



ERICSSON

# Modern slavery and human trafficking statement 2023

# 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 core 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 seeking to ensure that Ericsson operations, products, services and business engagements do not adversely impact human rights. 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.

At Ericsson, we are at the forefront of creating a world where limitless connectivity improves lives, redefines business, and pioneers a sustainable future. To be a true industry leader, we also strive to be recognized as a global leader in how we conduct our business and how we operate in the world. Ericsson's commitment to human rights is clear, and the company continuously works to evaluate and strengthen its responsible business practices across its global operations. This approach enables Ericsson to be proactive and to address issues as they arise.

This statement covers the financial year 2023 and describes how Ericsson is tackling the challenge of modern slavery and human trafficking, as well as child labour, in its operations and supply chain and outlines Ericsson's policies, actions and plans for future enhancements. This statement covers the entire Ericsson group of companies, including subsidiaries consolidated in Ericsson's financial statements, and reference to "Ericsson" in this statement shall be deemed to mean the entire Ericsson group of companies. This statement is prepared in accordance with the reporting requirements of the UK Modern Slavery Act, the Australian Modern Slavery Act and the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act.

Below is a summary of Ericsson's key activities in 2023, the planned activities for 2024, and Ericsson's long-term ambition when it comes to the prevention of modern slavery and human trafficking.

## Key activities 2023

Continued a multi-year effort to enhance Ericsson's global supply chain traceability program to track goods and components linked to forced labour risks, including updated governance structure for risk management.

Updated risk screening process during supplier onboarding, including adverse media screening concerning forced labour and modern slavery.

Continued to build program to address new and emerging U.S. anti-forced labour import regulations, as well as the upcoming EU Forced Labour Ban Regulation.

Training and capacity-building on human rights targeting 250+ Ericsson sourcing professionals.

## Planned activities 2024

Increased focus on targeted training and awareness raising on human rights topics for Ericsson staff engaging with suppliers.

Targeted country- and category-specific engagement with high-risk suppliers, to support in risk identification and a review of existing risk management programs.

Enhance Ericsson's action plan to work on de-risking its supply chains based on risk assessment findings.

Increase 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.

## 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 further upstream in the supply chain.

Implement improvements to Ericsson's responsible sourcing framework based on best practice and learnings from benchmarks, rankings and industry-wide efforts.

## 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.

## Structure and operations

Ericsson is one of the leading providers of Information and Communications Technology (ICT). Ericsson provides communication infrastructure, services and software to the telecom industry and other sectors. The portfolio spans Networks, Cloud Software and Services, Enterprise Wireless Solutions, Global Communications Platform, Technologies and New Businesses, and IPR licensing.

Ericsson's global operations are organized in business areas and market areas and there are more than 200 legal entities within Ericsson 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.

Ericsson Australia Pty Ltd. employs approximately 1,000 employees across its operations in Australia and is administered by its head office in Melbourne, 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.

