

Triodos Investment Management

ERICSSON AGM Date: 11 April 2014

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Non-voting agenda items.

8.1 Adoption of the income statement and the balance sheet, the consolidated income statement and the consolidated balance sheet **For**

The financial statements were made available sufficiently before the meeting. The Auditors have audited and certified the Company's financial accounts.

8.2 Discharge the Board and President **For**

In accordance with the Swedish Companies Act, Chapter 7, para. 11, Swedish companies have to offer the Board of Directors and the President a discharge of liability for the financial year. No serious corporate governance concerns have been identified.

8.3 Approve the dividend **For**

A dividend of SEK 3 per share is proposed with April 16, 2014 as the record date for the dividend and, pending approval of this date, disbursement of dividends on April 23, 2014. Earnings per share for 2013 are 3.69. Therefore, the dividend is covered. Acceptable proposal.

9.1 Approve the number of board directors **For**

The Articles of Association stipulate that the Board should have no less than five and no more than twelve members, and no more than six deputies. The proposal requests that the number of Board members remain at twelve. Acceptable proposal.

9.2 Approve fees payable to the Board of Directors **For**

The proposal seeks to increase the fees payable to the Chairman of the Board of Directors and other Board members. The fees would increase from SEK 3,850,000 to SEK 3,975,000 for the Chairman of the Board and from SEK 900,000 to SEK 950,000 for the other Board members. It seeks to keep the fees unchanged for the Chairman of the Audit Committee and other Audit Committee members, and for the Chairmen of the Finance and Remuneration Committees and the members of those committees. These increases represent around a 4.2 percent increase of total fees to Board members from 2013.

The increase in fees is not considered significant. Acceptable proposal.

9.3 Election of the Chairman of the Board of Directors, Leif Johansson, and other Board members and deputies of the Board of Directors, Roxanne S. Austin, Sir Peter L. Bonfield, Nora Denzel, Borje Ekholm, Alexander Izosimov, Ulf J. Johansson, Sverker Martin-Lof, Kristin Skogen Lund, Hans Vestberg, Jacob Wallenberg and Par Ostberg **Oppose**

It is common practice for board members in Sweden to be elected using a slate system. Slate elections are evaluated taking into consideration the balance of independent representation on the board. An oppose vote is recommended

where an insufficient number of independent directors are included. The Nomination Committee proposes the re-election of Leif Johansson as Chairman and to re-elect Roxanne S. Austin, Sir Peter L. Bonfield, Nora Denzel, Börje Ekholm, Alexander Izosimov, Ulf J. Johansson, Sverker Martin-Löf, Kristin Skogen Lund, Hans Vestberg, Jacob Wallenberg and Pär Östberg. There is insufficient independent representation on the board. Triodos does not support this proposal.

9.4 Approve the Auditor's Fees

For

The proposal requests that auditor fees be paid against approved account. No concerns have been identified.

9.5 Determine the number of Auditors

For

The proposal requests that the Company have one registered public accounting firm as auditor. This number is within the maximum number of three auditors stipulated by the articles of association. Acceptable proposal.

9.6 Appoint the auditors

Oppose

PricewaterhouseCoopers AB proposed. Non-audit fees were approximately 36% for the year under review and 37.86% on a three year average. This level of non-audit fees raises concerns about the independence of the auditors. Triodos does not support this resolution.

10 Approve Pay Structure

Oppose

The proposal seeks to establish guidelines for remuneration of group management until the 2015 AGM. A reference to the normally applicable pensionable age has been deleted from the guidelines resolved at the 2013 AGM. Variable compensation is to be awarded as a combination of cash and shares according to business targets approved by the Board of Directors. The Company has discretion to make "additional arrangement... when deemed necessary" but not in excess of 36 months and twice the remuneration the individual would have received otherwise. Severance pay equals a maximum of 18 months of fixed salary.

Disclosure of the variable pay elements of the plan, for example in relation to maximum awards, is inadequate, and the severance terms are excessive. Furthermore, it appears that most of the variable pay options are not contingent on performance but on the willingness of employees to purchase shares and receive matching funds. Triodos does not support the lack of performance conditions and the level of discretion granted to the Board.

