

# Communication on Progress Ericsson 2016

## UN Global Compact Advanced Level

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### PRINTING ORIGINAL

Ericsson's Communication on Progress (CoP) covers the period May 2016 - May 2017, and it is part of our Sustainability and Corporate Responsibility (CR) reporting.

Our [Sustainability and CR 2016 report](#) "Technology for Good" contains:

- › A statement by our CEO expressing continued support for the Global Compact and renewing our company's ongoing commitment to its Ten Principles,
- › A description of action and policies related to Human Rights, Labor Standards, Environment, and Anti-Corruption,
- › A description of policies and practices related to the company's operations in high-risk and/or conflict areas and
- › A qualitative and quantitative measurement of outcomes illustrating the degree to which targets/performance indicators were met.

The Sustainability and CR report 2016 has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4, as well as the UN Guiding Principles on Business and Human Rights Reporting Framework (UNGPRF). Information on the company's profile and context of operation can be found in [Ericsson Annual Report 2016](#).



# 1 Implementing the Ten Principles into strategies and operations

UN GC advanced criteria	Ericsson approach	Where to find out more
<p><b>Criterion 1: The COP describes mainstreaming into corporate functions and business units.</b></p>	<ul style="list-style-type: none"> <li>• Our Sustainability and Corporate Responsibility (CR) strategy is to create measurable contributions to a sustainable Networked Society, by reducing risk and increasing positive impacts with our technology and expertise. This is reflected in Ericsson’s wanted position and strategy, in which we seek to be a responsible and relevant driver of positive change in society.</li> <li>• We have adopted the UN Sustainable Development Goals (SDGs) as the framework for measuring our impact on society.</li> <li>• Sustainability and CR are integrated in our business strategy execution, target setting and risk management process which involves Regions, Business Units and Group Functions.</li> <li>• Our Code of Business Ethics, Code of Conduct, Sustainability Policy and Occupational Health and Safety Policy are part of our governance system and applied globally across the business.</li> <li>• The Ericsson Sustainability and CR Steering Group is comprised of senior executives who approve the strategy and targets that support our commitments.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Letter from the Chairman of the Board (S&amp;CR)</a></li> <li>• <a href="#">Letter from the CEO and President (S&amp;CR)</a></li> <li>• <a href="#">Letter from the Senior Vice President and Chief Sustainability Officer (S&amp;CR)</a></li> <li>• <a href="#">Creating positive impact and mitigating risks (strategy) (S&amp;CR)</a></li> <li>• <a href="#">Managing the digital transformation (S&amp;CR)</a></li> <li>• <a href="#">Staying focused on material issues (S&amp;CR)</a></li> <li>• <a href="#">Code of Business Ethics</a></li> <li>• <a href="#">Code of Conduct</a></li> <li>• <a href="#">Sustainability policy</a></li> </ul>



<p><b>Criterion 2: The COP describes value chain implementation.</b></p>	<ul style="list-style-type: none"> <li>• Through our strategy, we seek to create value for our key stakeholder groups: customers, employees, shareholders and society.</li> <li>• We take into account upstream and downstream material issues across the value chain. We map the key focus areas as identified in our materiality process in each phase of our value chain and identify the ways in which we engage with stakeholders to influence the impact of that issue.</li> <li>• Through transparency and engagement, Ericsson works to build trust across the value chain from suppliers to customers.</li> <li>• Our Code of Business Ethics, Code of Conduct, Sustainability Policy and Occupational Health and Safety Policy applied globally across the business.</li> <li>• All suppliers must comply with high social, ethical, human rights and environmental requirements as set out in the Code of Conduct (CoC).</li> <li>• We work with suppliers to raise awareness of Ericsson CoC requirements. As an important part of our approach, we provide free of charge online Code of Conduct and anti-corruption in the supply chain training to suppliers, offered in several languages.</li> <li>• A sales compliance risk process is in place to monitor human rights issues for sales.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Managing the digital transformation (S&amp;CR)</u></li> <li>• <u>Staying focused on material issues (S&amp;CR)</u></li> <li>• <u>Human rights in sales compliance (S&amp;CR)</u></li> <li>• <u>Maintaining high standards for suppliers (S&amp;CR)</u></li> <li>• <u>Coming full circle (S&amp;CR)</u></li> <li>• <u>From waste to resource (S&amp;CR)</u></li> <li>• <u>Managing raw materials in the supply chain (S&amp;CR)</u></li> <li>• <u>Responsible Sourcing</u></li> </ul>
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## 2 Human rights management policies and procedures

UNGC advance criteria	Ericsson approach	Where to find more information
<p><b>Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights.</b></p>	<ul style="list-style-type: none"> <li>Ericsson works actively to respect human rights throughout its operations and across its value chain. Ericsson respects all internationally recognized human rights as stated in our Code of Business Ethics and Code of Conduct.</li> <li>We support the United Nations Global Compact initiative and its ten principles. We are also committed to and have implemented the United Nations Guiding Principles on Business and Human Rights (UNGP) throughout our business operations.</li> <li>Our Code of Business Ethics is acknowledged by all employees at the time of employment and periodically throughout the term of employment. The Code of Business Ethics is available on our website in several languages.</li> <li>Ericsson is reporting according to the UN Guiding Principles on Business and Human Rights Reporting Framework (UNGPRF) for the third year.</li> <li>In line with the UK Modern Slavery Act, Ericsson has published a separate statement describing how we are tackling the challenge of modern slavery and human trafficking throughout our operations and supply chain.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Code of Business Ethics</a></li> <li><a href="#">Code of Conduct</a></li> <li><a href="#">Letter from the Chairman of the Board (S&amp;CR)</a></li> <li><a href="#">Letter from the CEO and President (S&amp;CR)</a></li> <li><a href="#">Letter from the Senior Vice President and Chief Sustainability Officer (S&amp;CR)</a></li> <li><a href="#">Building on a strong foundation (S&amp;CR)</a></li> <li><a href="#">Modern Slavery and Human Trafficking Statement 2016</a></li> </ul>
<p><b>Criterion 4: The COP describes effective management systems to integrate the human rights principles.</b></p>	<ul style="list-style-type: none"> <li>Human rights are implemented in several Ericsson policies and directives which are fully integrated within the Ericsson Group Management System (EGMS). The EGMS is used in all Ericsson operations around the world. An external assurance provider assesses the EGMS every year and conducts audits on its effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Building a strong foundation (S&amp;CR)</a></li> <li><a href="#">Through a human rights lens (S&amp;CR)</a></li> <li><a href="#">Spotlight on cybersecurity (S&amp;CR)</a></li> </ul>



