



ERICSSON

# Modern slavery and human trafficking statement 2022

# Introduction

Ericsson does not tolerate modern slavery or human trafficking and works with business partners with the aim to eliminate such practices from Ericsson's value chain.

Ericsson's Values of Professionalism, Respect, Perseverance, and Integrity are the foundation of Ericsson's commitment to sustainability and corporate responsibility. At the core of this responsibility is ensuring that Ericsson operations, products, services and business engagements do not adversely impact human rights of stakeholders. Ericsson believes that operating business with integrity, transparency and responsibility is critical to maintain trust and credibility with customers, partners, suppliers, employees, shareholders and other stakeholders. While Ericsson's commitment to human rights remains clear, the company continuously works to evaluate and strengthen its responsible business practices, with a focus on building and maintaining trust, transparency and integrity regardless of where in the world it operates. This approach enables Ericsson both to be proactive and to work to respond to issues as they arise.

This statement covers the financial year 2022 and describes how Ericsson is tackling the challenge of modern slavery and human trafficking throughout its operations and supply chain and outlines Ericsson's policies, actions and plans for future improvements. This statement covers the entire Ericsson Group, including subsidiaries consolidated in Ericsson's financial statements, and is prepared in accordance with the reporting requirements of the UK Modern Slavery Act and the Australian Modern Slavery Act.

Below is a summary of Ericsson's key activities in 2022, the planned activities for 2023, and Ericsson's long-term ambition when it comes to the prevention of modern slavery and human trafficking.

## Key activities 2022

Continued a multi-year effort to enhance Ericsson's global supply chain traceability program to track goods and components linked to forced labor risks in the supply chain.

Partnered with the Responsible Business Alliance (RBA), an industry coalition dedicated to corporate responsibility in supply chains, to deliver specific training on labor conditions, including forced labor, to targeted suppliers.

Commissioned an independent third party to identify forced labor risks in the supply chain and assist Ericsson to prepare for new and emerging U.S. anti-forced labor import regulations, as well as the upcoming EU Forced Labor Ban Regulation.

## Planned activities 2023

Increased focus on training and awareness raising for suppliers and Ericsson employees.

Enhance Ericsson's action plan to de-risk the supply chain based on risk assessment findings.

Continue supportive and collaborative approaches with suppliers to improve labor standards.

Promote increased transparency of human rights due diligence processes and results.

Enhance Ericsson's traceability process to identify exposure to human rights impacts in the supply chain with greater precision.

Identify and develop country specific initiatives to fight forced labor.

## Continuous efforts

Continue due diligence of and engagement with key suppliers in high-risk countries and categories, creating and implementing action plans to identify and mitigate modern slavery risks, in order to reach further upstream in the supply chain.

Implement improvements of Ericsson's responsible sourcing framework based on best practice and learnings from benchmarks and rankings.

## Long-term ambition

Ericsson has no tolerance for modern slavery and human trafficking, and the long-term ambition is to further promote fair working conditions and achieve positive impacts on the human rights of stakeholders throughout the company's value chain.

### Reporting entities

This statement covers the entire Ericsson Group, including subsidiaries consolidated in Ericsson’s financial statements, and is prepared in accordance with the reporting requirements of the UK Modern Slavery Act and the Australian Modern Slavery Act.

