

# Corporate Governance report

Part of  
Ericsson  
Annual Report  
2020

Annual Report 2020

Financial  
report

Corporate  
Governance  
report

Remuneration  
report

Sustainability  
and Corporate  
Responsibility  
report



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This Corporate governance report is rendered as a separate report added to the Annual Report in accordance with the Annual Accounts Act ((SFS 1995:1554) Chapter 6, Sections 6 and 8) and the Swedish Corporate Governance Code.

The report has been reviewed by Ericsson's auditor in accordance with the Annual Accounts Act.

A report from the auditor is appended hereto.

# Corporate Governance report 2020

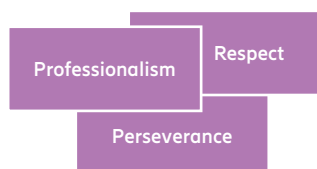
Corporate governance describes how rights and responsibilities are distributed among corporate bodies according to applicable laws, rules and internal processes. Corporate governance also defines the decision-making systems and structures through which owners directly or indirectly control a company.

“One of the top priorities for the Board is to oversee the Company’s continued strengthening of its Ethics and Compliance program to ensure that the Company lives up to high standards, with our Code of Business Ethics providing an important framework.

The Board views the Company’s ongoing initiatives to continuously foster a ‘speak-up’ culture as critical to succeeding with this work and supports the Company’s ongoing cultural transformation program, Ericsson on the Move, aimed at fostering a culture based on integrity and fact-based decision making.”

**Ronnie Leten**  
Chair of the Board

## Ericsson's core values



Our core values are the foundation of our culture. They guide us in our daily work, in how we relate to each other and the world around us and in the way we do business.

The Code of Business Ethics and the Code of Conduct for Business Partners can be found on Ericsson's website.

### Ericsson on the Move

Ericsson on the Move is a cross-organizational journey that involves all employees and aims at strengthening our culture in five focus areas:

- Cooperation and collaboration,
- Fact-based and courageous decisions,
- Executing speedily,
- Empathy and humanness, and
- A speak-up environment;

enabling us to write our next chapter of our Ericsson story together.

Strengthening our behaviors in these focus areas will support our company transformation in which change is a constant state, enable the role modeling of our ethical and responsible business practices, bring our People Story to life and create a thriving environment for our employees to take Ericsson into the future. The behaviors are closely connected to Ericsson's core values, which describe the moral principles that guide us in how we demonstrate these five focus areas.

## Regulation and compliance

### External rules

As a Swedish public limited liability company with securities quoted on Nasdaq Stockholm as well as on NASDAQ New York, Ericsson is subject to a variety of rules that affect its governance. Some relevant external rules applicable to Ericsson's governance include:

- The Swedish Companies Act
- Applicable EU regulations
- Nordic Main Market Rulebook for Issuers of Shares, Nasdaq Nordic
- The Swedish Corporate Governance Code (the "Code")
- NASDAQ Stock Market Rules, including applicable NASDAQ New York corporate governance requirements (subject to certain exemptions principally reflecting mandatory Swedish legal requirements)
- Applicable requirements of the US Securities and Exchange Commission (SEC).

### Internal rules

In addition, to ensure compliance with legal and regulatory requirements and the high standards that Ericsson has set, Ericsson has adopted internal rules that include:

- A Code of Business Ethics
- Group Steering Documents, including Group policies and directives, instructions and business processes for approval, control and risk management
- A Code of Conduct for Business Partners.

The articles of association and the work procedure for the Board of Directors also include internal corporate governance rules.

## Sustainability and corporate responsibility governance

Ericsson's approach to sustainability and corporate responsibility is an integral part of the Company's strategy and culture and is embedded across its operations to drive business transformation and create value for stakeholders.

Ericsson's approach to sustainability and corporate responsibility is integrated into the business operations and its environmental, social and economic performance is regularly measured, assessed and externally assured. A dedicated Sustainability & Corporate Responsibility unit belonging to Group Function Marketing and Corporate Relations is accountable for developing and implementing strategies, policies, directives, targets, processes and tools related to sustainability and corporate responsibility.

The Board of Directors oversee the Company's sustainability and corporate responsibility strategy and risk and performance is reported annually to the Board, or more often as needed.

Ericsson has prepared a separate Sustainability Report in accordance with the Swedish Annual Accounts Act, named the Sustainability and Corporate Responsibility Report 2020.

## Compliance with regulations

### Compliance with the Swedish Corporate Governance Code

The Code is based on the principle of "comply or explain" and is published on the website of the Swedish Corporate Governance Board, which administers the Code: [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se). Ericsson does not report any deviations from the rules of the Code in 2020.

### Compliance with applicable stock exchange rules

There has been no infringement by Ericsson of applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2020.

**FCPA Compliance Monitor**

In 2019, Ericsson announced the resolution of investigations by the US Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) regarding the Company’s compliance with the US Foreign Corrupt Practices Act (FCPA). As part of the settlement, Ericsson has agreed to engage an independent compliance monitor for a period of three years while the Company continues to undertake significant reforms to strengthen its Ethics & Compliance program. In 2020, the three-year period for the monitorship commenced by the appointment of Dr. Andreas Pohlmann of the firm Pohlmann & Company – Compliance and Governance Advisory LLP as Ericsson’s monitor. The monitor’s main responsibilities include reviewing Ericsson’s compliance with the terms of the settlement and evaluating the Company’s progress in implementing and operating its enhanced compliance program and accompanying controls as well as providing recommendations for improvements.

**Code of Business Ethics**

Ericsson’s Code of Business Ethics summarizes fundamental policies and directives and contains rules to ensure that the business is conducted with a strong sense of integrity. It reflects the Company’s commitment to all internationally recognized human rights, including those outlined in the International Bill of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work as well as the United Nations Guiding Principles on Business and Human Rights.

The Code of Business Ethics is applicable to all individuals performing work for Ericsson (including the Board of Directors and the President and CEO) and has been translated into several languages to ensure that it is understood by Ericsson’s workforce. Everyone working for the Company has an individual responsibility to ensure that business practices adhere to the Code of Business Ethics.

The Company reviews and updates the Code of Business Ethics’ content on a regular basis and periodically runs an acknowledgment process to ensure that everyone performing work for Ericsson has read and understood it. Upon recruitment, new employees are asked to acknowledge the code.

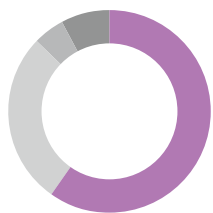


The Code of Business Ethics and the Code of Conduct for Business Partners can be found on Ericsson’s website.



## Shareholders

Ownership percentage (voting rights)



Swedish institutions:	59.81%
Of which:	
– Investor AB:	22.81%
– AB Industrivärden:	19.26%
(together with SHB Pensionsstiftelse and Pensionskassan SHB Försäkringsförening)	
– Cevian Capital:	3.25%
Foreign institutions:	27.63%
Swedish retail investors:	4.81%
Others:	7.75%

Source: Nasdaq

### Governance structure

Shareholders may exercise their decision-making rights in Telefonaktiebolaget LM Ericsson (the “Parent Company”) at General Meetings of shareholders.

A Nomination Committee is appointed each year by the major shareholders in accordance with the Instruction for the Nomination Committee adopted by the Annual General Meeting of shareholders. The tasks of the Nomination Committee include the proposal of Board members and external auditor for election by the Annual General Meeting of shareholders and proposal of Board member and auditor remuneration.

In addition to the Board members elected by shareholders, the Board of Directors consists of employee representatives and their deputies who the unions have the right to appoint under Swedish law. The Board of Directors is ultimately responsible for the strategy and the organization of Ericsson and the management of its operations.

The President and CEO, appointed by the Board of Directors, is responsible for handling the day-to-day management of Ericsson in accordance with guidelines issued by the Board. The President and CEO is supported by the Executive Team.

The external auditor of Ericsson is elected by the shareholders at the General Meeting of shareholders.

### Ownership structure

As of December 31, 2020, the Parent Company had 424,696 registered shareholders, of which 412,285 were resident or located in Sweden (according to the share register kept by Euroclear Sweden AB). Swedish institutions held approximately 59.81% of the votes. The largest shareholders as of December 31, 2020 were Investor AB with approximately 22.81% of the votes

(7.68% of the shares) and AB Industrivärden (together with Svenska Handelsbankens Pensionsstiftelse and Pensionskassan SHB Försäkringsförening), with approximately 19.26% of the votes (3.31% of the shares) and Cevian Capital with 3.25% of the votes (5.45% of the shares).

During 2020, Cevian Capital’s holding in the Company has reduced to 3.25% of the votes (5.45% of the shares) from the previous 4.99% of the votes (8.43% of the shares) by the end of 2019.

A significant number of the shares held by foreign investors are nominee-registered, i.e. held of record by banks, brokers and/or nominees. This means that the actual shareholder is not displayed in the share register or included in the shareholding statistics.

More information on Ericsson’s shareholders can be found in the chapter “The Ericsson share” in the Financial Report.

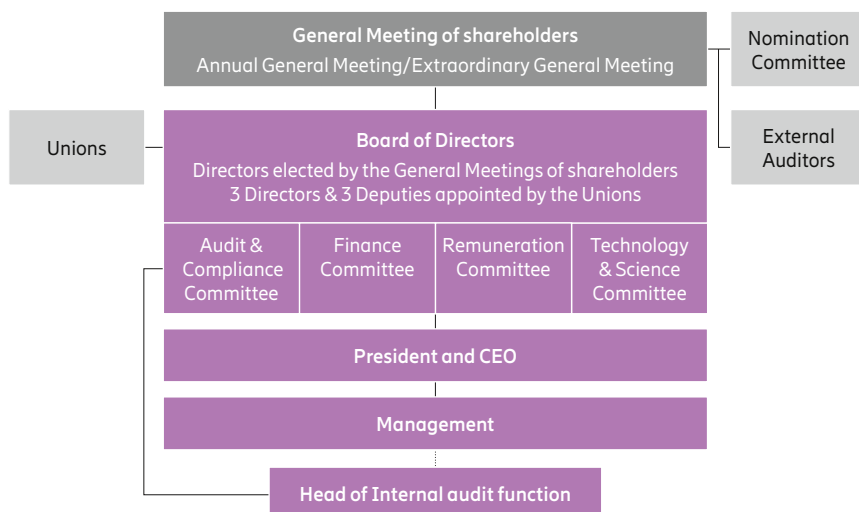
### Shares and voting rights

The share capital of the Parent Company consists of two classes of shares listed on Nasdaq Stockholm: A and B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote. Class A and B shares entitle the holder to the same proportion of assets and earnings and carry equal rights to dividends.

The Parent Company may also issue Class C shares, which are converted into Class B shares to create treasury stock to finance and hedge long-term variable compensation programs resolved by the General Meeting of shareholders.

In the US, the Ericsson Class B shares are listed on NASDAQ New York in the form of American Depositary Shares (ADS) evidenced by American Depositary Receipts (ADR). Each ADS represents one Class B share.

### Governance structure



The members of the Board of Directors and the Executive Team have the same voting rights on shares as other shareholders holding the same class of shares.

## General Meetings of shareholders

### Decision-making at General Meetings

The decision-making rights of Ericsson's shareholders are exercised at General Meetings of shareholders. Most resolutions at General Meetings are passed by a simple majority. However, the Swedish Companies Act requires qualified majorities in certain cases, for example in case of:

- Amendment of the Articles of Association
- Resolution to transfer treasury stock to employees participating in long-term variable compensation programs.

### The Annual General Meeting of shareholders

The Annual General Meeting of shareholders (AGM) is held in Stockholm. The date and venue for the meeting are announced on the Ericsson website no later than at the time of release of the third-quarter interim financial report in the preceding year.

Shareholders who cannot participate in person may be represented by proxy. Only shareholders registered in the share register have voting rights. Nominee-registered shareholders who wish to vote must request to be entered into the share register by the record date for the AGM.

The AGM is held in Swedish and is simultaneously translated into English. Documentation provided by the Company is available in both Swedish and English.

The AGM gives shareholders the opportunity to raise questions relating to the operations of the Group. Normally, the majority of

the members of the Board of Directors and the Executive Team is present to answer such questions.

The external auditor is present at the AGM.

### Ericsson's AGM 2020

Including shareholders represented by proxy, 1,652 shareholders were represented at the AGM held on March 31, 2020, representing approximately 70% of the votes.

