the human rights area are effective. We also have an internal audit function that reviews CR practices and an external auditor that reviews implementation of policies and procedures. (page 36 and 40) The audit results are reviewed by appropriate management and boards, and actions are followed up. Human rights are an integrated part of Ericsson Group Management System (EGMS). The Global External Assessment Program is performed by an external assurance body. (page 35) For more information on Process to deal with incidents please see Reporting Violations (page 39) Outcomes of due diligence can be special attention paid to a specific country or business relationship, or a full Human Rights Impact Assessment (HRIA). In some cases business opportunities s are

	turned down or relationship improvement activities identified Ericsson is using the GRI framework to report annually on Human Rights externally. See Human Rights Performance indictors HR 01 – HR 09 2012.

3   Labor Management Policies and Procedures

Criterion 6 - Commitments, strategies or policies in the area of labor 1. Reference to relevant international conventions and other international instruments (e.g. ILO Core Conventions). 2. Reflection on the relevance of the labor principles for the company. 3. Written company policy (e.g., in code of conduct) on labor. 4. Inclusion of references to the principles contained in the relevant international labor standards in contracts with suppliers and other relevant business partners. 5. Specific commitments Human Resources policies, in line with decent work priorities.	Our Code of Conduct references relevant ILO conventions and is based on the Global Compact ten Principles. Our Supplier - Code of Conduct is based on the United Nation Global Compact's ten principles derived from: The Universal Declaration of Human Rights, The International Labor Organization's Declaration of Fundamental Principles and Rights at Work, The Rio Declaration on Environment and Development and The United Nations Convention Against Corruption. Our S-CoC is part of our agreement with our suppliers. See Code of Conduct policy Our Supplier - Code of Conduct is based on the United Nation Global Compact's ten principles derived from: The Universal Declaration of Human Rights, The International Labor Organization's Declaration of Fundamental Principles and Rights at Work, The Rio Declaration on Environment and Development and The United Nations Convention AgainstCorruption. Our S-CoC is part of our agreement with our suppliers. See objectives and achievements (page 48-50), and focus on diversity (page 46).
Criterion 7 - Management systems to integrate labor principles 1. Risk and impact assessments in the area of labor rights. 2. Allocation of responsibilities and accountability within the organization. 3. Internal awareness-raising and training on labor principles for management and employees. 4. Grievance mechanisms, communication	Our Code of Conduct Program includes audits and assessment on labor issues in our supply chain. Operational responsibility for labor areas: Head of Group Function Human Resources. Head of Human Resources of Ericsson companies are responsible for labor practices in their respective company. Training on Code of Conduct is available for all employees as part of the Sustainability & CR training (page 39) Whistleblower and reporting violations procedures exist and can be accessed by all employees and stakeholders. (page 39)

channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice.	
Criterion 8 - Monitoring and evaluation mechanisms of labor principles integration. 1. System to track and measure performance based on standardized performance metrics. 2. Audits or other steps to monitor and improve the labor performance of companies in the supply chain. 3. Leadership review of monitoring and improvement results 4. Outcomes of integration of the Labor principles	We have an extensive Supplier Code of Conduct Program which includes labor standards in the supply chain. For more information please see <u>Responsible sourcing</u>. We have an extensive Supplier Code of Conduct Program which includes labor standards in the supply chain. For more information please see <u>Responsible sourcing</u>. Results are reported and reviewed regularly. Audits results are regularly followed up Our Global Assessment Program, conducted by a third-party, reviews implementation of our EGMS, which includes Code of Conduct principles including labor. Units are regularly assessed. Outcomes are followed up in the respective line organization. Labor rights performance indicators <u>LA1 – LA14</u> and Human rights performance indicators <u>HR1 – HR9</u>

4   Robust Environmental Management Policies & Procedures

Criterion 9 - Commitments, strategies or policies in the area of environmental stewardship.	Our <u>Code of Conduct</u> is based on the United Nation Global Compact's ten principles derived from: The Universal Declaration of Human Rights, The International Labor Organization's Declaration of Fundamental

1. Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development). 2. Reflection on the relevance of environmental stewardship for the company. 3. Written company policy on environmental stewardship. 4. Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners. 5. Specific commitments and goals for specified years.	Principles and Rights at Work, The Rio Declaration on Environment and Development and The United Nations Convention Against Corruption. Ericsson led the work of the Broadband Commission for Digital Development Working Group on Climate Change and publication of report. Ericsson and Telefonica smart transport solution recognized at the UNFCCC Momentum for Change Initiative at COP17 Ericsson supports the UN GC Caring for Climate initiative. Environmental stewardship is very important to Ericsson, and we believe our products and services can help create more sustainable societies. We were the first company in our industry to introduce banned and restricted substance lists , and we work actively with Design for Environment. Please see Sustainability Policy. Please see Supplier Environmental Requirements See objectives and achievements within Sustainability and Corporate Responsibility Report 2012 (Pages 48-50).
Criterion 10 – Management systems to integrate the environmental principles. 1. Environmental risk and impact assessments 2. Assessments of lifecycle impacts of products, ensuring environmentally-sound of end-of-life management policies. 3. Allocation of responsibilities and accountability within the organisation. 4. Internal awareness-raising and training on environmental stewardship for management and employees. 5. Grievance mechanisms, communication channels and other procedures (e.g.,	Ericsson's Environmental Management System is certified to ISO 14001 Environmental risks are assessed in variety of areas, and we do extensive work with life cycle impact assessment. (page 6-10, 35) We conduct extensive LCA work, and we have an Ecology Management program to ensure sound handling of end of life (page 21) The Environmental Management System is managed on the Group level by the Sustainability organization. Responsibilities are allocated in the various line organizations. (page 6)

whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts.	Internal training and awareness is provided for all employees(page 8) Specialized training is available for certain functions.

Whistleblower and reporting violations procedures exist and can be accessed by all employees and stakeholders. (page 39) |
| **Criterion 11** – Monitoring and evaluation mechanisms for environmental stewardship.

1. System to track and measure performance based on standardized performance metrics.
2. Leadership review of monitoring and improvement results.
3. Process to deal with incidents.
4. Audits or other steps to monitor and improve the environmental performance of companies in the supply chain.
5. Outcomes of integration of the environmental performance of companies in the supply chain | We conduct environmental Life Cycle impact assessments according to international standards (ISO 14040 series). We also report and follow up according to GRI. Environmental KPIs (page 21-27)

All targets are reviewed on a regular basis, usually quarterly.

We have an internal Group Directive on Incident management including a management of incident description and responsibilities

Internal Audits and External Audits are regularly conducted on our own operations as well as on audits and on-site assessment on our suppliers within the S-CoC Program.

Environmental Performance Indicators 2012 according to GRI 3.0 framework EN 01 EN30.

Initiatives to reduce environmental impact and enable a low-carbon economy (page 28-33) |

5   Robust Anti-Corruption Management Policies and Procedures

| Criterion 12 - Commitments, strategies or policies in the area of anti-corruption.

1. Publicly stated formal policy of zero-tolerance of corruption.
2. Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes.
3. Statement of support for international and regional legal frameworks, such as the UN Convention against corruption.
4. .
5. Detailed policies for high-risk areas of corruption.
6. Policy on anti-corruption regarding business partners. | Code of Business Ethics.

We are a member of PACI, the Partnership Against Corruption Initiative, an initiative of the World Economic Forum which details our commitment to zero-tolerance. We also follow the OECD Guidelines for Multinational companies. (page 39)

In addition to Ericsson Anti-corruption Group Directive detailing responsibilities, we have also in certain regions specific Local Directives covering corruption.
We have policies for working with agents as well as distributors. We limit the use of both. In addition our S-CoC is directly addressing Anti-corruption.(page 39) |
| Criterion 13 – Management systems to integrate the anti-corruption principle.

1. Support by the organizations leadership for anti-corruption
2. Carrying out risk assessment of potential areas of corruption
3. Human resources procedures supporting the anti-corruption commitment or policy, including communication to and training for | We have an anti-corruption program that is widely supported by management. Our Code of Business Ethics which includes Anti-corruption is signed by CEO. Anti-Corruption is evaluated by Audit Committee. (page 39)

Corruption risks are part of Compliance area within our Risks Assessment Framework. (page 39)

There is mandatory training for all employees, and specialized training for certain functions. Mechanisms on Human resources supporting the |

all employees. 4. Internal checks and balances to ensure consistency with the anti-corruption commitment. 5. Actions taken to encourage business partners to implement anti-corruption commitment. 6. Management responsibility and accountability for implementation of the anti-corruption commitment or policy. 7. Communications (whistle-blowing) channels and follow-up mechanisms for reporting concerns or seeking advice. 8. Internal accounting and auditing procedures related to anti-corruption.	anti-corruption are embedded into different Policies and Group Directives. Anti-corruption web site where employees can get more information on Anti-corruption. (page 39) Corporate Audit and External Auditors assess the implementation of Anti-corruption Group Directive to ensure consistency with the anti-corruption commitment. Anti-corruption is part of S-CoC, which is part of our contractual relationship with Suppliers. In addition we have special clauses with specific partners. Our Chief Compliance Officer is responsible and accountable of our Anti-Corruption Program. This Program is evaluated and reviewed by Audit Committee each year. We have a whistleblower procedure that is available internally and externally.
Criterion 14 – Monitoring and evaluation mechanisms for the integration of anti-corruption 1. Leadership review of monitoring and improvement results 2. Process to deal with incidents 3. Use of independent external assurance of anti-corruption programs. 4. Outcomes of integration of the anti-corruption principle	The Anti-corruption Program is evaluated and reviewed by Audit Committee each year. Compliance forum is responsible to deal with incidents reported via the whistleblowing process or reported directly to Group Management. Anti-corruption is part of Global External Assessment Program. As Ericsson is working in more than 180 countries. We use the Maplecroft Corruption Index and Transparency International index to assess corruption on country level. We are aware that we are exposed to corruption, but we believe that we have appropriate processes in place to mitigate the risk. (page 36-37) GRI Social performance indicators SO1 - SO8

