

# Ericsson – CHRB Disclosure 2020

## A.1.5 Commitment to remedy

Please see [Ericsson Business & Human Rights Statement](#), under headings "Grievance mechanisms and remediation", and "Our approach to respecting human rights".

As an example of how Ericsson works with ICT suppliers to remedy impacts, Ericsson engaged with its suppliers following reports in 2019 of modern slavery practices in ICT manufacturing in Malaysia. Ericsson took action by engaging with its own suppliers in Malaysia to evaluate their policies and process to prevent modern slavery, as well as disclose their sub-suppliers in order to enable Ericsson to identify potential risks further upstream in the supply chain. Ericsson also engaged with local NGOs and experts to discuss appropriate actions and remedy.

As a member of the Responsible Business Alliance, Ericsson engaged with other members to require audits of the identified manufacturing sites in Malaysia and ensured recruitment fees were reimbursed to the workers.

## B.1.1 Responsibility and resources for day-to-day human rights functions

At Ericsson the Functional Area Sustainability and Corporate Responsibility is accountable for defining strategy, target setting, risks management, policies and directives, governance and improvement programs for human rights, as well as other areas within sustainability and corporate responsibility. A Corporate Responsibility Expert – Business and Human Rights has the day-to-day responsibility for human rights across the company, including the supply chain and customer relationships, and is part of the Sustainability and Corporate Responsibility leadership team. The role reports to the Head of Sustainability and Corporate Responsibility. The Functional Area is part of Group Function Marketing and Corporate Relations. The Head of Sustainability and Corporate Responsibility reports to the Executive Management Team of Ericsson Group.



Moreover, there are several boards at Ericsson with the responsibility for specific human rights related topics such as the Sensitive Business Board, the Environmental Health and Safety Board and the Responsible Sourcing Board. All these boards have high level representatives from different group functions and are chaired by members of the Executive Management Team.

Ericsson also has a dedicated Responsible Sourcing team, with an appointed Responsible Sourcing program manager for Human Rights, that in tight collaboration with Ericsson's Corporate Responsibility Expert – Business and Human Rights manages the strategy and activities for Human Rights for the sourcing department and for the supply chain, including ICT suppliers. Information about the Responsible Sourcing team can now be found on the [Responsible Sourcing](#) page on Ericsson.com.

You will find our supplier requirements, our ongoing programs and results, and the trainings that we have available for external parties below on this page. All programs have appointed program managers from the Responsible Sourcing team.

### **B.2.3 Integrating and Acting: Integrating assessment findings internally and taking appropriate action**

Our audit program to monitor supplier compliance is only a part of the Ericsson Responsible Sourcing program. The audit results are not only used as a basis for corrective actions, but also as indicators on which issues we need to focus our attention on, through more specific actions. These issues are evaluated on an on-going basis and updated accordingly.

Based on the identified salient human rights issues ([see Ericsson.com](#)) Ericsson has initiated a number of proactive actions to act on findings and prevent risks. The Responsible Sourcing and Sustainability & Corporate Responsibility functions have developed a specific human rights activity plan, which is reviewed and updated regularly based on factors such as media and NGO reports, stakeholder dialogue, audit results, impact assessment findings, and learnings from actions taken.

The action plan includes activities such as internal and external trainings and capacity building, implementation of improvement areas, collaborations with customers and suppliers on specific human rights topics, continuous supply chain mapping and impact assessments, trend analysis, benchmarking activities etc.

Moreover, all suppliers are required to complete a self-assessment questionnaire which further informs Ericsson of each supplier's level of maturity, specific risks and areas of improvement. Based on the results of the self-assessments, questionnaires and audits, actions are taken to mitigate risks and remedy actual impacts.

Each audit results in a corrective action plan and a follow-up audit to ensure that the corrective actions are implemented. Through this on-going approach risks are continuously assessed, monitored and acted upon. The actions taken are also tracked on an on-going basis to make sure they have the desired effect.



Due to the Covid-19 pandemic, several proactive actions have unfortunately been put on hold as a result of travel restrictions. Examples of initiated or ongoing efforts are:

- As an effort to prevent modern slavery practices in the ICT supply chain in Malaysia, Ericsson has initiated a collaboration with key suppliers based in the country to organize capacity building workshops with 2<sup>nd</sup> tier suppliers. The aim of the workshops will be to strengthen the 2<sup>nd</sup> tier suppliers understanding of modern slavery risks, provide tools and knowledge on how to identify and prevent such risks, and establish closer relationships with the suppliers in Malaysia to increase joint leverage. The workshops were planned for Q2 2020 but had to be postponed due to travel restrictions. We are now evaluating, together with the suppliers, what actions can be taken remotely or through virtual meetings, and plan to move forward with the in-person workshops as soon as travel is possible.
- Ericsson conducted a number of worker voice surveys, in collaboration with an external third-party, specifically focused on modern slavery, with selected 1<sup>st</sup> tier and 2<sup>nd</sup> tier suppliers in China and India. This was initiated due to the fact that modern slavery practices are often difficult to detect through audits. Based on the findings we had additional dialogue with the relevant suppliers to develop their policies and procedures on preventing modern slavery.
- Human rights training was made mandatory for all job roles at Ericsson that have supplier interactions. This was done as an effort to build capacity and better understanding among the sourcing organization of the salient human rights risks in our supply chain. The sourcing organization has regular interactions and follow-up meetings with our suppliers, where identified risks and actions taken are discussed. It is therefore important that the job roles responsible for such interactions are provided with the right tools to have a constructive dialogue with suppliers.
- As part of our program on sourcing of minerals from conflict-affected and high-risk areas, Ericsson updated the [Code of Conduct for Business Partners](#) and the [Statement on sourcing of minerals from Conflict-Affected and High-Risk Areas](#) to clarify that suppliers are required to have effective due diligence processes, in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, when sourcing raw materials.
- Ericsson is also part of a collaborative action lab with other Swedish multi-national companies, through the program Swedish Leadership for Sustainable Development led by the Swedish International Development Agency (SIDA). The focus of the action lab is to establish capacity building programs on the ground in the artisanal mining sector in the DRC. So far, we have met with experts and organizations running local projects to gather lessons learned and find ways of how to best



contribute. Outcomes of the project should be scalable to other markets as well.

