

# Customer introduction



Ericsson Group Management System and its  
verification

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# O1. How we manage our business – Ericsson Group Management System, EGMS



# Our business



At Ericsson, our mission is to empower people through technology, transform industries and advance society through sustainable development.

We do that by creating new connections between people and things, while revolutionizing industries with unprecedented agility and efficiency. Over the past 140+ years we have been at the forefront of technology innovation, with over 60,000 granted patents and customers in over 180 countries.

To support how we manage our business we have a certified Ericsson Group Management System – EGMS.

# How we manage our business



We are in one of the most exciting industries in the world, impacting billions of people every day. Just think about how access to education via the internet changes the lives of children in remote villages. Just one way that Ericsson can impact the world, as our industry pushes the boundaries of innovation and create billions of connections.

The pace of change and innovation in the industry has never been higher. Cloud technologies and business models, automation and new competitors are quickly disrupting our industry and creating new opportunities. We want to be a partner to our customers by creating the most intelligent and efficient networks, delivering the most competitive solutions, and innovating to make the unimaginable possible.

We will enable our customers to expand into new profit pools, fully leveraging the potential of our latest technology, Internet of Things and Cloud. Furthermore, our leading solutions will allow our customers to be more efficient. We will also simplify how we work to become faster and more responsive. We will minimize waste and unnecessary complexity, ensuring customer engagements which are efficient, easy, and of high quality. An obsession with our customers remains our top priority.

Through our Ericsson Operational Quality Manual, we aim to put our aspirations into action by managing our operations in a way that continues to bring value across the globe and our value chain, thereby fulfilling our ambition of creating value for all our customers, enabled by our people.

Let's continue to Imagine Possible together!

Börje Ekholm  
President and CEO

## Management Control and Governing Principles

“Company management monitors the compliance with Group Policies, Group Directives and processes through internal assessment and management reviews within all units.”

# Ericsson Group Management System, EGMS, Compliance



The Ericsson Group Management System promotes operational excellence through a systematic and controlled way of managing Ericsson operations, including a well-described organizational structure (operational, functional, and legal), with concise steering documents, and common group-wide processes. This enables us to work as ONE Ericsson.

Ericsson has one management system, the Ericsson Group Management System, EGMS, which ensures an adequate and effective management of Ericsson's operations and continual improvement. EGMS furthermore supports effecting our core values and contributes to our corporate culture. Additionally, EGMS provides a controlled way of integrating new requirements into our existing ways of working and as our stakeholders' demands and expectations on our organization change, paired with internally identified strategic needs.

Having one global management system enables achieving global standardization and certification in an efficient manner. EGMS is currently globally certified to ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System) and ISO 27001 (Information Security Management System). You will learn more in section 3.



*Having one global management system enables us to operate as ONE Ericsson; allows us to bring simplicity, efficiency, and scale to our operations. This ultimately benefits our customers as do the transparency and trust this way of operating our business creates*

*Carl Mellander, CFO*

## External Financial Audit

are performed by authorized independent external auditors

## External EGMS (ISO Certificate) Audits

are performed by independent 3rd party certification bodies

## Internal Assessments

shall inspire improvement of the management system and is also a pre-requisite to maintain ISO certification

## Internal Audits

are performed by the company's internal Corporate Audit function, which reports to the Audit Committee of the Board of Directors

## Audits of suppliers

are also conducted to secure compliance to signed agreements and with Ericsson's Code of Conduct

# Ericsson Group Management System, EGMS



- Covers all our operations and all units worldwide
- Describes our way to run and control our operations
- Contains records proving the adherence to defined ways of working
- Builds trust in the way we work due to consistency and global reach
- Globally certified to ISO 9001, ISO 14001, ISO 45001 and ISO 27001



— A complete management system with all its content. Each organization within Ericsson contributes to EGMS with content

— A framework consisting of rules and requirements to ensure compliance with decided standards and a structure defining compulsory information that must be available

— A method used for integrating new requirements into the already existing system and framework

# EGMS characteristics



— One global system applied in all our operations worldwide

— Generic processes applied locally

— Top down approach with central requirements

— A dynamic system enabling compliance for decided standards and other sets of requirements



# The purpose of EGMS is to....



- supports effecting our core values and contributes to our corporate culture
- ensure that the business is managed so that the objectives of Ericsson's major stakeholders (customers, shareholders, employees) are fulfilled
- ensure that the business is managed within established risk limits and with reliable internal control
- ensure that the business is managed so the Company is compliant with applicable laws, listing requirements and governance codes and fulfills its corporate social responsibility

EGMS is an important part of Ericsson's governance as its purpose is to provide Ericsson's Management with a correct overview of the company's situation

# Information in EGMS is:



- Visualized through process descriptions, organization descriptions, policies, directives, instructions, guidelines etc



- Accessed via Ericsson's intranet

# Many requirements globally...



## External, mandatory

- SOX
- Local Laws and Regulations
- Privacy

## External, non-mandatory

- ISO 9001 – Quality
- ISO 14001 – Environment
- ISO 45001 – Occupational Health & Safety
- ISO 27001 – Information Security

