ERICSSON CORPORATE RESPONSIBILITY REPORT 2006

DRIVING CHANGE AND BUILDING TRUST

ERICSSON ⧉

TAKING YOU FORWARD

CONTENTS

About Ericsson

Founded in 1876, Ericsson is a leading provider of communications networks, related services and handset technology platforms. Our experience building networks in more than 175 countries gives us unique customer and consumer insights, and our extensive portfolio of telecommunication solutions and intellectual property offer a true business advantage. We are committed to working with our customers and partners to expand the borders of telecommunications for the benefit of people everywhere.

Our vision and values

Our vision is to be the prime driver in an all-communicating world. This means a world in which all people can use voice, data, images and video to share ideas and information whenever and wherever they want. Ericsson's three core values are: professionalism, respect and perseverance. These define how we treat each other, our customers and our business partners and therefore define our culture.

Our strategy

Our strategy is to excel in network infrastructure, expand in services, and establish a position in multimedia solutions. The aim is to make people's lives easier and richer, provide affordable communication for all and enable new ways for companies to do business. This is performed with operational excellence in everything we do.

About this report

The purpose of this report is to provide information on Ericsson's 2006 performance and engagement in the area of corporate responsibility (CR). The report is presented in six key sections, which address the environmental, social and economic impacts that are material to our business. Materiality was determined through our stakeholder engagement process (p.12) as well as through the use of data measurement techniques such as life-cycle assessment and in the context of our own strategic priorities. It covers the reporting period from January 1 to December 31, 2006. The boundaries of this report include the Ericsson Group, encompassing Telefonaktiebolaget LM Ericsson and its subsidiaries. We also address how we impact others within our sphere of influence, including our supply chain, customers and end users. Highlights of the performance of our joint venture with Sony Ericsson are included on p.38. Both the United Nations (UN) Global Compact and the Global Reporting Initiative (GRI) G3 Guidelines were considered in the development of this report (p.40).

Complementary information, including Group codes and policies, our management approach, controls and performance indicators are available in an extended online report. A GRI cross reference and the UN Global Compact Communication on Progress are also available.

Throughout this report, this symbol ➚ **Online:** indicates where you can find additional features and information at: **www.ericsson.com/corporate_responsibility**

BUILDING TRUST AND DRIVING CHANGE

Change and trust. One promises opportunity, the other implies responsibility. In finding the right balance between the two, Ericsson creates greater value for our company, our employees and our customers. Corporate responsibility is not just about meeting obligations, but even more importantly about lifting strategic objectives.

Trust enables change. Change that enables more sustainable societies. Change that helps bridge the digital divide. By contributing to social, environmental and economic development and holding ourselves to high ethical standards in everything we do, we gain the trust of our stakeholders. As a responsible corporate citizen, Ericsson is better positioned to drive change. This commitment starts from the top and is shared by our employees, who feel pride in working for a company in which the core business contributes to a better world.

Ericsson's commitment to corporate responsibility is closely linked to our vision to be the prime driver in an all-communicating world. In fact, our industry offers countless opportunities to create more sustainable societies, as this report demonstrates.

With our strength in both fixed and mobile broadband solutions, we are well positioned to deliver enhanced communication that improves quality of life and increases productivity and efficiency in society. In the future, technology will be ingrained in our daily lives in ways that we can't even imagine today; for instance, through e-conferencing, e-health, e-learning and e-government. These innovations, made possible by Ericsson products and services, can substitute physical transportation, reduce carbon emissions and provide a platform for smoother, more accessible national infrastructures.

''Ericsson's commitment to corporate responsibility is closely linked to our vision.''

New possibilities for emerging markets

The explosive pace of growth in mobile communications is paving the way for technology to bridge the digital divide. It is the mobile phone rather than the computer that is triggering this development. Today there are more than 2.7 billion mobile subscriptions in the world. We expect that number to surpass three billion by the end of 2007, fueled by high-growth markets. As most of these markets have limited fixed-line networks, mobile networks will be the way that many new subscribers gain access to advanced communications. We see this as both a business opportunity and as a way to enable people in emerging markets to gain greater social and economic benefits.

Wake-up call on climate

The use of information and communication technology (ICT) is critical for society's ability to handle difficult global challenges, such as climate change. In 2006, we saw the world waking up to climate change as never before, creating a sense of urgency to act. And we have a part to play.

We create value for our customers by offering solutions that help them meet their own strategies for sustainable growth – growth that conserves energy. Energy consumption represents one of the most significant costs of operating a telecommunications network. Ericsson has been an industry leader in life-cycle assessment (LCA) for more than a decade, weaving a systems approach through the design of products and services, the use phase and ultimately disposal. This is just one tool that we use to help our customers to better understand their impacts – environmental as well as cost – and to optimize their energy efficiency. As part of our drive to be energy lean, we are also investing in alternative sources of energy such as biofuels, solar and windpower.

A trusted partner

Trust is synonymous with good governance. Corporate responsibility is fully integrated into the way Ericsson does business. This is not just a matter of having the right policies in place but also about having an ethical approach that is embedded in how our employees do their job, how we work with suppliers, and how we engage with our many different partners to create a more sustainable society.

Leadership is about vision. It is also about responsibility. As a leader in communications, Ericsson is driving change that helps create opportunities for billions of people around the world.

Carl-Henric Svanberg
President & CEO

OUR FOCUS

These six sections cover the issues most material to Ericsson from a corporate responsibility context. They reflect how we incorporate sustainability opportunities and challenges into our business strategy and company priorities. We have taken into consideration the major global and business trends affecting our company, our customers and our industry in 2006, and issues of importance to our stakeholders.

2 Markets
Communication for all

Markets are where we demonstrate our commitment to Communication for All, with a focus on high-growth markets in Africa and Asia. Over the next five years over 80 percent of new subscriptions are expected to come from emerging markets, with the most significant growth coming from India and China. Bringing mobile communications to these regions has a substantial impact on poverty reduction. We have a genuine interest in contributing – it's central to our vision as the prime driver in an all-communicating world.

1 Governance
The foundation

Good governance is about being a trusted partner and a responsible company. As a proxy for sound management, governance is high on the list of expectations from investors and other stakeholders. This includes how well companies manage potential risks relating to corporate responsibility. It is also vital for building trust in the Ericsson brand and attracting and motivating employees. At a time when a company's reputation rests increasingly on intangible assets such as sound governance, it's important to walk the talk.

3 Technology
Triggering change

Technology is triggering change towards a more sustainable world. Telecommunication can remove obstacles in the path of sustainability and create a smarter, more resource-efficient society. It can enhance the delivery of education, health care, and government services and raise quality of life. Ericsson's combined mobile and fixed broadband capabilities are providing the platform to deliver these services.

4 Energy and environment
Delivering solutions

With climate change high on the global agenda, our contribution to a less carbon-intensive society is a key focal point. Ericsson is demonstrating that wise use of energy is core to our business. Since our greatest environmental impact occurs when our products are in operation, continuous improvements in product energy efficiency play an essential role. Actions and innovation as well as leadership and vision are needed to tackle the environmental challenges of the future.

5 People
The knowledge factor

How well we inspire, motivate and guide a diverse workforce is a litmus test of corporate responsibility. Attracting and developing talented people and building our knowledge base are prerequisites for navigating technology shifts as well as the challenges and opportunities of globalization.

6 Community
Commitment in action

Community-level contributions to social and environmental responsibility are an important way to interact with society and demonstrate commitment. Local initiatives inspire employees to engage and instil a sense of pride in the benefits that telecommunications bring to communities. Through Ericsson Response, we rapidly provide disaster-hit areas with telecommunications infrastructure and expertise.

PERFORMANCE HIGHLIGHTS

Employees became aware of corporate responsibility through e-learning. In a survey, 79 percent of respondents stated the course positively influenced how they felt about working for Ericsson, **p.13.**

A risk-based approach was piloted for monitoring supplier Code of Conduct compliance, aimed at a 60 percent reduction of the lowest marks. The highest risk group dropped by 74 percent, **p.14**.

Biofuels substituted diesel as a power source for radio base stations in a leading-edge pilot in Nigeria. A second pilot is underway in India, **p.18.**

Ericsson consumer studies in Africa examined how the use of mobile phones positively impacts social and economic development, from strengthening social networks to income generation, **p.18.**
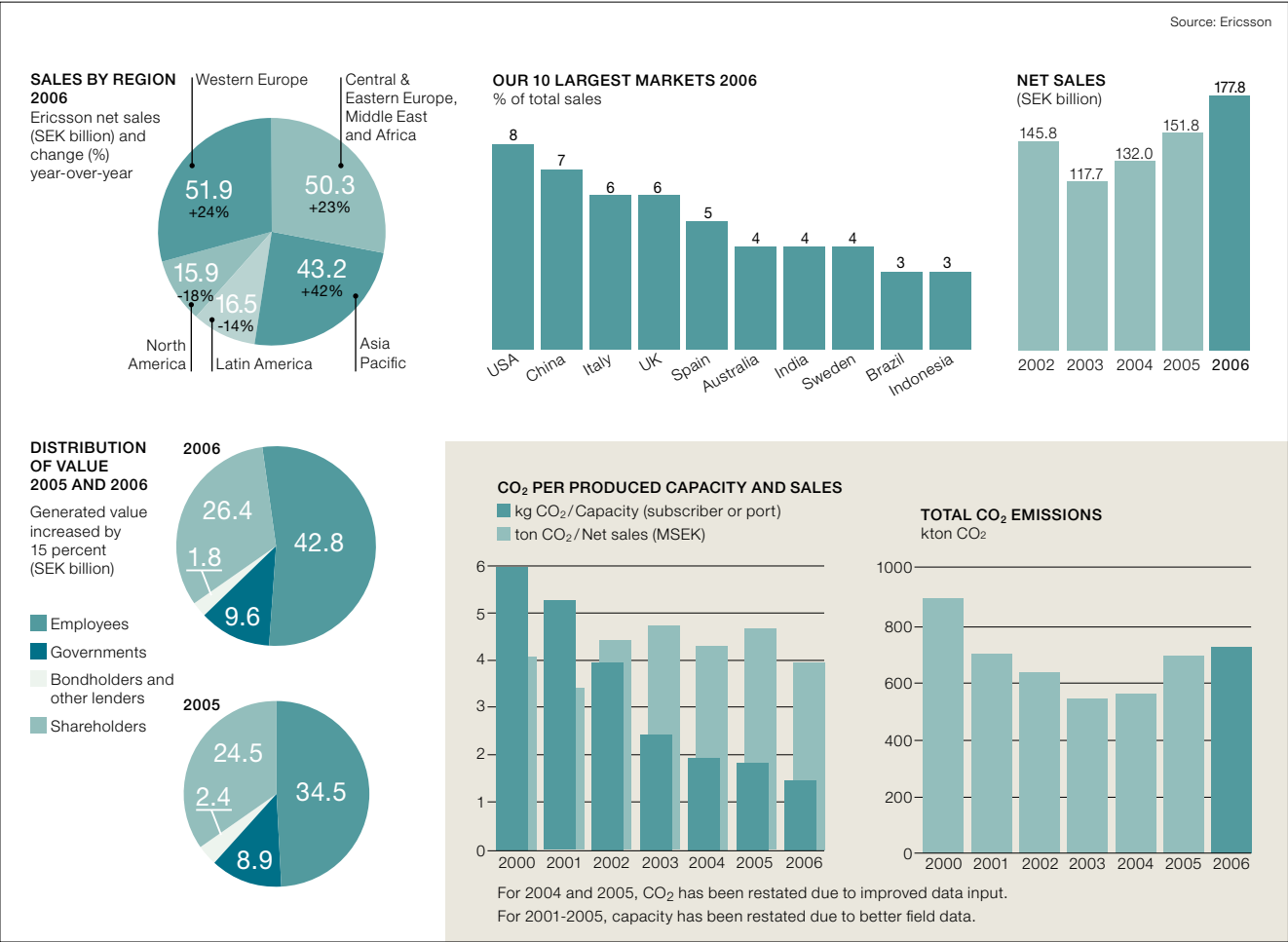
A telecom system in Croatia shows that **e-health can provide more cost-efficient health care**, **p.22.**