- Ericsson has initiated a dialogue with local and international trade union organizations to find ways of collaborating on trade union rights, especially in countries where such rights are restricted.
- Ericsson has an on-going occupational health and safety program including a wide range of proactive actions such as awareness raising, trainings, incident reporting and follow-up, etc. For more information on the OHS program see [Ericsson.com](https://www.ericsson.com), and page 185 in the [2019 annual report](#).
- Ericsson has mapped the prevalence of modern slavery policies and procedures among selected 1<sup>st</sup> and 2<sup>nd</sup> tier suppliers in high-risk markets. This was done in order to understand the maturity levels of suppliers and identify where additional actions are needed.
- As a response to the Covid-19 outbreak, Ericsson prepared a communication to suppliers with guidance on specific human rights issues that are at risk due to the pandemic, how to address such risks and how to ensure workers are protected when reopening after restrictions have been lifted. This was shared with all Ericsson suppliers.
- In response to several reports mapping the use of labor transfer programs and discrimination of ethnic minorities from Xinjiang province in China, Ericsson initiated a process to map our supply chain, and we are currently engaged in dialogue with selected suppliers on addressing these risks. We are also collaborating with the RBA on this issue to find ways of collective action.
- Systemic risks such as excessive overtime and living wage are issues we engage on through the RBA, with the aim of using joint leverage.
- Ericsson also provides all suppliers access to specific [Code of Conduct trainings](#), to assist suppliers in implementing the requirements and improve their performance.

Ericsson will continue to engage on the above-mentioned projects, and further develop and implement actions based on learnings and outcomes from actions taken.

#### **B.2.4 Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impact**

Ericsson continuously tracks and evaluates the effectiveness of activities related to human rights risks in our supply chain, both the reactive and proactive actions, in order to provide input to future plans and activities. The result of performed activities are reviewed based on direct effectiveness, meaning, if it gave the intended result, if not and it should be discontinued, and what valuable learnings



it gave, even if it did not result in the intended outcome. Lessons learned are shared internally with relevant stakeholders involved in the actions taken, as well as externally in dialogue with customers, suppliers, investors, civil society organizations and other stakeholders. Some examples of evaluations of proactive activities are given below:

- While the worker voice surveys provided valuable additional information, besides audit results, they also confirmed that the most severe risks of modern slavery exist further upstream in our supply chain. The set up of the surveys requires buy in from all tiers of the supply chain to reach the right level, which was proven to be difficult due to a lack of awareness in many cases. In order to more effectively reach further upstream, and build trust with all relevant tiers, Ericsson decided to initiate targeted collaborations in specific markets to build joint capacity and raise awareness. The pilot project in Malaysia (mentioned under indicator B.2.3) is a first attempt. Based on these outcomes, the surveys were discontinued. Once the collaborative efforts have shown increased awareness, the surveys might once again be an effective additional tool to identify impacts.
- Another example is the modern slavery policy and procedure benchmark (mentioned under indicator B.2.3). The results showed that most suppliers in high-risk markets lack specific policies or procedures on modern slavery, which indicates a lack of awareness on these issues. This informs us that even though audits might not show actual cases of modern slavery, many suppliers are not equipped to properly identify and address such risks. The results of this exercise have been incorporated in the human rights activity plan for responsible sourcing. Specifically, through engagements with the identified suppliers on developing effective policies and procedures, as well as a review of the Ericsson Code of Conduct for Business Partners to clarify the requirement on effective due diligence measures to specify required policies and procedures.
- The effectiveness of trainings is also evaluated in order to make sure performance is improved. The mandatory human rights trainings for the sourcing organization (mentioned under indicator B.2.3) were evaluated through surveys and follow-up interactions with selected internal stakeholders. Results show that the awareness and understanding of human rights risks have significantly increased and the training is now used in on-boarding of new employees in supplier facing roles. Learnings from these trainings will also provide input to efforts to develop additional external and internal trainings on human rights.

In addition to the above, in order to more effectively evaluate progress of improvements in the area of human rights in our supply chain, Ericsson is in the process of implementing a risk management tool, the Responsible Sourcing Tool. This tool will be used for evaluating and scoring suppliers based on sustainability performance, tracking risks in all areas of the Ericsson Code of Conduct and provide a more systematic approach to tracking performance and following-up



on actions taken. The tool will be implemented by the end of 2020/beginning of 2021.

### **C.7 Remediating adverse impacts and incorporating lessons learned**

Please see [Ericsson Business & Human Rights Statement](#), under headings "Grievance mechanisms and remediation", and "Our approach to respecting human rights".

Ericsson has a commitment to provide and enable remedy when applicable. An example of where remedy was provided is the case of modern slavery in ICT manufacturing in Malaysia (mentioned under indicator A.1.5). Together with under RBA members, Ericsson pushed for the reimbursement of recruitment fees to affected migrant workers.

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