



Company Engagement Questions:

KnowTheChain Information and Communications Technology Sector benchmark

Companies can use these questions to provide additional information relevant to KnowTheChain's benchmarking of companies commitments and programs targeted at addressing human trafficking and forced labor in the supply chain.

Please note that answers to these questions will be made publicly available on the [website of Business & Human Rights Resource Centre \(BHRRC\)](#), one of the partners in KnowTheChain. The project will maintain a strict standard of only including information provided via a company's public website or BHRRC's website in the evaluation.

Please send your answers to Annabel Short, Program Director, Business & Human Rights Resource Centre: short@business-humanrights.org, with a cc to Megan Wallingford, Senior Advisor, Advisory Services, Sustainalytics: megan.wallingford@sustainalytics.com.

We encourage companies to answer as many of the questions as possible. You may wish to focus particularly on those for which your company currently does not have information available on its website.

Name of company: [Ericsson AB](#)

Name of respondent: [Camilla Goldbeck-Löwe](#)

Position of respondent: [Corporate Responsibility Expert, Sustainability and Corporate Responsibility Unit](#)

Respondent's contact information (email): camilla.goldbeck-low@ericsson.com

Documents

1. Please share links to any policy statements, reports, or other documents that you would like to be taken into account in a review of your company's approach to managing forced labor risks in the supply chain.

[Ericsson's Code of Business Ethics and additional information](#) , (available in more than 30 languages).

[Ericsson Code of Conduct](#) (available in 16 languages) and [additional information](#) and

[Occupational Health and Safety Requirements](#) (available in 11 languages)

[Sustainability and Corporate Responsibility Report 2015](#)

Commitment and governance

Awareness and commitment

2. Has your company made a formal commitment (e.g. adopted a policy) to address human trafficking and forced labor? Please include a link to the commitment.

Yes, a formal commitment with respect to forced labor is made both in the Code of Business Ethics as well as the Code of Conduct (links included above).

Supply chain standards

3. Does your company have a supply chain standard that requires suppliers to uphold workers' fundamental rights and freedoms, including the elimination of forced labor? Please include a link to the standard, and provide information on how frequently the standard is updated.

Note on EICC membership: Many ICT companies are members of the Electronics Industry Citizenship Coalition, EICC. If your company is a member and provides a link from its own website to the latest version of the EICC Code (i.e. version 5.1 effective January 1, 2016), then that code will be considered by KnowTheChain in reviewing the company's supply chain standards.

Yes, The Ericsson Code of Conduct is applicable to all Ericsson operations and to any party that contributes to Ericsson products, services and other business activities ("Supplier"). The Ericsson Code of Conduct is part of all Ericsson contracts with our suppliers.

see [Code of Conduct](#) and [additional information](#)

All group policies are reviewed annually and the Code of Conduct was reviewed and updated in 2015.

Management

4. Who within your company is responsible for the implementation of your company's supply chain policies and standards relevant to human trafficking and forced labor? Please indicate the committee, team or officer, and describe their scope of responsibility.

The Vice President and Head of Sustainability and Corporate Responsibility is accountable for definition of Group human rights policies and requirements, including human trafficking and forced labor.

The Head of Group Sourcing is responsible for the communication and implementation of these policies and requirements in the supply chain via Ericsson's Responsible Sourcing Program.

Training

5. Does your company conduct training programs for internal decision-makers and suppliers on risks, policies and standards related to human trafficking and forced labor? Please describe.

There are a number of training programs available for all Ericsson employees including risks, policies and standards related to human trafficking and forced labor. Sustainability and Corporate Responsibility and Occupational Health and Safety e-learnings are available to all employees via Ericsson Academy. During 2015, two additional new e-learning courses were launched, the Code of Business Ethics and Code of Conduct training and a Human Rights and Business training. During 2015, 99 percent of our employees acknowledged the Code of Business Ethics.

Ericsson also provides training for our suppliers, free of charge, for additional information, see [link](#). Currently there are two free of charge training courses focusing on Ericsson Code of Conduct and Anti-corruption, which are made available in 13 languages to ensure that our

suppliers' employees understand our approach. We also conduct supplier training workshops in different markets.

Stakeholder engagement

6. In the last three years, has your company engaged a) with local stakeholders such as NGOs, trade unions or policy makers or b) in multi-stakeholder initiatives on human trafficking and forced labor, especially as it relates to the supply chain? Please describe with whom your company has engaged, the purpose of the engagement, and your company's role.