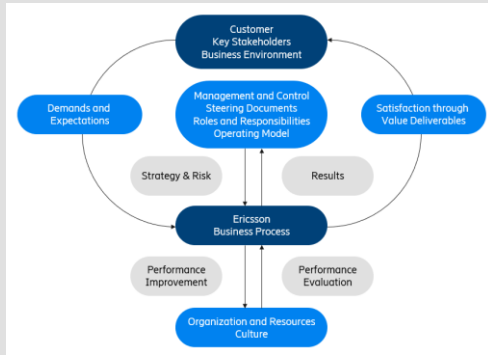
## Industry

- TL9000

## Internal

- Ericsson Policies & Directives

# ...but only one management system



EGMS

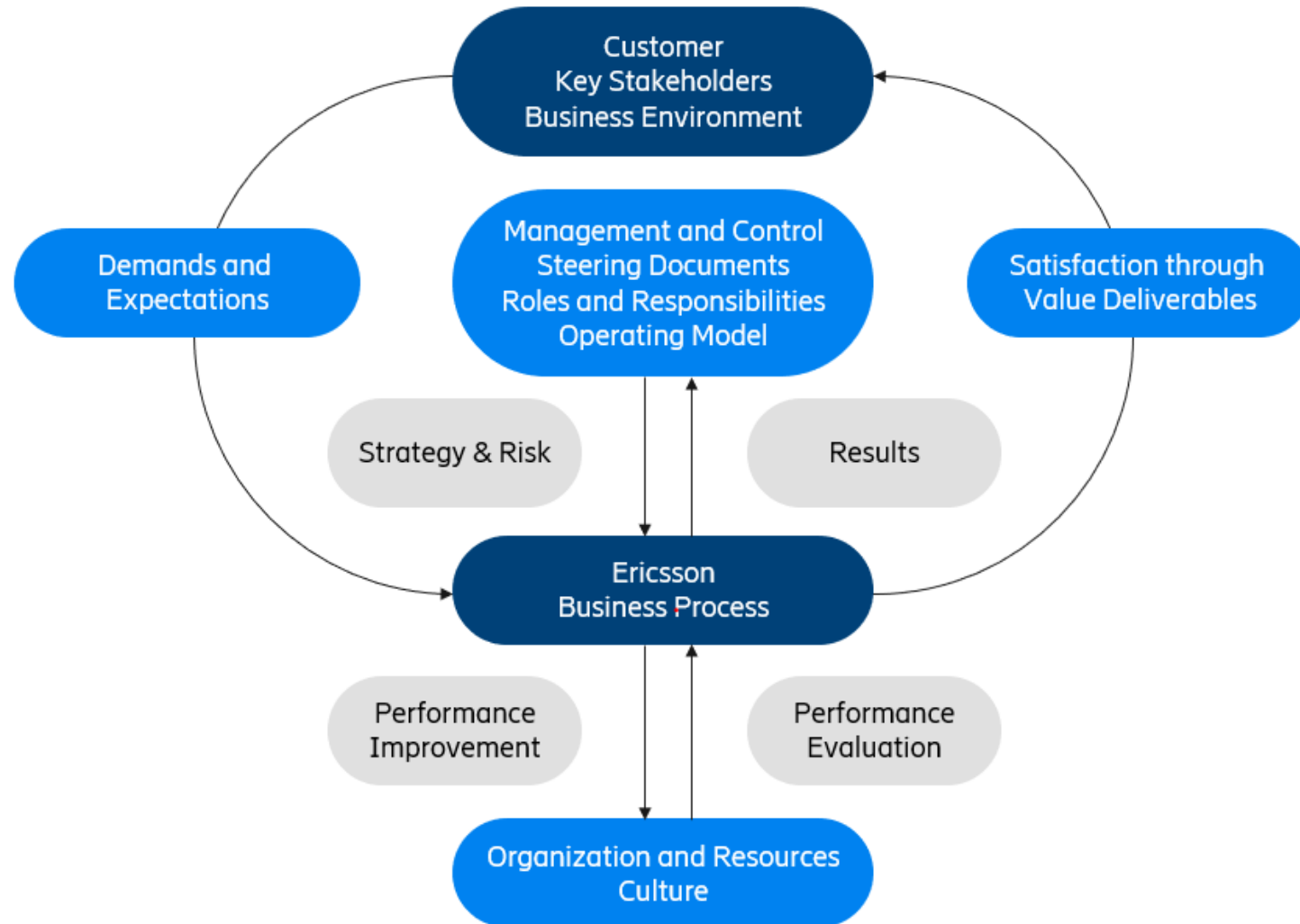


Ericsson add-ons, primarily for globalization and process view



Ericsson Operational Quality Manual, EOQM

# Ericsson Group Management System



# Core content



## EGMS global view

- Organization and governance
- Group Steering Documents
- Demands and expectations
- Roles & Responsibilities
- Ericsson Business Processes

## EGMS local view

- Organizational chart
- Decision forum
- Roles & Responsibilities
- Local steering documents

# Integration – new set of requirements



Decision to integrate new set of requirements

1

Assess what process/org will be impacted

2

Identify where in process/org and how it's impacted

3

Communicate and roll-out the adjustment

5

Update work instructions/ processes etc

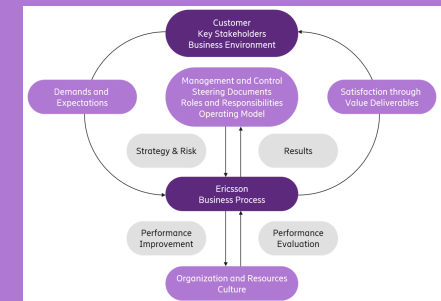
4

Evaluate adherence

6

Identify any modifications if needed

7



Following these steps will secure an updated EGMS

# Ericsson Quality Policy



Ericsson integrates quality through operational excellence in all areas of business and in alignment with our strategic direction.

Ericsson is committed to quality in daily work while striving to meet requirements of customers, shareholders, and employees in deploying hardware, software, services and solutions.

Ericsson Group Management System is the vehicle for delivering and securing the Quality Group Policy.

**Ericsson's commitment to quality is demonstrated through:**

- Providing hardware, software, services and solutions which satisfy customer expectations and requirements during the complete life cycle by operating effective and efficient processes aligned with our vision and strategies;
- Systematically setting quality objectives, reviewing performance and improving operations based upon performance outcome;
- Monitoring and reviewing information about future needs of interested parties; to ensure our ability to act and adapt our operations for continued success and relevance – aligned with our strategic direction;
- Fostering a work culture dedicated to customer satisfaction and releasing the full potential of Ericsson's global workforce through thought leadership and inspiration; and
- Integrating industry best practice and continually improving the effectiveness of our quality management system.



# Ericsson Operational Quality Manual — How we manage our business



Ericsson Operational Quality Manual (EOQM)

<b>Table of Contents</b>	<b>Ericsson Group Management System, EGMS</b>	<b>05</b>	<b>Strategy and Risks</b>	<b>16</b>
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# Global Certificates



The scope of the certified Ericsson Group Management System (Quality, Environmental, Occupational Health and Safety) is applicable to the following activities:

Management, research, product management, product development, production, supply, sales and installation and maintenance of hardware, software, services and solutions for Information and Communication Technology (ICT).

