2010 Sustainability Report
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About Sony Ericsson

Sony Ericsson is a 50:50 joint venture between Sony Corporation and Telefonaktiebolaget LM Ericsson.

Sony Ericsson combines the strengths of its parent companies: Sony’s wide portfolio of consumer electronics technologies, as well as content and entertainment businesses spanning music, movies and games, and Ericsson’s wealth of competence in telecommunications technologies and close relationships with mobile network operators.

Since its establishment in 2001, Sony Ericsson has brought together the best communication technologies with the best entertainment user experiences and created its Xperia™ line, with the objective of offering consumers the most entertaining smartphones in the industry. The company’s vision is to be the Communication Entertainment brand, enabling people to create and participate in new experiences which blur the line between communication and entertainment.

Along with its global corporate functions in London, Sony Ericsson has sales and marketing operations in all major regions of the world, as well as manufacturing in China, and product development sites in China, Japan, Sweden and the United States.

2010 was a turnaround year for Sony Ericsson. After six consecutive quarters of net losses between 2008 and 2009, the company returned to profitability in 2010. In terms of product portfolio, Sony Ericsson extended its Xperia™ smartphone portfolio to the Android platform and in late Q1 2010 it started shipping its first Android based smartphone, the Xperia™ X10. This was followed by the launch of a number of Android-based Xperia™ smartphones during the year. The Xperia™ line and the introduction of Android represented a big shift in strategy, and over the course of 2010 smartphones generated nearly 50% of total sales, compared to a single digit number in 2009.

On October 1, 2011 Sony Ericsson will celebrate its 10th year as a joint venture between Sony Corporation and Telefonaktiebolaget LM Ericsson.
About the report

By making sustainability a central part of everything we do, both internally and externally, Sony Ericsson strives to be a leader in the industry.

In order to get the most out of our initiatives, Sony Ericsson works across the three areas of sustainability: economic, environmental and social. Sony Ericsson’s Sustainability Report 2010 comprises each of these areas and presents them in three sections: Corporate, Planet and People.

Unless otherwise stated, all information and data contained in this report pertains to activities undertaken from January 1, 2010 to December 31, 2010. The report examines aspects of Sony Ericsson’s activities all around the world, including our manufacturing facility, Beijing SE Potevio Mobile Communications Co., Ltd. (BMC).

The financial figures referred to in the report cover the period from January 1, 2010 to December 31, 2010. Sony Ericsson would like to thank all the people who have contributed to this report.

Information on our ongoing sustainability work can be found at www.sonyericsson.com/sustainability

If you have any comments or suggestions on this report, we are happy to receive your feedback at sustainability@sonyericsson.com

We welcome open dialogue with all stakeholders on our GreenHeart™ blog at http://blogs.sonyericsson.com/greenheart/

Forward-looking statements

This report includes forward-looking statements, including statements reflecting management’s current views relating to the growth of the market, future market conditions, future events and expected operational and financial performance.

The words “believe”, “expect”, “foresee”, “anticipate”, “assume”, “intend”, “may”, “could”, “plan”, “estimate”, “will”, “should”, “could”, “aim”, “target”, “might” or, in each case, their negative, and similar words are intended to help identify forward-looking statements. Forward-looking statements may be found throughout this document.

Although we believe that the expectations reflected in these and other forward-looking statements are reasonable, we cannot assure you that these expectations will materialise. Because forward-looking statements are based on assumptions, judgments and estimates, and are subject to risks and uncertainties, actual results could differ materially from those described or implied herein. Important factors that could affect whether and to what extent any of our forward-looking statements materialise include various factors that may be out of our control.

We undertake no obligation to publicly update or revise any forward-looking statements or potential inaccuracies included in this report, whether as a result of new information or future events.
For Sony Ericsson, 2010 was a year of change. After six consecutive quarters of net losses in 2008 and 2009, the company demonstrated four quarters of profitability in 2010 and an improvement of EUR 1.1 billion in income before taxes, excluding restructuring charges, for the full year.

Sony Ericsson also completed the company-wide transformation programme, launched in Q2 2008, improving cost of sales ratio, reducing the global workforce by approximately 4,000 people in total, consolidating facilities worldwide and decreasing annual operating expenses by more than EUR 880 million.

During 2010 Sony Ericsson consolidated a number of regional sales and marketing offices and product development sites to create a more efficient organisation. As of 2010 Sony Ericsson has focused its product development and R&D activities at four sites: Beijing, China; Lund, Sweden; Silicon Valley, United States; and Tokyo, Japan.

Financial Results for 2010
For the fiscal year January 1, 2010 to December 31, 2010 total consolidated net sales reached EUR 6,294 million. Income before taxes amounted to EUR 147 million, of which net restructuring costs were EUR 42 million, and net income after taxes was EUR 90 million. The number of units sold (excluding accessories) over the period was 43.1 million units.