11.1 Resolution on implementation of the Stock Purchase Plan

Abstain

This proposal requests that during a 12 month period from the implementation of the plan, employees who participate in the Stock Purchase Plan be able to invest up to 7.5 percent of gross fixed salary in shares of series B in the Company on NASDAQ OMX Stockholm or in ADSs on NASDAQ New York. The CEO shall have the right to invest up to 10 percent of gross fixed salary and 10 percent of short term variable compensation for purchase of shares. The opportunity for all employees to participate in the future success of the company is welcomed. However, there are concerns that the CEO can contribute much more than other participants, especially as additional remuneration to the CEO should be based on performance. As the terms are not applicable to all employees equally, Triodos abstains on this resolution

11.2 Resolution on transfer of treasury stock for the Stock Purchase Plan.

Abstain

This proposal requests a transfer of no more than 10,000,000 shares of series B in the Company for employees covered by the terms and conditions of the Stock Purchase Plan, including subsidiaries, employees have the right to receive shares within the terms and conditions of the Stock Purchase Plan, and employees covered by the Plan receive share of series B stock free of consideration. The right to transfer a maximum of 2,000,000 shares of series B stock before the 2015 AGM is also requested. The resolution facilitates the implementation of the stock purchase plan proposed in resolution 11.1, on which Triodos has abstained.

11.3 Resolution on Equity Swap Agreement with third party in relation to the Stock Purchase Plan

Abstain

The proposal requests that the financial exposure of the Stock Purchase Plan be hedged through an equity swap agreement with a third party that, in its own name, acquires and transfers shares to employees of the Company covered by the Plan. An abstain vote on the use of Treasury shares to finance the stock purchase plan can be regarded as indicative of concern over the plan itself and as such it is not considered that an alternative should be used as this ignores shareholder sentiment.

11.4 Resolution on implementation of the Key Contributor Retention Plan

Oppose

The proposal suggests that up to 10 percent of the employees (presently approximately 10,000 persons) be selected as key contributors and will be offered additional matching shares, free of consideration, within the Key Contributor Retention Plan. As the plan does not extend to a majority of employees, it is considered that performance conditions should be applied in order to merit the award of additional shares. Also, the plan is intended to retain those employees with potential rather than rewarding performance from which shareholders may directly benefit. Triodos does not support this resolution.

11.5 Resolution on transfer of treasury stock for the Key Contributor Retention Plan

Oppose

The proposal requests the right to transfer a maximum of 8,300,000 shares of series B stock for employees subject to the Key Contributor Retention Plan. There are concerns over the use of shareholder funds to repurchase stock to be held in treasury for the purposes of funding a plan for which no performance conditions apply and in which less than a majority of employees participate. As the underlying plan is not supported, Triodos does not support this resolution.

11.6 Resolution on Equity Swap Agreement with third party in relation to the Key Contributor Retention Plan

Oppose

The proposal suggests a hedge to the Key Contributor Retention Plan by entering an equity swap agreement with a third party to acquire and transfer shares under the name of the third party to employees covered by the Plan. There are concerns over the higher costs of an equity swap arrangement and over the use of a mechanism that allows a third party to reward employees where shareholders do not approve of the proposal to use treasury stock for this purpose. As the underlying plan is not supported, Triodos does not support this resolution.

11.7 Resolution on implementation of the Executive Performance Stock Plan

Abstain

It is proposed that in addition to the regular matching of shares pursuant to the Stock Purchase Plan described above, senior managers, up to 0.5 percent of the employees (presently approximately 500 persons) will be offered an additional matching of shares, free of consideration, within the Executive Performance Stock

Plan. The President would be entitled to an additional performance match of up to nine shares for each one purchased. Other senior managers would be entitled to an additional performance match of four to six shares for each one purchased. The performance targets are the same as those set in 2012. One third of the award is determined by each of the following criteria: compound annual growth rate of consolidated net sales, compound annual growth rate of consolidated operating income, and cash conversion. Specific targets and vesting scales are disclosed. However, as maximum potential awards are not disclosed, it is difficult to determine whether this amendment would make the Plan excessive. It is regretted that the company does not operate a second performance criterion which is measured against a comparator group.

