Sustainability and Corporate Responsibility report

Part of Ericsson Annual Report 2022

Annual Report 2022

Financial report

Corporate Governance report

Remuneration report

Sustainability and Corporate Responsibility report

ericsson.com

Contents

Sustainability and Corporate Responsibility report 2022

Improving lives, redefining business and pioneering a sustainable future	1
Strategy and targets	2
2022 highlights – Environment	4
2022 highlights – Social	6
2022 highlights – Governance	8
Notes to the Sustainability and Corporate Responsibility report	10
Assurance report	43
Glossary	44

This Sustainability and Corporate Responsibility report is rendered as a separate report added to the Financial Report in accordance with the Annual Accounts Act (SFS 1995:1554, chapter 6, section 10 and 11). An assurance report from the Company's auditor is appended hereto.

Forward-looking statements

This report may include forward-looking statements, including statements reflecting the Company's current views relating to the growth of the market, future market conditions, future events, financial condition, and expected operational and financial performance.

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 the Company's strategy, future financial performance, expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Such statements are based on the Company's expectations as of the date of this report, unless an earlier date is specified, including expectations based on third-party information and projections that the Company believes to be reputable.

We caution investors that these statements are subject to risks and uncertainties many of which are difficult to predict and generally beyond our control that could cause actual results to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. Important factors that could affect whether and to what extent any of our forward-looking statements materialize include but are not limited to the factors described throughout the Company's Annual Report for the financial year 2022, including in the section Risk Factors of the Company's Annual Report for the financial year 2022. These forward-looking statements also represent our estimates and assumptions only as of the date that they were made, and to the extent they represent third-party data, we have not undertaken to independently verify such third-party data and do not intend to do so. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. 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 report, 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. We maintain website and external voluntary reports that may be referenced in this report. The information on our website and in our external voluntary reports is not incorporated by reference in, or otherwise to be regarded as part of, this report.

Improving lives, redefining business and pioneering a sustainable future

Ericsson's vision to improve lives, redefine business and pioneer a sustainable future is built on the power of mobile connectivity to deliver positive impact. Just as electrification transformed the world in the 20th century, digitalization is transforming the 21st century. With 5G, the network becomes a platform for innovation and APIs put the capabilities of the network at the fingertips of a global developer community that will create new innovative use cases. 5G technology will be transformational not just for the mobile ecosystem but any ecosystem that depends on connectivity, whether consumer or enterprise. This new platform will be a global engine for economic growth, a fundamental lever for fighting climate change and a powerful enabler of social inclusion.

Integrity is a foundation for Ericsson's value creating capabilities. With a presence in around 180 countries, Ericsson is operating in markets with varying degrees of complexity in terms of business culture, geopolitical stability and maturity of institutions, and holds the same high standards of ethical business – from equal opportunity for all and respect for human rights, to anti-corruption – across all its operations. Further, the health, safety and well-being of everyone working for Ericsson is of the highest priority. The Company takes a holistic approach to risk management and is firmly committed to acting with integrity across its value chain.

Driving digital inclusion

About 2.7 billion people still lack access to the internet [1]. The unconnected disproportionately live in low- and middle-income countries and are more likely to be poorer, less educated, older, rural and women. While increasing coverage remains an important issue to address, and solutions like fixed wireless access can be a powerful tool for delivering broadband, reducing the usage gap with relevant tools and digital skills development is also key to closing the digital divide.

Financial inclusion is also an important driver for attaining social inclusion. Nearly one quarter of the world's adult population lacks access to formal banking and financial services according to World Bank Findex. However, a majority of unbanked people own a mobile phone that can help them access formal financial services. Today more than 80 million consumers use mobile financial services powered by Ericsson Wallet Platform every month, many of whom were previously unbanked.

Beyond its portfolio, Ericsson is working on the ground to ensure that meaningful connectivity is available and usable by everyone.

The Company was the first private sector partner of UNICEF and ITU's Giga initiative to make a multimillion-dollar commitment, and over the past two years it has supported Giga in connecting more than 5,500 schools and 2 million children and youth to the internet. Ericsson aims to take the learnings of the last decade and work in public-private partnerships to support Giga in connecting every school across the globe to the internet by 2030. Through Ericsson's flagship program Connect To Learn, 400,000 children and young adults in 36 countries have been provided with access to digital learning and skills development programs.

Catalyzing Net Zero

The digital transformation of society and industry is also a low-carbon one. The telecom industry is leading the race to zero emissions both in terms of Net Zero commitments and through an industry-wide commitment to source renewable energy [2].

Ericsson has set an ambition to be Net Zero across its value chain by 2040 and its most important contribution to climate change mitigation is delivering an energy efficient portfolio that will help break the energy curve of mobile networks, reducing customers' energy use, energy cost and carbon emissions. The Company also works with suppliers to provide relevant tools and frameworks for business partners to set their own 1.5 C-aligned targets.

Enabling industry transformation

While the ICT sector is responsible for only 1.4% of the global carbon footprint [3] it has the potential of enabling a 15% reduction of emissions across industries by 2030 through connectivity solutions such as smart building management systems and connected electric vehicle charging infrastructure [4].

These are just two examples of the possibilities of the Fourth Industrial Revolution. Exponential technologies such as 5G, artificial intelligence (AI) and IoT have the potential to significantly increase productivity and efficiency and as an open innovation platform, 5G will have a direct impact on a range of societal infrastructure and industry sectors including transport, manufacturing, energy utilities and public safety, to name a few.

Connectivity is the backbone of sustainable development

Ericsson's technology is critical to the digital transformation of society and forms the backbone of sustainable development, but to meet global challenges and realize opportunities, technology needs to be scaled and Ericsson's experience in driving eco-systems within and across industries, and in society is critical to achieve this.

Ericsson was founded on the belief that communication is a basic human need – and the Company has been a part of societal development for over 145 years. Today Ericsson is delivering technology, solutions and a platform for innovation that support social connection, economic growth and a sustainable future.

[1] The State of Broadband 2022: Accelerating broadband for new realities (2022) *ITU/UNESCO Broadband Commission for Sustainable Development, p. 26,* 978-92-61-36751-0.
[2] Mobile Net Zero: State of the Industry on Climate Action 2022 (2022), *GSMA*.
[3] Malmodin, Jens & Lundén, Dag. (2018).The Energy and Carbon Footprint of the Global ICT and E&M Sectors 2010–2015. Sustainability, 10.3390/su10093027.
[4] Malmodin, Jens & Bergmark, Pernilla. (2015). Exploring the effect of ICT solutions on GHG emissions in 2030. 10.2991/ict4s-env-15.2015.5.

Strategy and targets

Over the coming decades, the world will face unprecedented challenges such as mitigating and adapting to climate change and making sure everyone on the planet can partake in the digital economy and society. In order to meet these challenges, more action is required from both the public and private sector to transition to a low-carbon and circular economy while at the same time addressing social inclusion.

Information communications technology (ICT) already plays an important role in this transition, both as an enabler of decarbonization and by creating and distributing the knowledge and innovation needed for sustainable economic development. Ericsson's Sustainability and Corporate Responsibility (S&CR) strategy is built on the potential of its technology deployed and used in the most responsible way. Ericsson regularly conducts a materiality analysis[1)] to identify the environmental, social and economic aspects most relevant to the Company and its stakeholders. The materiality analysis also serves as a tool to provide input to the S&CR strategy.

Turning the strategy into reality is made possible by the people working for Ericsson around the world. They are the driving force behind realizing the Company's vision: A world where limitless connectivity improves lives, redefines business and pioneers a sustainable future.

Sustainability and Corporate Responsibility strategy

Environmental sustainability	Digital inclusion	Responsible business
– Continuously improve energy performance of the portfolio – Take climate action in own activities and in the supply chain – Transition to a circular economy model – Provide ICT solutions that can enable decarbonization across industry sectors.	– Explore and develop affordable internet access solutions – Scale meaningful connectivity and usability through partnerships – Offer scalable technologies for financial inclusion – Support digital literacy and skills development.	– Conduct business with integrity to mitigate risks and build trust – Embed robust risk management practices across the Company – Safeguard that the Company's technology is a force for good and not misused – Provide transparent reporting and disclosures on par with global best practice.

Enabled by our people

– Work to ensure the health, safety and well-being of everyone working for Ericsson
– Build an inclusive and innovative culture that drives business performance through ethical decision-making
– Create a great place to work, where everyone feels included and proud to belong to a caring, flexible and world-class tech company
– Develop people with the right skillsets and mindsets in the right places, at the right time, to win business with integrity
– Enable fact-based and courageous decision-making through people analytics to drive people performance.

Ericsson's technology – an enabler of sustainable development

Ericsson's technology can contribute to the achievement of many of the United Nations Sustainable Development Goals (SDGs). Examples include alleviating poverty through mobile financial services, better access to education through digital learning and reduced GHG emissions through digital data-driven solutions. However, Ericsson's core contribution to the SDGs is through SDG 9 – Industry, innovation and infrastructure, and SDG 17 – Partnerships for the goals. These two goals are central to Ericsson's business as a technology leader. The Company creates and orchestrates ecosystems and works across trusted partnerships to create positive impact at scale and to meet the global challenges of today and tomorrow.

Connectivity drives sustainable industrialization and innovation

From smart grids and building energy management systems, to autonomous vehicles and connected factories, connectivity is the backbone of the digitalized economy. It is also an enabler of many of the transformations necessary to ensure sustainable economic growth and decarbonization of the economy. Ericsson provides the connectivity infrastructure and its customers provide the communication services that industries require to digitalize.

Partnerships are key to bridge digital divides

To help bridge the digital divide, Ericsson engages and collaborates with its customers and business partners, as well as international institutions and civil society, in a connected ecosystem. Through these partnerships, Ericsson supports people getting access to connectivity and the skills needed to fully participate in the digital economy and society.

1) See note O1 on page 40 for more information about the materiality analysis and how materiality should be interpreted in the context of the S&CR report.

Performance on goals and targets

Below is a summary of the performance and current status of Ericsson's Sustainability and Corporate Responsibility goals and targets. Commentary on performance highlights is presented on pages 4–9, and target specifics and detailed performance data can be found in the notes to this report on pages 11–42.

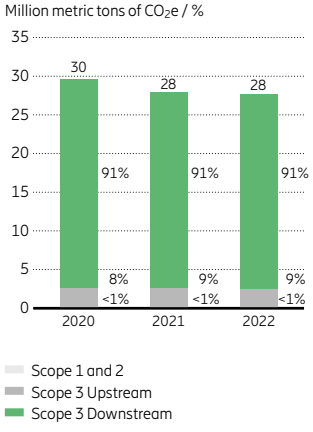
	Goals and performance targets	Base year [1]	Target year	2022 performance	Status
Environment	**Climate change mitigation** Net Zero GHG emissions across the value chain, covering scope 1, 2 and 3 (to be submitted to SBTi [2])	2020	2040		
	Emissions reductions – Reduce scope 1, 2 and 3 emissions by 50% (to be submitted to SBTi)	2020	2030	8% reduction	More effort needed
	– Reduce scope 1, 2 and scope 3 categories Business travel and Downstream transportation emissions by 35% (SBTi verified)	2016	2022	60% reduction	Achieved
	Portfolio energy performance – Achieve a 5G portfolio that is 10 times more energy efficient per transferred data compared to 4G	2017	2022	10 times more energy efficient	Achieved
	– Achieve 35% energy savings in Ericsson Radio Systems compared to the legacy portfolio (SBTi verified)	2016	2022	39% savings	Achieved
	Supply chain engagement Have 350 high-emitting and strategic suppliers set their own Paris Agreement-aligned emissions reduction targets	2019	2025	225 suppliers with accepted targets	On track
Social	**Health and safety** Zero fatalities and lost workday incidents (LWI)	2020	2025	8 fatalities and 131 LWIs	More effort needed
	Diversity and inclusion 30% share of women among all employees, line managers and executive population	2021	2030	25, 22 and 35% respectively	More effort needed
Governance	**Ethics and Compliance** Strengthen and enhance the Ethics and Compliance program to ensure an effective and sustainable anti-bribery and corruption program	2019	2022	Extended to 2024	Implementation in progress

[1] For targets tracked using a relative performance metric compared to a set baseline the base year is shown. For targets not tracked through a relative metric, the year the target was set (start year) is shown.

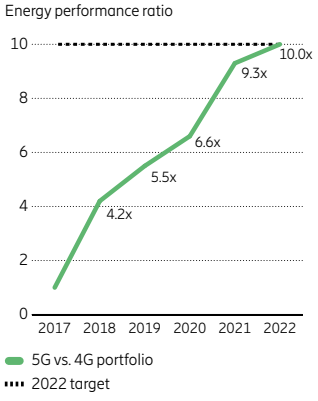
[2] The Science Based Target initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that defines and promotes best practice in emissions reductions and net-zero targets in line with climate science, including providing a second opinion on the ambition level of targets set by corporates and other entities.

2022 highlights – Environment

Value chain carbon footprint



5G portfolio energy efficiency



Net Zero by 2040

Ericsson's long-term ambition is Net Zero greenhouse gas (GHG) emissions across its value chain by 2040. By 2030 the Company has a target to halve value chain emissions compared to a 2020 baseline, and aims to achieve Net Zero emissions from its Own Activities [1]. Ericsson's ambition is science based and the Company is preparing to submit its new targets for verification by the Science Based Targets initiative (SBTi).

In 2022, total value chain GHG emissions were approximately 28 (28) million tonnes. 91 (91)% of the footprint occurred downstream primarily from energy consumption of sold network equipment to customers, and 9 (9)% occurred upstream in the supply chain. Scope 1 and 2 emissions accounted for less than 1 (<1)% of total emissions. Ericsson addresses emissions in all stages of the value chain but the largest emission reduction potential is connected with continuously making the portfolio more energy efficient, and decarbonizing the supply chain through supplier engagement, product design and material choices.

Ericsson has continued to implement its Net Zero strategy during 2022, setting milestones for areas and activities with larger impact, such as product design and radio site energy consumption. A carbon footprint calculation and tracking project was launched to improve the accuracy of emissions accounting both for individual products and for the organization as a whole. The ambition is to have a fully digitalized system to track emissions and empower business leaders to make the fact-based decisions necessary to deliver on the Company's climate targets.

To strengthen the link between sustainability efforts and its strategic priority of technology leadership, Ericsson launched a green bond framework verified by an independent third-party. This enables the Company to access the growing market for green financing when raising capital, primarily for R&D-related capital expenditures.

Enabling effect of ICT

Ericsson's research [2] shows that the potential for ICT solutions to support other industries to decarbonize is substantial and much more significant than the sector's own carbon footprint. Technologies such as electric charging infrastructure, smart grids and building management systems all depend on connectivity solutions to reach their full potential. Further, through the development of new technologies such as the Global Network Platform and 5G, the decarbonization potential could be further enhanced. Ericsson has throughout the year continued to explore and demonstrate the enabling effect of ICT through use cases where cellular IoT is used for digital energy management in the property sector and higher efficiency in electric vehicle charging infrastructure, to name a few. In parallel, Ericsson has contributed to a new standard from the International Telecommunications Union for assessing how ICT solutions impact GHG emissions of other sectors [3].

Portfolio energy performance

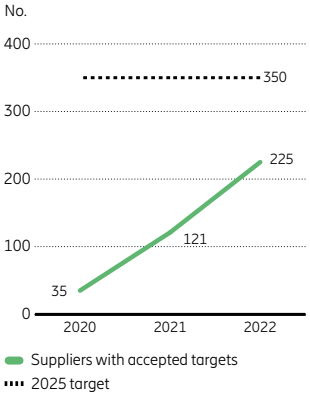
Downstream emissions, mainly from products in use, represented 91 (91)% of total value chain emissions. This makes continuously improving energy performance of the portfolio key to reaching the Company's medium- and long-term emissions reduction targets. Higher efficiency also creates financial value for customers as it supports reducing energy-related operational expenditures. In 2022 Ericsson achieved both of its portfolio targets, showing significantly higher energy efficiency in its Ericsson Radio System (ERS) radio portfolio.

Ericsson reached its target to make the 5G portfolio 10 times more efficient for the same amount of transferred data compared to 4G. By 2022, the Company's third and fourth generation massive MIMO 5G radios were 10.0 (9.3) times more energy efficient compared to 4G radios. If looked at in isolation, fourth generation 5G radios were 10.6 times more efficient. Ericsson achieved this by using, among other things, highly efficient radio unit power amplifiers and through improvements in Ericsson Silicon (ASICs), a dedicated, purpose-built system on a chip design solution that makes it possible to create smaller and lighter radios that consume less energy.

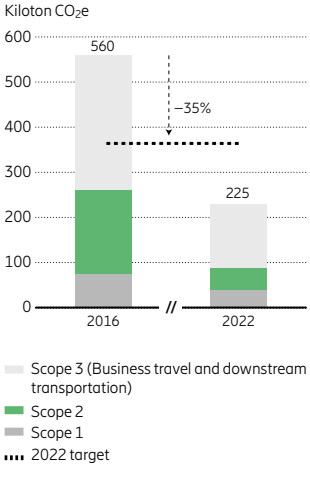
Ericsson also had a SBTi-verified 2022 target of 35% energy savings in its ERS remote radio units compared to the legacy portfolio. The savings achieved in delivered ERS radios by the end of 2022 were 39 (36)%. If savings from the Micro Sleep Tx energy savings function, which switches off components when no transmission is required, are included, the savings increase to 44%. This was made possible by a combination of factors, including improvements in radio unit design, multi-band technology and hardware components such

[1] Own Activities cover emissions in Scope 1, 2, and Scope 3 categories Business Travel and Employee Commuting.
[2] Malmodin, Jens & Bergmark, Pernilla. (2015). Exploring the effect of ICT solutions on GHG emissions in 2030. 10.2991/ict4s-env-15.2015.5.
[3] ITU Standardization L.1480: Enabling the Net Zero transition: Assessing how the use of ICT solutions impacts GHG emissions of other sectors.

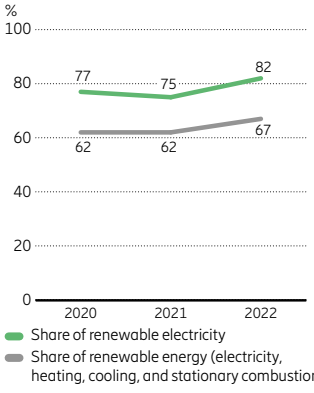
Supplier climate engagement



Performance on SBTi target



Share of renewable electricity and energy at facilities



as Ericsson Silicon. With multi-band technology, the Company can efficiently combine several radio units for two or more frequency bands into a single physical unit. This significantly improves energy efficiency as well as reduces size and weight.

Going forward, Ericsson will increasingly leverage artificial intelligence and machine learning, operating networks intelligently to meet traffic demand and deliver the best user experience with the lowest energy use.

Supply chain climate action

Supply chain emissions represented 9 (9)% of the total value chain carbon footprint. As part of its Net Zero ambition, Ericsson is working to reduce these through design improvements, transport efficiency and supplier engagement. During the year, efforts to reduce the weight and size of products have continued, and initiatives that target carbon intense materials and processes, such as aluminum, were launched. The Company has also explored ways to capture supply chain emissions data more efficiently and accurately.

Ericsson has a target to by 2025 have 350 high emitting and strategic direct suppliers set their own emission reduction targets aligned with the 1.5 C ambition. These suppliers, together with their supply chains, represent a majority of Ericsson's supply chain related carbon footprint. For a supplier's target to be accepted, it must include a halving of emissions in relevant scopes by 2030 compared to the target baseline, be made public and be accompanied by public reporting on progress. By year end, 225 (121) suppliers had set targets that meet these criteria, putting the Company on track to achieve its engagement target within the set timeframe [1]. Ericsson continues to engage with those suppliers who have not yet set aligned targets.

Taking a collaborative approach to further supply chain climate action, Ericsson hosted an online webinar together with the Exponential Roadmap Initiative and co-created the 1.5 C Business Playbook and Supplier Engagement Guide with the aim to support companies to set 1.5 C-ambition aligned targets and to help them engage with their own supply chains.

Climate action in Own Activities

Scope 1 emissions were 38 (38) thousand tonnes and were primarily related to the service vehicle fleet. Scope 2 emissions decreased to 45 (58) thousand tonnes, which was primarily driven by larger volumes of purchased renewable electricity. The share of purchased renewable electricity increased to 82 (75)%, which represented 67 (62)% of total facility energy consumption.

While emissions from business travel increased to 25 (9) thousand tonnes, they were still substantially lower than their pre-pandemic levels. Ericsson has set a cap on business travel to limit related emissions to no more than 50% of pre-pandemic 2019 levels. Emissions from downstream transportation were 116 (119) thousand tonnes.

Combined, this meant the Company surpassed its SBTi-verified target to reduce emissions from Own Activities by 35% by 2022, with achieved emissions reductions being 60% from the 2016 target baseline.

During the year Ericsson has continued its efforts to improve data quality including more regular reviews of climate KPIs, continued rollout of telematics in fleet vehicles and a more granular analysis of employees' commuting habits. Priorities for the coming year include further improvements in data quality with a focus on automation, assessing Power Purchase Agreement projects as a source for renewable energy and continuing the transition towards fossil free fleet vehicles. Energy saving features at the USA 5G factory will be rolled out to other manufacturing sites and installation of on-site solar panels will be evaluated.

Transition to circular economy

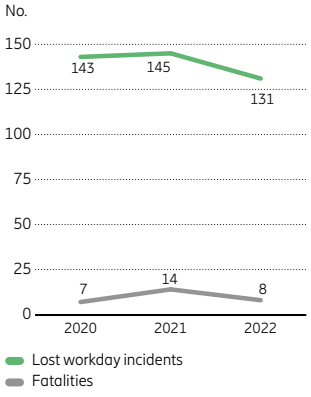
Ericsson undertook two initiatives aimed at improving performance in product take-back and the sale of refurbished equipment. The Company also developed a targeted training course to raise internal knowledge on take-back and re-use. In addition, the Company analyzed emerging legislation and trends related to product take-back with the help of a third-party advisor. Ericsson also analyzed how to increase relatively low take-back volumes and piloted the product reuse services that were launched in 2021.

More information available in the notes to the S&CR report	
p. 11	E1 – Environmental management
p. 12	E2 – Climate change mitigation
p. 16	E3 – Climate related scenario analysis, risks and opportunities
p. 17	E4 – Transition to circular economy
p. 18	E5 – Reporting according to article 8 of the EU Taxonomy regulation

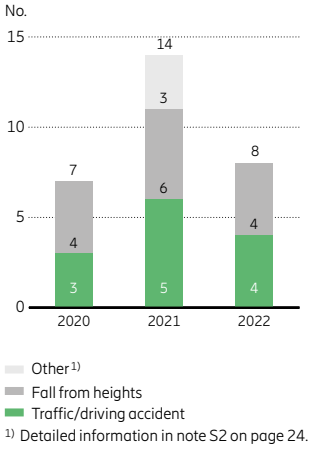
[1] See note O2 on page 41 for an explanation on limitations regarding value chain reporting and disclosures.

2022 highlights – Social

Lost workday incidents and fatalities

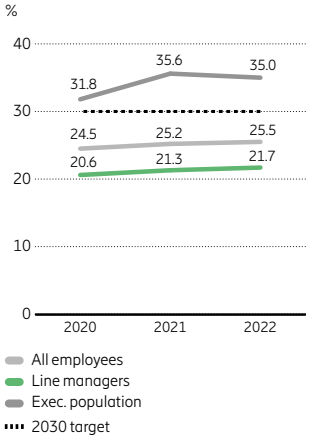


Breakdown of fatalities by cause



1) Detailed information in note S2 on page 24.

Share of women per employee category



Health, safety and well-being

Ericsson has a target to have zero fatalities and lost workday incidents by 2025 and the Company continuously monitors a combination of leading and lagging indicators on the progression on this target.

The number of fatalities decreased to 8 (14) and involved site service suppliers and third parties. Causes of fatalities were driving accidents and climbing or working at heights. Lost workday incidents decreased to 131 (145) and involved both suppliers and employees. Reported incidents primarily involved slips, trips and falls, site installations, climbing and working at heights and manual lifting and handling. There was a 45% increase in reported near-misses as a result of increased awareness and enhanced reporting capabilities. Ericsson also continued strengthening its supplier consequence management practices to drive further improvement in supplier safety performance and health and safety risk management.

A new mandatory health, safety and well-being induction course for employees and contingent workers was launched with a 92% completion rate.

A mental health training program was introduced and campaigns on musculoskeletal health were carried out in order to reduce health risks and increase understanding of self-care. Future priorities include increasing understanding about mental health and financial literacy, raising awareness on psychologically safe working environments and on non-communicable diseases such as cancer and cardiovascular illnesses, and reviewing benefit coverage.

Diversity and inclusion

Ericsson has a target to achieve at least 30% representation of women at all levels of the Company by 2030. To support this target, the shareholders at the 2022 annual general meeting approved linking part of the variable compensation to executives to a performance criteria where the share of women in line manager positions is to increase to 23% by 2024. During the year, the share of women line managers increased to 21.7 (21.3)%. Among all employees, the share increased to 25.5 (25.2)% while decreasing to 35.0 (35.6)% within the executive population. Ericsson worked with its recruitment partners to have a fifty-fifty gender balance for early career and graduate hires as part of the strategy to attract more diverse candidates. The Company also progressed on gender balance through its ALTitude career accelerator program for women, with a third of program graduates progressing to more senior positions within a year.