<table>
<thead>
<tr>
<th></th>
<th>Q1 2010</th>
<th>Q2 2010</th>
<th>Q3 2010</th>
<th>Q4 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units sold</td>
<td>10.5</td>
<td>11.0</td>
<td>10.4</td>
<td>11.2</td>
</tr>
<tr>
<td>(million units)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>1,405</td>
<td>1,757</td>
<td>1,603</td>
<td>1,528</td>
</tr>
<tr>
<td>(EUR million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before taxes</td>
<td>18</td>
<td>31</td>
<td>62</td>
<td>35</td>
</tr>
<tr>
<td>(EUR million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>21</td>
<td>12</td>
<td>49</td>
<td>8</td>
</tr>
<tr>
<td>(EUR million)</td>
<td></td>
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</tbody>
</table>

Also, in terms of product portfolio, 2010 was a transition year for Sony Ericsson. Smartphones generated nearly 50% of the total sales in 2010, compared to a single digit number in 2009.

In 2011, the focus for Sony Ericsson is on achieving long-term profitability and ongoing operational efficiencies throughout the business. The company will continue to invest in the higher-end smartphone segment, using Android as the primary operating system. In addition to this we will continue the focus on preserving cash flow through tight financial management. The aim is to continue delivering some of the most entertaining smartphones by combining the strengths of the open Android platform with entertainment experiences from Sony and Sony Ericsson’s unique design and user experience.
Sustainability is part of everything we do at Sony Ericsson, both internally and externally. We are committed to ensuring that we adhere to the highest standards throughout our operations; in our Supplier Social Responsibility Code, in the choices of materials and the phase out of hazardous substances, and in the rigorous assessment of the total environmental impact of our products. Sustainability is core to our business - it is not an afterthought or a “nice to have”.

It is challenging work, and much remains to be done, but I am proud to say that we continue to be an industry leader. We are well regarded by third parties and industry bodies, including Greenpeace, where we have consistently achieved high rankings in its Guide to Greener Electronics. We have set targets for our own carbon emissions with the aim of reducing our overall emissions by 20% by 2015. We have made reductions towards lowering emissions and we are well positioned to achieve our targets.

Over the course of 2010, we built on the launch of our GreenHeart™ initiative by extending the portfolio with four new phones, including Sony Ericsson Elm™, which was ranked number 1 in O2’s Eco Rating in 2010. In 2010 we shipped over five million GreenHeart™ phones. GreenHeart™ is about offering consumers a greener choice. It’s our commitment to lower the overall environmental impact from our products by implementing green innovation across the portfolio, without compromising on features, functionality or design.

In 2011 we are bringing GreenHeart™ to the core of our portfolio. With our Xperia™ neo, Xperia™ pro and Xperia™ mini and Xperia™ mini pro smartphones we are among the first in the industry to deliver eco-friendlier smartphones on the Android platform. Furthermore, from 2011 all new headsets and standard chargers will be GreenHeart™ compliant.

We are committed to bringing our efforts one step further in 2011. In addition to achieving our carbon reduction targets, we will work tirelessly with our partners, suppliers, operator customers and own employees to continue the evolution of GreenHeart™ to remain a leader in sustainability in the smartphone market.
Governance

During 2010 a number of new executive appointments were made at the company to form the new executive management together with Bert Nordberg, President and CEO. Rikko Sakaguchi continued as Executive Vice President and Chief Creation Officer of Sony Ericsson, Kristian Tear was appointed Executive Vice President and Head of Sales and Marketing, William Glaser Jr. joined Sony Ericsson and was appointed Chief Financial Officer, and Jan Uddenfeldt was appointed Chief Technology Officer and Head of Sony Ericsson Silicon Valley.

At Board level during 2010, Sir Howard Stringer, Chairman, CEO and President of Sony Corporation, remained Chairman of the Board of Sony Ericsson. Hans Vestberg, President and CEO of Ericsson, was appointed Deputy Chairman of the Board of Sony Ericsson.

During 2010 Sony Ericsson consolidated a number of regional sales and marketing offices and product development sites to create a more efficient organisation.

From September 2010 Region Americas, which combines the North and Latin American regions, has been managed from a new office based in Atlanta, U.S. Product development sites in Chennai, India, Emmen, Netherlands, and Kista, Sweden, were phased out.

Sales and marketing operations are grouped according to the regions below:
- Americas
- Asia Pacific
- Central & Eastern Europe, Middle East and Africa
- China
- Japan
- Western Europe

As of 2010 Sony Ericsson focused its product development and R&D activities at four sites:
- Beijing, China
- Lund, Sweden
- Silicon Valley, United States
- Tokyo, Japan

Financial risk management
Sony Ericsson's financial risk management is governed by a policy approved and monitored by the Sony Ericsson Board. Risk management is executed by a centralised treasury function and its principal role is to ensure appropriate financing, manage the liquidity, to secure effective cash-management and to manage the accounts receivable, as well as managing and controlling financial risk exposures in a manner consistent with underlying business risk and financial policy.

How our organisation is structured
Our vision in sustainability

A sustainable mindset to generate sustainable solutions
At Sony Ericsson sustainability is a central part of everything we do. This report will provide an insight into our sustainability work and future goals.