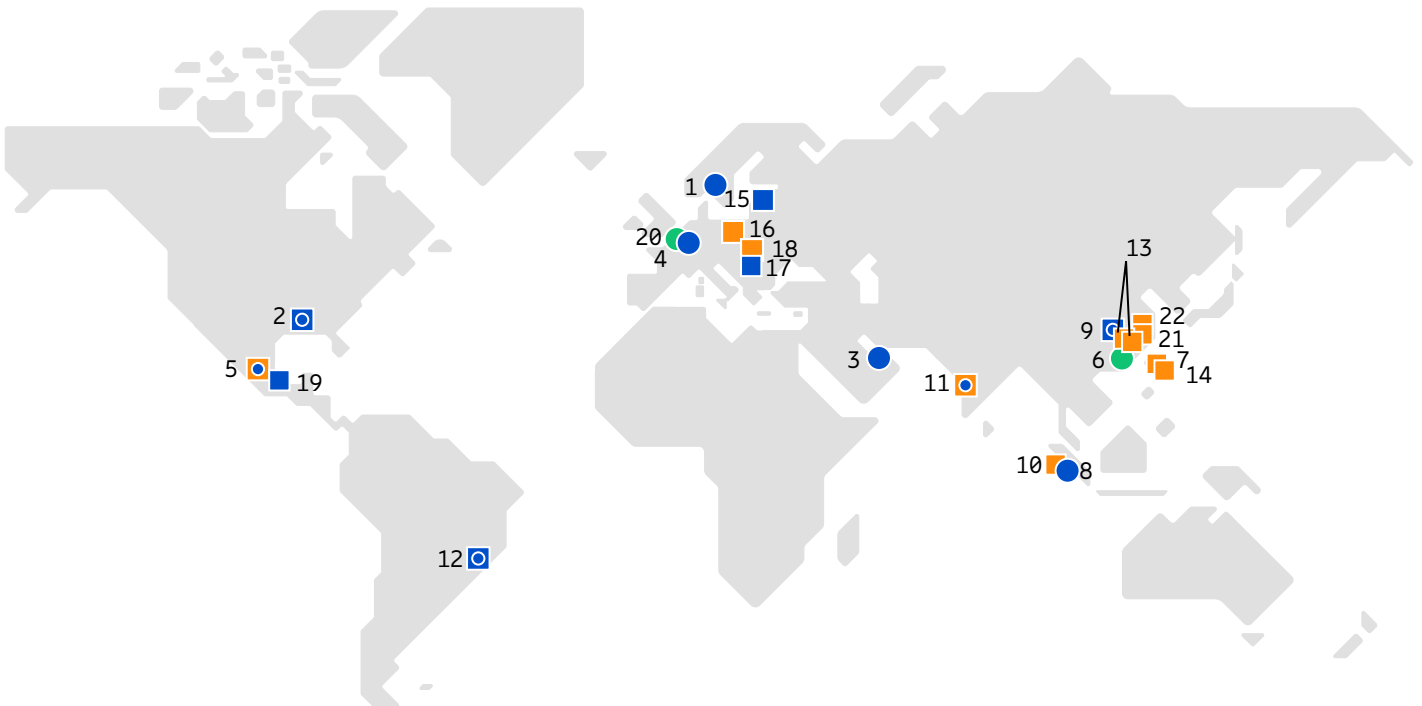
Ericsson Canada Inc. employs approximately 3,100 employees across its

operations in Canada and is administered by its head office in Mississauga, Ontario. Ericsson Canada offers solutions and services encompassing all Ericsson business areas. There is no field services business in Canada.

See picture 1 for an overview of Ericsson manufacturing sites, third-party manufacturing sites, supply hubs and component hubs.

## Location type

- Ericsson manufacturing site
- Third party manufacturing site
- Supply hub
- Component hub



## Locations

- |                    |                             |                  |              |
|--------------------|-----------------------------|------------------|--------------|
| 1. Borås           | 7. Hsinchu City             | 13. Suzhou (2)   | 19. Tlaxcala |
| 2. Dallas (2)      | 8. Kuala Lumpur             | 14. Tainan City  | 20. Venlo    |
| 3. Dubai           | 9. Nanjing (2)              | 15. Tallinn      | 21. Wuxi     |
| 4. Duisburg        | 10. Penang                  | 16. Tczew        | 22. Yancheng |
| 5. Guadalajara (2) | 11. Pune (2)                | 17. Timisoara    |              |
| 6. Hong Kong       | 12. São José dos Campos (2) | 18. Tiszaújváros |              |

Picture 1. Ericsson manufacturing sites, third-party manufacturing sites, supply hubs and component hubs.

## 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 labour rights standards in general, are core aspects of conducting business responsibly at Ericsson. Ericsson does not tolerate the use of forced, bonded or compulsory labour, or child labour, 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 clearly commits 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 the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the OECD Guidelines for Multinational Enterprises, and strives to implement them 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 labour and human trafficking.

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 the Responsible Business Alliance (RBA) code of conduct, and is approved by Ericsson's CEO. It covers human rights, labour rights, environmental management and anti-corruption, among other areas. The Code of Conduct requirements are available in 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 labour and human trafficking, as well as child labour, 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, unless explicitly required by law. In such cases, at no time shall the employees be denied access to their documents. The Code of Conduct 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 prohibits any requirement on prospective employees to pay recruitment fees and respects the 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 equivalent standards.