Due to the risks relating to the COVID-19 pandemic and local rules limiting the maximum number of attendees at public events to no more than 50 persons, Ericsson took a number of precautionary measures in relation to its AGM 2020 to ensure the health and safety of shareholders, employees and other stakeholders. Due to the circumstances, 42 attendees attended the AGM in person, and the President and CEO, the Chair of the Board and the Chief Legal Officer and secretary of the Board were available via link. One of the Deputy Chairs of the Board, one Executive Vice President, the Chief Financial Officer, the auditor in charge and a representative from the Nomination Committee were present at the meeting in person. A quorate Board of Directors was also ready to be convened via link if needed. In order to make the AGM available to as many of the Company's shareholders as possible, the AGM was made available at the Ericsson website via live webcast, and pre-recorded speeches by the President and CEO, the Chair of the Board of Directors and the Chief Compliance Officer were made available at the Ericsson website before the AGM. In addition, Euroclear Sweden AB offered, at no cost, a possibility for shareholders (individuals) to appoint a proxy designated by Euroclear Sweden to vote in accordance with the shareholder's instructions. At the meeting, no refreshments were served and the cloakrooms were closed.

Decisions of the AGM 2020 included:

- Payment of a dividend of SEK 1.50 per share in two instalments
- Re-election of Ronnie Leten as Chair of the Board of Directors
- Re-election of other members of the Board of Directors: Jon Fredrik Baksaas, Jan Carlson, Eric A. Elzvik, Nora Denzel, Börje Ekholm, Kurt Jofs, Kristin S. Rinne, Helena Stjernholm and Jacob Wallenberg
- Approval of Board of Directors' fees, in accordance with the Nomination Committee's revised proposal:
  - Chair: SEK 4,075,000 (unchanged)
  - Other non-employee Board members: SEK 1,020,000 each (unchanged)
  - Chair of the Audit and Compliance Committee: SEK 400,000 (unchanged)
  - Other non-employee members of the Audit and Compliance Committee: SEK 250,000 each (unchanged)
  - Chairs of the Finance Committee, the Remuneration Committee and the Technology and Science Committee: SEK 200,000 each (unchanged)
  - Other non-employee members of the Finance Committee, the Remuneration Committee and the Technology and Science Committee: SEK 175,000 each (unchanged)
- Approval for part of the Directors' fees to be paid in the form of synthetic shares
- Election of Deloitte AB as new auditor for the period up until the end of the AGM 2021
- Approval of Guidelines for remuneration to Group management
- Implementation of a Long-Term Variable Compensation Program 2020 (LTV 2020) for the Executive Team.

The minutes from the AGM 2020 are available on Ericsson's website.

#### Contact the Board of Directors

Telefonaktiebolaget LM Ericsson  
The Board of Directors Secretariat  
SE-164 83 Stockholm  
Sweden  
boardsecretariat@ericsson.com

#### Annual General Meeting 2021

Ericsson's AGM 2021 will take place on March 30, 2021. Further information is available on Ericsson's website.

## Nomination Committee

The AGM has adopted an Instruction for the Nomination Committee that includes the tasks of the Nomination Committee and the procedures for appointing its members. The Instruction applies until the General Meeting of shareholders resolves otherwise. Under the Instruction, the Nomination Committee shall consist of:

- Representatives of the four largest shareholders by voting power by the end of the month in which the AGM was held, and
- The Chair of the Board of Directors.

The Committee may also include additional members following a request by a shareholder. The request must be justified by changes in the shareholder's ownership of shares and be received by the Nomination Committee no later than December 31 of each year. No fees are paid to the members of the Nomination Committee.

## Members of the Nomination Committee

The current Nomination Committee members are:

- Johan Forssell (Investor AB), Chair of the Nomination Committee
- Karl Åberg (AB Industrivärden, Svenska Handelsbankens Pensionsstiftelse)
- Jonas Synnergren (Cevian Capital Partners Limited)
- Anders Oscarsson (AMF – Försäkring och Fonder)
- Ronnie Leten (the Chair of the Board of Directors).

## The tasks of the Nomination Committee

The main task of the Nomination Committee is to propose Board members for election by the AGM. As member of the Nomination Committee, the Chair of the Board of Directors fulfills an important role to inform the Committee of the Company's strategy and future challenges. Such insights are necessary for the Committee to be able to assess the competence and experience that is required by the Board. In addition, the Committee must consider independence rules applicable to the Board of Directors and its committees.

The Nomination Committee also makes the following proposals, for resolution by the AGM:

- remuneration to non-employee Directors elected by the AGM and remuneration to the auditor
- election of auditor, whereby candidates are selected in cooperation with the Audit and Compliance Committee of the Board
- election of Chair at the AGM
- changes to the Instruction for the Nomination Committee (if any).

## Work of the Nomination Committee for the AGM 2021

The Nomination Committee started its work by going through a checklist of its duties under the Code and the Instruction for the Nomination Committee and by setting a time plan for its work ahead. The complete proposals of the Nomination Committee are presented in connection with the notice convening the AGM 2021.

A good understanding of Ericsson's business and strategy is important for the Nomination Committee. Therefore, the Chair of the Board presented his views to the Committee on the Company's strategy and challenges. The Committee also met with Ericsson's President and CEO, Börje Ekholm, who presented his views in this respect.

The Committee has analyzed the needs of competencies in the Board and has been informed of the results of the Board work evaluation led by the Chair of the Board. On this basis the Nomination Committee has assessed the competence and experience required by Ericsson's Board members and the need for improvement of the composition of the Board in terms of diversity in age, gender and cultural/geographic background. The Nomination Committee has applied the Swedish Corporate Governance Code, section 4.1, as diversity policy. The Nomination Committee aims to propose a composition of Board members with complementing experiences and competencies to make it possible for the Board to contribute to a positive development of Ericsson. The Nomination Committee searches for potential Board member candidates both with a long-term and a short-term perspective and always focuses on

diversity to ensure that the Board is provided with different perspectives into the Board work and considerations. The Nomination Committee also considers the need for renewal and carefully assesses whether the proposed Directors have the capability to devote necessary time and care to the Board work.

In 2020, the Committee met with the Chair of the Audit and Compliance Committee to acquaint itself with the assessments made by the Company and the Audit and Compliance Committee of the quality and efficiency of external auditor work. The Audit and Compliance Committee also provided its recommendations on external auditor and audit fees.

As of February 23, 2021, the Nomination Committee has held five meetings.

## Board of Directors

The Board of Directors is ultimately responsible for the organization of Ericsson and the management of Ericsson's operations. The Board appoints the President and CEO who is responsible for managing the day-to-day operations in accordance with guidelines from the Board. The President and CEO ensures that the Board is updated regularly on issues of importance to Ericsson. This includes updates on business development, results, financial position and liquidity.

Directors serve from the close of one AGM to the close of the next, but can serve any number of consecutive terms.

The President and CEO may be elected a Director of the Board but may not be elected Chair of the Board under the Swedish Companies Act.

## Conflicts of interest

Ericsson maintains rules and regulations regarding conflicts of interest. Directors are disqualified from participating in any decision regarding agreements between themselves and Ericsson. The same applies to agreements between Ericsson and any third-party or legal entity in which the Board member has an interest that may be contrary to the interests of Ericsson.

### Contact the Nomination Committee

Telefonaktiebolaget LM Ericsson  
The Nomination Committee  
c/o The Board of Directors Secretariat  
SE-164 83 Stockholm  
Sweden  
nomination.committee@ericsson.com

### Proposals to the Nomination Committee

Shareholders may submit proposals to the Nomination Committee at any time but should do so in due time before the AGM to ensure that the proposals can be considered by the Committee. Further information is available on Ericsson's website.



The Audit and Compliance Committee oversees the procedures for related-party transactions. The Committee has also implemented a pre-approval process for non-audit services carried out by the external auditor.

**Composition of the Board of Directors and diversity**

The current Board of Directors consists of ten Directors elected by the shareholders at the AGM 2020 for the period until the close of the AGM 2021. The Board of Directors also consists of three employee representatives, each with a deputy, appointed by the trade unions for the same period of time.

The Nomination Committee advised before the AGM 2020 that the Nomination Committee had applied the Swedish Corporate Governance Code, section 4.1, as diversity policy with the aim to propose a composition of Board members with complementing experiences and competencies that is diverse also in terms of age, gender and cultural/geographical background. The current Board composition is the result of the work of the Nomination Committee prior to the AGM 2020. The Board consists of Board members with experiences from different cultural/geographic areas, competencies from different industry sectors and, excluding the President and CEO, 33% of the shareholder elected Board members are women.

**Work procedure**

In accordance with the Swedish Companies Act, the Board of Directors has adopted a work procedure and Committee charters outlining rules for the distribution of tasks among the Board, its Committees and the

President and CEO. This complements the rules in the Swedish Companies Act and in the Articles of Association of the Company. The work procedure and the Committee charters are reviewed, evaluated and amended by the Board as required or appropriate, and are adopted by the Board at least once a year.

**Independence**

The Board of Directors and its Committees are subject to a variety of independence rules under applicable Swedish law, the Code and applicable US securities laws, SEC rules and the NASDAQ Stock Market Rules. Ericsson can rely on exemptions from certain US and SEC requirements and may decide to follow Swedish practices in lieu of the NASDAQ Stock Market independence rules.

The composition of the Board of Directors meets all applicable independence criteria. The Nomination Committee concluded before the AGM 2020 that, for purposes of the Code, at least six of the nominated Directors were independent from Ericsson, its senior management and its major shareholders. These were Jon Fredrik Baksaas, Jan Carlson, Nora Denzel, Eric A. Elzvik, Kurt Jofs and Kristin S. Rinne.

At Board meetings where the Board members meet in person, a non-executive session is normally held without Ericsson management present.

**Structure of the work of the Board of Directors**

The work of the Board follows a yearly cycle. This enables the Board to appropriately address each of its duties and to keep strategy, risk assessment and value creation high on the agenda.

As the Board is responsible for financial oversight, financial information is presented and evaluated at Board meetings. Furthermore, the Chair of each Committee, reports on Committee work at Board meetings and minutes from the Committee meetings are made available to all Directors.

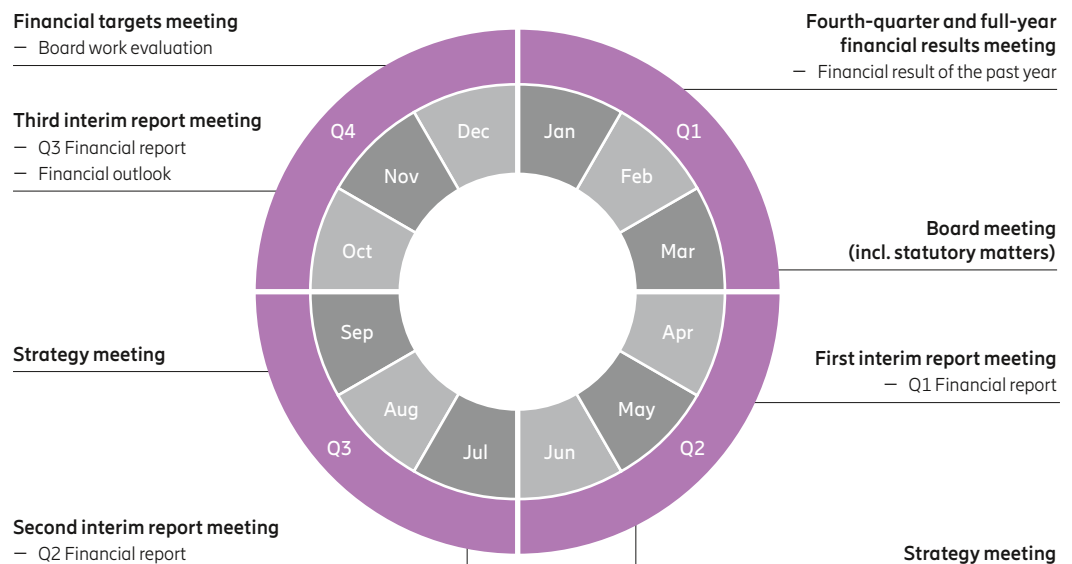
At Board meetings, the President and CEO reports on business and market developments as well as on the financial performance of the Group. Strategic issues and risks are also addressed at most Board meetings. The Board is regularly informed of developments in legal and regulatory matters of importance. Board and Committee meetings may, as appropriate, be held by way of telephone or video conference, and resolutions may be taken per capsulam (unanimous written consent). Such resolutions are accounted for as Board/Committee meetings. During 2020, most of the Board meetings have been held by way of video conference due to the COVID-19 pandemic.

**The 2020 annual work cycle of the Board**

- **Fourth-quarter and full-year financial results meeting**  
Following the end of the calendar year, the Board held a meeting which focused on the financial results of the entire year 2019 and handled the fourth-quarter financial report.
- **Board meeting (incl. statutory matters)**  
A Board meeting was held in connection with the AGM 2020. Members of each of the Board Committees were appointed and the Board resolved on signatory powers.
- **First interim report meeting**  
At the first interim report meeting, the Board addressed the interim financial report for the first quarter of the year.

