

# Communication on Progress Ericsson 2019-2020

## UN Global Compact Advanced Level

### Report

Ericsson’s Communication on Progress (CoP) covers the period April 2019 –May 2020, and it is part of Ericsson sustainability and corporate responsibility reporting process. Ericsson Sustainability and Corporate Responsibility 2019 report fully integrated in [Ericsson Annual Report 2019](#) (AR henceforward) contains:

- A statement by Ericsson’s President and CEO expressing continued support for the UN Global Compact and renewing the Company’s commitment to its Ten Principles ([AR Pages 2-3](#)),
- 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 Corporate Responsibility Report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standard 2016, 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. The Sustainability and Corporate Responsibility Report contains information regarding the development, performance and impact of the Ericsson Group activities relating to environmental, social, employee, human rights, anti-corruption and bribery matters. It also includes descriptions of Ericsson’s sustainability and corporate responsibility related policies, the outcome of these policies, the principal risks related to environmental, social, employee, human rights, anti-corruption and bribery matters linked to the Company’s operations, as well as a description on how Ericsson manages those risks.

### Content

1	Implementing the Ten Principles into strategies and operations.....	2
2	Human rights management policies and procedures .....	4
3	Labor management policies and procedures .....	9
4	Environmental management policies and procedures .....	11
5	Anti-corruption management policies and procedures .....	15
6	Taking action in support of broader UN goals and topics .....	18
7	Corporate sustainability governance and leadership .....	24



# 1 Implementing the Ten Principles into strategies and operations

UNGC advanced criteria	Ericsson approach and progress	Where to find out more information
<p>Criterion 1: The COP describes mainstreaming into corporate functions and business units.</p>	<ul style="list-style-type: none"> <li>We believe that sustainability and corporate responsibility are cornerstones of building a company for the future and creating lasting value. We work on two dimensions: creating positive impacts, and reducing risks related to environmental, social, employee, human rights and anti-corruption matters. This is reflected in Ericsson’s wanted position and strategy, in which we aim to be a responsible and relevant driver of positive change in society.</li> <li>Sustainability is central to Ericsson’s purpose – empowering an intelligent, sustainable and connected world. We are committed to creating positive impacts in society and reducing risks to the Company, our customers and society through our technology, our solutions and the expertise of our people.</li> <li>Sustainability and corporate responsibility are integrated into Ericsson’s business strategy, target setting and risk management processes which involves Market Areas, Business Areas and Group Functions.</li> <li>Our Code of Business Ethics, Code of Conduct for Business Partners, Sustainability Policy, Occupational Health and Safety Policy, Information security Policy, Privacy Policy, Electromagnetic Fields and Health Policy, Sourcing policy, Sensitive Business Policy and Anti-corruption Group Directive are part of our governance system and applied globally across the business.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Letter from the President and CEO (AR page 3)</a></li> <li><a href="#">Ericsson focused strategy (AR pages 8-13)</a></li> <li><a href="#">Code of Business Ethics</a></li> <li><a href="#">Code of Conduct for Business Partners</a></li> <li><a href="#">Sustainability Policy</a></li> <li><a href="#">Occupational Health and Safety Policy</a></li> <li><a href="#">Privacy Policy</a></li> </ul>
<p>Criterion 2: The COP describes value chain implementation.</p>	<ul style="list-style-type: none"> <li>Through our strategy, we seek to create value for our key stakeholders: customers, employees, shareholders and society.</li> <li>The approach to stakeholder engagement enables Ericsson to learn about its</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Significant topics and risk management (AR pages 178-179)</a></li> </ul>



	<p>stakeholders' expectations, requirements and concerns, thus providing insights into risks as well as opportunities. We engage with our stakeholders on an ongoing basis in which sustainability and corporate responsibility topics as well as emerging dilemmas are discussed. Example of topics include responsible business, human rights, anti-corruption, supply chain management, climate action, energy performance, digital inclusion and sustainable development.</p> <ul style="list-style-type: none"> <li>• We consider upstream and downstream material topics across the value chain. We map the key focus areas as identified in our materiality assessment in each phase of our value chain and identify the ways in which we engage with stakeholders to influence the impact of that topic.</li> <li>• Ericsson's sustainability and corporate responsibility related risks are managed in accordance with Ericsson's Enterprise Risk Management framework (ERM). The responsibility for those risks is allocated to the respective Head of Group Function, Market Area and Business Area, who are also accountable for overseeing the ERM in their unit.</li> <li>• Through transparency and engagement, Ericsson works to build trust across the value chain from suppliers to customers.</li> <li>• All suppliers must comply with social, ethical, human rights and environmental requirements as set out in the Ericsson Code of Conduct for Business Partners (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 trainings in four areas: Code of Conduct for Business Partners for suppliers; anti-corruption for suppliers; occupational health and safety for site services providers; and conflict minerals for suppliers. These trainings are provided in several languages.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Stakeholder engagement (AR page 178)</a></li> <li>• <a href="#">Ericsson Enterprise Risk Management Framework (AR pages 153-155)</a></li> <li>• <a href="#">Sustainability and corporate responsibility Risk Management (AR page 178)</a></li> <li>• <a href="#">Respect for human rights (AR page 181)</a></li> <li>• <a href="#">Responsible management of suppliers (AR page 186-187)</a></li> <li>• <a href="#">Code of Conduct for Business Partners</a></li> <li>• <a href="#">Ericsson Responsible sourcing</a></li> </ul>
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## 2 Human rights management policies and procedures

