





# Remuneration report 2021

## Statement from the Chair of the Remuneration Committee

On behalf of the Board of Directors, I am pleased to present Ericsson's Remuneration report for the financial year 2021. The Remuneration report describes how the Guidelines for remuneration to Group Management approved at the Annual General Meeting 2020 have been adhered to during 2021. Furthermore, the Remuneration report also includes information on the long-term variable compensation programs during 2021.

In 2021, Ericsson continued to execute on the focused business strategy introduced in 2017. In addition, in 2021 Ericsson has made acquisitions to further develop and expand its 5G enterprise business. The Company continues to pursue selective, disciplined and profitable growth in order to build a stronger Ericsson in the long-term remaining committed to the targets for 2022 as well as the long-term target of 15–18% EBITA margin excluding restructuring charges.

It is only possible for Ericsson to accomplish its long-term goals under a strong leadership team with a mix of talent consisting of individuals with a range of backgrounds, skills and capabilities. This requires that the Company can attract, retain and motivate the right talent and can offer them competitive remuneration at a global level. Hence, Ericsson's remuneration philosophy and practices are based on the principles of competitiveness, fairness, transparency and impact, with long-term value creation for shareholders as the overall purpose in order to successfully implement the Company's strategy and sustainable long-term interests.

In 2021, the Guidelines for remuneration to Group Management, approved by the shareholders in March 2020, were complied with and remuneration was paid in accordance with the guidelines. In the annual total compensation review, each compensation element (at target level) in the total remuneration mix has been benchmarked against external local and global market levels where Ericsson competes for talent.

Furthermore, the Remuneration Committee and the Board of Directors continue to evaluate the long-term variable compensation programs for the Executive Team on an ongoing basis for effectiveness in serving their purpose to support achieving Ericsson's strategic business objectives and sustainable long-term interests as well as their facility to secure the long-term focus of the members of the Executive Team and align their interests with the long-term expectations and the interests of the shareholders. The long-term variable compensation programs introduced for the Executive Team in 2017 along with the inclusion of the one-year Group operating income (EBIT) performance criterion starting from 2018 proved effective in terms of playing a key role in the achievement of Ericsson's Group financial targets. Having evaluated the ongoing long-term variable compensation programs and considering investor input obtained, the Remuneration Committee and the Board of Directors propose to the Annual General Meeting of shareholders 2022 a long-term variable compensation program 2022 for the Executive Team similar to the long-term variable compensation program 2021 adding a Group Environmental, Social and Governance performance criterion. The purpose is to further strengthen the Ericsson's commitment to long-term sustainability and responsible business.

Finally, yet importantly, I want to express the Remuneration Committee's appreciation to the Executive Team and all our people across the global organization for Ericsson's performance during the year.

Thank you all!

**Jon Fredrik Baksaas**  
Chair of the Remuneration Committee

# Introduction

This Remuneration report (the Report) provides an outline of how the Guidelines for Remuneration to Group Management (the Guidelines) of Telefonaktiebolaget LM Ericsson (Ericsson or the Company), adopted by the Annual General Meeting of shareholders (AGM) 2020, have been adhered to in the financial year 2021. The Report also provides details on total remuneration, including fixed and variable remuneration, to Ericsson's President and CEO and the two Executive Vice Presidents (EVPs). In addition, the Report contains a summary of the Company's current short-term and long-term variable compensation programs to the Executive Team (ET).

The remuneration to the President and CEO and the EVPs presented in the Report constitute their total remuneration, regardless of being paid through the Company or a Group company.

The Guidelines, adopted by the AGM 2020, can be found on page 22–26 in the Financial report. The auditor's report regarding whether the Company has complied with the Guidelines is available on Ericsson's website, [www.ericsson.com](http://www.ericsson.com).

Remuneration to the Board of Directors is not covered by this Report. Such remuneration is resolved annually by the AGM and is disclosed in note G2 on page 69–70 in the Financial report 2021.

## Executive outline

Information regarding Ericsson's performance during the financial year can be found in the Financial report 2021.

A successful implementation of the Company's strategy and sustainable long-term interests requires that the Company can attract, retain and motivate the right talent and can offer them competitive remuneration. For Ericsson, long-term value creation for shareholders and pay for performance constitute a strong foundation for remuneration. The Guidelines aim to ensure alignment with Ericsson's current remuneration philosophy and practices applicable for the Company's employees based on the principles of competitiveness, fairness, transparency and impact. In particular to:

- Attract and retain highly competent, high performing, and motivated people that have the ability, experience and skill to deliver on the Ericsson strategy,
- Encourage behavior consistent with Ericsson's culture, core values and Ethics and Compliance Program,
- Ensure fairness in reward by delivering total remuneration that is appropriate but not excessive, and clearly explained,
- Have a total compensation mix of fixed pay, variable pay and benefits that is competitive where Ericsson competes for talent, and
- Encourage variable remuneration which aligns employees with clear and relevant targets, reinforces their performance and enables flexible remuneration costs.

The Guidelines also aim to allow the Company to offer the members of the ET attractive and competitive total remuneration globally.

Under the Guidelines, remuneration to the ET shall be on market terms and may consist of the following components: fixed salary, variable remuneration, pension and other benefits. In addition to remuneration covered by the Guidelines, the shareholders have decided to implement long-term variable compensation programs (LTV). The programs LTV 2019, LTV 2020 and LTV 2021 are still ongoing.

During 2021, no derogations or deviations have been made from the Guidelines or from the decision procedures set out in the Guidelines for determining the remuneration to the ET. No remuneration has been reclaimed during 2021.

During 2021, the following key decisions with regards to remuneration were made by the Remuneration Committee and the Board of Directors respectively:

- Total compensation review was conducted in January 2021, taking into account the total remuneration, resulting in:
  - An increase of the short term variable compensation (STV) target opportunity level to 40% and increase of the maximum opportunity level to 80% for all members of the ET excluding the President and CEO
  - An increase of the LTV grant level to 190% for the President and CEO.
- Achieved vesting level of the LTV 2019 determined to be 126.35%, based on the pre-agreed performance criteria; Group operating income (EBIT), relative and absolute total shareholder return (TSR).
- Achieved vesting level for the LTV 2021 Group operating income (EBIT) performance criteria was determined to be 200%.

The Remuneration Committee supports the Board of Directors with the review and evaluation of the Guidelines and Ericsson's application of the Guidelines. The Guidelines approved by the AGM 2020 are intended to apply to the AGM 2024. The Remuneration Committee and the Board of Directors have concluded that the Guidelines should not be revised this year. Since no changes are proposed to the Guidelines no shareholder approval of remuneration guidelines will be required at the AGM 2022.

The Remuneration Committee and the Board of Directors evaluate the LTV programs to the ET on an ongoing basis for effectiveness in serving their purpose to support achieving the Company's strategic business objectives and sustainable long-term interests, as well as their facility to increase the long-term focus of the members of the ET and align their interests with the long-term expectations and the interests of the shareholders.