**The Board's annual work cycle 2020**

The annual cycle applied to the Board's work allows the Board to appropriately address its duties during the year. It also facilitates the organization in aligning its global processes to allow appropriate Board involvement.



#### – Strategy meeting

A Board meeting was held to address particular strategic matters in further detail.

#### – Second interim report meeting

At the second interim report meeting, the Board addressed the interim financial report for the second quarter of the year.

#### – Strategy meeting

A Board meeting was held, in essence dedicated to short-term and long-term strategies of the Group, including deep-dives into the business area strategies.

#### – Third interim report meeting

At the third interim report meeting, the Board addressed the interim financial report for the third quarter of the year and the financial outlook.

#### – Financial targets meeting

A Board meeting was held, e.g. for the Board to address the financial targets. At this meeting, the results of the Board evaluation were presented to and discussed by the Board.

### Training

New Directors receive training tailored to their individual needs. Introductory training typically includes meetings with heads of business areas and Group functions, as well as training required by Nasdaq Stockholm on listing issues and insider rules.

The Board's strategy discussions are usually combined with deep dives into issues of importance for the Ericsson Group, including business area and market area deep dives. Directors' knowledge in these fields is crucial to allow well-founded Board resolutions, and to ensure that the Company takes due advantage of the different competencies of the Directors.

### Auditor involvement

At the AGM 2020, Deloitte AB was elected new external auditor, replacing PricewaterhouseCoopers AB. Extensive time and effort has been spent to provide the new auditor with a thorough introduction to Ericsson.

The Board meets with Ericsson's external auditor in closed sessions at least once a year to receive and consider the auditor's observations. The auditor provides reports to management on the accounting and financial reporting of the Group.

The Audit and Compliance Committee also meets regularly with the auditor to receive and consider observations on the interim reports and the Annual Report. The auditor reports on whether the accounts, the management of funds and the general financial position of the Group are presented fairly in all material respects.

In addition, the Board reviews and assesses the process for financial reporting, as described on page 24 under Internal control over financial reporting. Combined with other steps taken internally, the Board's and the auditor's review of the interim and annual reports are deemed to give reasonable assurance of the effectiveness of the internal controls over financial reporting.

### Work of the Board of Directors in 2020

In 2020, 13 Board meetings were held. For attendance at Board meetings, see the table on page 11. In addition to the Board meetings held as a part of the annual work cycle of the Board, the Board receives information updates, in writing or in telephone meetings, as deemed appropriate.

Business strategy, Ethics and Compliance, geopolitics and cyber security, are among the matters that have been in focus within the Board during the year. Compliance, strategy

and risk management are always high on the Board's agenda as well as sustainability and corporate responsibility, which are integrated into the business strategy. The Board continuously monitors the international developments and their possible impact on Ericsson.

### Board work evaluation

A key objective of the Board work evaluation is to ensure that the Board work is functioning well. This includes gaining an understanding of the issues that the Board thinks warrant greater focus, as well as determining areas where additional competence is needed within the Board and whether the Board composition is appropriate. The evaluation also serves as guidance for the work of the Nomination Committee.

Each year, the Chair of the Board initiates and leads the evaluation of the Board and Committee work and procedures. Evaluation tools include detailed questionnaires and discussions. The services of an external corporate advisory firm have been retained by the Company to assist in developing questionnaires, carrying out surveys and summarizing responses.

In 2020, Directors responded to a written questionnaire covering the Board work in general as well as the work of the Chair of the Board, the Audit and Compliance Committee, the Finance Committee, the Remuneration Committee and the Technology and Science Committee. In addition, each Director responded to a questionnaire on the Director's individual performance. As part of the evaluation process, the Chair of the Board also had individual discussions with each of the Directors. The results from the evaluations were presented to the Board and were thoroughly discussed. The Nomination Committee was informed of the results of the Board work evaluation.

### Organization of the Board work

Number of Committee members as of December 31, 2020

Board of Directors 13 Directors			
<b>Audit and Compliance Committee</b> (4 Directors) Oversight of financial reporting Oversight of internal control Oversight of auditing	<b>Finance Committee</b> (4 Directors) Finance strategy	<b>Remuneration Committee</b> (4 Directors) Guidelines for remuneration to Group management Long-Term Variable Remuneration Executive remuneration	<b>Technology and Science Committee</b> (5 Directors) Technology strategy and planning Technology ecosystem and partnerships Science direction

## Committees of the Board of Directors

The Board of Directors currently has established four Committees: the Audit and Compliance Committee, the Finance Committee, the Remuneration Committee and the Technology and Science Committee. Members of each Committee are appointed for one year from amongst the Board members.

The main task of the Committees is to prepare matters for resolution by the Board. However, the Board has authorized each Committee to determine and handle certain issues in limited areas. It may also on occasion provide extended authorization for the Committees to determine specific matters. If deemed appropriate, the Board of Directors and each Committee have the right to engage independent external expertise, either in general or with respect to specific matters.

The minutes from the Committee meetings are made available to all Directors and the Chair of the Committee reports on the work of the Committee at Board meetings.

### Audit and Compliance Committee

On behalf of the Board, the Audit and Compliance Committee monitors the following:

- The scope and accuracy of the financial statements
- Compliance with material legal and regulatory requirements
- Internal control over financial reporting
- Risk management
- The effectiveness and appropriateness of the Group's anti-bribery and corruption program.

The Audit and Compliance Committee also reviews the annual and interim financial reports and oversees the external audit process. In order to ensure the auditor's independence, there are pre-approval policies and

procedures in place for audit and non-audit related services to be performed by the external auditor. Pre-approval authority may not be delegated to management.

The Audit and Compliance Committee itself does not perform audit work. The Head of Ericsson's internal audit function reports directly to the Audit and Compliance Committee.

Ericsson's external auditor is elected by the shareholders at the AGM. The Committee is involved in the preparatory work for the Nomination Committee to propose external auditor for election at the AGM. It also monitors the ongoing performance and independence of the auditor with the aim to avoid conflicts of interest.

The Audit and Compliance Committee regularly receives reporting on compliance related matters, from the Chief Legal Officer, the Chief Compliance Officer and the Head of Corporate Investigations. The Chief Legal Officer has a direct reporting line to the Audit and Compliance Committee of compliance related matters, and the Chief Compliance Officer and the Head of Corporate Investigations have an extraordinary reporting line to the Committee in the event they are impeded or obstructed in fulfilling their duties.

The Audit and Compliance Committee also oversees Ericsson's process for reviewing transactions with related parties and Ericsson's whistle-blower procedures.

On an annual basis, the Audit and Compliance Committee receives training on topics of special relevance to the Committee, within areas such as finance, legal, and cyber security.

### Reporting Compliance Concerns

Ericsson provides employees and other external stakeholders a dedicated communication channel for reporting compliance concerns.

Ericsson Compliance Line is operated by a third party and it is available 24/7, 365 days per year, enabling people to report from multiple countries and in many languages. Employees and external stakeholders are encouraged to report conduct that could violate the law, the Ericsson Code of Business Ethics or the Ericsson Code of Conduct for Business Partners. Such conduct may relate to corruption, fraud, questionable accounting, deficiencies in the internal controls, auditing, environmental, occupational health and safety, human right matters, workplace respect and fairness or other matters that could constitute a breach of law, or that could harm the sustainability, or reputation of Ericsson, its employees and shareholders.

Ericsson's Allegation Management Office is responsible for the intake and assessment of an allegation or report of a potential compliance violation. Corporate Investigations is responsible for conducting the Group relevant investigations, for oversight of investigations that it delegates to other Ericsson units (e.g., Security, People) or to external third-party investigators and for setting the standards and principles that apply to all investigations at Ericsson. Group relevant allegations reported through the Ericsson Compliance Line and other channels are reported to the Audit and Compliance Committee.

### Members of the Audit and Compliance Committee

The Audit and Compliance Committee consists of four Board members appointed by the Board in connection with the AGM 2020: Eric A. Elzvik (Chair), Jan Carlson, Kurt Jofs, and Torbjörn Nyman (employee representative). The Board has appointed shareholder elected Board members with CFO or CEO experience to the Committee.

## Members of the Committees as of December 31, 2020

### Members of the Committees of the Board of Directors

Audit and Compliance Committee	Finance Committee	Remuneration Committee	Technology and Science Committee
Eric A. Elzvik (Chair) Jan Carlson Kurt Jofs Torbjörn Nyman	Ronnie Leten (Chair) Helena Stjernholm Roger Svensson Jacob Wallenberg	Jon Fredrik Baksas (Chair) Kurt Jofs Ronnie Leten Kjell-Åke Soting	Kristin S. Rinne (Chair) Jan Carlson Nora Denzel Kurt Jofs Roger Svensson

The composition of the Audit and Compliance Committee meets all applicable independence requirements, including the conditions for reliance on an exemption for employee representatives. The Board of Directors has determined that each of Eric A. Elzvik, Jan Carlson and Kurt Jofs is an "audit committee financial expert", as defined under the SEC rules and regulations, and that each of them qualifies as financially sophisticated under the applicable Nasdaq listing rules and are familiar with the accounting practices of an international company, such as Ericsson.

### Work of the Audit and Compliance Committee in 2020

The Audit and Compliance Committee held seven meetings in 2020. Directors' attendance is reflected in the table on page 11. During the year, the Audit and Compliance Committee reviewed the scope and results of external financial audits and the independence of the external auditor. Prior to publishing, the Committee also reviewed and discussed each interim report and the annual report with the external auditor. The Committee also monitored the external audit fees and approved non-audit-services performed by the external auditor in accordance with such policies and procedures.

The Committee approved the audit plan for the internal audit function based on among other things the annual risk assessment, and reviewed the reports of the internal audit function. The Committee also received and reviewed updates and reports under Ericsson Compliance Line, and from other internal reporting channels including updates on on-going investigations within the Group.

The Committee monitored the continued compliance with the Sarbanes-Oxley Act as well as the internal control and risk management process and monitored and evaluated the effectiveness and appropriateness of Ericsson's anti-bribery and corruption program.

### Finance Committee

The Finance Committee is responsible for preparing for resolution by the Board, matters related to the finance strategy including treasury operations with capital structure, capital targets and rating strategy.

### Members of the Finance Committee

The Finance Committee consists of four Board members appointed by the Board in connection with the AGM 2020: Ronnie Leten (Chair), Helena Stjernholm, Roger Svensson (employee representative) and Jacob Wallenberg. The Board has appointed shareholder elected Board members with

extensive industrial and financial experience to the Committee.

### Work of the Finance Committee in 2020

The Finance Committee held three meetings in 2020. Directors' attendance is reflected in the table on page 11. During 2020, the Finance Committee assessed possible impacts of COVID-19 on the Company's financial strength and balance-sheet as well as reviewed the finance strategy including capital structure, capital targets, rating strategy and treasury operations.

### Remuneration Committee

The Remuneration Committee's responsibilities include:

- Reviewing and preparing, for resolution by the Board, proposals on salary and other remuneration, including retirement compensation, for the President and CEO
- Reviewing and preparing, for resolution by the Board, proposals to the AGM on Guidelines for remuneration to the Executive Team
- Reviewing and preparing, for resolution by the Board, proposals to the AGM on the Long-Term Variable Compensation Program (LTV) and similar equity arrangements
- Approving proposals on salary and other remuneration, including retirement compensation, for the members of the Executive Team (other than the President and CEO)
- Approving proposals on targets for the short-term variable compensation (STV) for the members of the Executive Team (other than the President and CEO)
- Approving payout of the STV for the members of the Executive Team members (other than the President and CEO), based on achievements and performance.

In its work, the Remuneration Committee considers trends in remuneration, legislative changes, disclosure rules and the general global executive remuneration environment. It reviews salary survey data before preparing salary adjustment recommendations for the President and CEO for resolution by the Board and before approving any salary adjustments for the other members of the Executive Team.

### Members of the Remuneration Committee

The Remuneration Committee appointed by the Board in connection with the AGM 2020 consisted of four Board members: Jon Fredrik Baksaas (Chair), Kurt Jofs, Ronnie Leten and Kjell-Åke Soting (employee representative). The Board has appointed shareholder elected Board members to the Committee

with experiences from different markets of relevance to the Group.

During the year 2020, Peter Boreham from Mercer advised and assisted the Remuneration Committee as an independent expert.

### Work of the Remuneration Committee in 2020

The Remuneration Committee held seven meetings in 2020. Director's attendance is reflected in the table on page 11.