### Structure and operations

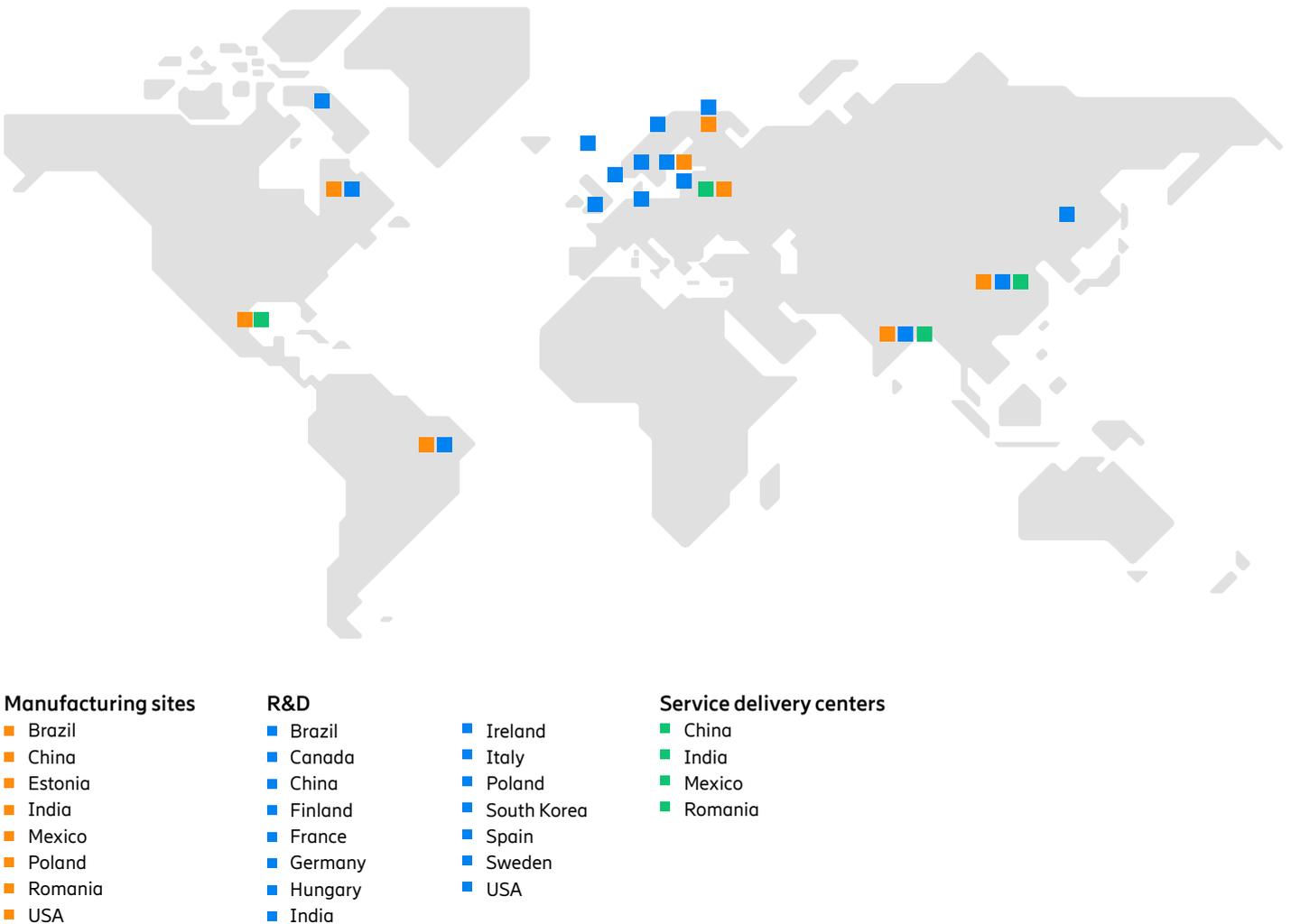
Ericsson is a company providing high-performing solutions to enable its customers to capture the full value of connectivity. The company provides communication infrastructure, services and software – especially in networks, digital services and managed services.

Ericsson’s global operations are organized in business areas and market areas and there are more than 200 legal entities within the Group with approximately 80 branch offices with representation (via legal entities, branch and representative offices) in more than 150 countries. Ericsson

is headquartered in Stockholm, Sweden and has approximately 100,000 employees across the Group. Ericsson Australia Pty Ltd, employs approximately 1012 employees across its operations in Australia and is administered by its head office in Docklands, Victoria.

Ericsson Australia offers a range of products, services, and solutions under the following business divisions: Networks, Digital Services, Managed Services, IoT and New Business.

See picture 1 for an overview of Ericsson’s Manufacturing sites, Service delivery centers and R&D sites.



Picture 1. Ericsson’s Manufacturing sites, Service delivery centers and R&D sites.

## Ericsson's position on modern slavery and human trafficking

Taking a strong stance against modern slavery and human trafficking, as well as working to ensure high labor rights standards in general, are core aspects of conducting business responsibly at Ericsson. Ericsson does not tolerate the use of forced, bonded or compulsory labor, or child labor, as reflected in the Code of Business Ethics and the Code of Conduct for Business Partners (henceforth Code of Conduct). In both these codes, Ericsson expresses a commitment to respect all internationally proclaimed human rights including the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Ericsson is also committed to implementing the United Nations Guiding Principles (UNGPs) on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, throughout its business operations.