Work to reinforce an inclusive culture continued with the addition of Inclusive Leadership as one of Ericsson's critical skills, supported by bespoke training that combines the latest academic insight with online simulations. Ericsson supports a network of employee resource groups and provides career accelerator programs to remove barriers to progression for underrepresented groups.

Talent attraction, retention and development

Ericsson's Talent Acquisition strategy is built on three key focus areas: demand planning and capacity; identifying key talent markets; and attracting and retaining talent with critical skills – including cloud native (applications development, architecture, design, and more on cloud infrastructure). To enable this strategy, the Company has enhanced its sourcing capacity, improved recruiter capability and invested in new technology to reduce complexity and provide a better hiring experience.

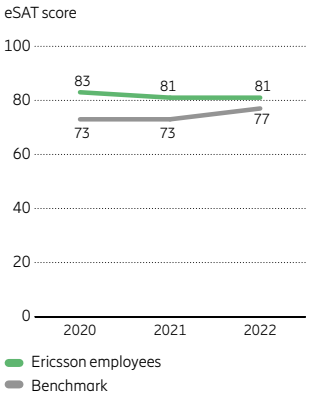
A global recognition program available to more than 85,000 employees at year end was launched to drive engagement and recognize impact. From 2023 onwards, the program will be available to more than 100,000 employees globally. Since 2021 the Company has an employee share purchase plan in place with the aim to encourage employees to take an individual stake in achieving the Company's goals, and through this reinforce a sense of ownership. At the end of 2022 the plan was implemented in 78 countries and available to about 89,000 employees, with a participation rate of 18.9 (15.8)%. Deployment in additional countries is planned for 2023.

Ericsson has continued to work towards pay equity and put additional efforts into finding ways to measure and better understand the reasons behind gender pay gaps across the Company.

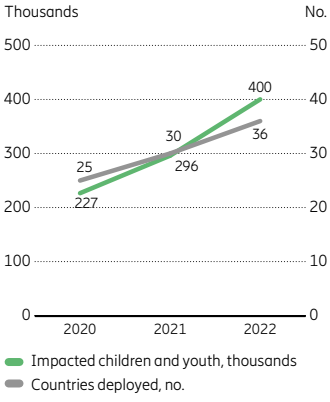
Employee satisfaction scores remained high at 81 (81) points and continued to be above the benchmark value for comparable companies in the industry which was 77 (73).

Over 19,000 employees were trained in the critical skills of artificial intelligence (AI) and automation, with plans to double this number in 2023. Two new pathways for upskilling the workforce in power skills (collaboration, communication and stakeholder management) and cloud native were launched during the year. This was enabled through the learning platform Degreed, which covers more than 20,000 skills and was used by 97% of the workforce who completed 3.0 (3.1) million online learning sessions during the year. The volume of completions on Degreed more

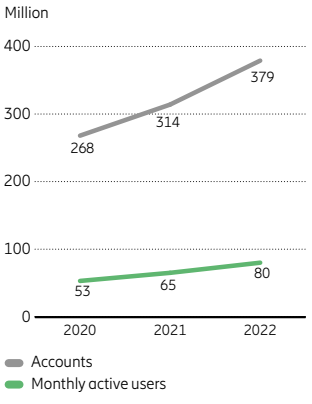
Employee satisfaction



Digital education – Connect to Learn



Ericsson Mobile Wallet accounts and active users



than doubled during the COVID-19 pandemic as people were working remotely. In 2022, the volume decreased slightly as employees transitioned into a hybrid working model and were able to participate in more onsite learnings, interacting with teams and colleagues. Employees are encouraged to gain experience through internal job moves supported by an open talent market and targeted succession planning.

Human rights

During the year, Ericsson underwent its first assessment as a member of the Global Network Initiative. The third-party assessor concluded that Ericsson overall has adequate processes and policies in place related to human rights. Key areas of improvement highlighted included more comprehensive human rights training and clearer policies when acting on government requests on behalf of customers, as well as better understanding of how equipment is used post-sale. Ericsson is committed to implementing these recommendations and to further strengthening its due diligence processes for a more proactive approach to human rights-related risk management.

A new Human Rights strategy was adopted which included identification of key transformations needed to align with international best-practice and standards. This covers improving due diligence frameworks across the value chain, as well as preparing for new legal requirements on human rights, in particular related to supply chain traceability.

Ericsson has engaged in the Action Coalition on Responsible Technology, part of the Tech for Democracy initiative. One of the main contributions is a project to map the ICT ecosystem to better understand the responsibilities related to human rights of different actors.

Corporate citizenship

Ericsson launched a global volunteering portal during the year to facilitate opportunities for employees to use their time and skills for volunteering.

The Company continued to invest in connected reforestation projects by entering a new project in India, complementing the existing ones in Malaysia and the Philippines, with the aim to plant 100,000 mangroves and 20,000 fruit bearing plants.

A record-breaking company-matched employee donation drive was carried out during the early stages of the war in Ukraine, and Ericsson has continued to support relief efforts with monetary and in-kind donations, technical support, and volunteer hours. As the Ukraine emergency situation unfolded UNHCR RETS [1] called upon partners, and Ericsson Response mobilized to support refugees in neighboring countries by deploying communication equipment in Moldova which increased the country's capacity to receive and assist refugees.

Support to UN operations in Columbia for Venezuelan refugees initiated in 2021 continued in 2022 and Ericsson Response deployed a team to the La Guajira region to provide and improve connectivity for refugee service centers. The WFP-led ETC [2] and Ericsson Response also deployed after Typhoon Odette hit the Philippines, providing connectivity to humanitarians in affected areas.

Digital inclusion

Mobile broadband is one of the most cost efficient technology options to connect society and fixed Wireless Access (FWA) is an efficient and scalable alternative to wired connections and a portfolio solution that can benefit institutional coverage. Almost 40% of the new 5G FWA launches in the past 12 months have been in emerging markets.

The Ericsson Wallet Platform supported 379 (314) million registered mobile wallet accounts and over 80 (65) million active consumers in 24 countries use mobile financial services powered by the Platform every month, many of which were previously unbanked. The Platform has enabled many businesses and organizations to accept digital payments accelerating the growth of cash-light digital economies.

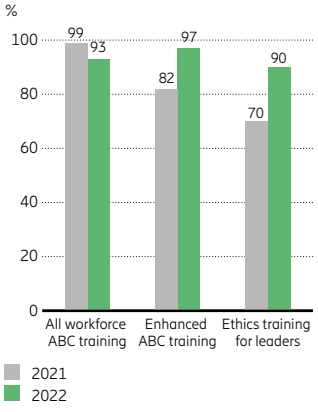
To date Ericsson has positively impacted 400,000 children and young adults in 36 countries by providing access to digital learning and skills development programs through its Connect To Learn initiative.

More information available in the notes to the S&CR report	
p. 21	S1 – Human Capital
p. 24	S2 – Health, safety and well-being
p. 25	S3 – Human rights
p. 27	S4 – Corporate citizenship
p. 29	S5 – Digital inclusion

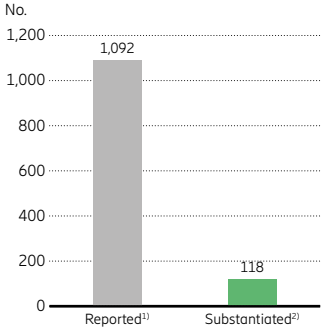
[1] United Nations High Commissioner for Refugees – Refugee Emergency Telecommunications Sector.
[2] World Food Programme – Emergency Telecommunications Cluster.

2022 highlights – Governance

Compliance and anti-bribery and corruption training completion rates

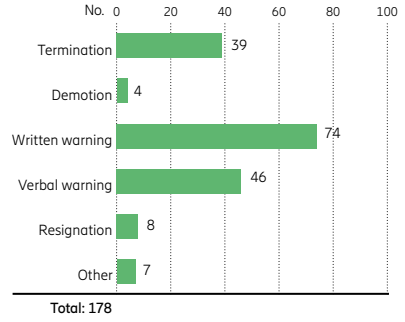


Reported and substantiated compliance concerns



1) All reported cases received in 2022.
2) All cases concluded and deemed as substantiated during 2022, some of which were received in previous years.

Corrective and disciplinary actions taken1)



1) Actions taken as a result of substantiated breaches of Ericsson's Code of Business Ethics. Each corrective action represents a unique individual meaning the total of actions shown here cannot be directly compared to the number of substantiated cases shown above, as each case may involve several individuals. An individual can be subject to several corrective actions but is only counted once in these statistics, with the most severe consequent determining classification in the above presentation.

Compliance and business ethics

Ericsson has continued to strengthen and develop its Ethics and Compliance (E&C) Program, now with a renewed focus on integrity as part of the Company's culture. Specifically, Ericsson launched a company-wide strategy that focuses on prioritizing integrity as part of its culture and ways of working to foster accountability, build trust and respect with customers, business partners, and regulators, and drive sustainable success. The Company continues to support and encourage its employees and business partners to take part in the transformation by providing them with tools and information to make fact-based, integrity-driven decisions.

To help employees identify and appropriately interact with public officials and customers who are state-owned, an interactive State Owned Entities (SOE) Map was made available during the year. To help treat officials of SOEs with greater sensitivity and care from an E&C perspective, global customer designations were also made available to employees.

During the year, gift, entertainment and hospitality, and conflict of interest functionalities have been migrated into Ericsson's Ethics & Compliance Portal, a single platform for front-end recording and tracking, and back-end monitoring and testing to ensure full visibility and control of relevant processes.

Ericsson has continued to provide trainings to increase awareness around ethics and integrity among its workforce. All employees are required to take foundational anti-bribery and corruption (ABC) training courses, and enhanced ABC training is mandatory for line managers and people in exposed roles. Completion rate among the target audiences was 93 (99) and 97 (82)% respectively. The ethics training for leaders continued during the year in the form of online instructor-led workshops around ethical and integrity-related dilemmas. It had reached 90 (70)% of the target audience by year end.

Reported compliance concerns

In 2022, the number of reported compliance concerns was 1,092 (1,059). Out of these, 215 cases were referred for further investigation. 877 cases were not referred for investigation as they were inquiries of a general nature or not deemed to be related to misconduct or breaches of the Code of Business Ethics. When applicable, these cases were referred directly to the relevant units for attention or remediation. During the year, 118 (237) cases were concluded and found to be substantiated. At year end, 209 cases were still under investigation; this figure includes cases reported both in 2022 and in 2021. More details, including reported cases broken down by category, are available in note G2 on pages 32–33.

During the year, 178 (233) corrective and disciplinary actions involving individuals found to be in breach of the company's Code of Business Ethics were taken. 39 of these actions resulted in terminations, and 74 in written warnings. 8 individuals resigned as a result of confirmed misconduct.

Anti-bribery and corruption

In December 2019, Ericsson entered into a resolution with the United States Department of Justice (DOJ). The resolution included a deferred prosecution agreement (DPA), and a guilty plea by Ericsson's Egyptian subsidiary to a criminal violation of the US Foreign Corrupt Practices Act's (FCPA) antibribery provisions. As part of the DPA with the DOJ and consent judgment with the U.S. Securities and Exchange Commission (SEC), Ericsson agreed to engage an independent compliance monitor for three years while the Company continues to undertake significant reforms to strengthen its E&C Program.

In October 2021, the DOJ notified Ericsson of its determination that the Company breached its obligations under the DPA by failing to provide required information to the DOJ.

In March 2022, the DOJ informed Ericsson that, before entering into the DPA, the Company provided insufficient information to the DOJ about the Company's internal investigation into conduct in Iraq. The DOJ also determined the Company breached the DPA by failing to inform the DOJ about the investigation post-DPA, and in June 2022, the SEC informed the Company that it had opened an investigation concerning matters described in the Company's 2019 Iraq investigation report.

In December 2022, the Company agreed with the DOJ and SEC to extend the term of the Company's independent compliance monitor for one year, until June 2024. In addition, on March 2, 2023, the Company reached a resolution with the DOJ regarding non-criminal breaches under its DPA (DOJ Plea Agreement). Under the DOJ Plea Agreement, Ericsson will plead guilty to previously deferred charges relating to conduct prior to 2017. In addition, Ericsson agreed to pay a fine of USD 206,728,848. The entry of the DOJ Plea Agreement will bring the DPA to an end. With respect to the matters described in the 2019 internal Iraq investigation report, the Company continues to thoroughly investigate the matters in full cooperation with the DOJ and the SEC. As previously disclosed, the Company's 2019 internal Iraq investigation did not conclude that

Ericsson made or was responsible for any payments to any terrorist organization and the Company's significant further investigation over the course of 2022 has not altered this conclusion.

On January 12, 2023, the Company announced that a provision in the fourth quarter of SEK 2.3 billion (approx. USD 220 million) in relation to the DOJ Plea Agreement had been made. The provision also included estimated expenses (SEK 0.1 billion) for the previously announced extended compliance monitorship.

The Company has and continues to strengthen its approach to governance and risk management, including through the implementation of enhanced internal policies and practices and continued, active oversight by the Board and Executive Team. There is more information on this on pages 22–23 of the Financial report and in note G2 on pages 32–33 of this report.

The E&C Program has continued to evolve over the last several years. Today, Ericsson is better positioned to prevent a recurrence and to uncover and respond to misconduct when it occurs.

The process for vetting and oversight of the third parties has continued to develop in order to enable Ericsson to choose parties that meet the Company's expectation of zero tolerance for bribery and corruption. Through the global Third-Party Management (TPM) Program, Ericsson identifies and mitigates corruption and integrity-related risks in the context of third-party relationships. Ericsson further embedded E&C guidance into the M&A process to increase oversight of strategic transactions and the Company's portfolio of non-wholly owned companies.

Responsible sourcing

As part of the Responsible Sourcing Program, audits of suppliers continued during the year. In China, some audits were delayed or postponed due to lockdowns related to the COVID-19 pandemic. When on-site audits were not possible due to travel restrictions, the Company carried out initial audits remotely with follow-up audits performed on site.

The Company conducted 114 (124) Code of Conduct (CoC) audits. Critical non-conformities were identified at 6% of the suppliers audited in the past 24 months. Most of these concerned working hours, wages and benefits. As for other non-conformities, most were related to health and safety.

Ericsson also conducted 15 (24) Contract Compliance audits. Most of the critical non-conformities identified concerned occupational health and safety and quality management systems, while most of the minor non-conformities concerned suppliers' processes for assessing intellectual property rights limitations, as well as processes for handling claims.

Ericsson views each audit as an opportunity for improvement and establishes corrective action plans with suppliers to address non-conformities. The closure rate of all non-conformities identified at CoC audits was 73%. Ericsson has strengthened its human rights competencies in the sourcing organization during the year to meet increasingly higher stakeholder expectations in the area [1].

Security and privacy

Ericsson has continued to strengthen operational and portfolio resilience by executing on its security and privacy strategies. Key efforts and initiatives included:

- enhancement of Security & Privacy by Design in Ericsson's product and solutions value chain through assessment of customer needs and local requirements.
- updating Ericsson's Binding Corporate Rules and implementing a data mapping program covering data flows within the Group.
- expansion of security monitoring and threat detection capabilities throughout the Company.
- setting new architecture principles to enable gradual implementation of Zero Trust throughout the IT-environment.
- optimization of security measures in high-risk areas, including implementation of stricter requirements for suppliers working in such areas and quicker access to exhaustive intelligence analysis support to mitigate operational risks for Ericsson and supplier personnel.

Every year Ericsson identifies and manages numerous attack attempts, vulnerabilities and security events and incidents. For example the Company experienced a breach that was reported to the applicable supervisory authority and for which the supervisory authority closed the file with no further action. All-in-all the Company detected and resolved security events and incidents in an efficient manner and stopped smaller incidents from expanding in severity or scale. During the year there were no significant [2] security incidents.

Advocacy and policy influence

Ericsson has continued to promote sound business conditions for the telecommunication industry with a focus on topics such as net neutrality, security, privacy, artificial intelligence, data policy, intellectual property rights and spectrum management and allocation, as well as climate change mitigation and human rights.

The Company's aim is to show technology leadership and act as a trusted advisor, basing its advice on scientific and fact-based information. Ericsson is an active member of several industry organizations and partnerships that jointly develop policies and show thought leadership by developing digitalization use cases. Examples include active engagement in the CEO Alliance for Europe, where the Company contributes to projects focused on digitalization and energy supply, and Digital Europe, where it drives climate and environmental topics. Ericsson has also contributed to an international training program called ICT Regulation – Policy and Practice, commissioned by the Swedish International Development Cooperation Agency.

Ericsson has hosted frequent government visits to the Ericsson Imagine Studio in Stockholm, which have served as an opportunity to showcase, for example, 5G use cases. During the year the Company also conducted a thorough review of its binding framework for government and policy advocacy and adopted new mandatory requirements that meet the highest standards on ethics and compliance for engaging with public officials.

More information available in the notes to the S&CR report	
p. 31	G1 – S&CR Governance
p. 32	G2 – Compliance and business ethics
p. 35	G3 – Supply chain and responsible sourcing
p. 37	G4 – Security and privacy
p. 38	G5 – Advocacy and policy influence

Board of Directors

Stockholm, March 7, 2023

Telefonaktiebolaget LM Ericsson (publ)
Org. no. 556016-0280

[1] See note 03 on page 42 for an explanation on limitations regarding value chain reporting and disclosures.
[2] A significant security incident is cross-functional, complex/severe, or high impact in nature, potentially affecting multiple organizations, markets, business areas and/or customers.

Notes to the Sustainability and Corporate Responsibility report

Contents

Environment

11 E1 Environmental management
12 E2 Climate change mitigation
16 E3 Climate related scenario analysis, risks and opportunities
17 E4 Transition to circular economy
18 E5 Reporting according to article 8 of the Taxonomy regulation

Social

21 S1 Human capital
24 S2 Health, safety and well-being
25 S3 Human rights
27 S4 Corporate citizenship
29 S5 Digital inclusion

Governance

31 G1 Sustainability and corporate responsibility governance
32 G2 Compliance and business ethics
35 G3 Supply chain and responsible sourcing
37 G4 Security and privacy
38 G5 Advocacy and policy influence

Other – Basis for preparation

40 O1 Stakeholder engagement and materiality
41 O2 Reporting principles, scope and external assurance
42 O3 Restatements of information

Section E – Environment

E1 Environmental management

Impacts, risks and opportunities

Ericsson's environmental aspect and impact assessments are based on a Life-Cycle Assessment (LCA) approach and show that the direct environmental impacts of the Company's operations are relatively limited in comparison with the indirect impacts that occur upstream and downstream in the value chain. There are, however, environmental regulations with which Ericsson needs to comply, in particular in relation to products and production sites.

Governance and policies

The Company's Environmental Management System (EMS) is part of the Ericsson Group Management System (EGMS) with group responsibility delegated to the Sustainability and Corporate Responsibility unit. Operational responsibility is delegated to relevant business and market areas, supported by Environmental Health and Safety subject matter experts.

The Company's Sustainability Policy sets out the foundation for Ericsson's approach to environmental management. A group directive on the EMS is in place to ensure a systematic approach within the Group and to clarify responsibilities of units and individuals in relation to the Sustainability Policy.

Management approach

Environmental Management System

Ericsson continuously strives to minimize the negative impacts of its own operations. The EMS is certified to the ISO 14001:2015 standard, covering management, research, product management, development and supply, sales and installation, and maintenance of hardware, software, services and solutions for information and communications technology.

The EMS, as an integrated part of the EGMS, builds on group-wide processes such as audits and assessments and management reviews. Environmental aspects are assessed to identify significant ones which forms the basis for setting targets. Environmental compliance obligations are monitored on a country level to ensure that Ericsson meets environmental requirements. In addition to Ericsson´s Enterprise Risk Management (ERM) framework, a specific Environmental Risk Management framework, which is aligned to EMR, is in place.

The Company has an incident reporting system through which employees and suppliers to report environmental incidents. Incident reporting is part of the environmental requirements for suppliers included in the Ericsson Code of Conduct for Business Partners.

Energy usage

Ericsson's facilities primarily use purchased electricity as the source of energy and, to a lesser extent, externally sourced cooling and heating. Direct combustion of fossil fuels is limited to service vehicles, backup generators and local heating at a limited number of sites. For more information on energy usage see note E2 on page 12.

Waste generation and disposal

The waste generated in Ericsson's operations is primarily office waste, which is handled locally. Waste generated at production sites is managed according to local legislation by local waste management companies. Ericsson also offers a global program through which customers' end-of-life products can be collected and recycled. For more information on the Take-Back program see note E4 on page 17.

Water usage

Water used at facilities is mainly consumed for sanitary purposes and comes from municipal water supplies. Fresh water is not directly drawn from ground or surface water sources.

Land use and biodiversity

Ericsson's facilities, including offices, data centers, test labs and production sites, are located in urban or semi-urban areas with limited impact on land use and surrounding ecosystems.

In some instances, Ericsson supports customers when building telecommunication sites. In such cases Ericsson's standard procedures include considering location selection as part of minimizing the environmental impact from land use.

Performance metrics

Environmental incidents reported

(No.)	2022	2021	2020
Significant incidents [1]	–	–	–

[1] A significant environmental incident is defined as an unplanned event that has resulted in, or may result i, severe long-term negative environmental impact, including impact on air, water, land, natural resources, flora and/or fauna.

Waste generated in operations by disposal method [1]

(metric tons)	2022	2021	2020
Recycling	3,782	4,573	3,370
Reuse	335	–	–
Energy recovery (incineration)	2,003	1,429	1,465
Landfilling	1,922	740	2,065
Hazardous waste	88	35	16
Total	**8,130**	**6,777**	**6,916**

[1] Reported volumes of waste from production sites are based on measured data. Waste from other facilities are estimates based on extrapolations of waste generated at the Company's headquarters. Other facilities include offices, warehouses, data centers and labs.

Water consumption [1]

(Mm^3)	2022	2021	2020
All facilities	1.05	1.15	1.55

[1] Out of total reported water consumption, approximately 57% of the Group's headcount is covered by measured data, with the remaining being estimated based on extrapolations of the measured volumes.

E2 Climate change mitigation

Impacts, risks and opportunities

The Information and Communications Technology (ICT) sector represents a small share [1] of global greenhouse gas (GHG) emissions, with emissions primarily derived from the sector's energy consumption. According to Life-Cycle Assessments (LCAs) conducted by Ericsson, the vast majority of the emissions, approximately 91%, occur downstream in the value chain. Upstream emissions represent around 9% of total value chain emissions, while emissions from Ericsson's direct operations (Scope 1 and 2) represent less than 1% of the total carbon footprint.

Downstream emissions primarily stem from electricity consumption in the use phase of sold products [2]. The rollout of mobile communication generations (such as 2G, 3G and 4G) has historically increased the total mobile network energy consumption. The increase has been about the same for each mobile generation. However, Ericsson's research shows that it is not primarily increased data traffic that has led to increased energy consumption. Instead, it is the surface coverage and the installation of new equipment when deploying new generations of mobile networks that has driven increased energy usage.

The ICT sector must address its own carbon footprint, but it can also play an important role in enabling other sectors in their decarbonization efforts. Many of the solutions needed in other sectors to reduce emissions, such as management systems and smart meters in buildings, smart electrical grids, telematics, and storage and inventory management solutions in enterprises, are all dependent on ICT solutions and infrastructure to function. Ericsson's own peer reviewed research [3] suggests that ICT solutions have the potential to enable decarbonization of up to 15% in other sectors by 2030, not considering the enabling potential of 5G and the Internet of Things. If these technologies are also considered, the enabling potential is assumed to be even higher.

For more information about climate-related risks and opportunities, based on Ericsson's climate scenario analysis, see note E3 on page 16.

Governance and policies

The Executive Team governs Ericsson's Sustainable Business Program, of which climate action and network energy performance are two workstreams. Ericsson's Sustainability Policy sets out the Company's foundational principles with regard to environmental sustainability, including climate change mitigation.

Group climate strategy and targets are coordinated and driven by the central Sustainability and Corporate Responsibility unit. On an operational level, climate action strategies and policies are integrated across business and market areas, and Group functions, with each organization being responsible for executing on its respective strategies and targets.

Executive variable remuneration

A portion of the variable remuneration to executives is determined by performance on selected elements of the Company's emissions reduction targets. See page 8 of the Remuneration report for further information.

Management approach

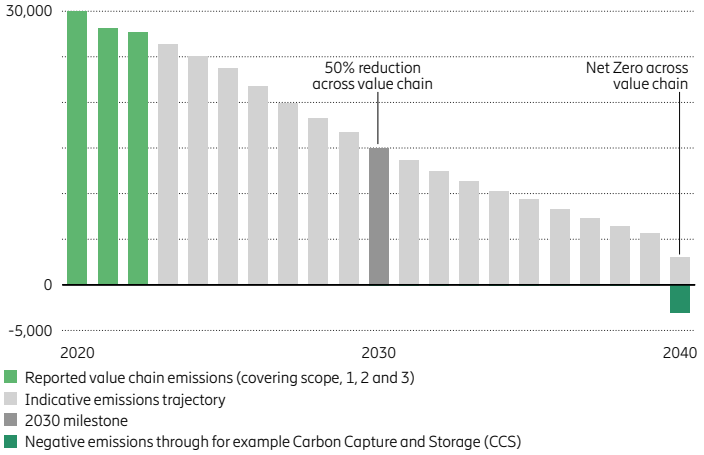
Ericsson takes a value chain approach to climate change mitigation, based on the Company's LCAs of the carbon footprint of its products and services. The strategy is to reduce both direct and indirect emissions in line with the Paris Agreement's ambitions of limiting global warming to 1.5 C compared to preindustrial times.