The Remuneration Committee reviewed and prepared a proposal for LTV 2020 for the Executive Team, for resolution by the Board and further approval by the AGM 2020. It further resolved on salaries and STV 2020 for the members of the Executive Team (other than the President and CEO), reviewed the vesting results for LTV 2017 and result of the 2019 Group Operating Income performance condition for LTV 2019, and prepared proposals regarding remuneration to the President and CEO for resolution by the Board. It also prepared guidelines for remuneration to the Executive Team for resolution by the Board and subsequent referral to the AGM 2020 for approval.

During the latter part of 2020, the Remuneration Committee reviewed the current LTV structure and executive remuneration, including 2021 targets for STV for the members of the Executive Team (other than the President and CEO) and the Remuneration Report required to be approved by the Board under new rules. The resulting proposals on LTV 2021 and the Remuneration Report will be referred to the AGM 2021 for approval.

For further information on fixed and variable remuneration, please see Notes to the consolidated financial statements – note G2 Information regarding members of the Board of Directors and Group management and note G3 "Share-based compensation" in the Financial report and the "Remuneration report" appended to the Annual Report.

### Technology and Science Committee

The responsibilities of the Technology and Science Committee include:

- Reviewing and preparing for consideration and/or resolution by the Board, matters related to technology strategy and planning for the Group, monitoring the Group's technology ecosystem and relationships and partnerships
- Reviewing and preparing for consideration and/or resolution by the Board, matters related to science direction and influence on a geopolitical level.

## Members of the Technology and Science Committee

The Technology and Science Committee consists of five Board members appointed by the Board in connection with the AGM 2020: Kristin S. Rinne (Chair), Jan Carlson, Nora Denzel, Kurt Jofs and Roger Svensson (employee representative). The Board has appointed Board members to the Committee with extensive experience within technology.

## Work of the Technology and Science Committee in 2020

The Technology and Science Committee held four meetings in 2020. Directors' attendance is reflected in the table below. The Technology and Science Committee has during the year reviewed selected focus areas:

- Transport Networks
- Service exposure 5G RAN
- Open Source
- Technology outlook
- Research and development.

### Directors' attendance and fees 2020

Board member	Fees resolved by the AGM 2020		Number of Board/Committee meetings attended in 2020				
	Board fees, SEK <sup>1)</sup>	Committee fees, SEK	Board	Audit and Compliance-Committee	Finance Committee	Remun. Committee	Tech. and Science Committee
Ronnie Leten	4,075,000	375,000	13		3	7	
Helena Stjernholm	1,020,000	175,000	13		3		
Jacob Wallenberg	1,020,000	175,000	13		3		
Jon Fredrik Baksaas	1,020,000	200,000	12			7	
Jan Carlson	1,020,000	425,000	13	7			4
Nora Denzel <sup>4)</sup>	1,020,000	175,000	13	2			4
Börje Ekholm	– <sup>2)</sup>	–	13				
Eric A. Elzvik	1,020,000	400,000	13	7			
Kurt Jofs <sup>5)</sup>	1,020,000	600,000	13	5		7	4
Kristin S. Rinne	1,020,000	200,000	13				4
Torbjörn Nyman	19,500 <sup>3)</sup>	10,500	13	7			
Kjell-Åke Soting	19,500 <sup>3)</sup>	10,500	13			7	
Roger Svensson	19,500 <sup>3)</sup>	10,500	13		3		4
Per Holmberg	19,500 <sup>3)</sup>	–	13				
Anders Ripa	19,500 <sup>3)</sup>	–	13				
Loredana Roslund	19,500 <sup>3)</sup>	–	13				
<b>Total number of meetings</b>			<b>13</b>	<b>7</b>	<b>3</b>	<b>7</b>	<b>4</b>

<sup>1)</sup> Non-employee Directors can choose to receive part of their Board fee (exclusive of Committee fees) in the form of synthetic shares.

<sup>2)</sup> Board member remuneration resolved by the AGM is only for non-employee Directors elected by the shareholders.

<sup>3)</sup> Employee representative Board members and their deputies are not entitled to a Board fee, but instead get paid compensation in the amount of SEK 1,500 per attended Board and Committee meeting.

<sup>4)</sup> Resigned from the Audit and Compliance Committee as of March 31, 2020.

<sup>5)</sup> Appointed member of the Audit and Compliance Committee as of March 31, 2020.

## Remuneration to Board members

Remuneration to Board members not employed by the Company is proposed by the Nomination Committee for resolution by the AGM.

The AGM 2020 approved the Nomination Committee's proposal for fees to non-employee Board members for Board and Committee work. For further information on Board of Directors' fees 2020, please refer to Notes to the consolidated financial statements – note G2 "Information regarding members of the Board of Directors and Group management" in the Financial Report.

The shareholders at the AGM 2020 also approved the Nomination Committee's proposal that Board members may be paid part of their Board fee in the form of synthetic shares. A synthetic share gives the right to receive a future cash payment of an amount which corresponds to the market value of a Class B share in Ericsson at the time of payment. The Directors' right to receive payment with regard to allocated synthetic shares occurs, as a general rule, after the publication of the Company's year-end financial statement during the fifth year following the General Meeting that resolved on the allocation of the

synthetic shares. The purpose of paying part of the Board of Directors' fee in the form of synthetic shares is to further align the Directors' interests with shareholder interests. For more information on the terms and conditions of the synthetic shares, please refer to the notice convening the AGM 2020 and to the minutes from the AGM 2020, which are available at Ericsson's website

## Members of the Board of Directors

### Board members elected by the AGM 2020



**Ronnie Leten**  
(first elected 2018)

*Chair of the Board of Directors, Chair of the Finance Committee, Member of the Remuneration Committee*

Born 1956. Master of Science in Applied Economics, University of Hasselt, Belgium.

**Nationality:** Belgium

**Board Chair:** Epiroc AB and Piab.

**Board Member:** AB SKF.

**Holdings in Ericsson:** 100,000 Class B shares<sup>1)</sup>, 128,452 call options<sup>2)</sup>, and 77,150 synthetic shares<sup>3)</sup>.

**Principal work experience and other information:** President and CEO of Atlas Copco AB 2009–2017 and various leadership positions within the Atlas Copco Group 1997–2009 and 1985–1995. Previous positions include plant manager of Tenneco Automotive Inc., Belgium, 1995–1997 and various positions within General Biscuits 1979–1985.



**Helena Stjernholm**  
(first elected 2016)

*Deputy Chair of the Board of Directors, Member of the Finance Committee*

Born 1970. Master of Business Administration, Stockholm School of Economics, Sweden.

**Nationality:** Sweden

**Board Member:** AB Industrivärden, AB Volvo and Sandvik AB.

**Holdings in Ericsson:** 20,060 Class B shares<sup>1)</sup> and 38,835 synthetic shares<sup>3)</sup>.

**Principal work experience and other information:** President and CEO of AB Industrivärden since 2015. Partner in the private equity firm IK Investment Partners (2008–2015), with responsibility for the Stockholm office from 2011 to 2015. Investment Manager at IK Investment Partners (1998–2008). Previous experience as consultant for Bain & Company (1997–1998).



**Jacob Wallenberg**  
(first elected 2011)

*Deputy Chair of the Board of Directors, Member of the Finance Committee*

Born 1956. Bachelor of Science in Economics and Master of Business Administration, Wharton School, University of Pennsylvania, USA. Officer of the Reserve, Swedish Navy.

**Nationality:** Sweden

**Board Chair:** Investor AB.

**Deputy Board Chair:** ABB Ltd., FAM and Patricia Industries.

**Board Member:** The Knut and Alice Wallenberg Foundation and Nasdaq Inc.

**Holdings in Ericsson:** 427,703 Class B shares<sup>1)</sup> and 49,010 synthetic shares<sup>3)</sup>.

**Principal work experience and other information:** Chair of the Board of Investor AB since 2005. President and CEO of SEB in 1997 and Chair of SEB's Board of Directors 1998–2005. Executive Vice President and CFO of Investor AB 1990–1993. Honorary Chair of IBLAC (Mayor of Shanghai's International Business Leaders Advisory Council) and member of the steering committee of the European Round Table of Industrialists, Deputy Chair of the Swedish-American Chamber of Commerce US, member of the International Advisory Board of the Atlantic Council, Washington DC, member of the International Business Council of the World Economic Forum, Trilateral Commission and the Advisory Board of Tsinghua University.



**Jon Fredrik Baksaa**  
(first elected 2017)

*Chair of the Remuneration Committee*

Born 1954. Master of Science in Economics, NHH Norwegian School of Economics & Business Administration, Norway.

**Nationality:** Norway

**Board Chair:** Statnett SA and DNV GL Group AS.

**Board Member:** Svenska Handelsbanken AB.

**Holdings in Ericsson:** 38,533 synthetic shares<sup>3)</sup>.

**Principal work experience and other information:** President and CEO of Telenor (2002–2015). Previous positions within the Telenor Group since 1989, including deputy CEO, CFO and CEO of TBK AS. Previous positions include CFO of Aker AS, finance director of Stolt Nielsen Seaway AS and controller at Det Norske Veritas, Norway and Japan. Member of the GSMA Board (2008–2016) and Chair of the GSMA Board (2014–2016).

The Board memberships and holdings in Ericsson reported above are as of December 31, 2020.

<sup>1)</sup> The number of shares and ADS includes holdings by related persons, if applicable.

<sup>2)</sup> Call options issued by Investor AB entitling to purchase Ericsson Class B shares.

<sup>3)</sup> Since 2008, the AGM has each year resolved that part of the Board fee may be received in the form of synthetic shares. A synthetic share is a right to receive in the future a payment corresponding to the value of the Class B share in Ericsson at the time of payment. Please see page 11 for further information.

**Jan Carlson**

(first elected 2017)

*Member of the Audit and Compliance Committee and the Technology and Science Committee*

Born 1960. Master of Science degree in Engineering Physics and Electrical Engineering, the University of Linköping, Sweden.

**Nationality:** Sweden

**Board Chair:** Autoliv Inc. and Veoneer Inc.

**Holdings in Ericsson:** 7,900 Class B shares<sup>1)</sup> and 41,615 synthetic shares<sup>2)</sup>.

**Principal work experience and other information:** Chair and President and CEO of Veoneer Inc. since June 2018. President and CEO of Autoliv Inc. 2007–2018 and Chair of Autoliv Inc. since 2014. Previous positions within the Autoliv Group since 1999, including President Autoliv Europe, Vice President Engineering of Autoliv and President Autoliv Electronics. Previous positions include President of Saab Combitech and of Swedish Gate Array.

**Nora Denzel**

(first elected 2013)

*Member of the Technology and Science Committee*

Born 1962. Master of Business Administration, Santa Clara University, USA. Bachelor of Science in Computer Science, State University of New York, USA.

**Nationality:** USA

**Board Member:** Advanced Micro Devices Inc., NortonLifeLock Inc. and Talend S.A.

**Holdings in Ericsson:** 3,850 ADS<sup>1)</sup> and 13,869 synthetic shares<sup>2)</sup>.

**Principal work experience and other information:** CEO (interim) of Outerwall Inc. (January 2015–August 2015). Senior Vice President Big Data, Marketing and Social Product Design and General Manager QuickBooks Payroll Division (2008–2012). Previous positions include Senior Vice President and General Manager of HP's Global Software, Storage and Consulting Divisions (2000–2006), Senior Vice President Product Operations Legato Systems (bought by Dell EMC) and various engineering, marketing and executive positions at IBM. Non-Profit board member of the National Association of Corporate Directors (NACD) Northern California Chapter. Member of the Advisory Board of SUSE Linux.

**Börje Ekholm**

(first elected 2006)

*President, CEO and Member of the Board*

Born 1963. Master of Science in Electrical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. Master of Business Administration, INSEAD, France.

**Nationality:** Sweden and USA

**Board Member:** Alibaba Group and Trimble Inc.

**Holdings in Ericsson:** 260,351 Class B shares and 1,009,000 ADS<sup>1)</sup>, 8,319 synthetic shares<sup>2)</sup>, and 2,000,000 call options<sup>3)</sup>.

**Principal work experience and other information:** President and CEO of Telefonaktiebolaget LM Ericsson since 2017. CEO of Patricia Industries, a division within Investor AB (2015–2017). President and CEO of Investor AB (2005–2015). Formerly Head of Investor Growth Capital Inc. and New Investments. Previous positions at Novare Kapital AB and McKinsey & Co Inc. Holds honorary Doctorate at KTH Royal Institute of Technology, Sweden. Since 2017, member of the Steering Committee of the World Economic Forum Digital Communication Governors. Member of the Board of the Swedish-American Chamber of Commerce New York.