UNGC advanced criteria	Ericsson approach and progress	Where to find more information
<p>Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights.</p>	<ul style="list-style-type: none"> <li>Ericsson commits to comply with all laws, rules and regulations that apply to its business. We respect all internationally recognized human rights including the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work.</li> <li>We strive to avoid infringing on the human rights of others and address adverse human rights impacts with which Ericsson is involved. We shall, in all contexts, seek ways to honor the principles of internationally recognized human rights, even when faced with conflicting requirements.</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>Ericsson reports according to the UN Guiding Principles on Business and Human Rights Reporting Framework (UNGPRF).</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>Our Code of Business Ethics, Code of Conduct for Business partners and Business and Human Rights Statement cover requirements on workforce, business partners and other parties. All these steering documents are approved by Ericsson’s CEO.</li> <li>Our Code of Conduct has been developed to protect human rights, and promoting fair employment conditions, safe working conditions, responsible management of environmental issues, and high ethical standards. The Code of Conduct is applied</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Code of Business Ethics</a></li> <li><a href="#">Code of Conduct for Business Partners</a></li> <li><a href="#">Letter from the President and CEO (AR page 3)</a></li> <li><a href="#">Respect for human rights (AR page 181)</a></li> <li><a href="#">Modern Slavery and Human Trafficking Statement 2019</a></li> <li><a href="#">UNGP Reporting Framework Index 2019</a></li> <li><a href="#">Business and Human Rights Statement</a></li> </ul>



	<p>throughout the company's operation including management, development, production, supply, sales and support of Ericsson solutions, products, and services worldwide. All our units, companies, employees, suppliers and subcontractors are required to comply with the Code of Conduct.</p> <ul style="list-style-type: none"> <li>• Our Privacy Policy describes our core value of respect; including respect for the privacy of individuals. Ericsson is committed to conducting business responsibly and professionally by ensuring that the human rights aspects of privacy are respected in Ericsson's products and services.</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>	
<p>Criterion 4: The COP describes effective management systems to integrate the human rights principles.</p>	<ul style="list-style-type: none"> <li>• The UN Guiding Principles on Business and Human Rights are implemented and 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 annually and conducts audits on its effectiveness.</li> <li>• The Sustainability and corporate responsibility organization is responsible for overseeing the human rights area.</li> <li>• The Board of Directors is briefed twice a year on Sustainability and corporate responsibility matters or more often if needed. In 2019, briefings covered progress on anti-corruption, ethics and compliance, respect for human rights, occupational health and safety, responsible sourcing, climate action and social inclusion.</li> <li>• Our human rights due diligence covers processes within sales, sourcing, legal affairs, mergers and acquisitions (M&amp;A) and operations.</li> <li>• Our Code of Business Ethics, Code of Conduct for Business Partners, Sustainability Policy, Occupational Health and Safety Policy, Privacy Policy, Sourcing policy, Sensitive Business Policy and Anti-corruption Group Directive cover human</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability management (AR page 176)</a></li> <li>• <a href="#">Respect for human rights (AR page 181)</a></li> <li>• <a href="#">Responsible management of suppliers (AR page 186-187)</a></li> <li>• <a href="#">Information security and privacy (AR page 183)</a></li> <li>• <a href="#">Code of Business Ethics</a></li> <li>• <a href="#">Code of Conduct for Business Partners</a></li> <li>• <a href="#">Sustainability Policy</a></li> <li>• <a href="#">Occupational Health and Safety Policy</a></li> <li>• <a href="#">Privacy Policy</a></li> <li>• <a href="#">Reporting compliance concerns (AR page 177)</a></li> <li>• <a href="#">Ericsson Compliance Line</a></li> </ul>