Ericsson achieved a **35 percent energy efficiency improvement in** our 3G radio base station portfolio, exceeding the 2006 objective of 25 percent, **p.25.**

KEY PERFORMANCE INDICATORS

SALES BY REGION 2006

Ericsson net sales (SEK billion) and change (%) year-over-year

- Western Europe: 51.9 +24%
- Central & Eastern Europe, Middle East and Africa: 50.3 +23%
- North America: 15.9 -18%
- Latin America: 16.5 -14%
- Asia Pacific: 43.2 +42%

OUR 10 LARGEST MARKETS 2006
% of total sales

Market	%
USA	8
China	7
Italy	6
UK	6
Spain	5
Australia	4
India	4
Sweden	4
Brazil	3
Indonesia	3

NET SALES
(SEK billion)

Year	Value
2002	145.8
2003	117.7
2004	132.0
2005	151.8
2006	177.8

DISTRIBUTION OF VALUE 2005 AND 2006

Generated value increased by 15 percent (SEK billion)

- Employees
- Governments
- Bondholders and other lenders
- Shareholders

2006:
- 42.8
- 9.6
- 1.8
- 26.4

2005:
- 34.5
- 8.9
- 2.4
- 24.5

CO_2 PER PRODUCED CAPACITY AND SALES

- kg CO_2/Capacity (subscriber or port)
- ton CO_2/Net sales (MSEK)

(Bar chart years 2000–2006)

TOTAL CO_2 EMISSIONS
kton CO_2

(Bar chart years 2000–2006)

For 2004 and 2005, CO_2 has been restated due to improved data input.
For 2001-2005, capacity has been restated due to better field data.

Online: Additional economic, environmental and social performance indicators.

OBJECTIVES AND ACHIEVEMENTS

	Objectives 2006	Achievements 2006	Objectives 2007
1 **Governance** p.11	Conduct all-employee acknowledgement process for Code of Business Ethics.	99.9 percent of all employees acknowledged the Code of Business Ethics.	Implement all-employee e-learning on anti-corruption. Implement global self-assessment program for internal Code of Conduct compliance.
		Completed corporate responsibility training for Ericsson Board of Directors.	Conduct annual corporate responsibility training for the Ericsson Board of Directors.
	Expand stakeholder engagement activities.	Highlights: conducted investor corporate responsibility-related roadshow, annual employee survey, customer engagement.	Continue regular, systematic stakeholder engagement, including a survey to assess the usefulness of our corporate responsibility reporting for 2006.
	Implement an all-employee corporate responsibility e-learning program.	Launched corporate responsibility e-learning December 2006.	
	Initiate integration of CR risk areas into overall Group risk management program.	Work ongoing on corporate responsibility risk integration.	
		Joined Business Leaders in Human Rights (BLIHR).	Initiate project on the role of telecommunications in furthering human rights. Conduct a human rights risk assessment of business operations in Sudan.
			Issue and implement Ethical Content Directive.
Supply chain p.14	In risk-based projects, reduce by 60 percent the lowest marks on our supplier corporate responsibility scorecard; reach agreement on improvement plans for all suppliers.	Piloted our risk-based approach in die-casting and network rollout commodity areas. Achieved a 74 percent reduction in lowest scorecard markings in die-casting and 52 percent in network rollout, reflecting supplier improvements.	Establish a risk assessment model for local sourcing. Begin rollout of risk-based approach on a global basis, including selection of new commodity areas for key markets.
	Expand supplier requirement seminars globally.	Completed four supplier seminars for 26 suppliers in China. Initiated engagement process including audits with six key suppliers in India.	Perform two supplier seminars to cover all companies supplying Ericsson's factory in Jaipur, India. Hold Ericsson Supplier Day in India including Code of Conduct.
	Expand supplier requirement activities, including assessments and audits.	Completed 47 audit and follow-up activities in China, India and Brazil.	Perform more than 50 audits and follow-up activities in China, India and Brazil.
	Continue Supplier Code of Conduct and environmental auditor/observer training seminars for Ericsson sourcing personnel.	Completed four observer seminars and one auditor training session in China.	Conduct observer training for 60 percent of Group sourcing personnel worldwide. Perform two auditor training sessions in China and India.
	Utilize Ericsson's general supplier evaluation programs to gain a clearer picture of the environmental management profiles of most suppliers.	Work ongoing as part of Code of Conduct audits.	
2 **Markets** p.18		Completed qualitative study on the socio-economic impacts of communications in Nigeria and Kenya.	Conduct new socio-economic studies on for selected emerging markets.
		Launched pilot project using biofuels to power telecom networks in Nigeria with MTN and GSMA Development Fund.	Complete second biofuel pilot project with Idea Cellular in India.

	Objectives 2006	Achievements 2006	Objectives 2007
3 Technology p.20		Partnered in establishing the Centre for Sustainable Communications at the Swedish Royal Institute of Technology.	Contribute to infrastructure build-up of the Centre and establish related pilot projects in at least two areas.
4 Energy and environment p.25	Update the LCA study and database to measure reductions in impacts. Develop general LCA data for fixed broadband networks during 2006-2007.	Ongoing, see p.25 and 29. Ongoing work to establish LCA model for broadband.	Publish results of LCA for fixed broadband and 3G mobile network.
	Formulate and begin implementation of new energy related environmental goals for broadband networks.	Based on LCA model, an energy measurement baseline is being established.	Set measurable energy-related targets for fixed broadband.
	Improve energy efficiency of WCDMA radio base stations by 25 percent by end 2006. By 2008, achieve a total 50 percent improvement compared to 2005 levels.	Target was exceeded, resulting in a 35 percent efficiency improvement.	An additional 20 percent energy efficiency improvement is targeted from 2006 to end 2008 for WCDMA radio base stations.
	Improve energy efficiency of GSM radio base stations by 5 percent.	Target achieved end 2006.	15 percent improvement in energy efficiency of GSM radio base station products sold from beginning of 2006 to end 2008. Introduce power-saving standby feature for GSM radio base stations during low load.
	Effective implementation of the EU RoHS Directive on hazardous substances. Initiate a project for global phase-out of hazardous substances.	Met RoHS July 2006 compliance deadline.	Successively work to phase out only remaining RoHS hazardous substance (lead) currently used in Ericsson product portfolio. This objective includes elimination of selected EU-approved RoHS exemptions by 2008. Establish a global baseline for return flow of phased out products through Ericsson's Ecology Management Provision and demonstrate that the same recycling requirements in WEEE Directive can be obtained or exceeded globally.
5 People p.32	Formalize a competence management network to help ensure an efficient locally-based process to identify knowledge gaps.	Achieved.	
	Strategic competence assessments to be completed for 80 percent of organizational units by year end.	93 percent of global organizational units completed competence assessments.	
		Individual performance management (IPM) discussions conducted for 83 percent of employees.	Complete IPMs for 90 percent of employees.
	Formulate a Group Diversity Policy and develop a system for reporting results of local diversity activities.	Group Diversity Policy completed and full-time position at Group level established.	Establish a system for reporting results of local diversity activities.
6 Community p.34	Launch Group Directive on commercial and philanthropic sponsorship. Define types of philanthropic initiatives that reflect our core business.	Launched Group Sponsorship Directive.	Implementation of Group Sponsorship Directive with Market Units.

GOVERNANCE
– THE FOUNDATION

Opportunity: Enhance reputation as a trusted partner and reduce risk by living our values.

Challenge: Sustain a strong company through the right balance of risk and opportunity.

Result: Employees acknowledged Code of Business Ethics. Launched employee corporate responsibility e-learning. Joined Business Leaders in Human Rights. Completed risk-based pilots for supply chain management.

A matter of trust

Good governance is about managing risks and building trust. To achieve this, we are weaving our corporate responsibility agenda into the company fabric through policy work, training and dialogue.

Through a robust Ericsson Group Management System, including policies and directives, performance reviews and a commitment to operational excellence, we ensure transparent decision-making and employee accountability.

Ericsson operates according to the Swedish Companies Act and complies with the Stockholm and London stock exchange listing requirements as well as NASDAQ listing agreement rules. The Corporate Governance Report published in the Ericsson Annual Report 2006 provides more information. Corporate responsibility-related audits are conducted within the areas of trade compliance, security, health and safety, the environment and supply chain management. As an element of the financial controls, Ericsson has defined a set of entity-wide and financial process controls to ensure reliable financial reporting and compliance with Sarbanes-Oxley Act (SOX 404; Internal Controls). This includes the Code of Business Ethics and the Code of Conduct.

Top-level commitment

Good governance starts at the top. The Ericsson Board of Directors considers ethical, environmental and social aspects of governance in its decision-making. In 2006, it delved further into the corporate responsibility issues material to the company and the strategies to address them in a training session. This training is to be conducted annually.

Corporate responsibility must also filter down into the organization in order to have a real impact. Each employee was asked to acknowledge that they had read and understood the contents of the Code of Business Ethics. A periodic review process was conducted during 2006 and was completed by 99.9 percent of Ericsson's employees. The Code of Business Ethics covers fundamental corporate principles such

as treating employees with respect and safeguarding human rights and the environment; legal compliance on insider trading; protecting information and proper use of company assets and promoting fair disclosure, as well as instructions to report unethical or unlawful conduct. It also includes a whistle-blower procedure for raising concerns about questionable accounting and auditing matters. The Code of Business Ethics forbids political party contributions.

Since 2004 annual workshops on corporate governance, including anti-corruption, business ethics and related topics are held for senior Ericsson managers from around the world. More than 300 managers have participated to date. In 2006, the markets covered were Eastern Europe and North and South America and 84 managers took part. In 2007, there will be e-learning courses on security and anti-corruption for all employees.

Stakeholder engagement process

We strive to be transparent and accountable towards individuals and organizations with a stake in our operations and with whom we share common concerns and goals. Our major stakeholder groups include employees, customers, suppliers,

UN Global Compact

Ericsson is a member of the United Nations Global Compact and endorses its ten principles on human rights, fair labor practices, the environment and anti-corruption.

↗ **Online:** Ericsson's annual UN Global Compact Communication on Progress.

THE GLOBAL COMPACT

investors, non-governmental organizations, universities, government institutions and media. Institutional investors, including pension funds, represent more than 80 percent of our equity ownership, and are included among our key stakeholders.

We work through several industry organizations that address corporate responsibility issues, such as the GSM Association, and GeSI, the Global e-Sustainability Initiative. We cooperate with a number of government and non-government organizations as well as international initiatives such as the UN Global Compact. In addition, we have ongoing partnerships with UN agencies. During 2006, Ericsson initiated workshops with telecom regulators that included corporate responsibility-related topics such as Ericsson's engagement in bridging the digital divide.

Addressing stakeholder concerns

Key issues raised by our stakeholders include energy efficiency, product disposal, management of hazardous substances, supply chain social and environmental performance, business ethics and anti-corruption, electromagnetic field exposure issues, bridging the digital divide, and community involvement.

In order to identify, prioritize and address stakeholder concerns, we carry out a number of activities. This includes conducting quarterly customer satisfaction surveys and setting targets for proactively engaging customers on corporate responsibility issues.

For suppliers, we have annual supplier days, regular supplier training and engagement activities on Code of Conduct compliance. For investors, we hold a number of meetings and a road show each year to address issues specific to corporate responsibility.

