

To the Board of Directors of Telefonaktiebolaget LM Ericsson

## **The Nomination Committee's proposals to the Annual General Meeting 2025, including explanations**

The Nomination Committee of Telefonaktiebolaget LM Ericsson presents the following proposals and information to the Annual General Meeting of shareholders 2025.

### **1. Description of the Nomination Committee's work before the Annual General Meeting 2025**

The composition of the Nomination Committee was made public by Ericsson on May 30, 2024.

The Nomination Committee consists of the following members:

- Johan Forssell (appointed by Investor AB), the Chair of the Nomination Committee
- Helena Stjernholm (appointed by AB Industrivärden)
- Anders Oscarsson (appointed by AMF Tjänstepension and AMF Fonder)
- Christer Gardell (appointed by Cevian Capital)
- Jan Carlson, the Chair of the Board of Directors

The Nomination Committee has over the course of the year carried out its duties under the Swedish Corporate Governance Code (the "Code") and as set out in the Instruction for the Nomination Committee (as resolved by the Annual General Meeting 2012).

As of February 20, 2025, the Nomination Committee has held five meetings since the appointment of the current Nomination Committee.

To ensure a thorough ongoing understanding of Ericsson's business and strategy, the Chair of the Board of Directors presented to the Nomination Committee his views on the position and strategy of the Ericsson Group. The Committee also met with Ericsson's President and CEO Börje Ekholm who presented his views on the Company's position and strategy. The Committee has analyzed the needs for competencies in the Board of Directors and has been informed of the results of the evaluation of the Board work and procedures led by the Chair of the Board of Directors. On the basis of the foregoing, the Nomination Committee seeks to identify the most qualified candidates and has assessed the competence and experience required by Ericsson Board members as well as the need for improvement of the composition of the Board of Directors in terms of diversity in age, representation of men and women and cultural/geographic background in compliance with applicable anti-discrimination laws. The Nomination Committee has in this respect applied section 4.1 of the Code as diversity policy.

The Nomination Committee met with the Chair of the Audit and Compliance Committee to review the assessments made by the Company and the Audit and Compliance Committee of the quality and efficiency of external auditor work. The Audit and Compliance Committee also provided its recommendation that Deloitte AB be re-elected external auditor.

## 2. The Nomination Committee's proposals and explanations

### **Chair of the Annual General Meeting**

The Nomination Committee proposes that Advokat Eva Hägg be elected Chair of the Annual General Meeting of shareholders 2025.

### **Number of Board members and deputies to be elected by the Annual General Meeting**

According to the articles of association, the Board of Directors shall consist of no less than five and no more than twelve Board members, with no more than six deputies. The Nomination Committee proposes that the number of Board members elected by the Annual General Meeting shall be eleven (*previously ten<sup>1</sup>*) and that no deputies be elected.

### **Fees payable to members of the Board of Directors elected by the Annual General Meeting and to members of the Committees of the Board of Directors elected by the Annual General Meeting**

The Nomination Committee proposes that fees to non-employee Board members elected by the Annual General Meeting and non-employee members of the Committees of the Board of Directors elected by the Annual General Meeting be paid as follows:

- SEK 5,000,000 to the Chair of the Board of Directors (*previously SEK 4,640,000*);
- SEK 1,300,000 to each of the other Board members (*previously SEK 1,175,000*);
- SEK 560,000 to the Chair of the Audit and Compliance Committee (*previously SEK 540,000*);
- SEK 320,000 to each of the other members of the Audit and Compliance Committee (*previously SEK 310,000*);
- SEK 235,000 to the Chair of the Enterprise Business and Technology Committee (*previously SEK 230,000*);
- SEK 205,000 to each of the other members of the Enterprise Business and Technology Committee (*previously SEK 200,000*);
- SEK 225,000 to each Chair of the Finance and the Remuneration Committee (*previously SEK 220,000*); and
- SEK 200,000 to each of the other members of the Finance and the Remuneration Committee (*previously SEK 195,000*).