Ericsson's Code of Business Ethics, approved by the Board of Directors, sets the tone for conducting business globally. It contains rules to ensure that business is conducted with integrity. Everyone working for Ericsson has an individual responsibility to ensure that business practices adhere to the Code of Business Ethics. Employees acknowledge the Code of Business Ethics at the time of employment and periodically throughout the term of employment. The Code of Business Ethics includes the prohibition of any form of forced, bonded or compulsory labor and human trafficking. The Code of Business Ethics was most recently updated during 2021. The update included additional details on Ericsson's commitment to prevent forced labor.

The Code of Conduct, which includes binding requirements for all business partners of Ericsson (including all suppliers), is based on the UN Global

Compact principles and is approved by the CEO. It covers human rights, labor rights, environmental management and anti-corruption, among other areas. The Code of Conduct requirements are available in multiple (eleven) languages on Ericsson's website and form part of Ericsson's supplier contracts.

Under Ericsson's Code of Conduct, modern slavery, including forced, bonded or compulsory labor and human trafficking, is strictly prohibited. Employees shall be free to leave their employment after reasonable notice as required by applicable law or contract and employees shall not be required to lodge deposits of money or identity papers with any entity during the hiring process. It also includes strict requirements on working hours (not more than 60 hours per week, including overtime) and wages (overtime at pay rates greater than regular hourly rates, wage deductions are not permitted, clear wage statements, and living wage).

Ericsson also prohibits the payment of recruitment fees by prospective employees and respects the right to equal opportunity, freedom of association and collective bargaining. Ericsson requires suppliers to live by the same rules. Moreover, under the Code of Conduct, suppliers are required to demonstrate effective management systems, aimed at ensuring compliance with the provisions of the Code of Conduct, as well as demonstrating that sub suppliers adhere to the same standards.

Ericsson was early to commit to the UNGPs. Responsible business is embedded at the highest levels of Ericsson, starting with the Board of Directors of the parent company, the CEO and the Executive Team, who receive regular briefings on emerging issues and progress made.

## Ericsson's Supply Chain

Responsible management of suppliers is an important part of Ericsson's procurement process. Ericsson's supply chain comprises approximately 19,000 first tier global, regional and local suppliers in more than 150 countries which provide a wide range of products and services, please see the supply chain category structure in table on page 5. Ericsson's supply chain consists of several tiers of suppliers, including sourcing of raw materials such as minerals and metals in equipment and components. Suppliers are generally managed through the centralized sourcing group function but, depending on function and delivery, the responsibility for various aspects of supplier management is also distributed to market areas or Group functions.

Due to the complex and multi-tiered nature of the company's supply chain, Ericsson adopts a risk-based approach to identify high-risk suppliers. The company's approach is to work collaboratively with suppliers towards continuous improvement.

Ericsson has a dedicated responsible sourcing team that supports the sourcing organization in the area of sustainability and corporate responsibility, including human rights and forced labor. The responsible sourcing team addresses all four areas (human and labor rights, health and safety, environmental management and anti-corruption) of the Ericsson Code of Conduct. Each market area and supplier category also have EHS representatives supporting the respective sourcing area. In 2022 a dedicated full-time employee was appointed to oversee the development and implementation of OHS and Human Rights initiatives related to Ericsson's global supply chain.

Ericsson's responsible sourcing human rights strategy includes activities such as identification of high risk impact countries for forced labor per category area, identification of systemic

issues, i.e. issues that cannot be solved by the actions of one company but that require the collaboration of governments and civil society, continued development of relevant human rights initiatives per country, prioritization of efforts, implementing enhanced due diligence over high risk suppliers, enhancing processes to comply with U.S. anti-forced labor import regulations, enhancing traceability processes, supplier capacity building, audits and improvement programs, stakeholder dialogue and engagement, and benchmarking. The strategy is continually evaluated and updated based on results and learnings from these activities. The strategy is managed in close collaboration with Ericsson's human rights subject matter experts in the sustainability and corporate responsibility team. Progress and targets are regularly reviewed by management, including the Executive

Team. Ericsson also collaborates with external parties such as civil society organizations, customers and suppliers, industry peers and experts in order to work for continuous development. For more information on identified salient human rights risks in Ericsson's supply chain, see [ericsson.com](https://ericsson.com).

Ericsson addresses risks further upstream in the supply chain in collaboration with its first-tier suppliers, through industry initiatives such as the RBA and the Responsible Minerals Initiative (RMI), and through other stakeholder engagements. While Ericsson does not have visibility to identify source countries of all raw materials for specific products, the company publishes an annual Conflict Minerals Report which includes a list of smelters and a country-of-origin list for relevant minerals based on Ericsson's reasonable country of origin inquiries.