We involve employees in decisions affecting day-to-day operations. In accordance with Swedish law, three employee representatives are on the Board of Directors. An annual employee survey provides insight into how employees perceive their work environment (p.31).

Ericsson applies different methods to help us to assess the significance of issues material to the company and to prioritize among stakeholder concerns. Examples include our LCA studies and risk-based supply chain assessments.

Online: **View customer interviews on corporate responsibility.**

Managing our risks

Risk management is integrated in the Ericsson Group Management System and business processes. It covers risks related to corporate responsibility, such as regulatory compliance and possible reputational risks, as well as environmental and social responsibility risks. Risks are continously assessed and managed in the supply chain as an integrated part of all supply processes and are controlled by the corporate audit function. Risks are dealt with on three levels: in the strategy process, in annual target setting and within ongoing operations.

A central security and risk management unit coordinates the handling of certain risks, such as business interruption, information security/IT risks and physical security as well as insurable risks. A crisis management council deals with ad hoc events of a serious nature. The Annual Report provides additional information on financial risk and operational risks.

IN RECOGNITION OF PERFORMANCE

Ericsson is ranked among the foremost socially responsible indices and ratings on corporate performance:

Dow Jones Sustainability Indexes Member 2006/07 — The DJSI tracks the financial performance of the leading sustainability-driven companies worldwide.

FTSE4Good — The FTSE4Good measures performance of companies that meet high corporate responsibility standards.

Global 100 Most Sustainable Corporations in the World — The Global 100 ranking of the most sustainable companies was selected from a list of 1800 global firms.

Folksam® — Ericsson ranked first in the Folksam Climate Index 2006. The index evaluates how 41 of the most prominent Swedish companies work with climate change.

Amnesty Business Group — Amnesty Business Group listed Ericsson among the top ten Swedish companies for its engagement in human rights.

An employee e-learning program, launched in 2006, is raising awareness about corporate responsibility issues. In a survey of 750 participants, 73 percent said they could apply what they had learned in their daily work. In total, 79 percent stated that knowing about Ericsson's corporate responsibility program had a positive influence on how they felt about working for Ericsson.

Managing the CR agenda

For Ericsson, corporate responsibility is about integrating ethical, environmental and social imperatives into the way we work and throughout our value chain, promoting an energy-lean product portfolio and demonstrating the benefits of ICT to further the goals of sustainability.

We have a two-pronged approach. We ensure that the controls are in place to minimize risks, and we strive to generate positive business impacts.

This approach is coordinated by a Corporate Responsibility Director, who supports Group functions, engages in dialogue with customers, investors and other stakeholders in order to capture their priorities, and coordinates target setting. A Corporate Responsibility Steering Committee oversees the strategic direction and ensures that it permeates the organization. Its chairman reports to the CEO and members are drawn from senior managers.

Our 23 Market Units are engaged via a company-wide network which coordinates Group objectives, local activities and provides a forum to share best practice.

Our corporate responsibility achievements and objectives can be reviewed on p.8.

A question of rights

In 2006, Ericsson joined the Business Leaders Initiative on Human Rights (BLIHR), designed to help lead and develop the corporate response to human rights. BLIHR aims to find practical applications for the aspirations of the United Nations Universal Declaration of Human Rights within a business context and to inspire other businesses to do likewise. Ericsson is the 13th company to join BLIHR.

Ericsson is focusing on two aspects of human rights within its own sphere of influence: good governance in sensitive countries, and the use of mobile technology as an enabler of human rights in emerging markets.

Telecommunications can play a powerful role in furthering human rights around the world, such as freedom of expression. BLIHR provides a foundation for developing a more 'rights-aware' approach as part of Ericsson's vision for an all-communicating world. During 2007 Ericsson will look into specific areas where its core technology can play a fundamental role in furthering human rights in emerging markets.

"It seems that the mobile technology sector has a strong capacity to fulfill people's rights. We believe Ericsson will provide new insights and new collaboration, and help demonstrate that the relationship between business and human rights is partly one of compliance and responsibility – but also just as much about opportunity," says John Morrison, programme director of BLIHR.

Online: **More on BLIHR.**

ADDRESSING CONCERNS ABOUT ELECTROMAGNETIC FIELDS (EMF)

Ericsson provides public information on radio waves and health and supports independent research to further increase knowledge in this area. Ericsson currently co-sponsors more than 45 different ongoing research projects related to electromagnetic fields (EMF), radio waves and health, and since 1996 has co-sponsored more than 80 studies with a total value of more than EUR 40 million. Public health authorities and independent expert groups have reviewed the total amount of research and they have consistently concluded that the balance of evidence does not demonstrate any negative health effects associated with radio wave exposure from either mobile phones or radio base stations.

Online: **More on EMF.**

Raising the bar

Every Ericsson supplier must comply with the Ericsson Code of Conduct, which is based on the UN Global Compact's ten principles covering human rights, labor standards, environment and anti-corruption. An internal audit process, supported by Group Sourcing, tracks and monitors compliance. A risk-based approach was piloted in 2006 in order to direct resources at suppliers working in industries or countries where there is a higher risk that standards are not met. This approach also creates an opportunity to raise standards.

In the telecom industry, where tens of thousands of suppliers are common, certain jobs pose higher risks to worker safety than others. The two commodity areas selected for the pilot were die-casting, which involves the pouring of molten metal into molds to form parts for radio base stations, and network rollout, involving the installation of telecom sites. They are among the supply areas that Ericsson put under the lens of the company's Code of Conduct.

TRACKING PERFORMANCE

The Supplier Corporate Responsibility Scorecard measures performance in the following areas:

- Human rights (such as adherence to local labor laws and protection of worker safety)

- Labor practices (such as salary and overtime compensation, working hours, financial punishment)

- Environment (such as handling of chemicals, records on incidents/accidents, use of personal protective equipment, environmental management systems)

- Bribery and anti-corruption (such as employee contracts, financial punishment, handling of interviews with workers and documentation)

- Supplier ability to secure their supply chain.

Delivering results

By the end of 2006, the decision to closely engage with these supply areas had delivered results. The 2006 target was to reduce by 60 percent the lowest markings on Ericsson's supplier scorecards that rank suppliers' Code of Conduct compliance; in fact, the number dropped by 74 percent for die-casting suppliers. For network rollout the achievement was 52 percent (pie charts).

The die-casting companies in India and China represented close to 100 percent of Ericsson's die-casting volume in Asia. Companies within network rollout in India and Brazil were also included in the pilots. In India this represents close to 10 percent of the suppliers in this industry. Ericsson's approach

**RESULTS OF RISK-BASED PROJECTS, 2006**
Through close engagement with suppliers, Ericsson significantly reduced the number of lowest markings (red) on the corporate responsibility scorecard among selected die-casting suppliers in China and India and network rollout suppliers in India and Brazil. See "Tracking performance" above.

Critical situation,
action shall be in place

Warning,
action shall be in place

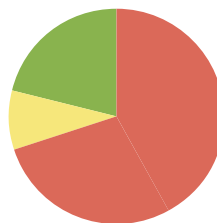Supplier status as
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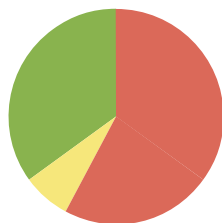
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JAN 2006**
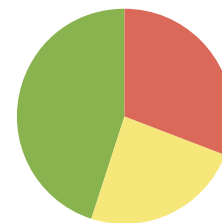
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remove 60%
of red areas
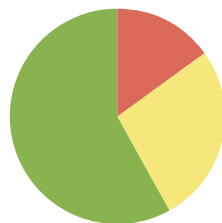
**DIE-CASTING
DEC 2006**

Result:
achieved 74%
reduction

**NETWORK ROLLOUT
JAN 2006**

Target:
remove 60%
of red areas

**NETWORK ROLLOUT
DEC 2006**

Result:
achieved 52%
reduction

is based on direct engagement and financial incentives. It included quarterly audits and close involvement to raise standards and was received favorably by suppliers (below).

During 2007, Ericsson will extend the risk-based approach globally, focusing on new areas such as enclosures, printed circuit board manufacturing, and power systems for radio base station solutions, as well as continuing with the die-casting and network rollout. The focus markets will continue to be China, India, and Brazil.

Ericsson's main approach is to engage closely with suppliers to achieve measurable improvements. If necessary, we will put the supplier on notice that they will not receive further business until action is taken – or in the worst case, the supplier contract will even be terminated. Through this approach, suppliers understand that the Code of Conduct is more than a tick-the-box exercise. It comes down to hands-on engagement in order to ensure that Ericsson's supply chain worldwide lives up to the same high social and environmental standards.

Providing the right incentive

When Ericsson's auditors walked through the doors of Faist Precision Technology Co. in Suzhou, China in early 2006, they encountered high noise levels, a lack of personal protective equipment, unsafe chemical handling, overtime issues, and other areas not in accordance with Ericsson's Code of Conduct. Faist, a die-casting company, is one of the Chinese companies which participated in Ericsson's risk-based Code of Conduct pilot (p.14).

By the end of June 2006, the situation had improved dramatically. Faist had corrected the issues described above, and implemented an Environmental Management System that resulted in many improvements in health and safety and other aspects of the working environment.

For Faist, the incentive to act quickly was evident. After the first failed audit, the company was told it could not bid for further work from Ericsson until it took corrective action. That got the attention of Meik Andriani, chairman of Faist in China.

"What concerned me most was not the lost business but the impact on our reputation. We are glad that Ericsson took the time to ensure that we had the proper procedures in place. Without that, we would not have made these

changes as quickly as we did," says Andriani. "A safe working environment motivates our staff and reduces staff turnover, in addition to making us a preferred supplier."

The die-casting industry is one of the commodity areas that is part of Ericsson's risk-based supply chain pilot projects.

MARKETS
– COMMUNICATION FOR ALL

Opportunity: Expand business opportunities while boosting local economies and improving lives.

Challenge: Make communication affordable for those at the base of the economic pyramid.

Result: Conducted studies on use of mobile phones in Nigeria and Kenya to better assess the socio-economic contribution enabled by mobile communication. Launched pilot biofuel project in Nigeria.

Mobile phone: catalyst for empowerment

The mobile phone has become a major catalyst for social and economic empowerment in the developing world. Ericsson has targeted business strategies to increase the affordability and accessibility of communications in high-growth markets and is applying new and innovative business models.

For Ericsson, the markets of the developing world present an immense business opportunity and it is precisely the social and economic benefits of mobile communications that are attracting a growing number of low-income users.

Many studies link increases in mobile penetration with an increase in GDP. Worldwide, there are some 2.7 billion mobile subscriptions, and the total number of subscriptions could surpass three billion in 2007.

The business models of the Western world cannot be duplicated in emerging markets. Realizing the growth potential will require new thinking about how to profitably provide services to segments of the population earning between 2 and 5 USD a day.

Ericsson is working with new business models that support the company's vision to be the prime driver in an all-communicating world. Our initiatives drive business opportunities and bridge barriers for investing in technologies. These include facilitating shared networks among operators, franchising and micro-financing.

Bridging the barriers

For people in low-income countries struggling to make a living, a mobile phone helps boost income for households and small businesses; creates jobs; strengthens social networks and decreases the need to travel. Mobile networks also provide direct business opportunities for local entrepreneurs, such as selling the use of a phone, top-up cards, recharging, repairs and retailing. In countries hungry for economic development, the mobile phone will play a vital role in shaping a better future.

Yet one-third of the developing world's rural population still lack mobile phone coverage. Barriers range from subscribers' inability to afford air time or top-up cards, to lack of basic infrastructure, to the lack of a mobile network. Many operators are not yet convinced that there is a sufficient business proposition to invest in low-income areas. The regulatory environment can also be prohibitive, with high taxes or tariffs slowing growth in subscriptions.