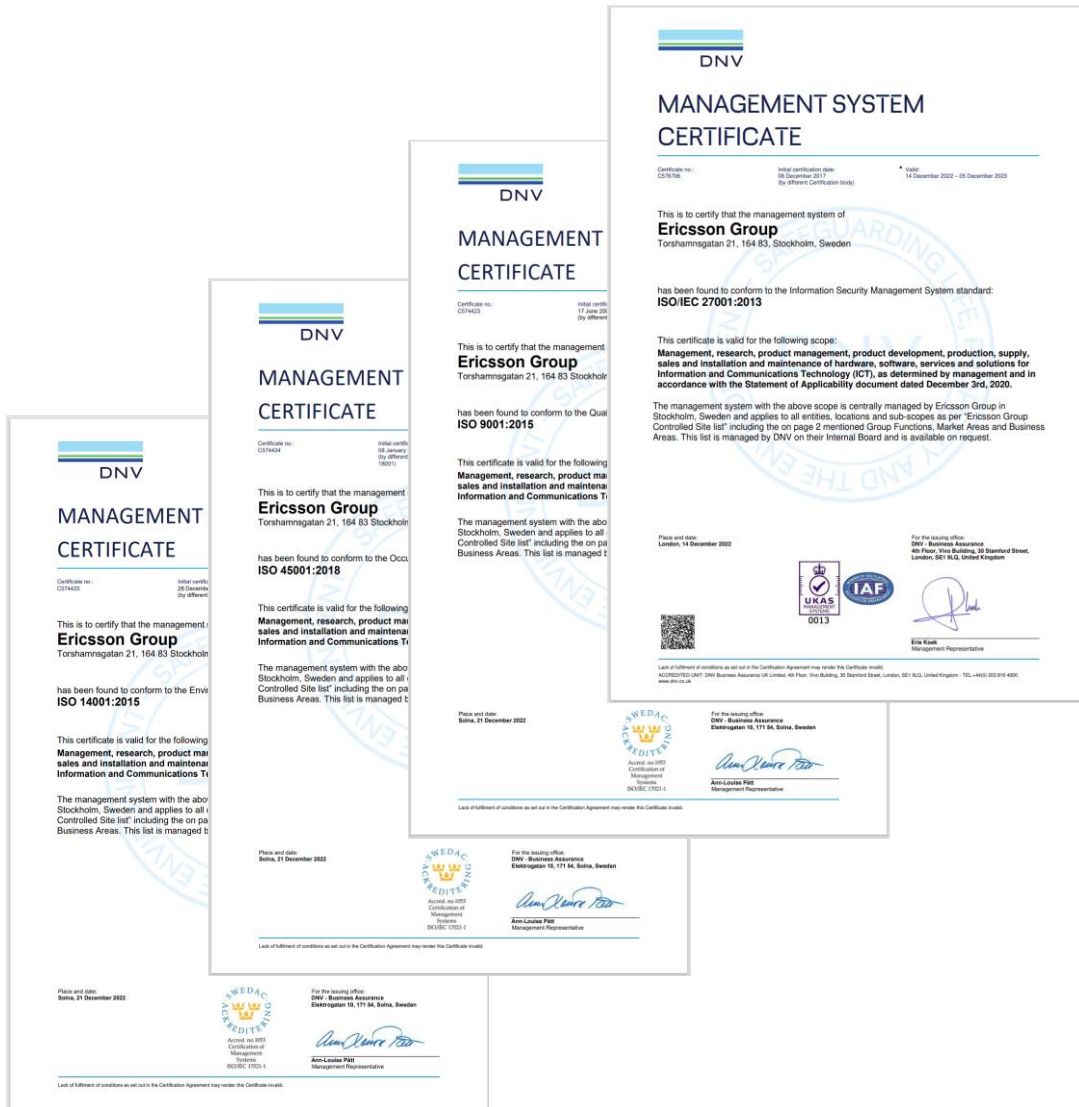
The management system with the above scope is centrally managed by Ericsson Group in Stockholm, Sweden and applies to all entities, locations and sub-scopes as per "Ericsson Group Controlled Site list"

[Link](#) to ISO certificates

The scope of the certified Ericsson Group Management System (Information Security) is applicable to the following activities:

Management, research, product management, product development, production, supply, sales and installation and maintenance of hardware, software, services and solutions for Information and Communication Technology (ICT), as determined by management and in accordance with the Statement of Applicability document dated December 3<sup>rd</sup> 2020.

The management system with the above scope is centrally managed by Ericsson Group in Stockholm, Sweden and applies to all entities, locations and sub-scopes as per "Ericsson Group Controlled Site list"



# 02. Occupational Health and Safety Management System (OHS)



# Occupational health and safety



Ensuring a safe  
and healthy  
workplace

## Our approach

We take an inclusive, risk-based approach to OHS that includes our employees as well as anyone working on our behalf, key areas of actions include:

- Governance fora
- Global OHS program
- Reporting on incidents
- Zero tolerance safety rules
- Targeting high-risk situations
- Consequence management program



# OHS specific components of the EGMS

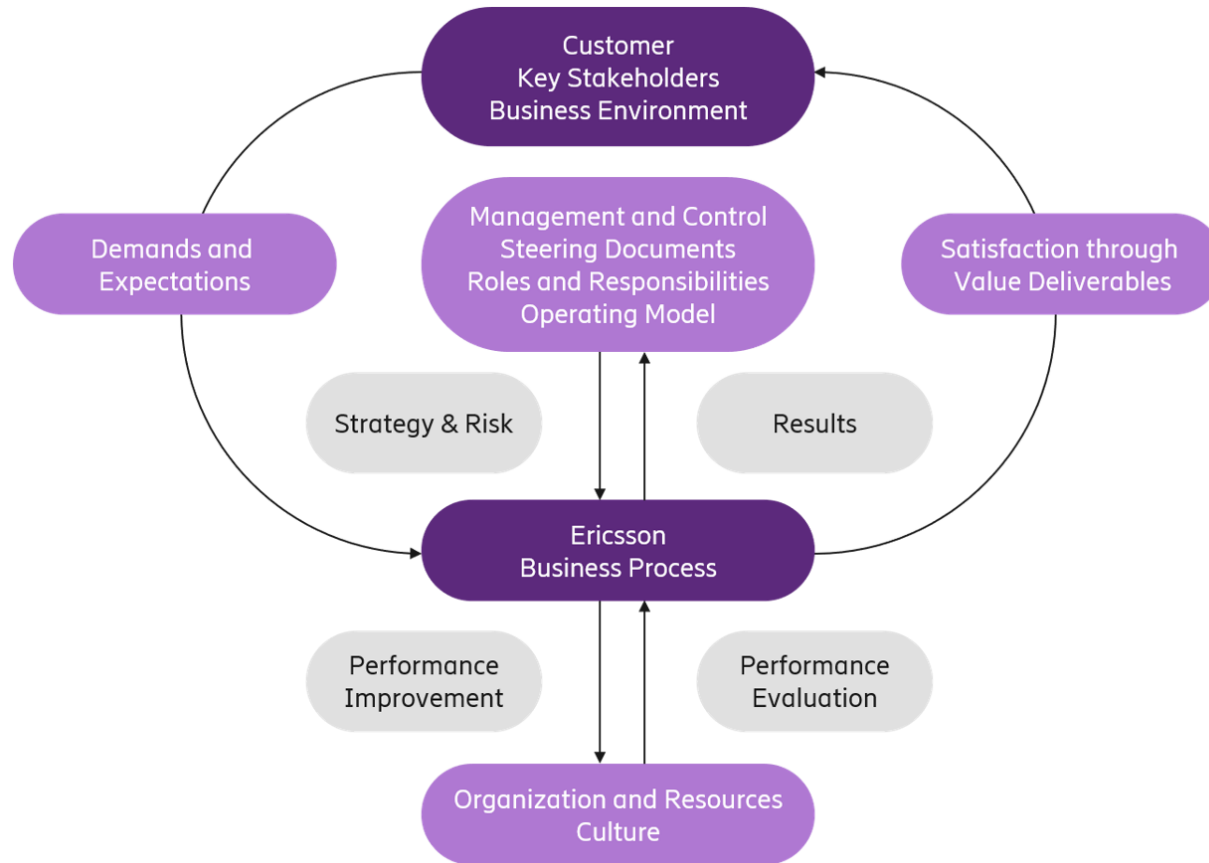


Customer Requirements  
Legislation  
Industry accepted practice  
(e.g. ISO)

Ericsson Sustainability  
and Corporate  
Responsibility Strategy

Incident management and  
EHS Dashboard

OHS strategic risk  
assessment  
OHS operational risks (site  
inspections)



OHS Legal  
Compliance

OHS Policy (CoBE  
and CoC)  
Group Directives  
Group Instructions

Corporate Audit  
Internal Assessments  
External Certification  
(ISO 45001)

Sustainability and CR  
Academy



# Occupational Health and Safety – Policy



To provide a safe and healthy work-environment is of fundamental importance to Ericsson.