## Risk assessment

All Ericsson supplier categories have been analyzed based on factors such as geographical location, industry, education/skill level needed to perform work and size of the workforce. A determination was also made whether the risk is most relevant for suppliers at first-tier level, or further upstream. This assessment is used as an indicator of risk, in combination with other relevant factors, in order to prioritize forced labor risks.

The mapping below provides a simplified view of Ericsson's Sourcing category structure and where forced labor risks are most prevalent.

The type and severity of modern slavery risks depend on the supplier category. Modern slavery and human trafficking risks in hardware and component manufacturing are often

Category group area	Category group	Modern slavery risk
Network Product HW	Digital Semiconductor	High
	Radio Frequency Signal Chain	High
	Standard Electronics	High
	Connectivity	High
	Filters & Mechanics	High
	Enclosures & Energy	High
Production Services & Test	EMS (Electronics Manufacturing Services)	High
	Test- Manufacturing & Industrial Equipment	Mid
	After Market Services	High
Site Products & Logistics	Site Products	High
	Logistics	High
Network Product HW	IT Hardware	High
	IT Software	Low
	IT Services	Low

Category group area	Category group	Modern slavery risk
External Workforce	R&D Consultancy	Low
	Temporary Workforce	Mid
Network Services & Managed Services	Site Services	High
	Buy back	Low
Business Support Services	Cars	Low
	Professional Support Services	Low
	Real Estate	High
	Facility Management	High
	HR & Education Services	Mid
	Travel	High
	Market Communication	Low

Picture 2. Modern slavery supplier category risk

related to migrant labor and issues such as recruitment fees, debt bondage, withholding of identification papers and low wages. Modern slavery and human trafficking risks are also present further upstream in these supply chains, in the extractive sector, where child labor and forced labor risks are associated with ongoing armed conflicts and instability in source countries.

For logistics suppliers, issues such as low wages, excessive overtime and migrant labor are known to be associated with forced labor risks. Moreover, risks of human trafficking are also linked to the logistics industry.

Business support services include risks related to hiring cleaning, security and canteen staff, which often include vulnerable groups such as migrant workers. Additionally, business travel can include modern slavery and human trafficking risks in specific countries where such risks are prevalent in the hospitality sector.

Regarding Ericsson's own operations, the main risk of modern slavery and human trafficking is connected to the use of temporary labor through recruitment agencies. Especially when recruiting labor in high-risk countries.

In accordance with the Australian Modern Slavery Act, in addition to the risks noted above that apply across Ericsson's product supply chain, the main risks for Ericsson Australia Pty Ltd in relation to modern slavery and human trafficking have been reviewed. Main risk areas include local business support services, and site service providers. To raise awareness, Ericsson has engaged with local suppliers in these categories by informing them of the Company's Code requirements, Ericsson's approach to addressing modern slavery risks, and the importance of informing Ericsson of risks identified by the suppliers. Ericsson has also previously reached out to key local suppliers in risk categories to further discuss their modern slavery mitigation efforts and how to improve.

Ericsson plans to continue to monitor the performance of these suppliers and engage in capacity building where necessary.

## Due diligence

Ericsson's human rights due diligence is embedded in processes throughout business operations and functions, including within sales and sourcing. Ericsson works with a systematic, risk-based approach to respecting human rights; identifying potential human rights risks, addressing such risks to prevent adverse impacts, tracking effectiveness of measures taken and providing or enabling remediation when applicable.

Supplier screening before onboarding is performed by a centralized and independent risk team. Suppliers in the categories identified as high impact for OHS, Human Rights or Environment are requested to answer a number of questions to identify the maturity of their management systems. This is also combined with media screening. Suppliers receive a Low – Medium – High score which determines under which conditions the supplier should be onboarded, if any. If the supplier does not meet the standard, the supplier engagement manager starts an action plan which forms part of the supplier performance card, our tool to measure and monitor supplier performance over time. The responsible sourcing team supports the risk team when needed during this phase.

Suppliers to be audited against the Code of Conduct are selected based on the following criteria: size of business with supplier, country, business considerations, time since last audit and type of service or product provided. Country risk factors include a number of criteria, such as: conflict, forced labor, water scarcity, and emissions contribution. The country score is averaged and is embedded in the rest of the criteria when selecting suppliers.