Sustainable development and production is a key challenge, not only for us but for the wider global community. Sony Ericsson works closely with our partners, our suppliers, our industry and our consumers to make sure that this challenge is addressed. Sustainability is part of the Sony Ericsson mindset; not only do we comply with the applicable regulations and laws, we work hard to evolve our products and supply chain to reduce our carbon footprint, improve working conditions and remove undesirable substances from our products beyond the requirements of the law.

Our GreenHeart™ initiative is part of our sustainability mindset, and offers consumers a greener choice when it comes to mobile phones and accessories.
The future is getting greener

When a consumer buys a car, they may consider its environmental impact and indeed there are standards and bodies in place that monitor emissions and pollution for the automotive industry. However, when a consumer walks into a store to buy a mobile phone, do they consider if the phone is environmentally sound?

The challenge is to raise the environmental awareness of end users when they buy a mobile phone. GreenHeart™ is about offering consumers a greener choice and it is our commitment to lower the overall environmental impact from our products by implementing green innovation across the portfolio, without compromising on features, functionality or design.

GreenHeart™ emerged from within the company as a way to establish a concrete and tangible approach to building and communicating a more sustainable business. Launched in 2009, it is one of our core company values and it includes everything from designing and creating phones to shipping them to market. GreenHeart™ impacts both business and operational decisions.

For us it is not about making one normal phone green, it is about making green phones normal.

GreenHeart™ is a step-by-step approach and beginning with the launch of the Sony Ericsson C901™ and Sony Ericsson Naiite™ in 2009 we have now introduced a range of GreenHeart™ products. In 2010 GreenHeart™ evolved further with the launch of four new phones – Sony Ericsson Aspen™, Cedar™, Elm™, and Hazel™ – accompanied by new GreenHeart™ chargers and accessories including two headsets, the VH700 and VH410. All Sony Ericsson products meet our stringent environmental requirements which often exceed current regulations. However, in our GreenHeart™ products we have introduced further green innovations, such as waterborne paint, recycled plastics and optimized packaging to further lower our overall environmental footprint.

The use of waterborne paint results in a significantly lower exposure to volatile organic compounds (VOCs) in the atmosphere compared to solvent-based paints, while the use of recycled plastics preserves scarce resources and reduces the use of oil based virgin plastics.

Our optimized packaging solutions include the replacement of extended paper manuals with an electronic version in the phone. Simply by replacing the standard manual in one million phones we have saved 350 tonnes of paper, which is the equivalent of 13,000 trees and 75,000 cubic metres of water.

These features – waterborne paint, recycled paint and optimized packaging – are all features that we strive to roll out across the whole portfolio going forward.

During the second half of 2010, we also introduced a new environmentally conscious packaging concept for our accessory products. Overall we now use 50% smaller boxes, up to 30% less packaging material and all packaging parts are now separated to facilitate recycling.

In June 2010 Greenpeace announced the results of its third Green Electronics Survey, the Sony Ericsson Aspen™ made it to first place in the smartphone category and the Sony Ericsson Elm™ made it to second place in the mobile phone category. This result is testament to the achievement of GreenHeart™ and we are proud of the progress we have made so far.

It is not a competition to be the ‘greenest’. We welcome any innovations in sustainability from any part of the industry to join our quest to drive down the overall environmental impact.

Reducing our carbon footprint

Our goals
Sony Ericsson has set targets to cut carbon emissions and reduce our overall carbon footprint. These targets centre on our absolute carbon output, and importantly, reducing our environmental impact at every stage of our business.

Reducing our carbon output
Building on successes of previous years, we continue to review our internal behaviours and activities in areas including business travel and office buildings as well as at the in-house factory level. We have set a target to reduce our carbon output from such internal business activities by 20% by the year 2015, based on 2008 levels. In 2010, regardless of the increase in carbon emissions from business travel and in-house manufacturing, the reduction in emissions from our offices kept us on track towards our goal. In 2010 we managed to reduce our carbon output from internal activities by 15% compared with the 2008 baseline.

Our goals are tangible, rather than based on sales performance so that the total amount of emitted carbon will be reduced. We aim to reduce emissions from the full life cycle of our products by 15% by 2015.

Renewable energy
We are committed to investing in renewable energy as an additional measure for reducing our carbon footprint. Sony Ericsson purchases renewable energy from certified sources and currently over 31% of all electricity purchased by the company globally (this includes Sony Ericsson’s office sites and manufacturing facility) has been certified by the Swedish Society for Nature Conservation. This marks an increase from 29% in 2009.

Working with our targets
The industry-recognised GreenHouse Gas (GHG) Protocol is used by our company to calculate and report our carbon footprint. The Protocol comprises three Scopes, of which Scopes 1 and 2 are mandatory. Scopes 1 and 2 cover direct greenhouse gas emissions and emissions from purchased electricity. Scope 3 is an optional reporting category (which we choose to adhere to) in which other indirect emissions may be reported. Sony Ericsson reports emissions related to business travel and logistics services under Scope 3. In 2010 Sony Ericsson reduced its overall absolute carbon output of Scope 1, 2 and 3 by 18% compared with 2009.