Upon evaluation of the ongoing LTV programs to the ET, the Remuneration Committee and the Board of Directors concluded that the ongoing program for 2019 and 2020 as well as the vested program for 2018, enabled the Company to achieve its long-term objectives for 2020 set forth in 2017, especially with the inclusion of the one-year Group operating income (EBIT) performance criterion. Although the Group operating income (EBIT) performance criterion has a one-year performance period, it has a three-year vesting period that is the same as the vesting periods for the absolute and relative TSR performance criteria, which is in line with the objectives of the LTV programs. This means that the participants cannot exercise any of the allocated Performance Share Awards until the three-year vesting period is completed and that the participants are fully exposed to share price movements for the three-year period.

Given that LTV programs of 2018, 2019 and 2020 have served their purpose to support achieving the Company's long-term objectives for 2020, the AGM 2021 resolved an LTV program to the ET for 2021 with the same structure as the previous LTV programs to support the Company's 2022 targets. In order to further strengthen Ericsson's and the ET's commitment to long-term sustainability and responsible business, the Remuneration Committee and the Board of Directors resolved to propose a long-term variable compensation program for 2022 with similar structure to the long-term variable compensation program of 2021 with the addition of a Group Environmental, Social and Governance (ESG) performance criterion to the Annual General Meeting of shareholders in 2022.

# Remuneration 2021 at a glance

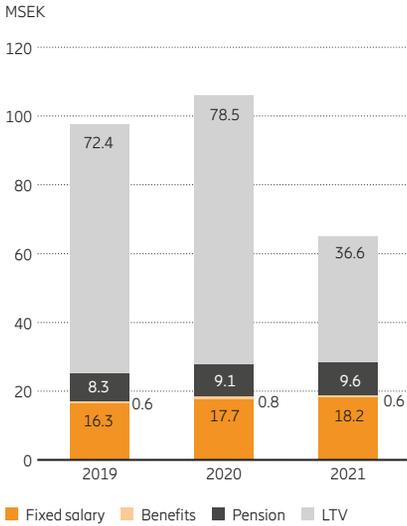
## Total remuneration

The table below summarizes how the remuneration elements outlined in the Guidelines have been applied in relation to the President and CEO and the EVPs. The table also summarizes information on LTV, as approved by the shareholders.

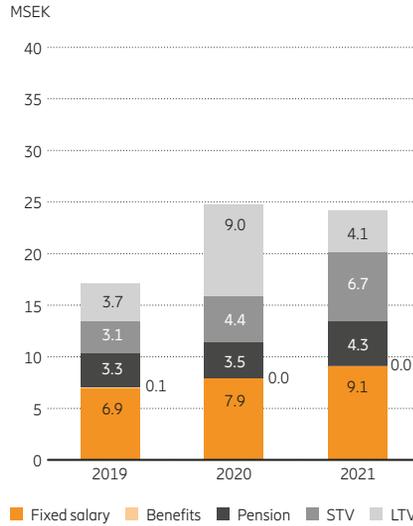
	Purpose and link to strategy	Key features	Execution during the financial year that ended on December 31, 2021
<b>Fixed salary</b>	Support the attraction and retention of executive talent required to implement Ericsson's strategy.	<p>Deliver part of the annual compensation in a predictable format.</p> <p>Salaries are normally reviewed annually in January taking into account:</p> <ul style="list-style-type: none"> <li>– Ericsson's overall business performance,</li> <li>– business performance of the unit that the individual leads,</li> <li>– year-on-year performance of the individual,</li> <li>– external economic environment,</li> <li>– size and complexity of the position,</li> <li>– external market data,</li> <li>– pay and conditions for other employees based in locations considered to be relevant to the role.</li> </ul> <p>When setting fixed salaries, the impact on total remuneration is also taken into consideration.</p>	<p>President and CEO: fixed annual salary of SEK 17,720,460 corresponding to an increase of 5% compared to 2020.</p> <p>EVP and Head of Business Area Networks: fixed annual salary of SEK 8,339,494, corresponding to an increase of 5% compared to 2020.</p> <p>EVP and Head of Market Area Europe &amp; Latin America: fixed salary of INR 68,985,000, corresponding to an increase of 9.5% compared to 2020.</p>
<b>Other benefits</b>	Provide market competitive benefits to support the attraction and retention of executive talent required to implement Ericsson's strategy.	<p>Benefits are set in line with competitive market practices in the individual's country of employment.</p> <p>The levels of benefits provided may vary year on year depending on the cost of the provision of benefits to the Company.</p> <p>Benefits are capped at 10% of the annual fixed salary for members of the ET located in Sweden.</p> <p>Benefits for members of the ET who are on long-term international assignment (LTA) in countries other than their home countries of employment, are determined in line with the Company's global international mobility policy which may include (but is not limited to) commuting or relocation costs; cost of living adjustment, housing, home travel and education allowance; tax and social security equalization assistance.</p>	<p>President and CEO: other benefits to a value of SEK 555,688</p> <p>EVP and Head of Business Area Networks: other benefits to a value of SEK 14,980.</p> <p>EVP and Head of Market Area Europe &amp; Latin America: other benefits to a value of SEK 1,345,055.</p>
<b>Pension</b>	Offer long term financial security and planning for retirement by way of providing competitive retirement arrangements in line with local market practices.	<p>The pension plans follow competitive practice in the individual's home country.</p> <p>Pension plans for the President and CEO and the EVPs are defined contribution plans.</p>	<p>Company pension contribution:</p> <ul style="list-style-type: none"> <li>– President and CEO: SEK 9,569,049</li> <li>– EVP and Head of Business Area Networks: SEK 4,314,186,</li> <li>– EVP and Head of Market Area Europe &amp; Latin America: SEK 985,340</li> </ul>
<b>Short term variable compensation (STV)</b>	<p>Set clear and relevant targets for the ET that are aligned with Ericsson's strategy and sustainable long-term interests.</p> <p>Provide individuals an earning opportunity for performance at flexible cost to the Company.</p>	<p>The President and CEO is not entitled to any STV.</p> <p>Target opportunity is at 40% of fixed salary and maximum is 80% of fixed salary for the EVPs.</p> <p>Performance measures, weightings and target levels are set annually.</p> <p>Subject to malus and clawback.</p>	<p>Outcome of STV 2021:</p> <ul style="list-style-type: none"> <li>– EVP and Head of Business Area Networks: 100% of the maximum opportunity</li> <li>– EVP and Head of Market Area Europe &amp; Latin America: 100% of the maximum opportunity.</li> </ul>
<b>Long term variable compensation (LTV)</b>	<p>Align the long-term interests of the members of the ET with those of shareholders.</p> <p>Rewards consistent with long-term performance in line with Ericsson's business strategy.</p> <p>Provide individuals with long-term compensation for long-term commitment and value creation in alignment with shareholder interests.</p>	<p>Awards granted after AGM approval.</p> <p>Award levels are determined as percentage of fixed salary:</p> <ul style="list-style-type: none"> <li>– For the President and CEO 190% of fixed salary.</li> <li>– For the EVPs 50% of fixed salary.</li> </ul> <p>Performance measures, weightings and targets levels are presented to the AGM for approval.</p> <p>Three-year vesting period.</p> <p>Subject to malus and clawback.</p>	<p>Achieved vesting of LTV 2019 at 126.35% of target.</p>

Remuneration earned in 2021

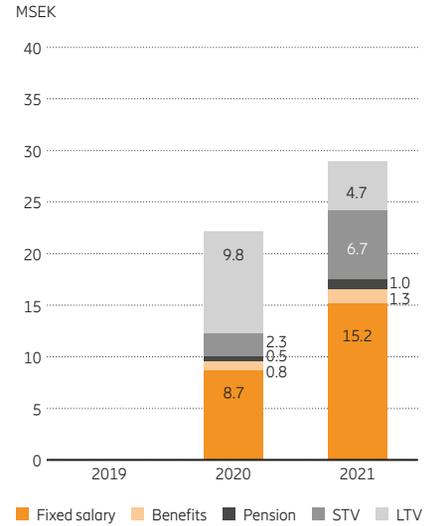
**Börje Ekholm**  
President and CEO



**Fredrik Jejdling**  
EVP and Head of Business Area Networks



**Arun Bansal<sup>1)</sup>**  
EVP and Head of Market Area Europe & Latin America



<sup>1)</sup> Arun Bansal was appointed Executive Vice President in June 2020. Information disclosed covers the time period from June 1, 2020.