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 in these areas.

## Ericsson's Supply Chain

Responsible management of suppliers is an important part of Ericsson's procurement process. Ericsson's supply chain comprises approximately 20,000 first tier global, regional and local suppliers which provide a wide range of products and services (see the supply chain category structure in picture 2). 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.

Due to the complex and multi-tiered nature of its supply chain, Ericsson conducts risk-based due diligence on suppliers. Ericsson's approach is to work collaboratively with suppliers towards continuous improvement.

## Responsible sourcing

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 labour. The responsible sourcing team addresses human and labour rights, health and safety and environmental management and sourcing compliance team focuses on anti-corruption and bribery topics of the Ericsson Code of Conduct. Each market area and supplier category also have environmental, health and safety representatives supporting the respective sourcing area. A dedicated full-time employee oversees the development and implementation of occupational health and safety, and human rights initiatives related to Ericsson's global supply chain.

Ericsson's responsible sourcing and human rights strategy includes activities such as identification of high risk impact countries for forced labour 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), increased focused on implementing a broad supply chain traceability system and other activities related to compliance with new and emerging forced labour and related due diligence regulations, and increased human rights training both internally and externally. The strategy also includes enhancements of the conflict minerals due diligence program including increasing

the number of smelters that have gone through the Responsible Minerals Assurance Process (RMAP) under the Responsible Minerals Initiative (RMI) in our supply chain and extend our activities to other critical minerals where human rights risks are high. Other activities, such as supplier capacity building, audits and improvement programs, stakeholder dialogue and engagement, and benchmarking, are other key parts of the strategy.

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. Ericsson collaborates with external parties such as civil society organizations, customers and suppliers, industry peers and experts in order to work towards continuous development. To stay informed on modern slavery issues, Ericsson uses a range of external sources, including the U.S. Department of Labor's List of Goods Produced by

Child Labor or Forced Labor, Maplecroft country risk indicators, and publications from reputable organizations. 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 RMI, and through other stakeholder engagement activities. When it comes to raw materials, the company publishes an annual Conflict Minerals Report in accordance with the Dodd Frank Act 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

Ericsson's supplier categories were mapped from a modern slavery risk perspective to identify high risk areas in 2018, and the overview was updated again in 2021. The mapping was based on factors such as geographical location, industry, and education and skill level needed to perform the work. A determination was also made whether

the risk is most relevant for suppliers at first-tier level, or further upstream.

The table below (picture 2) provides a simplified view of Ericsson's sourcing category structure and where forced labour risks are presumed to be most prevalent based on the mapping, and is used as an indicator of risk, in combination with other relevant factors, in order to prioritize forced labour risks. The risk of child labour further upstream in the supply chain was also considered as part of this exercise.

The type and severity of modern slavery risks depend on the sourcing category. Modern slavery and human trafficking risks in hardware and component manufacturing are often related to migrant labour 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 labour and forced labour risks are associated with ongoing armed conflicts and instability in source countries.

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

For logistics suppliers, issues such as low wages, excessive overtime and migrant labour are known to be associated with forced labour 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 may 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 labour through recruitment agencies. Especially when recruiting in high-risk countries.

In 2023, we began a process of implementing a new external evaluation program to be able to score our key suppliers on a wide range of sustainability metrics, including labour rights related issues, and use that to direct further risk management efforts. Beyond that, Ericsson also uses external reporting (such as reports from news media, civil society organizations, industry associations and others) for further information on, for example, high-risk commodities or sectors that may be a part of Ericsson products or its extended supply chain, and that therefore require heightened attention.

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 of Conduct requirements and has performed several audits of such suppliers in Australia.

## 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; seeking to identify potential human rights risks, address such risks to prevent adverse impacts, track the effectiveness of measures taken and provide or enable mitigation and/or remediation when applicable.