Our vision is Zero Major Incidents, and we integrate Occupational Health and Safety (OHS) with a commitment to awareness and prevention in all Ericsson operations.

It is our belief that incidents, injuries and work-related ill-health can be prevented.

## **To achieve this, we shall:**

1. apply a risk-based approach to control and prevent work-related hazards and report incidents; analyze root causes and trends to drive continuous improvement.
2. design workplaces and work processes to prevent ill-health or injuries from occurring while managing work related stress by utilizing work-life balance tools.
3. effectively communicate the Zero Tolerance Safety Rules so that employees, contractors and suppliers understand their purpose and adhere to them and intervene and report if any un-safe acts or conditions are observed.
4. work together with our employees, customers, suppliers and other stakeholders to continuously improve our work environment and provide competence development and training as a natural part of individual- and team development to secure appropriate knowledge.
5. meet customer and Ericsson requirements as well as relevant OHS legislation in all markets where we operate, even if the requirements exceed local regulation



# 03. Environmental Management System (EMS)

# Ericsson environmental targets



Reduce Ericsson own activities CO2e emissions, including business travel (S3), product transportation (S3), facilities energy usage (S1 and S2) and fleet vehicles (S1) by 35% in 2022 in absolute terms compared with baseline 2016\*.

Ericsson commits to 35% of energy saving in Ericsson Radio System (ERS) versus legacy portfolio baseline 2016 (RBS 6000) by 2022\*.

Achieve Net Zero emissions from Ericsson's own activities by 2030. In 2021, Ericsson expanded its previous carbon neutral target for own operations into the Net Zero emissions target for own activities.

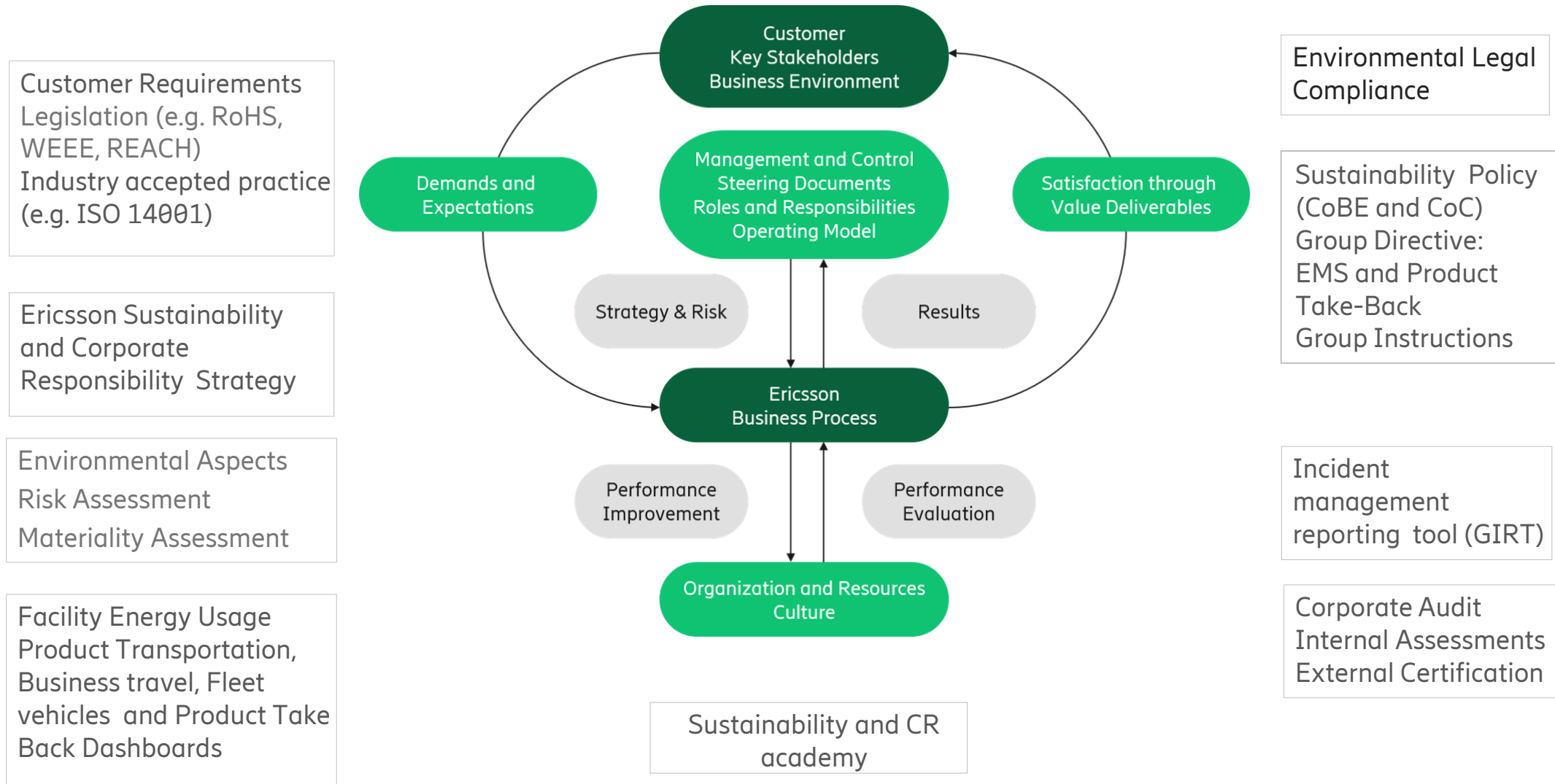
Reduce risk by increasing take-back of products at the end-of-life stage from our customers.