**STV**

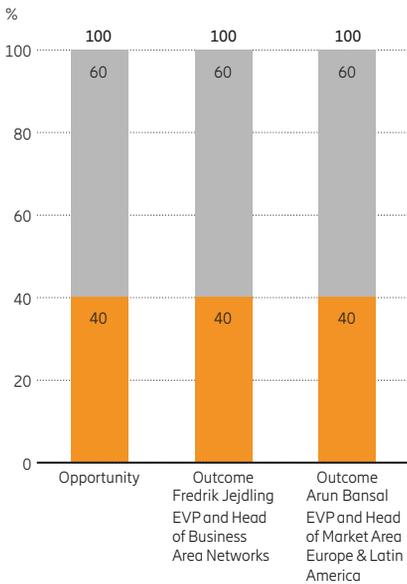
The information presented for 2021 covers the financial year 2021, and the information for 2020 and 2019 covers the financial years 2020 and 2019, respectively.

**LTV**

The information presented for 2021 include information on LTV 2019 that will vest during 2022. Information presented for 2020 and 2019 include information on vested programs LTV 2018 and LTV 2017, respectively.

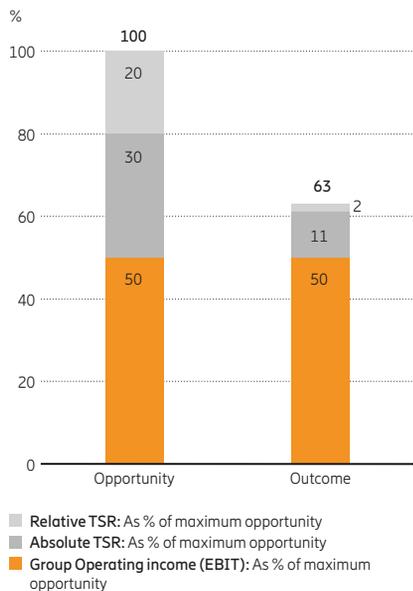
Performance outcome in 2021

**STV 2021 outcome**



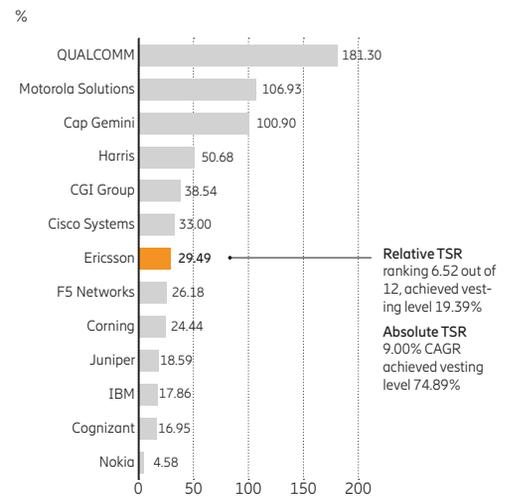
■ Economic Profit: Business Area/Market Area as % of maximum opportunity  
 ■ Economic Profit: Group as % of maximum opportunity  
 Economic Profit means operating profit less cost of capital.

**LTV 2019 outcome**



■ Relative TSR: As % of maximum opportunity  
 ■ Absolute TSR: As % of maximum opportunity  
 ■ Group Operating income (EBIT): As % of maximum opportunity

**LTV 2019 TSR development (2019–2021)**



To support the execution of Ericsson’s business strategy and achievement of the financial targets of the Group, the Company’s variable compensation programs focus on targets relating to economic profit, Group operating income (EBIT) and TSR. The variable remuneration is thereby designed to create incentives for the contribution to Ericsson’s short- and long-term strategic plan and business objectives.

# Total remuneration to the President and CEO and Executive Vice Presidents

The table below sets out total remuneration in SEK to the President and CEO and the EVPs of Ericsson between 2019 and 2021.

## Total remuneration to the President and CEO and Executive Vice Presidents

Name and position	Financial year	Fixed remuneration		Variable remuneration		Additional arrangements <sup>4)</sup>	Pension <sup>5)</sup>	Total remuneration <sup>6)</sup>	Proportion of fixed remuneration <sup>7)</sup>	Proportion of variable remuneration <sup>8)</sup>
		Fixed salary (incl. vacation pay)	Other benefits <sup>1)</sup>	One-year variable <sup>2)</sup>	Multi-year variable <sup>3)</sup>					
Börje Ekholm President and CEO	2021	18,208,859	555,688	–	36,630,457	–	9,569,049	64,964,053	44%	56%
	2020	17,727,726	770,276	–	78,475,833	–	9,113,376	106,087,211	26%	74%
	2019	16,299,080	600,572	–	72,397,175	–	8,284,891	97,581,719	26%	74%
Fredrik Jeldling EVP and Head of Business Area Networks	2021	9,129,087	14,980	6,671,595	4,092,344	–	4,314,186	24,222,193	56%	44%
	2020	7,925,971	22,110	4,415,425	9,025,678	–	3,457,409	24,846,592	46%	54%
	2019 <sup>9)</sup>	6,933,652	142,305	3,085,500	3,724,945	–	3,282,635	17,169,037	60%	40%
Arun Bansal EVP and Head of Market Area Europe & Latin America <sup>10,11)</sup>	2021	15,158,407	1,345,055	6,727,226	4,741,209	–	985,340	28,957,237	60%	40%
	2020 <sup>11)</sup>	8,673,843	840,273	2,253,084	9,844,590	–	516,344	22,128,134	45%	55%
	2019 <sup>11)</sup>	–	–	–	–	–	–	–	–	–

<sup>1)</sup> For further information about other benefits, see table regarding the Execution of fixed remuneration and pension to the President and CEO and the Executive Vice Presidents.

<sup>2)</sup> Amounts represent STV that was earned during the financial year that is paid the following year, i.e. for 2021 amounts represent STV 2021, for 2020 amount represents STV 2020 and for 2019 amount represents STV 2019

<sup>3)</sup> Amounts represent the LTV for which all performance periods lapsed during the financial year and the Executive Performance Stock Plan (EPSP) share matching that took place during the financial year. For 2021 amounts represent LTV 2019, for 2020 amounts represent LTV 2018 and for 2019 amounts represents LTV 2017. Amounts are calculated based on the numbers of Performance Share Awards that will vest at the end of the vesting period multiplied by the volume weighted average of the five last trading days of each financial year. The 2016 EPSP was settled and closed with the final delivery of the remaining performance matching shares to the participants on August 17, 2020. The 2016 EPSP performance period ended December 31, 2018, and since 2016 no EPSP has been introduced for members of the ET. The details of the EPSP are explained in the notes to the consolidated financial statements – note G3 share-based compensation, page 73 in the Financial report 2020.