	<ul style="list-style-type: none"> <li>• The Sustainability and CR organization is responsible for overseeing the human rights area.</li> <li>• The Board of Directors is briefed twice a year on sustainability and CR matters; more often if needed. In 2016, briefings covered specific topics like OHS, and human rights, including modern slavery.</li> <li>• Our human rights due diligence covers processes within sales, sourcing, legal affairs, mergers and acquisitions (M&amp;A) and operations. We focus on strengthening different areas or processes each year. A key focus was integrating human rights considerations in the M&amp;A process which continued in 2016.</li> <li>• In 2016, we further strengthened the sales compliance process on how to use leverage, another important way to take action in support of the UNGP. Leverage is considered to exist where the company has the ability to effect change in the wrongful practices of an entity that causes harm (principle 19, UNGP). Our aim is to build leverage, both within the company and across our value chain, to prevent and mitigate potential human rights risks.</li> <li>• Human rights considerations are an integrated part of Ericsson's sales process. The cross-functional, senior-level Sales Compliance Board governs the process.</li> <li>• Human Rights Impact Assessments (HRIA) are conducted in accordance with the UNGPs and help identify our salient human rights issues. We have defined our salient human rights issues to be the right to freedom of expression, right to privacy and labor standards. In 2016, work with HRIAs continued in, Iran and Ethiopia.</li> <li>• In addition, we developed a simplified process for human rights impact assessments that can be applied to more countries, beyond the highest risk contexts where a full impact assessment is carried out.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Protecting the rights of children (S&amp;CR)</a></li> <li>• <a href="#">Code of Conduct</a></li> <li>• <a href="#">Reporting Compliance Concerns</a></li> <li>• <a href="#">Human rights in sales compliance (S&amp;CR)</a></li> <li>• <a href="#">GRI Human rights performance indicators 2016</a></li> <li>• <a href="#">Disclosure Management Approach 2016</a></li> <li>• <a href="#">UNGP Reporting Framework Index (S&amp;CR)</a></li> </ul>
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	<ul style="list-style-type: none"> <li>• Our Privacy framework aims to ensure that privacy is considered from the beginning of any product release and is an integral part of product development.</li> <li>• Since 2012 Ericsson has been part of the Business Learning Program on Human Rights with the non-profit organization Shift to systematically embed a human rights framework across the company.</li> <li>• A human rights and business e-learning course for employees was launched in 2015 and from 2016 it is mandatory for certain functions such as Legal and Security. All employees can attend training on Sustainability &amp; CR and this includes human rights issues.</li> <li>• In addition to our salient human rights issues, respecting and promoting children’s rights are also important. We take action against Child Sexual Abuse (CSA) by implementing a tool which identifies images verified by law enforcement authorities as CSA images that are stored on and/or accessed by PCs used by Ericsson employees or consultants.</li> </ul>	
<p><b>Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration.</b></p>	<ul style="list-style-type: none"> <li>• This is the third year that Ericsson has reported according to the UN Guiding Principles (UNGP) on Business and Human Rights Reporting Framework.</li> <li>• In 2016, we reported in accordance with the GRI G4 Core Guidelines, and the report was externally assured by PricewaterhouseCoopers (PwC), including disclosure on human rights externally.</li> <li>• We report annually on the number of cases reviewed within the Sales Compliance Process. When necessary, the Sales Compliance Process determines whether mitigation actions should be undertaken.</li> <li>• We have an internal audit function that reviews CR practice and an external auditor third party that reviews implementation of policies and procedures. The audit</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Building on a strong foundation (S&amp;CR)</u></li> <li>• <u>Through a human rights lens (S&amp;CR)</u></li> <li>• <u>Objectives and achievements (S&amp;CR)</u></li> <li>• <u>UNGP Reporting Framework Index (S&amp;CR)</u></li> <li>• <u>Reporting Compliance Concerns</u></li> <li>• <u>GRI Human rights performance indicators 2016</u></li> </ul>



	<p>results are reviewed by appropriate management and boards and corrective actions plans are followed up.</p> <ul style="list-style-type: none"><li>• Human rights are an integrated part of the Ericsson Group Management System (EGMS). The Global Assessment Program is performed by an external assurance body.</li></ul>	
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### 3 Labor management policies and procedures