For some users in emerging markets, each phone call is seen as an investment in a better life. This is a fundamental difference between the less and more developed markets. A mobile telephone has considerably greater impact for a poor family than a wealthy one. Ericsson will continue developing cost-efficient and profitable ways of using mobile communications to reach less affluent markets, with solutions that empower people's lives.

MOBILE SUBSCRIPTIONS

Source: Ericsson
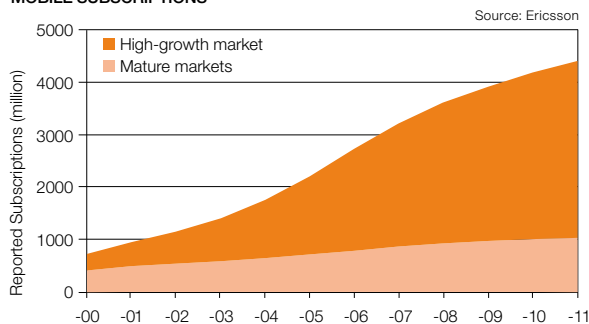
Over the next five years, over 80 percent of new subscriptions are expected to come from high growth markets, with the most significant growth coming from India and China.

Using biofuels to power remote areas

In 2006, Ericsson piloted a project to power mobile networks using biofuels. In remote areas in emerging markets, one of the greatest challenges is unavailable or unreliable sources of power. Diesel generators are often used, which have negative environmental consequences, and remote network expansion has high associated costs with fuel transport and related logistics and security.

To bridge these challenges, Ericsson, the GSM Association's Development Fund, and pan-African operator MTN launched a biofuel pilot project in Nigeria in 2006. The project aims to demonstrate the potential of biofuels in replacing fossil diesel as a power source for mobile coverage in remote areas. Biofuel is being piloted as a way to reduce network costs and increase network reliability through cleaner and more reliable fuel sources. The project will minimize reliance on fossil fuel energy, with an expected 78 percent reduction in CO_2 emissions. It is also intended to contribute to making mobile communication more accessible and affordable for end users.

Ericsson's solution includes the network infrastructure as well as the biodiesel processing equipment. The establishment of a supply chain that sources locally produced raw materials was also part of the pilot project. In Nigeria, soy, jatropha or a combination of both will be used to meet the energy needs of the initial pilot, which will include three rural base station sites. In the long term, the project will seek to use non-edible crops as more supply becomes available, and will also follow the environmental principles established by UN Environment Programme for biofuel production.

The project seeks to directly stimulate local economies by providing jobs both in agriculture and through new revenue streams created via biodiesel bi-products. These include a "cake" for fodder, and glycerine, which can be used to make soap or fertilizer. It is hoped that improved access to communication will lead to additional ripple effects in the economy.

A second biofuel project with Idea Cellular in India was announced in early 2007 for the Pune, Maharashtra area. 72 percent of India's population resides in approximately 600,000 rural villages, the majority of which do not have access to a mobile network.

↗ **Online:** More on the biofuel pilot.

Mobile phones spur opportunity in Africa

The potential of mobile phones to boost social and economic development was the focus of studies conducted in Kenya and Nigeria by Ericsson Consumer and Enterprise Lab in 2006.

The studies spanned groups in both urban and rural settings, with and without network coverage, who earned between 2 and 5 USD a day. Those interviewed considered a mobile phone a necessity for a better life.

The study identified five themes for a networking society, including how mobile phones contribute to strengthening social networks and to generating income.

People in this segment are also willing to spend proportionately more of their income on communications (between 10 and 40 percent) than those in developed markets.

People felt mobile phones helped them save time and money. They can call ahead to find out if a customer needs a service or product, or determine if a relative is at home, before making a long, unnecessary and sometimes dangerous journey by foot or vehicle.

Mobile phones spurred new opportunities for entrepreneurs, such as selling top-up cards, repairing phones and selling recharging services for subscribers in communities with no electricity. Mobile phones also improved overall access to health care and education, the studies found.

Grameenphone opens information gateway

Access to Internet-based services is now readily available to people living in the rural areas of Bangladesh. Grameenphone, the country's largest phone company, has set up Community Information Centers in rural areas to make shared voice, Internet and data available to those at the bottom of the economic pyramid. A wide range of information, including health, job searches, market prices on agricultural produce, government services and video conferencing with relatives are some of the services now easily accessible.

Piloted in February 2006, the centers provide access to the Internet and other information-based services through Grameenphone's nationwide EDGE connectivity. The centers are located in areas where the nearest point of Internet access can be as much as 20-30 kilometers away. There are more than 500 centers, each serving some 40,000 people.

The centers are franchised, independent businesses run by a local entrepreneur. Each center is equipped with a minimum of a computer, printer, scanner, web-cam and an EDGE-modem to connect to the Internet. The centers generate expected revenue of USD 6-7 a day, and cost around USD 1,000 to establish, making them financially viable within a year.

An affiliate of Telenor AS of Norway, Grameenphone has more than 11 million mobile phone subscribers as of January 2007. In cooperation with the Grameen Bank, the Nobel Peace prize winning micro-credit pioneer, Grameenphone had also introduced the internationally acclaimed Village Phone Program, providing universal access to people in rural areas who typically cannot afford to buy a regular subscription. It also enabled poor village women to earn a living by retailing mobile phone services in villages.

Since its inception, Ericsson has been sole supplier to Grameenphone's network, setting up its infrastructure, including the design, implementation and commissioning of the GSM network. Ericsson's EDGE solution enables the information centers to provide services such as Internet and video conferencing. Ericsson also supplied the centers with fixed wireless terminals. The centers were launched in cooperation with the GSM Association Development Fund.

↗ **Online:** More information on Grameenphone and GSMA Development Fund.

Today's new users are tomorrow's advanced users. Community Information Centers are expanding access to data and Internet in Bangladesh.

EXPANDING THE MOBILE COMMUNITY

Making communication affordable and accessible for all requires business and technical innovation that attract lower-income subscribers while generating a positive margin for services delivered to all income segments.

Ericsson's approach is built on a set of services and products that are economically feasible for both operators and end-users and expand the mobile community:

- **Maximize network utilization** by attracting new subscribers and through revenue management solutions that enable operators to meet different needs by offering subscription packages such as re-fill values for pre-paid cards in more affordable denominations.

- **Provide empowering applications** that empower users by opening up new income opportunities, especially for the self employed and micro-businesses. Empowering services enabled by mobile communication include the ability to access information, to pay with transferred airtime and make financial transactions.

- **Expand the networks cost-efficiently,** for example through optimized coverage and capacity solutions.

TECHNOLOGY – TRIGGERING CHANGE

Opportunity: Drive telecom innovation to contribute to more sustainable societies.

Challenge: Differentiate Ericsson as the provider of solutions that trigger change.

Result: Launched services to improve quality of life, increase productivity and efficiency. Supported centers that spearhead research on the role of communications in a sustainable world.

Revolution in the air

A sustainable society requires building a dynamic world that lives within its natural limits and enabling quality of life for its citizens. Broadband technology can help us to get there.

Broadband technologies have the potential to strengthen local economies, social and community networks and can reduce society's environmental footprint. Teleworking, enabled by faster data communications with greater capacity, can reduce reliance on transportation. With an online administrative system, public services can be more cost-efficient and delivered when and where people want them.

With our full-service broadband capabilities, Ericsson is poised to play a proactive role in this revolution. 2006 acquisitions strengthened our fixed broadband portfolio. In addition to providing the infrastructure, Ericsson is active in developing end-user services that are enabled by this technology (p. 22).
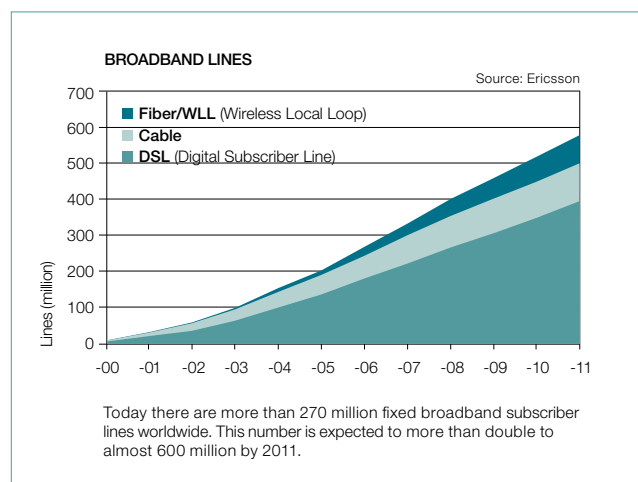
Changing demographics will spur the demand to revamp health care systems in all societies – to cut waiting lists, improve patient care and drive overall efficiencies. In 2006, Ericsson Health Solutions launched the second release of a

telemedicine solution for outpatients with chronic illnesses such as heart and lung disease. Through the solution, non-critical patients can return home with devices to monitor their vital signs, reducing costs for care, as well as enhancing patients' sense of security and doctors' insight into patients' well-being.

By fusing different mobile technologies, patient parameters like blood pressure and heart rate are transferred to medical specialists situated far away from the patient. The system is designed for easy use by patients and integrates a secure web interface for doctors to access measurement results in the hospital. The solution is based on Bluetooth, an Ericsson invention, General Packet Radio Service (GPRS) that provides the mobile communications, and Wireless LAN that facilitates multi-access in hospitals.

In 2006, it was the first product of its kind to be CE labelled in accordance with the EU Medical Device Directive. Ericsson complies with ISO 13485, a quality management certification for medical devices.

BROADBAND LINES

Source: Ericsson

- **Fiber/WLL** (Wireless Local Loop)
- **Cable**
- **DSL** (Digital Subscriber Line)

Lines (million): 0, 100, 200, 300, 400, 500, 600, 700

-00 -01 -02 -03 -04 -05 -06 -07 -08 -09 -10 -11

Today there are more than 270 million fixed broadband subscriber lines worldwide. This number is expected to more than double to almost 600 million by 2011.

THE INTELLIGENT NETWORK

BT is building an advanced communications network, 21st Century Network, that consolidates 16 separate network platforms into one. This infrastructure investment has the added benefit of taking the UK one step further towards a more sustainable society. "In a low-carbon world one thing is clear – we need to make efficient use of our available resources in inclusive ways that drive economic productivity. This will require intelligent energy and transport infrastructures that deliver relevant information to businesses and consumers," says Chris Tuppen, head of Corporate Responsibility at BT. Ericsson is BT's supplier of the i-node – the intelligence of the network that controls the services.

A launch pad for sustainable communications

Bring together engineers, designers, architects, psychologists, and media experts. Inspire them to shape communication technology to meet the needs of sustainable growth. What you get is fertile breeding ground for ways to enhance virtual communication which can slow the impact of climate change. That's the idea behind the Centre for Sustainable Communications at Sweden's Royal Institute of Technology (KTH). Ericsson had a leading role in establishing the Centre in 2006. The Centre will help Ericsson's efforts to further define how advanced communication technologies help create more sustainable societies.

Funding will be provided by Vinnova, the Swedish government agency for innovation systems, KTH, and industry, for a total annual budget of about 20 MSEK for ten years. The Centre is operational from January 2007, and will conduct analysis and research on the use of ICT in a sustainability context.

By 2009, the Centre is expected to employ 10 to 15 researchers. Ericsson's know-how and expertise is made available to the Centre.

Online: **More on the KTH Centre.**

Academic partnership with China

Also in 2006, Ericsson and the Stockholm School of Economics agreed to create a program aiming to generate in-depth knowledge of Chinese business and economics and its impact on global trade patterns. The program will create a base for a unique competence center at the Stockholm School of Economics. Sustainable economic growth and development are among the key research areas.

China has established itself as a crucial player in the world economy and has emerged as one of the most important strategic markets. China continued in 2006 to be one of Ericsson's key high-growth markets. The program will bring insight into the complexity of Chinese business and economics and strengthen Ericsson's and Sweden's relations with China.