Ericsson has an ongoing process for risk assessing first-tier suppliers against our Code of Conduct. Supplier screening before onboarding is performed by a centralized and independent compliance services team. The screening includes adverse media monitoring of suppliers and covers social and labour related issues, including forced labour and child labour. After that, a modular supplier sustainability risk assessment is triggered based on supplier category risk, during the supplier onboarding process and for selected active suppliers. Once a supplier has been selected for assessment, one or several self-assessment questionnaires including environmental management, OHS and human rights are sent to the supplier for completion. The supplier shall also provide supporting documentation for its responses. The scope of each assessment is predefined based on the type of products or services the supplier provides. Suppliers are subsequently rated as having high, medium, or low risk, depending on how well they meet Ericsson's criteria that includes environmental, OHS and human rights requirements. Based on this rating, a recommendation to either approve, not approve, or approve the supplier with certain conditions to address gaps (or the equivalent recommendations if it is an already active supplier) will be issued by the sourcing manager.

Once onboarded, suppliers are selected to be audited against the Code of Conduct 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 labour, 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 remains a necessary tool to understand aspects of the supplier operations related to the overall human rights area, which may be related to forced labour issues.

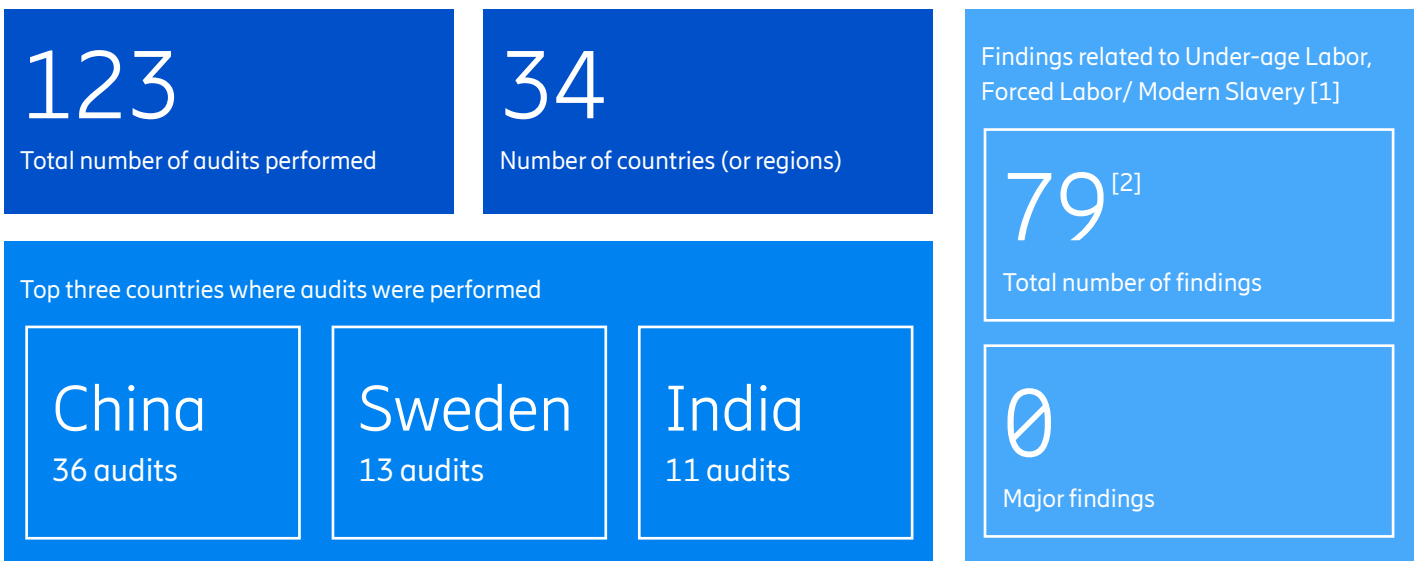
When indicators of human rights risks in Ericsson's supply chain are identified, Ericsson aims to take prompt action by initiating an investigation and requiring corrective actions as well as mitigation and/or remedies, when applicable. This includes when non-conformities are identified as we compare 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 conflict with the Code of Conduct, the supplier is expected to find other ways to uphold Ericsson's standards to the highest degree possible.