Net Zero transition plan

Ericsson has an ambition to achieve Net Zero [4] value chain emissions by 2040, with a medium-term target to achieve a reduction of 50% across the value chain by 2030. Described here are the most significant actions that the Company plans to take to reach this target.

Ericsson's 2040 Net Zero ambition

$ktCO_2e$



Total value chain emissions shown in the graph above should be considered illustrative of Ericsson's Net Zero transition plan, as they include forward-looking estimates of future emissions. Ericsson is continuously working to increase the accuracy of emissions data for different stages of the value chain, especially emissions occurring upstream and downstream in the value chain. More details on emissions per scope and information about the Company's GHG accounting methodologies can be found below.

Scope 1 direct emissions

Ericsson is working to replace its fleet of combustion engine service vehicles with a low-emission fleet. The transformation will take place gradually, with some countries and market areas expected to transition faster than others due to differences in availability of low- or zero tailpipe emissions vehicles and market conditions. In addition, the Company plans to increase the coverage and use of fleet management systems and telematics where feasible to optimize fleet utilization and reduce unnecessary trips. Backup generators and local heating using fossil fuels at facilities will be phased out or replaced with low-emitting alternatives wherever possible. Technical building requirements specify limits on the maximum global warming potential for refrigerants used at facilities.

Scope 2 indirect emissions

Ericsson aims to source 100% renewable energy at its facilities by 2030. In addition, Ericsson works together with facility management companies to improve the energy efficiency of its facilities. The majority of facilities Ericsson occupies are leased.

Scope 3 upstream emissions [5]

Ericsson engages with its high-emitting and strategic tier 1 suppliers to encourage them to set their own 1.5 C aligned emissions reduction targets, in line with the Paris Agreement. For targets to be accepted by Ericsson, they need include a commitment to halving emissions in relevant scopes by 2030, be made public and the supplier must commit to publicly and at least annually report on progress toward their targets. Ericsson continues to engage with those suppliers who have not yet set aligned targets.

To reduce the emissions embodied in hardware products, Ericsson applies other measures such as product design and material choice/substitution and recycling. There is more information on this in note E4 on page 17 of this report.

To prevent emissions from business travel from returning to their pre-pandemic levels, Ericsson has decided to cap business travel emissions at 50% of their 2019 levels, with each business and market area, Group function and sub-units being allocated yearly emission budgets for business travel.

1) Malmodin, Jens & Lundén, Dag. (2018).The Energy and Carbon Footprint of the Global ICT and E&M Sectors 2010–2015. *Sustainability*, 10.3390/su10093027.
2) Use phase emissions reported in one year include the total assumed lifetime emissions of products sold in that same year. See more information on accounting methodologies on page 15.
3) Malmodin, Jens & Bergmark Pernilla. (2015). Exploring the effect of ICT solutions on GHG emissions in 2030. *Atlantis Press*, 10.2991/ict4s-env-15.2015.5.
4) Implying emissions reductions of at least 90% within the set timeframe in the selected scopes.
5) See note O2 on page 41 for an explanation on limitations regarding value chain reporting and disclosures.

Note E2, cont'd.

Scope 3 downstream emissions [1)]

Ericsson's approach for reducing indirect downstream emissions from the use of products and services is through improved energy efficiency of the Company's solutions, which includes both hardware and software. A focal point is ensuring the rollout of 5G does not result in an increase in the energy consumption of customers' mobile networks, as has been the case with rollouts of previous generations of mobile communication networks. This involves:

- Investments in R&D to increase the energy efficiency of the portfolio.
- Planning networks both from a performance and an energy usage perspective.
- Modernizing equipment and operating the networks intelligently.
- Using artificial intelligence, machine learning and other features to reduce energy use during times of low network load.

In addition to the Group's targets presented on the next page, the Company has an ambition to reduce the energy consumption of a typical new radio base station site by approximately 40% by 2025, compared to a 2021 baseline. To further reduce Scope 3 downstream emission, customers also need to transition to low-carbon and renewable energy sources. Reducing energy demand, and subsequent consumption, are important steps in making the transition to renewable energy sources easier and more financially viable.

Besides improved energy efficiency, Ericsson can support customers with integration of on-site renewable energy generation such as solar and wind energy at base station sites. By using the same management system to control the radio-access network and the renewable energy sources, the energy supply and demand can be optimized for the site conditions. More details on how Ericsson is aiming to reduce energy consumption of mobile networks are available in the Breaking the Energy Curve report on the Company's website [2)].

For emissions related to product transport, Ericsson is utilizing increased data visibility and an internal shadow price on carbon to optimize transport planning and thereby reduce emissions.

Carbon removals

Ericsson may consider using carbon removal technologies, such as Carbon Capture and Storage, to neutralize the unavoidable part of value chain emissions. If such technologies are employed, they will not represent more than around 10% of the base year carbon footprint and must adhere to high standards to ensure effectiveness and trustworthiness of Net Zero claims.

Internal price on carbon

Ericsson has introduced an internal shadow carbon price of USD 100 per metric ton of carbon dioxide equivalent (CO_2e) as a pilot project within the process for sourcing outbound transportation of products such as radios and antennas. The shadow price is included in the landed cost model used to calculate the total price of outgoing deliveries of certain hardware product categories. The aim is to visualize the cost of carbon related to downstream transportation when calculating and deciding on transport routes for outgoing shipments sourced by Ericsson.

Product energy certifications

The majority of the product portfolio, made up of communication network hardware such as radios and antennas, is currently not covered by any third-party managed certification scheme for energy efficiency. Products eligible for certification, such as servers, constitute a smaller part of the product portfolio. These are currently not certified according to any such scheme.

Enablement strategy

For many sectors, cellular technology has accelerated the digitalization process and proven to create value through improved productivity, safer workplaces and more environmentally sustainable operations. As an example, cellular connectivity helps accelerate the transformation of utility companies in an environment where energy costs as well as demand for electricity is increasing. Cellular technology has the potential to further provide companies in this sector with real-time data exchange, automatic grid fault detection, distribution automation, connected electric vehicle charging and building energy management and optimization.

Ericsson will continue to assess the use of ICT solutions in reducing GHG emissions of other sectors following the International Telecommunication Union's (ITU) standards and methodologies for making such assessments and quantifications. This requires companies to assess all types of effects, including the rebound effect [3)].

Research and contributions to standardization

Ericsson conducts research into the direct and indirect environmental impacts of the ICT sector and has for several years used LCAs to understand its portfolio's carbon and environmental footprint. In addition, the Company contributes to the development of methodologies for assessing these impacts. One example is the ITU's Net Zero standard, which guides companies in the sector on setting Net Zero targets, to which Ericsson contributed.

Training and awareness raising

Climate action is one of nine critical skills identified for Ericsson's workforce. A framework has been developed to upskill all employees based on the level of needs in their respective roles, ranging from introductory to advanced training, with the lower levels already available to all employees.

Collaborations and partnerships

Ericsson leverages its efforts through collaborations and partnerships with other organizations. As a general principle, any commitment or collaboration must be based on a scientific approach for Ericsson to consider endorsement. In the table below, the most significant external collaborations related to climate change mitigation are listed.

Organization	Engagement objective
1.5 °C Supply Chain Leaders	Member of the 1.5 °C Supply Chain Leaders work together to drive climate action through global supply chains and support small and medium-sized enterprises (SMEs) through the SME Climate Hub. The partnership aims to support suppliers in halving emissions before 2030 and achieving Net Zero emissions before 2050.
CEO alliance for Europe	The CEO Alliance for Europe is a cross-sector collaboration between 13 companies, with over 1.5 million employees and 500 BEUR in annual revenue working for a more sustainable and resilient Europe, with a focus on digitalization and decarbonization.
European Green Digital Coalition	The European Green Digital Coalition is an initiative by a group of ICT companies, supported by the European Commission and the European Parliament, that aims to promote and harness the enabling emission-reducing potential that digital solutions can have in other sectors.
Exponential Roadmap Initiative	The Exponential Roadmap Initiative brings together innovative and transformative businesses taking action in line with limiting global warming to 1.5 C. The purpose is to accelerate exponential climate action and solutions, integrate climate in business strategies and influence climate action in society, with the mission to halve emissions before 2030. The initiative is an accredited partner of the United Nations' Race To Zero.
Pathways Coalition	The Pathways Coalition aims to accelerate decarbonization of heavy transport with member companies committing to the vision of the Coalition: to reach zero CO_2 emissions no later than 2050.
We Don't Have Time	We Don't Have Time provides a platform for the dissemination of knowledge, discussion and rating of businesses and public individuals from a climate perspective. Together with Ericsson the partnership broadcasts Exponential Climate Action Summits to increase awareness of the need for climate action. We Don't Have Time is a member of the UN-backed Race To Zero campaign and the Exponential Roadmap Initiative.
World Economic Forum – Alliance of CEO Climate Leaders	The Alliance of CEO Climate Leaders is a global community of Chief Executive Officers who work towards climate action across all sectors and engage with policymakers to help deliver the transition to a Net Zero economy.

1) See note O2 on page 41 for an explanation on limitations regarding value chain reporting and disclosures.
2) Report available on the Sustainability and Corporate Responsibility pages on ericsson.com, under the heading Network Energy Performance.
3) The reduction in expected gains from new technologies that increase the efficiency of resource use, because of behavioral or other systemic responses.

Note E2, cont'd.

Targets

Emission reductions

Long-term

Net Zero value chain emissions by 2040. This implies at least a 90% reduction of emissions in scope 1, 2 and relevant scope 3 categories from a 2020 baseline, and the potential use of carbon removal and storage technology for the remaining unavoidable 10% of emissions.

Medium-term

Emissions in scope	Base year emissions (kiloton CO_2e)	Reduction target (%)	Base year	Target year	Scope	Use of carbon removal technology	SBTi status
Scope 1	40						
Scope 2 (market-based)	74	50 (all scopes)	2020	2030	Company-wide	Potentially	To be verified
Scope 3 (all relevant categories)	29,923						
Total	**30,036**						

Short-term

Emissions in scope	Base year emissions (kiloton CO_2e)	Reduction target (%)	Base year	Target year	Scope	Use of offsets or removals	SBTi status
Scope 1	75						
Scope 2 (market-based)	185						
Scope 3:		35 (all scopes)	2016	2022	Company-wide	None	Verified (2017)
Business travel	154						
Downstream transportation	146						
Total	**560**						

Portfolio energy performance

5G	Base year	Target year	Scope	SBTi status
Achieve a 5G portfolio that is 10 times more efficient compared with the 4G portfolio for the same amount of transferred data in an enhanced mobile broadband use case,	2017	2022	5G portfolio	Not verified

Ericsson Radio Systems	Base year	Target year	Scope	SBTi status
Achieve 35% energy savings compared with the legacy portfolio.	2016	2022	ERS portfolio	Verified (2017)

Value chain engagement

Supplier emissions reduction targets	Start year	Target year	Scope	SBTi status
Have 350 high-emitting and strategic direct suppliers set their own 1.5 C aligned emissions reduction targets, including a commitment to halve emissions in relevant scopes to 2030. Targets must be made public, and suppliers must commit to publicly report at least annually on the progress for the targets to be accepted.	2017	2022	350 high-emitting and strategic direct suppliers	Not verified

Performance metrics

Energy consumption and mix [1)]

(MWh)	2022	2021	2020
Non-renewable sources			
Fuel consumption from coal and coal products	–	–	–
Fuel consumption from oil and petroleum products [2)]	103,692	123,445	128,375
Fuel consumption from natural gas	44,772	23,720	31,369
Fuel consumption from other non-renewable sources	–	–	–
Consumption from nuclear products	–	–	–
Purchased or acquired electricity	102,989	133,186	118,900
Purchased or acquired heat	24,188	25,693	23,360
Purchased or acquired steam	–	–	–
Purchased or acquired cooling	51,453	55,996	62,970
A. Total non-renewable energy consumption	**327,094**	**362,040**	**364,974**
Non-renewable share of total energy consumption (%)	*41.2*	*48.1*	*48.4*
Non-renewable share of electricity consumption (%)	*18.1*	*25.4*	*23.4*

(MWh)	2022	2021	2020
Renewable sources			
Fuel consumption from renewable sources	–	–	–
Purchased or acquired electricity	466,208	389,553	388,723
Purchased or acquired heat	–	–	–
Purchased or acquired steam	–	–	–
Purchased or acquired cooling	–	–	–
Consumption of self-generated non-fuel renewable energy	1,001	1,000	1,100
B. Total renewable energy consumption	**467,209**	**390,553**	**389,823**
Renewable share of total energy consumption (%)	*58.8*	*51.9*	*51.6*
Renewable share of electricity consumption (%)	*81.9*	*74.6*	*76.6*
C. Total energy consumption (A+B)	**794,303**	**752,593**	**754,797**

1) Measured energy consumption at facilities (offices, production sites, warehouses, data centers and labs) represents approximately 85% of reported energy consumption. For locations were measured data is not available, extrapolation of consumption at similar locations have been used to estimate the consumption.

2) Fuel consumption is primarily related to the service vehicle fleet and is partially estimated based on number of vehicles in fleet and contracted distances in leasing agreements.

Note E2, cont'd.

Energy intensity			
(MWh/net sales MSEK)	2022	2021	2020
Facility energy	2.55	2.71	2.70
Fuel for service vehicles	0.37	0.53	0.55
Total	**2.93**	**3.24**	**3.25**

Product transportation by mode [1]			
(Ktonnekm)	2022	2021	2020
Air	136,027	153,956	116,566
Road	155,086	179,790	162,556
Sea	119,725	152,230	261,108
Rail	5,865	2,877	6,547
Total	**416,703**	**488,853**	**546,777**

[1] Data for 2022 and 2021 is primarily based on information about transported volumes derived from Ericsson's ERP system, while data for 2020 is primarily based on reported information from logistic service providers. Transported distances have been estimated based on linear routes between locations. For a smaller share (approximately 11%) of distances transported by truck and some additional air transport, data is derived from purchase orders using a spend-based method.

Greenhouse gas (GHG) emissions			
(metric tons of CO_2e)	2022	2021	2020
Scope 1 direct GHG emissions			
Fuel for service vehicle fleet	27,689	32,176	32,967
Facility stationary combustion and refrigerants	10,713	6,066	6,673
Total gross scope 1 emissions	**38,402**	**38,242**	**39,640**
Scope 1 emissions under regulated ETSs (%)	*0*	*0*	*0*
Scope 2 indirect GHG emissions			
Purchased energy (gross location-based)	141,636	138,985	155,934
Purchased energy (gross market-based)	45,258	57,685	73,700
Scope 3 other indirect GHG emissions			
Upstream			
Purchased goods and services	2,199,900	2,313,000	2,272,000
Capital goods	39,200	42,000	43,000
Fuel- and energy-related activities	36,600	49,000	52,000
Upstream transportation	77,700	79,000	79,000
Business travel [1] [2]	25,469	9,255	14,122
Employee commuting (incl. teleworking) [2]	34,500	26,800	36,900
Downstream			
Downstream transportation [1]	116,176	119,169	111,700
Use of sold products and services [2]	25,048,000	25,352,500	27,281,100
End-of-life treatment of sold products	31,800	33,000	33,000
Total gross Scope 3 emissions	**27,609,345**	**28,023,724**	**29,922,822**
Total gross GHG emissions (location-based)	**27,789,383**	**28,200,951**	**30,118,396**
Total gross GHG emissions (market-based)	**27,693,005**	**28,119,651**	**30,036,162**

[1] Figures reported do not include the so-called high-altitude effect of emissions from air travel and air transport. The high-altitude effect is estimated to correspond to emissions of 119 kilotons of CO_2e in 2022.

[2] Emission data for previous reporting periods have been restated due to changes in GHG accoutning methodologies. See note O3 on page 42 for more information.

Carbon footprint per scope			
(%)	2022	2021	2020
Scope 1	0.1	0.1	0.1
Scope 2 (market-based)	0.2	0.2	0.2
Scope 3 upstream	8.7	9.0	8.3
Scope 3 downstream	91.0	90.7	91.3

Emissions intensity			
(metric tons of CO_2e/net sales MSEK)	2022	2021	2020
Scope 1	0.14	0.16	0.17
Scope 2 (location-based)	0.52	0.60	0.67
Scope 2 (market-based)	0.17	0.25	0.32
Scope 3 upstream categories	8.89	10.84	10.74
Scope 3 downstream categories	92.79	109.79	118.02
All scopes (market-based)	**101.99**	**121.04**	**129.25**

Other emissions to air			
(metric tons)	2022	2021	2020
NOx	682	645	670
SOx	657	694	770
Particle matters	71	77	80

Suppliers with 1.5 C aligned emissions reduction targets			
(No.)	2022	2021	2020
Aggregated since target start year	225	121	35

GHG accounting methodology

Ericsson reports GHG emissions according to the GHG protocol using financial control as the basis for consolidation. GHG emissions are calculated and reported as carbon dioxide equivalents (CO_2e) and include the following gases and chemicals: carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs) and perfluorochemicals (PFCs). For practical and timing reasons, data to calculate energy consumption and emissions in scope 1, 2 and scope 3 category downstream transportation is collected and reported for the period December to November.

Scope 1: Consumed volumes of fuels and refrigerants are multiplied by applicable emission factors to derive emissions. For parts of the service vehicle fleet, distances and related fuel consumption are estimated based on contracted distances in leasing contracts.

Scope 2: Energy (electricity, heating and cooling) at facilities is multiplied by country average emission factors for location-based emissions. For market-based emissions, supplier-specific factors and purchased renewable energy instruments are reflected in the emission factors used in the calculation. Part of the underlying energy consumption at facilities is estimated. See the footnote to the energy table on the previous page for details.

Scope 3: Emissions in the categories Purchased goods and services, Capital goods, Fuel- and energy-related activities, Upstream transportation, and End-of-life treatment of sold products are estimated based on Ericsson's LCA of the carbon footprint of its products.

For the purpose of calculating emissions in the category Use of sold products and services, the average useful life of products sold is assumed to be 10 years, and emission factors relevant to the use phase have been estimated using the current energy mix of the grids in markets served, and customer-specific energy mix data where available, not considering future changes in grid factors occurring over the useful life of products. Use-phase emissions are reported in their entirety in the year a product was sold and not accrued over its estimated useful life.

The majority of emissions in the category Downstream transportation are calculated using the weight of transported products and distances, with a smaller part being extrapolated based on spend data, and cover all forms of transport sourced by Ericsson. The majority of emissions in the category Business travel are based on data reported by travel agencies, with a smaller part being estimated based on travel spend. Emissions in the category Employee commuting are estimated based on a survey of employees' commuting and teleworking habits. Emissions in the remaining Scope 3 categories have been assessed as not material and are therefore not reported on.

Estimating Scope 3 emissions is associated with inherent uncertainties due to limitations in availability and accuracy of primary data, which is why the reported figures should not be regarded as exact measurements. The table on the next page summarizes Ericsson's Scope 3 accounting methodologies and the estimated levels of uncertainty of reported figures by category.

Note E2, cont'd.

Scope 3 category	Accounting method	Level of uncertainty (±%)
Purchased goods and services	Average data	30
Capital goods	Average data	30
Fuel- and energy-related	Average data	30
Upstream transportation	Average data	30
Business travel	Distance- and spend-based	10
Employee commuting	Average data and distance-based	30
Downstream transportation	Distance- and spend-based	10
Use of sold products and services	Direct use-phase emissions through a hybrid method	10
End-of-life treatment of sold products	Average data	30

Emission factors used in consolidation

Source	GWP (kg CO_2e)	Measured by	Source
Purchased energy			
Non-renewable electricity	0.00 – 1.35	kWh	IEA/US EIA/AIB/Supplier specific
Renewable electricity	0.00	kWh	Supplier specific
District cooling	0.00 – 0.41	kWh	IEA
District heating, Sweden	0.04	kWh	Supplier specific
District heating, other	0.04 – 0.26	kWh	Country averages
Fuels and refrigerants			
Natural gas (local heating)	0.20	kWh	DEFRA
Diesel	0.26	kWh	DEFRA
Gasoline	0.25	kWh	DEFRA
Refrigerants	466 – 14,800	kg	IPCC 4th assessment report
Travel			
Air	0.08 – 0.52	pkm	DEFRA
Road	0.00 – 0.43	pkm	Country averages
Transport			
Air	0.65	tonnekm	Logistic providers
Road	0.08	tonnekm	Logistic providers
Sea	0.02	tonnekm	Logistic providers
Rail	0.03	tonnekm	Logistic providers

E3 Climate related scenario analysis, risks and opportunities

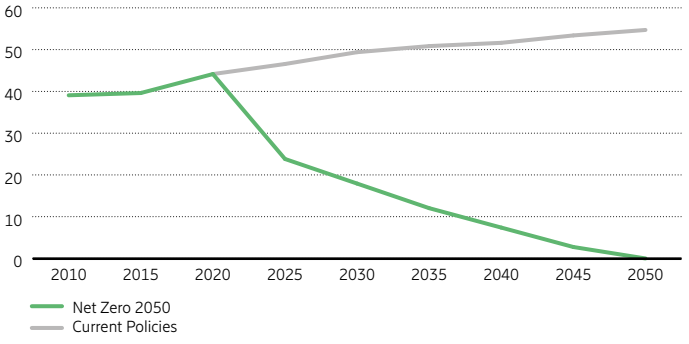
As part of the Company's overall climate strategy and its commitment to align to the reporting recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Ericsson has analyzed potential climate-related risks and opportunities using two different scenarios, "Net Zero 2050" and "Current Policies." The main conclusions from this analysis are presented below, together with a summary of the assessment methodology. For further details, please refer to Ericsson's response to the CDP Climate Change questionnaire, available on the Company's website.

Scenarios used in analysis

Net Zero 2050
- Ambitious mitigating actions introduced imminently
- Net-zero global greenhouse gas emissions around 2050
- 50% chance of limiting global warming to below 1.5 C by the end of the century
- Relatively low physical risks but high transitional impacts.

Current Policies
- Mitigating actions limited to currently adopted or announced policies
- Emissions grow until 2080
- Global warming of around 3 C by end of century
- High physical risks but lower transitional impacts.

Assumed annual global GHG emissions
(Billion metric tons of CO_2e)



Note E3, cont'd.

Most relevant risks and opportunities under scenarios analyzed

Expansion of network energy efficiency offering
(opportunity - products and services)
Under the Net Zero 2050 scenario, higher energy prices drive further efforts by communications service providers to increase energy efficiency in mobile communication networks, while at the same time striving to reduce emissions, with many setting Net Zero targets across value chains. The combination of these two factors creates opportunities for Ericsson to expand its offering of network energy efficiency solutions. Ericsson's strategy and targets within this area are described on pages 2–3.

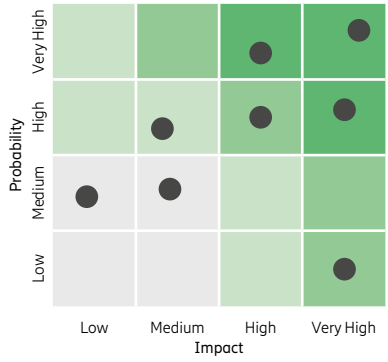
Enabling emissions reductions in enterprise sectors
(opportunity - markets)
As other more emission-intense sectors – such as power, transport and manufacturing rapidly increase efforts to decarbonize under the Net Zero 2050 scenario, significant investments are made to achieve decarbonization goals. These investments, such as deployment of smart grids and private networks, all depend on Information and Communications Technology solutions, which provides significant opportunity for Ericsson to expand its connectivity offering to these sectors.

Increased costs due to carbon emissions pricing *(transition risk - policy)*
The price of carbon emissions is expected to increase substantially in the Net Zero 2050 scenario leading to increased costs. While direct impacts are limited, indirect impact upstream in the value chain is more significant, assuming emissions stay the same and costs are passed through to Ericsson from affected suppliers. How Ericsson is working to decarbonize both its own operations and its supply chain is described on pages 12–16.

Input shortages due to water stress *(chronic physical risk)*
Water is a key input upstream in Ericsson's value chain, as it is utilized when extracting minerals used in hardware as well as in semiconductor manufacturing. Under the Current Policies scenario, several regions where Ericsson suppliers are located, including manufacturers of semiconductors in Southeast Asia, are at risk of high water stress, which could cause shortages of manufacturing inputs for Ericsson. How Ericsson works with supply chain resilience is described on pages 35–36.