<sup>4)</sup> Amounts represent discretionary additional arrangements approved by the Remuneration Committee or the Board of Directors that was made during the financial year

<sup>5)</sup> Amounts represent cash in lieu of pension (for the President and CEO) or pension contributions (for the EVPs) paid during the financial year.

<sup>6)</sup> Amounts represent the sum of Fixed remuneration, Variable remuneration, Additional arrangements and Pension.

<sup>7)</sup> Amounts represent the sum of Fixed remuneration and Pension divided by Total remuneration.

<sup>8)</sup> Amounts represent the sum of Variable remuneration and Additional arrangements divided by Total remuneration.

<sup>9)</sup> Pension regarding 2019 updated compared to Remuneration report 2020 due to a typo, other amounts, including Total remuneration, remain the same.

<sup>10)</sup> Any remuneration in foreign currency has been translated to SEK at average exchange rates for the year.

<sup>11)</sup> Arun Bansal was appointed EVP in June 2020. Fixed salary, Other benefits, One-year variable, Additional arrangements and Pension are calculated on a pro-rata basis based on the time period June 1 – December 31, 2020. With regards to multi-year variable, it constitutes LTV 2018 and EPSP share matching for the time period June 1 – December 31, 2020.

## Execution of fixed remuneration and pension to the President and CEO and the Executive Vice Presidents

The table below sets out the implementation of fixed remuneration and pension to the President and CEO and the EVPs.

	Fixed salary	Other benefits	Pension
<b>Börje Ekholm President and CEO</b>	During the yearly total compensation review the Board of Directors resolved in a salary increase of 5% from January 1, 2021 for the President and CEO. The increase reflects the performance of the President and CEO up until the end of 2020. The fixed salary level deemed appropriate in relation to the responsibility of being the President and CEO of a leading global ICT solutions provider compared to the compensation packages of President and CEOs of similar international companies.	In accordance with the Company's Swedish benefits policy, Börje Ekholm is entitled to a company car or a cash allowance and other ordinary benefits as other employees in Sweden. Due to Börje Ekholm being resident of the USA he is also entitled to a US medical insurance as well as tax advisory services with regards to his income statement.	Börje Ekholm receives a cash payment in lieu of a defined contribution pension, because it is not possible to enroll him in the Swedish defined contribution pension plan (ITP1) due to his residency in the USA. The cash payment is treated as salary for the purposes of tax and social security and is made in a way which is cost neutral for Ericsson. Because Börje Ekholm's remuneration package does not include an STV component, and because incentive payments in cash are included as part of the pensionable income under Swedish rules, it was agreed in his employment contract that his pension contribution would include an additional premium over annual fixed salary to take into account an assumed STV on-target opportunity.
<b>Fredrik Jeldling EVP and Head of Business Area Networks</b>	The salary level reflects Fredrik Jeldling's responsibility as head of Ericsson's largest segment Networks. The salary level is deemed competitive with regards to the external market of both other EVPs of leading global ICT solutions providers as well as smaller sized companies' President and CEOs.	In accordance with the Company's Swedish benefits policy, Fredrik Jeldling is entitled to a company car or a cash allowance and other ordinary benefits as other employees in Sweden.	In accordance with Ericsson's pension guidelines, Fredrik Jeldling participates in the defined contribution plan ITP1. He is not entitled to any other retirement benefit outside of the rules and regulations in the ITP.
<b>Arun Bansal EVP and Head of Market Area Europe &amp; Latin America</b>	The fixed salary reflects Arun Bansal's responsibility as head of two major geographies, both Europe and Latin America. His salary level is deemed competitive to reflect his responsibility. Arun Bansal is currently on LTA in the United Kingdom from his original employment in India. In accordance with best practice for international assignments, his compensation is set with a "home base approach".	As Arun Bansal is on LTA, he is entitled to benefits in line with Ericsson's international mobility policy such as housing allowance, transportation allowance, home travel, tax and social security equalization assistance and medical insurance.	In accordance with Ericsson's pension guidelines and according to his employment contract, Arun Bansal is eligible for Ericsson's LTA pension plan, International Pension Plan (IPP) and annual pension contribution is paid into Interben Trustees Limited in 2021.

## Variable remuneration

Ericsson believes that, where possible, variable compensation should be encouraged as an integral part of total remuneration. First and foremost, this aligns the employees' interests with Ericsson's strategic business objectives, sustainable long-term interests and the relevant unit's performance. In addition, it enables more flexible payroll costs and emphasizes the link between performance and pay.

All variable compensation plans have maximum award and vesting limits. Short-term variable compensation is to a greater extent dependent on the performance of Ericsson and the specific unit, while long-term variable compensation is dependent on the achievements of the Ericsson Group.

### Short term variable compensation (STV)

Short-term annual variable compensation is delivered through cash-based programs that are dependent only on financial business targets. Specific financial business targets are derived from the annual business plan approved by the Board of Directors and, in turn, defined by the Company's long-term strategy. Ericsson strives to achieve best-in-class margins and return on investment along with strong cash conversion and therefore the starting point is to have one core economic profit target which is a measure of operational profitability after the deduction of cost of capital.

For the ET, economic profit targets are defined:

- At Group level for heads of Group functions,
- As a combination of Group level and business area level for heads of business areas,
- As a combination of Group level and market area level for heads of market areas.

The President and CEO does not uphold any short-term variable compensation, with the main intention to encourage and ensure a long-term engagement and performance. The Remuneration Committee decides on and approves all targets which are set for other members of the ET. These targets are cascaded within the organization and broken down to unit-related targets throughout the Company where applicable. The Remuneration Committee monitors the appropriateness and fairness of the Group, business area and market area target levels throughout the performance year and has the authority to revise them should they cease to be relevant or stretching or to enhance shareholder value. The current weighting for the EVPs as well as other business or market area heads is 40% Group Economic Profit target and 60% business/market area Economic Profit target.

The tables below set out the outcome of STV 2021 for each EVP, determined by reference to performance against applicable financial measures.

#### EVP and Head of Business Area Networks – Fredrik Jelding (STV 2021)

Measure	Weighting	Threshold performance level (as % of target)	Target performance level	Maximum performance level (as % of target)	Actual Performance (as % of target)
		SEK outcome at threshold performance	SEK outcome at target performance	SEK outcome at maximum performance	SEK outcome at actual performance
Group Economic Profit <sup>1)</sup>	40%	36%	100%	196%	264%
		SEK 0	SEK 1,334,319	SEK 2,668,638	SEK 2,668,638
Business Area Networks Economic Profit <sup>1)</sup>	60%	82%	100%	118%	149%
		SEK 0	SEK 2,001,479	SEK 4,002,957	SEK 4,002,957
<b>Total</b>	<b>100%</b>	<b>SEK 0</b>	<b>SEK 3,335,798</b>	<b>SEK 6,671,595</b>	<b>SEK 6,671,595</b>

<sup>1)</sup> Economic Profit means operating profit less cost of capital.