	<p>rights related topics and applied globally across the business.</p> <ul style="list-style-type: none"> <li>Ericsson has continuously evaluated the effectiveness of the Sensitive Business process and based on its analysis, developed an automated method to calculate and propose technical and contractual risk mitigations. In 2019 a transformation of the process was initiated in order to assess, prevent and mitigate potential misuse of Ericsson’s technology, the Company has integrated human rights due diligence into its sales process through the Sensitive Business program. Ericsson’s Sensitive Business Board, a cross-functional forum that consists of high-level representatives of Group Functions and Business Areas, oversees the Sensitive Business program and meets regularly.</li> <li>Ericsson conducts specific human rights impact assessments (HRIA) focusing on a country, product or high-risk context. HRIAs are conducted in accordance with the UNGPs and include mitigating actions that need to be implemented for further business engagements. Such actions include ensuring that certain functionalities or products are not sold in specific countries, conducting occupational health and safety screenings of potential business partners, and providing training to Ericsson personnel as well as customers and suppliers on responsible business practices.</li> <li>Ericsson identifies its salient human rights issues as the right to freedom of expression and right to privacy in relation to the use of its technology, and labor rights as the prevailing set of rights for responsible management of suppliers. These salient human rights issues have been defined based on internal and external dialogue and expert guidance, ongoing due diligence as well as Ericsson’s current operations and business engagements.</li> <li>Managing the social, ethical, environmental and human rights impacts in Ericsson’s supplier base is part of its full value chain approach. The Responsible Sourcing audit program focuses on the suppliers in Ericsson’s top 90% purchasing spend. This represents approximately 3,000 suppliers, and among these, the Company selects a number of candidates to be audited. The</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Modern Slavery and Human Trafficking Statement 2019</a></li> <li><a href="#">UNGP Reporting Framework Index 2019</a></li> <li><a href="#">Business and Human Rights Statement</a></li> </ul>
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	<p>selection is aligned to Ericsson’s supplier strategy and is based on the following criteria; geography, type of service or product provided and time since last audit performed.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 Corporate Audit.</li> <li>• Ericsson’s employees, suppliers and other external parties are encouraged to report suspected violations of law, the Ericsson Code of Business Ethics or the Ericsson Code of Conduct for Business Partners through The Ericsson Compliance Line, an externally managed anonymous whistleblower tool.</li> </ul>	
<p>Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration.</p>	<ul style="list-style-type: none"> <li>• Ericsson’s Sensitive Business Board, a cross-functional forum that consists of high-level representatives of Group Functions and Business Areas, oversees the Sensitive Business program and meets regularly. Ericsson has continuously evaluated the effectiveness of the Sensitive Business process and based on its analysis, developed an automated method to calculate and propose technical and contractual risk mitigations. In 2019 a transformation of the process was initiated.</li> <li>• Ericsson acknowledges that modern slavery and human trafficking is not easily detected through audits. Therefore, in 2018 Ericsson initiated work to complement its audit program piloting targeted supplier workers’ voice surveys on sites in China and India. This work continued in 2019 targeting second tier suppliers as the risks are believed to be more prevalent going further upstream the supply chain.</li> <li>• When there are public reports of human rights risks in Ericsson’s supply chain, or countries which Ericsson might be sourcing from, the Company acts by initiating an investigation and requiring corrective actions as well as remedy when applicable.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Respect for human rights (AR page 181)</a></li> <li>• <a href="#">Responsible management of suppliers (AR page 186-187)</a></li> <li>• <a href="#">Group sustainability targets (AR page 175)</a></li> <li>• <a href="#">Reporting compliance concerns (AR page 177)</a></li> <li>• <a href="#">Ericsson Compliance Line</a></li> <li>• <a href="#">Modern Slavery and Human Trafficking Statement 2019</a></li> <li>• <a href="#">UNGP Reporting Framework Index 2019</a></li> <li>• <a href="#">Business and Human Rights Statement</a></li> </ul>



	<ul style="list-style-type: none"> <li>• Ericsson reports according to the UN Guiding Principles on Business and Human Rights Reporting Framework (UNGPRF).</li> <li>• Our Sustainability and Corporate Responsibility Report 2019 is produced in accordance to Global Reporting Initiative (GRI) Sustainability Reporting Standards core level, and the report was externally assured by PricewaterhouseCoopers (PwC), including disclosure on human rights.</li> <li>• We report annually on the number of cases reviewed within the Sensitive Business Process. When necessary, the Sensitive Business Process determines whether mitigation actions should be undertaken.</li> <li>• We have an internal audit function that reviews corporate responsibility practice and an external third-party assurance body that reviews implementation of policies and procedures. The audit results are reviewed by appropriate management and boards and corrective actions plans are followed up.</li> <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> <li>• Ericsson’s Code of Conduct for Business Partners audits are an important component of Ericsson’s Responsible sourcing program. These audits are carried out using a risk-based approach to identify relevant suppliers. Prioritized risk areas include occupational health and safety, anti-corruption, labor rights (including modern slavery, and specifically working hours), environmental management, and communication of requirements further down the supply chain.</li> <li>• As part of Ericsson’s duty to respect for human rights, we provide our stakeholders access to grievance mechanisms through the Ericsson Compliance Line.</li> <li>• Ericsson’s employees, suppliers and other external parties are encouraged to report suspected violations of law, the Ericsson Code of Business Ethics or the Ericsson Code of Conduct for Business Partners through The Ericsson compliance line, an externally managed anonymous whistleblower tool.</li> </ul>	
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### 3 Labor management policies and procedures

UNGC advanced criteria	Ericsson approach and progress	Where to find more information
<p>Criterion 6: The COP describes robust commitments, strategies or policies in the area of labor.</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 Ericsson Code of Conduct for Business Partners 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 Ericsson Code of Business Ethics and Ericsson Code of Conduct for Business Partners. We support the United Nations Global Compact initiative and its ten principles which cover the area of labor.</li> <li>• Our Code of Conduct for Business Partners is based on the UN Global Compact’s ten principles and this includes: requirements reflecting the principles contained in international labor standards. We also support the UN SDGs.</li> <li>• A particular focus for Ericsson is increasing gender diversity. Our 2020 gender diversity ambition is for 30% of all employees to be female, including leaders and executives. In 2018, 23% of Ericsson employees were female.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Code of Business Ethics</a></li> <li>• <a href="#">Code of Conduct for Business Partners</a></li> <li>• <a href="#">Significant topics, risks and opportunities (AR pages 178-179)</a></li> <li>• <a href="#">Diversity and inclusion (AR page 184)</a></li> <li>• <a href="#">Occupational health and safety (AR page 185)</a></li> <li>• <a href="#">Responsible management of suppliers (AR page 186-187)</a></li> </ul>
<p>Criterion 7: The COP describes effective management systems to integrate the labor principles.</p>	<ul style="list-style-type: none"> <li>• Ericsson’s labor related policies and directives 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 is founded in Ericsson Code of Conduct for Business Partners. Before we select our</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Significant topics, risks and opportunities (AR pages 178-179)</a></li> <li>• <a href="#">Occupational Health and Safety Policy</a></li> <li>• <a href="#">Diversity and inclusion (AR page 184)</a></li> </ul>