Disruptions caused by severe weather events *(acute physical risk)*
Under the Current Policies scenario, the frequency and intensity of severe weather events, as well as coastal and riverine flooding, increases. This leads to heightened risks for long-term business interruptions as well as damage to stock and fixed assets in the supply chain, at outsourced manufacturing sites and at Ericsson's own sites, such as production facilities and IT centers. Ericsson buys insurance policies for its own operations, covering both damage to inventory and fixed assets, as well as potential business interruptions. How Ericsson works with supply chain resilience is described on pages 35–36.

Risk and Opportunity Heat Map



The illustration shows an example of the heatmaps used in the scenario analysis.

Assessment methodology

Initially, more than 30 potential climate-related risks and opportunities were considered. The items on this longlist were identified through consultations with internal subject matter experts covering several company functions, and through external benchmarking. The probability and impact of all items were analyzed qualitatively through the usage of heatmaps. This was followed by a more granular analysis of a shortlist of risks and opportunities considered to be of highest relevance to Ericsson. Risks and opportunities upstream and downstream in the value chain, as well as in own operations were considered. Physical risks were mainly assessed using the assumptions under the Current Policies scenario, whereas transitional factors were primarily analyzed using the Net Zero 2050 scenario. Both scenarios are published by the NGFS (the Network of Central Banks and Supervisors for Greening the Financial System). Regarding time horizons [1], the quantitative analysis of opportunities focused on the period up to 2025, and the quantitative analysis of risks on the period between 2025 and 2030. The more long-term impacts of risks and opportunities, stretching beyond 2030, were primarily assessed in a qualitative fashion. Under the Current Policies scenario, the impacts of the physical risks described above are expected to become more severe after 2030.

[1] For the purpose of this analysis, Ericsson defined short-, medium-, and long-term time horizons as up to 2025, 2025-30, and beyond 2030 respectively.

E4 Transition to circular economy

Impacts, risks and opportunities

The transition to a low-carbon economy is expected to increase the global demand for metals and minerals and increase scarcity of certain materials. Ericsson's products contain metals and minerals that are likely to be affected by these changes in supply and demand. This puts pressure to minimize the usage of new materials and increase the use of recycled ones. In parallel to this development, waste from electrical and electronic equipment (e-waste) is one of the fastest growing waste streams globally, and regulation in the area is expected to continue to evolve. In Ericsson's context, the generation of e-waste is most relevant in the end-of-life phase of hardware sold to customers.

Regulators, especially within the EU, are responding to these developments through the introduction of more stringent regulation on the presence of certain substances in products, producer end-of-life responsibility, as well as the reuse and recyclability of products put on the market.

To respond to these macrotrends, changes in stakeholder expectations and regulatory developments, as well as to optimize resource usage and reduce environmental impact, companies such as Ericsson need to transition to more circular models. Failure to do so may result in loss of competitiveness and difficulties in meeting regulatory requirements.

Governance and policies

Circular economy is one workstream of Ericsson's Sustainable Business Program, which is governed by the Executive Team. Operational responsibility is delegated to relevant business and market areas, primarily Business Area Networks, in collaboration with the Group Sustainability and Corporate Responsibility unit.

The Company's Sustainability Policy is the foundation for Ericsson's approach to environmental sustainability. In addition, a group Take-back Directive is in place to ensure that Ericsson complies with the Sustainability Policy and is meeting or exceeding its legal obligations as a producer with respect to waste practices for decommissioned products. Environmentally conscious design has been an integrated part of the Ericsson product development process for many years via a group directive on generic product requirements.

Ericsson also sets requirements on product design and on suppliers through a list of banned and restricted substances. Such substances shall not be intentionally added in products supplied to or manufactured by Ericsson. The list is based on IEC 62 474 declarable substances but has a wider scope and includes additional substances.

Note E4, cont'd.

Management approach

Ericsson's work with circularity is based on 20 years of life-cycle assessments, covering all value chain stages of the Company's portfolio including raw material extraction, manufacturing, transport, use and end-of-life. The life-cycle assessments identify environmental hotspots and form the basis for the Company's strategy in the area. Ericsson strives to minimize the environmental impact of its products throughout all life-cycle stages.

Product design principles

Ericsson utilizes the Design for the Environment principles and has generic product requirements in this area. These include specific requirements on ease of dismantling and disassembly of products to facilitate recycling. In addition, products are designed to be durable and have a high longevity, which is part of the quality process. The aforementioned list of banned and restricted substances and the material declarations (see below) are also important tools to design products that have a high grade of recyclability. The recyclability of products taken back has historically been high, averaging above 90% in recent years.

Material declarations

Ericsson collects material declarations from its suppliers. Upon request, suppliers are expected to declare the full material content of products delivered to Ericsson. This includes substances on the REACH [1)] candidate list and declarations of the use of certain critical raw materials (as defined in the EU Critical Raw Materials List). In addition, there is a SCIP (Substances of Concern In articles, as such or in complex objects (Products)) reporting process in place to fulfill requirements in the EU Waste Framework Directive 2008/98/EC.

All electronic products may contain small traces of declarable substances through impurities that are virtually impossible to eliminate, and which fall below the threshold for what needs to be declared. Ericsson continously works to avoid inclusion of harmful substances in products and components.

Product take-back program

Ericsson offers a global program, through collaboration with third-party vendors, where end-of-life products can be collected from customers and subsequently dismantled and recycled in a way that minimizes environmental impact. As the equipment is the property of the customer, take-back volumes are dependent on the customers' utilization of the program.

Other measures

Ericsson works to reduce the weight and size of products and is looking at more sustainable material choices. This is part of the Net Zero initiative but will also contribute to more efficient resource use and circularity.

The Support Services portfolio includes a structured approach to refurbish, reuse and recycle used equipment. Shared warehouses and spare parts reduce the need to produce and store spare parts. Automatic hardware fault analysis is conducted to avoid unnecessary hardware replacements.

Ericsson offers repair services, and as a complement to new sales also offers reuse of old equipment.

Performance metrics

Product take-back (incl. batteries) by disposal method

(metric tons)	2022	2021	2020
Reuse	25	2	135
Recycling	4,636	5,211	5,690
Energy recovery (incineration)	146	164	179
Landfill	18	12	74
Total	**4,825**	**5,389**	**6,079**

1) REACH (Registration, Evaluation, Authorization, and Registration of Chemicals) is the regulation and system governing the manufacture and import of chemicals in the EU.

E5 Reporting according to article 8 of the EU Taxonomy regulation

Information and Communications Technology in the Taxonomy

Ericsson's research [1)] shows that the adoption of Information and Communications Technology solutions has the potential to enable significant emissions reductions in other sectors of the economy, such as power, transport, manufacturing and construction and real-estate. The sector itself must also continue to work toward higher energy efficiency to contribute to the progress on internationally agreed greenhouse gas (GHG) emissions reduction targets. Both these aspects are recognized in the Delegated Regulation (EU) 2021/2139 on Climate Change Mitigation and Adaptation Activities ("the Delegated Regulation") but technical screening criteria for all relevant activities in the sector have not yet been developed. The European Commission states that it may consider developing additional technical screening criteria in the future. However, at present, the vast majority of Ericsson's commercial offerings to its customers, including mobile communication networks, is not currently covered by the EU Taxonomy Regulation ("the Taxonomy").

Accounting policies

For the purpose of reporting according to article 8 of the Taxonomy, turnover, capital expenditure (capex) and operational expenditure (opex) are defined as follows. These definitions differ from how capex and opex are defined in Ericsson's mainstream financial reporting.

Turnover

Total turnover corresponds to net sales in the consolidated income statement in the Financial report.

Capex

Total capex corresponds to additions, including capitalized research and development costs, to balance sheet items property, plant and equipment, intangible assets, before any remeasurement, depreciation, amortization or impairment and excluding any changes in fair value, as specified in note C1 and C2 to the consolidated balance sheet, complemented by additions/changes in IFRS16 classified right of use assets as specified in note C3 to the consolidated balance sheet.

Opex

Total opex corresponds to non-capitalized research and development costs, building renovation costs, short-term leases, maintenance and repair costs, as well as other indirect costs for the day-to-day servicing of assets of property, plant and equipment.

Eligible turnover, capex and opex

Turnover in accordance with the above definition and that is associated with eligible activities (see next page) constitutes the basis for calculating the share of eligible turnover. Capex and opex in accordance with the above definitions and that is associated with eligible activities (see next page) constitute the basis for calculating the share of eligible capex and opex. Moreover, individual eligible capex and opex (see next page) can also be added to the share of eligible capex and opex.

1) Malmodin, Jens & Bergmark Pernilla. (2015). Exploring the effect of ICT solutions on GHG emissions in 2030. *Atlantis Press*, 10.2991/ict4s-env-15.2015.5.

Note E5, cont'd.

Changes in accounting policies or disclosures compared with the previous reporting period
Individually eligible capex and opex are included in the share of eligible, and where applicable, aligned capex and opex for the financial year 2022 but were not reported in the previous year.

Eligible and aligned economic activities

Identifying economic activities relevant for the Company has required interpretations of the Taxonomy Regulation as well as the Delegated Regulation. Ericsson's interpretation is that for an economic activity, to be considered Taxonomy eligible, the activity must:
– be, or be aimed at, generating external turnover,
– meet the description of an activity included in Annex I or II of the Delegated Regulation, and
– have practically applicable technical screening criteria associated with it

Based on this interpretation, the activities stated below are the ones that have been identified as relevant for Ericsson. Certain capex and opex can also be individually eligible (see further below). However, there remains some uncertainty around how the Taxonomy should be applied, and interpretations, as well as reporting practices, are expected to evolve over time.

Data-driven solutions for GHG emissions reductions
(Annex I, 8.2)
Ericsson offers artificial intelligence-powered and data-driven operations solutions, focusing on managing energy assets efficiently through intelligent site measurements and control, enabling customers to improve network energy efficiency, and consequently reducing energy-related GHG emissions. Turnover, opex and capex associated with this activity have been included as taxonomy eligible in the key performance indicators presented below. Turnover derived from this activity is based on an analysis of customer contracts, where the delivery stated matches the activity in Annex I to the Delegated Regulation.

This activity does not currently meet the associated technical screening criteria, and related turnover, capex and opex are therefore not reported as aligned.

Computer programming and related activities
(Annex II, 8.2)
Within all business areas, software development is part of Ericsson's commercial offering to its customers. Should expenditures associated with making this activity more resilient to the effects of climate change be incurred, these will be accounted for as either eligible capex or opex. Related turnover is not included in the share of eligible turnover, as this activity is not classified as an enabling activity, as defined in the Taxonomy.

Ericsson has not incurred any expenditures of this nature during the reporting year.

Individually eligible capex and opex
It is permitted to include expenditures for products and services related to other economic activities than the ones stated above as eligible and aligned capex and opex, if these contribute to emission reductions for the reporting entity, and if the economic activity of the supplier in question is Taxonomy eligible and aligned. Ericsson includes expenditures for electric or hybrid vehicles, vehicle charging infrastructure and energy efficiency measures in buildings as eligible and, where applicable, aligned capex and opex.

Key performance indicators

Turnover				Meeting substantial contribution criteria						Meeting do no significant harm criteria								
	Activity code	2022 SEK million	%	Climate Change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate Change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social safeguards	Taxonomy aligned (%) 2022	Taxonomy aligned (%) 2021	Enabling (E) or transitional (T) activity
				%						Yes / No									
A. Taxonomy eligible activities																			
Aligned activities																			
–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total aligned activities		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Not aligned activities																			
Data-driven solutions for GHG emission reductions	8.2	53	0																
Total not aligned activities		**53**	**0**																
Total eligible activities		**53**	**0**																
B. Taxonomy non-eligible activities																			
Non-eligible activities		271,493	100																
Total turnover (A+B)		**271,546**	**100**																

Note E5, cont'd.

Capex

		2022		Meeting substantial contribution criteria						Meeting do no significant harm criteria									
	Activity code	SEK million	%	Climate Change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate Change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social safeguards	Taxonomy aligned (%) 2022	Taxonomy aligned (%) 2021	Enabling (E) or transitional (T) activity
				%						Yes / No									
A. Taxonomy eligible activities																			
Aligned activities																			
–		-	-	-	-					-	-	-	-	-	-	-	-	-	-
Total aligned activities		**-**	**-**	**-**	**-**					**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Not aligned activities																			
Primary activities																			
Data-driven solutions for GHG emission reductions	8.2	-	-																
Individually eligible activities																			
Low-carbon vehicles[1)]	6.5	81	0																
Total not aligned activities		**81**	**0**																
Total eligible activities		**81**	**0**																
B. Taxonomy non-eligible activities																			
Non-eligible activities		30,631	100																
Total Capex (A+B)		**30,712**	**100**																

[1)] Full name: Transport by motorbikes, passenger cars and light commercial vehicles.

Opex

		2022		Meeting substantial contribution criteria						Meeting do no significant harm criteria									
	Activity code	SEK million	%	Climate Change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate Change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social safeguards	Taxonomy aligned (%) 2022	Taxonomy aligned (%) 2021	Enabling (E) or transitional (T) activity
				%						Yes / No									
A. Taxonomy eligible activities																			
Aligned activities																			
–		-	-	-	-					-	-	-	-	-	-	-	-	-	-
Total aligned activities		**-**	**-**	**-**	**-**					**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Not aligned activities																			
Data-driven solutions for GHG emission reductions	8.2	4	0																
Total not aligned activities		**4**	**0**																
Total eligible activities		**4**	**0**																
B. Taxonomy non-eligible activities																			
Non-eligible activities		38,355	100																
Total Opex (A+B)		**38,359**	**100**																

Section S– Social

S1 Human capital

Impacts, risks and opportunities

Human capital is one of the most important assets for companies, particularly those involved in high technology businesses which on a global level are experiencing skills shortages and high turnover. Employees with the right skills, as well as a diverse workforce are critical for driving innovation and serving the needs of a global and varied customer base.

Companies that can attract, develop, and retain diverse talent have a competitive advantage and key factors to achieve this include building a corporate culture that values integrity, empathy, career growth, and inclusion. Successful strategies in these areas have become increasingly important in the context of greater expectations of flexibility and hybrid work.

Governance and policies

Ericsson's People Strategy is governed by Ericsson's People department, headed by the Chief People Officer, with the Global People Leadership Team having responsibility for strategy formulation and execution. Subject matter experts develop Group-wide core processes that are embedded throughout business areas and market areas, and other Group functions by unit people leaders.

A global People Services unit supports delivery, ensuring consistent practices across the business. The people strategy is anchored in Ericsson's Code of Business Ethics and the People Group Policy states that all activity relating to the workforce, including employment, development, compensation, and benefits, will be carried out without discrimination and with equal opportunity for all.

Executive variable remuneration

A portion of the variable remuneration to executives is determined by performance on the Company's target to increase the share of women in line manager positions. See page 8 of the Remuneration report for further information.

Management approach

Ericsson's ability to attract, develop and retain talent is largely determined by the experience it provides for its people. Ericsson strives to enable employees to realize their full potential, and in doing so, create long term value for the business. Focal points of the strategy are culture and leadership, diversity and inclusion, fair and competitive rewards, career development, and well-being.

Culture and leadership

A shared set of values and a strong company culture are prerequisites for both a positive people experience and for successfully executing on business strategies. Ericsson's core values, which are expected to be lived by all employees and leaders are:

- Professionalism
- Perseverance
- Respect
- Integrity.

Ericsson's cultural transformation program is aimed at strengthening the behaviors needed for the Company to execute on its strategies and create a work environment where employees can reach their full potential. This includes emphasizing ethical and compliant decision-making, and driving behaviors along five focus areas:

Creating a speak-up environment	Create an environment where it is safe to share ideas, ask questions, and speak up if observing compromises on ethics.
Empathy and humanness	Foster empathy for different perspectives and approaches, enabling people to bring their unique perspectives.
Executing speedily	Move quickly when needed to seize opportunities.
Fact-based and courageous decisions	Always base decisions on the right data and be brave to take tough decisions.
Cooperation and collaboration	Encourage cross-company cooperation as one Ericsson, with the customer in focus.

Surveys are carried out regularly to understand how employees are experiencing work and their perceptions of the Company, its leadership, and strategies. Results are summarized on both group-, department-, and unit-level for managers and leaders to be able to act when and where appropriate.

Diversity and inclusion

Ericsson fosters a work environment based on respect. Treating colleagues with respect, dignity and inclusion brings out the best in everyone and is the right thing to do. At Ericsson there is no room for harassment, threats, bullying or violence against anyone regardless of their position or seniority and all forms of harassment, threats, and acts of violence are prohibited.

Ericsson is committed to creating a diverse and inclusive organization as this helps ensure that it attracts the best global talent, fosters innovation, and brings greater value to customers. Accountability for diversity and inclusion sits at CEO and Executive Team level, with strategy led by the Global People function. Each business area, market area and Group function has a dedicated diversity and inclusion lead responsible for driving strategy execution and driving performance.

Ericsson aims at achieving greater gender balance alongside increasing representation of currently underrepresented groups. To achieve this, Ericsson focuses on creating unbiased people processes, for example ensuring that job advertisements use gender neutral language, and on upskilling employees in inclusive leadership through training programs.

Ericsson supports a network of more than 26 employee resource groups throughout the organization including but not limited to sexual orientation, gender, age, families, health, and wellbeing; and provides career accelerator programs focused on removing barriers to progression for underrepresented groups.

Compensation and rewards

At Ericsson, the guiding principle is that people should be paid in a fair way and be recognized and rewarded for the impact that they create. Consequently, pay and benefits offered are market competitive and relevant to the individual with the aim to offer a broad reward offering to attract and retain talent and to keep employees feeling engaged, supported, and rewarded.

Ericsson is consistent in what it rewards for and works to ensure that pay decisions are non-discriminatory, based on the Company's pay philosophy and always applied using the same criteria. There is a defined and globally consistent job levelling and job architecture in place to ensure that pay is competitive and fair. To drive fairness and consistency and promote a culture of appreciation, the Company has put in place a global recognition program and platform.

The global job levelling and job architecture enable Ericsson to make meaningful comparisons on pay and the Company continues to refine its review of pay equity to identify where unexplained pay differences may exist.

Career and development

Ericsson enables its people to develop skills and experience through on the job training and a focus on internal mobility. A set of critical skills areas necessary to execute on the 2025 growth strategy of extending leadership in mobile networks, and focused expansion into enterprise have been identified. Learning and development opportunities connected to these critical skills, range from introductory and elementary, to experienced and advanced training, and are offered to upskill and reskill employees as needed in their job roles. The critical skills areas are:

- Automation and AI
- Climate Action
- Cloud Native
- Enterprise go-to-market
- Enterprise network infrastructure
- Ethics and integrity; and health, safety and well-being
- Power skills, such as communication, collaboration and stakeholder management
- Security.

Up- and re-skilling is facilitated by a digital learning platform, which gives employees easy access to material and courses, and gives the Company a tool for tracking and analyzing progress and completions.

Note S1, cont'd.

Besides training and development programs in scope of the critical skills areas, employees have access to a broad range of upskilling assets such as online internal and external courses and articles through the digital learning platform.

Employees together with their managers set individual yearly and long-term career goals and learning plans. Employees also receive yearly individual performance evaluations.

Future of work

Ericsson offers possibilities of remote working in a hybrid model to employees where job role and responsibilities allow for it. When possible, employees are also offered flexible working hours to help them balance work and personal commitments. The Company offers internal job rotation opportunities, and often first looks internally for candidates to fill open positions.

For more information on approaches to well-being, see note S2 on page 24.

Strategic workforce management

Ericsson uses workforce planning and analytics to plan the workforce size and capabilities required to match current and future business needs and ensure that the right resources are in the right place at the right time and for the right cost. A People Analytics and Digital Solutions team provides analytics and insight to support leaders, both on Group- as well as unit-level in making informed workforce and business decisions.

Collective bargaining

Ericsson respects the right of all employees to form or join independent trade unions as well as the right to collective bargaining. In places where local laws restrict these rights, Ericsson seeks other ways of having a meaningful dialogue with employees. This includes alternative, independent and freely elected forms of employee representation such as employee committees or councils.

As for the rights of employees of suppliers, Ericsson's requirements in this area are set out in its Code of Conduct for Business Partners. These requirements are on par with the rights of Ericsson's own employees.

External workforce

Besides employees, Ericsson also has an external workforce that does not have a direct employment relationship with the Company. This workforce is primarily made up of consultants working in the fields of service delivery, product development and supply. Every year Ericsson also offers internships to students and new graduates in various parts of the Company.

Targets

Gender diversity

Objective	Base year	Target year	Scope	Share of women in the base year (%)
Increase the percentage of women among all employees, line managers and the executive population to equal to or greater than 30%.	2021	2030	Company-wide	All employees: 25 Line managers: 21 Exec. population: 36

Performance metrics

Employees and external workforce

(No.)	2022	2021	2020
Executive Team	17	15	15
Executive population [1]	177	163	170
Line managers	7,602	7,241	7,121
Technical employees [2]	78,789	75,859	75,952
Non-technical employees	18,944	18,044	17,566
Total	**105,529**	**101,322**	**100,824**
External workforce [3]	18,088	12,308	11,398

Share of women per employee category

(%)	2022	2021	2020
Executive Team	18	20	20
Executive population [1]	35	36	32
Line managers	22	21	21
Technical employees [2]	21	20	20
Non-technical employees	46	47	46
All employees [4]	**25**	**25**	**25**

Share of employees by age and employee category

(%)	2022	2021	2020
Executive population [1]			
<25	0	0	0
25–35	2	1	2
36–45	15	18	22
46–55	59	58	54
>55	24	23	23
Line managers			
<25	0	0	0
25–35	6	7	8
36–45	39	40	42
46–55	42	41	40
>55	13	12	10
Technical employees [2]			
<25	5	3	3
25–35	34	35	37
36–45	34	34	33
46–55	20	20	20
>55	9	8	7
Non–technical employees			
<25	2	2	2
25–35	25	26	27
36–45	33	33	33
46–55	26	26	26
>55	13	12	11

Share of employees by nationality and employee category [5]

2022 (%)	All employees	Line mgrs.	Tech. employees [2]
Indian	25	20	29
Chinese	11	10	12
Swedish	10	16	9
American	6	6	5
Romanian	4	3	3
Other	44	45	42

2021 (%)	All employees	Line mgrs.	Tech. employees [2]
Indian	24	20	29
Chinese	12	10	12
Swedish	10	16	10
American	6	6	5
Romanian	4	3	3
Other	44	45	42

[1] Employees reporting to members of the Executive Team.
[2] Non-managerial employees in job roles within the fields of science, technology, engineering and mathematics (STEM).
[3] Includes consultants, contractors, interns and other workforce not directly employed by Ericsson.
[4] 2022 share presented here differs from the share presented in note G4 in the Financial report (26%) due to nominal differences when rounding to the nearest whole percentage point.
[5] Nationalities shown are the top five nationalities among all employees.

Note S1, cont'd.

Turnover			
(%)	2022	2021	2020
Turnover rate	14	12	8
Leavers by gender			
Men	74	76	75
Women	26	24	25
Leavers by age			
<25	8	6	7
25–35	49	49	43
36–45	27	24	25
46–55	9	13	15
>55	7	8	9

Hiring			
(%)	2022	2021	2020
Hiring rate	17	12	9
New joiners by gender			
Men	72	70	74
Women	27	30	26
New joiners by age			
<25	21	19	14
25–35	49	54	51
36–45	20	19	23
46–55	7	6	10
>55	2	2	2
Positions filled by internal candidates [1)]	37	40	41

[1)] Derived by dividing the number of positions filled in a year by people already employed by Ericsson by the total number of positions filled in the same year.

Ratio of compensation of women to men [1)]			
(%)	2022	2021	2020
Base salary	84	86	83
Total compensation	82	82	80

CEO to employee pay ratio			
(ratio)	2022	2021	2020
Base salary – Sweden [2)]	25	25	25
Base salary – Global [2)]	32	38	38
Total compensation – Sweden [3)]	68	67	63
Total compensation – Global [3)]	84	98	93

[1)] The figures presented here reflect the average unadjusted pay ratio of women to men for Ericsson's global workforce. This metric does not take into consideration other factors affecting compensation levels, such as location, job role and responsibilities, experience, age, education level etc. For timing and practical reasons, the calculations are based on compensation levels as of the end of the third quarter of each respective year and covers full time annual base salary, short term variable pay / sales incentive plan (STV/SIP) target entitlement, and long-term variable pay (LTV) grants given in the current year. Data excludes employees who are in exit programs. In addition, the figures for total compensation ratios excludes Field Service Organization (FSO) employees in certain companies that follow local STV plans making it difficult to make relevant comparisons (for 2020 and 2021 approximately 7,000 individuals and for 2022 approximately 1,600 individuals). The figure for total compensation ratio in 2022 also excludes employees of Vonage due to limitations in the comparability of variable compensation plans.

[2)] For comparison reasons, base salary in this context excludes holiday pay in Sweden (including for the CEO) and therefore differs from the data presented in the table "Total Remuneration to the President and CEO and Executive Vice Presidents" on page 5 in the Remuneration report, which includes holiday pay.

[3)] For comparison reasons, Total Compensation in this context is based on STV/SIP target level entitlement and LTV granted for each respective year (including for the CEO) and therefore differs from the information presented in the "Total Remuneration to the President and CEO and Executive Vice Presidents", on page 5 in the Remuneration report, which shows actual earned STV and vested LTV. Total compensation ratio for 2022 excludes employees of Vonage due to limitations in the comparability of variable compensation plans. Employees of Cradlepoint are included in the total compensation ratio for 2022 but not for the previous years.