#### EVP and Head of Market Area Europe & Latin America – Arun Bansal (STV 2021)

Measure	Weighting	Threshold performance level (as % of target)	Target performance level	Maximum performance level (as % of target)	Actual Performance (as % of target)
		SEK outcome at threshold performance	SEK outcome at target performance	SEK outcome at maximum performance	SEK outcome at actual performance
Group Economic Profit <sup>1)</sup>	40%	36%	100%	196%	264%
		SEK 0	SEK 1,345,445	SEK 2,690,890	SEK 2,690,890
Market Area Europe & Latin America Economic Profit <sup>1)</sup>	60%	77%	100%	119%	123%
		SEK 0	SEK 2,018,168	SEK 4,036,336	SEK 4,036,336
<b>Total</b>	<b>100%</b>	<b>SEK 0</b>	<b>SEK 3,363,613</b>	<b>SEK 6,727,226</b>	<b>SEK 6,727,226</b>

<sup>1)</sup> Economic Profit means operating profit less cost of capital.

### Long-term variable compensation (LTV)

The current LTV programs have been designed to encourage long-term commitment and value creation in alignment with Ericsson's long-term strategic objectives and shareholder interests. They form part of a total remuneration package and in general span over a minimum of three years. As these are variable compensation programs, the outcomes cannot be predicted when the programs are introduced and rewards depend on long-term personal commitment, corporate performance and share price development.

The LTV programs within Ericsson consist of share-based remuneration for members of the ET. The aim of the LTV programs is to attract, retain and motivate executives in a competitive market through performance-based share related incentives and to encourage the build-up of significant equity holdings to align the interests of the ET with those of shareholders. Awards under LTV 2018, 2019, 2020 and 2021 (Performance Share Awards) are granted free of charge entitling the participants, provided that i.a. certain performance conditions are met, to receive a number of shares, free of charge, following expiration of a three-year vesting period (vesting period) under each program. Allotment of shares pursuant to Performance Share Awards are subject to the achievement of challenging performance criteria which are defined specific to each year's program when the program was introduced. Which portion, if any, of the Performance Share Awards for LTV that will vest is determined at the end of the relevant performance period based on the satisfaction of the predetermined performance criteria for that year's LTV program, ranging from one to three years (performance period). It is generally required that the participant retains his or her employment over a period of three years from the date of grant of awards to be eligible to receive the performance awards. Provided that the performance criteria have been met during the performance period and that the participant has retained his or her employment (unless special circumstances are at hand) during the service period, allotment of vested shares will take place as soon as practicably possible following the expiration of the vesting period.

When determining the final vesting level of Performance Share Awards, the Board of Directors examines whether the vesting level is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances, and if not, reserves the right to reduce the vesting level to a lower level deemed appropriate.

The Board of Directors may, at any time prior to the Vesting Date of an award, reduce (including to zero) the number of shares to which an award relates, to the extent it considers appropriate, taking into account:

- the Company's financial results and position;
- conditions on the stock market; and/or
- other circumstances and reasons as the Board considers appropriate.

In addition, the Company has the right in its discretion to deny in whole or in part the entitlement of a participant to the program related to the year(s) in which the participant has acted in breach of Ericsson's Code of Business Ethics. The Company also has the right in its discretion to claim repayment in whole or in part the awards vested in respect of year(s) in which the participant has acted in breach of Ericsson's Code of Business Ethics.

The details for each of the ongoing long-term variable compensation programs within Ericsson, including the programs for other employees, are explained in the notes to the consolidated financial statements – note G3 Share-based compensation, page 71 in the Financial report.

### Long-Term Variable compensation program 2021 (LTV 2021)

LTV 2021 was approved at the AGM 2021 and includes all members of the ET, a total of 15 ET members in 2021, including the President and CEO. The participants were granted Performance Share Awards on May 3, 2021. The Performance Share Awards granted to the President and CEO and EVPs are summarized in the table below.

#### Grant information Long-Term Variable compensation program 2021 (LTV 2021)

Participant	Grant value <sup>1)</sup>	Grant value as percentage of annual base salary <sup>2)</sup>	Number of Performance Share Awards granted <sup>3)</sup>	Percentage of grant subject to performance condition <sup>4)</sup>	Maximum number of possible performance awards vesting <sup>5)</sup>
Börje Ekholm	33,668,874	190%	308,323	100%	616,646
Fredrik Jejdling	4,169,747	50%	38,184	100%	76,368
Arun Bansal	3,944,866	50%	36,125	100%	72,250

<sup>1)</sup> Amounts represent base entitlement amount in SEK.

<sup>2)</sup> Numbers represent base entitlement amount as percentage of the annual base salary at grant date.

<sup>3)</sup> Calculated as the respective grant value divided by the volume weighted average of the market price of Ericsson B shares on Nasdaq Stockholm during the five trading days immediately following the publication of the Company's interim report for the fourth quarter 2020.

<sup>4)</sup> All Performance Share Awards are subject to challenging performance criteria that are measured over pre-determined performance periods, ranging from one to three years. Performance criteria for LTV 2021 are: (i) Group operating income (EBIT) target (weight 50%) that is measured over the period January 1, 2021 to December 31, 2021; (ii) Absolute TSR development (weight 30%) ranging from 6–14% compounded annual growth rate; (iii) Relative TSR development (weight 20%) for the Ericsson B share, ranking 6–2 against 11 peer companies, measured over the period January 1, 2021 to December 31, 2023. The performance criteria for LTV 2021 along with the details on how the performance criteria will be calculated and measured are explained in minutes from the AGM 2021 under Item 16.

<sup>5)</sup> The maximum number of shares that could vest will result in a dilution of approximately 0.1% of the total number of outstanding shares. The effect on important key figures is only marginal.

### Performance outcome under LTV 2019 and Group operating income (EBIT) performance criterion for LTV 2021

LTV 2019 and LTV 2021 had targets with performance periods ending December 31, 2021, which are summarized in the tables below. LTV 2019 will vest during 2022 since all performance periods under the program have now ended. LTV 2021 will not vest until 2024, but the performance period for the one-year Group operating income (EBIT) performance criterion of LTV 2021 ended on December 31, 2021.

#### LTV 2021 performance criteria

Program	Performance criterion	Criteria	Weight	Performance period	Vesting opportunity (linear pro rata)	Achievement	Achieved vesting level <sup>1)</sup>
LTV 2021	2021 Group Operating income (EBIT)	Range (SEK billion) 15.0–24.0	50%	Jan 1, 2021– Dec 31, 2021	0–200%	SEK 27.4 billion <sup>2)</sup>	200.00%
LTV 2021	Absolute TSR	Range 6–14%	30%	Jan 1, 2021– Dec 31, 2023	0–200%	–	–
LTV 2021	Relative TSR	Ranking of Ericsson 6–2	20%	Jan 1, 2021– Dec 31, 2023	0–200%	–	–
<b>Total</b>			<b>100%</b>		<b>0–200%</b>		

<sup>1)</sup> The Board of Directors resolved on the achieved vesting level for the 2021 Group operating income (EBIT) performance criterion as 200% for this portion of the Performance Share Awards granted based on the 2021 Group operating income (EBIT) outcome. For further information regarding the number of Performance Share Awards earned for each of the President and CEO and the EVPs, see table Long-Term Variable compensation (LTV) to the President and CEO and the Executive Vice Presidents. Vesting of the Performance Share Awards will occur at the end of the vesting period in 2024.