## Audit results 2023

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, which is based on the RBA Code of Conduct, and covers both forced labour and child labour, among other issue areas. During

2023, 123 Code of Conduct audits in 34 countries/regions were performed. The majority of findings in the area of "Under-age Labour, Forced Labour/ Modern Slavery" were related to a lack of or insufficient written policies and procedures prohibiting forced labour

in all of its forms. These findings are classified as less severe but must be addressed through corrective actions such as implementing adequate policies, procedures and training. For more information about Ericsson's supplier audit programs, see [ericsson.com](https://ericsson.com).



The majority of major findings as a result of the Code of Conduct audits, within the broader areas of human and labour rights, were related to excessive overtime, rest days and overtime wages. 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 effectiveness

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. During the year, several industry peers and companies from other sectors were engaged in benchmarking exercises aimed at identifying best practices. The RBA was also engaged for such purposes, and Ericsson participated in various working groups and taskforces of the RBA to benefit from and contribute to

shared learning. The learnings gained from such dialogs inform the development and implementation of human rights strategies and activities that are closely related to efforts to address forced labour risks. During 2023, Ericsson also joined other members in the International Council of Swedish Industry's recently established Responsible Sourcing Network, where all aspects of the Ericsson responsible sourcing program are covered.

Ericsson's efforts to address forced labour risks during 2023 were mainly

related to preparing for and ensuring compliance with new and emerging legal requirements, including the U.S. Uyghur Forced Labor Prevention Act and the proposed EU Forced Labour Ban regulation and Corporate Sustainability Due Diligence Directive. The work undertaken by Ericsson included enhancing supply chain traceability efforts that are aimed at identifying potential risks further upstream in Ericsson's supply chain, and updating relevant and related governance structures.

## Sourcing of raw materials

Human rights risks, including issues related to forced labour, exist in the part of the supply chain that concerns extraction and processing of raw materials. Although these risks exist several tiers upstream in Ericsson's supply chain, Ericsson acknowledges that this is an important risk area, in relation to forced labour, 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. Ericsson's focus in its conflict minerals program is on the sourcing of tin, tantalum, tungsten, gold, cobalt and, as of 2023, mica.

## 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 efforts to improve working conditions, both in relation to Ericsson's own business operations and the operations 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 Ericsson's

website. The training provides guidance for suppliers on what is needed in practice to comply with Ericsson's Code of Conduct requirements, not least with regard to forced labour.

All Ericsson 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 as a company works within this area. During the year, more than 250 strategic sourcing managers received training, on both the general expectations related to human rights, as well as on the important role that they play in Ericsson's overall due diligence efforts, including identifying and addressing forced labour risks.

In addition to the above-mentioned trainings, Ericsson acknowledges the high value of raising awareness through closer discussions and collaborations with stakeholders. Ericsson also regularly engages with customers and investors 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) with 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, and related steering documents such as the Code of Conduct. During 2023, Ericsson conducted workshops with the teams responsible for Ericsson's grievance mechanism, the Ericsson Compliance Line, focusing on the identification and remediation of human rights related issues.

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 labour were reported via the Ericsson Compliance Line or through other channels during 2023.

## References

1. The numbers include findings from initial audits and follow-up audits.
2. The total number of findings concern 24 different suppliers (i.e., some suppliers have multiple findings).



## 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 2023 and has been approved by the Board of Directors.

Stockholm, March 6, 2024

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 and enterprises to capture the full value of connectivity. The company's portfolio spans the following business areas: Networks, Cloud Software and Services, Enterprise Wireless Solutions, Global Communications Platform, and Technologies and New Businesses. It is designed to help our customers go digital, increase efficiency and find new revenue streams. Ericsson's innovation investments have delivered the benefits of mobility and mobile broadband to billions of people globally. 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. Further, such statements are based on standards that may change due to revisions in framework requirements, availability of information, changes in our business or applicable government policies, changes in methodologies or updated data, or other factors, which may be beyond our control.

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. Ericsson makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein. Further, the actions presented in this statement are examples set forth for illustrative purposes only.