Ericsson conducts stakeholder engagements in line with UNGP and invites investors, Non-Governmental Organizations (NGOs), and other stakeholders. One example is our Human Rights Impact Assessment (HRIA) for Myanmar, where local stakeholder consultation, including with NGOs and civil society, took place during 2014. The consultation was moderated by the Myanmar Center for Responsible Business. The HRIA addressed for example supply chain issues including working conditions.

Traceability and risk assessment

Traceability and risk assessment

7. Please describe your company's supply chain tracing and risk assessment processes. Include any specific examples of when your company has conducted forced labor risk or impact assessments focused on a particular commodity, region or group.

Ericsson uses a risk-based approach to identify relevant suppliers for Code of Conduct audits. We use a risk model for this purpose. The model includes the following risk factors:

- *Market/Region*
- *Supplier Category*
- *Previous audits*
- *Experience of the supplier*
- *Chemicals handling*
- *Work at height*

Supplier performance is assessed in 11 different areas (for more information see Sustainability report 2015, page 21). Risk points in items 1, 2 and 4 relate to factors including Human Rights, OHS, anti-corruption, working hours, labor rights, and environmental impact.

Transparency

8. Does your company disclose a) identified forced labor risks b) the names and locations of first-tier suppliers, and c) some information on suppliers beyond the first tier? If yes, please provide a URL.

a) No. However, Forced labor is one of the key criteria in supplier code of conduct audits and supplier self-assessments. We always verify compliance with Forced labor-related requirements in all supplier audits (for additional information please see Sustainability report page 21).

b), c) Our supplier lists and related supply chain information are confidential and may not be published externally.

c) *The only information beyond our first tier suppliers that are published are in relation to our conflict minerals report were all smelters identified by our suppliers are disclosed.*
<http://www.ericsson.com/res/investors/docs/2015/cm-report-2015.pdf>

Purchasing practices

Purchasing practices

9. Does your company make an effort to avoid purchasing practices that increase the risk of human trafficking and forced labor in the supply chain (e.g. short-term contracts, excessive downward pressure on pricing, sudden changes of workload?) Please elaborate.

Our supplier evaluation criteria include elements related to compliance with Code of Conduct and OHS requirements. In order to become or remain an Ericsson supplier, compliance with Code of Conduct requirements, including human rights requirements, is a must.

We strive for long-term engagements with suppliers. We continually strive for providing medium to long term forecasts to our suppliers, to allow for long-term planning and an even work load.

10. Does your company assess risks of forced labor at potential suppliers prior to entering into contracts with them? Please describe.

Our supplier on-boarding and evaluation criteria include elements related to compliance with Code of Conduct and OHS requirements. In order to become or remain an Ericsson supplier, compliance with Code of Conduct requirements, including human rights requirements, is a must. See also our Code of Conduct.

11. How does your company take into consideration the capacity of suppliers to meet fluctuating demands?

The suppliers' capacity and flexibility is assessed prior to contractual engagement, and is continually assessed. Also, we strive for providing forecasts, and to avoid sudden highs or lows in the demand by smart capacity planning.

12. Does your company integrate its supply chain standards addressing forced labor and human trafficking into supplier contracts?

Yes, our Code of Conduct is a mandatory part of all supplier contracts. The CoC is available in 16 languages and all language versions are valid as contract elements.

Cascading standards

13. Does your company have a process to cascade standards on forced labor down the supply chain (e.g. requiring first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's standards)? Please describe.

*Yes, in our Code of Conduct, we include a requirement that:
"Ericsson requires suppliers and their subcontractors to comply with the Code of Conduct, or similar standards, and to verify compliance by providing information and allowing access to their premises."*

This element is verified at all supplier CoC audits

Recruitment

Recruitment approach

14. Please describe your company's recruitment approach, including whether your company requires recruitment agencies in its supply chain to uphold workers' rights, whether it has a policy on direct employment, and whether it requires suppliers to disclose to the company the recruiters that they use.

Our Code of Conduct requirements apply to all our suppliers, regardless of category.

Recruitment fees

15. Please describe your company's approach to recruitment fees, including whether your company requires that no fees be charged during recruitment processes, and whether and how it ensures that fees paid are reimbursed.

No fee is charged of any agencies or candidates at any time in the recruitment process. Fee is due to the agency by Ericsson after a position is closed and candidate hired, per the local and global frame agreements with the agencies for services rendered.