<sup>2)</sup> Excludes restructuring charges and items not included in target performance criterion.

#### LTV 2019 performance criteria

Program	Performance criterion <sup>1)</sup>	Criteria	Weight	Performance period	Vesting opportunity (linear pro rata)	Achievement	Achieved vesting level <sup>2)</sup>
LTV 2019	2019 Group Operating income (EBIT)	Range (SEK billion) 10.0–20.0	50%	Jan 1, 2019– Dec 31, 2019	0–200%	SEK 20.4 billion	200.00% <sup>1)</sup>
LTV 2019	Absolute TSR	Range 6%–14%	30%	Jan 1, 2019– Dec 31, 2021	0–200%	9.00%	74.89% <sup>2)</sup>
LTV 2019	Relative TSR	Ranking of Ericsson 7–2	20%	Jan 1, 2019– Dec 31, 2021	0–200%	6.52 out of 12	19.39% <sup>2)</sup>
<b>Total</b>			<b>100%</b>		<b>0–200%</b>		<b>126.35%</b>

<sup>1)</sup> As communicated in the Annual Report 2019, the Board of Directors resolved on the achieved vesting level for the 2019 Group operating income (EBIT) performance criterion as 200% for this portion of the Performance Share Awards granted based on a 2019 Group operating income (EBIT) outcome excluding fines and similar related to the United States Department of Justice (DOJ)/Securities and Exchange Commission (SEC) resolution.

<sup>2)</sup> The Board of Directors resolved on the achieved vesting levels for the absolute TSR and relative TSR development performance criteria as 74.89% and 19.39% respectively based on the achievement results of 9.00% absolute TSR and 6.52 ranking for relative TSR, which resulted in an overall achieved vesting level of 126.35% for LTV 2019. Vesting of Performance Share Awards will occur at the end of the vesting period in 2022. For further information regarding the number of Performance Share Awards earned for each of the President and CEO and the EVPs, see table Long-Term Variable compensation (LTV) to the President and CEO and the Executive Vice Presidents.

## Long term variable compensation (LTV) to the President and CEO and the Executive Vice Presidents

The table below sets out relevant information of LTV 2018, 2019, 2020 and 2021 with regards to the President and CEO and the EVPs.

### Long-Term Variable compensation (LTV) to the President and CEO and the Executive Vice Presidents

Main conditions of share award plans									Information regarding reported financial year					
Name and position	Program	Performance criterion (weight) <sup>1)</sup>	Grant date <sup>2)</sup>	Performance period <sup>3)</sup>	Performance period end date <sup>4)</sup>	Vesting Date <sup>5)</sup>	Performance share awards granted (value in SEK) <sup>6)</sup>	Maximum number of possible Performance Share Awards vesting (value in SEK) <sup>7)</sup>	Opening balance (value in SEK) <sup>8)</sup>	Performance Share Awards earned during the year (value in SEK) <sup>9)</sup>	Performance Share Awards still subject to performance condition (value in SEK) <sup>10)</sup>	Performance Share Awards vested during the year (value in SEK) <sup>11)</sup>	Year-end balance, earned Performance Share Awards unvested (value in SEK) <sup>12)</sup>	
Börje Ekholm President and CEO	LTV 2021	Group Operating income (EBIT) (50%)	2021-05-03	1 year	2021-12-31	2024-05-03	154,161 (16,834,437)	308,322 (33,668,874)		308,322 (30,594,792)			308,322 (30,594,792)	
		TSR performance criteria (50%)	2021-05-03	3 years	2023-12-31	2024-05-03	154,162 (16,834,437)	308,324 (33,668,874)			308,324 (30,594,991)			
	LTV 2020	Group Operating income (EBIT) (50%)	2020-04-01	1 year	2020-12-31	2023-04-01	194,830 (15,188,966)	389,660 (30,377,932)	389,660 (38,245,129)				389,660 (38,665,962)	
		TSR performance criteria (50%)	2020-04-01	3 years	2022-12-31	2023-04-01	194,830 (15,188,966)	389,660 (30,377,932)			389,660 (38,665,962)			
	LTV 2019 <sup>13)</sup>	Group Operating income (EBIT) (50%)	2019-05-18	1 year	2019-12-31	2022-05-18	146,087 (13,808,151)	292,174 (27,616,302)	292,174 (28,676,878)				292,174 (28,992,426)	
		TSR performance criteria (50%)	2019-05-18	3 years	2021-12-31	2022-05-18	146,087 (13,808,151)	292,174 (27,616,302)		76,973 (7,638,031)			76,973 (7,638,031)	
	LTV 2018	Group Operating income (EBIT) (50%)	2018-05-18	1 year	2018-12-31	2021-05-18	199,888 (13,150,620)	399,776 (26,301,240)	399,776 (39,238,014)				399,776 (44,391,247)	
		TSR performance criteria (50%)	2018-05-18	3 years	2020-12-31	2021-05-18	199,887 (13,150,620)	399,774 (26,301,240)	399,774 (39,237,818)				399,774 (44,391,024)	
	<b>Total</b>							<b>1,389,932 (117,964,348)</b>	<b>2,779,864 (235,928,696)</b>	<b>1,481,384 (145,397,840)</b>	<b>385,295 (38,232,823)</b>	<b>697,984 (69,260,952)</b>	<b>799,550 (88,782,271)</b>	<b>1,067,129 (105,891,211)</b>

<sup>1)</sup> The TSR performance criteria includes both the absolute and the relative performance criteria for each respective program.

<sup>2)</sup> Grant date represents the date at which the initial grant was made.

<sup>3)</sup> Performance period represents the period over which each performance criterion will be measured.

<sup>4)</sup> Performance period end date represents the date when the performance period ends.

<sup>5)</sup> Vesting date represents the date of which the Performance Share Awards, if any, will vest and entitle the participants to receive shares free of charge.

<sup>6)</sup> Numbers represent the number of initial Performance Share Awards that were granted at the grant date. SEK values represent the equivalent value at the grant date.

<sup>7)</sup> Numbers represent the maximum number of Performance Share Awards that could be earned for each performance criterion. SEK values represent the equivalent value at the grant date.

<sup>8)</sup> Numbers represent the balance at the beginning of the year, which includes earned Performance Share Awards for previous year(s) that are yet to vest. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the previous financial year.

<sup>9)</sup> Numbers represent the number of Performance Share Awards earned that had a performance period ending during the financial year. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the financial year.

<sup>10)</sup> Numbers represent the maximum number of outstanding Performance Share Awards that are still subject to an ongoing performance period. SEK values are calculated as the number of outstanding Performance Share Awards that are still subject to an ongoing performance period multiplied by the volume weighted average share price of the five last trading days for the financial year.

<sup>11)</sup> Numbers represent the number of Performance Share Awards that had a vesting period ending during the financial year and which entitled the participant to receive shares free of charge. SEK values represent the actual value of shares given to the participant at the vesting date.

<sup>12)</sup> Numbers represent the balance at the end of the year, which includes earned Performance Share Awards for the financial year and previously earned Performance Share Awards that are yet to vest. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the financial year.