China's future economic development will depend crucially on efficient use of natural resources; indeed, how China uses resources like energy has ramifications

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MAKING CONNECTIONS

ICT has the ability to make new connections for people and societies. In the process, it can substitute carbon-intensive travel for more virtual alternatives, bridging the digital divide, and facilitating education, social inclusion and health care. Here are a few examples of where Ericsson is putting the most advanced technology into practice.

E-commerce: Micro-payments using mobile phones open opportunities for people in the middle and lower levels of the income pyramid. Ericsson's pre-paid solutions enable airtime transfer of financial transactions and are increasingly being used by mobile subscribers as a virtual currency. This approach to monetary inclusion stimulates economic growth.

E-government: Increases transparency of government functions, with greater efficiency and a stronger relationship between citizens and government. In 2006, Ericsson announced that it is supplying an optical-cable network to connect all households, institutions and companies in Bolý, Hungary, population 3,500, to a broadband network. This will enable future applications like e-government, telecommuting, e-learning and remote health care for the benefit of local communities.

E-health: Delivers better patient care, streamlines doctor's administration and reduces health care costs. Ericsson launched a nation-wide system to electronically manage health care data in Croatia in 2006.

E-learning: Enhances inclusive learning. In 2007, Ericsson will cooperate with Stanford University to explore the use of mobile technology to provide environmental education for university students in three countries in sub-Saharan Africa.

Internet connection for all mobile broadband speeds equal to those on a fixed line can be provided cost efficiently and easily to those living in rural areas. Ericsson has delivered a WCDMA/HSPA network to Telstra in Australia, covering 98 percent of the population, providing high-speed Internet connectivity to everyone, including farmers in the outback. The South African operator MTN has used its HSPA delivered by Ericsson to provide an Internet café with broadband speeds in a poor township, enabling easy access to job sites.

Online: More on Ericsson's e-solutions.

globally. China is the second largest emitter of green-house gases after the US. The country committed to a five-year plan in 2006 to bring emission of greenhouse gases under control and reduce energy consumption per unit GDP by 20 percent.

The program is being initiated in early 2007 with Ericsson and the Stockholm School of Economics as co-founders and is guided by active input from representatives from Ericsson, the Stockholm School of Economics and the China Center for Economical Research at Peking University.

WWF: Solutions for climate change

The Worldwide Fund for Nature (WWF) has a vision for achieving a more sustainable world that puts ICT companies like Ericsson in the driver's seat.

In 2006, the need to take action to address climate change reached a tipping point. The WWF argues for the decisive role of the ICT sector in their "Saving the Climate @ The Speed of Light" campaign. Carbon-reducing technologies include flexi-work, video- and audio-conferencing, e-learning and e-health. Dennis Pamlin, global policy advisor for WWF, addresses the opportunities and challenges.

Why is the ICT industry in the driver's seat when it comes to climate change?

This sector is used to rapid changes, is highly innovative, and has a service focus, which puts it in a unique position to find solutions. Companies like Ericsson have an opportunity to assume a leadership role in seizing opportunities that will benefit its business and society.

What is preventing greater take-up of ICT solutions that actually save CO_2?

The lack of take up is not due to lack of technology or too high costs. It's primarily about the persistence of old values and old management structures often combined with the wrong incentive structures. It's important to show that sustainable solutions are cost-efficient and smart as well as environmentally sound.

Are there rebound effects from greater access to information that cancel out the advantages?

There are rebound effects but it depends on the frame-work. Increased air travel isn't necessarily a rebound effect of the information age. We don't take into account the environmental costs of aspects of modern life such as cheaper flights and trends such as more leisure time for vacations that drive increased air travel. There is big potential for reduced business flights through video-conferencing, but there is also a need for travel. We must make realistic, balanced decisions.

How can Ericsson address the climate change challenge?

Ericsson should aggressively promote use of broadband technology, fixed and mobile, to lower transport needs. This would show decision-makers that new technology can increase efficiency as well as quality of life at the same time as we reduce CO_2. Such technology can also help address the key challenge—sustainable urban solutions, especially in the mega-cities of emerging markets. It's important to encourage emerging markets like China not to lock into unsustainable solutions. ICT technologies can help them leapfrog in their development and lessen the impact of climate change. These are solutions that more advanced economies need as well.

Online: **View the interview.**

Dennis Pamlin,
Global Policy Advisor, WWF

ENERGY AND ENVIRONMENT – DELIVERING SOLUTIONS

Opportunity: Decrease environmental impact of our products by applying a life-cycle approach.

Challenge: Exceed customers' increasing expectations to cut energy use throughout our product portfolio.

Result: Improved energy efficiency of products. Implemented key European Union legislation and applied it globally for hazardous substances and product take-back.
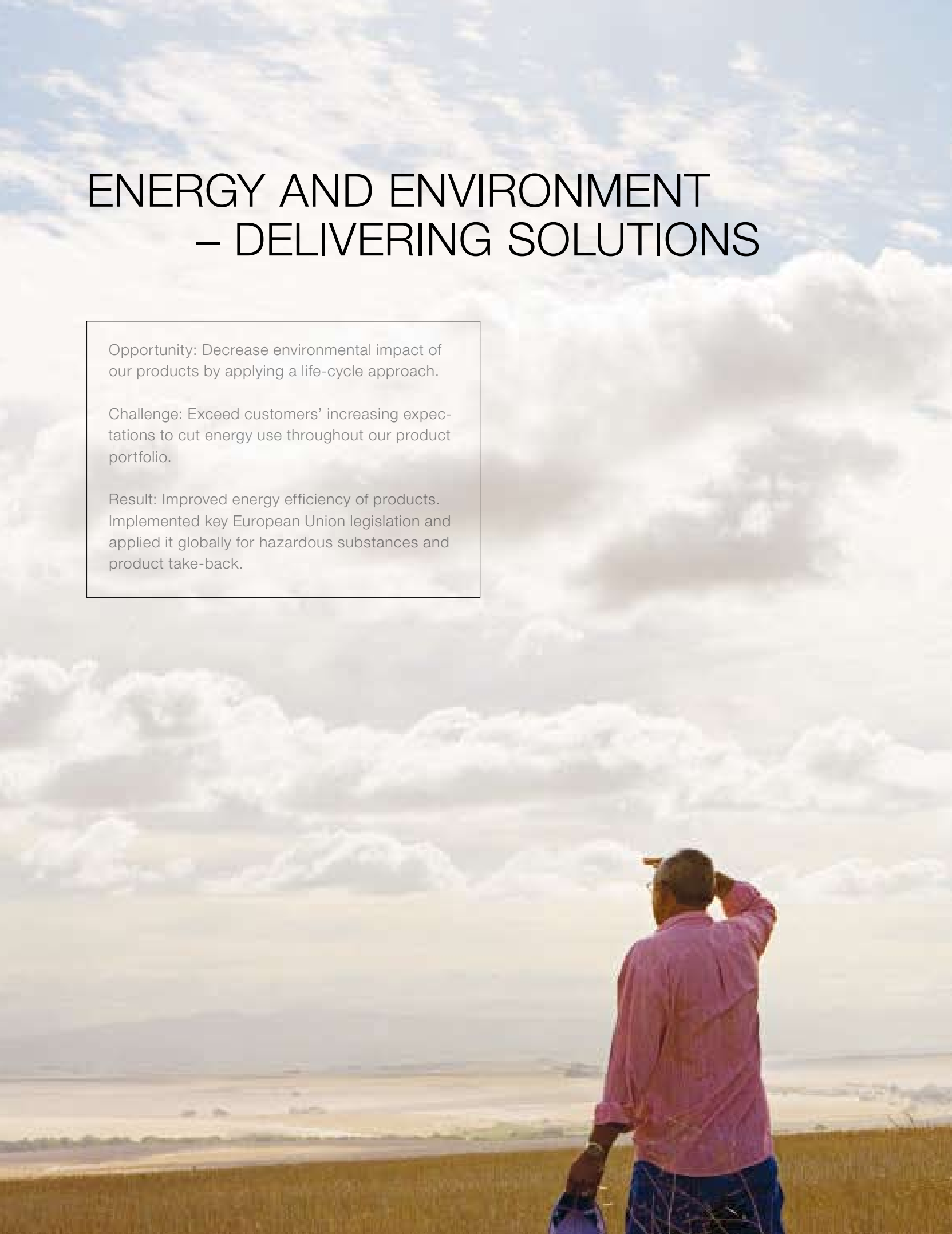
Energy lean

Energy consumed by our products in operation represents a significant environmental impact as well as one of the highest costs. Cutting energy consumption is vital to both Ericsson and our customers.

Compared to other industries, the telecom industry has relatively low CO_2 emissions. Ericsson's estimates show that the telecom industry in 2006 was responsible for 0.4 percent of global primary energy consumption and 0.3 percent of CO_2-equivalent emissions. Mobile telecom's CO_2-equivalent was 0.09 percent, assuming 2.6 million subscribers.

Our life-cycle assessment (LCA) of Ericsson GSM and 3G (WCDMA) mobile networks show that 52 and 54 percent of CO_2 emissions respectively occur when the networks are in operation (p.29). This is compared to 3 percent of the direct CO_2 that are emitted from Ericsson operations. This places the use phase in sharp focus.

Ericsson has defined aggressive targets to cut energy consumption. For our 3G radio base station portfolio, the target is an 80 percent total energy efficiency improvement between 2001 and 2008. In 2006 we achieved a 35 percent efficiency improvement, exceeding the incremental objective of 25 percent (graph).

We address energy efficiency and consumption by optimizing individual products, the total product portfolio, and network design, as well as through use of renewable energies (p.18 and 28).

Ambitious goals for products have reduced consumption rates considerably. New radio base station products from 2006 onwards with lower energy consumption will save about 2.2 million tons of CO_2, over their average ten-year life span.

CO_2-smart solutions

There are a number of ways in which Ericsson is reducing energy consumption. Ericsson's main-remote radio base stations cut energy by two-thirds through the elimination of feeder loss which typically occurs between a standard base station on the ground and the antenna. This tower-mounted radio base station also uses natural cooling requiring no fans, and reduces the amount of back-up batteries.

Ericsson Power Modules' DC/DC converters and regulators are components widely used in radio base stations. Efficiency improvements directly impact the need for fans and cooling systems in radio base stations. Modules based on digital power management will reduce energy further. In 2007, based on digital control technology, Ericsson Power Modules will release a 95 percent efficient voltage regulator, unique to the industry. The market standard efficiency ratio is 91 percent.

Micro base stations consuming less power are a viable alternative for areas not requiring wide coverage.
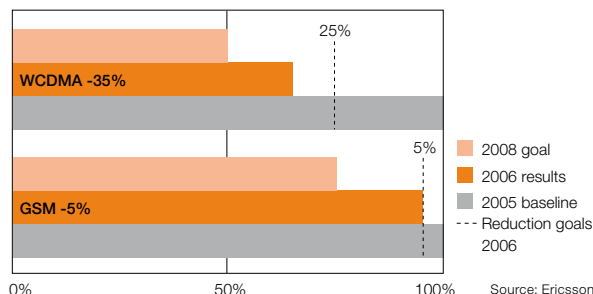
As of 2007, GSM radio base stations will feature standby capability during low load, saving between 10 and 20 percent of energy when the base station is in use, depending on traffic patterns. The feature will operate with all Ericsson radio base stations introduced from 1995. When considering the entire Ericsson installed base, this could save 1 million tons or more of CO_2 per year.

Enclosure (shelter) cooling has been optimized to utilize the benefits of the new high-performance radio base station-portfolio, further reducing site energy consumption.