UNGC advance criteria	Ericsson approach	Where to find more information
<p><b>Criterion 6: The COP describes robust commitments, strategies or policies in the area of labor.</b></p>	<ul style="list-style-type: none"> <li>• We believe anyone working on behalf of Ericsson deserves a safe working environment, and we therefore take an inclusive approach to Occupational Health and Safety (OHS) including our supply chain. By being transparent, we aim to encourage others in our sector to follow suit.</li> <li>• We aim for zero deviations from the Code of Conduct and zero OHS incidents. To avoid incidents and prevent work-related hazards we apply a risk-based approach.</li> <li>• We respect the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. These are reflected in our Code of Business Ethics. We support the United Nations Global Compact initiative and its ten principles which cover the area of labor.</li> <li>• Our Code of Conduct is based on the Global Compact’s ten principles and this includes: requirements reflecting the principles contained in international labor standards as described above. We also support the UN SDGs, of which reducing inequality is a key focus.</li> <li>• Ericsson supports diversity and inclusion within our global workforce. Diversity and inclusion are integral to our vision, strategy and company values. A Global Diversity and Inclusion Council comprised of senior business leaders across the company reviews, approves, and monitors diversity and inclusion activities.</li> <li>• A particular focus for Ericsson is increasing gender diversity. Our 2020 gender diversity target is for 30% of all</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Letter from the Senior Vice President and Chief Sustainability Officer (S&amp;CR)</a></li> <li>• <a href="#">Ericsson's commitment to sustainability and corporate responsibility (S&amp;CR)</a></li> <li>• <a href="#">Code of Conduct</a></li> <li>• <a href="#">Code of Business Ethics</a></li> <li>• <a href="#">Creating positive impact and mitigating risks (S&amp;CR)</a></li> <li>• <a href="#">Building on a strong foundation (S&amp;CR)</a></li> <li>• <a href="#">Maintaining high standards for suppliers (S&amp;CR)</a></li> <li>• <a href="#">A safe and healthy workplace (S&amp;CR)</a></li> <li>• <a href="#">Focus on diversity and inclusion (S&amp;CR)</a></li> </ul>





	<p>employees to be female, including leaders and executives. In 2016, 23% of Ericsson employees were female.</p> <ul style="list-style-type: none"> <li>From a recruitment perspective, a greater number of females are being hired, and there is a comparable attrition rate for female and male. Partnerships with universities and organizations like Girls in ICT will build our future talent pipeline (see Case, Building for the Future). We are therefore confident that we are moving in the right direction. Our program Connect to Learn is directed at increasing access to girls' education, especially in developing countries.</li> </ul>	
<p><b>Criterion 7: The COP describes effective management systems to integrate the labor principles.</b></p>	<ul style="list-style-type: none"> <li>Ericsson's labor policies, directives and governance are fully integrated within the Ericsson Group Management System (EGMS). The EGMS is used in all operations covering all units around the world.</li> <li>Our Responsible Sourcing Program includes Code of Conduct audits and assessments on requirements concerning labor in our supply chain. Before we select our suppliers, we require mandatory Supplier Self-Assessments. Ericsson uses a risk-based approach to identify relevant suppliers for Code of Conduct audits.</li> <li>Ericsson's operations are certified to the Occupational Health and Safety Assessment Series - OHSAS 18001 requirements. In 2015 we also established Zero Tolerance Safety Rules regarding workplace safety, and rolled out a global toolkit for assessing and managing social work environment risks and stress.</li> </ul>	<ul style="list-style-type: none"> <li><u>Focus on diversity and inclusion (S&amp;CR)</u></li> <li><u>A safe and healthy workplace (S&amp;CR)</u></li> <li><u>Maintaining high standards for suppliers (S&amp;CR)</u></li> <li><u>Radio waves and health (S&amp;CR)</u></li> <li><u>Disclosure Management Approach 2016</u></li> <li><u>Ericsson Occupational Health and Safety Management System Group Certificate</u></li> </ul>
<p><b>Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labor principles integration.</b></p>	<ul style="list-style-type: none"> <li>Our Global Assessment Program, executed by a 3<sup>rd</sup> party certification body, reviews implementation of our EGMS, which includes Code of Conduct principles including labor and Occupational Health and Safety. Units are regularly assessed and followed up. Outcomes are followed up in the organization.</li> </ul>	<ul style="list-style-type: none"> <li><u>Maintaining high standard for suppliers (S&amp;CR)</u></li> <li><u>Objectives and achievements (S&amp;CR)</u></li> <li><u>Code of Conduct</u></li> </ul>



	<ul style="list-style-type: none"> <li>We have an incident reporting process and system providing knowledge and statistics to reduce risk for re-occurring health and safety incidents. This includes reporting from employees, contractors and suppliers in high-risk related activities.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">GRI Human rights performance indicators 2016</a></li> </ul>
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## 4 Environmental management policies and procedures

UNGC advance criteria	Ericsson approach	Where to find more information
<p><b>Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship.</b></p>	<ul style="list-style-type: none"> <li>We strive to develop, produce, and offer products, services and solutions with excellent sustainability performance and we shall contribute to the sustainable development of society.</li> <li>Our Sustainability Policy states our commitment to continuously reduce the environmental impact of our own operations and to use Design for Environment strategies to achieve continuous environmental improvements regarding Ericsson’s products and solutions.</li> <li>To maximize this positive impact we take a circular economy approach with a focus on three key areas: 1) leadership in product energy and environmental performance, 2) environmentally responsible use of materials, waste, and water, and 3) reducing the carbon footprint of our own operations.</li> <li>Ericsson Suppliers Environmental Requirements are included in our Code of Conduct.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Sustainability Policy</a></li> <li><a href="#">Supplier Environmental Requirements</a></li> <li><a href="#">Banned and restricted substance lists</a></li> <li><a href="#">Coming full circle</a> (S&amp;CR)</li> <li><a href="#">A catalyst for the low-carbon economy</a> (S&amp;CR)</li> <li><a href="#">Energy in focus as networks expand</a> (S&amp;CR)</li> <li><a href="#">From waste to resource</a> (S&amp;CR)</li> <li><a href="#">Advancing the climate agenda</a> (S&amp;CR)</li> <li><a href="#">Sustainable urbanization challenges</a></li> <li><a href="#">Maintaining high standards for suppliers</a> (S&amp;CR)</li> </ul>



