

Ericsson's Response to the Business and Human Rights Resource Center
invitation to respond to concerns about the European Chamber of
Commerce in China's position on proposed labour law reform, request
dated 5 Jan 2007

Ericsson's position on this issue is as follows:

- Ericsson supports the Chinese government's legislative efforts to improve the labor law and regulations for working standards in a variety of labor contexts, including remuneration, fair treatment, employment conditions, health insurance, safety environment, etc. for Chinese workers. Ericsson is in no way actively lobbying against the proposed legislation by the Chinese government. Nor has Ericsson threatened to pull out of China if the new labor laws were to be passed.
- Ericsson actively enforces its commitment to the United Nations Global Compact, and through our own Code of Conduct and adherence to local regulations we provide a high standard of working conditions to our employees in China. Ericsson's Code of Conduct in many cases stipulates standards that exceed national laws and is based on the UN Global Compact 10 principles supporting human rights, labor, anti-corruption and environment in our own operations as well as the supply chain. We are committed to providing a safe and efficient working environment for employees in our operations in China.
- Ericsson's efforts in this area have been publicly recognized in China. In 2005 Ericsson was awarded as one of the top three (Ericsson is the only foreign company) "the best employer in China" by CCTV, and "the best employer to college students in 2005".
- Ericsson also requires our local suppliers and partners to follow the laws and Ericsson's Code of Conduct to provide up-to-standard labor conditions. We regularly conduct Code of Conduct audits on our supply chain and use a risk-based approach in doing so. Compliance to our Code of Conduct is an important criteria to be a qualified supplier to Ericsson.
- We appreciate European Chamber of Commerce in China for providing a platform for member companies to discuss common issues and interests, share views and raise concerns. As a member, Ericsson participates in activities at sub-working groups under the Chamber, e.g. Finance, IPR, IT&T, Legal, etc. We feel our participation in the discussion of the issues on the agenda is part of our obligation, regardless of whether we agree or not on what members vote for. Thus just because we are a member of the European Chamber of Commerce does not necessarily mean we endorse every lobbying initiative.
- As a member of the Business Leaders Initiative on Human Rights (BLIHR), Ericsson is committed along with other BLIHR member companies to finding practical applications of the Universal Declaration of Human Rights within a business context, and to inspire other businesses to do likewise.
- Ericsson's general view on China's Draft Labor Contract Law is that there are areas that need clarification or improvement in order to be consistent with the current labor laws and regulations as well as to balance the employer-employee relationships. In addition we feel that Chinese employees would benefit considerably if current legislation were more actively enforced.
- At Ericsson, as far as any relevant laws allow, all employees are free to peacefully and lawfully join associations of their own choosing, and should have the right to bargain collectively. In countries where employees do not have the right to be members of trade unions of their own choice or trade unions may be banned, we have established alternative means for employees to discuss work conditions with local management.