AVERAGE RADIO BASE STATION ENERGY CONSUMPTION

During 2006, Ericsson mapped electricity consumption during use of all our main products. The largest volume products are radio base stations (RBS) representing approximately 75 percent of Ericsson's indirect CO_2 emissions.

- 2008 goal
- 2006 results
- 2005 baseline
- Reduction goals 2006

WCDMA -35% · 25%
GSM -5% · 5%

0%　50%　100%　Source: Ericsson

The time to act is now - interview with the CEO

A sense of responsibility to future generations and a commitment to channel Ericsson's communications leadership into positive solutions inspires Ericsson President & CEO Carl-Henric Svanberg's approach to climate change.

By harnessing the power of communication, Ericsson can drive sustainable solutions that address daunting environmental challenges. In the view of Ericsson President & CEO Carl-Henric Svanberg, the opportunities for Ericsson to make a positive contribution to a low-carbon future are substantial, from reduced energy consumption in products to a virtualised society that offsets physical transport. In his words, "The time to act is now."

As a telecommunications leader, Ericsson has positive solutions to offer in meeting the climate change challenge, says Carl-Henric Svanberg, President & CEO of Ericsson.

Q: **Why is climate change one of your top personal concerns?**

A: While the world has always experienced climate swings, scientists agree that the global warming we see today is a human-induced problem. I have always been an outdoor person, in the mountains when I was a kid and later with my family on sailboats and I can see that our environment is changing. I just learned this winter that banks no longer provide credits for investments in ski resorts below 1500 meters in Switzerland simply because there's too little chance of snow. These are just small signs that we are facing a serious issue that demands action from governments and society. But that won't be enough – we have to take responsibility as individuals and we have to be involved as companies, too.

Q: **What role can Ericsson play to shape a more sustainable society?**

A: Ericsson can play a role through our advanced communications technology and solutions. With great communications, people don't need to travel as much. Maybe we can't eliminate travel, but at least we can limit the growth of travel. In our globalized society, we work increasingly in international teams, located in different parts of the world. With advanced e-conferencing, we can communicate in such a realistic way that it feels like we have met.

Communications can also pave the way for more sustainable cities and infrastructures. Ericsson is today providing solutions in a number of places around the world that bring broadband services to cities through metropolitan-area, fiber-optic telecommunications networks, linking government offices, hospitals, schools and universities, cultural and sporting centers as well as the police force and fire service. This makes possible initiatives like e-government and e-health.

Q: Does advanced communications offer similar opportunities in emerging markets?

A: Absolutely. I think advanced communications are even more important in emerging markets where logistics and transport are more difficult. I remember when I worked in Egypt in 1979, the limited telecommunications at that time meant I had to travel a couple of hours simply to find out if the customer was there. If I was lucky, I could book a meeting and then, once I was home, send a telex to tell my colleagues from Sweden to come for a meeting. When we arrived, the customer was not there, so we had to book another meeting. Today, mobile communications makes the situation dramatically different.

For example, mobile broadband speeds equal to those on a fixed line can be provided cost efficiently and easily to those living in rural areas. In South Africa, we have provided MTN, one of our customers, with a high-speed network solution (HSPA) in a poor township. Among other things, this provided an Internet café with broadband, enabling easy access to job sites.

We're also involved in two research activities. Together with the Royal Institute of Technology in Stockholm at the Center for Sustainable Communications we are looking at the importance of communication for sustainable development. With the Stockholm School of Economics and China Center for Economical Research at Peking University we have established a competence center in Stockholm looking at China's economic development, with the environment and sustainable development as one of the main research topics.

Q: How do Ericsson's products and solutions help our customers reduce their CO_2 emissions?

A: Well, let me give you a couple of examples of what we do to reduce CO_2 emissions together with our customers. The new generation of WCDMA radio base stations from 2008 will use 80 percent less energy than the ones we installed in 2001. We are also offering a standby option for our GSM radio base stations that when used for our entire installed base would save up to a million tons of CO_2 emissions per year, or actually 10 million tons over the average lifetime of the equipment.

We're also working on how to fuel our radio base stations in emerging markets. For example, we are piloting a project in Nigeria using biofuels. This pilot addresses challenges around providing coverage in areas off the electricity grid. At the same time, biofuels are an alternative energy source that reduces CO_2 emissions.

Q: What are the key risks of inaction, for Ericsson and for society? What are the opportunities?

A: It is not a question of risks and opportunities; I don't think we should view it that way. We simply need to act. Members of our management team met the chief of an Indian tribe from North America not long ago who shared with us that every decision taken in the tribe must be considered in terms of its impact on seven generations. That kind of perspective makes it very clear that society has become too shortsighted. We have a responsibility to future generations. It is in our hands.

Q: What gives you hope that we can meet the challenge of climate change?

A: Climate change is certainly one of the greatest challenges the world has faced. This creates a lot of anxiety among people, and it can seem overwhelming. But there is also hope and there are signs that I think are very positive. Awareness has grown tremendously over the past few years, not just among individuals but also among politicians and companies all over the world. Together, as private individuals, with government commitment and with large companies taking a role, if we all pull in the same direction, we can make a difference – and we can't forget the role that technology can play.

Tapping energy alternatives

Alternative energy sources are increasingly gaining ground, both to reduce the use of carbon-intensive fossil fuels and to find cost-effective alternatives.

There are many options for more sustainable power supplies: wind power, solar power, fuel cells, micro-turbines and biofuels. Ericsson sees increasing customer interest and demand for "green" sites and is responding to the market with innovative solutions which are mainly suitable for areas that are not part of the electricity grid, or with unreliable energy sources. Off-grid sites are in most cases powered by a diesel generator that needs fuel supply and regular maintenance. In contrast, green sites can help reduce total cost of ownership for operators through reduced logistics and maintenance costs.

Ericsson's strategy for green sites is two-fold:
- To design optimal site solutions that combine renewable sources based on locally available sources.
- To introduce products that reduce energy consumption and to improve the energy efficiency of the total product mix. For example, new radio base stations that can operate at a higher temperature cut the power consumption needed for cooling the site. This opens the door to using renewable energy sources.

Approximately 100 solar-powered sites are currently in operation, primarily in Morocco, Algeria, Ethiopia and Mexico. Pilot projects utilizing biofuels were underway during 2006 (p.18).

Ericsson's main remote, tower-mounted radio base stations cut energy consumption compared to those located on the ground.

Taking a global approach

Ericsson met the July 1, 2006 compliance deadline for the European Union (EU) Directive on Restrictions on the use of certain Hazardous Substances (RoHS). This is due to a rigorous process to ensure that the entire product portfolio met the restrictions. During 2007, work will continue to successively reduce the use of EU-approved exemptions. By 2008, all RoHS substances will be phased out globally.

Ericsson's Ecology Management Provision, part of its environmental management system, covers all electronic waste both from customer and internal operations, and has done so since 2002. Ericsson is compliant with the EU Waste Electrical and Electronic Equipment (WEEE) Directive, which came into effect in August 2005. The Directive guided establishment of the Provision, although Ericsson's program is global and includes all products in all markets.

In 2006, Ericsson joined the UN StEP (Solving the E-Waste Problem) initiative to standardize recycling processes globally, extend the life of products and markets for reuse, and harmonize legislative approaches.

Ericsson's Design for Environment program sets guidelines for developing products with improved environmental performance and reduced impacts. Priorities in 2007 include design for recyclability, a reduction of energy consumption and lead-free soldering.

Ericsson site solutions run on solar power in Morocco.

Stepping lightly

Ericsson has a comprehensive approach to managing environmental issues based on the precautionary principle, including a Group Environment Management System that has been certified according to ISO14001 since 2001.

We measure our impacts comprehensively. In this report we focus primarily on the reduction of CO_2 emissions, as our LCA consistently points to this factor as our most material impact. Data on environmental performance indicators, including water use, emissions, effluents, waste, and materials use, as well as our management approach is reported in an online extension of this report, as in accordance with the GRI G3 guideline.

In 2006, the average electricity consumed by Ericsson emitted approximately 0.26 kg CO_2 / kWh when produced, while the world average of electricity production emitted 0.5 kg/kWh. In Sweden, where Ericsson has the bulk of its operations, the energy mix is predominantly non-fossil fuel. In total, Ericsson operates 18 manufacturing facilities, the largest of which are located in Sweden, India, China, Brazil and Italy.

Our operations represent 3 percent of Ericsson's combined direct and indirect CO_2-related impact (graph below). Direct impacts are estimated at 730,000 tons for 2006. The majority of these emissions are associated with transports of products – 440,000 tons. Our sites and travel represent 290,000 tons CO_2, which includes approximately 24,500 tons CO_2 from production at manufacturing sites. The Greenhouse Gas (GHG) Protocol was referenced in calculating CO_2 emissions associated with transport.

CO_2 emissions from transportation of our products to customers represent 60 percent of our total direct CO_2 emissions. Given the ongoing consolidation of production facilities, products are increasingly transported over greater distances, with a significant dependence on air transport. However, more shipping by boat coupled with the ongoing trend to cut the volume and weight of our products reduced air transport in 2006. Ship transport was used 20 times more often in 2006 compared to 2003.

Air transport represented 70 percent of total product transport (measured in weight times distance) in 2005 and 63 percent in 2006. Surface transport represented 30 percent of our transportation in 2005 and 37 percent in 2006. Use of surface transport will continue to increase.

There was a slight increase in emissions from electricity use as well as air and car travel compared to 2005, due in part to the increase in employees through acquisitions.

↗ Online: **More on energy use, data on performance indicators, management systems and controls.**

LCA RESULTS FOR GSM AND WCDMA END 2006

GSM and WCDMA are similar in terms of CO_2 per subscriber. However, there is far greater functionality in a WCDMA network, potentially eliminating the need for multiple end user electronic devices. This calculation reflects a built out WCDMA network and assumes an average utilization of network capacity.


GSM 24 kg / subscriber and year

WCDMA 29 kg / subscriber and year
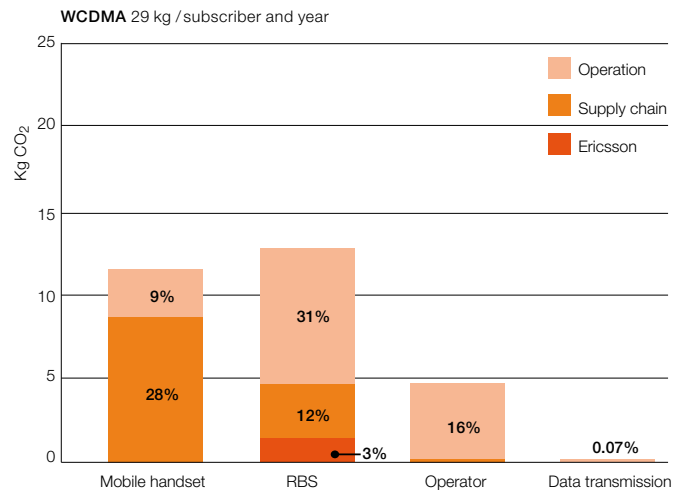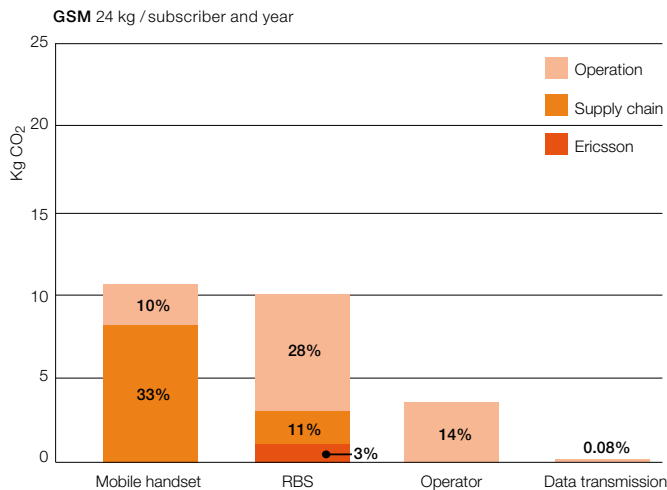
PEOPLE-
THE KNOWLEDGE FACTOR

Opportunity: Create a diverse workforce that serves our global customer base and inspires innovation.