Average recorded training hours per employee and by gender [1)]			
(hrs.)	2022	2021	2020
Men	18.9	19.7	25.9
Women	17.8	17.0	22.0
All employees	**18.6**	**19.0**	**24.9**

Completed learning opportunities by gender [1) 2)]			
(Thousands)	2022	2021	2020
Men	2,283	2,321	1,428
Women	757	823	493
All employees	**3,040**	**3,144**	**1,921**

Spend on learning and development			
(SEK thousands)	2022	2021	2020
Average per employee	4.0	3.8	3.6

Performance and career development reviews [1)]			
(%)	2022	2021	2020
Employees receiving evaluations [3)]	93	91	95

Employee satisfaction by gender			
(eSAT score) [4)]	2022	2021	2020
Men	81	81	83
Women	81	81	83
All employees	**81**	**81**	**83**

[1)] Excludes employees of Vonage and Cradlepoint.

[2)] Refers to learning contents (courses, articles, webinars etc.) consumed and completed through Ericsson's learning platform and includes both external and Ericsson-internal content.

[3)] Performance evaluations recorded as of January 31 the following year. Field service personnel excluded.

[4)] Measuring scale: 0–100 with 100 being the most favorable score. Employees of Vonage are excluded from these statistics and employees of Cradlepoint are excluded from the 2021 and 2020 data.

Collective bargaining agreements	
(%)	2022
Employees covered [1)]	29

[1)] In 2022 Ericsson mapped out the existence and coverage of collective bargaining agreements in the 20 countries with the largest employee headcount. These countries cover approximately 86% of the Group's total headcount. The share of employees covered stated above is based on this mapping, assuming the remaining unsurveyed 14% of the total headcount is not covered. Comparative figures are not available.

S2 Health, safety and wellbeing

Impacts, risks and opportunities

By creating a safety culture, a company can protect its workers' health, safety and well-being, in addition to preventing injuries and illnesses. This can decrease absenteeism, strengthen the employee experience and increase productivity.

The primary safety risks identified in Ericsson's operations are related to suppliers, especially within field operations, and are linked to manual handling and lifting, driving, climbing, working at heights and with electricity. Incidents related to these risks account for all fatalities and a significant portion of major incidents.

The main health and well-being risks within the workforce concern mental health (including stress) and musculoskeletal illnesses. Contributing to these risks are the COVID-19 pandemic and lifestyle factors.

Governance and policies

Health, safety and well-being is governed globally by two forums. The Global Occupational Health and Safety (OHS) Board, chaired by the Chief Marketing Officer, takes decisions and provides guidance on the OHS strategy and global programs. The Major Incidents and Performance Review Board, co-chaired by Head of Service Area Managed Services Networks [1)] and Head of Service Area Networks[2)], reviews fatal and major incidents, causes and actions taken, and follows up on performance and compliance. Both forums are mirrored in the market areas to promote consistency, alignment and accountability across the Group. Ericsson's approach and commitments are set out in a Health, Safety, and Well-being policy and is further detailed in a group directive.

Management approach

Ericsson drives a proactive agenda that goes beyond legal compliance, international standards and customer requirements to prevent work-related injuries and illnesses.

The Ericsson Care program is the company's overarching approach for its health, safety and well-being and efforts to reach Target Zero. See below for more information about this target.

Annual health, safety and well-being risk and opportunity assessments are conducted to identify strategic risks as well as the recurring risks and opportunities. These assessments are aligned to the Enterprise Risk Management framework.

Occupational Health and Safety Management System

Ericsson's Occupational Health and Safety Management System (OHS MS) is a part of the Ericsson Group Management System (EGMS) that aims to mitigate health, safety and well-being risks, as well as capture and implement opportunities for improvement in these areas across Ericsson's business and processes.

Ericsson's OHS MS is certified to ISO/IEC 45001, the international standard for OHS management.

Incident reporting and investigation

Ericsson provides a global incident reporting tool for reporting hazards, near-misses and incidents involving employees, suppliers and anyone who is affected by its operations. Concerns related to remote working can also be reported through this tool.

Reported incidents are investigated, including performing root-cause analysis, to remedy any damage and prevent recurrence.

Supplier management

Ericsson has specific OHS requirements for suppliers that are part of contracts.

Site service suppliers failing to adhere to Ericsson's health and safety requirements are handled through a consequence management process. To mitigate the risk of repeated failure of suppliers to follow rules and procedures, Ericsson imposes consequences such as financial penalties, reduction of business volumes, more quality inspections and audits and written warnings. In severe cases, supplier relationships can be terminated.

Well-being

Ericsson's well-being approach comprises four main areas:

- Physical: maintaining healthy habits in fitness, nutrition and rest
- Emotional: good mental health and work-life balance and building resilience through awareness of emotions and behaviors
- Financial: control of personal finances and informed financial decision-making
- Social: sense of belonging, respect and feeling of purpose in career and life.

Ericsson has a hybrid and flexible working approach, which facilitates greater autonomy for employees on where and when they perform their work. A home furniture package is provided to improve ergonomics for hybrid working employees, aimed at preventing musculoskeletal ill-health caused by poor posture.

Digital solutions are central to Ericsson's well-being approach. Three primary solutions are provided to all employees:

- Free access to a mindfulness application aimed at providing support for stress reduction and better sleep, among other benefits
- An integrated software solution that provides employees with insights on their use of business software tools, such as e-mail, to improve understanding of work patterns, and how better usage can benefit well-being
- A health, safety and well-being portal on the Company's intranet that provides access to training material and other resources.

Employee consultation and participation

Ericsson has established OHS committees that include managers and employees, or employee representatives where they exist. The committees meet on a regular basis, follow up on OHS performance and discuss and decide on actions for improvement of the OHS MS and its processes.

Communication around health, safety and well-being targets, performance, programs and training is available for all employees through internal channels such as the intranet and newsletters. Employees are asked twice a year about health, safety and well-being through an employee survey, which includes questions about their perceptions of the Company's efforts within health, safety and well-being, as well as their perceived work-life balance.

Leadership, training and awareness raising

All Ericsson employees and employees of site services suppliers are required to take health, safety and well-being induction training. Additional training is required based on a person's role and risk exposure to ensure adequate competence needs are met. Further, targeted web-based training that covers safe driving awareness and Lifesaving Rules [3)] are available to all employees and suppliers.

Ericsson has a Safety Leadership Training Program for leaders within three levels of the CEO including Executive Team members and selected key roles that have a direct impact on field safety. The Safety Leadership Training Program for leaders is delivered to approximately 2,000 people, including Executive Team members. The Safety Leadership Training Program for people in key roles targets approximately 4,700 employees.

Ericsson has also launched the Walk the Talk guide, encouraging all leaders to conduct regular safety and well-being walks by personally visiting a site and having a conversation exclusively about health, safety and well-being.

Targets

Target Zero

Objective and measurement	Start year	Target year	Scope
Zero fatalities and lost workday incidents, covering both physical injuries and work-related illness.	2020	2025	Ericsson workforce and field service suppliers

1) Part of Business Area Cloud Software and Services.
2) Part of Business Area Networks.
3) Eight basic lifesaving rules that apply to the entire workforce, covering driving, seatbelts, wearing helmets, alcohol and drug use, personal protective equipment, working in drop zones and at heights, and electricity.

Note S2, cont'd.

Performance metrics

Fatalities by involved party

(No.)	2022	2021	2020
Ericsson employees	0	1	0
Suppliers and subcontractors [1]	6	11	5
Third parties [2]	2	2	2
Total	**8**	**14**	**7**

Fatalities by cause

(No.)	2022	2021	2020
Fall from heights	4	6	4
Driving/traffic accident	4	5	3
Electric accident	–	1	–
Slip and fall	–	1	–
Hit by falling object	–	1	–
Total	**8**	**14**	**7**

Lost workday incidents (LWIs) by involved party [3]

(No.)	2022	2021	2020
Ericsson employees	96	77	90
Suppliers and subcontractors [1]	30	66	44
Third parties [2]	5	2	9
Total	**131**	**145**	**143**

Employee fatality and LWI rate

(per 100 FTEs) [4]	2022	2021	2020
Fatality rate	–	0.001	–
LWI rate	0.087	0.074	n/a

Lost workdays and near misses

(No.)	2022	2021	2020
Lost workdays [5]	3,040	2,390	2,315
Near misses reported	9,716	6,699	4,773

[1] Primarily site service suppliers and subcontractors.
[2] Third parties refer to any person not working for Ericsson either as an employee or as a supplier or subcontractor, such as a member of the public, who is affected by an incident assessed to be within the Company's control.
[3] Incidents resulting in one or more lost workdays.
[4] Indicates the rate of fatalities/ lost workday incidents occurring in a year per 100 full-time equivalents (FTEs), using 200,000 hours as the standardized average number of hours worked by 100 FTEs in one year. Total hours worked is estimated based on standard annual working hours for active employees and sums to 220 (217) million hours. Due to limitations in data availability, comparative figures for LWI rate for 2020 cannot be disclosed and data for suppliers and subcontractors is not available.
[5] Ericsson is currently only able to collect information with satisfactory accuracy on the number of lost workdays for its own employees.

Supplier consequence management per finding and type of warning [1]

	2022		2021		2020	
(No.)	Red card	Yellow card	Red card	Yellow card	Red card	Yellow card
Working at heights	47	16	24	18	22	14
Incorrect use of PPE [2]	40	32	20	29	21	43
Insufficient incident and resource management	8	17	3	26	3	2
Lack of adherence to driving/vehicle standards	3	4	2	0	2	2
Lack of required and certified competence	15	17	11	18	7	13
Lack of risk assessment/ Safe working conditions	83	86	22	74	10	23
Total	**196**	**172**	**82**	**165**	**65**	**97**

[1] Red card and yellow card indicate the severity of the consequence issued to a supplier after a violation of our Health and Safety Standards. Red cards are used for serious breaches and carry significant consequences.
[2] Personal Protective Equipment.

Work-life balance and well-being – employee responses

(Survey results)	2022	2021	2020
Balance [1]	77	76	75
Well-being commitment [2]	85	87	85

[1] Scoring of aggregated employee responses to question "I am able to successfully balance my work and personal life", measured on a scale of 0–100 with 100 being the most favorable result. Cradlepoint employees not included in 2021 and 2020 statistics. Vonage employees not included.
[2] Scoring of aggregated employee responses to question "Ericsson takes a genuine interest in employees well-being", measured on a scale of 0–100 with 100 being the most favorable result. Cradlepoint employees not included in 2021 and 2020 statistics. Vonage employees not included.

S3 Human rights

Impacts, risks and opportunities

Based on internal and external expertise and stakeholder consultations, due diligence and analysis of business relationships, Ericsson has identified its salient human rights issues across the value chain. While Ericsson acknowledges that its responsibility covers all internationally recognized human rights, the salient risks described below are the ones that need the most attention and are therefore prioritized through the Company's due diligence processes.

In relation to the sales and end use of its technology and solutions, Ericsson has concluded that its salient human rights risks are the right to privacy, the right to freedom of expression and conflict-related risks, meaning human rights risks arising from operating in conflict-affected areas, including international humanitarian law risks. While mobile networks provide essential needs in order to communicate and access information, certain functionalities can be misused to adversely impact human rights. Conflict-related impacts refer to risks that materialize in conflict-affected and high-risk contexts, such as the right to security of the person, right to life, right to health, land-related rights and international humanitarian law risks.

With regard to the supply chain, Ericsson has identified trade union rights, forced labor, occupational health and safety, living wages, excessive working hours, discrimination and conflict-related impacts as the most salient risks.

Being a global company, the salient human rights risks for Ericsson's own operations will depend on factors such as country of operations and type of business activities. Some of the main risks identified include occupational health and safety, trade union rights, living wages, discrimination and conflict-related impacts.

More details on human rights risks and considerations in Ericsson's value chain can be found in the 5G Human Rights Assessment, available on the Company's website.

Note S3, cont'd.

The introduction of new legal requirements on companies to ensure respect for human rights across their value chains, in particular mandatory due diligence provisions, will require many companies to strengthen their measures in the area. Failure to comply can have both legal and financial consequences, as well as impact Ericsson's ability to operate in certain markets. Taking a proactive approach to addressing human rights risks and impacts, and ensuring human rights are integrated into other relevant due diligence frameworks, prepares Ericsson for changes in its operating environment and helps to build trust with its stakeholders over time.

Governance and policies

Ericsson is committed to the UN Guiding Principles (UNGPs) on Business and Human Rights and the OECD (Organization for Economic Co-operation and Development) Guidelines for Multinational Enterprises. As a member of the Global Network Initiative (GNI), Ericsson commits to its Principles on Freedom of Expression and Privacy. These commitments are reflected in both the Code of Business Ethics and the Code of Conduct for Business Partners, and other steering documents. For more information, see Ericsson's Business and Human Rights Statement, available on the Company's website.

The area of business and human rights is managed by the Sustainability and Corporate Responsibility (S&CR) unit, reporting to the Chief Marketing Officer. Within the S&CR unit sits human rights subject matter experts, responsible for developing the Company's human rights strategy and for supporting the business and market areas and Group functions in the implementation of the strategy and commitments.

The Sensitive Business Framework (further described below) is managed on an operational level by the Sensitive Business Council and Core Team (cross-functional forum consisting of representatives from the Group Functions and Business Areas), chaired by the Head of Sensitive Business and the Head of Government and Policy Advocacy respectively. Escalations made in accordance with this framework are made through the marketing and corporate relations department and market area management.

Management approach

To operationalize its commitments to respecting human rights, the Company has integrated human rights due diligence across its business operations. The aim is to ultimately provide better outcomes for people across the value chain and ensure the Company's technology is a force for good, by preventing and mitigating intended and unintended misuse. Ericsson's S&CR strategy, part of its wider business strategy, incorporates its commitment to the UNGPs and compliance to existing and emerging regulation in the area of human rights. Human rights risks are also included in Ericsson's Enterprise Risk Management Framework.

Enhanced human rights due diligence

When conducting business in conflict affected areas or when human rights risks are otherwise considered elevated, enhanced due diligence is conducted. Measures taken in such situations involve engaging with external stakeholders, including potentially affected stakeholders or their intermediaries and representatives.

In conflict-affected or high-risk contexts, it may be difficult to reach out directly to impacted stakeholders. In such circumstances, Ericsson tries to leverage its engagement in forums such as the GNI and the Business Network on Civic Freedoms and Human Rights Defenders to identify ways of engaging with external stakeholders that ensure their personal security and safety. This can involve sharing information about current and future business activities and practices, potential human rights risks and mitigating measures, and how to establish purposeful communication channels with concerned stakeholders.

A full human rights impact assessment can also be triggered by factors such as reentry into a market, reports about deteriorating human rights situations in a specific country, new product developments or identified actual adverse impacts. The methodology used for conducting human rights impact assessments is aligned with the UNGPs.

Due diligence of sales opportunities – Sensitive Business Framework

In order to assess, prevent and mitigate potential misuse of Ericsson's echnology, human rights due diligence is integrated into the sales process through the Sensitive Business Framework. The framework aims to ensure that Ericsson's solutions are used in accordance with international human rights standards. Four main factors are considered when assessing the potential human rights risks in a given sales opportunity.

Portfolio Whether the sale includes technology that stores or processes personally identifiable information.	**Purpose** The purpose and context in which the customer intends to use the product, service or solution.
Customer The type and ownership structure of the customer.	**Country** The country-specific risk with regards to human rights. A third-party risk analytics firm is used to assess countries based on risks related to the right to privacy and freedom of opinion and expression.

When risks are identified in a sales opportunity that is to be pursued, the market area shall submit an approval request, which is evaluated according to the Sensitive Business risk methodology and may be approved, approved with conditions or rejected. Conditional approvals include technical and/or contractual mitigations, and implementation of these is monitored to ensure adherence. See the next page for examples of cases reviewed in this process during the reporting year. The Sensitive Business process can also trigger further due diligence measures (for example a review of legal frameworks in a country, heightened human rights due diligence concerning the customer or country) before a decision is taken on the opportunity.

Due diligence in the supply chain

See note G3 on page 35 for a description of how ESG factors, including human rights, are considered in Ericsson's supply chain management strategy.

Due diligence in M&A

Human rights issues are included as one aspect in Ericsson's due diligence process for M&A. The focus is on evaluating main human rights risks of the target company, as well as to what extent the target company has sufficient due diligence frameworks in place to identify and address such human rights risks. In case red flags or gaps are identified, mitigating measures are introduced either as preconditions or as part of the integration post closure.

Grievance mechanism

All internal and external stakeholders can report suspected violations of laws, regulations or company policies, including human rights violations, through the Ericsson Compliance Line. Reporting through this channel can be done anonymously.

Ericsson does not require persons that report compliance concerns to waive their rights to bring claims through a judicial process as a condition to participating in the grievance process. As part of reporting a compliance concern, either via a manager or through the Ericsson Compliance Line, Ericsson does not require the reporter to sign a non-disclosure agreement. The reporter is however asked not to share any communication relating to an ongoing matter, in order to protect the integrity of the process. More information in note G2 on page 32.

Note S3, cont'd.

Collaborations and partnerships

Ericsson leverages its efforts through collaborations and partnerships with other organizations. Listed below are the most significant external collaborations, partnerships and commitments related to human rights.

Organization	Engagement objective
Business Network on Civic Freedoms and Human Rights Defenders	A group of companies committed to identifying ways that businesses and society can benefit from increased support from the private sector for the protection of civic freedoms and human rights defenders.
Global Network Initiative	An initiative addressing Freedom of Expression and Right to Privacy in the Information and Communications Technology (ICT) sector. Participants are internet and telecommunica-tions companies, human rights and press freedom groups, investors and academic institutions.
Shift Business Learning Program	An independent, non-profit center for business and human rights practice, supporting companies in the implementation of the UNGPs.
Tech for Democracy Initiative of the Danish Government	Multi-stakeholder initiative for protecting and promoting democracy and human rights in an era of rapid technological development.
UN B-tech Project	A project led by UN Human Rights to provide an authoritative and broadly accepted roadmap for applying the UNGPs in the ICT sector.

Training and awareness raising

Ericsson provides human rights training accessible to all employees. Targeted training and capacity building for key job roles and functions is also offered.

All market areas have an appointed single point of contact responsible for preparing cases for Sensitive Business evaluation. Each such person is trained by the Sensitive Business Unit at Group level and is responsible for informing the relevant functions, such as account managers within their respective market areas of recent developments and decisions.

More senior members of the Sensitive Business Core Team and Board receive onboarding as well as continuous updates by the Sensitive Business Unit.

Performance metrics

During 2022, Ericsson has not, through its reporting channels, been made aware of any adverse human rights impacts in which the Company has been involved. Consequently, no remediation actions have been undertaken.

Cases reviewed in the sensitive business process by outcome [1)]

(No.)	2022	2021	2020
Approved	235	286	321
Approved with conditions	435	432	480
Rejected	13	4	27
Total	**683**	**722**	**828**

1) Ericsson has for several years observed full adherence to the Sensitive Business Process and has therefore discontinued reporting on process adherence as a key performance indicator.

Sensitive Business case examples

Decision	Customer	Description	Rationale
Approved	Local communications service provider	A communications service provider in a high-risk country requested that Ericsson manage and optimize its internal non-Ericsson inventory application.	The non-Ericsson solutions were assessed through the Sensitive Business third-party risk evaluation. The solutions did not process any personal identifiable data and based on the assessment, there was a low risk of misuse and potential adverse human rights impacts. The engagement was therefore approved.
Approved with conditions	Global communica-tions service provider	A global communications service provider with operations in a high-risk country requested Ericsson to modernize and upgrade its core network software.	The communications service provider's network contained and processed sensitive personal information such as user location and call logs. Contractual mitigations limiting the approved use of such functionalities in line with the Sensitive Business Framework were therefore agreed with the communications service provider.
Approved with conditions	Local reseller	A local partner agreement with a reseller was due for renewal. While the reseller operates in a low-risk country, it supports government entities, which is why an assessment through the Sensitive Business Frame-work was required.	Contractual mitigations limiting the usage of the Ericsson solutions for the end customer were agreed with the local partner.
Rejected	Local communications service provider	A local communications service provider requested Ericsson to provide a solution that would give authorities unrestricted direct access to subscribers' data traffic. The authority entity that would receive this data was not disclosed.	The communications service provider did not disclose the authority entity nor the purpose of the functionality. Therefore, it was not possible to identify the risk of misuse and potential adverse human rights impacts, nor was it possible to propose any mitigating measures. The engagement was therefore rejected.
Not pursued	Local communications service provider	A local communications service provider requested functionality that could potentially pose a risk of misuse in a high-risk country.	As the risk was identified by the market area organization, the decision not to pursue the opportunity was taken without the need to involve the central Sensitive Business Core Team.

S4 Corporate citizenship

Impacts, risks and opportunities

Ericsson and its technology have the potential to positively impact stakeholders, communities and societies in a multitude of ways, from facilitating access to education for children and young people, to providing necessary communications infrastructure to support humanitarian response in crisis situations. In addition to the benefits to the receiving parties, meaningful community engagement also contributes to enhancing the employee experience for the people working for Ericsson and can positively impact the Company's brand and reputation. However, as with any form of contribution, there are risks of potential misuse of resources provided by Ericsson that must be carefully evaluated and appropriately managed.

Governance and policies

Group level operational responsibility over the initiatives and programs described on the next page is delegated to Ericsson's Sustainability and Corporate Responsibility unit, often in collaboration with the market areas. Volunteering activities are managed together with the People department and the heads of Marketing and Communication in the market areas through the Volunteer Program Board, chaired by the Head of Sustainability and Corporate Responsibility.

A Sponsorship and Donation Committee, on which the Chief Marketing Officer, the Chief Compliance Officer, and the Head of Sustainability and Corporate Responsibility sit, governs matters related to donations and

Note S4, cont'd.

sponsorships. All group-wide sponsorships and donations must be approved by the Committee. Approval of local sponsorships can be delegated to the respective market or business area head. In certain situations, donations must also be approved by the President and CEO or the Board of Directors.

A Group Policy on Sponsorships and Donations sets out foundational rules applicable to the Group, which are further detailed in a group directive on the same topic.

Management approach

Ericsson leverages its core competencies in connectivity technology to support, develop and create positive impact for stakeholders in the communities in which it operates. Described below are group-wide programs and initiatives through which Ericsson engages with local communities and stakeholders on a non-commercial basis. In addition to these group-wide initiatives, there are local initiatives driven by the market areas not described here. Initiatives related to digital education are described in note S5 on page 29.

To prevent potential misuse of its resources the Company is strengthening processes, including assessments, approvals and documentation for all forms of contributions. Further, the work with third-party contributions is being revised to make sure that the Company focuses on contributions with the highest impact.

Due diligence of partner organizations

To ensure Ericsson only partners with organizations that share similar values and ethical standards, systematic evaluations of partners for sponsorship and donations are applied. The Compliance function is responsible for evaluating all sponsorships and donations, with regard to potential missuses, ensuring appropriate due diligence of receiving parties and recommending necessary mitigation measures to be adhered to when necessary. More information on third-party management can be found in note G2 on page 32.

Donations and sponsorships

Ericsson makes donations, both directly by the Company, as well as in the form of company-matched employee donations, to selected causes. Donations can be in the form of both cash and in-kind. Ericsson also engages in sponsorships of activities that are aligned with Ericsson's values and brand strategy.

In certain markets, most notably in India and South Africa, Ericsson is subject to mandatory profit-sharing rules, where a portion of the local entity's profits are to be spent on community investments and other charitable causes.

Ericsson Volunteers

Ericsson Volunteers is one way through which the Company delivers a meaningful employee experience and contributes to positive impacts on communities and broader society. Every employee is given one paid day per year when they can apply their skills and time to volunteering. A volunteering framework sets the direction for activities applicable for volunteering, including both general cause categories as well as activities for extended volunteering, such as Ericsson Innovation Awards, Connect To Learn and Ericsson Response.

Ericsson Response

Ericsson Response is a global volunteer program founded by employees in 2000. Together with partners, Ericsson Response utilizes the Company's technology and the skills of its employees to provide connectivity where local services are not sufficient, for example after natural disasters or in refugee situations.

It is a partner of the World Food Program led UN Emergency Telecommunications Cluster, a global network of partners to fill connectivity gaps for humanitarians and populations affected by disasters. Ericsson is a partner to the UNHCR (the United Nations High Commissioner for Refugees) to strengthen the Refugee Emergency Telecommunications Sector, to provide vital communications to the humanitarian response community, supporting their life-saving work.

Ericsson Innovation Awards

The Ericsson Innovation Awards is a yearly competition open to university students of all ages, regardless of location, aimed at recognizing innovative concepts that utilize technology to solve global challenges. Regional winners and top-three finalists are given mentoring from Ericsson employees and awarded cash prizes.

Collaborations and partnerships

Ericsson leverages its impacts through collaborations and partnerships with other organizations. In the table below, a selection of significant external collaborations are listed.