In conjunction with the GHG, Sony Ericsson adheres to directives set out in the Bali and Copenhagen communiqués and has altered working practices in order to meet carbon reduction targets in the agreed timeframes.

1 The 2008 (baseline) and 2009 data has been updated as a result of error corrections and better data collection. This explains the increased figures for 2008 and 2009 for the Manufacturing and Business travel sections and the decreased figures for renewable energy for 2009, compared to the results presented in earlier reports.
In addition to the focus on our internal activities we also work closely with our customers and suppliers to reduce carbon emissions from every stage in the full lifecycle of the mobile phone production process. This includes everything from mining the raw materials, through to component manufacture, product transportation, product use and the disposal and recycling of the phone.

Life Cycle Analysis (LCA) is a way to evaluate the environmental impact of each phase of the product lifecycle and assess where change is most needed. It has proven to be an invaluable tool in investigating the amount of carbon generated by our activities at each stage of the lives of our phones, from the mining of minerals to use by consumers. We assess the emissions from all stages in the lifecycle of our products and aim to reduce the carbon emissions from the full lifecycle of our products by 15% in 2015, based on 2008 levels.

High-end phones, particularly smartphones, produce more carbon in production than low-end phones. As Sony Ericsson is committed to a strategy of expanding our smartphone range even further, we recognise that the expansion of the smartphone portfolio, in the short-term, will contribute to an increased environmental impact. To keep track of this and to find sustainable solutions that minimize our impact, we assess the emissions from all stages in the lifecycle of our products.

Sony Ericsson Life Cycle Analysis methodology review: Sony Ericsson W890

In a formal Critical Review Panel carried out in 2010 at The Royal Institute of Technology (KTH) in Sweden and chaired by The Swedish Environmental Research Institute (IVL), it was found that the overall quality and review process for the Sony Ericsson W890 life cycle analysis was excellent and in full compliance with the ISO 14040 series standards.

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2 The review was carried out by Nils Brandt and Getachew Assefa, Department of Industrial Ecology
3 The review was chaired by Lars-Gunnar Lindfors
Committed to recycling

We take responsibility for our phones throughout their lifespan

Since 2008 Sony Ericsson has guaranteed to consumers that we will recycle used phones in a responsible way. We committed to this principle with our ‘environmental warranty’. Working closely with our recycling partners Sony Ericsson co-designed a process whereby all phones handled by our system are recycled to meet today’s environmental practices and expectations.

Recycling facts & figures

Our commitment to environmentally friendly recycling stands strong with our Global Take-Back programme. Initially, the main focus of the programme was to increase the number of collection schemes, however, we soon recognised the need to better support our consumers by developing recycling awareness through varied ways. From here we set out to provide readily available easy-to-understand information that encourages the consumers to recycle end of life products.

Initially this information was collected on a separate website, but in 2010 we made several improvements with our customers in mind:

- Recycling information is now integrated into Sony Ericsson’s customer support web pages (www.sonyericsson.com/recycle), where it can be easily found
- Each country has its own localised version with translations and descriptions of what the recycling options are in that country

Today Sony Ericsson provides approximately 500 collection and information points in the eight countries where we offer our own collection system for recycling; we also support and direct our users to industry, municipality and privately owned recycling schemes in another 28 countries. These numbers will continue to grow. We’ve come a long way since the beginning of 2009, when we started with recycling information for only six countries. To further build upon these improvements, Sony Ericsson is setting out to prioritise areas around the globe that currently do not have any recycling support initiatives in place.

In 2010, we collected approximately 1.5 million units, which was nearly double the number from 2009. It is important to note that these volumes constitute only a fraction of all collected Sony Ericsson phones. The total figures would also need to include the high volumes of phones recycled within external recycling systems, by industry and charities, often with Sony Ericsson’s support. Measuring volumes in systems other than our own is a major challenge since mobile phones disposed of in this way are mostly mixed with other small electronics and IT equipment. That said, this is something we are working hard to address in the coming years.

Sony Ericsson includes recycling information with our products as well as on our website. Further to this, all of our call centre agents are trained to answer recycling-related questions. We also provide postage paid collection in the U.S. and convenient drop-off points in other selected countries as a key tool in encouraging people to hand back their old phones.

As a team we have stepped up our own company-wide recycling efforts. Our offices are adorned with recycling bins for collection of both old prototypes and commercially launched mobile phones. We have made it easier for employees to recycle (both phones and other recyclable materials), so it is engrained in our employees’ everyday lives and way of thinking.

In our main building in Lund, Sweden for instance (see inset picture) we have conveniently placed collection stations making them easy to access for employees when they enter or move between different parts of the building. It is small steps like these that have led to a rapid increase in recycling amongst our team.
Designed to recycle

Since the establishment of the company, environmental preservation and human health concerns have been motivators and incentives to eliminate and phase-out unwanted substances from our products. This also includes substances which could potentially hinder recycling or harm human health and the environment when recycled under poor conditions. Substances identified for elimination have been added to the ‘Sony Ericsson list of Banned and Restricted Substances’ to achieve successful substitution.

Challenges

Currently only an estimated 3% of end-of-life phones are brought to collection points. This is our biggest struggle.