Challenge: Identify and strengthen the right competence to keep a step ahead of a rapidly changing world.

Result: Formulated a Group Diversity Policy. Set up global learning function and strengthened competence development.
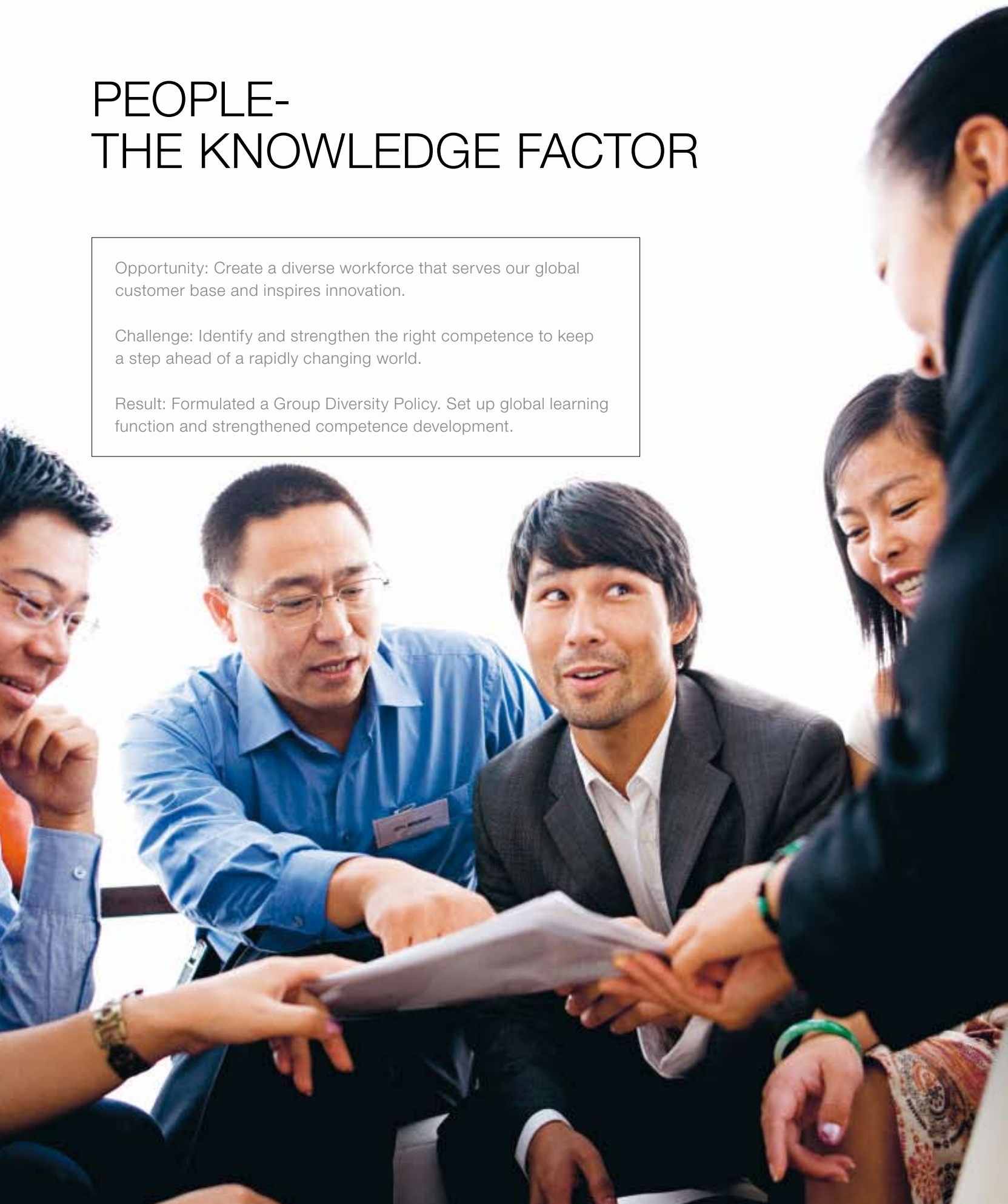
Broadening horizons

In a fast-changing world, with knowledge at a premium, core values provide a solid foundation to meet future challenges.

To be guided by core values and yet open to what is new and challenging is the hallmark of successful companies. Ericsson's core values of professionalism, respect and perseverance define how we treat each other, our customers and our business partners. Ericsson is also a learning organization. As our business evolves in pace with a changing world, our employees need the right competence. The diversity of Ericsson's global organization powers innovation and learning, and strengthens the importance of the Group's core values.

Ericsson seeks to be the employer of choice in the more than 140 markets where it operates. Ericsson's strong culture is a key to successful attraction and retention of employees. In Sweden, where one third of all employees are based, Ericsson is consistently ranked as number one or two in Universum surveys of Swedish engineering and science graduates' ideal employers. Sony Ericsson often holds the other top ranking.

Tailored to the individual

Employees at Ericsson are expected to have annual Individual Performance Management (IPM) discussions with their managers to align business targets with individual goals. These are followed up at least twice yearly. In 2006, 83 percent of employees had undergone IPM evaluations. As of 2007, there are quantified targets set to ensure that competence plans are formulated for each individual in the organization. The target for 2007 is to reach 90 percent of employees.

Employees' perception of Ericsson is tracked in an annual employee survey, Dialog, in which over 90 percent of employees responded in 2006. The survey captures valuable employee feedback on many aspects of operation, including corporate responsibility-related issues such as diversity.

New approach to learning

Learning is seen as an important component of our corporate culture and can occur in many ways – structured and unstructured, formal and informal. Competence management is aligned with our business requirements as well as job profiles and roles, and supports talent management in order to prepare Ericsson's next-generation leaders and employees. An effective learning process enables people to grow and expand into new areas supporting our company vision.

In 2006, a global learning function was established under Group Human Resources and Organization with the objective to strengthen Ericsson's effectiveness as a learning environment.

For a global company, diversity is a competitive advantage that spurs creativity and innovation.

A global network of approximately 40 competence managers was formalized in order to capture the needs of our units and deploy initiatives more efficiently. A strategic competence assessment was conducted with 93 percent of Ericsson's organizational units in 2006 to set specific targets around competence. Also in 2006, a competence development network was formed to help ensure an efficient process on the local level to identify knowledge gaps.

Ericsson also started to measure some critical aspects of learning through the Dialog survey, such as management support of training and development, time dedicated to learning and IT learning support.

In 2007 Ericsson expects to launch new platforms for knowledge sharing, enhance training opportunities and more effectively distribute e-learning content.

Instructor-led training is handled both by external suppliers and Ericsson Education, which delivers most product- and technology-related training. In 2006, Ericsson Education delivered approximately 100,000 student days to our employees.

One of the most established programs managed by the global learning function is the Leadership Core Curriculum (LCC) that targets all first-time managers. LCC delivers a unified framework for people leadership for individuals that have line-manager responsibility. During 2006, LCC was delivered to approximately 900 managers within the Group.

In a rapidly changing world, Ericsson requires the right competence to ensure long-term growth. Success will depend on a combination of the right organizational processes, competence development and our people.

Diversity as a strength

In a globalized world, diversity is a competitive advantage. A diverse workforce enhances team performance at all levels and positively impacts our customers' success. A diverse workforce can better support business success for our global customers. Diversity also enhances our company and employer image and stimulates creativity and innovation. In 2006, Ericsson formulated a Group Diversity Policy and created a new full-time position at the Group level for a director of diversity initiatives, to be implemented during 2007. The policy underscores that all employees should have equal

Learning happens anywhere, anytime, and in a multitude of ways.

opportunities without discrimination, and that Ericsson prioritizes achieving a representative proportion of women and people of different nationalities and ethnic backgrounds at all levels of the organization.

Diversity priorities are defined at the local level and coordinated by a diversity representative. A system for reporting results of local diversity activities is set to be underway in 2007.

While all line managers in Ericsson are responsible for carrying out the global and local diversity initiatives, employees are expected to cooperate in the elimination of any discriminatory practices. Management and leadership training programs at Ericsson contain modules on promoting and managing diversity.

Towards greater diversity
Since 2004, all candidate lists for senior management appointments should include female candidates. There is also a focus on female executive potentials in the Management Planning Process and Executive Programs.

Such efforts have resulted in an increase from nine women among 45 men in Business Unit management in 2004 to 17 women among 47 men in 2006. There were also increases in the number of female managers at other levels of the organization.

Another objective is to increase the number of non-Swedish managers. This is a more challenging goal since 30 percent of Ericsson's organization is based in Sweden.
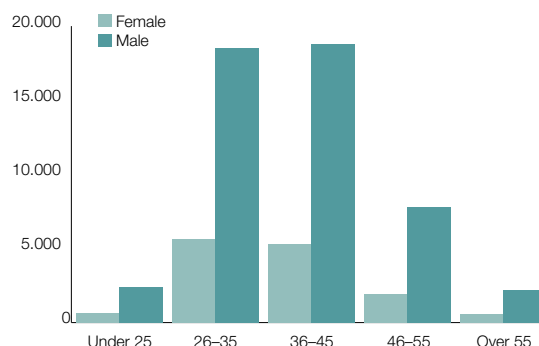
Diversity is embedded in Ericsson's core value of respect, and is thus central to how we define ourselves and our future direction.

"With a global workforce, we can be more effective in a global market," says Marita Hellberg, Senior Vice President of Group Function Human Resources and Organization. "A diverse team is a more creative team, and enhances the potential for innovative ideas and business solutions."

EMPLOYEES BY AGE
(percent)

- Under 25
- 26–35
- 36–45
- 46–55
- Over 55

45
15
38
38
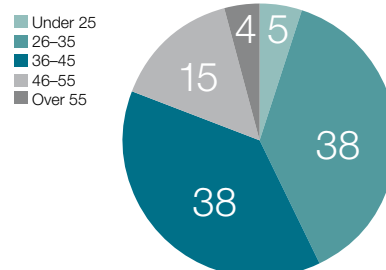
EMPLOYEES BY AGE AND GENDER

- Female
- Male

Under 25 26–35 36–45 46–55 Over 55

Health and safety

Ericsson's commitment to providing safe workplaces for employees is stated on the Group level. Our Code of Conduct is the Group policy that addresses fair and safe working conditions. It is the operational responsibility of the Managing Director at each country entity to turn this policy into practice. Our approach addresses the twin purposes of tailoring strategies to local laws as well as addressing the varying nature of our business operations – from factories and office environments to network rollout activities.

Production and laboratory environments require health and safety procedures unique to their working environments. The Group has 18 primary manufacturing and assembly facilities. Currently, employees working in manufacturing represent 5 percent of Ericsson's global workforce.

All premises have invested in ergonomic office assessments, several units also have gym facilities, physical training courses and health monitoring services.

Network rollout is a global operation, active in many countries and covers more than 10,000 people, both Ericsson's own personnel and those employed by subcontractors. Ericsson's legal entities ensure that regulations are followed for safe environments and for working at heights. To support local operations, we have developed global training packages especially highlighting personal safety and work procedures. In addition, network rollout has more than 200 certified quality auditors carrying out post-workmanship audits of the installed sites.

All aspects of working conditions, including labeling and handling of chemicals, noise levels, temperature, ventilation, lighting and quality of, and access to, sanitary facilities are considered. Providing for a healthy workforce also factors into our ambition to be an employer of choice. All units focus on a range of activities to improve the well being of their staffs.