**Eric A. Elzvik**

(first elected 2017)

*Chair of the Audit and Compliance Committee*

Born 1960. Master of Business Administration, Stockholm School of Economics, Sweden.

**Nationality:** Sweden and Switzerland

**Board Chair:** Global Connect Group.

**Board Member:** Landis+Gyr Group AG, AB Volvo and VFS Global.

**Holdings in Ericsson:** 10,000 Class B shares<sup>1)</sup> and 13,869 synthetic shares<sup>2)</sup>.

**Principal work experience and other information:** CFO and member of the Group Executive Committee of ABB Ltd (2013–2017). Division CFO ABB Discrete Automation & Motion (2010–2012) and division CFO Automation Products Division (2006–2010). Previous positions within the ABB Group since 1984, including senior management positions within finance, mergers & acquisitions and new ventures. Currently, senior industrial advisor to EQT.

The Board memberships and holdings in Ericsson reported above are as of December 31, 2020.

<sup>1)</sup> The number of shares and ADS includes holdings by related persons, if applicable.

<sup>2)</sup> Since 2008, the AGM has each year resolved that part of the Board fee may be received in the form of synthetic shares. A synthetic share is a right to receive in the future a payment corresponding to the value of the Class B share in Ericsson at the time of payment. Please see page 11 for further information.

<sup>3)</sup> Call options issued by AB Industrivärden (1,000,000 call options) and Investor AB (1,000,000 call options), each entitling the purchase of one Ericsson B share from AB Industrivärden/Investor AB respectively (further information is available in the Notes to the consolidated financial statements – note G2 "Information regarding members of the Board of Directors and Group management" in the Financial Report).

## Board members elected by the AGM 2020, cont'd.



**Kurt Jofs**

(first elected 2018)

*Member of the Remuneration Committee, the Audit and Compliance Committee and the Technology and Science Committee*

Born 1958. Master of Science in Engineering, Royal Institute of Technology, Stockholm, Sweden.

**Nationality:** Sweden

**Board Chair:** Höganas AB and Vesper Group.

**Board member:** AB Volvo and Feal AB.

**Holdings in Ericsson:** 50,000 Class B shares<sup>1)</sup> and 19,378 synthetic shares<sup>2)</sup>.

**Principal work experience and other information:** Entrepreneur and investor with extensive experience in various industries. Previous positions include Executive Vice President and responsible for Ericsson's Networks business 2003–2008, CEO of Segerström & Svensson 1999–2001. CEO of Linjebuss 1996–1999, and various positions within ABB and Ericsson.



**Kristin S. Rinne**

(first elected 2016)

*Chair of the Technology and Science Committee*

Born 1954. Bachelor of Arts, Washburn University, USA.

**Nationality:** USA

**Board member:** Synchronoss.

**Holdings in Ericsson:** 25,595 synthetic shares<sup>2)</sup>.

**Principal work experience and other information:** Previously Senior Vice President, Network Technology, Network Architecture & Planning, at AT&T (2007–2014). CTO of Cingular Wireless (2005–2007) and VP Technology & New Product Development of Cingular Wireless (2000–2005). Previous positions within Southwestern Bell and SBC (1976–2000). Trustee of Washburn University Foundation. Member of the Advisory Board of Link Labs.

The Board memberships and holdings in Ericsson reported above are as of December 31, 2020.

<sup>1)</sup> The number of shares and ADS includes holdings by related person, if applicable.

<sup>2)</sup> Since 2008, the AGM has each year resolved that part of the Board fee may be received in the form of synthetic shares. A synthetic share is a right to receive in the future a payment corresponding to the value of the Class B share in Ericsson at the time of payment. Please see page 11 for further information.



## Board members and deputies appointed by the trade unions



### Torbjörn Nyman

(first appointed 2017)

*Employee representative, Member of the Audit and Compliance Committee*

Born 1961. Appointed by LO, the Swedish Trade Union Confederation.

**Nationality:** Sweden

**Holdings in Ericsson:** 33,415 Class B shares<sup>1)</sup>.

Employed since 1996. Working as ICT Strategic Product Manager within Business Area Networks.



### Kjell-Åke Soting

(first appointed 2016)

*Employee representative, Member of the Remuneration Committee*

Born 1963. Appointed by PTK, the council for negotiation and cooperation.

**Nationality:** Sweden

**Holdings in Ericsson:** 9,016 Class B shares<sup>1)</sup>.

Employed since 1996. Working as Global SQA Manager within Business Area Networks.



### Roger Svensson

(first appointed 2011)

*Employee representative, Member of the Finance Committee and of the Technology and Science Committee*

Born 1971. Appointed by PTK, the council for negotiation and cooperation.

**Nationality:** Sweden

**Holdings in Ericsson:** 14,891 Class B shares<sup>1)</sup>.

Employed since 1999. Working as Global Process Architect for Test within Business Area Networks.



### Anders Ripa

(first appointed 2017)

*Employee representative – Deputy*

Born 1962. Appointed by PTK, the council for negotiation and cooperation.

**Nationality:** Sweden

**Holdings in Ericsson:** 2,377 Class B shares and 1,508 Class A shares<sup>1)</sup>.

Employed since 1998. Working as Security Advisor for Mission Critical Networks within Business Area Networks.



### Loredana Roslund

(first appointed 2017)

*Employee representative – Deputy*

Born 1967. Appointed by PTK, the council for negotiation and cooperation.

**Nationality:** Sweden

**Holdings in Ericsson:** 2,238 Class B shares<sup>1)</sup>.

Employed since 1994. Working as Project Manager within R&D, Business Area Networks.



### Per Holmberg

(first appointed 2018)

*Employee representative – Deputy*

Born 1966. Appointed by LO, the Swedish Trade Union Confederation.

**Nationality:** Sweden

**Holdings in Ericsson:** None<sup>1)</sup>.

Employed since 1996. Working as Manager within Business Area Networks.

Börje Ekholm was the only Director who held an operational management position at Ericsson in 2020.

<sup>1)</sup> The number of shares and ADS reflects ownership as of December 31, 2020 and includes holdings by related persons, if applicable.

## Management

### The President and CEO and the Executive Team

The Board of Directors appoints the President and CEO and the Executive Vice President(s). The President and CEO is responsible for the management of day-to-day operations and is supported by the other members of the Executive Team.

The role of the Executive Team is to:

- Define Group strategies and policies, drive corporate agenda and establish a strong corporate culture
- Determine targets for operational units, allocate resources and monitor unit performance
- Secure operational excellence and realize global synergies through efficient organization of the Group.

The organizational structure includes four business areas, five geographical market areas and a number of supporting group functions.

**Business areas** are responsible for developing competitive product-led business solutions, including both products and services and for investing in research and development for technology and cost leadership. **Segments** have been defined for financial reporting purposes based on the business areas. See further information in Note B1, “Segment Information” in the Financial Report.

**Market areas** are responsible for selling and delivering customer solutions. Resources are moved closer to the customers in order to establish leading positions in critical markets.

**Group functions** are responsible for providing an effective support platform to the market areas and business areas to drive synergies and align ways of working across units and for driving the corporate agenda.

The Executive Team members as of December 31, 2020, are presented on pages 20–23.

### Remuneration to the Executive Team

Guidelines for remuneration to the Executive Team were approved by the AGM 2020. For further information on fixed and variable remuneration, see the Remuneration Report and note G2, “Information regarding members of the Board of Directors and the Group management” in the Financial Report.

### The Ericsson Group Management System

Ericsson has a global management system, the Ericsson Group Management System (EGMS). The EGMS aims to ensure a professional management of Ericsson’s operations, ensure ISO certification as decided, drive corporate culture and to ensure that the business is managed:

- To fulfill the objectives of Ericsson’s major stakeholders (customers, shareholders, employees)
- Within established risk limits and with reliable internal control
- In compliance with relevant applicable laws, listing requirements, governance codes and corporate responsibilities.

EGMS is a framework consisting of rules and requirements for Ericsson’s business, specified through governance structures, ways of work-

ing, processes, organizational descriptions, policies, directives and instructions. The management system is applied in Ericsson’s operations globally, and its consistency and global reach is designed to build trust in the way Ericsson works. 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. Ericsson implements external requirements only after thorough analysis and after putting them into the Ericsson context.

The main elements of EGMS are:

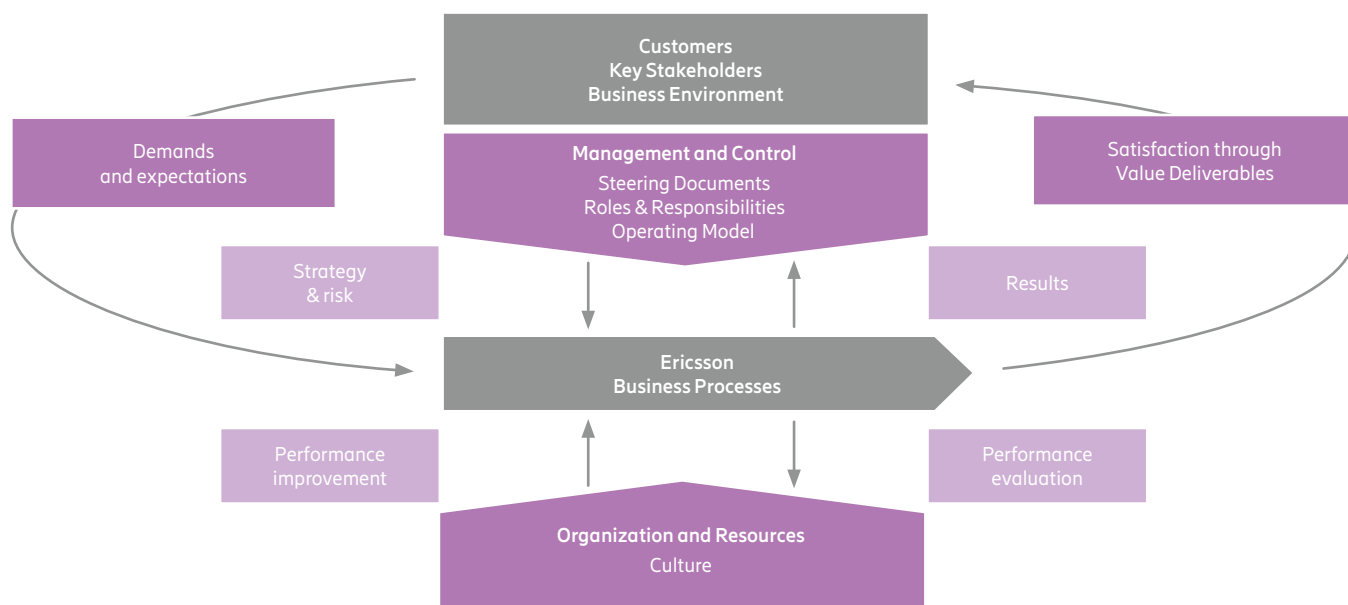
- Management and control
- Ericsson business processes
- Organization and resources.

### Management and control

Ericsson’s strategy process includes the whole chain from business intelligence and strategic forecasting to deployment of developed strategies into targets and programs in coordinated cycles; capturing the overall strategic direction, market development and progress of strategy execution.

Group-wide policies, directives and instructions govern how the organization works and are core elements in managing and directing Ericsson. The Group policies, directives and instructions contain, among other things, a Code of Business Ethics, a Code of Conduct for Business Partners and accounting and reporting directives to fulfill external reporting requirements. Ericsson has a Group Steering

## Ericsson Group Management System



Documents Committee that works to align policies and directives with Group strategies, values and structures.

**Ericsson business processes**

Ericsson business processes is a set of defined Group-wide processes integrated in EGMS. They describe how Ericsson delivers value to customers, proactively and on-demand. Ericsson business processes offer capabilities to translate customer requirements into defined products, solutions and services offered by Ericsson.

**Organization and resources**

Ericsson is operated in two dimensions: one operational structure and one legal structure. The operational structure aligns accountability and authority regardless of country borders and supports the process flows with cross-country operations. In the operational structure, Ericsson is organized in group functions, segments, business areas and market areas. The legal structure is the basis for legal requirements and responsibility as well as for tax and statutory reporting purposes. There are more than 200 legal entities within the Ericsson Group with approximately 80 branch offices with representation (via legal entities, branch and representative offices) in more than 150 countries. Company culture defines the environment in which our employees work and includes a variety of elements, for example the core values, respect, professionalism and perseverance.