The Nomination Committee has considered the Board fees with the objective of ensuring that they allow for the recruitment and retention of high-quality individuals while also being appropriate in comparison to other technology companies operating globally and with similar size and complexity. As such, the Nomination Committee has concluded that an increase of the fees to all members of the Board and Board Committees, including their Chairs, in

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<sup>1</sup> The number of Board members elected by the Annual General Meeting of shareholders are nine as of February 20, 2025, considering Carolina Dybeck Happers's resignation from the Board of Directors on September 23, 2024.

accordance with the above is reasonable, well-justified and in the best interests of the Company. The proposal of the Nomination Committee provides for an increase of the fees of approximately 8.48%<sup>2</sup> compared with the total fees to the corresponding number of Board and Committee members for Board and Committee work resolved by the Annual General Meeting 2024.

In addition to the fees described above, the Nomination Committee proposes that additional compensation be paid to non-employee Board members elected by the Annual General Meeting for each physical Board meeting attended in Sweden as follows:

<u>Residence of Board member</u>	<u>Compensation per meeting</u>
Nordic Countries	None
Europe (non-Nordic)	EUR 2,000
Outside of Europe	USD 5,000

### **Fees in the form of synthetic shares**

#### Background

The Nomination Committee believes that it is appropriate that Board members elected by the shareholders hold shares in Ericsson, in order to strengthen the Board members' and the shareholders' mutual interests in the Company. The Nomination Committee recommends that Board members elected by the shareholders, over a five-year period, build a holding of shares or synthetic shares in Ericsson equal to at least the value of 1.5 times the annual fee (*previously one annual fee*) (excluding fees for Committee work), and that such holding be kept during the time the Board member remain Board member in Ericsson. This increased shareholding recommendation is being made together with, and in light of, the proposed fee increases.

To enable Board members to create an economic interest in the Company and considering that it is in many cases difficult for Board members to trade in the Company's share due to applicable insider rules, the Nomination Committee proposes that the Board members should, as previously, be offered the option of receiving part of the Board fees in the form of synthetic shares. A synthetic share constitutes a right to receive payment of an amount which corresponds to the market value of a share of series B in the Company on Nasdaq Stockholm at the time of payment.

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<sup>2</sup>Calculated as if the number of non-employed Board members elected by the Annual General Meeting was nine persons and an unchanged number of Committee members. A calculation in relation to the current proposal of ten non-employed Board members elected by the Annual General Meeting and an unchanged number of Committee members would instead entail an increase of the fees by approximately 8.61% compared with the total fees to the Board and Committee members resolved by the Annual General Meeting 2024 (adjusted for ten non-employed Board members).

## Proposal

The Nomination Committee therefore proposes that the Annual General Meeting of shareholders 2025 resolve that part of the fees to the Directors, in respect of their Board assignment (however, not in respect of Committee work), may be paid in the form of synthetic shares, on the following terms and conditions.

- A nominated Director shall be able to choose to receive the fee in respect of his or her Board assignment, according to the following four alternatives:
  - (i) 25 percent in cash – 75 percent in synthetic shares
  - (ii) 50 percent in cash – 50 percent in synthetic shares
  - (iii) 75 percent in cash – 25 percent in synthetic shares
  - (iv) 100 percent in cash.
- The number of synthetic shares to be allocated shall be valued at the average of the market price of shares of series B in the Company on Nasdaq Stockholm during a period of five trading days immediately following the publication of Ericsson's interim report for the first quarter of 2025. The synthetic shares are vested during the term of office, with 25 percent per quarter of the year.
- The synthetic shares give a right to, following the publication of Ericsson's year-end financial statement in 2030, receive payment of a cash amount per synthetic share corresponding to the market price of shares of series B in the Company in close connection with the time of payment.
- An amount corresponding to the dividend in respect of shares of series B in the Company, resolved by the Annual General Meeting during the holding period, shall be disbursed at the same time as the cash amount.
- Should the Director's assignment to the Board of Directors come to an end no later than during the third calendar year after the year in which the Annual General Meeting resolved on allocation of the synthetic shares, payment may take place in the year after the assignment came to an end.
- The number of synthetic shares may be subject to recalculation in the event of bonus issues, splits, rights issues and similar measures, under the terms and conditions for the synthetic shares.