Ericsson acknowledges that modern slavery and human trafficking is not easily detected through audits, however, it is still a necessary tool to understand some parts of the supplier operations related to the overall human rights area, which may be related to forced labor issues.

When indicators of human rights impacts in Ericsson's supply chain are identified, the company aims to take prompt action by initiating an investigation and requiring corrective actions as well as remedies when applicable. This includes when non-conformities are identified as we compare suppliers' standards with our own Code of Conduct. In such cases we identify the specific gaps and work with the suppliers to address them. In cases where local laws may be in conflict with the Code of Conduct, the supplier is expected to find other ways to uphold the standards to the highest degree possible.

## Audit results 2022

Ericsson uses a 3rd party audit company, QIMA, to perform the supplier Code of Conduct audits. The audits are based on criteria in the Code of Conduct for Business Partners, which is aligned with the RBA Code of Conduct. 114 Code of Conduct

audits were performed during 2022 in 38 countries/regions. The majority of findings in the area of "Under-age Labor, Forced Labor/ Modern Slavery" were related to a lack of policies, procedures, and training. These findings are classified as less severe

but nevertheless are being addressed through corrective actions such as implementing adequate policies, procedures and training. For more information, see [ericsson.com](https://ericsson.com).

# 114

Total number of audits performed

# 38

Number of countries (or regions)

Findings related to Under-age Labor, Forced Labor/ Modern Slavery

# 63

Total number of findings

# 2

Major findings

Top three countries where audits were performed

## China

20 audits

## UK

11 audits

## US

5 audits

There were two findings during 2022 under the category "Under-age Labor, Forced Labor/ Modern Slavery" classified as major. They were logged for a single site during the same audit. The findings were a result of denied access to records and other information needed to conduct the audit and verify compliance. While the findings were defined as major, the findings concern

an information gap and no confirmed cases of modern slavery were identified. Ericsson continues to work with the supplier to address the findings and to review all relevant documents. The engagement will include a review of the circumstances surrounding the denial of access to information – to enable Ericsson to conclude its assessment of risks related to the site.

The majority of major findings as a result of Code of Conduct audits, within the broader areas of human and labor rights, were related to "not having particular policies in place" and "compulsory overtime". All audits have action plans signed by the suppliers immediately after an audit is performed, and progress to close actions in the plan is monitored.

## Actions taken and tracking performance

Through active benchmarking and dialogue with stakeholders, including suppliers, customers, peers, industry and civil society organizations, trade unions and experts, Ericsson works to continuously develop its policies and practices on human rights issues. The RBA was consulted on several occasions during the year. The learnings gained from such dialogs inform the development and implementation of human rights strategies and activities that are closely linked to forced labor

indicators. For example, the importance of worker representation and worker voice.

Ericsson's focus on forced labor risks during 2022 was mainly related to preparing for and ensuring compliance with new and emerging legal requirements. Including the U.S. anti-forced labor import regulations and the upcoming EU Forced Labor Ban Regulation. The work included updating and refinement of Ericsson's processes

for risk mapping of the supplier base to better understand potential exposure to forced labor risks, as well as enhancing supply chain traceability efforts aimed at identifying potential risks further upstream in Ericsson's supply chain.

Due to the increased legal requirements and needed efforts to ensure compliance, the Company is reevaluating certain previously conducted country specific efforts, such as trainings and awareness raising in

Malaysia, and is considering changes to those initiatives to ensure compliance with new and emerging legislation, and effective allocation of compliance resources.

Furthermore, trainings for suppliers on how to create and implement their own code of conduct were held with selected suppliers in Market Area Oceania, Australia and India. The trainings included broader human rights topics, including preventing forced labor. In 2022 we achieved our STRETCH target for the MOAI NWS Supplier Ethics and Compliance program 2022. We invited 163 suppliers from high-risk categories and countries to this program – specifically India, Indonesia, Malaysia, and Vietnam.

Prior to launching, we identified a target of **18 (robust) / 20 (commit) / 22 (stretch)** impacted suppliers. Through this effort we have **positively impacted 22 suppliers**, who have now developed their own code of conduct.

On top of the 22 positively impacted suppliers, it is worth noting that 35 suppliers already had their own Code of Conduct. Note that in cases when suppliers do not have their own Code of Conduct, they are required to acknowledge Ericsson's Code of Conduct and comply with it, which is verified through our audit program. This project was aimed at increasing supplier ownership of the actions included in their Codes of Conduct.

We will re-visit this program again next year.