	<ul style="list-style-type: none"> <li>• We continue to focus on providing solutions to help other sectors of the economy, primarily utilities and transport, to offset carbon emissions.</li> <li>• Over the past five years, we have reduced CO2e emissions per employee by 45%. In 2016 this represents 4.32 ktonnes CO2e emissions per employee. This achievement implies a reduction of over 315 ktonnes CO2e in absolute emissions from our own activities compared to the baseline. We are on track with our longterm objective to maintain absolute CO2e emissions from our own activities in 2017 at the same level as in 2011.</li> <li>• Our extensive research on the energy and carbon footprint of ICT from a life-cycle perspective shows that products in operation typically represent about two thirds of the carbon footprint of ICT. We set both year-on-year goals and long-term objectives to measure our environmental performance. Ericsson commits to 35% of energy saving in our newly launched Ericsson Radio System versus legacy portfolio thereby lowering the overall energy consumption by operators. Ericsson will strive to ensure that the 5G product portfolio shall be ten times more energy efficient (per transferred data) than current 4G in 5 years' time.</li> <li>• We supported a number of commitments on climate in conjunction with the UNFCCC COP22. This includes signing the Paris Pledge for Action, the World Economic Forum CEO Climate Leaders initiative, and the Earth Statement. We also support the Swedish government initiative Fossil-Free Sweden and the UN Global Compact CEO Water Mandate.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Staying focused on material issues (S&amp;CR)</u></li> <li>• <u>Objectives and achievements (S&amp;CR)</u></li> </ul>
<p><b>Criterion 10: The COP describes effective management systems to integrate the environmental principles.</b></p>	<ul style="list-style-type: none"> <li>• Ericsson's environmental policies, directives and governance are fully integrated within the Ericsson Group Management System (EGMS). The EGMS is used in all operations covering all units around the world.</li> <li>• Ericsson's Environmental Management System is certified to ISO 14001 and is part of the EGMS.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Creating positive impact and mitigating risks (S&amp;CR)</u></li> <li>• <u>Coming full circle (S&amp;CR)</u></li> <li>• <u>Energy in focus as networks expand (S&amp;CR)</u></li> </ul>



	<ul style="list-style-type: none"> <li>• Environmental risks are assessed as part of the annual Strategy, Target Setting and Risk Management Cycle.</li> <li>• We use Life Cycle Assessment (LCA) methodology to determine our significant environmental aspects and to assess the environmental impact of ICT. 20 years of experience of life-cycle assessment (LCA). This covers raw material extraction, design, manufacturing, transport, use of products, disassembly and closing the loop with proper end-of-life management</li> <li>• To ensure sound handling of products at end of life, Ericsson has a long-established Ecology Management and Product Take-back Program made available to all Ericsson's customers globally free of charge, not only in markets required by law.</li> <li>• Internal training and awareness is provided for all employees. Specialized training is available for certain functions.</li> <li>• Whistleblower and reporting violations procedures exist and can be accessed by all employees and stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">From waste to resource (S&amp;CR)</a></li> <li>• <a href="#">A catalyst for the low-carbon economy (S&amp;CR)</a></li> <li>• <a href="#">Objectives and achievements (S&amp;CR)</a></li> <li>• <a href="#">Disclosure Management Approach 2016</a></li> </ul>
<p><b>Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship.</b></p>	<ul style="list-style-type: none"> <li>• We conduct LCA according to international standards (ISO 14040 series). We also report and follow up according to GRI. All targets are reviewed on a regular basis and reported quarterly to a steering group comprised of executive leaders.</li> <li>• We have an internal Group Directive on Incident management including a management of incident description and responsibilities.</li> <li>• Internal and external audits are regularly conducted on our own operations.</li> <li>• Our Sustainability and Corporate Responsibility Report has been externally assessed by an external 3<sup>rd</sup> party.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Responsible Sourcing Program (S&amp;CR)</a></li> <li>• <a href="#">GRI Environmental performance indicators 2016</a></li> <li>• <a href="#">Energy, Environment and Climate action (S&amp;CR)</a></li> </ul>



	<ul style="list-style-type: none"> <li>• Our Global Assessment Program audits application of policies and directives, management of risks and objectives achievement.</li> <li>• During the last six years we had no significant environmental incidents.</li> </ul>	
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## 5 Anti-corruption management policies and procedures

UNGC advance criteria	Ericsson approach	Where to find more information
<p><b>Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption.</b></p>	<ul style="list-style-type: none"> <li>• Ericsson has a publicly stated policy of zero tolerance of corruption and bribery. This is clearly communicated in our Code of Business Ethics.</li> <li>• The Ericsson Anti-Corruption Group Directive details responsibilities to be in compliance with all relevant anti-corruption laws.</li> <li>• We are a signatory to PACI, The Partnership Against Corruption Initiative of the World Economic Forum, which includes a commitment to zero-tolerance.</li> <li>• Ericsson is a member of the Swedish Leadership for Sustainable Development (SLSD). One of the four priority areas is reduction of corruption and unethical behavior.</li> <li>• Our Code of Conduct, which is part of our contractual relationship with suppliers, includes anti-corruption.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Code of Business Ethics</a></li> <li>• <a href="#">Strengthening global anti-corruption initiatives</a> (S&amp;CR)</li> <li>• <a href="#">Advocacy puts ICT on the agenda</a> (S&amp;CR)</li> </ul>



**Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle.**

- Ericsson’s anti-corruption policy stated in Ericsson Code of Business Ethics is deployed via directives and governance as an integrated part of the Ericsson Group Management System (EGMS). The EGMS is used in all operations covering all units around the world.
- Our approach is based on prevention and accountability, and we continually improve our anti-corruption program through robust risk assessment, internal audit and regularly updated employee and supplier training.
- Our anti-corruption compliance program is supported by top management and headed by a Chief Compliance Officer, responsible and accountable for the Program. Our Code of Business Ethics, which includes anti-corruption, is signed by the CEO.
- Risk assessments, which cover all business units, regions and group functions, are an integrated part of the Ericsson strategy process whereby compliance (including corruption) is one of the risk areas to be assessed.
- In 2016, an automated anti-corruption screening tool for supplier and third-party due diligence was tested in our regional operations in Eastern Europe and Central Asia, and is now being expanded. To bolster this approach,
- In 2017 we intend to establish “Business Partner Review Boards” in each region with the responsibility to ensure that our business partners fulfil our compliance and ethical requirements.
- Ericsson’s Ethical and Compliance Board, comprised of several members of the Executive Leadership Team, was also established in 2016 to ensure overall governance of compliance within the Group.
- To foster individual accountability, Ericsson employees periodically acknowledge the Code of Business Ethics. In 2015, 99% of active employees acknowledged Ericsson’s Code of Business Ethics.

- [Building on a strong foundation \(S&CR\)](#)
- [Strengthening global anti-corruption initiatives \(S&CR\)](#)
- [Maintaining high standards for suppliers \(S&CR\)](#)
- [Objectives and achievements \(S&CR\)](#)
- [GRI Social performance indicators 2016](#)
- [Disclosure Management Approach 2016](#)



	<ul style="list-style-type: none"> <li>• By the end of 2016, more than 95,900 active employees had completed an anti-corruption e-learning course aimed at raising awareness of risks, dilemmas and appropriate courses of action.</li> <li>• Key personnel in sales and other relevant functions, including regional leadership teams, receive additional specialized training. A new compliance e-learning course was also launched during 2016 which focuses on anti-corruption, competition law and trade compliance. In 2016, additional resources were added to the Compliance Office, including nine regional compliance officers now reporting directly to that office.</li> <li>• Our Code of Conduct, which is part of our contractual relationship with suppliers, includes anti-corruption.</li> </ul>	
<p><b>Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption.</b></p>	<ul style="list-style-type: none"> <li>• Anti-corruption is part of the Global Assessment Program and is evaluated and reviewed by the Audit Committee annually.</li> <li>• Corruption risks are evaluated as an integral part of Group Risk Assessment, in line with strategy and target-setting process. Headed by the Group's Chief Compliance Officer, the anti-corruption compliance program targets both prevention and personal accountability. The program effectiveness is reviewed and evaluated annually by the Audit Committee of the Board of Directors. We use external anti-corruption indices to assess corruption risk on a country level.</li> <li>• Concerns reported through the Ericsson Compliance Line are received by the Corporate Investigation Team within Corporate Audit which reports to the Audit Committee of parent company Telefonaktiebolaget LM Ericsson.</li> <li>• In 2016, an automated anti-corruption screening tool for supplier and third-party due diligence was tested in our regional operations in Eastern Europe and Central Asia, and is now being expanded. To bolster this approach, in</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#"><u>Building on a strong foundation (S&amp;CR)</u></a></li> <li>• <a href="#"><u>Strengthening global anti-corruption initiatives (S&amp;CR)</u></a></li> <li>• <a href="#"><u>GRI Social performance indicators 2016</u></a></li> </ul>



	<p>2017 we intend to establish “Business Partner Review Boards” in each region with the responsibility to ensure that our business partners fulfil our compliance and ethical requirements. Ericsson’s Ethical and Compliance Board, comprised of several members of the Executive Leadership Team, was also established in 2016 to ensure overall governance of compliance within the Group.</p> <ul style="list-style-type: none"> <li>• Corporate Audit and external auditors assess the implementation of the Anti-Corruption Group Directive to ensure consistency with the commitment. The anti-corruption compliance program is evaluated and reviewed by the Audit Committee.</li> </ul>	
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## 6 Taking action in support of broader UN goals and issues

UNGC advance criteria	Ericsson approach	Where to find more information
<p><b>Criterion 15: The COP describes core business contributions to UN goals and issues.</b></p>	<ul style="list-style-type: none"> <li>• At Ericsson, we channel our technology leadership, innovation and advocacy to help create positive socio-economic and environmental impacts to address a range of global challenges. These include climate change, urbanization, poverty, education, health, human rights, and humanitarian issues such as refugees, peace building and disaster response. We believe ICT is fundamental to addressing these challenges, and we leverage public-private partnerships to scale our impact.</li> <li>• We see ICT as a powerful enabler for each of the 17 goals, and our Sustainability and CR report shows how our products, services and solutions can help achieve them. We have adopted the SDGs as the framework for measuring our impact on society, and each of the Executive</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Ericsson solutions to help achieve the Sustainable Development Goals (S&amp;CR)</a></li> <li>• <a href="#">ICT &amp; SDGs: How Information and Communications Technology can achieve the Sustainable Development Goals</a></li> <li>• <a href="#">Letter from the CEO and President (S&amp;CR)</a></li> <li>• <a href="#">Letter from the Senior VP and Chief Sustainability Officer (S&amp;CR)</a></li> </ul>