	<p>suppliers, we require mandatory Supplier Self-Assessments. Ericsson uses a risk-based approach to identify relevant suppliers for Ericsson Code of Conduct for Business Partners audits.</p> <ul style="list-style-type: none"> <li>Ericsson’s operations are certified to the Occupational Health and Safety Assessment Series - OHSAS 18001 requirements.</li> <li>Ericsson views each audit as an opportunity for improvement and suppliers are expected to address all identified findings.</li> <li>Continue engagement with key suppliers in high-risk countries, creating and implementing action plans to identify and mitigate modern slavery risks.</li> <li>All Ericsson suppliers are encouraged to take the free of charge online Code of Conduct training that is available on the Company website. The training provides further guidance for suppliers on what is needed in practice in order to comply with Ericsson’s Code of Conduct requirements.</li> <li>Ericsson’s employees, suppliers and other external parties are encouraged to report suspected violations of law, the Ericsson Code of Business Ethics or the Ericsson Code of Conduct for Business Partners through The Ericsson compliance line, an externally managed anonymous whistleblower tool.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Occupational health and safety (AR page 185)</a></li> <li><a href="#">Responsible management of suppliers (AR page 186-187)</a></li> <li><a href="#">Reporting compliance concerns (AR page 177)</a></li> <li><a href="#">Ericsson Compliance Line</a></li> <li><a href="#">Ericsson Occupational Health and Safety Management System Group Certificate</a></li> <li><a href="#">Modern Slavery and Human Trafficking Statement 2019</a></li> </ul>
<p>Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labor principles integration.</p>	<ul style="list-style-type: none"> <li>Our Global Assessment Program, executed by a third-party external certification body, reviews implementation of Ericsson Group Management System, which covers also Ericsson Code of Conduct for Business Partners principles adherence, including labor and occupational health and safety.</li> <li>Ericsson organizations and performance are regularly monitored around the globe are regularly assessed and outcomes are followed up in the organization.</li> <li>We have an incident reporting process and system providing information to reduce risk for re-occurring health and safety incidents. This includes reporting from employees, contractors and suppliers in high-risk related activities.</li> <li>To understand the geographical risk for modern slavery, Ericsson uses a global</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Ericsson Group Management System</a></li> <li><a href="#">Group sustainability targets (AR page 175)</a></li> <li><a href="#">Responsible management of suppliers (AR page 186-187)</a></li> <li><a href="#">Code of Conduct for Business Partners</a></li> <li><a href="#">Modern Slavery and Human Trafficking Statement 2019</a></li> </ul>



	<p>third-party risk index that provides country specific information. Ericsson sources a large number of products, components and services from countries identified as high-risk countries. In 2020 Ericsson therefore plans to maintain its focus on these countries, with a particular focus on Malaysia, by engaging with key suppliers to map lower levels of the supply chain and implement mitigating actions. One focus area will be to build joint capacity, with suppliers, to identify and prevent risks of modern slavery.</p>	
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## 4 Environmental management policies and procedures

UNGC advanced criteria	Ericsson approach and progress	Where to find more information
<p>Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship.</p>	<ul style="list-style-type: none"> <li>• The Ericsson Code of Conduct for Business Partners is based on the United Nations Global Compact’s ten principles derived from: the Universal Declaration of Human Rights, the International Labour Organization’s Declaration of Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption as well as United Nations Guiding Principles on Business and Human Rights</li> <li>• We strive to contribute to the sustainable development of society by developing, producing, and offering products, services and solutions with excellent sustainability performance.</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</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability Policy</a></li> <li>• <a href="#">Code of Conduct for Business Partners</a></li> <li>• <a href="#">Supplier environmental requirements</a></li> <li>• <a href="#">List of banned and restricted substances</a></li> <li>• <a href="#">Environmental sustainability (AR Report 189-193)</a></li> <li>• <a href="#">Responsible management of suppliers (AR page 186-187)</a></li> <li>• <a href="#">Significant topics and risk management (AR pages 178-179)</a></li> <li>• <a href="#">Group sustainability targets (AR page 175)</a></li> <li>• <a href="#">Ericsson Research papers (Climate impacts</a></li> </ul>