Recruitment audits:

16. Does your company audit recruiters to assess risks of forced labor and human trafficking?

If these recruiters are identified as critical in our supplier CoC risk assessment process, they may be audited.

Worker voice

Communication of policies to workers

17. Please describe how your company communicates its human trafficking and forced labor related policies and standards to workers in its supply chain.

Ericsson provides training for our suppliers, free of charge, for additional information, see [link](#). Currently there are two free of charge training focusing on Ericsson Code of Conduct and Anti-corruption, which are made available in 13 languages to ensure that our suppliers' employees understand our approach.

We also conduct supplier seminars on CoC and OHS. In 2014, we conducted 34 seminars worldwide.

Worker voice

18. Please describe how your company engages with workers outside of the context of the factories in which the work (whether directly or in partnership with stakeholders).

Ericsson employees are continually engaged. One example is that each year we perform an Ericsson Employee Engagement Survey collecting feedback from all employees. Another example is how selected employees, among other stakeholders, are validating the materiality assessment in the S&CR report (see [link above](#)).

For supply chain, we have not yet engaged in such activities.

Worker empowerment

19. Please elaborate on whether and how your company encourages its suppliers to ensure workplace environments where workers are able to organize, including through alternative forms of organizing where there are regulatory constraints on freedom of association.

These elements are part of our Code of Conduct, and are central elements in all our supplier CoC audits. Our Code of Conduct says:

“All employees shall be free to form and to join, or not to join, trade unions or similar external representative organizations and to bargain collectively. Information and consultation with employees can be done through formal arrangements or, if such do not exist, other mechanisms may be used.”

Grievance mechanism

20. Please describe your company's grievance mechanism, including whether it is available to suppliers' workers, and how it is communicated to suppliers' workers.

Quote from our Code of Conduct:

Suppliers, customers and other partners involved with Ericsson may report suspected violations of laws or the Code of Conduct to the local operations manager or in accordance with locally established procedure. If the above channels for reporting are not available or appropriate, and if the alleged violation

- a. is conducted by group or local management, and
- b. relates to corruption, questionable accounting or auditing matters or otherwise seriously affects vital interests of Ericsson or personal health and safety, the violation may be reported through the Group's external whistle-blower process: the Ericsson Compliance Line. Reports can be handled via this process if in accordance with local legislation applicable to persons involved. Ericsson will not accept any discrimination or retaliation against the individual reporting the violation for having, in good faith, reported alleged violations. Information about the [Compliance Line](#) is available on the Ericsson website:

Monitoring

Auditing process

21. Please describe your companies auditing process including whether the process includes a) scheduled and non-scheduled visits, b) a review of relevant documents, and c) interviews with workers.

Ericsson uses a risk-based approach to identify relevant suppliers for Code of Conduct audits. See question 7 above.

Supplier Code of Conduct (S-CoC) audits are planned by Regions and Business Unit as a function of the risk assessment results.

Audits are then performed by our trained in-house auditors. We currently have more than 210 S-CoC auditors from 60 countries. While ensuring compliance to our comprehensive CoC requirements, we view audits as mutually beneficial improvement activities. In 2015, 334 on-site S-CoC audits were performed. With very few exceptions, our supplier audits are announced.

Information is gathered through interviews, including interviews with workers as applicable, document review, and observations.

Audit results are followed up using a defined process. The supplier is required to come back with a completed Corrective Action Plan, specifying for each finding: root cause, suggested corrective action(s), responsible person, and dead-line. Ericsson's auditors follow up the results to ensure lasting improvements are put in place.

Ericsson has a top management scorecard target related to the Regional, Business Unit, and aggregated completion rate of the corrective actions within a given time frame.

Audit disclosure

22. Does your company disclose a) the percentage of suppliers audited annually b) the percentage of unannounced audits c) information on who carried out the audits, and d) a summary of findings, including details of any violations revealed? Please provide a URL.

Yes, we publish information about percentage of supplier audits in our [sustainability report](#).

Remedy

Corrective action plans

23. Does your company have a process for creating corrective action plans? Please describe this process and the elements of a corrective action plan.

Yes, see more information in our sustainability report. Also, see question 21 above.

Remedy

24. Does your company have a process to provide remedy to workers in its supply chain, including for responding to instances of forced labor and human trafficking? If yes, please provide examples of outcomes of this program.

Other persons than employees, such as suppliers, customers and other partners involved with Ericsson, may report suspected violations of laws or the Code of Business Ethics to the local operations manager or in accordance with locally established procedure. For more information, see [link](#)