\*SBT

Part of our approved Science Based Target



# Environmental Management system- components of the EGMS



# 04. Information Security Management System (ISMS)



# ISMS & ISO 27001

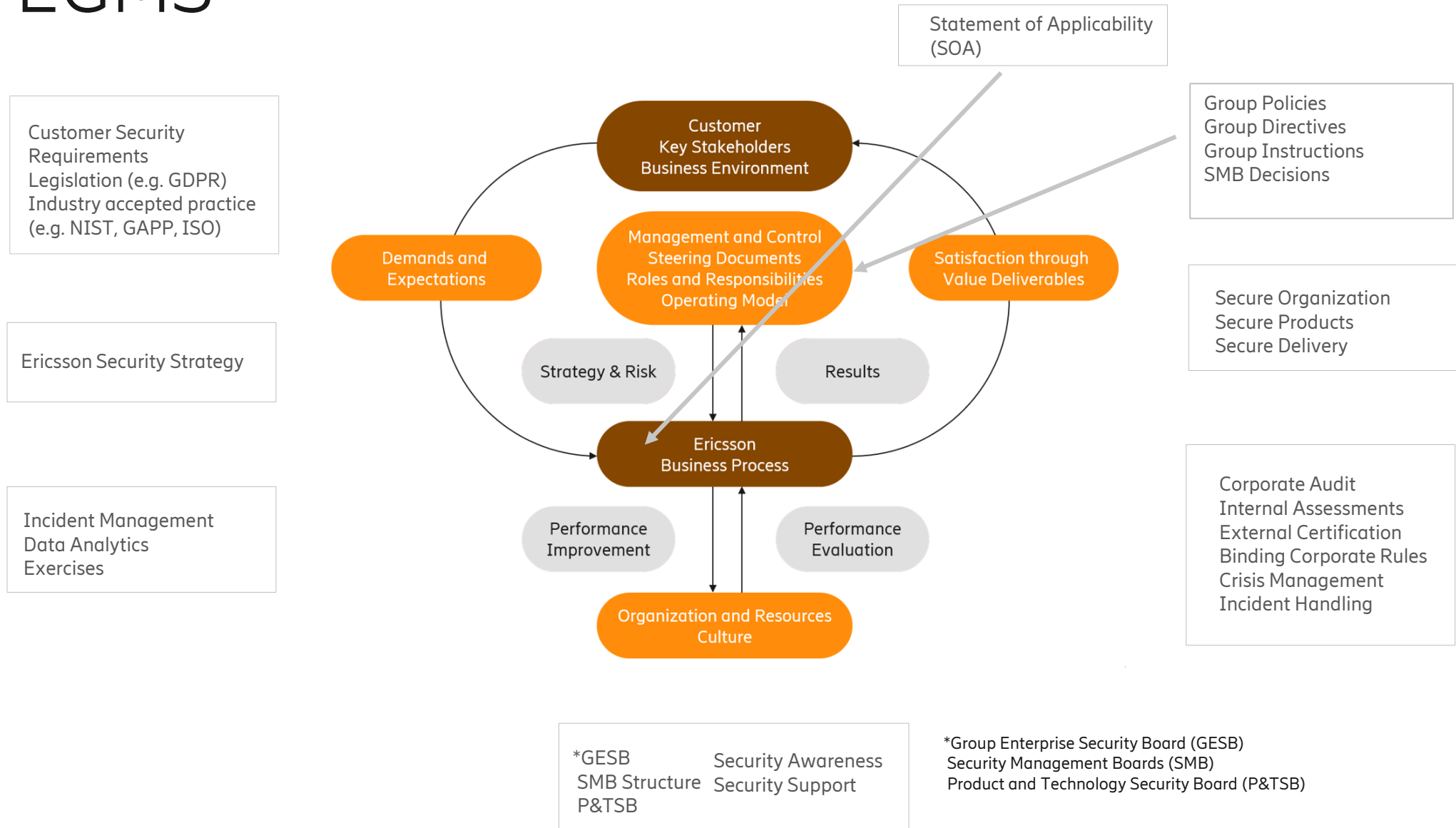


- **Information Security Management System (ISMS)** is a component of the Ericsson Group Management System (EGMS) that aims to mitigate information security, business continuity management and privacy related risks across Ericsson's business capability areas/processes.
- **Information** can be anything from emails, information on laptops, code, talk or any customer data.

## ISO 27001 certificate

- Purpose: Satisfy customer demands for compliance/certification towards ISO 27001
- Covers global processes
- Covers all Ericsson sites

# ISMS components of the EGMS

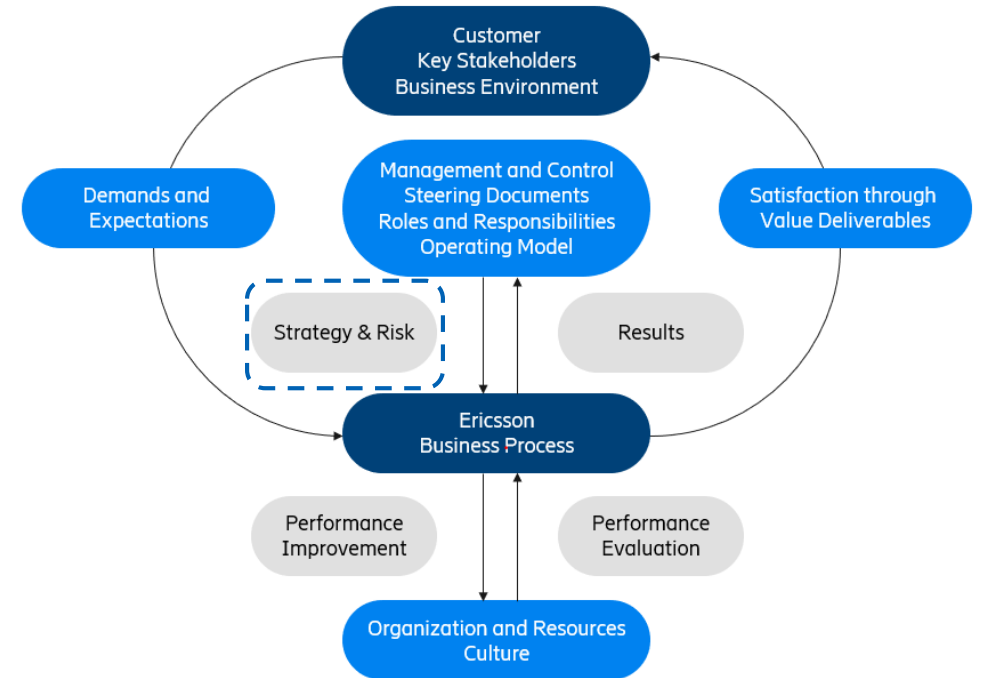
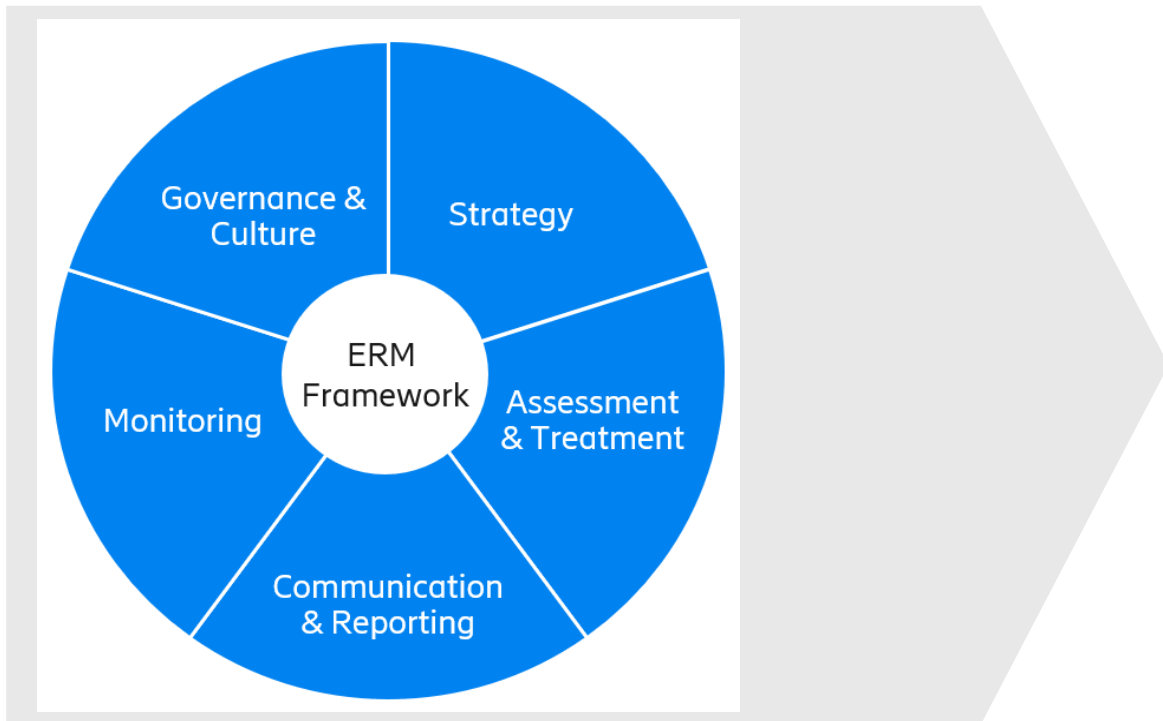