<sup>13)</sup> LTV 2019 maximum number of possible Performance Share Awards vesting updated compared to Remuneration report 2020 due to a typo. Opening balance and Year-end balance, earned Performance Share Awards unvested adjusted accordingly.

## Long term variable compensation (LTV) to the President and CEO and the Executive Vice Presidents, cont'd.

Main conditions of share award plans									Information regarding reported financial year					
Name and position	Program	Performance criterion (weight) <sup>1)</sup>	Grant date <sup>2)</sup>	Performance period <sup>3)</sup>	Performance period end date <sup>4)</sup>	Vesting Date <sup>5)</sup>	Performance share awards granted (value in SEK) <sup>6)</sup>	Maximum number of possible Performance Share Awards vesting (value in SEK) <sup>7)</sup>	Opening balance (value in SEK) <sup>8)</sup>	Performance Share Awards earned during the year (value in SEK) <sup>9)</sup>	Performance Share Awards still subject to performance condition (value in SEK) <sup>10)</sup>	Performance Share Awards vested during the year (value in SEK) <sup>11)</sup>	Year-end balance, earned Performance Share Awards unvested (value in SEK) <sup>12)</sup>	
Fredrik Jejdling EVP and Head of Business Area Networks	LTV 2021	Group Operating income (EBIT) (50%)	2021-05-03	1 year	2021-12-31	2024-05-03	19,092 (2,084,874)	38,184 (4,169,747)		38,184 (3,788,998)			38,184 (3,788,998)	
		TSR performance criteria (50%)	2021-05-03	3 years	2023-12-31	2024-05-03	19,092 (2,084,874)	38,184 (4,169,747)			(38,184) (3,788,998)			
	LTV 2020	Group Operating income (EBIT) (50%)	2020-04-01	1 year	2020-12-31	2023-04-01	22,262 (1,735,594)	44,524 (3,471,188)	44,524 (4,370,031)					44,524 (4,418,117)
		TSR performance criteria (50%)	2020-04-01	3 years	2022-12-31	2023-04-01	22,263 (1,735,594)	44,526 (3,471,188)				44,526 (4,418,315)		
	LTV 2019	Group Operating income (EBIT) (50%)	2019-05-18	1 year	2019-12-31	2022-05-18	16,321 (1,542,750)	32,642 (3,085,500)	32,642 (3,203,812)					32,642 (3,239,066)
		TSR performance criteria (50%)	2019-05-18	3 years	2021-12-31	2022-05-18	16,322 (1,542,750)	32,644 (3,085,500)			8,599 (853,279)			8,599 (853,279)
	LTV 2018	Group Operating income (EBIT) (50%)	2018-05-18	1 year	2018-12-31	2021-05-18	22,991 (1,512,500)	45,982 (3,025,000)	45,982 (4,513,133)				45,982 (5,105,855)	
		TSR performance criteria (50%)	2018-05-18	3 years	2020-12-31	2021-05-18	22,988 (1,512,500)	45,976 (3,025,000)	45,976 (4,512,544)				45,976 (5,105,189)	
	<b>Total</b>							<b>161 331</b> <b>(13 751 435)</b>	<b>322 662</b> <b>(27 502 870)</b>	<b>169 124</b> <b>(16 599 521)</b>	<b>46 783</b> <b>(4 642 277)</b>	<b>82 710</b> <b>(8 207 313)</b>	<b>91,958</b> <b>(10,211,044)</b>	<b>123,949</b> <b>(12,299,459)</b>

<sup>1)</sup> The TSR performance criteria includes both the absolute and the relative performance criteria for each respective program.

<sup>2)</sup> Grant date represents the date at which the initial grant was made.

<sup>3)</sup> Performance period represents the period over which each performance criterion will be measured.

<sup>4)</sup> Performance period end date represents the date when the performance period ends.

<sup>5)</sup> Vesting date represents the date of which the Performance Share Awards, if any, will vest and entitle the participants to receive shares free of charge.

<sup>6)</sup> Numbers represent the number of initial Performance Share Awards that were granted at the grant date. SEK values represent the equivalent value at the grant date.

<sup>7)</sup> Numbers represent the maximum number of Performance Share Awards that could be earned for each performance criterion. SEK values represent the equivalent value at the grant date.

<sup>8)</sup> Numbers represent the balance at the beginning of the year, which includes earned Performance Share Awards for previous year(s) that are yet to vest. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the previous financial year.

<sup>9)</sup> Numbers represent the number of Performance Share Awards earned that had a performance period ending during the financial year. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the financial year.

<sup>10)</sup> Numbers represent the maximum number of outstanding Performance Share Awards that are still subject to an ongoing performance period. SEK values are calculated as the number of outstanding Performance Share Awards that are still subject to an ongoing performance period multiplied by the volume weighted average share price of the five last trading days for the financial year.

<sup>11)</sup> Numbers represent the number of Performance Share Awards that had a vesting period ending during the financial year and which entitled the participant to receive shares free of charge. SEK values represent the actual value of shares given to the participant at the vesting date.

<sup>12)</sup> Numbers represent the balance at the end of the year, which includes earned Performance Share Awards for the financial year and previously earned Performance Share Awards that are yet to vest. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the financial year.

## Long term variable compensation (LTV) to the President and CEO and the Executive Vice Presidents, cont'd.

Name and position	Main conditions of share award plans								Information regarding reported financial year					
	Program	Performance criterion (weight) <sup>1)</sup>	Grant date <sup>2)</sup>	Performance period <sup>3)</sup>	Performance period end date <sup>4)</sup>	Vesting Date <sup>5)</sup>	Performance share awards granted (value in SEK) <sup>6)</sup>	Maximum number of possible Performance Share Awards vesting (value in SEK) <sup>7)</sup>	Opening balance (value in SEK) <sup>8)</sup>	Performance Share Awards earned during the year (value in SEK) <sup>9)</sup>	Performance Share Awards still subject to performance condition (value in SEK) <sup>10)</sup>	Performance Share Awards vested during the year (value in SEK) <sup>11)</sup>	Year-end balance, earned Performance Share Awards unvested (value in SEK) <sup>12)</sup>	
Arun Bansal EVP and Head of Market Area Europe & Latin America	LTV 2021	Group Operating income (EBIT) (50%)	2021-05-03	1 year	2021-12-31	2024-05-03	18,062 (1,972,433)	36,124 (3,944,866)		36,124 (3,584,585)			36,124 (3,584,585)	
		TSR performance criteria (50%)	2021-05-03	3 years	2023-12-31	2024-05-03	18,063 (1,972,433)	36,126 (3,944,866)			36,126 (3,584,783)			
	LTV 2020	Group Operating income (EBIT) (50%)	2020-04-01	1 year	2020-12-31	2023-04-01	27,399 (2,136,026)	54,798 (4,272,052)	54,798 (5,378,424)				54,798 (5,437,606)	
		TSR performance criteria (50%)	2020-04-01	3 years	2022-12-31	2023-04-01	27,398 (2,136,026)	54,796 (4,272,052)			54,796 (5,437,407)			
	LTV 2019	Group Operating income (EBIT) (50%)	2019-05-18	1 year	2019-12-31	2022-05-18	18,909 (1,787,323)	37,818 (3,574,646)	37,818 (3,711,837)				37,818 (3,752,680)	
		TSR performance criteria (50%)	2019-05-18	3 years	2021-12-31	2022-05-18	18,909 (1,787,323)	37,818 (3,574,646)		9,962 (988,529)			9,962 (988,529)	
	LTV 2018	Group Operating income (EBIT) (50%)	2018-05-18	1 year	2018-12-31	2021-05-18	24,745 (1,627,930)	49,490 (3,255,860)	49,490 (4,857,444)				49,490 (5,495,384)	
		TSR performance criteria (50%)	2018-05-18	3 years	2020-12-31	2021-05-18	24,743 (1,627,930)	49,486 (3,255,860)	49,486 (4,857,051)				49,486 (5,494,940)	
	<b>Total</b>							<b>178,228 (15,047,424)</b>	<b>356,456 (30,094,848)</b>	<b>191,592 (18,804,755)</b>	<b>46,086 (4,573,114)</b>	<b>90,922 (9,022,190)</b>	<b>98,976 (10,990,325)</b>	<b>138,702 (13,763,399)</b>