**Chief Compliance Officer**

Ericsson’s Board of Directors and Executive Team are committed to ensuring ethics and compliance remain a priority for the Group. The Audit and Compliance Committee monitors the effectiveness and appropriateness of Ericsson’s Ethics & Compliance Program. The Chief Compliance Officer (CCO) oversees the operation of the Ethics & Compliance Program, with particular focus on anti-bribery and corruption, antitrust, and anti-money laundering. The CCO reports to the Chief Legal Officer and has an additional reporting line to the Audit and Compliance Committee. Compliance officers located at Ericsson’s headquarters in Stockholm, Sweden, as well as in geographies consistent with Ericsson’s Market Area operating model, report directly to the CCO.

**Insider Committee**

Ericsson has established an Insider Committee to make assessments relating to the disclosure of inside information. The Insider Committee comprises the Chief Legal Officer, the Chief Financial Officer and the Chief Marketing and Communications Officer.

**Audits, assessments and certification**

The purpose of audits and assessments is to determine the level of compliance and to provide valuable information for understanding, analyzing and continually improving performance, hence to ensure that the EGMS is appropriate, effective and efficient in supporting Ericsson’s business. Management monitors compliance with policies, directives and processes through internal self-

assessment within the respective units. This is complemented by internal and external audits and assessments.

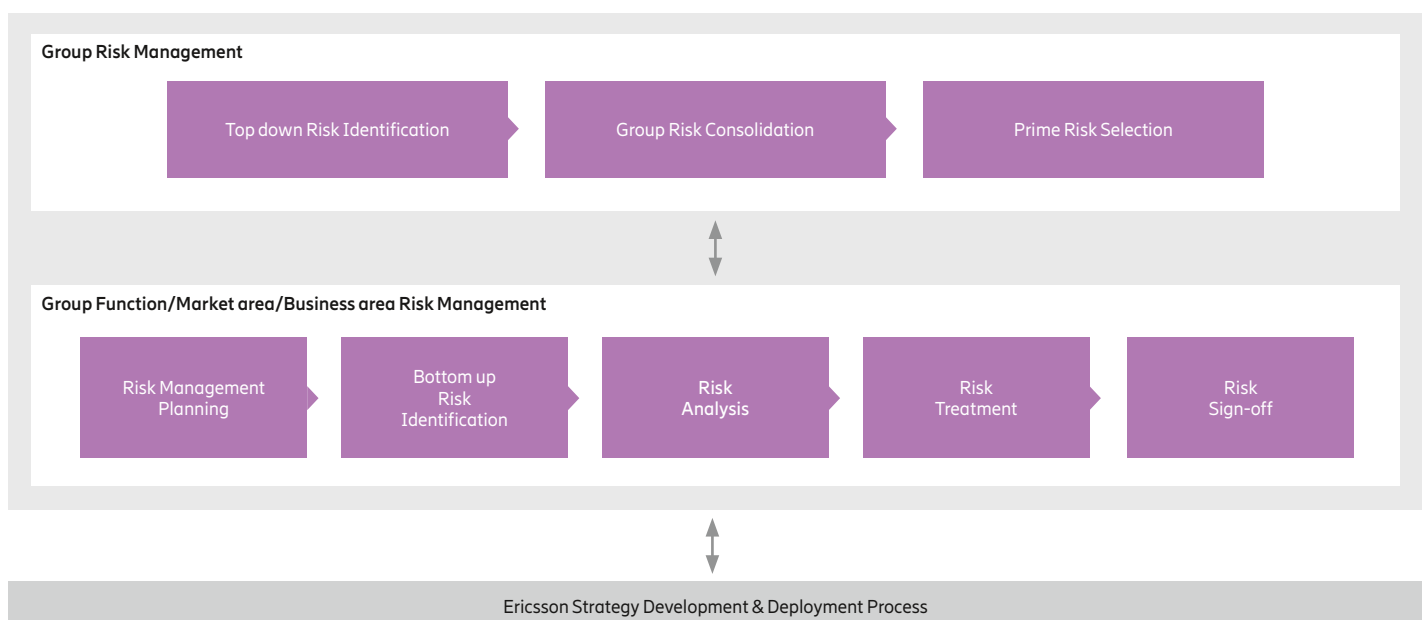
Due to demands and requirements from customers and other external stakeholders, Ericsson sometimes needs to take decisions on certification to stay competitive in the market. Certification means that Ericsson’s interpretation of standards or requirements are confirmed by a third-party via an assessment activity.

As the EGMS is a global system, group-wide ISO certificates are issued by a third-party certification body proving that the system is efficient throughout the whole organization as well as compliant to the ISO standards in scope. Ericsson is currently globally certified to ISO 9001 (Quality), ISO 14001 (Environment), OHSAS 18001 (Health & Safety) and ISO 27001 (Information Security). In 2020, Ericsson initiated the transition from OHSAS 18001 to ISO 45001 (Health & Safety). 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.

ISO/management system audits are performed by BSI (British Standards Institution). Internal audits are performed by the company’s internal audit function which reports to the Audit and Compliance Committee.

With a risk-based approach, Ericsson conducts audits of suppliers to secure compliance with Ericsson’s Code of Conduct for Business Partners, which includes rules that suppliers to the Ericsson Group must comply with. Ericsson’s external financial audits are performed by Deloitte AB.

**ERM Process**



**Risk management**

The management of operational risks in Ericsson is embedded in various business processes and controls, such as decision tollgates and approvals. Certain cross-process risks are centrally coordinated, such as risks relating to information security, IT security, corporate responsibility, privacy and anti-bribery and corruption. Financial risk management is governed by a Group policy and carried out by the Treasury and Customer Finance functions. For further information on financial risk management, please see Notes to the consolidated financial statements – note F1 “Financial risk management” in the Financial Report.



Ericsson’s Enterprise Risk Management (ERM) framework is an integrated part of the EGMS. The aim of the ERM framework is to strengthen the Group’s governance by integrating risk management with the strategy-setting and execution.

The ERM framework is designed to establish an adequate and effective management of risk, i.e. the uncertainty in achieving the strategic objectives of the Company. The framework provides methods to identify, assess and treat the risks, and to agree on the Company’s risk appetite and risk tolerance. The ERM framework is based on five elements (illustrated above and described in the

following text). It is applied across Ericsson’s operations and covers business areas, market areas and group functions. The framework comprises the minimum requirements that the units must meet to have a common basis for ERM to enable transparency and risk oversight.

**Governance & Culture**

Ericsson is executing on an ERM strategy with the aim to drive transformation in certain focus areas, such as risk culture, risk appetite and usage of risk weighted return concepts in strategic decisions, relation between risk and internal control, and aligned assurance.

**Risk Governance**

Each manager is responsible for handling the risks that emerges from the respective area of responsibility. The responsibility for the identified prime risks of the Company is always allocated to an Executive Team member. The Group Risk Management function is responsible for driving the ERM strategy execution and the ERM operations on Group level. The head of each group function, market area and business area, is accountable for appointing one or several risk manager(s) to drive risk management within the unit’s area of responsibility, and for overseeing the ERM in the respective unit. The CFO is accountable for performing oversight of ERM and the Board of Directors and the Audit and Compliance Committee are responsible for reviewing the effectiveness and appropriateness of the ERM.

**Risk culture**

Ericsson’s risk culture is reflected in the attitudes, behaviors, and understanding about risk, both positive and negative, that influence decisions made by leaders and employees. The implementation of Ericsson’s ERM Framework is supporting the five focus areas of the culture transformation initiative; Ericsson on the Move. For further information on Ericsson on the Move, please see page 2.

**Strategy**

Risk management is an important element of strategic decision making and value creation, since it captures the opportunities and threats that are related to reaching the strategic objectives. Ericsson’s risk management activities are interconnected with the development and deployment of Ericsson’s business plans and functional strategies.

**Assessment & Treatment**

Assessment and Treatment of risks are done in accordance with the ERM process (illustrated on page 17) that applies to the Group and to all roles with responsibilities with regards to risk management activities. It focuses on getting the group functions, market areas and business areas to connect their risks with strategic objectives and accountabilities for decision making, in a clear way. The process also covers the activities that are managed centrally by the Group Risk Management function.

**Risk management planning**

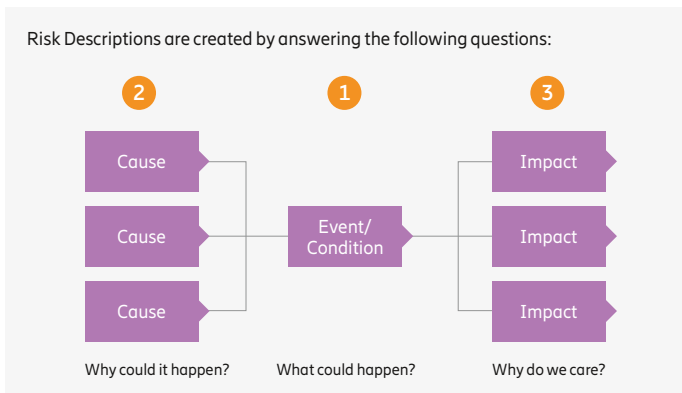
Risk management planning is done in collaboration between risk managers in the group functions, market areas, business areas and the Group Risk Management function.

**Risk Identification and Risk Analysis**

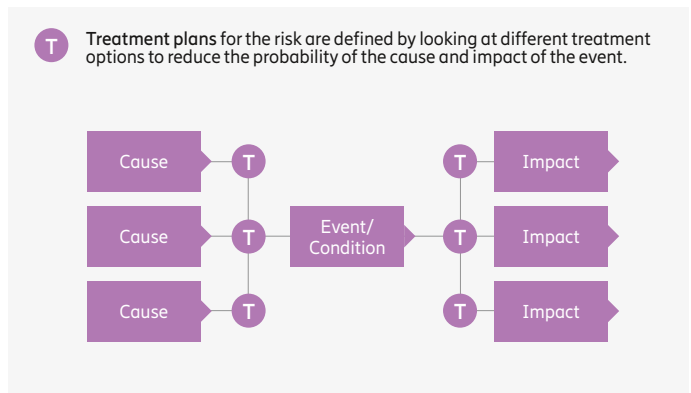
Current risks within the scope of accountability for the group function, market area and business area are identified in the bottom up risk identification process step. The appropriate risk manager engages the leadership teams and stakeholders in a unit and the organization to identify risks. In the top down risk identification, the Group Risk Management function conducts interviews with senior management, and external experts, to identify and refine the risks Ericsson faces,

The Risk Universe (illustrated on page 19) is used as inspiration to identify emerging risks and secure that all applicable risk categories are covered. Risk Descriptions cover event,

**Risk Description**



**Treatment plan**



cause and impact (illustrated on page 18). For further information on risks related to Ericsson’s business, see the chapter “Risk factors” in the Financial Report.

In the Risk Analysis process step, the impact of an identified risk is estimated considering four dimensions – financial risk, strategic risk, occupational health and safety risk, and reputational risk. The key risks in a unit are presented in a heat map (see example to the right). The heat map shows the impact and probability for each key risk and enables comparison for all kinds of risks and support prioritization.

**Risk Treatment**

For identified risks of relevance, treatment options are chosen, i.e. avoid or accept the risk, mitigate the probability or impact of the risk, or increase the risk in order to pursue an opportunity and described in a treatment plan (illustrated on page 18). Once the treatment plan is implemented, its effectiveness shall be assessed on an ongoing basis, and decisions shall be made where corrective actions are needed.

**Risk sign-off**

The risk sign-off entail a process step where the risks, including the responsibility for handling a risk and treatment plans, are acknowledged by the unit’s leadership team and aligned cross-Group in a workshop with the applicable leadership team and the head of the Group Risk Management function. Such workshops are arranged by the appropriate risk manager.

**Group Risk Consolidation & Prime Risk Selection**

The Group Risk Management function works to identify opportunities to consolidate risks based on commonalities: e.g. similar treatment plans or root causes. Further, the Group Risk Management function works to identify and hand over the responsibility of the Group

consolidated risks, to the suitable unit for further analysis and treatment.

Ericsson’s prime risks are defined as the identified top risks in the Group. The responsibility for each such risk is allocated to an Executive Team member and these risks are given additional attention in terms of analysis and reporting. The Group Risk Management function identifies potential prime risks in the Ericsson risk register in collaboration with the responsible units and the Executive Team.