05. Enterprise Risk Management  
(ERM) is part of EGMS

# Enterprise Risk Management (ERM)



Ericsson's Enterprise Risk Management (ERM) Framework is an integrated part of EGMS.



# Enterprise Risk Management (ERM) mission and strategic objectives



Our ERM mission is to strengthen corporate governance by providing the organization with the culture, capabilities and practices, integrated with strategy-setting and its execution, for managing risk in creating, preserving, and realizing value.

To achieve this, we:

- › support a culture of risk awareness through clear responsibilities and increased competence
- › define risk appetite, and use risk-weighted return concepts in strategic decisions
- › identify, quantify and monitor risks in a common register
- › define cross-group treatment to contain risks at the desired level, aligned with internal controls and business continuity management
- › use a transparent and structured reporting process to all relevant stakeholders
- › create feedback loops to continuously refine the ERM





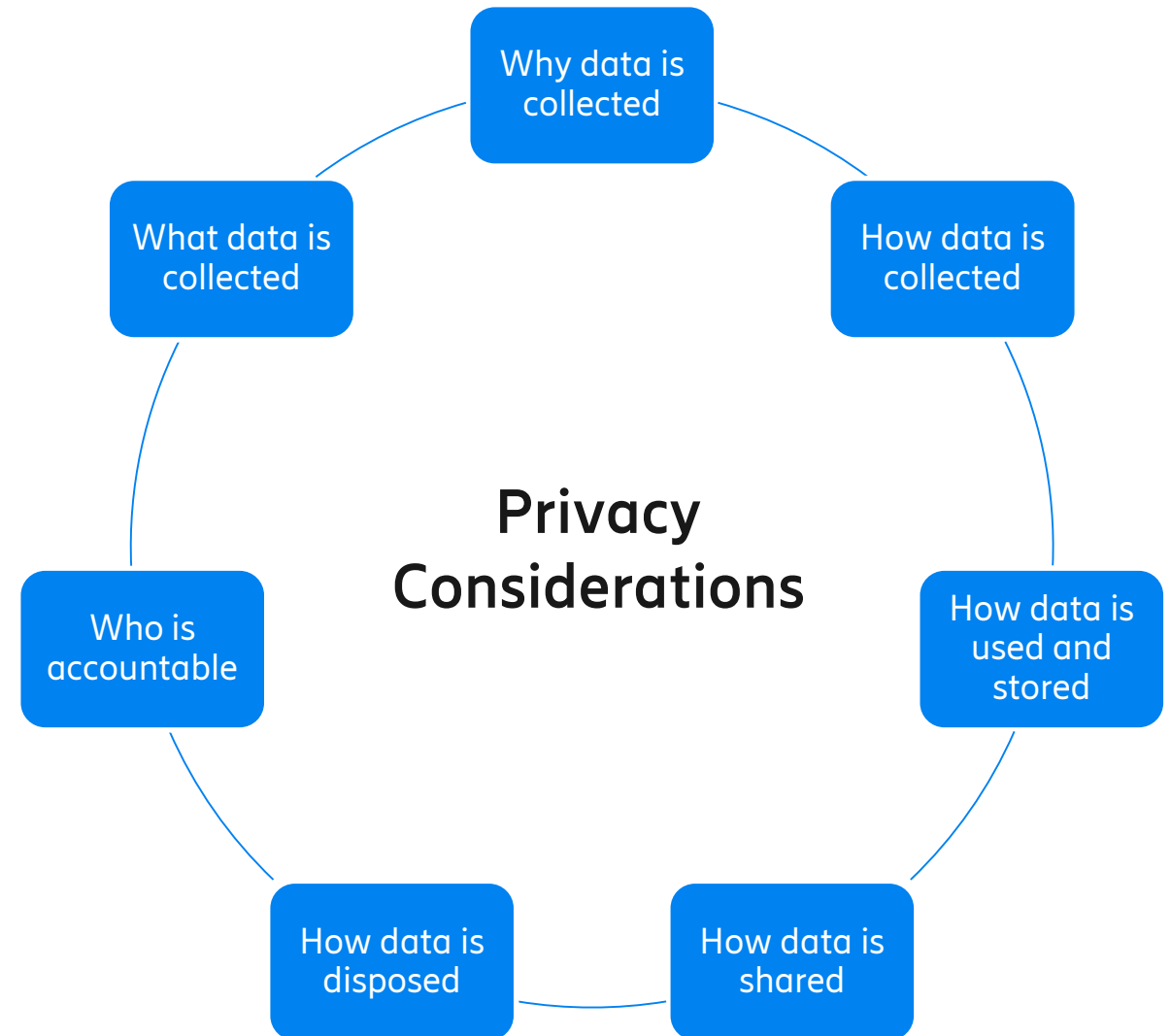
# What is Privacy?

Privacy means protection of Personal Information. Privacy encompasses the rights of individuals and obligations of organizations with respect to the collection, use, retention, disclosure and disposal of personal information.

The purpose of privacy is to protect the individual's fundamental rights and freedoms, particularly their right to protection of their personal data.

