



# Ericsson

## 2024 Board Responsiveness

# Ericsson 2023 Updates



## Board Updates

- Jan Carlson elected Independent Board Chair at 2023 AGM
- New independent directors Christy Wyatt and Jonas Synnergren elected to Board
- Key board committees refreshed; Jonas Synnergren appointed to Audit & Compliance and Remuneration Committees and Christy Wyatt appointed to Enterprise Business and Technology Committee (formerly Technology Committee)
- Deputy Chair role reduced from two directors to one
- At 2024 AGM, nominated new director Karl Åberg
- Maintained 70% Director Independence

## Management Updates

- Quarterly Sustainability and Responsible Business Update calls with Head of S&CR and Chief Compliance Officer held quarterly in 2023
- Per CFO transition plan, Lars Sandström appointed new Chief Financial Officer replacing Carl Mellander effective April 1, 2024
- Appointed Becky Rohr, currently Head of Corporate and Government Investigations, as Chief Compliance Officer bringing both functions under a single leader effective March 5, 2024

## Legal

- May 2023 - Nasdaq Stockholm concluded its review regarding alleged violations of public disclosure obligations concerning the 2019 internal Iraq investigation report and dismissed the matter, the Swedish Financial Supervisory Authority also decided to formally close its review
- May 2023 - Shareholder litigation in the U.S. District Court for the Eastern District of New York court was dismissed with prejudice. The court found that Ericsson did not mislead investors and did not violate any disclosure obligations as it pertains to the Iraq investigation. This dismissal has been appealed by the plaintiffs; we will continue to defend the case.

# Track Record of Board Responsiveness



## Extensive Shareholder Engagement

- Following the March 2023 AGM, the Independent Board Chair and Chair of the Audit Committee engaged in substantive discussions with shareholders, both Swedish and international, who represented more than 55% of outstanding shares to gather their perspectives on topics that included corporate governance, executive remuneration, and Sustainability and Corporate Responsibility (S&CR)
- Shareholder feedback served as valuable input to Board and committee discussions and informed decisions taken

## Recent Actions Aligned with Shareholder Feedback

“What We Heard”	“What We Did”
Focus on strengthening corporate responsibility and business integrity	<ul style="list-style-type: none"><li>✓ Refreshed Code of Business Ethics (CoBE) reemphasizes zero-tolerance policy regarding corruption and financial irregularity – relaunched in early 2024</li><li>✓ Embedded enhanced E&amp;C controls through Business Critical Transformation initiative into business functions</li><li>✓ Fully embedded the Material Group Risk Protocol and Business Risk Committee (BRC) into the Group’s governance and risk management frameworks</li></ul>
Focus on effective, independent Board oversight	<ul style="list-style-type: none"><li>✓ Increased dialogue with major Swedish and international shareholders</li><li>✓ Reduced Deputy Chair role from two directors to one in direct response to shareholder feedback</li><li>✓ Refreshed Board committee composition to leverage recently-added directors’ skills and expertise</li><li>✓ Expanded remit of Technology Committee, retitled as Enterprise Business and Technology Committee</li><li>✓ Continued oversight of the Ethics &amp; Compliance (E&amp;C) program and whistleblower procedures by Audit and Compliance Committee</li></ul>
Focus on aligning executives’ interests with those of long-term shareholders	<ul style="list-style-type: none"><li>✓ Added 100% performance-based Short-Term Variable (STV) component to 2024 CEO remuneration in direct response to shareholder feedback</li><li>✓ Maintained 50% focus on 3-year performance goals underpinning Long-Term Variable (LTV)</li><li>✓ Reflected commitment to S&amp;CR by continuing to incorporate GHG emission reduction and Diversity goals in LTV</li></ul>

**Starting with 2024 AGM, voting units will be used for all resolutions to enable disclosure of the detailed results. In prior years, voting units were only used for qualified majority resolutions making the tabulation and disclosure of the detailed vote results not feasible.**

# 2024 CEO Remuneration Update



- No change to annual base salary or pension provision from 2023
- An increase in the total variable pay at target opportunity from 190% to 200% of annual base salary of which:
  - 50% is the target opportunity for short-term variable pay
  - 150% is the target opportunity for long-term variable pay
  - Total remuneration increase corresponds to approximately the average increase as for total Ericsson employees during 2024
- This proposal is in alignment with the Ericsson Guidelines for Remuneration to Group Management approved by AGM 2023 and ensures the CEO:
  - is focused on, and remunerated for, short-term and long-term achievement
  - receives variable compensation elements in line with his peers in other companies
  - only receives reward if behaving with integrity and in line with Ericsson's Code of Business Ethics
  - (Provisions for withholding and clawback are included in all variable pay plans)

# 2024 LTV Vesting Structure



- **3-year performance period (50% of LTV)**
  - 3-year Absolute TSR performance: no vesting if Absolute TSR is <6% (25% weight)
  - 3-year Relative TSR performance: no vesting if TSR rank is 6 or lower (20% weight)
  - 3-year Group female leadership (5% weight)
- **Annual performance (50% of LTV)**
  - 2024 Group EBITA (45% weight)
  - Group GHG emission - Measured as three annual targets (5% weight in total)
- **Discretion to Reduce Vesting**
  - According to the LTV plan rules the Board of Directors may, at any time prior to the normal 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
    - such other circumstances as the Board of Directors considers appropriate including evaluation of each participant:
      - Internal or external investigation
      - Performance
      - Harmful behavior
      - Damage caused

# Accountability in Variable Pay Outcomes



## Code of Business Ethics (CoBE )

- The company has the right in its discretion to deny in whole or in part the entitlement to variable pay-out due to breach of the CoBE.
  - Short term variable pay (STV) – covering 75,000 employees
  - Sales Incentive Plan (SIP) – covering 1,250 employees
  - Key Contributor Plan (KC) – covering 17,500 employees
  - Long-term variable pay (LTV) – covering 215 employees

## Ethics and Compliance Review

- Covering 215 Executives and members of Executive Team
  - Each Executive and member of Executive Team is subject to an annual assessment where performance against pre-defined integrity indicators can reduce short-term variable payout or justify an additional incentive.

# Forward-looking statements

This presentation contains forward-looking statements. The words “believe,” “expect,” “foresee,” “anticipate,” “assume,” “intend,” “likely,” “projects,” “may,” “could,” “plan,” “estimate,” “forecast,” “will,” “should,” “would,” “predict,” “aim,” “ambition,” “seek,” “potential,” “target,” “might,” “continue,” or, in each case, their negative or variations, and similar words or expressions are used to identify forward-looking statements. Any statement that refers to LM Ericsson Telephone Company’s (“Ericsson,” the “Company,” “we,” “us” “our”) industry, trend projections, strategy, financial condition, future financial or operational performance, expectations, projections, growth of market, future market conditions, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Any forward-looking statements made during this presentation speaks only as of the date of this presentation and we expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this presentation to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events, whether as a result of new information, future events or otherwise, except as required by applicable law or stock exchange regulation.

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