Organization	Engagement objective
1t.org	Ericsson contributes to 1t.org, part of the World Economic Forum's work to accelerate nature-based solutions through our pledge on Connected Mangroves, which is a reforestation project in Malaysia, the Philippines and India that leverages connected technologies such as solar-powered sensors and real-time camera footage to collect and analyze critical data on mangrove wetlands. The project offers the local community a platform to check on water, soil and humidity conditions, and remotely monitor any intrusion on the site.
International Red Cross and Red Crescent Movement	Ericsson contributes with donations during emergencies to the Red Cross Red Crescent humanitarian work.
UNHCR	UNHCR, the UN Refugee Agency, is a global organization dedicated to saving lives, protecting rights and building a better future for refugees, forcibly displaced communities and stateless people. Ericsson Response is a partner to the UNHCR.
UNICEF	UNICEF works in over 190 countries and territories to protect the rights of children. Ericsson supports UNICEF-led efforts through donations, employee volunteering and through humanitarian response action in disaster-stricken areas. In addition, Ericsson is a partner to UNICEF on the Giga initiative for school connectivity, see more information in note S5 on page 29.
World Food Programme (WFP)	The WFP is the leading humanitarian organization saving and changing lives, delivering food assistance in emergencies and working with communities to improve nutrition and build resilience. Ericsson contributes through the Ericsson Response and WFP partnership.

Performance metrics

Economic value generated and distributed

(SEK million)	2022	2021	2020
Value generated			
Revenues	274,432	234,521	234,347
Value distributed			
Operating costs	-158,674	-127,253	-121,462
Wages and benefits	-89,191	-77,462	-74,645
Payment to providers of capital	-9,966	-8,496	-8,103
Payments to governments	-7,113	-6,226	-5,678
Community investments [1)]	-115	-113	n/a
Value retained	**9,373**	**14,971**	**24,459**

[1)] Includes donations and mandatory profit distributions made by Ericsson Group companies during the reporting year. Sponsorships included are those with activity start date January 1 to December 31, or multi-year contracts that were active during the reporting year. Sponsorships related to recreation and sports have been excluded. Due to limitations in data availability, comparative figures for 2020 cannot be disclosed.

S5 Digital inclusion

Impacts, risks and opportunities

The number of Internet users has increased from a few million to almost five billion within thirty years. This growth has enabled a digital transformation that is reshaping societies and economies. Research shows that, on average, a 10% increase in the mobile broadband adoption can increase economic growth by up to 0.8% [1], with the effect being significantly larger in low-income countries. Moreover, a 2022 study [2] commissioned by Ericsson in 15 countries in Asia, Africa and Latin America also showed that 5G rollout can generate overall economic benefits (in terms of GDP growth) three-to-seven times higher than the incremental cost of extending coverage. Similarly, increases in school connectivity can have significant effects of economic growth, with potential double-digit additions to GDP if low-income countries achieve the same levels of connectivity as the most connected economies [3]. Yet the potential of the Internet for social and economic growth remains largely untapped, as roughly one third of the world's population remains offline and many among the two thirds of the people online lack meaningful connectivity.

The connectivity gap is twofold and consists of both a gap in overall coverage, meaning access to any type of mobile broadband connection, and a gap in terms of lacking a mobile broadband connection that is good enough to allow full participation in the digital economy, such as access to at least 4G coverage. The challenge in bridging both these gaps is primarily a financial, rather than a technological one, with a need for new business models to evolve to enable meaningful connectivity at lower cost.

Nearly one quarter of the world's adult population lacks access to formal banking and financial services according to World Bank Findex. However, the majority of the unbanked population own a mobile phone that can help them access formal financial services. Mobile financial services offer the possibility to bring millions of financially underserved people into the formal economy, boosting individual livelihoods and transforming economies.

In addition, without sufficient digital literacy people cannot fully partake in the digital economy regardless of whether they have a meaningful connection or not, which is why digital education is another key enabler to achieve broad digital inclusion in society.

Governance and policies

The Executive Team governs Ericsson's Sustainable Business Program. The aim of the program is to accelerate and fully integrate sustainability-related aspects of Ericsson's portfolio and programs. The program is cross-functional and includes eight work streams of which digital inclusion is one.

Management approach

Ericsson's approach is based on the belief that technology developed and deployed responsibly can help bridge the digital divide and ensure the benefits of the digital economy and society are enjoyed by all. The Company works toward this goal through digital inclusion initiatives which cover the portfolio, business cases, advocacy and on-the-ground efforts.

Business models for affordable connectivity

Ericsson continues to explore how its portfolio and offerings can be used to develop cost efficient and profitable business offerings targeting regions with no or low internet penetration. The scope of these efforts includes radio and power management solutions as well as business cases and use case scenarios.

Financial inclusion

Ericsson Wallet Platform enables leading communications service providers and financial institutions to provide easy to use, affordable and secure mobile financial services to financially underserved people worldwide, helping them lead a financially empowered life. It allows unbanked people to save and transfer money, receive financial-aid and salary, pay bills and merchants, top-up mobile services, get instant loans, access insurance and other financial services, helping to meet their financial goals and aspirations

Digital education

Ericsson's commitment to bridging the digital divide includes a focus on access to education and digital skills development. To reinforce this effort, the Company set the ambition to empower 1 million children and young people with access to digital tools, learning content and skills development programs by 2025. This is carried out through Ericsson's global flagship education program, Connect To Learn, a non-profit program delivered in collaboration with governments, communications service providers, non-governmental organizations (NGOs), and international/UN agencies, with the ambition to:

- Accelerate access to digital connectivity for schools and community learning centres and, ultimately, all learners around the globe and their communities.
- Empower the next generation with digital skills, essential for their socio-economic development and enhance industry-ready education to make students employment ready.

Key non-profit education offerings that Ericsson deploys globally in collaboration with partners are:

- Ericsson Educate: A digital skills development program designed for university students covering key topics related to emerging technologies such as: Telecommunications and 5G, artificial intelligence, data science, automation and internet of things. Since 2020, the program has been deployed to students at universities across Asia, Africa and the Middle East.
- Ericsson Digital Lab: An education program designed to inspire children aged 11–16 to explore new technologies and develop their problem-solving skills. The Digital Lab is a place where instructors from Ericsson and partnering organizations can share their interest in technology with students, and includes courses on robotics, game development, electronics, and artificial intelligence.

In 2020, Ericsson became the first private sector partner to make a multi million dollar commitment to support the joint UNICEF-ITU [4] Giga initiative for global school connectivity with the aim to connect every school to the Internet and every young person to information, opportunity and choice. With support from Ericsson, Giga maps schools and their connectivity levels and their connectivity levels to help target investment to where it is most needed and to measure progress toward increasing Internet access. Ericsson's financial and in-kind support have contributed towards Giga's achievements to date in connecting over 5,500 schools and over 2 million students.

[1] Edquist, Harald et. al. (2018). How important are mobile broadband networks for the global economic development?, *Information Economics and Policy,* 10.1016/j.infoecopol.2018.10.001.
[2] Stewart, Janette et. al. (2022). Future Value of mobile in emerging markets. *Analysys Mason*, 698248491-273.
[3] Birdwell, Jonathan et. al. (2021). Connecting learners: Narrowing the educational divide. *The Economist Intelligence Unit.*
[4] International Telecommunication Union

Note S5, cont'd.

Collaborations and partnerships

Ericsson leverages its efforts through collaborations and partnerships with other organizations. Below are some of the more significant collaborations related to digital inclusion the Company is engaged in.

Organization	Engagement objective
ITU/UNESCO Broadband Commission for Sustainable Development	Ericsson's CTO is a Commissioner on the Broadband Commission, a multi-stakeholder high-level platform for developing policy recommendations and thought leadership on bridging the digital divide, dedicated to raising awareness of the importance of broadband on the global sustainable development agenda. The Commission envisions and works towards realizing a fully connected world that harnesses the power of broadband to achieve the UN Sustainable Development Goals by 2030.
The World Economic Forum Edison Alliance	The World Economic Forum-aligned EDISON Alliance 1 Billion Lives Challenge brings together digital inclusion commitments from governments, companies and other organizations globally. The members, including Ericsson, are committed to prioritizing digital inclusion as foundational to the achievement of the United Nations' Sustainable Development Goals so that every person can fully participate in the digital economy and society.
Whitaker Peace and Development Initiative	Ericsson is a long-standing partner to the Whitaker Peace and Development Initiative aimed at supporting youth to develop their skills as leaders, as peace builders, and community builders. The partner organizations recognize the important role of ICT in education and pursue joint efforts to develop peacebuilding and conflict resolution programs using ICT as a tool for the advancement of peace in post-conflict situations.
Technovation	Ericsson is partnering with NGO Technovation in a global mentorship program with the objective to inspire girls to be leaders and tech entrepreneurs. With the support of volunteer mentors and parents, girls work in teams to code mobile apps that address real-world problems. Ericsson employees support as mentors to enrolled participants.

Performance metrics

Connect To Learn			
(No. aggregated)	2022	2021	2020
Impacted children and youth	400,163	296,079	226,612
Countries covered	36	30	25

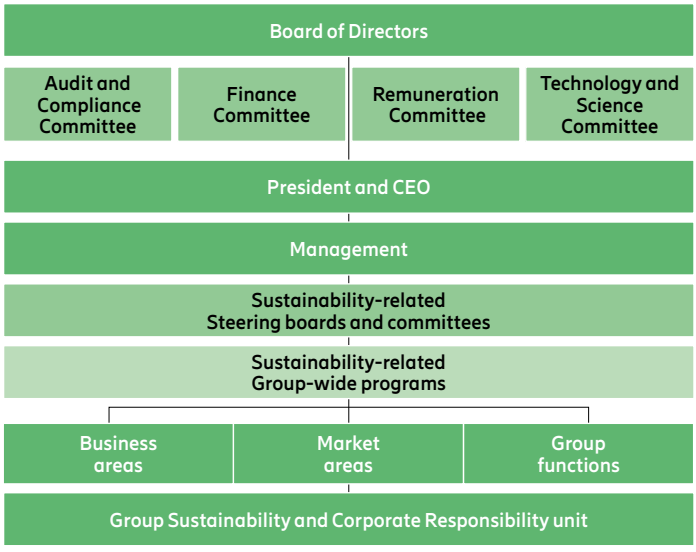
Ericsson Mobile Wallet			
(Millions)	2022	2021	2020
Registered accounts	379	314	268
Active users [1)]	80	65	53

[1)] Active users are defined as those having used the service in the past 30 days from the reporting cut-off date.

Section G – Governance

G1 Sustainability and corporate responsibility governance

Governance of Sustainability and Corporate Responsibility (S&CR) follows the Company's overall governance structure. The Board of Directors, Executive Team and management's respective roles and responsibilities with regards to S&CR are described below.



Board of Directors
The Board of Directors oversees Ericsson's S&CR strategy and receives reports on developments and performance annually, or more often as needed. The Board approves the annual S&CR report as part of the Company's statutory Annual Report.

Board committees
The Audit and Compliance Committee (ACC) of the Board of Directors oversees Ericsson's Ethics and Compliance Program and whistleblower procedures. Further, the ACC reviews the Group's handling of information and cybersecurity, data privacy, and its environmental, social and governance (ESG) reporting practices. As part of its role to prepare and propose rewards and compensation policies that attract and motivates the Company's executives to achieve the long-term interest of the Company and its stakeholders, the Remuneration Committee considers inclusion of ESG criteria in variable compensation plans. More information on pages 2 and 8–10 of the Remuneration report. Part of the Technology and Science Committee's role of monitoring the Company's technology ecosystem, relationships and partnerships involves reviewing matters related to energy and sustainability.

President and CEO and the Executive Team
The Executive Team, led by the President and CEO, is responsible for approving S&CR strategies and related Group targets, and regularly receives reports on the implementation of strategies and progress made on targets and milestones. Its members are also part of dedicated steering boards and committees that provide more frequent strategic guidance and oversight of S&CR-related matters (see table below). The responsibilities of these boards and committees are further detailed in the topic-specific notes to this report.

Steering boards and committees	Chaired by
Business Risk Committee	Chief Financial Officer and Chief Legal Officer
Group Compliance Committee	Chief Legal Officer
Sustainable Business Reference Group	Chief Financial Officer
Group Enterprise Security Privacy Board	Chief Financial Officer
Product and Technology Security Board	Chief Technology Officer
Global People Leadership Team	Chief People Officer
Global Occupational Health and Safety Board	Chief Marketing Officer

In 2022, Ericsson established a Group Business Risk Committee (BRC) comprised of executives and co-chaired by the CFO and the CLO. The role of the BRC is to consider the overall risk profile of the Group and ensure risk-informed and ethical decision-making, as well as serve as a forum to monitor and assess enterprise risk management on a regular basis.

Executive remuneration
Part of variable remuneration to executives is determined by a number of environmental and social criteria. See page 8 of the Remuneration report for further details.

Operational management
A dedicated S&CR unit, reporting to the Head of Group Function Marketing and Corporate Relations, is accountable for developing and implementing strategies, policies, steering documents, targets and processes related to S&CR.

Responsibility for executing on S&CR strategies and progressing on targets lies with the group functions, business and market areas, often in collaboration with each other and through cross-functional Group-wide programs. See the table below for a list of such programs.

Group-wide programs
Ethics and Compliance Program
Sustainable Business Program
Ericsson Care Program

Integration of sustainability into the business lines is done through a company-wide Sustainable Business Program, with the Executive Team as the governing body of the program. The objective of the program is to accelerate and fully integrate sustainability aspects into Ericsson's customer portfolio and operations. The program is cross-functional and includes the workstreams Climate action, Energy performance, Circular economy, Material and substances, Responsible sourcing, Position and standards, ESG reporting and Digital inclusion.

Group policies
Group-wide policies are approved by the President and CEO. A list of foundational S&CR-related policies and steering documents can be found in the table below.

Foundational policies and steering documents
Code of Business Ethics
Sustainability Policy
Security Policy
Privacy Policy
Health, Safety and Well-being Policy
Business and Human Rights Statement
Code of Conduct for Business Partners

The Code of Business Ethics (Our Compass) is the foundation for employees and other people working for Ericsson for how to conduct business responsibly. It serves as a guide to Ericsson's ethical principles and expectations.

The Code of Conduct for Business Partners outlines expectations on suppliers and other business partners in key areas such as business ethics and anti-corruption, labor and human rights, occupational health and safety, environment and climate change. It is a binding requirement for all business partners.

Ericsson encourages employees and external stakeholders to report concerns of violations of either of the Codes through the Ericsson Compliance Line, see more information in note G2 on pages 32–33.

Group management system and risk management
Ericsson has a global management system, the Ericsson Group Management System (EGMS). The EGMS aims to ensure that Ericsson's business is well managed and has the ability to fulfill the objectives of major stakeholders

Note G1, cont'd.

within established risk limits and with reliable internal control. The EGMS also aims to ensure compliance with applicable laws, listing requirements, governance codes and corporate responsibilities.

EGMS is founded on ISO 9001 (international standard for quality management systems) but is designed as a dynamic governance system to enable Ericsson to adapt the system to evolving demands and expectations, including new legislation as well as customers' and other stakeholders' requirements.

ISO certificates are issued by a third-party certification body proving that the system is efficient throughout the operations as well as compliant to the ISO standards in scope. Ericsson's operations are currently certified to ISO 9001 (Quality), ISO 14001 (Environment), ISO 45001 (Health and Safety) and ISO 27001 (Information Security). Selected Ericsson units are also certified to TL 9000 (telecom-specific standard). EGMS is also assessed within the scope of the audit plan of Ericsson's internal audit function.

Identification and treatment of ESG-related risks is an integrated part of the Enterprise Risk Management (ERM) framework, which is a part of the EGMS. There are also dedicated risk management frameworks aligned with the ERM framework that cover specific areas of risks such as anti-corruption, environment, health and safety and information security. More information on the EGMS and ERM framework can be found on page 21 in the Financial report and on page 18 in the Corporate Governance report.

The S&CR report includes information on ESG-related impacts, risks and opportunities that are not considered significant on a Group level but which are relevant to disclose from a sustainability perspective.

External commitments and endorsements

In addition to topic-specific commitments and endorsements described in this report, Ericsson is a founding member of the UN Global Compact and continues to support its 10 principles. Ericsson's President and CEO is a member of the Alliance of CEO Climate Leaders, a global community of chief executive officers who work toward climate action across industry sectors and engage with policymakers to help deliver the transition to a Net Zero economy. Ericsson's Chief Technology Officer is a commissioner on the ITU/UNESCO [1] Broadband Commission for Sustainable Development which develops policy recommendations to advance broadband connectivity and digital inclusion.

[1] International Telecommunication Union / United Nations Educational, Scientific and Cultural Organization

G2 Compliance and business ethics

Impacts, risks, and opportunities

Corruption and unethical business practices are an obstacle to economic and social development and often disproportionally affect fragile communities and undermine democratic institutions. There are increasing demands, both regulatory and from stakeholders, for more transparency around business practices and for companies to have zero-tolerance policies for corruption and ethics and implement robust compliance programs to ensure a culture of compliance.

With operations in more than 150 countries, Ericsson is present in markets and geographies with varying levels of exposure to corruption and unethical business risks, and therefore needs to have a comprehensive approach to mitigate such risks.

Ericsson interactions with U.S. authorities and other governmental authorities

In December 2019, Ericsson entered into a resolution with the United States Department of Justice (DOJ). The resolution included a deferred prosecution agreement and a guilty plea by the Company's Egyptian subsidiary to a criminal violation of the US Foreign Corrupt Practices Act's (FCPA) antibribery provisions. Under the DPA, the Company admitted to the conduct described in the DPA's statement of facts, and the DOJ agreed to defer prosecution of Ericsson for the DPA's three-year term if Ericsson did not violate the terms of the DPA. As part of the DPA with the DOJ and consent judgment with the SEC, Ericsson agreed to engage an independent compliance monitor for three years while the Company continues to undertake significant reforms to strengthen its Ethics & Compliance Program.

In June 2020, the three-year period for the monitorship commenced with the appointment of its monitor. The monitor's primary responsibilities include reviewing and evaluating Ericsson's compliance with the terms of the DPA and evaluating the Company's progress in implementing and operating its enhanced compliance program and accompanying controls, as well as providing recommendations for improvements.

In October 2021, the DOJ notified Ericsson of its determination that the Company breached its obligations under the DPA by failing to provide required information to the DOJ.

In February 2022, the Company publicly disclosed that an internal investigation in 2019 included a review of the conduct of Ericsson employees, vendors, and suppliers in Iraq during the period 2011–2019. The investigation found serious breaches of compliance rules and the Company's Code of Business Ethics and identified evidence of corruption-related misconduct and other serious violations, including payments to intermediaries and the potential use of alternate transport routes in connection with circumventing Iraqi Customs, at a time when terrorist organizations, including ISIS, controlled some transport routes. The investigation also identified payment schemes and cash transactions that potentially created the risk of money laundering. The investigators could not determine the ultimate recipients of any payments, nor identify that any Ericsson employee was directly involved in financing terrorist organizations.

In March 2022, the DOJ informed Ericsson that it had determined that, before entering into the DPA, the Company provided insufficient information to the DOJ about the Company's 2019 internal investigation into conduct in Iraq. The DOJ also determined that the Company breached the DPA by failing to inform the DOJ about the investigation after entering the DPA.

In June 2022, the SEC informed Ericsson that it opened an investigation concerning matters described in the Company's 2019 Iraq investigation report. Under Ericsson's consent judgment with the SEC, the Company is permanently enjoined from violating the FCPA's antibribery, books and records and internal controls provisions. Violations of the injunction or consent judgment could subject Ericsson to new civil and criminal penalties as well as a new enforcement action.

In December 2022, the Company agreed with the DOJ and SEC to extend the term of the Company's independent compliance monitor for one year, until June 2024.

On March 2, 2023 the Company reached a resolution (DOJ Plea Agreement) with the DOJ regarding non-criminal breaches under its DPA. Under the DOJ Plea Agreement, Ericsson will plead guilty to previously-deferred FCPA charges. In addition, Ericsson agreed to pay a fine of USD 206,728,848. The entry of the DOJ Plea Agreement will bring the DPA to an end. With respect to matters described in the 2019 internal Iraq investigation report, the Company continues to thoroughly investigate the matters in full cooperation with the DOJ and the SEC. As previously disclosed, the Company's 2019 internal Iraq investigation did not conclude that Ericsson made or was responsible for any payments to any terrorist organization and the Company's significant further investigation over the course of 2022 has not altered this conclusion.

The Company has and continues to strengthen its approach to governance and risk management, including through the implementation of enhanced internal policies and practices and continued, active oversight by the Board and Executive Team.

On January 12, 2023, the Company announced that a provision in the fourth quarter of 2022 of SEK 2.3 billion (approx. USD 220 million) in relation to the DOJ Plea Agreement had been made. The provision also included estimated expenses (SEK 0.1 billion) for the previously announced extended compliance monitorship. Ericsson also faces other negative consequences from these matters, including matters under review as part of its ongoing and future communications with governmental authorities to comply with its obligations under the DOJ Plea Agreement. More information related to this matter can be found in the Financial report on pages 22–23 and in the Corporate Governance report on pages 2–3.

Governance and policies

The Compliance function at Ericsson is led by the Chief Compliance Officer (CCO), who reports to the Chief Legal Officer (CLO). In addition, the CCO

Note G2, cont'd.

has a direct reporting line to the Audit and Compliance Committee (ACC) on the Board of Directors on matters falling within the scope of the Ethics and Compliance (E&C) Program (see further below) and regularly briefs the ACC on the implementation of the program as well as suspected and substantiated cases of violations of the Code of Business Ethics or laws and regulations.The ACC oversees matters relating to compliance risk, and regularly receives reporting on other compliance related matters from the CCO and CLO.

The compliance organization consists of legal counsels and compliance officers at group-level working with general compliance and competition law. Further, the market areas have local compliance officers supporting the line organization.

The Company's foundational values and principles are set out in the Code of Business Ethics (Our Compass), available in 43 languages. Specific policies on Gifts, Entertainment and Hospitality, Third-party Management, Conflict of Interest, Anti-trust law, and Insider Rules, among others, are also in place. These policies are supported by relevant financial and procurement controls to ensure end-to-end oversight. Ericsson also has a Code of Conduct for Business partners, which is a part of its standard supplier contracts.

Executive variable remuneration

Short-term variable compensation to executives is affected by criteria related to integrity. Breaches of the Code of Business Ethics can also result in denial of reclaiming of variable compensation. See further information on pages 8 and 9 of the Remuneration report.

Management approach

As Ericsson continues to evolve, a core and constant objective is to ensure that the organization is optimally positioned to execute on its approach: delivering value and growth while operating ethically, managing risks, and having a positive impact on the communities in which it operates.

Effective governance, risk management, and compliance are supported by a strong corporate culture, where all Ericsson's employees exercise solid judgment and act with integrity and in compliance with the Code of Business Ethics.

Transparency and appropriate escalation of matters form a cornerstone of the Company's governance model; this allows for appropriate decision making and ensures that the Executive Team, the President and CEO, and the Board of Directors are properly informed and able to exercise the necessary oversight across the Group. Ericsson recognizes that reputation and trust are hard won and easily lost and strives to win business with integrity. The Company takes a value chain approach with a zero tolerance for bribery and corruption in any of its business dealings. Integrity is one of Ericsson's core values and fostering a compliance-aware and speak-up culture are cornerstones is a cornerstone of its strategy. The strategy is executed through the Company's (E&C) program which is designed to raise awareness and prevent mistakes and breaches of the Code of Business Ethics, detect mistakes and breaches when they do happen, and respond and remediate quickly when needed.

Risk assessments, monitoring and controls

Ericsson conducts bribery and corruption risk assessments using a risk-based, multi-tiered approach across multiple regions to identify areas of heightened risks. This typically includes document collection, onsite or remote interviews of key personnel, and financial transaction testing for select markets and units. Focus areas include, but are not limited to leadership and culture, sales, third party management, gifts and hospitality, conflicts of interest, government relations, policies and procedures, sponsorship and donations, and joint ventures and partnership.

Further, a Central Monitoring Center within the Finance department and a Monitoring and Testing unit within the Legal and Compliance department cooperate in end-to-end monitoring of the E&C program.

Digitalization and operational efficiency

The core compliance processes are integrated in an E&C Portal (facilitating controls by the Compliance Office around high-risk transactions, including benefits provided to third parties, particularly public officials) and combined with an integrated reporting and analytics E&C Application (hosting E&C compliance data and insights) to support overall program deployment, monitoring and testing.

An interactive State-Owned Entities (SOE) Map is available for employees to identify Ericsson's top state-owned customers. Global customer designations enable Company employees to treat public officials of SOEs with greater sensitivity and care from an E&C perspective.

Third-party management

Ericsson maintains a global, risk-based and integrated Third Party Management (TPM) program to prevent, detect, and manage bribery and corruption risks in the Company's relationships with its third parties.

The program is managed by a central team of due diligence experts and data specialists that reports to the CCO and works in close coordination with other functions including sourcing, sourcing compliance, sales, and internal controls. The program includes a risk-based due diligence process to assess bribery and corruption risk exposure and potential liability that may result from relationships with third parties. A risk mitigation toolbox includes a broad range of measures that can be used to mitigate identified risks such as training, certifications, financial transaction pre-approvals, or, in extreme cases payment blocks and rejections.