In developed countries revenue from selling repaired end-of-life phones is at least ten times the recycling value and it is estimated that several hundred million phones a year are collected by independent companies to be refurbished and resold. While we support the principle of reuse, we are concerned with the quality and safety of these products, as well as with issues around improper disposal of electronic waste and indirect costs to Sony Ericsson and its brand associated with these independent refurbishing activities. A more sustainable solution needs to be found for these markets.

What can be reused?

- The phone housing is mostly made of high grade plastic or metal alloys, both of these types of materials can be recycled into various products
- Some parts and components, such as LCDs or cameras, can be reused in other electronic products
- Gold, silver, platinum and copper can be recovered through a smelting process and reused by the electronic industry or for jewellery. The medals awarded in the 2010 Canadian Winter Olympics were made from precious metals recovered from electronics products
Monitoring and controlling substances

We strive to remove hazardous substances from all our products to protect human health and the environment.

Sony Ericsson works to minimise the impact of our products, through the whole life cycle. We recognise the importance of ensuring that all chemicals used in our manufacturing processes are controlled, monitored and not released to the water, air and soil in a way that has a negative impact on the environment.

Sony Ericsson strives to continuously identify and develop alternatives to potentially hazardous substances. Sony Ericsson’s Environmental Coordinators are part of our R&D organisation and ensure that we consistently meet the high requirements we have set ourselves. With this in mind, Sony Ericsson’s List of Banned and Restricted Substances goes beyond current legal regulations.

Environmental Declarations are available for download on our website for every phone we put on the market. These are documents that detail various aspects of each phone we sell such as material content, energy consumption, batteries, packaging and recycling information.

Sony Ericsson is working with non-governmental organizations, industry bodies and relevant authorities to identify areas to lower the environmental impact of our products. For example, the Greenpeace Green Electronics Survey highlighted lifecycle management as one of the weakest points of electronic products, with very little use of recycled plastic and a variety of take-back practices. Implementing post consumer recycled plastics and collection schemes for the recycling of mobile phones are two important areas in our sustainability work. We are proud to say that since 2008 Sony Ericsson has consistently been ranked amongst the Top 3 in the Greenpeace Guide to Greener Electronics.

In 2010 Sony Ericsson, alongside other global technology brands, joined forces with an alliance of public interest organizations including ChemSec, Clean Production Action and the European Environmental Bureau to persuade the European Parliament to ban the use of hazardous substances in consumer electronics from 2015 onwards. We believe the electronics industry has a responsibility to move proactively to find substitutes to replace brominated flame retardants (BFR) and PVC.

Identifying undesirable substances and the supply chain

Our Environmental Design Review process is intended to ensure that we meet all legal and internal requirements and prevent distribution of hazardous substances in our products via our suppliers. Sony Ericsson is also working together with suppliers to ensure production is environmentally efficient and that emissions to air, soil and water are minimized and do not have a negative impact on the environment.

In 2008 we launched Compliance On Materials and Environment (COMET), a database which contains information from external sources and suppliers, which is then linked to Sony Ericsson’s product life management system. COMET formally requires full substance declarations made by suppliers to meet industry standard IPC1752. It is through this mechanism that all phones and accessories are thoroughly screened and tested by third-party laboratories for chemical content prior to going to market.

By clearly articulating our requirements to our first tier suppliers, Sony Ericsson creates a system whereby our suppliers and their suppliers systematically prohibit use of hazardous substances.

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4 www.sonyericsson.com/support
Sony Ericsson is compliant and one step ahead

Sony Ericsson products are fully compliant with applicable laws and regulations including the EU Restriction of Hazardous Substances (RoHS) and REACH (Registration, Evaluation and Authorisation of Chemicals). Sony Ericsson is striving to go beyond current legal requirements and going forward we aim to completely remove all halogenated organic compounds from our products.

Brominated Flame Retardants (BFR)

During 2010 we phased out brominated flame retardants (BFR) in almost every component. At this stage, BFR cannot be totally avoided and we still have a few components remaining that contain BFR but we are continually looking at ways to address this.

Sony Ericsson phase out process of targeted and undesirable substances

Phase 1: Investigation
A potential replacement substance is identified and evaluated in terms of its quality, capacity and environmental impact in co-operation with our suppliers.

Phase 2: Pioneer
The replacement substance is launched in a pioneer product. This is extensively tested to ensure that as a minimum the replacement substance delivers a customer experience that is as good as, or better than the original.

Phase 3: Overcome
Over a period of time, the specified substance is phased out platform-by-platform, one component at a time. We set tangible target dates by which products are prohibited in all new Sony Ericsson products to overcome their use and reach our goals.

Phase 4: End of production
This is the final deadline after which the targeted substance has been completely removed from the portfolio or product. The amount of time it takes to phase out a product is dependent upon its lifecycle; a mobile phone for instance has a shorter lifecycle than a charger or headset, as the technology moves faster.
Working hard to save energy

Do you know what no-load power consumption is? We do, we’re an industry leader in overcoming it.

No-load power is when the charger is left plugged into the circuit with no phone attached – a common everyday occurrence that many people overlook.