## The Universal Declaration of Human Rights:

"No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation"



# Protection of Personal Data – Global Considerations



○US: Data privacy is to treat and protect data as property, Sectoral regulations (cross-governmental, industry specific, state specific regulation, California Consumer Privacy Act – with GDPR like rights for consumers)

○EU: Protection of Personal data is part of the Charter of Fundamental rights of the EU, GDPR May 2018

○China : Criminal Violations for certain provisions

○Russia : Data Localisation

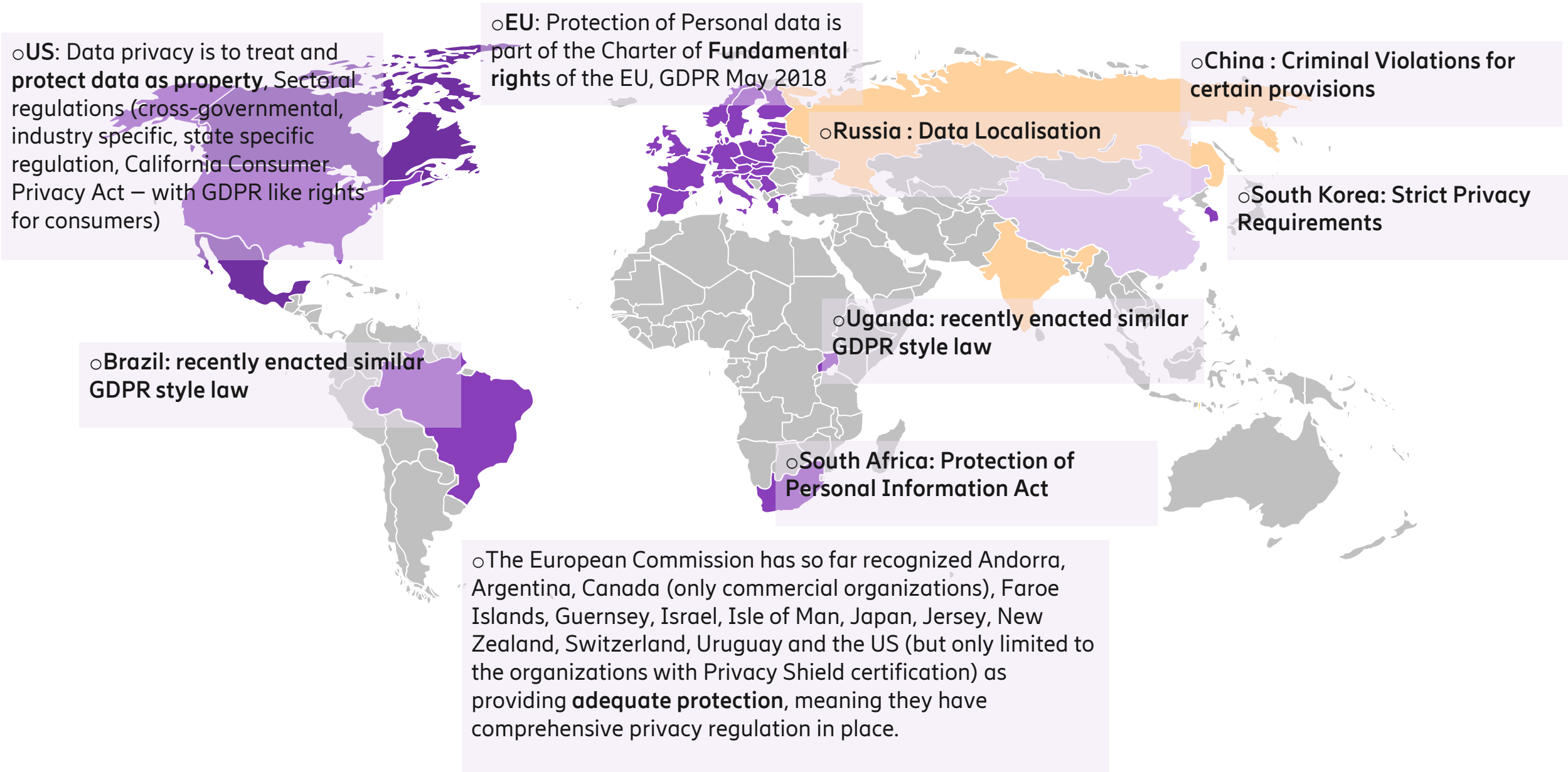
○South Korea: Strict Privacy Requirements

○Brazil: recently enacted similar GDPR style law

○Uganda: recently enacted similar GDPR style law

○South Africa: Protection of Personal Information Act

○The European Commission has so far recognized Andorra, Argentina, Canada (only commercial organizations), Faroe Islands, Guernsey, Israel, Isle of Man, Japan, Jersey, New Zealand, Switzerland, Uruguay and the US (but only limited to the organizations with Privacy Shield certification) as providing **adequate protection**, meaning they have comprehensive privacy regulation in place.



# General Data Protection Regulation - GDPR

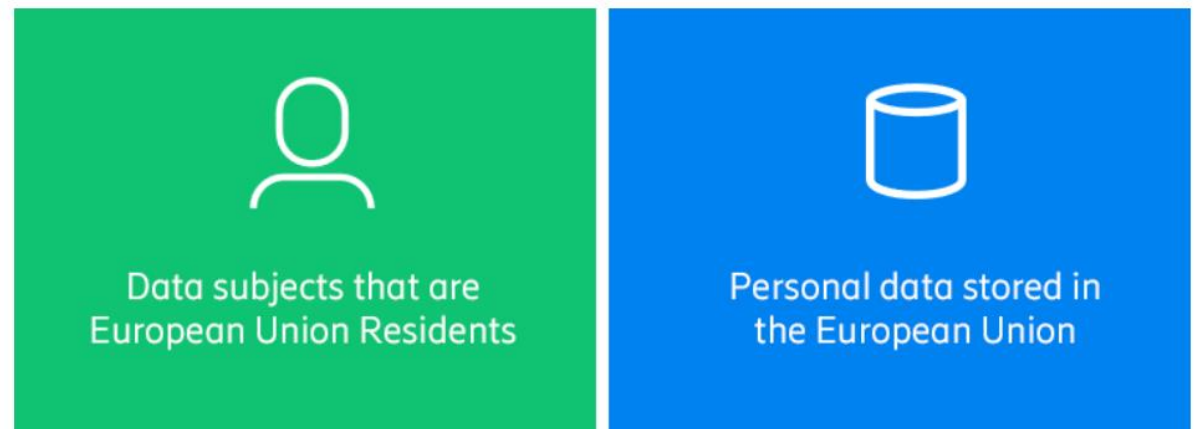


The 25th of May 2018 the General Data Protection Regulation, in short called GDPR, came into force. This regulation replaced the previous EU Directive on Data Protection. The main objectives of the GDPR are:

- To harmonize data privacy laws across Europe
- Protect and empower all EU citizens data privacy
- Reshape the way organizations across the region approach data privacy

The sanctions for breach of GDPR can amount to 20 MEURO or 4 % of the world-wide turnover of a Group of companies.