TPM increasingly utilizes advanced data analytics and transaction analysis and focuses on monitoring risks throughout the lifecycle of business relationships. Business Partner Review Boards monitor the third-party risk landscape and provide approvals and mitigating actions on high risk third parties on both a market area and global level. The effectiveness of underlying processes in each geography is continuously measured and strengthened, when necessary.

Training and awareness raising

Ericsson's communications and training on E&C are designed and intended to promote integrity-driven behaviors by employees and third parties. Trainings include instructor-led workshops for senior executives and middle management (around 1,500 individuals) on leading with integrity and solving ethical dilemmas and a targeted anti-bribery and corruption (ABC) e-learning for line managers and employees in highly exposed roles (around 15,000 individuals). In addition to these specific training programs, all employees must take a mandatory online ABC training which is refreshed every second year. Additional training programs are also available for employees in more exposed positions to help better equip them to face compliance risks inherent to their positions.

Employees are regularly asked about the Company's work with Compliance, Business Ethics and ABC through the bi-annual employee survey, which includes questions about their perception of the Company's commitment to ethical and responsible business practices and if they feel free to speak their mind without fear of negative consequences.

Employee performance evaluations

All employees have a goal related to acting with integrity, which encompasses acting in accordance with laws and internal rules and instructions, followed up on as part of their annual performance evaluation.

Prevention of anticompetitive behavior

As part of the commitment to a compliance culture, employees are asked to recognize competition (antitrust) laws and comply with them. Given the complexity of competition laws, employees are encouraged to consult with the competition law attorneys in the Company's Legal department in case of any questions.

Reporting compliance concerns

Employees are encouraged to report suspected non-compliance with the Code of Business Ethics or laws and regulations directly to their manager, the superior of a manager or to the People or Legal and Compliance departments.

In addition, both employees and third-party individuals can report concerns related to the Code of Business Ethics or the Code of Conduct for Business Partners via the Ericsson Compliance Line either by a secure website or by phone at any time. Reporting can be done anonymously, as permitted under applicable legislation. The process for receiving and handling compliance concerns is designed to help maintain an appropriate degree of independent assessment. Ericsson does not accept any discrimination of, or retaliation against, individuals who report compliance concerns in good faith.

Ericsson's Allegation Management Office is responsible for the overall management process from the time an allegation of a potential compliance violation is reported to the remediation of any such substantiated violation. The Corporate and Government Investigations (CGI) team is responsible for ensuring that all allegations of potential compliance violations recommended to CGI are appropriately investigated, and that investigations of higher risk are reported to the Audit and Compliance Committee as appropriate. Findings and remediation plans for cases are presented to Ericsson's Market Area Remediation Committees.

Note G2, cont'd.

Targets

Strengthen Ericsson's Ethics and Compliance program to ensure an effective and sustainable anti-bribery and corruption program by 2024.

Performance metrics

Compliance training and awareness – completion rates [1]

(%)	Target audience	2022	2021
CoBE acknowledgement [2]	Total workforce	99	99
Mandatory ABC training [3]	Total workforce	93	99
Enhanced ABC training [3]	Line mgrs. & exposed roles	97	82
Ethics training for leaders [4]	Exec. & middle mgmt.	90	70

1) Ericsson's compliance training and awareness program has undergone a significant transformation from recent years wherefore relevant comparative figures for 2020 are not available. The scope of reporting is limited to the active workforce, meaning people on long-term leave or in exit programs are excluded from the statistics.

2) Acknowledging understanding of the Code of Business Ethics is initially required when an individual starts working for the Company, and subsequently once every year. The numbers shown above represent the share of the workforce in scope which had completed acknowledgement during the 12-month period ending January 31, 2023.

3) Mandatory and enhanced ABC training is mandatory to take once every two years. The numbers shown above represent the share of target audience which had completed assigned training during the preceding 24-month period.

4) Training is held in batches for the target audience. The numbers shown above represent the share of the target audience which had completed assigned training during the preceding 24-month period.

Ethics and compliance - employee responses

(Survey results)	2022	2021	2020
Ethical and responsible business practices [1]	88	87	88

1) Scoring of aggregated employee responses to question "Ericsson shows a commitment to ethical and responsible business practices", measured on a scale of 0–100 with 100 being the most favorable result. Cradlepoint employees not included in 2021 and 2020 statistics. Vonage employees not included.

Compliance concerns reporting

The table below shows the number of compliance concerns received, the number investigated, the numberconcluded in the reporting year which were found to be substantiated, as well as the number of open investigations at year end. As the length of an investigation varies depending on case complexity, not all cases are concluded in the same year as they are reported. Hence, the number of substantiated cases and cases under investigation also includes cases received in prior reporting periods but which were concluded during the reporting year. Many matters reported are not referred for investigation. These are often inquiries of a general nature or other matters which are not deemed to be related to misconduct or breaches of the Code of Business Ethics. When applicable, these cases were referred directly to the relevant units for attention or remediation.

Reported, investigated and substantiated compliance concerns [1]

(No.)	2022
Concern intake and investigation	
Reported	1,092
Not referred for investigation [2]	877
Referred for investigation	215
Status at year end	
Substantiated [3]	118
Under investigation	209

Reported concerns by category

(No.)	2022
Fraud, corruption and regulatory breach	177
Conflicts of interest	69
Human resources	429
Discrimination	20
Human rights	–
Operations	125
Other [4]	272
Total	**1,092**

1) The process for categorizing compliance concerns underwent significant transformation in 2022 such that comparative figures are not available.

2) Cases received but not investigated as they pertained to inquiries of a general nature or other matters not deemed to be related to misconduct or breaches of the Code of Business Ethics.

3) Cases closed and concluded to be substantiated during the reporting year, some of which were reported in previous reporting years.

4) Includes reported concerns related to environmental sustainability, health and safety as well as concerns which were assessed as not constituting compliance concerns, such as product quality issues, employees testing the Compliance Line, or comments of a general nature. To the extent relevant these are referred to the relevant unit or function for attention.

Corrective and disciplinary actions by type [1]

(No.)	2022	2021	2020
Termination	39	97	87
Demotion	4	2	2
Written warning	74	89	87
Verbal warning	46	22	32
Resignation	8	19	28
Other	7	4	0
Total	**178**	**233**	**236**

1) Actions taken as a result of substantiated breaches of Ericsson's CoBE. Each action represents a unique individual meaning the sum of actions shown in this table cannot be directly compared to the number of substantiated cases shown above, as each case may involve several individuals. An individual is counted once in these statistics with the most severe action determining category classification.

G3 Supply chain and responsible sourcing

Ericsson's supply chain

Ericsson has a global supply chain with around 20,000 tier 1 suppliers and several thousand additional tier 2 and higher suppliers. However, only about 2,000 tier 1 suppliers make up more than 90% of the supplier spend. Of the total supplier base, around 200 suppliers are providers of hardware to Ericsson's production. Most of the supplier spend is related to purchases of electronics and mechanical components, outsourced electronics manufacturing, and Information and Communications Technology consulting and engineering.

Share of supplier spend

(%)	2022
Network products – hardware	22
Network services and managed services	18
Production services and test	19
Site products and logistics	12
IT	12
External workforce	7
Business Support Services	10
Total	**100**

Manufacturing supply chain

Manufacturing and assembly of Ericsson's electronic hardware is done both at Ericsson's own sites and at third-party electronic manufacturing services sites (EMS). In addition, a limited number of modules are manufactured by original/joint design manufacturing (ODM/JDM) suppliers supporting specific market and business requirements.

Ericsson supply hubs are regional distribution centers for logistics operations to serve customer orders and customer projects efficiently with activities like collection of deliveries from production units and suppliers, warehousing, co-packing, order configuration and transport optimization.

Regional inbound (component) hubs consolidate material from component suppliers and are a central point of component supply to the production sites, creating resilience and flexibility in inbound supply chains.

Manufacturing sites and hubs

(No.)	2022
Manufacturing sites	
Own sites	6
EMS	9
Hubs	
Supply	9
Component	2

Share of production (%) [1]	2022
Own sites	17
EMS	83

[1] Calculated based on the number of modules for radios and base bands delivered in the reporting year. Shares fluctuate over time due to factors such as demand forecasts and type of hardware that is produced.

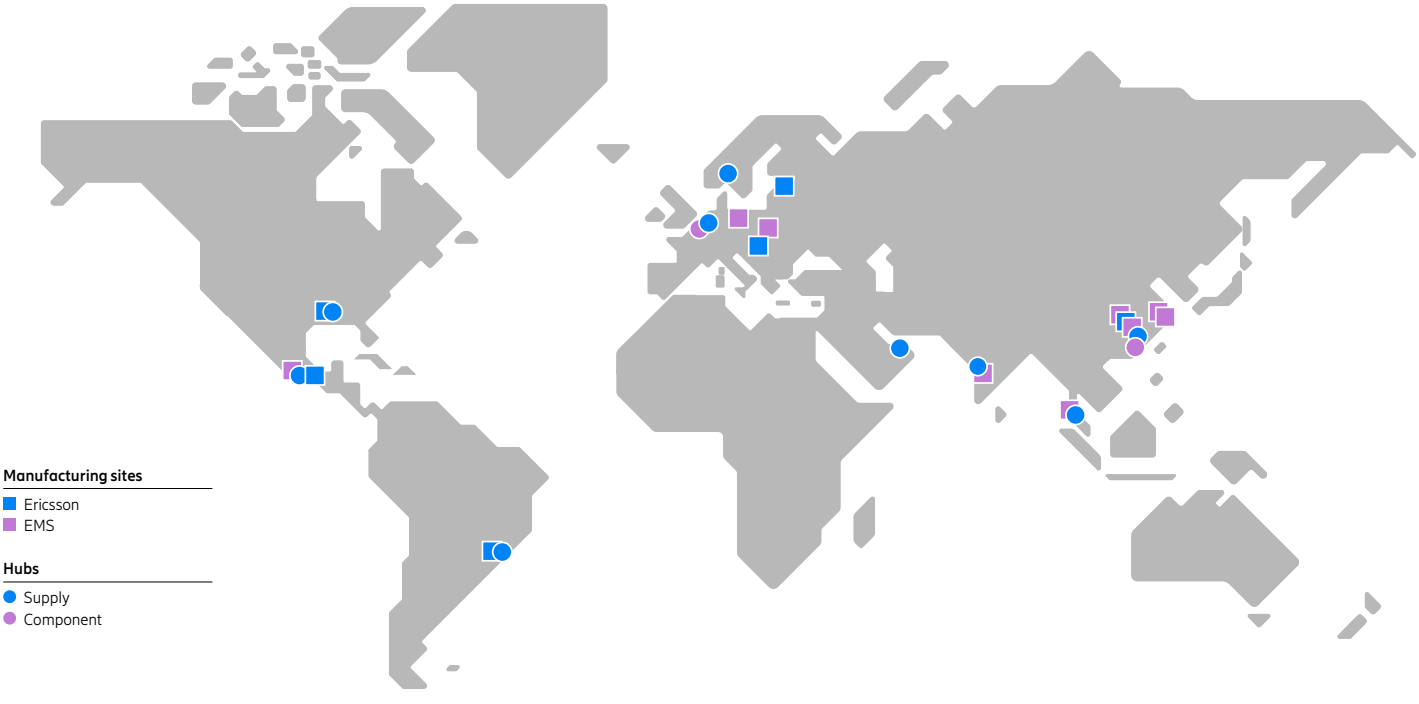
Impacts, risks and opportunities

Ericsson is involved in several indirect impacts through its business and supplier relationships. In the environmental area, greenhouse gas emissions and waste generation have been assessed as the most relevant ones. For human rights, labor-related rights such as risk of forced labor, living wages and working hours, have been identified as salient issues in the supply chain. As for health and safety-related impacts, the supplier category with the highest risk is site services and in particular field operations, where most fatalities and accidents in the supply chain occur. Additionally, with a complex and global supply chain come risks of business conduct by partners that are not aligned to a company's own values, principles and standards.

Regulation on supply chain visibility and traceability, particularly in regard to forced labor, is being introduced or considered in several of Ericsson's key markets. Companies must have robust processes for supply chain due diligence in place, or risk losing access to these markets.

Working together with suppliers not only helps them improve on their environmental, social and governance performance, it is also one way for Ericsson to create strong supplier relationships, and thereby help build supply chain resilience.

Ericsson's manufacturing supply chain



Note G3, cont'd.

Governance and policies

Within Ericsson's sourcing organization, a dedicated Responsible Sourcing unit is responsible for driving sustainability-related initiatives as part of the overall sourcing strategy.

The Code of Conduct (CoC) for Business Partners is the foundation for the Company's work with Responsible Sourcing and is part of standard supplier contracts. The CoC covers four main areas: anti-corruption and business ethics, human and labor rights, safe and healthy working conditions, and environmental management. In addition, and covering all these areas, there is a requirement on suppliers to have an established management system. Business partners must also ensure and monitor that their suppliers and subcontractors comply with the CoC, or other agreed equivalent standards.

Alongside the CoC, specific requirements on business partners and suppliers with regards to environment and occupational health and safety (OHS) are available and can be accessed through the Company's website.

The Ericsson Compliance Line, available to internal as well external stakeholders, including suppliers, can be used to report concerns about violations of policies or laws and regulations. See further information in note G2 on page 32.

Management approach

In line with Ericsson's vision and strategy, Supply Chain of the Future is one of the strategic focus areas within the sourcing organization. The objective is to build resilient, compliant and responsible supply chains. Within the Responsible Sourcing program, focus is on supplier alignment with environmental and OHS expectations, as well as adherence to the CoC in the supply chain.

Supplier segmentation

Ericsson segments its supplier base to efficiently manage and prioritize supplier relationship management activities, optimize value from the supplier base as well as manage risks. Suppliers are segmented into one of four categories based on a combination of the following four aspects; spend, risk, dependency and value. Suppliers in the top two categories are considered business critical.

Supply chain resilience and business continuity

Ericsson strives to have dual supply sources to strengthen the supply chain resilience wherever possible. The company also invests in strategic buffers to further reduce the risk of disruptions.

In addition, the Company has a process to monitor disruptive events in real time and offers suppliers to be visualized in the monitoring process. In case such an event occurs, Ericsson will be notified of which suppliers might be impacted. Based on supplier input about the event's impact, in combination with internal insights into the supply chain, the risk is assessed, and the perceived severity will guide mitigation activities for the specific event. The real-time monitoring can be extended to integrate a supplier's business continuity plans, enabling additional granularity in the analysis of the supplier's vulnerability.

Responsible sourcing

The scope of the Responsible Sourcing program mirrors the topics covered in the CoC. Appointed program managers drive and implement initiatives through networking within the line organizations. This work is aligned with the Sustainability and Corporate Responsibility strategy and is an integrated part of the supply chain strategy.

Supplier adherence to standards and requirements is verified through two audit programs, one based on the CoC and the other on Contract Compliance.

Code of Conduct audits

The purpose of the CoC Audit program is to assess suppliers' adherence to Ericsson's CoC. Suppliers in focus of this program are tier 1 suppliers and primarily those making up the top 90% of Ericsson's supplier spend. The inherent risk of these suppliers – based on factors such as purchase volume, country, type of service or product supplied and time since the last audit – is assessed and forms the basis for audit selection.

The audits are performed by a contracted third-party audit firm and are done primarily on-site, with remote audits being an option for high-risk countries. The overall audit criterion is adherence to the CoC, with specific criteria including, but not being limited to, employment conditions such as working hours, wages and management dialogue, OHS – such as accident and incident prevention, chemical handling as well as communication of requirements to sub-suppliers and contractors.

Non-conformities are required to be addressed through time-specific corrective action plans. Since the CoC is part of standard supplier contracts, suppliers failing to adhere to it may have their contracts terminated.

Because of travel restrictions during the pandemic, remote audits have increased in number, but always with the intention to perform on-site audits once restrictions have been eased and conditions allow for it. Ericsson does not conduct unannounced audits.

Contract compliance audits

Ericsson also conducts audits to verify compliance to agreements between suppliers and Ericsson. These are performed by Ericsson's internal auditors and follow the principles of ISO 9011 Guidelines for Auditing Management Systems. Besides the CoC, other criteria such as trade compliance, business continuity management and security are in the scope of these audits. Non-conformities are required to be addressed through time-specific corrective action plans.

Responsible Business Alliance

Ericsson is a member of the Responsible Business Alliance and is working to increase the share of participating suppliers, and to make further use of its audit programs and other assets.

Training and awareness raising

Ericsson offers free training through its website to its suppliers and business partners. Besides general training on the CoC, targeted content covering anti-corruption, conflict minerals, OHS and climate action is also available.

An internal online training covering modern slavery is available to all Ericsson employees and is mandatory for anyone that has supplier responsibility or a significant supplier contract. A set of trainings has been created for all Sourcing employees focusing on environmental requirements and how to guide suppliers to drive climate action. Direct access to the United Nation Global Compact and Sustainable Development Goals training academies is available to employees in the sourcing organization.

Conflict minerals due diligence

Ericsson bases its approach on sourcing of minerals and metals on the OECD Due Diligence Guidance for responsible Supply Chains of Minerals from Conflict-affected and High-Risk Areas. This process covers the metals tin, tantalum, tungsten, and gold (3TGs) as well as cobalt. As there are often several tiers of suppliers between Ericsson and smelters or refineries, the Company does not normally have a direct purchasing relationship with them. More information on this topic can be found in Ericsson's annual Conflict Minerals report, available on the Company's website.

Other measures

Anti-bribery and -corruption: More information on Ericsson's work with third-party management in relation to business ethics, and anti-bribery and corruption is available in note G2 on page 32.

Human rights: Ericsson assesses its supplier categories for risks for human rights risks, in particular risks for forced labor, and whether the risk is more relevant further back in the supply chain or with direct suppliers. More information on Ericsson's approach to human rights is available in note S3 on page 25.

Occupational health and safety: More information on Ericsson's work with OHS in its operations and in the supply chain is available in note S2 on page 24.

Climate action: To address emissions in the supply chain, Ericsson is engaging with select high-emitting and strategic suppliers. More information is available in note E2 on page 12.

Note G3, cont'd.

Performance metrics [1]

Supplier audits

(No.)	2022	2021	2020
Code of Conduct audits	114	124	83
Contract Compliance audits	15	24	23

Code of Conduct audit program

(%)	2022
Audit findings [2]	
Suppliers with non-conformities	97
Suppliers with critical non-conformities	6
Corrective action rate [3]	
All non-conformities	73
Critical non-conformities	63

[1] See note O2 on page 41 for an explanation on limitations regarding value chain reporting and disclosures.
[2] Calculated as the number of audited suppliers with identified non-conformities /critical non-conformities divided by the total number of audited suppliers in the preceding 24-month period
[3] Calculated as the number of non-conformities/critical non-conformities addressed and closed within 24 months from the time of identification, divided by the total number of identified non-conformities/critical non-conformities in the same period.

Smelter RMAP participation and conformity by minerals in scope[1]

2022

(No.)	Identified smelters	Participating smelters	Conformant smelters	Conformity rate (%) [2]
Cobalt	85	64	35	55
Gold	181	148	95	64
Tantalum	39	34	34	100
Tin	104	77	62	81
Tungsten	52	38	37	97
Total	**461**	**361**	**263**	**73**

2021

(No.)	Identified smelters	Participating smelters	Conformant smelters	Conformity rate (%) [2]
Cobalt	83	45	23	51
Gold	185	130	107	82
Tantalum	52	39	39	100
Tin	120	72	56	78
Tungsten	68	48	43	90
Total	**508**	**334**	**268**	**80**

[1] Responsible Minerals Assurance Process. Data is based on supplier responses as of January 31, 2023 and January 18, 2022 respectively and cover smelters identified in the supply chain.
[2] Out of RMAP participating smelters.

G4 Security and privacy

Impacts, risks, and opportunities

The increased sophistication of security threats poses a growing risk of incidents that can have significant adverse impact on companies, society and individuals. With around 50% of the world's 5G traffic, outside of Mainland China, carried over Ericsson's networks, the Company plays an important role in securing networks and user data. The increasing prevalence of cybersecurity threats creates both risks and opportunities, as effective security can be a source of competitive advantage, while a lack of such measures may risk damaging customer trust.

Additionally, Ericsson, faces increasing cybersecurity threats to its own operations, where supply-chain compromise, insider threats and ransomware attacks are some of the risks that potentially could have significant impact on the Company and its customers. Further, as stringent security, privacy and data localisation regulations have, and continue to be adopted, in many countries in which Ericsson operates, Ericsson faces challenges in ensuring that its business operations comply with these regulations. While Ericsson welcomes clear regulation in the area, the high implementation pace, complexity in the law, and contradictions between different legislation pose compliance challenges to the Company. This could have a material adverse effect upon the Company's business, customer relationships, reputation, operating results and financial condition an lead to potential regulatory action. For further information on Security and Privacy and risks relating thereto see the chapter Risk factors in the Financial report.

Governance and policies

At Ericsson, security and privacy are driven in three main pillars: enterprise security, product security, and privacy, as mandated by the Security Policy and the Privacy Policy.

Ericsson's Group Enterprise Security and Privacy Board, chaired by the Chief Finance Officer, is the central authority for the oversight of enterprise security and privacy. The Product and Technology Security Board, chaired by the Chief Technology Officer, is the central authority for oversight of Ericsson's product security and product privacy. The Audit and Compliance Committee and Technology and Science Committee of the Board of Directors regularly receive updates on security and privacy.

The Chief Security Officer is accountable for enterprise security, the Chief Product Security Officer for product security, and the Chief Privacy Compliance and Group Data Protection Officer for privacy.

Directives, frameworks and assurance

Security and privacy frameworks set requirements across the Company. These cover product security, information security, privacy, IT security, risk management, sourcing and third parties, incident management, insider threat prevention, business continuity, physical security, security in high-risk areas, and travel and event security. The purpose is to ensure all areas of Ericsson's business processes are covered and ensure the delivery of resilient products. Frameworks are developed in accordance with applicable regulations, international standards (ISO/IEC 27001 based on NIST CSF 2, GSM NESAS, ISO 22301) and best practices.

Adherence to frameworks and processes is achieved through quantitative and qualitative measurements and regularly recurring training including in-depth training and security awareness.

Management approach

Ericsson's security strategy is to strengthen the security posture of the Company and its portfolio through more integrated, proactive, and customized security and privacy controls. Ericsson's strategic objectives for 2025 include, but are not limited to, enhanced capabilities in cyber defense, for example, advanced threat hunting, artificial intelligence detection, and behavioral analysis to quicker detect and eliminate any threat actor activities. Ericsson will also continue to invest in rapid vulnerability management capabilities across the value chain to close any potential entry point for threats.

Identifying and managing security and privacy risks is embedded in the Company's business processes. Security or privacy risks are handled directly or escalated to the regional or global level for mitigation in accordance with frameworks and processes. Key risks are fed into the security and privacy strategy processes as the basis for strategic direction and prioritization.

Handling of security incidents

An incident management process is activated if a security risk materializes, or severe vulnerabilities are detected. Incidents are detected through technical

Note G4, cont'd.

controls or can be reported by employees or business partners through Ericsson's Security Incident Management System.

Escalation, management, and communication follow a defined global process. Confirmed security incidents are reported in accordance with applicable legal, regulatory, and contractual requirements. Incidents that result in employee security investigations are handled by a dedicated team. The People and Legal departments are notified in the event of disciplinary actions, and law enforcement is notified in the suspicion of criminal offence.

Resilience testing and business continuity

Response and recovery plans and processes are implemented throughout the Company to limit the scale and impact of an incident. The efficiency and robustness of response and recovery plans are continuously tested. Business continuity planning is in line with ISO 22301 and ISO/IEC 27001. For severe incidents, a root cause analysis with lessons learned and recommendations for improvement or mitigating actions is conducted and communicated.

Ericsson continuously tests its internal resilience against a variety of attacks by utilizing internal and third-party simulation and tests. Similar tailored security tests and simulations are integrated and automated throughout Ericsson's product development process.

Data privacy compliance

Ericsson's strategy for privacy compliance is executed through a company-wide privacy program. Ericsson works with the General Data Protection Regulation (GDPR) as the global baseline but focuses also on local deviations and adaptations where necessary. Ericsson's Binding Corporate Rules (BCRs) approved by the European data protection authorities define the binding privacy framework for the Ericsson Group entities.

Ericsson has designated persons and departments responsible for privacy issues across the Group. There are also appointed data protection officers with specific regulatory tasks where required under applicable laws.

The Company's privacy compliance is regularly assessed in internal audits. In addition, the Ericsson BCRs set out a framework for monitoring and auditing Ericsson Group's privacy compliance.

Performance metrics

Security incidents [1]	
(No.)	2022
Significant security incidents	–

[1] A significant security incident is cross-functional, complex/severe, or high impact in nature, potentially affecting multiple organizations, markets, business areas and/or customers and include, but are not limited to, those that require reporting/notification to authorities. The definition was updated in 2022 wherefore comparative figures are not available.

G5 Advocacy and policy influence

Impacts, risks, and opportunities

A company's business can be significantly impacted by changes in public policy and regulation in the market where it operates. Engaging in discourse with policy makers, either directly or through intermediary organizations to influence public policy, is a legitimate and often important means to create favorable business conditions, but companies must do so in a way that does not risk damage to their reputation or create risks of corruption. Companies must also ensure that their own positions on important policy matters are consistent with those of any organizations they participate in to maintain credibility and trust.