As mentioned above, forced labor risks linked to ethnic minorities is a continuous focus for Ericsson. The Company's stayed engaged with external experts to enhance the Company's tools for effective due diligence.

The complexity of risks related to ethnic minorities and forced labor requires further, collective, action. Ericsson has therefore engaged with a wide range of stakeholders to further understand the challenges and to identify common approaches.

## Sourcing of raw materials

Human rights risks, including issues related to forced labor, exist in the sourcing and extraction of raw materials. Although these risks often occur several tiers upstream in Ericsson's supply chain, Ericsson acknowledges that this is an important risk area, also in terms of modern slavery and human trafficking. Ericsson's conflict minerals program requires suppliers to exercise due diligence in the sourcing and extraction of conflict minerals and to reasonably verify the origin of conflict minerals contained in products sold to Ericsson. For more information see Ericsson's Conflict- Minerals Report, available on [ericsson.com](https://www.ericsson.com). Ericsson's focus has been on the sourcing of tin, tantalum, tungsten, gold, and cobalt.

## Consultation, training and awareness

Modern slavery and human trafficking are complex areas with impacts throughout the supply chain. Raising awareness about the issue is a key element in the work to improve working conditions, both in Ericsson's own business operations and those of Ericsson's suppliers and sub suppliers. Ericsson suppliers are encouraged to take the free of charge online Code of Conduct training that is available on the company's website. The training provides further guidance for suppliers on what is needed in practice in order to comply with Ericsson's Code of Conduct requirements.

All employees are offered a variety of business and human rights e-learning courses. The aim is to help employees understand human rights risks and their role in identifying and mitigating such risks, as well as to help them understand how Ericsson works within this area.

In addition to the above-mentioned trainings, Ericsson acknowledges the high value of raising awareness through

closer discussions and collaborations with stakeholders, such as the examples mentioned under the section "Actions taken". Ericsson also regularly engages with customers on the topic of human rights and modern slavery.

## Grievance mechanism

Ericsson encourages people to speak up about any concerns regarding the company's business practices. Ericsson provides employees, suppliers and other external stakeholders (whether external stakeholders of suppliers or Ericsson) a dedicated communication channel for reporting compliance concerns, such as violations of laws or breaches of Ericsson's policies, including the Code of Business Ethics (CoBE), and CoBE-related steering documents. During 2022 Ericsson made an internal communication campaign across the entire business to improve the speak up culture concerning human rights issues, including forced labor.

[Ericsson Compliance Line](#) is delivered by a third party and allows anonymous reporting when permitted by applicable legislation, via phone or a secure website 24/7, 365 days per year.

Significant violations reported in Ericsson Compliance Line are reported to the Audit and Compliance Committee of the parent company. Ericsson acknowledges that it is difficult to identify modern slavery and human trafficking via whistleblowing tools. Therefore, Ericsson focuses on awareness-raising and other stakeholder engagement activities as important complementary tools to identify and prevent modern slavery and human trafficking, allowing employees, suppliers workers and other stakeholders to speak up about potential issues. No cases related to modern slavery or forced labor were reported through Ericsson Compliance Line during 2022.

## Additional information

Ericsson publishes information about its commitment to human rights and responsible sourcing and engagement with its suppliers and other stakeholders in its annual Sustainability and Corporate Responsibility report published together with the Annual Report. The Annual Report can be found at <http://www.ericsson.com/en/investors/financial-reports>

This statement covers the financial year 2022 and has been approved by the Board of Directors.

Stockholm, March 7, 2023

Börje Ekholm

President & CEO and member of the Board of Directors of Telefonaktiebolaget LM Ericsson

Original signature available on file

Ericsson enables communications service providers to capture the full value of connectivity. The company's portfolio spans Networks, Digital Services, Managed Services, and Emerging Business and is designed to help our customers go digital, increase efficiency and find new revenue streams. Ericsson's investments in innovation have delivered the benefits of telephony and mobile broadband to billions of people around the world. The Ericsson stock is listed on Nasdaq Stockholm and on Nasdaq New York.

## Forward looking statements

Certain matters discussed in this document include forward-looking statements subject to risks and uncertainties.

Readers of this document are cautioned that the forward-looking statements are not guarantees of Ericsson's future actions or developments, which may differ materially from those described or implied. Ericsson expressly disclaims a duty to provide updates to these forward-looking statements after the date of this report to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events. The information included on any websites that appear in this document is not incorporated by reference in this statement.