The complete terms and conditions for the synthetic shares are described in [Exhibit 1](#).

The financial difference for the Company, should all Directors receive part of their fees in the form of synthetic shares compared with the fees being paid in cash only, is assessed to be limited.

## **Election of the Chair of the Board of Directors, other Board members and deputies of the Board of Directors**

### **Proposals**

The Nomination Committee proposes that the following persons be re-elected as members of the Board:

1. Jon Fredrik Baksas;
2. Jan Carlson;
3. Börje Ekholm;
4. Eric A. Elzvik;
5. Kristin S. Rinne;
6. Jonas Synnergren;
7. Jacob Wallenberg;
8. Christy Wyatt; and
9. Karl Åberg.

The Nomination Committee proposes that the following two persons be elected as new members of the Board:

10. Christian Cederholm; and
11. Marachel Knight.

The Nomination Committee proposes that Jan Carlson be re-elected as Chair of the Board of Directors.

### **Information regarding proposed Board members**

Information regarding the proposed Board members is presented in **Exhibit 2**.

### **Considerations**

The Nomination Committee primarily searches for potential Board member candidates for the upcoming mandate period, but also considers longer term future competence needs. It is a long journey to identify the right candidates and long-term planning is essential. In assessing the appropriate composition of the Board of Directors, the Nomination Committee seeks to identify the most qualified candidates and considers, among other things, experience and competence needed on the Board and its Committees, and the value of diversity in age, representation of men and women and cultural/geographic background in compliance with applicable anti-discrimination laws, as well as the need for periodic renewal. The Nomination Committee believes that selecting the most qualified candidates and maintaining diversity on the Board will support Ericsson's sustainable development and therefore continually focuses on identifying Board member candidates with different backgrounds. While acknowledging increased expectations on transparency relating to diversity on the Board, applicable privacy regulations prevent Ericsson and the Nomination Committee from processing certain sensitive

personal data about its Board members, such as information relating to demographic background. The Nomination Committee has applied the Swedish Corporate Governance Code, Section 4.1, as diversity policy. Focusing on improving the balance of men and women Board members over time of the Board, the Nomination Committee particularly works to identify the most qualified women candidates matching the current and future needs of the Board. The Nomination Committee also assesses the appropriateness of the number of Board members and whether the Board members can devote the necessary time required to fulfill their tasks as Board members in Ericsson.

In its appraisal of qualifications and performance of the individual Board members, the Nomination Committee takes into account the competence and experience of each individual member along with the individual member's contribution to the Board work as a whole and to the Committee work. The Committee has familiarized itself with the results of the Board work evaluation that was led by the Chair of the Board of Directors. The Nomination Committee's objective is to propose and support the election of a Board that is comprised of individuals of the highest competency and integrity, while also holistically comprising a strong mix of needed skills and experience to effectively oversee and lead Ericsson.

The Nomination Committee is of the opinion that the current Board of Directors and Board work is well functioning. Further, it is the Nomination Committee's view that the Board fulfills expectations in terms of composition and that the Board of Directors as well as the individual Board members fulfill expectations in terms of expertise. Competencies and experiences represented on the Board include broad international industry experience, experience from the telecom, IT and ICT sectors, technological and technical competencies and experiences (e.g. related to software and digitalization), financial expertise and experience from private equity, M&A and new business. The Nomination Committee further believes that competencies and experiences within the ESG areas (areas within environmental, social and corporate governance) considered most relevant for Ericsson and the sector in which the Company operates are well represented on the Board, including for example related to the technologies the Company develops and delivers as well as relating to ethics and compliance. While the Board is well functioning and has a strong composition, the Nomination Committee believes that the Board would benefit from additional financial and governance expertise as well as experience and expertise from the US telecom industry.