	<p>regarding Ericsson’s products and solutions.</p> <ul style="list-style-type: none"> <li>• To maximize our positive impact, we take a circular economy approach with a focus on three key areas: leadership in product energy and environmental performance; environmentally responsible use of materials, waste, and water; and reducing the carbon footprint of our own operations.</li> <li>• We continue to focus on providing solutions to help other sectors of the economy, primarily utilities and transport, to reduce carbon emissions.</li> <li>• In 2019, Ericsson established a company-wide Circular Economy and Sustainability Program, governed by the Company’s Executive Team. The scope of the program is to accelerate and fully integrate circularity and sustainability related aspects of our products and services. The program is cross-functional, involving the Business Areas and consists of six workstreams; product energy performance, climate action, circular business, materials and substances, responsible sourcing and a cross- functional stream focused on standardization and legislation.</li> <li>• In 2019, Ericsson made further commitment to climate action by setting a target to be carbon neutral by 2030 in its own operations including fleet vehicles (Scope 1) and facility energy usage (Scope 1 and Scope 2). Scope definition according to the GHG Protocol Corporate Standard.</li> <li>• The Company’s Science Based Target (SBT) of 35% emission reduction from its own activities by 2022 is consistent with reductions required to limit warming to 1,5°C trajectory according to SBT Initiative. This target includes facilities energy use (Scope 1 and 2), fleet vehicles (Scope 1), business travel (Scope 3) and product transportation (Scope 3).</li> <li>• We believe that energy savings can be achieved by replacing less efficient equipment in a legacy network thereby lowering the overall energy consumption by operators. Thus, we have set a target of 35% energy saving in Ericsson Radio System (ERS) versus the legacy portfolio by 2022 (baseline: RBS 6000, 2016</li> </ul>	<p><a href="#">and life-cycle assessments</a>)</p>
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	<p>portfolio). This target has been approved by Science Based Target initiative.</p> <ul style="list-style-type: none"> <li>• Another of our targets in the area of Environmental sustainability is that by 2022, Ericsson’s 5G product portfolio is ten times more energy-efficient, for the same transferred data, than 4G portfolio (baseline 2017) for an enhanced mobile broadband (eMBB) use case.</li> <li>• In 2018 Ericsson and Telia Company published an extensive study (The Energy and Carbon Footprint of the Global ICT and E&amp;M Sectors 2010–2015) performed on the carbon and energy footprints of the global ICT sector. The study included measured data from network operations covering 40% of global mobile subscriptions. The carbon footprint of the sector, including end-user equipment, data centers and network infrastructure, corresponds to 1.4% of global emissions.</li> <li>• Ericsson requires the Supplier and its subcontractors to comply with the Code of Conduct for Business Partners, which includes Environmental requirements.</li> <li>• Significant environmental aspects in the supply chain are associated to suppliers’ carbon footprint and the generation of waste. The reduction of Ericsson’s supply chain carbon footprint is a prioritized environmental area for the company. In 2019 Ericsson required its suppliers to plan for implementation of programs and targets to reduce their climate emissions to be in line with the Paris agreement to limit global warming to 1.5°C. By 2025, Ericsson’s suppliers responsible for 90% of the Company’s supply chain carbon emissions shall have a 1.5°C target.</li> </ul>	
<p>Criterion 10: The COP describes effective management systems to integrate the environmental principles.</p>	<ul style="list-style-type: none"> <li>• Ericsson’s environmental related policies and directives are integrated within the Ericsson Group Management System (EGMS). The EGMS is used in all operations covering all units around the world and is certified to ISO 14001 and is part of the EGMS.</li> <li>• Environmental risks are assessed as part of the annual strategy, target setting and risk management cycle.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Ericsson Group Management System</a></li> <li>• <a href="#">Code of Conduct for Business Partners</a></li> <li>• <a href="#">Environmental sustainability (AR Report 189-193)</a></li> <li>• <a href="#">Reporting compliance concerns (AR page 177)</a></li> </ul>



	<ul style="list-style-type: none"> <li>• Main risks include: Difficulty to estimate the future impact of climate change and environmental matters; Adverse future events, such as extreme weather conditions, and New or changes in stakeholders or regulatory environmental requirements related to Ericsson's own activities and to product energy consumption.</li> <li>• We use Life Cycle Assessment (LCA) methodology to determine our significant environmental aspects and to assess the environmental impact of ICT. Our life-cycle assessment (LCA) covers raw material extraction, design, manufacturing, transport, use of products, disassembly and closing the loop with proper end-of-life management.</li> <li>• The Sustainability and corporate responsibility organization is accountable at Ericsson for overseeing the environmental sustainability area.</li> <li>• To ensure sound handling of products at end of life, Ericsson has a long-established 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 on environmental topics are provided for all employees. Specialized training is available for certain functions.</li> <li>• Ericsson's employees, suppliers and other external parties are encouraged to report suspected violations of law, the Ericsson Code of Business Ethics or the Ericsson Code of Conduct for Business Partners through The Ericsson compliance line, an externally managed anonymous whistleblower tool.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Ericsson Compliance Line</a></li> </ul>
<p>Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship.</p>	<ul style="list-style-type: none"> <li>• We conduct LCA according to international standards (ISO 14040 series). We also report and follow up on our environmental performance according to GRI Sustainability Reporting Standards.</li> <li>• We have an internal Group Directive on Incident Management including a management of incident description and responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Environmental sustainability (AR Report 189-193)</a></li> <li>• <a href="#">Reporting compliance concerns (AR page 177)</a></li> <li>• <a href="#">Ericsson Compliance Line</a></li> <li>• <a href="#">Responsible management of</a></li> </ul>



	<ul style="list-style-type: none"> <li>• Our Global Assessment Program audits the adherence to our policies and directives, including risk management and objectives achievement. 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 third party.</li> <li>• Ericsson suppliers are to report environmental as well as occupational health and safety incidents that occur during the operations on behalf Ericsson, according to binding OHS requirements via Global Incident Reporting Tool.</li> <li>• During the last five years we have had no significant environmental incidents.</li> </ul>	<p><a href="#">suppliers (AR pages 186-187)</a></p> <ul style="list-style-type: none"> <li>• <a href="#">Group sustainability targets (AR page 175)</a></li> <li>• <a href="#">Sustainability reporting. Standard disclosure 2019</a></li> </ul>
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## 5 Anti-corruption management policies and procedures