**Communication & Reporting**  
**Risk Communication**

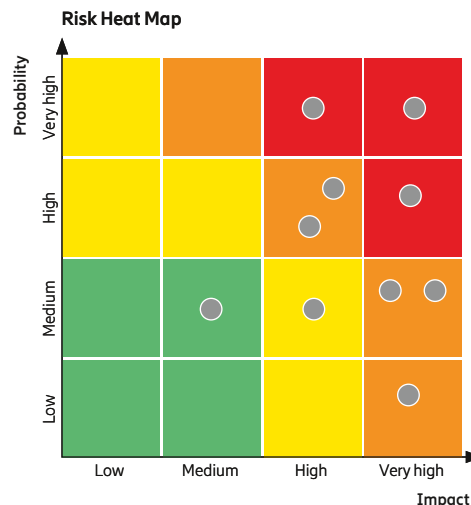
Effective communication is important to enable employees to share information, work together, and support each other in managing risks in the business. The risk management community has the mission to create awareness, improve knowledge and favorably influence behavior of both internal and external stakeholders with respect to risk management issues and requirements. Ericsson has established a Group Risk Council to facilitate cross-Group alignment and improvements of the ERM framework as well as of the management of actual risks. The Head of Group Risk Management is the chair of the council in which all risk managers participate.

**Risk Reporting**

The risk managers coordinate the reporting of key risk status to the leadership teams within the respective unit on a regular basis. Each unit’s risk register is also reported to the Group Risk Management function as part of the Group risk consolidation and prime risk selection. Although the formal reporting to the Group Risk Management function is only required once a year, risks identified outside of the reporting cycle that could potentially be significant at Group level are required to be escalated when identified to the Group Risk Management function.

The Head of the Group Risk Management function reports, in collaboration with the

Prime Risk Owners, the status of the prime risks to the Executive Team and the Audit and Compliance Committee on a regular basis. These reports include a heat map overview and a more detailed reporting of prime risks and relevant treatment.



The illustration shows an example of the heat map used for presenting the key risks in a unit.

**Monitoring**

The Group Risk Management function monitors the efficiency and effectiveness of the ERM Framework. This is done through self-assessments but also by providing assessment requirements regarding risk management to the ISO 9001 internal assessment process and follow up on the internal assessment results. The Group Risk Management function also reviews internal and external audit results to address identified weaknesses as part of the continuous improvements of the ERM framework.

**Risk Universe**

Intellectual Property Rights	Competition	M&A	Cyber and information security	Security, safety and continuity	People
Governance, risk and control	Laws and regulations	Communication and marketing	Geopolitical	Customer	Accounting
Treasury	Technology	Supply and sourcing	Product and service	Project execution	

## Members of the Executive Team



**Börje Ekholm**

*President and CEO (since 2017)*



**Fredrik Jejdling**

*Executive Vice President and Head of Business Area Networks (since 2017) and Head of Segment Networks*



**Arun Bansal**

*Executive Vice President (since June 10, 2020) and Head of Market Area Europe & Latin America (since 2017)*



**Majbritt Arfert**

*Senior Vice President, Chief People Officer and Head of Group Function People (since 2017)*

Born 1963. Master of Science in Electrical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. Master of Business Administration, INSEAD, France.

**Nationality:** Sweden and USA

**Board Member:** Telefonaktiebolaget LM Ericsson, Alibaba Group and Trimble Inc.

**Holdings in Ericsson:**<sup>1)</sup>

260,351 Class B shares, 1,009,000 ADS, 8,319 synthetic shares, and 2,000,000 call options<sup>2)</sup>.

**Background:** CEO of Patricia Industries, a division within Investor AB (2015–2017). President and CEO of Investor AB (2005–2015). Formerly Head of Investor Growth Capital Inc. and New Investments. Previous positions at Novare Kapital AB and McKinsey & Co Inc. Since 2017, member of the Steering Committee of the World Economic Forum Digital Communication Governors. Member of the Board of the Swedish-American Chamber of Commerce New York.

Born 1969. Master of Science in Economics and Business Administration, Stockholm School of Economics, Sweden.

**Nationality:** Sweden

**Board Member:** Teknikföretagen and the Confederation of Swedish Enterprise.

**Holdings in Ericsson:**<sup>1)</sup>

14,752 Class B shares.

**Background:** Senior Vice President and Head of Business Unit Network Services (2016–2017). Has held a variety of positions in commercial operations and financials, including Head of Region Sub-Saharan Africa, Head of Region India, and Head of Sales and Finance for Business Unit Global Services. Previous positions include senior positions with LUX Asia Pacific and Tele2 Group.

Born 1968. Bachelor of Engineering (Electronics), University of Jiwaji, India, and Postgraduate Diploma in Marketing, Indira Gandhi National Open University, India.

**Nationality:** India

**Board Member:** OPCOM Cables Sdn Bhd, Malaysia and Mycronic AB Sweden.

**Holdings in Ericsson:**<sup>1)</sup>

54,108 Class B shares and 17,860 ADS.

**Background:** Various senior management positions, including Senior Vice President (2016–2017), Head of Business Unit-Radio (2014–2016), Head of South East Asia & Oceania and Country Manager in Indonesia and Bangladesh. Lived and worked across multiple countries and markets, including Malaysia, Sweden, Singapore, UK and USA.

Born 1963. Bachelor of Human Resources, University of Gothenburg, Sweden.

**Nationality:** Sweden

**Board Member:** None.

**Holdings in Ericsson:**<sup>1)</sup>  
35,763 Class B shares.

**Background:** Acting Head of Group Function Human Resources (November 2016–March 2017). Previously Head of Human Resources Ericsson Sweden (2015–2017) and Vice President and Head of Human Resources Business Unit Support Solutions (2007–2015). Has held various senior positions in Ericsson including Head of Human Resources Business Unit Broadband Networks, Head of Human Resources Sony Ericsson Germany, Head of Human Resources Business Unit Transmission, Head of Human Resources Microwave Systems.

### Changes in the Executive Team

- Effective June 10, 2020, Arun Bansal was appointed Executive Vice President.
- The Board memberships and Ericsson holdings reported above are as of December 31, 2020.

<sup>1)</sup> The number of shares and ADS includes holdings by related persons, if applicable.

<sup>2)</sup> Call options issued by AB Industrivärden (1,000,000 call options) and Investor AB (1,000,000 call options), each entitling the purchase of one Ericsson B share from AB Industrivärden/Investor AB respectively (further information is available in the Notes to the consolidated financial statements – note G2 "Information regarding members of the Board of Directors and the Group management" in the Financial Report).



### Xavier Dedullen

*Senior Vice President, Chief Legal Officer, Head of Group Function Legal Affairs and Compliance and secretary of the Board of Directors of Telefonaktiebolaget LM Ericsson (since 2018)*

Born 1964. Master of Laws (LL.M), New York University School of Law, USA, Master of Laws (Lic. Jur), KU University of Leuven, Belgium, and Bachelor in Law, Facultés Notre Dame de la Paix, Belgium.

**Nationality:** Belgium

**Board Member:** None.

**Holdings in Ericsson:**<sup>1)</sup> None.

**Background:** Previously Group General Counsel at Holcim Ltd (now called LafargeHolcim) (2013–2018) with responsibility for the Legal and Compliance functions, based in Switzerland. He started his career in private practice in New York in 1988 followed by various in-house positions of increasing seniority in the banking, power and telecom industries, based in the UK, Hong Kong and Switzerland. Prior to joining Holcim Ltd, he worked at Verizon (2004–2013) most recently as Vice President International – Legal and External Affairs.



### Erik Ekudden

*Senior Vice President, Chief Technology Officer and Head of Group Function Technology (since 2018)*

Born 1968. Master of Science in Electrical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden.

**Nationality:** Sweden

**Board Member:** None.

**Holdings in Ericsson:**<sup>1)</sup> 18,704 Class B shares and 8,972 ADS.

**Background:** Group Chief Technology Officer and Head of Technology and Architecture within Group Function Technology and Emerging Business (July 2017–March 2018). Joined Ericsson in 1993 and has held various management positions in the company, including Head of Technology Strategy, Chief Technology Officer Americas in Santa Clara US, and Head of Standardization and Industry. Member of the Royal Swedish Academy of Engineering Sciences (IVA). Since 2020, member of the Broadband Commission for Sustainable Development and member of the board of IVA's Näringslivsråd.



### Niklas Heuveltop

*Senior Vice President and Head of Market Area North America (since 2017)*

Born 1968. Master of Science in Industrial Engineering and Management, the Linköping Institute of Technology, Sweden.

**Nationality:** Sweden

**Board Member:** The Swedish-American Chamber of Commerce New York and CTIA – US wireless industry trade association.

**Holdings in Ericsson:**<sup>1)</sup> 15,611 Class B shares and 13,741 ADS.

**Background:** Senior Vice President, Chief Strategy Officer and Head of Group Function Technology & Emerging Business (April 2017–March 2018). Previous positions include Chief Customer Officer and Head of Group Function Sales (2016–2017) and senior leadership positions across Europe and the Americas, including Head of Global Customer Unit AT&T and Head of Market Unit Central America and Caribbean. Previous positions outside Ericsson include CEO of ServiceFactory and COO of WaterCove Networks.



### Chris Houghton

*Senior Vice President and Head of Market Area North East Asia (since 2017)*

Born 1966. Bachelor of Law, Huddersfield Polytechnic, United Kingdom.

**Nationality:** United Kingdom

**Board Member:** None.

**Holdings in Ericsson:**<sup>1)</sup> 73,453 Class B shares.

**Background:** Head of Region North East Asia (2015–2017). Has also previously held management positions within Ericsson, including Head of Region India, Head of Customer Unit UK and Ireland and various management positions within Ericsson in China, Hungary, India, Ireland, Japan, Sweden and the UK.

The Board memberships and Ericsson holdings reported above are as of December 31, 2020.

<sup>1)</sup> The number of shares and ADS includes holdings by related persons, if applicable.

## Members of the Executive Team, cont'd.

**Jan Karlsson**

*Senior Vice President, Head of Business Area Digital Services (since 2018) and Head of Segment Digital Services*

Born 1966. Bachelor in Business Administration, ESSEC Business School, France.

**Nationality:** Sweden

**Board Member:** None

**Holdings in Ericsson:**<sup>1)</sup> 1,343 Class B-shares and 6,853 ADS.

**Background:** Acting Head of Business Area Digital Services February–July 2018. Previous Head of Solution Area BSS within Business Area Digital Services. Before joining Ericsson early 2017 Jan Karlsson was the CEO of DigitalRoute, an ISV focusing on data collection & pre-processing across Telco and Non-telco verticals.

**Peter Laurin**

*Senior Vice President and Head of Business Area Managed Services (since 2017) and Head of Segment Managed Services*

Born 1971. Master of Technology, Chalmers University of Technology, Sweden, and Master of Business Administration, Gothenburg School of Economics and Commercial Law, Sweden.

**Nationality:** Sweden

**Board Member:** ByggVesta AB.

**Holdings in Ericsson:**<sup>1)</sup> 18,021 Class B shares.

**Background:** Head of Region Northern Europe and Central Asia. Previous management positions within Ericsson include Head of Ericsson's Global Customer Unit Vodafone (2013–2016) and various executive positions in North America, Asia and Europe. Previous external roles include positions in Arthur D. Little and Mediatude Ltd.

**Stella Medicott**

*Senior Vice President, Chief Marketing and Communications Officer and Head of Group Function Marketing & Corporate Relations (since 2019)*

Born 1969. Bachelors of Arts (Hons) degree in Social Science, University of Lincoln (known at that time as University of Humberside), United Kingdom and Postgraduate Diploma in Marketing, Chartered Institute of Marketing, United Kingdom.

**Nationality:** United Kingdom

**Board Member:** None.

**Holdings in Ericsson:**<sup>1)</sup> 7,455 Class B shares.

**Background:** Vice President of Marketing, Communications and Government Relations for Ericsson Market Area Europe and Latin America July 2017–June 2019. Prior to joining Ericsson, Stella Medicott was Chief Marketing Officer at Red Bee Media, which was acquired by Ericsson in May 2014. She has over 25 years of marketing experience in major IT, telecoms and media companies including two years at Technicolor as VP Marketing and ten years at Siemens Communications as Global VP Marketing.

**Carl Mellander**

*Senior Vice President, Chief Financial Officer and Head of Group Function Finance and Common Functions (since 2017)*

Born 1964. Bachelor of Business Administration and Economics, University of Stockholm, Sweden and East- and South East Asia Program, Lund University, Sweden.

**Nationality:** Sweden

**Board Member:** International Chamber of Commerce (ICC) Sweden.

**Holdings in Ericsson:**<sup>1)</sup> 51,741 Class B shares.

**Background:** Acting Chief Financial Officer and Head of Group Function Finance and Common Functions (July 2016–March 2017). Previous positions within Ericsson include Vice President and Group Treasurer, and Head of Finance in Region Western and Central Europe. Also held Head of Finance/CFO positions within the telecom operator space and defence industry.





### Nunzio Mirtillo

*Senior Vice President and Head of Market Area South East Asia, Oceania & India (since 2017)*

Born 1961. Master in Electronic Engineering, Sapienza University, Italy.