Governance and policies

The Ericsson Group Directive on Policy Advocacy and Interaction sets forth the binding requirements applicable to managing advocacy activities with public officials and industry representatives. These rules of engagement are mandatory for all government and policy advocacy personnel within the Company and apply to all interactions which involve an active advocacy and policy element on behalf of Ericsson.

Positions on various policy and regulatory topics are agreed and approved within established governing bodies consisting of senior representatives from different parts of the Company. These positions serve as a basis for any policy-related advocacy efforts, within industry organizations or directly with public officials.

Ericsson is a member of several organizations that provide policy recommendations and advice to public officials. The Company is mainly involved in organizations with a direct focus on Ericsson's business within electronics manufacturing and telecommunications, but also in organizations with a generic industrial and business focus.

Ericsson does not make any direct or indirect contributions to political parties or individuals running for political office, or in relation to ballot measures or political referendums of any kind, as stipulated by the Company's Code of Business Ethics. Exempt from this policy is support of voluntary employee contributions permitted under local law and supported by public reporting regulations.

Management approach

The objective of Ericsson's advocacy activities is to achieve positive and sustainable long-term conditions for the Company and the Information and Communications Technology sector in general. The Company aims to act as a trusted advisor, offering policy advice and recommendations when a legislative or regulatory action could impact its business and investment conditions. Ericsson sets out to do so in a way that does not risk damaging its reputation or create risks of corruption.

Only employees trained and individually authorized may engage in advocacy activities. An annual vetting process is set up to ensure that employees have obtained prior approval and authorization to speak to public officials. All external engagements with public officials to articulate a public position or Ericsson's view on a regulatory matter shall be registered and employees shall keep a record of contacts, dates of interactions as well as a summary of outcomes of discussions, action points and decisions. These records are analyzed quantitatively, as well as qualitatively through random checks on inputs.

Due diligence

The Company only participates in trade and industry associations that share the Company's ethical values, and it does not engage in any advocacy efforts that would undermine Ericsson's commitment to ethical business practices and its overall advocacy positions.

Any new or existing memberships due for renewal are subject to specific compliance review requirements and conditions. The same general principles, as described above, apply when any employee participates in advocacy activities under the umbrella of any one of these associations.

Climate policy alignment

The Company's memberships and involvement in multilateral industry organizations also cover climate-related advocacy efforts. It is central to Ericsson to only engage in partnerships that share the Company's position on a science-based climate perspective, not conflicting with the Paris Agreement, and partnerships are evaluated on a case-by-case basis.

Note G5, cont'd.

Significant policy topics

Below is a summary of the most significant topics on which Ericsson is engaging with industry and policy makers, and the Company's position on those topics.

Topic	Position
Data and artificial intelligence	The Company's ability to innovate by using data and transferring data across borders is crucial. Artificial intelligence is a necessity for 5G capabilities and Ericsson is committed to building trustworthiness into the systems by design.
Digital inclusion	Ericsson advocates universal internet coverage and digital inclusion, such as affordability and digital literacy efforts. The focus is on low-income countries and countries with low internet penetration. This is done through organizations such as The Broadband Commission for Sustainable Development and the International Telecommunication Union.
Environment and climate change	Ericsson contributes to consultations and hearings on strategies and legislative proposals in the area of environment and climate. The Company's approach is to advocate clear environmental legal requirements that are effective, based on science and that promote the environmental performance of the sector. Ericsson is also advocating for the benefits of digitaliza-tion and 5G in the transition to a Net Zero future.
Human rights	Ericsson is engaged in consultations for legislative proposals and policy developments, and it supports legislation in line with international human rights standards that ensure companies across value chains are covered by the same responsibilities, in particular in relation to the right to freedom of expression and privacy.
Industrial policy	Ericsson advocates a new EU industrial policy, where 5G is recognized as a requirement for Europe's digital transformation by prioritizing a build-out of national 5G coverage, and a regulatory environment that recognizes the B2B aspect of connectivity for industries. Actors who contribute to the creation of the standards should be reasonably compensated for their R&D investments through standard essential patent licensing, while at the same time access is provided to standardized technology.
Network regulation	Ericsson has consistently supported a framework for net neutrality that gives people access to the content, applications and services they want, while at the same time promoting continued investments, experi-mentation, differentiation and innovation.
Network security	Ericsson supports a comprehensive approach to net-work security in mobile telecom networks to ensure that consumers are effectively protected. Such an approach builds on mitigating measures that are implemented with consideration to security relevant interdependencies between layers (standards, products and related development processes, network deployments and network operation that define the security experience), as well as a risk-based approach to mitigation measures within specific layers.
Spectrum allocation and deployment	Timely availability of sufficient amounts of harmonized licensed spectrum is the most efficient way to use spectrum to address both public and private sectors. Ericsson engages on discussions related to availability of spectrum in the short (5G), medium (5G-Advanced) and long term (6G) and advocates harmonization of both spectrum allocations and technical conditions.

Memberships

Ericsson is a member of several international, national and local organizations, which to varying degrees advocate and/or exercise influence over public policy development. Below are the most significant memberships maintained on a Group level. Memberships maintained by subsidiaries and local entities are not included, which is why the list should not be considered exhaustive.

Industry and trade organizations

- African Telecommunications Union
- American Chamber of Commerce
- Asia-Pacific Telecommunity (APT)
- Association of Swedish Engineering Industries (Teknikföretagen)
- Digital Europe
- European Forum for Manufacturing
- European Internet Forum
- European Telecommunications Network Operators' Association (ETNO)
- Global System for Mobile Communications Association (GSMA)
- Hong Kong Chamber of Commerce in Sweden
- International Chamber of Commerce
- International Council of Swedish Industry (NIR)
- Stockholm Chamber of Commerce
- Sweden – China Trade Council
- Sweden – Finnish Chamber of Commerce
- Sweden – German Chamber of Commerce
- Sweden – India Business Council, Round Table
- Sweden – Saudi Business Council
- Sweden Eurasia Chamber of Commerce
- Sweden's General Association for Trade
- Sweden-Bangladesh Business Council
- Swedish – Thai Chamber of Commerce
- Swedish International Chamber of Commerce (ICC)
- Swedish South African Chamber of Commerce
- Tech Sweden
- The International Institute of Communications (IIC)
- The Swedish Institute of International Affairs.

Advocacy organizations

- Business Europe
- European Round Table of Industrialists (ERT)
- World Economic Forum (WEF).

Section O – Other – Basis for preparation

O1 Stakeholder engagement and materiality

Ericsson continuously engages with its stakeholders through different channels to understand their expectations, requirements and concerns around current and emerging environmental, social and governance (ESG) topics. The table below contains highlights of stakeholder engagements taking place over the past year, and the main topics raised by the different stakeholder groups.

Stakeholder group	Examples of ESG-related stakeholder engagements	Main topics and concerns raised
Employees	– Employee surveys – Volunteering and donations campaignes – Cultural transformation workshops – Training and awareness-raising initiatives.	– Business ethics and anti-corruption – Health, safety and well-being of workforce, including transition to hybrid working models – Learning and development – Climate action.
Customers	– Individual customer meetings and dialogues – Customer ESG assessments – Joint research and development.	– Business ethics and anti-corruption – Portfolio sustainability, including energy performance and cir-cularity – Product security and quality features – Role of industry and digitalization in society – Industry-wide supply chain requirements.
Shareholders	– Investor dialogues and Capital Markets Day – Analyst inquiries and meetings – ESG ratings and rankings.	– Business ethics and anti-corruption – Corporate governance – Portfolio sustainability – Transparent and comparable ESG reporting.
Society		
Suppliers	– Responsible Business Alliance – 1.5 C Supply Chain Leaders – Supplier assessments and audits – Supplier training, seminars and workshops.	– Business ethics and anti-corruption – Health, safety and well-being of workforce – Labor rights and working conditions – Environmental and climate requirements – Conflict minerals and material traceability.
Regulators and international institutions	– Policy advocacy toward regulators – Partnerships with: UNICEF/UNHCR/UN World Food Programme UN B-tech Project World Health Organization ITU/UNESCO Broadband Commission for Sustainable Development.	– Environmental and human rights impacts of ICT sector – Digital inclusion and connectivity – Digital education – Humanitarian relief efforts – Radio waves and health.
Academia and business	– Joint research and research funding – Development of technology curriculum – Participation in standardization bodies – Membership of industry associations – European CEO Alliance.	– Environmental impacts of ICT sector – Enablement effect of ICT in mitigating climate change – Radio waves and health.
Civil society, NGOs and other	Participation in/partnerships with: – COP27 – World-Wide Fund for Nature – Exponential Roadmap Initiative – Global Network Initiative.	– Collective climate action – Protection of right to privacy and freedom of expression – Digital inclusion and education.

Materiality analysis

Ericsson has been assessing its business' impacts on people and the environment for many years. Much of this work has been done through peer-reviewed research, particularly on products' environmental impacts through life-cycle analyses. In addition, Ericsson conducts due diligence on human rights to identify salient human rights relevant to its business. Non-financial factors, such as security and privacy, and people matters are also integrated into the Company's Enterprise Risk Management Framework. Topic-specific impacts, risks and opportunities are described in connection to each specific topic on pages 11 to 39 in this report.

These inputs form the foundation for Ericsson's materiality analysis. Informing the analysis are also stakeholder engagements and dialogues as described above, as well as external benchmarks.

The matrix on the next page summarizes the outcome of the materiality analysis. The Board of Directors and Executive team reviews the outcome of the materiality analysis as part of their review and approval of the Sustainability and Corporate Responsibility report as a whole.

Ericsson acknowledges the increasing expectations on companies to conduct due diligence and the factors to consider when identifying material environmental, social and economic impacts, risks and opportunities. Ericsson plans to develop its process for identifying material ESG topics in the coming years to further inform its strategies, as well as define the scope of its external disclosures, in alignment with emerging regulation.

Materiality as referred to in the Sustainability and Corporate Responsibility report refers to the level of direct and indirect impact Ericsson, through its operations and its value chain, has or may have on the environment, people and society. This definition of materiality is different from, and should not be interpreted as, the definition of materiality used in the context of mainstream and regulatory financial reporting.

Note O1, cont'd.

- **A** Business ethics and anti-corruption
- **B** Climate action – portfolio energy performance
- **C** Human capital [1)]
- **D** Health, safety and well-being
- **E** Security and privacy
- **F** Radio waves and health
- **G** Climate action – own activities
- **H** Human rights
- **I** Resource circularity
- **J** Responsible management of suppliers
- **K** Digital inclusion
- **L** Biodiversity
- **M** Non-GHG emissions to air
- **N** Water [2)]
- **O** Waste [3)]
- **P** Corporate citizenship

Topics considered significant and covered in this report
Topics not considered significant and therefore not covered in this report

1) Human capital covers several people-related aspects such as talent attraction and retention, diversity and inclusion and learning and development.
2) Water in this context refers to process and sanitary water use at Ericsson's own facilities.
3) Waste in this context refers to waste generated in Ericsson's day-to-day operations. Waste in the form of end-of-life products is included under the topic "Resource circularity".

O2 Reporting principles, scope and external assurance

This Sustainability and Corporate Responsibility report ("the report"), published on March 7, 2023, constitutes Ericsson's annual statutory sustainability report and contains information about impacts, risks and opportunities, governance and policies, management approaches, targets and performance metrics relevant to material environmental, social and corporate governance (ESG) related aspects of the Company and its value chain. A description of Ericsson's business model can be found on pages, 1 and 5–11, and a description of financial and non-financial risk factors on pages 108–122 of the Financial Report, which is also part of Ericsson's Annual Report.

Reporting principles and frameworks

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. Ericsson has in the preparation of the report applied reporting principles as prescribed in the standard GRI 1: Foundation (2021). The report has also been prepared in accordance with the UN Guiding Principles on Business and Human Rights reporting framework.

In addition, the report includes climate-related disclosures included in the recommendations of the Taskforce on Climate related Financial Disclosures (TCFD) as well as relevant disclosures in applicable Sustainability Accounting Standards Board (SASB) standards. Ericsson is also reporting on the core disclosures of the Stakeholder Capitalism Metrics developed and endorsed by the International Business Council and the World Economic Forum.

As a supplement to the report, an ESG reporting reference index is published on the ESG section of the Investor Relations pages on Ericsson's website. The index contains detailed references to applied reporting frameworks and standards and includes the GRI content index.

Scope and boundaries

Unless otherwise stated, the information and data provided pertain to the period January 1 to December 31. The report covers the Ericsson Group, that is the parent company Telefonaktiebolaget LM Ericsson and its subsidiaries as presented in note P8 to the parent company's financial statements in the Financial Report. The report does not include environmental and social data related to associated companies or joint ventures. These constitute a limited share of the Group's headcount and operations.

As a general principle, baselines for Group ESG targets are recalculated when the effect of a merger, acquisition or divestment on the performance of a target key performance indicator is assessed as significant. In other cases, baselines or data pertaining to previous reporting periods are not restated. Information on restatements made in the reporting year can be found in note O3 on page 42.

In 2022 Ericsson acquired Vonage, now part of Businness Area Global Communications Platform and in 2020, Cradlepoint, now part of Business Area Enterprise Wireless Solutions. For a number of disclosures, primarily people-related, these entities have not yet been fully consolidated into the Group's ESG reporting. At year end 2022, these entities had a headcount of about 2,300 and 1,300 employees respectivly, equal to 3.4% of the Group's total headcount. Where the scope of a disclosure point excludes one or both of these entities, this is indicated in a footnote.

This report contains disclosures related to the Company's up- and down-stream value chain including suppliers, vendors, customers and other business partners. There are inherent uncertainties to the completeness, accuracy and verifiability of this information as it relates to performance and activities which are beyond the Company's direct influence and oversight.

External assurance

The report has been subject to assurance procedures by the Company's statutory auditors in accordance with the assurance standard ISAE 3000. The report as a whole has been subject to limited assurance procedures. Additionally, information on greenhouse gas emissions in Scope 1, 2 and Scope 3 categories Business Travel and Downstream Transportation, presented in note E2, as well as information on the share of women per employee category, presented in note S1, have been subject to reasonable assurance procedures. The assurance statement can be found on page 43.

Related reporting and disclosures

Ericsson publishes other ESG-related statements and reports on its website, such as the annual CDP Climate Change questionnaire response, a Modern Slavery and Human Trafficking Statement, and a Conflict Minerals Report.

Contact information

Inquiries related to this report can be made to:
corporate.responsibility@ericsson.com

03 Restatements of information

- The following information in note E2 has been restated:
  - Emissions in scope 3 category Business travel has been restated as Ericsson has refined its methodology for estimating these emissions. Figures reported for 2021 and 2020 have been restated from 12 and 17 to 9 and 14 thousand tonnes of CO_2e respectively to make them comparable to data reported for 2022
  - Emissions in scope 3 category Employee commuting has been restated as Ericsson has refined its methodology for estimating these emissions. Figures reported for 2021 and 2020 have been restated from 23 and 30 to 27 and 37 thousand tonnes of CO_2e respectively to make them comparable to data reported for 2022
  - Emissions in scope 3 category Use of sold products and services has been restated as Ericsson has refined its methodology for estimating these emissions in 2022. Figures reported for 2021 and 2020 have been restated from 32 and 34 to 25 and 27 million tonnes of CO_2e respectively to make them comparable to data reported for 2022. The resulting reduction in emissions is due to a combination of using more granular methods for estimating sold products' energy consumption, updated average grid emission factors, and consideration of individual customers' purchases of renewable energy, where such data is available. Consequently, related information in note E2 on the share of the value carbon footprint and emissions intensity broken down per scope has also been restated
- Information in note E3 on product take-back volumes has been restated as Ericsson has redefined the scope of this disclosure. Previously this included all products received through the take-back program, regardless of if they had been put on the market or not. From 2022 and onwards the scope is limited to the weight of products taken back from customers, and not from internal sources, such as redundant stock. Total weights reported for 2021 and 2020 have been restated from 8,850 and 10,203 to 5,389 and 6,079 tonnes respectively, as has data broken down by disposal method, to make figures comparable to those reported for 2022
- Information in note S2 on employee to CEO total compensation ratio reported for 2021 has been restated from 97 to 98. This is due to Cradlepoint employees being excluded from the restated 2021 figures because of limitations in accessing comparable data for total compensation.

Assurance report

Auditor's Assurance Report on Ericsson's Sustainability and Corporate Responsibility Report and statement regarding the Statutory Sustainability Report

To Telefonaktiebolaget LM Ericsson, corporate identity number 556016-0680

Introduction
We have been engaged by the Board of Directors and Executive Management of Telefonaktiebolaget LM Ericsson ("Ericsson") to undertake an assurance engagement of the Ericsson Sustainability and Corporate Responsibility Report ("the Sustainability Report") for the year 2022. The Company has defined the scope of the Sustainability Report on page 41 in the Sustainability Report, which also constitutes the Statutory Sustainability Report.

Responsibilities of the Board of Directors and the Executive Management
The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 41 in the Sustainability Report, and are part of the Sustainability Reporting Standards published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express a conclusion on the Sustainability Report based on the assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our engagement in accordance with ISAE 3000 (revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. The engagement includes limited assurance on the complete Sustainability Report, and an audit of selected information consisting of GHG emissions in Scope 1, 2, and Scope 3 categories Business travel and Downstream transportation disclosed on page 15, as well as information on the share of women per employee category, disclosed on page 22 in the Sustainability Report.

The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the selected information in the Sustainability Report. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 *The auditor's opinion regarding the Statutory Sustainability Report*. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Ericsson in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit. Since this engagement is combined, our conclusions regarding the limited assurance, the reasonable assurance, and the examination according to RevR 12 will be presented separately below.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

In our opinion, the selected information in the Sustainability Report which has been subject to our reasonable assurance procedures has, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and Executive Management

A Statutory Sustainability Report has been prepared.

Stockholm 7 March 2023

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Lennart Nordqvist
Expert Member of FAR

Glossary

2G
Second generation of mobile systems (the first digital generation). Includes GSM, TDMA, PDC and cdmaOne.

3G
Third generation mobile systems. Includes WCDMA/HSPA, CDMA2000 and TD-SCDMA.

4G
Fourth generation mobile systems, also known as LTE.

5G
The fifth generation of mobile systems. An evolution of 4G/LTE.

ABC
Anti-bribery and corruption.

AI
Artificial intelligence. The ability of a machine to perform a task commonly associated with intelligent beings.

API
Application programming interface. A software intermediary for two or more computer programs to communicate with each other.

Cloud native
Software approach of building, deploying, and managing modern applications in cloud computing environments.

CO_2e
Carbon dioxide equivalents. The amount of a particular greenhouse gas, expressed as the amount of carbon dioxide that gives the same greenhouse effect.

COVID-19
The disease caused by the coronavirus (SARS-CoV-2).

COVID-19 pandemic
The global spread of the disease caused by the coronavirus (SARS-CoV-2).

Downstream in value chain / Downstream emissions
Activities (and related greenhouse gas emissions) occurring post manufacturing/productions, primarily associated with a product or service's distribution, use and end-of-life phases.

ESG
Environment, Social, and Governance. Refers to the three overarching themes for assessing non-financial factors which can impact a company's value-creating abilities and enterprise value.

GHG
Greenhouse gases. Naturally occurring and man-made gases that trap heat in the atmosphere, contributing to the greenhouse effect warming the earth.

GHG (Greenhouse gas) protocol
A global standardized framework for measuring, accounting and managing greenhouse gas emissions.

Global Reporting Initiative (GRI) Standards
The first and most widely adopted global standards for sustainability reporting. GRI is an independent international organization that has pioneered sustainability reporting since 1997.

GSM
Global System for Mobile Communications. Second generation mobile system.

ICT
Information and Communication Technology.

IoT
Internet of things, interconnection of computing things enabling them to send and receive data.

ITU
International Telecommunication Union.

LCA
Life-Cycle Assessment. An approach for calculating the environmental impact of a product or service across all its lifecycle phases, ranging from extraction of raw materials and manufacturing to usage and end-of-life management.

LTE
Long-Term Evolution. 4G; the evolutionary step of mobile technology beyond 3G HSPA, allowing data rate above 100 Mbps.

LWI
Lost workday incidents. An incident resulting in one or more lost workdays.

Mobile broadband
Wireless high-speed internet access using the HSPA, LTE, CDMA2000EV-DO and 5G technologies.

Net Zero
A state in which no net additions of greenhouse gases are released into the atmosphere. Organizations can achieve this primarily by reducing their emissions as well as using certain accepted carbon capture, removal and storage technologies to neutralize any unavoidable remaining emissions.

Own Activities
Cover GHG emissions in Scope 1, 2, and Scope 3 categories Business Travel and Employee Commuting.

SASB
Sustainability Accounting Standards Board.

SBTi
The Science Based Target initiative, A partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that defines and promotes best practice in emissions reductions and net-zero targets in line with climate science, including providing a second opinion on the ambition level of targets set by corporates and other entities.

Scope 1
Direct GHG emissions derived from sources that are owned or controlled by an organization, typically through combustion of fossil fuels.

Scope 2
Indirect GHG emissions derived from the energy purchased and consumed, but not generated by, an organization, typically from acquired electricity, heating and cooling.

Scope 3
Other indirect GHG emissions which are a consequence of the activities of the company but are derived from sources not owned or controlled by the company. These include emissions occurring in the supply chain as well those occurring when customers use a company's products and services.

SDGs
Sustainable Development Goals. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership.

TCFD
Task force on Climate related Financial Disclosures.

The Paris Agreement
A legally binding international treaty on climate change, adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris 2015. The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2 C and pursuing efforts to limit it to 1.5 C.

UNGC
United Nations Global Compact. Is a voluntary initiative adopted in 2005 by the UN Secretary-General, based on CEO commitments to Implement universal sustainability principles and to take steps to support the UN Sustainable Development Goals.

UNGP
The UN Guiding Principles Reporting Framework was launched in February 2015 and is the first comprehensive guidance for companies to report on human rights issues in line with their responsibility to respect human rights. This responsibility is set out in the UN Guiding Principles on Business and Human Rights, which constitute the authoritative global standard in this field.

UNHCR RETS
United Nations High Commissioner for Refugees – Refugee Emergency Telecommunications Sector. RETS is the mechanism through which UNHCR coordinates the communications technology response in emergencies.

UNICEF
United Nations children's fund, established in 1946, and responsible for providing humanitarian and developmental aid to children worldwide.

Upstream in value chain / upstream emissions
Activities (and related greenhouse gas emissions) occurring in an organization's supply chain, including extraction of raw materials, manufacturing, assembly and distribution of purchased products and components, and other acquired services.

WEF
World Economic Forum.

WFP-led ETC
Emergency Telecommunications Cluster led by World Food Programme (WFP).

More information

Information about Ericsson and its development is available on the website: www.ericsson.com. Annual and interim reports and other relevant shareholder information can be found at: www.ericsson.com/investors

Every care has been taken in the translation of this annual report to English. However, in the event of discrepancies, the Swedish original will supersede the English translation.

Contact details

Ericsson headquarters
Torshamnsgatan 21, Kista
SE-164 83 Stockholm
Sweden

Registered office
Telefonaktiebolaget LM Ericsson
Torshamnsgatan 21, Kista
SE-164 83 Stockholm
Sweden

Investor relations
For questions on the Company, please contact Investor Relations:
Phone: +46 10 719 0000
Email: investor.relations@ericsson.com

Contact details for ADR program

For ADR institutional investors and brokers
Deutsche Bank ADR broker services desk
New York: Tel +1 212 250 9100
London: Tel +44 207 547 6500

For registered ADR Holders
Deutsche Bank Shareholder Services
American Stock Transfer & Trust Company
Email: DB@amstock.com
Toll-free number: +1 800 937 5449
Direct Dial: +1 718 921 8124

Ericsson Annual Report 2022

Project management
Ericsson Investor Relations

Design and production
SAFIR Communication

Photos of Board of Directors and Executive Team
Glenn Røkeberg

Printing
Larssons Offset 2023
Printed on Amber Graphic

For printed publications

Order a hard copy of the Annual Report – online:
https://www.ericsson.com/en/investors/financial-reports/order-annual-report

Order a hard copy of the Annual Report – phone:
Strömberg Distribution
Phone: +46 8 449 88 16

About Ericsson

We are one of the leading providers of Information and Communications Technology (ICT). We enable the full value of connectivity by creating game-changing technology and services that are easy to use, adopt, and scale, making our customers successful in a fully connected world. Our portfolio spans Networks, Cloud Software and Services, Enterprise Wireless Solutions, Global Communications Platform, Technologies and New Businesses, and IPR licensing.

The Company has approximately 105,000 employees, and customers in around 180 countries. Ericsson is headquartered in Stockholm, Sweden. Our shares are listed on Nasdaq Stockholm and our American Depositary Shares (ADS) are listed on Nasdaq New York. Ericsson's vision is a world where limitless connectivity improves lives, redefines business and pioneers a sustainable future.

Telefonaktiebolaget LM Ericsson
SE-164 83 Stockholm, Sweden
Telephone +46 10 719 00 00
www.ericsson.com

EN/LZT 138 2360/4 R1A