UNGC advanced criteria	Ericsson approach and progress	Where to find more information
<p>Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption.</p>	<ul style="list-style-type: none"> <li>• Ericsson has a zero-tolerance policy towards any form of bribery and corruption. We have adopted an anti-corruption compliance program that is designed to prevent, detect and respond to corruption risks throughout its global operations.</li> <li>• The Ericsson Anti-Corruption Group Directive describes the general principles of anti-corruption compliance, responsibilities and procedures to ensure employees have the information they need to work in accordance with all relevant anti-corruption laws and regulations.</li> <li>• We are a signatory to The Partnership Against Corruption Initiative (PACI) 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</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Code of Business Ethics</a></li> <li>• <a href="#">Code of Conduct for Business Partners</a></li> <li>• <a href="#">Anti-corruption (AR page 182)</a></li> </ul>



	<p>reduction of corruption and unethical behavior.</p> <ul style="list-style-type: none"> <li>• Our Code of Conduct for Business Partners, which is part of our contractual relationship with suppliers, includes anti-corruption.</li> </ul>	
<p>Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle.</p>	<ul style="list-style-type: none"> <li>• Ericsson’s anti-corruption policy, stated in Ericsson Code of Business Ethics, is deployed to all employees via directives and instructions as an integrated part of the Ericsson Group Management System (EGMS). The EGMS is used in all operations covering all units around the world.</li> <li>• 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.</li> <li>• 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 approved by our President and CEO.</li> <li>• Risk assessments, which cover all business areas, market areas 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.</li> <li>• To foster individual accountability, Ericsson employees periodically acknowledge the Code of Business Ethics. In 2019, following the Board of Directors’ endorsement of the updated CoBE and all Board members’ confirmation of their commitment to uphold it, our entire workforce was asked to read the updated CoBE and to acknowledge that it has been understood. 99% of Ericsson employees have acknowledged the CoBE by the end of 2019.</li> <li>• Anti-bribery and corruption training efforts continued in 2019 with close to 89,000 employees completing the mandatory online anti-corruption training. The training aims at raising awareness of risks, dilemmas and appropriate courses of action.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Code of Business Ethics</a></li> <li>• <a href="#">Code of Conduct for Business Partners</a></li> <li>• <a href="#">Ericsson Ethics and Compliance Program (AR page 10)</a></li> <li>• <a href="#">Audit and Compliance Committee (AR page 144)</a></li> <li>• <a href="#">Ethics and Compliance Ericsson Corporate Governance (AR page 153)</a></li> <li>• <a href="#">Anti-corruption (AR page 182)</a></li> <li>• <a href="#">Group sustainability targets (AR page 175)</a></li> <li>• <a href="#">Reporting compliance concerns (AR page 177)</a></li> <li>• <a href="#">Ericsson Compliance Line</a></li> <li>• <a href="#">Sustainability Reporting Standard Disclosure 2019</a></li> </ul>





	<ul style="list-style-type: none"> <li>• Key personnel in sales and other relevant functions, including regional leadership teams, receive additional specialized training on anti-corruption</li> <li>• Our Code of Conduct for Business Partners, which is part of our contractual relationship with suppliers, includes anti-corruption requirements.</li> <li>• Ericsson’s employees, suppliers and other external parties are encouraged to report suspected violations of law, the Ericsson Code of Business Ethics or the Ericsson Code of Conduct for Business Partners through The Ericsson compliance line, an externally managed anonymous whistleblower tool.</li> </ul>	
<p>Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption.</p>	<ul style="list-style-type: none"> <li>• The adherence to our anti-corruption program is part of the Global Assessment Program and is evaluated and reviewed by the Audit and Compliance Committee of the Board of Directors annually.</li> <li>• Corruption related 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 and Compliance Committee of the Board of Directors.</li> <li>• Concerns reported through the Ericsson Compliance Line are received by the Corporate Investigation Team which reports to the Audit and Compliance Committee of parent company Telefonaktiebolaget LM Ericsson.</li> <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>	<ul style="list-style-type: none"> <li>• <a href="#">Ericsson Ethics and Compliance Program (AR page 10)</a></li> <li>• <a href="#">Audit and Compliance Committee (AR page 144)</a></li> <li>• <a href="#">Ethics and Compliance Ericsson Corporate Governance (AR page 153)</a></li> <li>• <a href="#">Anti-corruption (AR page 182)</a></li> <li>• <a href="#">Reporting compliance concerns (AR page 177)</a></li> <li>• <a href="#">Ericsson Compliance Line</a></li> <li>• <a href="#">Inquiries from US authorities (AR page 41)</a></li> <li>• <a href="#">Sustainability Reporting Standard Disclosure 2019</a></li> </ul>