	<p>Leadership Team members is an ambassador for one of the goals.</p> <ul style="list-style-type: none"> <li>In 2016, the Earth Institute at Columbia University in collaboration with Ericsson published a report describing ICT's role in achieving the SDGs.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#"><u>Creating positive impact and mitigating risks</u></a> (S&amp;CR)</li> <li><a href="#"><u>Internet for all</u></a> (S&amp;CR)</li> <li><a href="#"><u>Leaving no one behind</u></a>(S&amp;CR)</li> <li><a href="#"><u>Driving financial inclusion</u></a> (S&amp;CR)</li> <li><a href="#"><u>Advancing the climate agenda</u></a> (S&amp;CR)</li> <li><a href="#"><u>Digitalizing education for greater impact</u></a> (S&amp;CR)</li> <li><a href="#"><u>With ICT, enhanced humanitarian response</u></a> (S&amp;CR)</li> <li><a href="#"><u>Ericsson response on the ground in Haiti</u></a> (S&amp;CR)</li> <li><a href="#"><u>Helping refugees reconnect</u></a> (S&amp;CR)</li> <li><a href="#"><u>For youth, tools to foster peace</u></a> (S&amp;CR)</li> <li><a href="#"><u>A second chance</u></a> (S&amp;CR)</li> </ul>
<p><b>Criterion 16: The COP describes strategic social investments and philanthropy.</b></p>	<ul style="list-style-type: none"> <li>Philanthropy is not part of our Sustainability and CR approach, rather working in public-private partnerships with UN and other partners, using our technology and expertise to support initiatives like Connect to Learn and Refugees United are two examples.</li> <li>Ericsson Response has served numerous UN agencies with telecommunications services in times of disaster for over 15 years.</li> <li>Our initiatives fall under the umbrella of Technology for Good™, which aims to use our technology and expertise in order to advance society through sustainable development.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#"><u>Technology for good</u></a></li> <li><a href="#"><u>Internet for all</u></a> (S&amp;CR)</li> <li><a href="#"><u>Leaving no one behind</u></a> (S&amp;CR)</li> <li><a href="#"><u>Bringing internet to all</u></a> (S&amp;CR)</li> <li><a href="#"><u>Driving financial inclusion</u></a> (S&amp;CR)</li> <li><a href="#"><u>Digitalizing education for greater impact</u></a> (S&amp;CR)</li> <li><a href="#"><u>With ICT, enhanced humanitarian response</u></a> (S&amp;CR)</li> <li><a href="#"><u>Ericsson response on the ground in Haiti</u></a> (S&amp;CR)</li> </ul>



		<ul style="list-style-type: none"> <li>• <a href="#">Helping refugees reconnect</a> (S&amp;CR)</li> <li>• <a href="#">For youth, tools to foster peace</a> (S&amp;CR)</li> <li>• <a href="#">A second chance</a> (S&amp;CR)</li> </ul>
<p><b>Criterion 17: The COP describes advocacy and public policy engagement.</b></p>	<ul style="list-style-type: none"> <li>• Ericsson’s support of the SDGs is reflected in the many areas where we took this message around the globe in 2016, in dialog with UN and international organizations, government leaders and ministries, as well as corporate leaders.</li> <li>• We advocate for ICT’s transformative capacity to address climate change and the role of the private sector in climate change in many fora including: The World Economic Forum CEO Climate Leaders, the UN Sustainable Development Solutions Network, the Business Commission for Sustainable Development, and the UN Broadband Commission for Sustainable Development.</li> <li>• In global fora such as the Inaugural Dialogue with the Private Sector on the Unique role that Business Has to Play in Ending Violence Against Children, at the World Economic Forum Annual Meeting; through our work in the Broadband Commission for Sustainable Developments and its annual report on The State of Broadband as well as research with the Earth Institute at Columbia University.</li> <li>• In 2016, we were the first company to commit to the UN Office for the Coordination of Humanitarian Affairs Connecting Business Initiative. Ericsson advocates for ICT’s role to address UN goals and issues.</li> <li>• Our ongoing collaboration with UN-Habitat, the UN agency tasked with creating a better urban future, explores how ICT-enabled solutions for cities can drive progress toward SDG 11, Sustainable Cities and Communities.</li> <li>• At the UN High-Level event on Solutions to Achieve the Sustainable Development Goals for Children in 2016, we</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">The CEO and President Letter</a> (S&amp;CR)</li> <li>• <a href="#">Internet for all</a> (S&amp;CR)</li> <li>• <a href="#">Advocacy puts ICT on the agenda</a> (S&amp;CR)</li> <li>• <a href="#">With engagement, greater insight</a> (S&amp;CR)</li> <li>• <a href="#">With ICT, enhanced humanitarian response</a> (S&amp;CR)</li> <li>• <a href="#">Ericsson response on the ground in Haiti</a> (S&amp;CR)</li> <li>• <a href="#">A catalyst for the low-carbon economy</a> (S&amp;CR)</li> <li>• <a href="#">Sustainable urbanization challenges</a> (S&amp;CR)</li> <li>• <a href="#">Advancing the climate agenda</a> (S&amp;CR)</li> </ul>