Carolina Dybeck Happe resigned from the Board of Directors on September 23, 2024.

The Nomination Committee proposes re-election of all current Board members Jon Fredrik Baksaas, Jan Carlson, Börje Ekholm, Eric A. Elzvik, Kristin S. Rinne, Jonas Synnergren, Jacob Wallenberg, Christy Wyatt and Karl Åberg, and new election of Christian Cederholm and Marachel Knight as members of the Board. Christian Cederholm is currently President and CEO of Investor, and member of the Board in Investor, Mölnlycke and Patricia Industries. Previously, Mr. Cederholm was Head of Patricia Industries and Investment Manager at Investor. He has extensive experience and strategic competence from an investor and owner perspective. Marachel Knight is currently a member of the Board of Marvell Technology and

she is a member of the Defense Business Board at the US Department of Defense. She was formerly Senior Vice President of Strategic Program Realization at AT&T. Ms. Knight has extensive industrial experience within the telecom industry and a deep understanding of the US market.

It is the Nomination Committee's assessment that each of the proposed Board members, with their respective experiences, adds valuable expertise and experience to the Board. Further it is the Nomination Committee's assessment that Mr. Cederholm's experience and strategic competence from an investor and owner perspective, and Ms. Knight's strong technology and operations expertise will be of additional value to Ericsson and will further strengthen the Board.

Out of the proposed Board members to be elected by the AGM (excluding the President and CEO) 30% are women. The question on the balance of men and women Board members is an important question to the Nomination Committee and it is the Committee's ambition to improve such balance on the Board of Directors over time.

#### **Independence of Board members**

The Nomination Committee has made the following assessments in terms of applicable Swedish independence requirements and US NASDAQ independence requirements:

- (i) The Nomination Committee considers that the following Board members are independent of the Company and its senior management:
  - a. Jon Fredrik Baksaas
  - b. Jan Carlson
  - c. Christian Cederholm
  - d. Eric A. Elzvik
  - e. Marachel Knight
  - f. Kristin S. Rinne
  - g. Jonas Synnergren
  - h. Jacob Wallenberg
  - i. Christy Wyatt
  - j. Karl Åberg
  
- (ii) From among the Board members reported in (i) above, the Nomination Committee considers that the following are independent of the Company's major shareholders:
  - a. Jon Fredrik Baksaas
  - b. Jan Carlson
  - c. Eric A. Elzvik
  - d. Marachel Knight
  - e. Kristin S. Rinne
  - f. Jonas Synnergren

- g. Christy Wyatt

Moreover, the Nomination Committee considers that the following Board members are independent in respect of all applicable independence requirements:

- a. Jon Fredrik Baksaas
- b. Jan Carlson
- c. Eric A. Elzvik
- d. Marachel Knight
- e. Kristin S. Rinne
- f. Jonas Synnergren
- g. Christy Wyatt

The Nomination Committee concludes that the proposed composition of the Board of Directors meets the independence requirements applicable to Ericsson.

**Number of auditors**

According to the articles of association, the Company shall have no less than one and no more than three registered public accounting firms as auditor. The Nomination Committee proposes that the Company should have one registered public accounting firm as auditor.

**Fees payable to the auditor**

The Nomination Committee proposes, as in previous years, that the auditor fees be paid against approved account.

**Election of auditor**

In accordance with the recommendation by the Audit and Compliance Committee, the Nomination Committee proposes that Deloitte AB be appointed auditor for the period from the end of the Annual General Meeting 2025 until the end of the Annual General Meeting 2026 (re-election).

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Stockholm, February 2025  
The Nomination Committee