Fortunately, Sony Ericsson makes some of the most efficient chargers in the world today. In 2001 we introduced a charger that met the highest standards of performance in accordance with the voluntary EU Code of Conduct (CoC). These guidelines required a no-load power usage of less than 0.3 watts. Notably, all of our phones sold globally from 2003 onwards had chargers with this capability and we did so before it became law in 2004. Smartphone usage around the world today is increasing every day. With this in mind Sony Ericsson is examining ways that smartphone power usage can be minimised as we move forward.

In 2010 we made more progress when it came to chargers. In fact, our chargers were rated four or five stars on the energy usage scale devised by an Integrated Product Policy group under the European Commission. Moreover, our GreenHeart™ chargers (EP-300, EP-310 and EP-800) comply with both the Energy Star level V and have a no-load power consumption ≤30mW. If the charger is to be GreenHeart™ compliant it must be at least this efficient.

How we rate our chargers

For all newly developed standard chargers the minimum requirement for energy efficiency is Energy Star 2.0 (Energy star V) and a no-load power consumption of ≤30mW as detailed below.

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<thead>
<tr>
<th>No-load power consumption score chart</th>
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<td>★★★★★</td>
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<tr>
<td>≤ 0.03 W</td>
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<td>&gt; 0.5 W</td>
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</table>

No stars

Average no-load power 2001-2010

![Graph showing average no-load power from 2001 to 2010](image)
Supply Chain CSR

We are continuously evolving our approach towards supply chain corporate social responsibility.

Since our inception we have been aware of our responsibility to influence better working conditions throughout our supply chain. Instead of restricting our involvement to auditing, policing and problem finding, we have become more of a consultant and inspirational partner to our suppliers.

Adherence to the Sony Ericsson Supplier Social Responsibility Code (SSRC) is a requirement for each of our suppliers and manufacturing partners. The code is based on international conventions and standards set by organisations such as the International Labour Organization5. It requires suppliers to commit to respecting the human rights of the workforce, providing fair working conditions and health and safety in the workplace. We work with our suppliers and manufacturing partners to ensure they meet our SSRC as well as international standards, such as ISO 14001 and OHSAS 18000 or equivalents.

Sony Ericsson performed Supply Chain CSR activities with 30 sites in 2010. In total, 47 visits were made to the 30 sites including component suppliers, production sites and logistic partners around the world. Of the suppliers we visited in 2010, over 80 percent received visits for a second time or more indicating our commitment in this area. From our work with suppliers we have recognised that both a thorough understanding by suppliers and long term engagement by Sony Ericsson are required in order to build up persistent positive changes in the supply chain.

We recognise that Supply Chain CSR is one of the biggest challenges that modern corporations face. Compliance to the local and international laws and regulations is crucial but complex social and business contexts challenge all the manufacturers. Also, Supply Chain CSR is not about just following the law. We question our suppliers over whether their workers are treated fairly and have safe, healthy working conditions as compared with our requirements SSRC. To control our Supply Chain CSR successfully it is crucial to have skilled, well-trained auditors with local knowledge.

Concern on Conflict Minerals

At Sony Ericsson we believe that illegal activities and inhumane working conditions are not acceptable and as such we welcome the increased media interest in extractives and mining activities in the Democratic Republic of the Congo (DRC) and surrounding region. We are looking to establish cross-industry action and support from authorities and public organizations to trace the raw materials in our products. We hope for a prompt and effective resolution soon.

Sony Ericsson supports initiatives in this area, such as the Global e-Sustainability Initiative (GeSi)6 and Electronics Industry Citizenship Coalition (EICC)7. In particular for “extractives” supply chain issues, Sony Ericsson participates in GeSi and EICC working groups to set reasonable and implementable standards and establish better controls for raw materials procurement. We coordinate efforts in this area, closely with both our shareholder parent companies: Ericsson, a member of GeSi, and Sony Corporation, a member of EICC.

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5 www.ilo.org
6 www.gesi.org
7 www.eicc.info
Beijing SE Potevio Mobile Communications Co., Ltd. is Sony Ericsson’s primary and only in-house manufacturing facility.

Beijing SE Potevio Mobile Communications Co., Ltd. (BMC) is jointly owned by Sony Ericsson and local partners China Potevio and Nanjing Panda Electronics Group, two of the largest companies in the Chinese electronics telecommunications industry.

It was established as an Ericsson facility in 1995 and Sony Ericsson China purchased an equity share of the facility in 2002. Since then China has become a strategic base for the organisation. Our activities in the country include research, design, development, sourcing, manufacturing and regional sales and marketing.

In 2004 Sony Ericsson purchased a majority stake in BMC and established the facility as the main production and distribution centre for the organisation. In October 2007 Beijing Suohong Electronics Co., Ltd. (BSE) was integrated into BMC, further increasing the capability and capacity of the facility.

Quality and certification

The Sony Ericsson management system considers environmental and social factors an integral part of our business practices. Our activities are audited and certified by Det Norske Veritas (DNV) in accordance with ISO 9001:2008 (Quality Management Systems).