	<p>presented a first-of-its kind mobile application that equips adults with the skills and resources necessary to recognize, prevent and respond to child sexual abuse. The “Stewards of Children Prevention Toolkit” mobile app was developed together with World Childhood Foundation in the US, and the non-profit organization Darkness to Light, and is available at <a href="http://www.socapp.org">www.socapp.org</a>.</p>	
<p><b>Criterion 18: The COP describes partnerships and collective action.</b></p>	<ul style="list-style-type: none"> <li>• ICT can play a transformational role in accelerating the achievement of all the SDGs. We are engaged in public-private partnerships to scale our impact.</li> <li>• All of our initiatives fall under the umbrella of Technology for Good™ which aims to use our technology and expertise in order to advance society through sustainable development with initiatives including Connect to Learn and Refugees United. Since the year 2000, Ericsson Response, has been supporting UN and humanitarian workers with emergency telecoms support.</li> <li>• We engage in a number of public-private partnerships and the UN is a preferred partner. We engage with the World Food Programme and UNICEF on disasters, UNDP through the Business Call to Action on rural development projects and with UNESCO on education and conflict resolution with the Whitaker Peace &amp; Development Initiative; Broadband Commission (co-chaired by ITU and UNESCO) on climate change and digital inclusion, the UN Global Compact Caring for the Climate, UN-Habitat on sustainable urbanization and ICT, and the UNFCCC, Momentum for Change via the ICT industry organization GeSI.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Advocacy puts ICT on the agenda (SC&amp;R)</u></li> <li>• <u>With engagement, greater insight (S&amp;CR)</u></li> <li>• <u>With ICT, enhanced humanitarian response (S&amp;CR)</u></li> <li>• <u>Ericsson response on the ground in Haiti (S&amp;CR)</u></li> <li>• <u>Bringing internet for all (S&amp;CR)</u></li> </ul>



## 7 Corporate sustainability governance and Leadership

UNGC advance criteria	Ericsson approach	Where to find more information
<p><b>Criterion 19: The COP describes CEO commitment and leadership.</b></p>	<ul style="list-style-type: none"> <li>• The commitment to responsible business is anchored at the highest levels of Ericsson. The CEO and President, and senior management actively support and are regularly informed of progress on sustainability and CR.</li> <li>• In 2015 Ericsson signed the World Economic Forum CEO Climate Leaders initiative and the CEO Water Mandate.</li> <li>• The CEO and President Letter in our Sustainability &amp; CR report always explicitly states our support for the UN Global Compact.</li> <li>• Sweden has a long commitment to principles of sustainable development and Ericsson is among 20 leading businesses in the Swedish Leadership for Sustainable Development, which highlights leadership for sustainable global development by integrating social, environmental, and economic sustainability in their business models and core operations.</li> <li>• The Senior VP and Chief Sustainability Officer reports directly to the CEO and is part of the Executive Leadership Team. Sustainability &amp; CR is a topic that is regularly discussed.</li> <li>• Sustainability and CR leadership target is on the Group scorecard.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Letter from the Chairman of the Board (S&amp;CR)</a></li> <li>• <a href="#">Letter from the CEO and President (S&amp;CR)</a></li> <li>• <a href="#">Letter from the Senior Vice President and Chief Sustainability Officer (S&amp;CR)</a></li> <li>• <a href="#">Creating positive impact and mitigating risks (S&amp;CR)</a></li> </ul>



<p><b>Criterion 20: The COP describes Board adoption and oversight.</b></p>	<ul style="list-style-type: none"> <li>• The Board is aware of sustainability and CR's growing importance to the company and to our stakeholders. In management of sustainability and CR, the Board of Directors' remit is both governance and strategy. The Board strives to uphold the company's responsibility to conduct business responsibly. The Board is also aware of the risks related to sustainability and CR performance, and the actions that must be taken to address such risks.</li> <li>• The Ericsson Board of Directors is briefed regularly in order to stay informed about the issues, oversee governance of sustainability and CR, and ensure that these topics are integrated into the strategy. In 2016, briefings covered governance updates, strategy execution including risks, performance, and results, specific topics like OHS and human rights, as well as advocacy activities and stakeholder feedback and perception.</li> <li>• In addition to the Sustainability &amp; CR Report, sustainability information is included in the Annual Report, which is approved by the Board.</li> <li>• Ericsson Sustainability and CR annual performance is presented each year to all shareholders at Annual General Meeting (AGM).</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Letter from the Chairman of the Board (S&amp;CR)</a></li> <li>• <a href="#">Building on a strong foundation (S&amp;CR)</a></li> <li>• <a href="#">About this report (S&amp;CR)</a></li> </ul>
<p><b>Criterion 21: The COP describes stakeholder engagement.</b></p>	<ul style="list-style-type: none"> <li>• Our stakeholder engagement is an inclusive and continuous process aimed at building relationships and creating mutual understanding. The engagement approach helps us identify the stakeholders, issues and ways to engage in order to incorporate feedback into our current and future efforts.</li> <li>• We engage with our stakeholders in many fora and on a wide range of topics to enhance our ability to tackle shared challenges, and find common solutions. Some of the main stakeholder groups we interact with on an ongoing basis: customers, employees, investors, suppliers, industry partner, government, consumer and business users of</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">With engagement, greater insight (S&amp;CR)</a></li> <li>• <a href="#">Advocacy puts ICT on the agenda (S&amp;CR)</a></li> <li>• <a href="#">Staying focus on material issues (S&amp;CR)</a></li> <li>• <a href="#">Through a human rights lens (S&amp;CR)</a></li> <li>• <a href="#">Spotlight on cybersecurity (S&amp;CR)</a></li> </ul>