## 6 Taking action in support of broader UN goals and topics

UNGC advanced criteria	Ericsson approach and progress	Where to find more information
<p>Criterion 15: The COP describes core business contributions to UN goals and topics.</p>	<ul style="list-style-type: none"> <li>• We believe that deployment of mobile broadband networks can help tackle a range of global challenges.</li> <li>• We continue to research and develop products and services that support and reach for the accessibility and affordability of communication infrastructure by offering services that drive sustainable economic growth and innovative solutions across areas such as education, financial services, health and humanitarian response.</li> <li>• We believe that public-private partnerships play a key role in our approach to sustainability and digital inclusion.</li> <li>• While the ICT sector has the potential to positively enable the achievement of all 17 Sustainable Development Goals, we are contributing to them primarily through SDG 9 – Industry, innovation and infrastructure, and SDG 17 – Partnerships for the goals. We believe that the combination of these two SDGs enables us to create positive impact at scale and address a number of global challenges.</li> <li>• There is evidence that mobile broadband penetration contributes to Gross Domestic Product (GDP) growth. Ericsson has in previous years done a joint research project with Imperial College in London. Results show that, on</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability approach (AR page 174)</a></li> <li>• <a href="#">Global climate action (AR page 190)</a></li> <li>• <a href="#">Digital inclusion (AR pages 194-195)</a></li> <li>• <a href="#">The role of ICT in development</a></li> <li>• <a href="#">Technology for Good Impact Report 2019</a></li> <li>• <a href="#">Breaking the energy curve report</a></li> </ul> <p><a href="https://www.ericsson.com/en/conference-papers/the-energy-and-carbon-footprint-of-the-ict-and-em-sector-in-sweden-1990-2015-and-beyond">https://www.ericsson.com/en/conference-papers/the-energy-and-carbon-footprint-of-the-ict-and-em-sector-in-sweden-1990-2015-and-beyond</a></p>



	<p>average, a 10% increase in the mobile broadband adoption ratio causes a 0.8% increase in GDP. In 2019, a continuation of this cooperation focused on the correlation between Internet of Things (IoT) deployment and productivity as well as GDP.</p> <ul style="list-style-type: none"> <li>• During 2019, the second report of the Exponential Roadmap was launched in conjunction to the UN Climate Action Summit and was developed by leading organizations together with Ericsson. The Roadmap shows that there are 36 existing solutions across sectors that can be scaled globally to help halve global greenhouse gas emissions by 2030.</li> <li>• As a spin off from the Exponential Roadmap initiative, we also supported the development of the first 1,5°C Business playbook for exponential climate action. The Playbook provides a framework on how companies and organizations of all sizes can fully integrate climate action in their business strategies and reach net-zero emissions.</li> <li>• Ericsson’s Technology for Good Impact Report focuses on the positive effects created by Ericsson and our customers and partners in society. The report highlights cases where our technology and expertise are helping to solve global challenges, across broad themes of climate change and reducing inequalities.</li> <li>• Ericsson’s Breaking the energy curve report highlights our unique network-level approach to help communication service</li> </ul>	
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	<p>providers to quadruple data traffic without increasing energy consumption. Each new mobile network generation has entailed a rise in energy consumption. The report introduces an innovative approach to reduce network energy use. It includes solutions that enable operator networks to use as little energy as possible while managing expected growth in data traffic; meeting the needs of both current and future 5G networks.</p>	
<p>Criterion 16: The COP describes strategic social investments and philanthropy.</p>	<ul style="list-style-type: none"> <li>• Public-private partnership is our approach to creating positive impact, with strategic donations of expertise, technology and financial support.</li> <li>• Partnerships are at the heart of the Sustainable Development Goals, and public-private partnerships play a key role in our approach to sustainability. We take a proactive leadership role in a number of high-level forums and collaborates with a wide range of stakeholders to scale the impact of its sustainability efforts. Programmatically, we drive two public-private partnership programs: Connect to Learn and Ericsson Response.</li> <li>• Connect to Learn is our flagship education program. Its purpose is to empower teachers, students and schools through ICT solutions to deliver a quality 21st century education, as well as providing young people worldwide with digital skills and prepare them for a 5G future.</li> <li>• Ericsson Response is our global volunteer initiative, supporting humanitarian</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability approach (AR page 174)</a></li> <li>• <a href="#">Digital inclusion (AR pages 194-195)</a></li> <li>• <a href="#">ICT in education</a></li> <li>• <a href="#">Humanitarian response</a></li> </ul>



	<p>response. Together with partners, we use our core competencies to provide communication and support to help humanitarian workers save lives and support communities affected by natural disasters.</p> <ul style="list-style-type: none"> <li>Ericsson’s Technology for Good employee volunteer program is being rolled-out step-wise globally and it has activated employees in more than 80 countries, with more than 2,600 registered employee volunteers on its platform. Employees engage in Connect to Learn and Ericsson Response as well as in different locally relevant initiatives.</li> </ul>	
<p>Criterion 17: The COP describes advocacy and public policy engagement.</p>	<ul style="list-style-type: none"> <li>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.</li> <li>Our work in the Broadband Commission for Sustainable Development continues to drive the fundamental role of mobile broadband as the key enabler to digital inclusion.</li> <li>Our approach to stakeholder engagement enables us to learn about its stakeholders’ expectations, requirements and concerns, thus providing insights into risks as well as opportunities.</li> <li>We engage with stakeholders on an ongoing basis in which sustainability and corporate responsibility topics as well as emerging dilemmas are discussed. Example of topics include responsible business, human rights, anti-corruption, supply chain management,</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Letter from the President and CEO (AR page 3)</a></li> <li><a href="#">Stakeholder engagement (AR page 178)</a></li> <li><a href="#">Digital inclusion (AR pages 194-195)</a></li> </ul>