COMMUNITY
– COMMITMENT IN ACTION

Opportunity: Use our expertise to contribute to the social, economic and environmental development of the communities where we operate.

Challenge: Focus actions on issues most relevant to our business and where we have a real opportunity to make a difference.

Result: Formulated a Group policy on sponsorship. Conducted training for Ericsson Response volunteers.

Working closely with communities

With global operations, Ericsson is active in a diverse set of cultural environments. Our community involvement is driven at the country and market unit levels so that we can focus on the initiatives that bring the greatest value to each community.

Through a Group Sponsorship Directive, Ericsson has defined a common approach for engaging with communities to further social and environmental goals. The Directive, defined in 2006 and encompassing corporate responsibility as well as other commercial forms of sponsorship, provides a cohesive, transparent and uniform baseline for organizing local activities. This approach strengthens the Ericsson brand and the association with our core values.

Corporate responsibility sponsorship initiatives focus on applying our core business to making communication affordable and accessible for all, as well as on using telecommunications in social and environmental contexts. In 2006, projects ranged from scholarships, environmental protection to social and humanitarian aid such as disaster relief, health care and children's welfare.

Our approach provides a number of overriding benefits. Ericsson gains better insight into the activities supported by the company and, more importantly, it allows Ericsson to leverage our impact as a responsible member of the community. Direct local engagement generates a greater positive impact on the communities we are trying to serve. We are also better able to encourage and empower our employees to be positive agents in their neighborhoods.

In order to monitor how the Directive is applied, data on sponsorship activities will be systematically collated on Group level starting in 2007.

Emergency telecom aid

Ericsson Lebanon's Beirut office provided help to volunteers from Télécoms Sans Frontières (TSF) who arrived in the summer of 2006 to set up emergency telecommunication services in the war-ravaged nation. Ericsson in Beirut secured accommodation for TSF volunteers and provided office space in the Ericsson facility where aid workers had access to phone and Internet services, as well as other office support.

The TSF volunteers were invited to use the Ericsson office for as long as necessary before moving into areas where their help was most needed. With Ericsson's half a century of business experience in Lebanon, we were able to provide vital insight into the local situation and an immediate response in an emergency situation.

Support for Darfur

Ericsson North America, NASDAQ and several leading investment banks sponsored a fundraiser in 2006 to aid victims of the violence in Darfur. "Genocide Emergency: Darfur, Sudan" was organized by the US Holocaust Museum's Next Generation Board, which fights against genocide. Images from the genocide in Darfur were displayed on the NASDAQ MarketSite screen in Times Square to raise public awareness of the tragedy.

Ericsson helped create the Anna Lindh Professorship at the Kennedy School of Government at Harvard University to honor the Swedish Minister of Foreign Affairs assassinated in 2003. In 2006, Samantha Power, author of Pulitzer-prize winning book *A Problem from Hell*: *America and the Age of Genocide* and professor of public policy, became the first recipient of the professorship.

Getting a head start

Encouraging young entrepreneurs is the aim of the Ego Programme, an initiative of Ericsson in Italy since 2004. The program helps university students develop micro start-up companies and transform university projects into successful businesses in the telecommunications and ICT field. It is a partnership with the Italian government, the city of Rome, and three universities. The Ericsson Ego companies launch their ideas on the market supported by Ericsson resources and brand.

In 2006, the first Ego University Innovation Prize was awarded, and the Lars Magnus Foundation was established, designed to further Ericsson's involvement in social issues, such as promoting scientific and cultural developments, as well as education and professional training in the ICT field.

Helping troubled youths

In São Paulo, Brazil, nearly 200 youths have the opportunity for a fresh start through the Jovem Parceiro Program (Young Partner Program), sponsored by Ericsson. The program, initiated in 2000, is targeted at teenagers at social or personal risk, who have been expelled from home or been victims of violence or poverty. The aim is to help them to develop autonomy, responsibility and independence and to enlarge their future perspective.

The goal of the project is to help the teens stay in school or find jobs. To help them do this, Ericsson has involved 60 employees to provide mentoring and support. Once the youths are selected, they enter a one-year program to attend classes or seek employment. The final part of the program consists of one-month vocational orientation.

New life for old phones

Ericsson in Australia has joined forces with the Australian Mobile Telecommunications Association (AMTA) to encourage the recycling of mobile phones in an ongoing program called Mobile Muster. The aim is to collect old mobile phones and batteries to be melted down and recycled into new products rather than end up in a landfill.

The program collects and recycles mobile phones, batteries and accessories from a network of over 1700 mobile phone retailers, local council, government agencies and business drop-off points across Australia. Employee involvement is encouraged through phone drop off points at all our main sites.

↗ **Online:** More on Mobile Muster.

Ericsson Response brings help to Sudan

Telecommunications is fundamental to the development of welfare, health and democracy, and provision of aid in any country. That is clearly missing in Southern Sudan, an impoverished region with a population of around 11 million, ravaged by decades of civil war, resulting in a severe lack of infrastructure and development.

At the request of the UN Office for the Coordination of Humanitarian Affairs (OCHA), Ericsson Response – the company's global initiative to provide disaster-hit areas with communications infrastructure – agreed in 2006 to set up its GSM network in Juba, Southern Sudan's capital, starting in early 2007. Through this GSM system, relief organizations can securely share their communication infrastructure, making it easier to coordinate missions and communicate with local organizations.

Through Ericsson Response, Ericsson uses its expertise and position as a global company to support a fast, coordinated approach to providing communications for hard-hit areas. Since the beginning of the program in 2000, Ericsson has trained over 200 volunteers for active duty, that also included comprehensive crisis training.

↗ **Online:** **For more information on Ericsson Response.**

Ericsson Response volunteers maintained their presence in Pakistan for nine months, until June 2006, following the 2005 earthquake. Two volunteers were in the field at all times to ensure the reliability of the communications infrastructure.

SONY ERICSSON

Social and Environmental Performance Highlights 2006

Ericsson and Sony Ericsson work closely within the area of corporate responsibility, together covering the full value chain for mobile networks and sharing a common vision of sustainability. In 2006, Sony Ericsson continued to phase out harmful environmental substances from its products and stepped up its commitment to monitor its supply chain.

Sony Ericsson, a 50/50 joint venture of Sony Corporation and Ericsson, was established in 2001 and is a provider of mobile multimedia devices, including mobile phones, accessories and PC cards. The company employs approximately 7,500 people worldwide. In 2006, volume and sales grew to 74.8 million units and EUR 10,959 million respectively.

There is a growing demand among customers for environmentally adapted products and services. To meet and exceed market expectations, Sony Ericsson aims to deliver solutions that help to reduce global resource consumption and emissions to air, land and water. The company has a Corporate Responsibility Code that applies to all Sony Ericsson operations as well as a Social Responsibility Code for its suppliers.

Sony Ericsson was the first in the mobile handset industry to phase out all brominated flame-retardants. Therefore it was well prepared to meet the requirements of the European Union legislation the Restriction of the Use of Certain Hazardous Substances Directive (RoHS), which took effect July, 2006. In 2006, all Sony Ericsson products manufactured were RoHS-compliant.

Brominated flame-retardants are important to eliminate, as they are persistent and bio-accumulative and can be hazardous to those recycling discarded phones.

Sony Ericsson made progress in 2006 towards eliminating polyvinyl chloride (PVC) in all its products, and as of 2007, all new phones and accessories will be PVC-free.

Phasing out hazardous substances

Sony Ericsson was the first mobile phone manufacturer with low-energy phone chargers and energy consumption continues to be a priority. It is working to reduce the amount of raw materials and components, since they consume most energy in phone manufacture.

The energy intensity of mobile phone manufacturing should also be seen in light of the increased functionality of advanced phones, which reduce the need for a user to have other electronic devices. An updated assessment of mobile phone manufacturing will be included in Ericssons updated mobile system LCA, scheduled for 2007.

Recycling

Sony Ericsson is participating in existing voluntary and required collection and recycling schemes in many countries around the world. It also works together with international organizations such as the UN Environment Programme to set up guidelines for proper management of products for recycling and reuse.

From August 2005 the EU Directive on Waste Electrical and Electronic Equipment (WEEE), requires organizations placing products on the market to organize and finance the collection and the recycling of end-of-life products.

NUMBER OF UNITS SHIPPED
(million)

Year	Units
2002	22.9
2003	27.2
2004	42.3
2005	51.2
2006	74.8
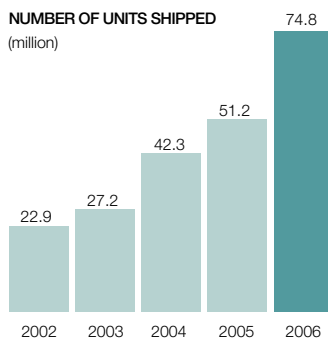
FEATURE RICH FUNCTIONALITY
In pace with growing sales of mobile phones, increased phone functionality contributes to reducing need for additional electronics, such as music players, cameras and alarm clocks. This reduces the overall environmental impact.

Sony Ericsson complies with the national legislation resulting from the WEEE Directive by joining collection and recycling systems for disposed electrical and electronic products. Our preferred partner is the European Recycling Platform (ERP) which was established by Braun GmbH, Electrolux AB, Hewlett Packard Co. and Sony in December 2002 with the aim of creating the most efficient pan-European collection and recycling scheme for consumers, the environment and industry.

In recognition that end users' behavior has a decisive impact on recycling, Sony Ericsson includes product declarations providing information about recycling.

Addressing Electromagnetic Field issues

All Sony Ericsson Phone models are designed and tested to meet relevant regulations and standards on Electromagnetic Fields (EMF) exposure. Sony Ericsson works closely with Ericsson on this topic and sponsors research together with the rest of the industry. Consumer information on EMF is provided with all new mobile phone models and is also available on the Sony Ericsson website.

Supply chain

In 2006, Sony Ericsson audited 20 percent of its supply chain in regards to the Supplier Social Responsibility Code. This included all major suppliers in Asia, considered a high-risk region for meeting social responsibility standards. The Code places expectations on suppliers to provide a safe workplace for employees, respect basic human rights, and apply proper ethical standards in all business dealings.

Sony Ericsson engages with suppliers to raise standards, so that they understand the importance of the Code and recognize it as a competitive advantage and part of their responsibility as an employer. In cases where there is insufficient willingness to make improvements, Sony Ericsson will take steps to end the relationship. In 2006, two potential suppliers were disqualified because they could not meet the Code. In 2006, Sony Ericsson and Ericsson cooperated in areas of

supply chain management, the formation of a common auditors network, LCA, research and design. These types of partnerships in the value chain help both companies adopt a more holistic and all-encompassing approach to addressing the sector's social and environmental impact.

↗ Online: **Sony Ericsson's social and environmental performance and product declarations.**

Information regarding recycling of used phones is included in every Sony Ericsson product declaration.

GRI REFERENCE

Ericsson compiled our 2006 Corporate Responsibility Report by taking into consideration the Global Reporting Initiative G3 Guidelines, which were released in late 2006. We are currently transitioning from G2 to G3 and in doing so have partially addressed G3 in this printed report.

The voluntary GRI guidelines are designed to provide a uniform way of benchmarking sustainability reporting among companies worldwide. Ericsson chooses to apply the GRI as one tool for systematically reporting on our performance as well as a way to provide extended information and data that is of interest to our stakeholders. We have been using the GRI as a guide in our annual corporate responsibility reporting since 2001.

Part of our GRI reporting has been reviewed by PricewaterhouseCoopers. The statement provided by PricewaterhouseCoopers is available online.

We provide additional information relating to the GRI G3 indicators and other disclosure items online at **www.ericsson.com/corporate_responsibility**

Opportunity: Drive change toward
a more sustainable society.

Challenge: Sustain trust in a
complex and changing world.

Result: Enduring value.

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