	<p>telecommunications services, non-governmental organizations, standardization bodies, research institutes and media.</p> <ul style="list-style-type: none"> <li>• Specific stakeholders are consulted regarding certain issues and challenges. For example, we have engaged in the Business Learning Program of the non-profit Shift as part of embedding a human rights framework across the company. We also engage in stakeholder consultations as part of our Human Rights Impact Assessments (HRIA) in high-risk countries. Still other stakeholder engagements are held around issues such as right to privacy, handling of e-waste (UN StEP) and engaging employees in humanitarian response and sustainable development through our employee volunteer program.</li> <li>• Insights gained from ongoing stakeholder consultation and input are taken into account in our materiality process and inform our strategy. A robust stakeholder engagement approach leads to better management of CR risks and ensures a balanced approach to issues such as human rights, responsible sourcing, corruption, health and safety, conflict minerals, and handling of e-waste.</li> <li>• We also engage stakeholders in conversation about the Networked Society and Technology for Good™ through social media such as our blog, Facebook and Twitter.</li> </ul>	<ul style="list-style-type: none"> <li>• Ericsson Sustainability and Corporate Responsibility Twitter account <a href="http://www.twitter.com/ericssonsustain">www.twitter.com/ericssonsustain</a></li> <li>• Ericsson Sustainability and Corporate Responsibility Facebook account <a href="http://www.facebook.com/technologyforgood">www.facebook.com/technologyforgood</a></li> </ul>
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## 8 Annex: Business and peace

UNGC advance criteria	Ericsson approach	Where to find more information
<p><b>The COP describes policies and practices related to the company's core business operations in high-risk or conflict-affected areas.</b></p>	<ul style="list-style-type: none"> <li>Ericsson's Human Rights, Labor, Environmental and Anti-corruption policies, directives and governance are fully integrated within the Ericsson Group Management System (EGMS). The EGMS is used in all operations covering all units around the world.</li> <li>The policies apply globally to all 180 countries where we serve customers.</li> <li>Our annual strategy, target setting and risk management cycle as well as our due diligence processes take into consideration specific high-risk or conflict-affected areas. For example, we have taken further steps to increase the transparency regarding conflict minerals in our supply chain, working with our suppliers towards the aim of conflict-free sourcing.</li> <li>In management of our supply chain, we use a risk-based approach in which high-risk portfolio areas and highest-risk markets are prioritized for assessments and monitoring.</li> <li>In the sales process, the Sales Compliance Board considers human rights in its decisions and proactively makes case-by-case risk assessments of business when deemed necessary. It uses three core criteria to evaluate human rights risks associated with unintended use of functionality: the type of product, service or know-how, the market, as well as the customer. We use external risk indices to review high-risk and conflict countries.</li> <li>Ericsson has a Group-wide trade compliance process for managing compliance with relevant export control, customs and other trade laws and regulations including sanctions.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Code of Business Ethics</a></li> <li><a href="#">Code of Conduct</a></li> <li><a href="#">Sustainability policy</a></li> <li><a href="#">Managing raw materials in the supply chain (S&amp;CR)</a></li> <li><a href="#">Maintaining high standards for suppliers (S&amp;CR)</a></li> </ul>



<p><b>The COP describes policies and practices related to the company's government relations in high-risk or conflict-affected areas.</b></p>	<ul style="list-style-type: none"> <li>Ericsson is the technology partner to The Whitaker Peace &amp; Development Initiative (WPDI), founded by UNESCO Special Envoy for Peace and Reconciliation and UN Advocate for Children Affected by War, Forest Whitaker and dedicated to peace-building and community empowerment of youth in conflict-affected countries such as Uganda, Mexico and South Sudan. Ericsson provides ICT technology and education solutions and training and expertise to help catalyze positive social change for youth in conflict-affected countries.</li> <li>We are also committed and have implemented the United Nations Guiding Principles (UNGP) on Business and Human Rights throughout our business operations, reflected in our Code of Business Ethics. For the second consecutive year we reported according to UNGP on Business and Human Rights Reporting Framework, complemented by an index in 2015. Human Rights Impact Assessments (HRIA) are undertaken on a case-by-case basis. Our sales compliance process includes risk analysis of possible unintended use of technology by governments.</li> <li>We have a Group Anti-Corruption Directive and our Code of Business Ethics clearly states zero tolerance for bribery and corruption. Our Anti-Corruption Compliance Program includes mandatory training for all employees and the Program is continually monitored by Ericsson's internal audit function and evaluated annually by the Audit Committee of the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li><u>Creating positive impact and mitigating risks</u> (S&amp;CR)</li> <li><u>Human rights in sales compliance</u> (S&amp;CR)</li> <li><u>Strengthening global anti-corruption initiatives</u> (S&amp;CR)</li> <li><u>Managing raw materials in the supply chain</u> (S&amp;CR)</li> <li><u>For youth, tools to foster peace</u> (S&amp;CR)</li> <li><u>With ICT, enhanced humanitarian response</u> (S&amp;CR)</li> <li><u>Ericsson response on the ground in Haiti</u> (S&amp;CR)</li> <li><u>Helping refugees reconnect</u> (S&amp;CR)</li> </ul>
<p><b>The COP describes local stakeholder engagement and strategic social investment activities of the company in high-risk or conflict-affected areas.</b></p>	<ul style="list-style-type: none"> <li>Stakeholder engagement occurs on many levels continuously, including with civil society and international organizations.</li> </ul>	<ul style="list-style-type: none"> <li><u>With engagement, greater insight</u> (S&amp;CR)</li> <li><u>Advocacy puts ICT on the agenda</u> (S&amp;CR)</li> <li><u>Helping refugees reconnect</u> (S&amp;CR)</li> <li><u>For youth, tools to foster peace</u> (S&amp;CR)</li> </ul>





		<ul style="list-style-type: none"><li>• <a href="#">A second chance (S&amp;CR)</a></li><li>• <a href="#">Through a human rights lens (S&amp;CR)</a></li></ul>
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Page reference	
S&CR	Sustainability and Corporate Responsibility Report 2016
GRI	Global Reporting Initiative