Vesting scales appear to be sufficiently broad. Furthermore, the clearly disclosed performance targets and the use of a financial underpin is welcomed. Based on the potential for the awards to be excessive and the lack of a comparative performance criteria, Triodos does not support this resolution.

11.8 Resolution on transfer of treasury stock for the Executive Performance Stock Plan

Abstain

The proposal suggests a transfer of no more than 4,500,000 shares of series B stock for employees subject to the terms and conditions of the Executive Performance Stock Plan. The resolution facilitates the implementation of the executive share plan proposed in resolution 11.7, on which Triodos has abstained.

11.9 Resolution on Equity Swap Agreement with third party in relation to the Executive Performance Stock Plan

Abstain

This proposal suggests a hedge for the Executive Performance Stock Plan by means of a third party equity swap agreement. There are concerns over the higher costs of an equity swap agreement. As the underlying Plan is not supported, the use of hedging is not supported.

12 Resolution on transfer of treasury stock in relation to the resolutions on the Long-Term Variable Remuneration Programs 2010, 2011, 2012 and 2013

For

The proposal requests that the Board of Directors resolve at the Annual General Meeting that the Company have the right to transfer, prior to the Annual General Meeting 2015, a maximum of 18,581,600 shares of series B in the Company, or the lower number of shares of series B, that remain by April 11, 2014 of the original 19,200,000 shares for the purpose of covering certain payments, primarily social security charges that may occur in relation to the Long-Term Variable Remuneration Programs 2010, 2011, 2012 and 2013.

It is recognized that the Company has a legal responsibility to fulfill agreements with executives already approved by shareholders. The use of treasury shares is considered preferable to the equity swap method. The proposal is considered acceptable.

13 Shareholder Resolution: Equitable voting rights

For

Proposed by: Einar Hellbom. The shareholder proposes that the Board review how shares can be given equal voting rights and to present a proposal to that effect at the Annual General Meeting 2015.

The Company has not made a statement on the proposal.

As differential voting rights create a disproportionate relationship between control rights and economic interest, Triodos supports this resolution.

14.1 Shareholder Resolution: To take necessary action to create a shareholders' association in the company **Abstain**

Proposed by: Thorwald Arvidsson. Unfortunately, the Company has not provided a translation of the proposal in English. Based on the lack of disclosure, Triodos abstains on this resolution.

14.2 Shareholder Resolution: To write to the Government of Sweden, requesting a prompt appointment of a commission instructed to propose legislation on the abolishment of voting power differences in Swedish limited liability companies **Abstain**

Proposed by: Thorwald Arvidsson. It is proposed that the Company write to the Government of Sweden, requesting a prompt appointment of a commission instructed to propose legislation on the abolishment of voting power differences in Swedish limited liability companies. Unfortunately, the Company has not provided a translation of the proposal in English. Based on the lack of disclosure, Triodos abstains on this resolution.

14.3 Shareholder Resolution: To prepare a proposal regarding board representation for the small and midsize shareholders **Abstain**

Proposed by: Thorwald Arvidsson. It is proposed to prepare a proposal regarding board representation for the small and midsize shareholders. Unfortunately, the Company has not provided a translation of the proposal in English. Based on the lack of disclosure, Triodos abstains on this resolution.

15 Shareholder Resolution: Amend Articles of Association. **Abstain**

Proposed by: Thorwald Arvidsson. This resolution is contingent on the resolution in item 14.2 regarding the request to the Swedish Government. As Triodos abstained on that resolution to due a lack of translation, Triodos abstains on this resolution.

16 Shareholder Resolution: Examination through a special examiner under the Swedish Companies Act (2005:551), chapter 10, section 21, (Sw. sarskild granskning) to make clear whether the company has acted contrary to sanctions resolved by relevant international bodies. The audit should primarily concern the company's exports to Iran **Abstain**

Proposed by: Thorwald Arvidsson. Unfortunately, the Company has not provided a translation of the proposal in English. Based on the lack of disclosure, Triodos abstains on this resolution.

17 Closing of the Annual General Meeting

Non-voting agenda item.