<sup>1)</sup> The TSR performance criteria includes both the absolute and the relative performance criteria for each respective program.

<sup>2)</sup> Grant date represents the date at which the initial grant was made.

<sup>3)</sup> Performance period represents the period over which each performance criterion will be measured.

<sup>4)</sup> Performance period end date represents the date when the performance period ends.

<sup>5)</sup> Vesting date represents the date of which the Performance Share Awards, if any, will vest and entitle the participants to receive shares free of charge.

<sup>6)</sup> Numbers represent the number of initial Performance Share Awards that were granted at the grant date. SEK values represent the equivalent value at the grant date.

<sup>7)</sup> Numbers represent the maximum number of Performance Share Awards that could be earned for each performance criterion. SEK values represent the equivalent value at the grant date.

<sup>8)</sup> Numbers represent the balance at the beginning of the year, which includes earned Performance Share Awards for previous year(s) that are yet to vest. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the previous financial year.

<sup>9)</sup> Numbers represent the number of Performance Share Awards earned that had a performance period ending during the financial year. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the financial year.

<sup>10)</sup> Numbers represent the maximum number of outstanding Performance Share Awards that are still subject to an ongoing performance period. SEK values are calculated as the number of outstanding Performance Share Awards that are still subject to an ongoing performance period multiplied by the volume weighted average share price of the five last trading days for the financial year.

<sup>11)</sup> Numbers represent the number of Performance Share Awards that had a vesting period ending during the financial year and which entitled the participant to receive shares free of charge. SEK values represent the actual value of shares given to the participant at the vesting date.

<sup>12)</sup> Numbers represent the balance at the end of the year, which includes earned Performance Share Awards for the financial year and previously earned Performance Share Awards that are yet to vest. SEK values are calculated as the number of earned Performance Share Awards multiplied by the volume weighted average share price of the five last trading days for the financial year.

### Shareholding guidelines for the Executive Team

The Board of Directors has adopted the following shareholding guidelines to be applied to the current and future members of the ET effective from January 1, 2019 in order to encourage acquiring and maintaining a level of ownership of shares that more closely aligns the interests of the members of the ET with those of the Company's shareholders:

- The President and CEO is required to build up and maintain a shareholding equivalent to at least 200% of his gross annual base salary.
- The other members of the ET are required to build up and maintain a shareholding equivalent to at least 75% of their gross annual base salaries.

The current members of the ET have five years to build up the required share ownership starting from January 1, 2019. In case of new appointments to the ET, the new members will be expected to fulfil the share ownership requirement at the fifth anniversary of the receipt of their first grant of Performance Share Awards under the LTV program. The Board of Directors will consider as counting towards the applicable shareholding objective;

- any interests in Ericsson B shares held or acquired directly by the member of the ET,
- any vested but unexercised options (post-tax, post-exercise cost value),
- any equity awards held by the member of the ET where performance and/or employment conditions have been met, but which are subject to a holding period (on a post-tax basis).

Any unvested share, synthetic share or share option awards subject to performance conditions or continued employment shall not count towards the shareholding guideline requirements.

The Remuneration Committee shall monitor adherence to the shareholding guidelines and report periodically to the Board of Directors, and inform the members of the ET of the extent to which the shareholding guidelines have been met.

The holdings of the ET are set out in the Corporate Governance report, which is available on page 20–23 in the Corporate Governance report.

## Comparative information on the change of remuneration and company performance

Comparative table on the change of remuneration and company performance over the last three reported financial years

Remuneration for the President and CEO and Executive Vice Presidents	Börje Ekholm President and CEO	Fredrik Jejdling EVP and Head of Business Area Networks	Arun Bansal EVP and Head of Market Area Europe & Latin America <sup>3)</sup>	Average remuneration to employees on a full-time equivalent basis <sup>4)</sup>	Ericsson performance			Share Price as per December 31 of the financial year
					Group operating income (EBIT)	Group net sales		
2021 (% change YoY)	Fixed remuneration <sup>1)</sup>	18,764,547 (1%)	9,144,067 (15%)	16,503,462 (73%)	889,538 (13%)	31,780 (14%)	232,314 (–0.03%)	99.79 (2.20%)
	Variable remuneration <sup>2)</sup>	88,782,271 (22%)	14,626,469 (122%)	14,763,028 (11248%)	295,193 (–1%)			
2020 (% change YoY)	Fixed remuneration <sup>1)</sup>	18,498,002 (13%)	7,948,081 (15%)	9,514,116	790,295 (–23%)	27,808 (163%)	232,390 (2.28%)	97.64 (19.72%)
	Variable remuneration <sup>2)</sup>	72,507,054	6,595,909 (103%)	130,096	299,589 (25%)			
2019	Fixed remuneration <sup>1)</sup>	16,299,080	6,933,652	–	1,030,185	10,564	227,216	81.56
	Variable remuneration <sup>2)</sup>	0	3,244,887	–	238,913			
Comments		LTV 2018 vested and shares were transferred in may 2021.	LTV 2018 vested and shares were transferred in may 2021. Information disclosed and compared from date of appointment as EVP.	LTV 2018 vested and shares were transferred in may 2021. Information disclosed and compared from date of appointment as EVP.	During 2021 the delayed annual salary review for 2020 took place with a company sponsored retro-active effect, increasing the remuneration paid to other employees. A majority of employees in the parent company does not have variable remuneration.			

<sup>1)</sup> Fixed remuneration includes fixed salary and other benefits.

<sup>2)</sup> Variable remuneration for the President and CEO and the EVPs include STV and LTV, as applicable. For the employees of the Company, the variable remuneration includes short- and long-term variable compensation. For comparability reasons, the variable remuneration represents numbers vested during the financial year, since performance evaluations and long-term variable compensation programs for other employees that have performance periods ending during the financial year 2021 are yet to be finalized.

<sup>3)</sup> Arun Bansal was appointed EVP in June, 2020. Information disclosed covers the time period after June 1 2020.

<sup>4)</sup> Employees of Telefonaktiebolaget LM Ericsson, excluding the President and CEO and the other members of the ET employed within the Company.

### Board of Directors

Stockholm, March 3, 2022

Telefonaktiebolaget LM Ericsson (publ)  
Org. no. 556016-0680