All manufacturing sites and suppliers, including the BMC facility, are required to use a system that meets the ISO 14001:2004 standard (Environmental Management Systems) or equivalent.

BMC was initially certified for ISO 9001 in 1996 and for ISO 14001 in 1999. The present certification by DNV for both of these standards is valid until 2014. Since March 2009, BMC has been certified for OHSAS 18001: 2007 (Occupational Health and Safety Management Systems) by DNV. This is valid until 2012.

CSR activities

BMC is subscribed to the Electronic-Tool for Accountable Supply Chains (E-TASC)\(^8\), to share Sony Ericsson’s CSR status in its factory operations with customers. This includes environmental practices, health and safety standards, ethical conduct and human rights.

In order to increase CSR activities at BMC, assessment and training was launched by Sony Ericsson in 2009. BMC initiated its self-assessment in 2008 and updates yearly. The last update was carried out in Q2 2011. The results have been shared with Sony Ericsson’s customers upon request.

\(^8\) E-TASC is a web-based system, developed under sponsorship of GeSI/EICC that enables companies to exchange information about social and environmental activities in the supply chain. e-tasc.achilles.com
Sony Ericsson’s employees are what make us unique and our aim is to be a leading employer that enables our people to perform with all their abilities.

We recognise the importance and impressive contributions of our employees. Sony Ericsson would not exist and continue to be an innovator within the mobile industry without the people who work hard to design, develop, manufacture and market our products; our employees are the key to our success. Our workplace is a location where many different people from all over the world meet and inspire each other to spark new ideas that will develop our company to being one of the leading players within our industry.

Code of conduct
Sony Ericsson’s Corporate Social Responsibility Code is in place to ensure that all our employees’ human rights are respected throughout the organisation. Our HR governance structure is in place to ensure that we comply with all local and international laws in respect to employee and human rights. Our HR team and management team work together to make sure we are a preferred employer in the locations where we are present.

Global diversity
We are proud to be a global organisation, with an ingrained cultural diversity among our employees from over 70 countries, reflecting the wide range of markets in which we operate. This ethnic diversity is reflected in the Sony Ericsson management team and throughout the company. We understand the importance of diversity in all its aspects and throughout our organisation. We also acknowledge this as a competitive advantage that we will use to deliver on our objectives. With this in mind we are committed to improving gender and age diversity in the company. During 2010 we have especially taken further measures to improve the gender diversity within our management teams. We have already started to see results and it will continue to be one of our key focus areas. We have also established a group focused on providing their expertise to the executive management team in how to continue to strengthen and utilize our diversity.

We believe in our diversity as the power of our uniqueness and as a foundation for the future of Sony Ericsson.

Transformation
During 2010 we continued our work with site balancing and transformation activities in order to further improve our overall competitiveness and efficiency of our operations. While remodelling our organization to support growth in the mobile phone industry we have been investing in our employees by launching new development opportunities and revitalizing our Talent Management initiative.

Talent and Performance Management
Within the company our Talent Management Programme helps us to identify, develop and select the right people for the key positions that will lead our company to success. This includes both leadership and specialist roles. All our employees are also reviewed and appraised through the yearly Performance Management process. In 2010 we conducted our regular, global employee engagement survey. Following the feedback from this survey we have developed and implemented a global career structure. We have also promoted Open recruitment with the aim for all positions to be posted openly internally without exceptions. We will continue to work hard to offer an attractive career path to potential and existing employees across the world in a progressive industry.
Health and our handsets

As we push the boundaries in innovation and product development we continually ensure every phone is designed and tested to meet today's safety standards. Importantly, Sony Ericsson commits to both internationally and nationally recognised standards.

Electromagnetic Fields and Specific Absorption Rates (SAR)

Sony Ericsson recognises community concerns about electromagnetic fields and Specific Absorption Rates and the potential public health effects. Independent research and investigations launched by the World Health Organisation (WHO) are welcomed and supported by our company. However, we aim to steer clear of direct involvement to protect the independence of the studies.

A large number of studies have been performed over the last two decades to assess whether mobile phones pose a potential health risk. To date, no direct health effects have been established for mobile phone use. This fact is particularly relevant as radio signal exposure is an area of significant scientific research yielding numerous published studies, including examinations of long-term use.

The Specific Absorption Rate (SAR) is the unit of measurement employed in the exposure guidelines for mobile phones and other specified radio equipment. Before Sony Ericsson launches any phone model we test it to ensure that it complies with the SAR limit established by the relevant authorities. Information concerning SAR and Sony Ericsson products is documented on our website, including the reported SAR levels for each phone model.

Please visit us at www.sonyericsson.com/health for more information.

Nickel

We produce phones that are nickel-free. Sony Ericsson instituted its prohibition of nickel on contact surfaces following concerns raised around the possibility of irritation for people with sensitive skin.