	<p>climate action, energy performance, digital inclusion and sustainable development.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Through our work in fora such as the Broadband Commission for Sustainable Development, the World Economic Forum, the Alliance for Affordable Internet and the Smart Africa Alliance, we aim to ensure that the benefits of broadband, which underpin achievement of the Sustainable Development Goals, are affordable and accessible to all. In these forums we advocate efforts such as spectrum policies and international investments as well as progress towards connecting the unconnected and exploring multi-stakeholder business initiatives to bridge the digital divide.</li> </ul>	
<p>Criterion 18: The COP describes partnerships and collective action.</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>• Partnerships are at the heart of the Sustainable Development Goals, and public-private partnerships play a key role in our approach to sustainability. We take a proactive leadership role in a number of high-level forums and</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability approach (AR page 174)</a></li> <li>• <a href="#">Stakeholder engagement (AR page 178)</a></li> <li>• <a href="#">Digital inclusion (AR pages 194-195)</a></li> </ul>



	<p>collaborate with a wide range of stakeholders to scale the impact of these multi-stakeholder efforts. Programmatically, we drive two public-private partnership programs: Connect to Learn and Ericsson Response.</p> <ul style="list-style-type: none"> <li>• Connect to Learn is our flagship education program. Its purpose is to empower teachers, students and schools through ICT solutions to deliver a quality 21st century education, as well as providing young people worldwide with digital skills and prepare them for a 5G future.</li> <li>• Ericsson Response is our global volunteer initiative, aimed at supporting humanitarian response. Together with partners, we use our core competencies to provide communication and support to help humanitarian workers save lives and support communities affected by natural disasters.</li> <li>• Ericsson’s Technology for Good employee volunteer program is being rolled-out step-wise globally and it has activated employees in more than 80 countries, with more than 2,600 registered employee volunteers on its platform. Employees engage in Connect to Learn and Ericsson Response as well as in different locally relevant initiatives.</li> <li>• Our humanitarian partners include the World Food Programme, the UN Office for Coordination of Humanitarian Affairs, the International Rescue Committee, International Federation of Red Cross and UNICEF.</li> </ul>	
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	<ul style="list-style-type: none"> <li>• We engage in a number of public-private partnerships and the UN is a preferred partner with UNESCO on education and conflict resolution with the Whitaker Peace &amp; Development Initiative</li> <li>• 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.</li> </ul>	
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## 7 Corporate sustainability governance and leadership

UNGC advanced criteria	Ericsson approach and progress	Where to find more information
<p>Criterion 19: The COP describes CEO commitment and leadership.</p>	<ul style="list-style-type: none"> <li>• The commitment to responsible business is anchored at the highest levels of Ericsson. The President and CEO, and senior management, actively support and are regularly informed of progress on sustainability and CR.</li> <li>• The President and CEO Letter in our Annual Report explicitly states our support for the UN Global Compact.</li> <li>• Sustainability and corporate responsibility related targets are defined on Group level.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Letter from the President and CEO (AR page 3)</a></li> <li>• <a href="#">Letter from the Chairman (AR page 32)</a></li> <li>• <a href="#">Ericsson business model and Group Sustainability targets (AR pages 4-5)</a></li> </ul>
<p>Criterion 20: The COP describes Board adoption and oversight.</p>	<ul style="list-style-type: none"> <li>• The Board of Directors is aware of sustainability and corporate responsibility's growing importance to the company and to our stakeholders. In management of sustainability and corporate responsibility, the Board of</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">About this report (AR page 173)</a></li> <li>• <a href="#">Letter from the President and CEO (AR page 3)</a></li> </ul>





	<p>Directors’ remit is both governance and strategy. The Board of Directors strives to uphold the company’s responsibility to conduct business responsibly. The Board is also aware of the risks related to sustainability and corporate responsibility performance, and the actions that must be taken to address such risks.</p> <ul style="list-style-type: none"> <li>• Sustainability and corporate responsibility performance and related risks are presented to the Board of Directors annually, or more often if needed. In 2019, briefings covered progress on anti-corruption, ethics and compliance, respect for human rights, occupational health and safety, responsible sourcing, climate action and social inclusion</li> <li>• Ericsson Annual Report includes a Sustainability and Corporate Responsibility Report, which is approved by the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Letter from the Chairman (AR page 32)</a></li> <li>• <a href="#">Sustainability management (AR page 176)</a></li> </ul>
<p>Criterion 21: The COP describes stakeholder engagement.</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, topics 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. Our key stakeholders are customers, employees, shareholders and society which includes suppliers, governments, civil society, non-governmental organizations, sector peers, media, academia and the public..</li> <li>• Insights gained from ongoing stakeholder consultation and input are taken into account in our materiality assessment and inform our strategy. A robust stakeholder engagement approach leads to better management of sustainability and corporate responsibility risks and ensures a balanced approach to topics such as human rights, responsible sourcing,</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Stakeholder engagement (AR page 178)</a></li> <li>• <a href="#">Significant topics and risk management (AR pages 178-179)</a></li> <li>• <a href="#">Ericsson blog</a></li> </ul>



	<p>corruption, health and safety, conflict minerals, and handling of e-waste.</p> <ul style="list-style-type: none"><li>• We also engage stakeholders in conversation through social media such as our blog, Facebook and Twitter.</li></ul>	
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