6 Taking Action in Support of Broader UN Goals and Issues

Criterion 15 Core business contributions to UN goals and issues. 1. Align core business strategy with one or more relevant UN goals/issues. 2. Develop relevant products and services or design business models that contribute to UN goals/issues..	Ericsson was an early supporter of the Millennium Development Goals, and support of the MDGs is closely embedded into our strategy (page 5-7, 14-19). We were one of the first companies to support the UN Global Compact, from its inception already in year 2000, and we have based our Code of Conduct on the Global Compact ten Principles, which are well embedded in our governance framework. We are also actively supporting the goals of the Broadband Commission for Digital Development and UNFCCC in finding solutions to climate change (page 30) We are active in the policy discussions around the future Sustainable Development Goals, and Ericsson's CEO is a member of the Leadership Council of the UN Sustainable Development Solutions Network. Our Connect to Learn program supports UNESCO's goals of education for all. Connect to Learn is a program using mobile broadband and cloud solutions that was launched to support the UN goals around education (primary, but more importantly secondary education) (page 14). This program also supports the promotion of women and girls. We develop a number of solutions to support energy efficiency (page 31). Enabling access to communication for all, part of our core business strategy and portfolio, is also supporting poverty alleviation and the MDGs more broadly. Our m-commerce platform is enabling digital, social and financial inclusion (page 18).

Criteria 16 Strategic social investments and philanthropy
 	
  1. Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy. .
  2. Coordinate efforts with other organizations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.
	Philanthropy is not part of our business approach, rather working in public-private partnership with UN and other partners - Connect to Learn and Refugees United are two examples. Ericsson Response serves numerous UN agencies with telecommunications services in times of disaster. All of our initiatives fall under a broader program called Technology for Good, which aims to use our technology and competences in order to advance social or environmental benefits to people business and society.

Criteria 17 - Advocacy and public policy engagement
 	
  1. Publicly advocate the importance of action in relation to one or more UN goals/issues.
  2. Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues..
	We work to raise awareness among policymakers, global leaders and others about ICT's role in the low-carbon economy (page 30) and enabling education for all (page 5, 14)). In global fora such as the global climate negotiations, the Broadband Commission for Digital Development, GeSI and through a range of activities, Ericsson advocates for the framework conditions (page 30) BB Commission Climate Change report (page 30); Through our work with the Broadband Commission for Digital Development, co-chaired by UNESCO and ITU, we advocate the use of broadband to enable education for all (page 14).

Criteria 18 – Partnership and collective action
 	
  1. Develop and implement partnership projects with public or private organizations on core business, social investments and/or advocacy
  2. Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at
	All of our initiatives fall under a broader program called Technology for Good, which aims to use our technology and competences in order to advance social or environmental benefits to people business and society, including, Connect to Learn and Refugees United. Ericsson Response serves numerous UN agencies with telecommunications services in times of disaster.(page 4-5, 12-19)
	
	We engage in a number of public private partnerships and the UN is a preferred partner. We engage with UNHCR on refugees, OCHA on

the global and/or local level with an emphasis on initiatives extending the company's positive impact on its value chain.	disasters, UNDP on rural development project; UNESCO on the Youth Peacemaker Network; Broadband Commission (co-chaired by ITU and UNESCO) on climate and digital inclusion advocacy; Global Compact on Caring for Climate and Sustainable Energy for All. (page 12-19, 30)

7 Corporate Sustainability Governance and Leadership

Criterion 19 CEO commitment and leadership 1. CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact 2. CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards. 3. CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation. 4. Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.	CEO letter (page 5) CEO is a Commissioner of the Broadband Commission for Digital Development with focus on climate advocacy, Sustainable Development Goals and the post-2015 agenda, education and digital inclusion (page 5, 13, 30) CEO is a member of the Leadership Council of the Sustainable Development Solutions Network Promotion of VP of Sustainability and Corporate Responsibility to report directly to the CEO (page 5) Sustainability and Corporate Responsibility Leadership target is on the Group top-level scorecard.
Criteria 20 Board adoption and oversight 1. Established or emerging best practice	The Ericsson Board regularly reviews Sustainability strategy and performance

Criteria 21 – Stakeholder engagement 2. Publicly recognizes responsibility for the company's imkpacts on internal and external stakeholders 3. Define sustainability strategies, goals, policies in consultation with key stakeholders 4. Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance. 5. Establish channels to engage ewith employees and other stakeholders to hear their ideas and address their concerns, and protect whistleblowers.	Stakeholder dialogue is occurring on many levels, constantly. Some of the main stakeholder groups included: customers, employees, investors, suppliers, industry partners, government, consumer and business users of telecommunications services, non-governmental organizations, standardization bodies, research institutes and media informs our strategy and actions. See our Stakeholder Engagement table and page 31 We also engage stakeholders in conversation about the Networked Society and Technology for Good through our blogs, Twitter and Facebook.