**Nationality:** Italy

**Board Member:** None.

**Holdings in Ericsson:**<sup>1)</sup> 58,245 Class B shares.

**Background:** Previously Head of Region Mediterranean. Previous management positions within Ericsson include Head of Sales Networks for Western Europe within Business Unit Networks, Head of Business Operations in Market Unit South East Europe and Key Account Manager for Wind Italy, Vodafone Italy and other customers.



### Fadi Pharaon

*Senior Vice President and Head of Market Area Middle East & Africa (since 2019)*

Born 1972. Master of Science in Computer Science, KTH Royal Institute of Technology, Sweden and a Master of Business Administration, Heriot Watt University, Edinburgh Business School, Scotland.

**Nationality:** Sweden and Lebanon

**Board Member:** None.

**Holdings in Ericsson:**<sup>1)</sup> 329 Class B shares and 1,124 ADS.

**Background:** Vice President of Networks & Managed Services (presales and commercial management) within Market Area Europe & Latin America. Previous management positions within Ericsson include Head of Presales and Strategy for Ericsson Region South East Asia & Oceania, and Country Manager for Ericsson Singapore and Brunei.



### Åsa Tamsons

*Senior Vice President and Head of Business Area Technologies & New Businesses (since 2018) and Head of Segment Emerging Business and Other*

Born 1981. Master of Business Administration, Stockholm School of Economics, Sweden.

**Nationality:** Sweden

**Board Member:** None.

**Holdings in Ericsson:**<sup>1)</sup> 6,533 Class B shares.

**Background:** Head of Business Area Technology and Emerging Business (April–September 2018) and Group Strategy and M&A. Previously Partner at McKinsey & Company, serving high-tech and telecommunications companies worldwide on growth strategies, digital and commercial transformations. Before joining Ericsson lived and work in the US, Brazil, France, Sweden and Singapore.

The Board memberships and Ericsson holdings reported above are as of December 31, 2020.

<sup>1)</sup> The number of shares and ADS includes holdings by related persons, if applicable.

## Auditor

According to the Articles of Association, the Parent Company shall have no less than one and no more than three registered public accounting firms as external independent auditor. Ericsson's auditor is currently elected each year at the AGM for a one-year mandate period. The auditor reports to the shareholders at General Meetings.

The duties of the auditor include:

- Updating the Board of Directors regarding the planning, scope and content of the annual audit work
- Reviewing the interim reports to assess that the financial statements are presented fairly in all material respects and providing review opinions over the interim reports for the third and fourth quarters and the year-end financial statements
- Providing an audit opinion over the Annual Report
- Advising the Board of Directors of non-audit services performed, the consideration paid and other issues that determine the auditor's independence.

Auditing work is carried out by the auditor continuously throughout the year. For further information on the contacts between the Board and the auditor, please see "Work of the Board of Directors" earlier in this Corporate Governance report.

## Current auditor

In order to secure a timely auditor rotation, Deloitte AB was elected new auditor at the AGM 2020 for a period of one year, i.e. until the close of the AGM 2021. Deloitte AB has appointed Thomas Strömberg, Authorized Public Accountant, to serve as auditor in charge. Thomas Strömberg is also auditor in charge in Epiroc AB.

## Fees to the auditor

Ericsson paid the fees (including expenses) for audit-related and other services listed in the table in note H5, "Fees to auditors" in the Financial Report.

## Internal control over financial reporting

This section has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code and is limited to internal control over financial reporting.

Since Ericsson is listed in the US, the requirements outlined in the Sarbanes-Oxley Act (SOX) apply, subject to certain exceptions. These regulate the establishment and maintenance of internal control over financial reporting as well as management's assessment of the effectiveness of the controls.

In order to support high-quality reporting and to meet the requirement of SOX, the Company has implemented detailed documented controls and testing and reporting procedures based on the internationally established 2013 COSO framework for internal control. The COSO framework is issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's internal control report according to SOX will be included in Ericsson's Annual Report on Form 20-F and filed with the SEC in the US.

## Disclosure policies

Ericsson's financial reporting and disclosure policies aim to ensure transparent, relevant and consistent communication with equity and debt investors on a timely, fair and equal basis. This will support a fair market value for Ericsson securities. Ericsson wants current and potential investors to have a good understanding of how the Company works, including operational performance, prospects and potential risks.

To achieve these objectives, financial reporting and disclosure must be:

- **Transparent** – enhancing understanding of the economic drivers and operational performance of the business, building trust and credibility
- **Consistent** – comparable in scope and level of detail to facilitate comparison between reporting periods
- **Simple** – to support understanding of business operations and performance and to avoid misinterpretations

- **Relevant** – with focus on what is relevant to Ericsson's stakeholders or required by regulation or listing agreements, to avoid information overload
- **Timely** – with regularly scheduled disclosures as well as ad-hoc information, such as press releases on important events, performed in a timely manner
- **Fair and equal** – where all material information is published via press releases to ensure that the whole investor community receives the information at the same time
- **Complete** – free from material errors and a reflection of best practice – disclosures compliant with applicable financial reporting standards and listing requirements and in line with industry norms.

Ericsson's website comprises comprehensive information about the Group, including:

- An archive of annual and interim reports
- Access to recent news.

## Disclosure controls and procedures

Ericsson has controls and procedures in place to allow for timely disclosure in accordance with applicable laws and regulations, including the US Securities Exchange Act of 1934, and under agreements with Nasdaq Stockholm and NASDAQ New York. These procedures also require that such information is provided to management, including the President and CEO and the CFO, so timely decisions can be made regarding required disclosure.

The Disclosure Committee assists management in fulfilling their responsibility regarding disclosures made to the shareholders and the investment community. One of the main tasks of the committee is to monitor the integrity and effectiveness of the disclosure controls and procedures. The Disclosure Committee comprises members with various expertise.

Ericsson has investments in certain entities that the Company does not control or manage. With respect to such entities, disclosure controls and procedures are substantially more limited than those maintained with respect to subsidiaries.

Ericsson's President and CEO and the CFO evaluated the Company's disclosure controls and procedures and concluded that they were effective at a reasonable assurance level as of December 31, 2020. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

### Internal control over financial reporting

Ericsson has integrated risk management and internal control over financial reporting into its business processes. As defined in the COSO framework, internal control is an aggregation of components such as a control environment, risk assessment, control activities, information and communication and monitoring.

The control framework is updated regularly to reflect relevant changes in processes, tools usage, outcome of risk assessments, changes in legislations, etc. During the period covered by the Annual Report 2020, enhancements were initiated to strengthen the design of the controls and the efficiency of the internal control over financial reporting. The scope of the enhancements covers both business process controls and IT controls.

Although the Company has modified its workplace practices globally due to the COVID-19 pandemic, resulting in most of its employees working remotely, this has not significantly affected the Company's internal controls over financial reporting.

### Control environment

The Company's internal control structure is based on the division of tasks between the Board of Directors and its Committees and the President and CEO. The Company has implemented a management system that is based on:

- Steering documents, such as policies and directives, and a Code of Business Ethics
- A strong corporate culture
- The Company's organization and mode of operations, with well-defined roles and responsibilities and delegations of authority
- Several well-defined Group-wide processes for planning, operations and support.

The most essential parts of the control environment relative to financial reporting are included in steering documents and processes for accounting and financial reporting. These steering documents are updated regularly to include, among other things:

- Changes to laws
- Financial reporting standards and listing requirements, such as IFRS and SOX.

The processes include specific controls to be performed to ensure high-quality financial reports. The management of each reporting legal entity, region and business unit is supported by a financial controller function with execution of controls related to transactions and reporting. The company controller functions are organized in a number of Company Control Hubs, each supporting a number of legal entities within a geographical area. A financial controller function is also established on Group level, reporting to the CFO.

### Risk assessment

Risks of material misstatements in financial reporting may exist in relation to recognition and measurement of assets, liabilities, revenue and cost or insufficient disclosure. Other risks related to financial reporting include fraud, loss or embezzlement of assets and undue favorable treatment of counterparties at the expense of the Company.

Policies and directives regarding accounting and financial reporting cover areas of particular significance to support correct, complete and timely accounting, reporting and disclosure.

Identified types of risks are mitigated through well-defined business processes with integrated risk management activities, segregation of duties and appropriate delegation of authority. This requires specific approval of material transactions and ensures adequate asset management.

### Control activities

The Company's business processes include financial controls regarding the approval and accounting of business transactions. The financial closing and reporting process has

controls regarding recognition, measurement and disclosure. These include the application of critical accounting policies and estimates, in individual subsidiaries as well as in the consolidated accounts.

Regular analyses of the financial results for each subsidiary, region and business unit cover the significant elements of assets, liabilities, revenues, costs and cash flow. Together with further analysis of the consolidated financial statements performed at Group level, these procedures are designed to produce financial reports without material errors.

For external financial reporting purposes, the Disclosure Committee performs additional control procedures to review whether the disclosure requirements are fulfilled.

The Company has implemented controls to ensure that financial reports are prepared in accordance with its internal accounting and reporting policies and IFRS as well as with relevant listing regulations. It maintains detailed documentation on internal controls related to accounting and financial reporting. It also keeps records on the monitoring of the execution and results of such controls. This allows the President and CEO and the CFO to assess the effectiveness of the controls in a way that is compliant with SOX.

Entity-wide controls, focusing on the control environment and compliance with financial reporting policies and directives, are implemented in all subsidiaries. Detailed process controls and documentation of controls performed are also implemented in almost all subsidiaries, covering the items with significant materiality and risk.

In order to secure compliance, governance and risk management in the areas of legal entity accounting and taxation, as well as securing funding and equity levels, the Company operates through a Shared Service Center structure and a Company Control hub structure, covering subsidiaries in each respective geographical area.

Based on a common IT platform, a common chart of account and common master data, the hubs and shared services centers perform accounting and financial reporting services for most subsidiaries.

### Information and communication

The Company's information and communication channels support complete, correct and timely financial reporting by making all relevant internal process instructions and policies accessible to all the employees concerned. Regular updates and briefing documents regarding changes in accounting policies, reporting and disclosure requirements are also supplied.

Subsidiaries and operating units prepare regular financial and management reports for internal steering groups and Company management. These include analysis and comments on financial performance and risks. The Board of Directors receives financial reports monthly. Ericsson has established a whistleblower tool, Ericsson Compliance Line, that can be used for the reporting of alleged violations that:

- are conducted by Group or local management, and
- relate to corruption, questionable accounting, deficiencies in the internal control of accounting or auditing matters or otherwise seriously affect vital interests of the Group or personal health and safety.

### Monitoring

The Company's process for financial reporting is reviewed annually by management. This forms a basis for evaluating the internal management system and internal steering documents to ensure that they cover all significant areas related to financial reporting. The Shared Service Center and Company Control Hub Management continuously monitor accounting quality through a set of performance indicators. Compliance with policies and directives is monitored through

annual self-assessments and representation letters from heads and company controllers in subsidiaries as well as in business areas and market areas.

The Company's financial performance is also reviewed at each Board meeting. The Committees of the Board fulfill important monitoring functions regarding remuneration, loans, investments, customer finance, cash management, financial reporting and internal control. The Audit and Compliance Committee and the Board of Directors review all interim and annual financial reports before they are released to the market. The Company's internal audit function reports directly to the Audit and Compliance Committee. The Audit and Compliance Committee also receives regular reports from the external auditor. The Audit and Compliance Committee follows up on any actions taken to improve or modify controls.

### Board of Directors

Stockholm, March 3, 2021

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

# Auditor's report on the Corporate governance report

To the general meeting of the shareholders in Telefonaktiebolaget LM Ericsson corporate identity number 556016-0680

## Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year January 1, 2020 – December 31, 2020 on pages 1–26 and that it has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement 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. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 3, 2021

**Deloitte AB**

**Thomas Strömberg**  
Authorized public accountant

## About Ericsson

Ericsson provides high-performing solutions to enable its customers to capture the full value of connectivity. The Company supplies communication infrastructure, services and software to the telecom industry and other sectors. Ericsson has approximately 100,000 employees and serves customers in more than 180 countries. Ericsson is listed on Nasdaq Stockholm and the Ericsson ADS trade on NASDAQ New York. The Company's headquarters are located in Stockholm, Sweden.

It all started in a mechanical workshop in Stockholm in 1876 where Lars Magnus Ericsson designed telephones and his wife Hilda manufactured them by winding copper wire coils. With 5G now a commercial reality, we continue to invest to strengthen our 5G leadership. Our portfolio is designed to help our customers digitalize and to increase efficiency in an intelligent and sustainable way, while finding new revenue streams.