Our commitment to you

All of our products have complete Environmental Declarations. These detail the materials content of each Sony Ericsson device and are available for download from our website: www.sonyericsson.com/support
Sony Ericsson handsets make a difference in Haiti

Sony Ericsson knows how important it is to set up a working communications infrastructure promptly in disaster areas. For the Haiti disaster in January 2010, Sony Ericsson contributed by donating its phones and through working with Ericsson Response (ER)\(^9\), to add to the efficiency and effectiveness of the relief work. The Haiti response was the latest in a sequence of partnerships with UN Relief organisations, which have been ongoing for a remarkable ten years now.

ER provided a containerised GSM system, hosted by the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA\(^{10}\)), at the heart of the disaster area. Thanks to the co-operation and commitment of Sony Ericsson, the team was able to distribute a total of 1,846 handsets for use by field workers, in several of the major NGO relief efforts including those of UN OCHA and the WFP (World Food Program)\(^{11}\).

The combination of the GSM system and the donated handsets allowed the engineers to establish a dedicated network with free calls between connected users in the 35 sq km coverage area (including the UN base camp and a large part of Port au Prince), as well as international access for liaison with the various NGO HQs and co-ordination centres. After six months on the ground in Haiti, local telecom networks and IT infrastructures were repaired and back in service. The partnership with ER had made a vital contribution to front-line relief work.

Haiti Mission Fact Sheet

- Time in Haiti: 6 months (since January 2010)
- Number of volunteers in Haiti: 18
- One GSM systems: 2 containers
- Number of calls handled: 3000 per day
- Number of active subscribers: 600 per day
- Coverage area: 35 Sq. Km. (including almost all of Port-au-Prince)
- Total Number of Mobile handsets distributed: 1846


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\(^{10}\) [http://www.unocha.org](http://www.unocha.org)

\(^{11}\) [http://www.wfp.org](http://www.wfp.org)
Sony Ericsson helps first team from Laos appear in The Gothia Cup

Every year in July The Gothia Cup\(^\text{12}\) takes place in Gothenburg, Sweden. It is the world’s largest youth football tournament, with more than 1,500 teams participating yearly and over the years 800,000 youngsters from over 127 different countries have played in The Gothia Cup. In 2010, with the help of Sony Ericsson Sweden and two other Swedish companies a new country - Laos - was added to the list of participants.

On July 14, 2010 14 kids from The English Development School Football Club (EDS FC)\(^\text{13}\) in Phonsavan, Laos, boarded a plane and left the country for the first time. A few days later the team walked out at Ullevi stadium in Gothenburg Sweden in front of 50,000 people as part of the opening ceremony. EDS FC played in the under 18 category and surprised many by their fast game and technical skills. They beat teams from Sweden, Brazil, Hungary, Scotland and the US to reach the semi-finals, where the adventure ended after a penalty shoot-out against a Hungarian team. But they did not leave empty handed as the team was awarded the Gothia Cup Fair Play Award.

EDS FC’s participation in the tournament was made possible by the voluntary work of Gareth Carter (a former Sony Ericsson employee) and the support of Sony Ericsson Nordic, Stena Line and Adidas. For Sony Ericsson Nordic the project also presented a relevant opportunity to locally activate the football and FIFA sponsorship as well as taking part in a worthwhile and life-changing activity.

The Hope School project in China

Sony Ericsson continues to support the Hope School project in China to build and maintain schools in remote and poverty-stricken areas, to provide primary education for hundreds of children who would otherwise be excluded from education because of a lack of funds in their region.

In January 2010, Xu Jia Miao Prime School at Cheng Gu County, Shanxi province was selected as the second Sony Ericsson Hope School. This project will benefit about 600 students. Furthermore, in April 2010, soon after the Yushu earthquake in Qinghai province, Sony Ericsson donated 500,000 CNY (51,825 EUR) to China Youth Development Foundation – this donation will be used to build a Hope School at Qinghai.

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Si Zhai Prime School, Huang Yuan County in Qianhai Province. This building will be re-built to offer more protection against earthquakes.

Pupils take a break in the classroom

\(^{12}\) http://www.gothiacup.se/eng

\(^{13}\) http://www.facebook.com/?sk=2361831622#!/group.php?gid=112519282095378
Activity around the world

Japan

• Healthy lunch boxes in the Japan office help support school meals in developing countries in Africa. Whenever an employee buys a healthy lunch box at the cafeteria in the Japan office, 20 yen (0.17 EUR) per lunch box is donated to help buy school meals in developing countries in Africa through the non-profit organization Table For Two (TFT)\(^\text{14}\).

• Sony Ericsson employees volunteered to help with this year’s Pink Ribbon Breast Cancer campaign which ran alongside the Toray tennis tournament in Japan. The Pink Ribbon bus offered on-site screening, and the campaign booth provided information to highlight awareness of breast cancer and the importance of early detection. Maria Sharapova also attended to lend her support.

Sweden

• The Lund office held a Green Friday which focused on our work to become more sustainable and develop the GreenHeart™ concept. It also highlighted how employees can become greener and more sustainable in everyday life.

Germany

• Sony Ericsson in Germany created a GreenHeart™ application asking for ‘clicks’ on the heart in the application. For each click, 1 EUR was donated to an organization to help plant trees as part of tackling climate change.

\(^{14}\) http://www.tablefor2.org