Scope of GDPR:



# Cross Border Transfers



The GDPR places an **additional** hurdle on cross border transfer outside of the EU, if that country to which the data is being transferred has been deemed to have inadequate data protection laws.

The US privacy laws have been deemed inadequate, therefore transfers must be done using one of a number of mechanisms:

- A company has a privacy shield certification
- Use of contractual clauses, standard EU clauses
- Besides that there are some derogations, like receiving consent of the data subject (explicit and informed about the risks).

# Ericsson Privacy program governance and resources

## – What we do today



### **We have a framework including:**

- Group Data Protection Officer in Group Function Legal Affairs & Compliance and Data Protection Officers in several countries
- Dedicated privacy personnel such as privacy advisors in Market Areas, Business Areas and Group Functions
- Privacy policy and other steering documents
- Privacy impact assessments, processor records, and data protection impact assessment
- Privacy by design and privacy by default
- Contractual clauses and Data Transfer Agreements
- Data breach management and notifications
- Binding Corporate Rules (BCR) and Code of Business Ethics (COBE)
- Audits for ensuring privacy compliance
- Communication and Awareness and Mandatory privacy training for all

# Ericsson GDPR compliance program



GDPR is included in the Global Privacy Program

Adding specific requirements such as record keeping as data processor

Updating our contracts with suppliers and customers with clauses that are required by GDPR

A Group Data Protection Officer is appointed (GF Legal Affairs), in addition to Data Protection Officers in some EU Member States

For transfers from EU to any company within the Ericsson group, our customers can use our Processor Binding Corporate Rules.

# 07. Ethics & Compliance



# Anti-corruption



## Preventing corruption

- We are committed to winning business on merit, ability and fairness and acting vigorously to correct any irregularities we encounter. Ericsson strives to be a responsible and relevant driver of positive change within the communities and societies where we operate. As part of this commitment, fighting and preventing corruption are a high priority.
- Fighting and preventing corruption requires discipline, persistence and clear strategies.

## Global partnerships

- We engage with global organizations and programs to join forces in our fight against corruption.
- Fighting and preventing corruption is impossible if done in isolation. Ericsson works through global organizations to raise awareness and build partnerships in our fight against corruption. We are committed to uphold UNs' Global Compact Principles and to implement their Guiding Principles on Business and Human Rights throughout our business operations.



# Ethics & Compliance program



- Our Ethics & Compliance program consists of ten core elements that collectively enable us to prevent, detect, and respond to potential violations of our Code of Business Ethics and/or applicable laws and regulations
- These ten elements are based on the expressed expectations of national regulators such as the U.S. Securities and Exchange Commission (SEC), the U.S. Department of Justice (DOJ),<sup>[1]</sup> the U.K. Serious Fraud Office (SFO) and others, as well as good practices endorsed by public international organizations such as the OECD, Transparency International and the World Bank.



[For more in-depth information read our Ethics and Compliance brochure](#)

# Reporting Compliance Concerns



## Employees

Employees are encouraged to report any conduct that they believe, in good faith, to be a violation of laws or the Code of Business Ethics.

## Suppliers, customers and others

Other persons than employees, such as suppliers, customers and other partners involved with Ericsson, may report suspected violations of laws or the Code of Business Ethics.



## No discrimination or retaliation

Ericsson will not accept any discrimination or retaliation against individuals who report compliance concerns in good faith.

Reporting compliance concerns is not compulsory and no individual disciplinary actions will be based on not using it.



# 08. Conducting business responsibly

# Responsible business framework



We have group policies, processes and directives within responsible sourcing, anti-corruption, human rights, and other areas. Our group management system EGMS includes:

- [Code of Business Ethics](#)
- [Code of Conduct for Business Partners](#)
- [Sustainability Policy \(PDF\)](#)

We are committed to uphold UNs' Global Compact Principles and to implement their Guiding Principles on Business and Human Rights throughout our business operations. The implementation of these policies and directives, risk management and achievement of objectives are audited by an external assurance provider, under our Global Assessment Program.

[Reference : Sustainability and Corporate Responsibility report](#)

# Sustainability & Corporate Responsibility strategy and integration



The three cornerstones of Ericsson's Sustainability and Corporate Responsibility strategy



## Responsible business

Drive proactive agenda beyond legal compliance to maintain Ericsson as a trusted partner



## Energy, environment and climate action

Provide sustainable solutions and services through a Circular Economy approach to contribute to Ericsson differentiation and create business value



## Internet for All

Deploy innovative solutions which improve mobile broadband affordability and accessibility to all

# Sustainability Policy



Ericsson strives to develop, sell and deliver hardware, software, services and solutions with excellent sustainability performance and contributes to the sustainable development of society.

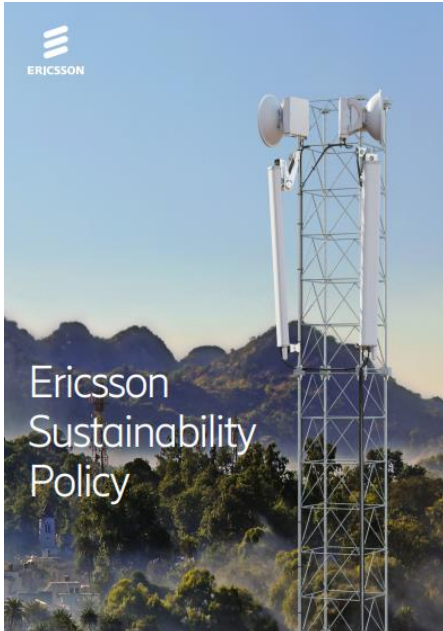
Based on Ericsson research, Information and Communication Technology (ICT) contributes to pillars of sustainable development:

1. Economic prosperity;
2. Social equity and
3. Improved environmental performance.

## Ericsson shall:

1. Use Life-Cycle Assessment (LCA) methodology to determine its significant environmental aspects and to assess the environmental impact of ICT;
2. Reduce the negative environmental impact of Ericsson's own operations and take a precautionary approach to environmental challenges;
3. Apply Design to ensure continuous environmental improvements with a life cycle perspective regarding Ericsson's portfolio;
4. Provide product take-back services to Ericsson's customers as part of its Extended Producer Responsibility (EPR), to assist them in the end-of-life management of products and solutions;
5. Increase knowledge and awareness of sustainability amongst its employees;
6. Engage in activities that have positive social, environmental and economic impact on people, business and society and promote digital inclusion;
7. Advocate use of ICT to mitigate and adapt to climate change and to create low carbon economies of the future;
8. Deploy adequate sustainability requirements in its supply chain;
9. Engage with Ericsson's stakeholders about its sustainability performance and
10. Meet or exceed applicable legal requirements in socio-economic and environmental areas.

# Sustainability and Corporate Responsibility related policies

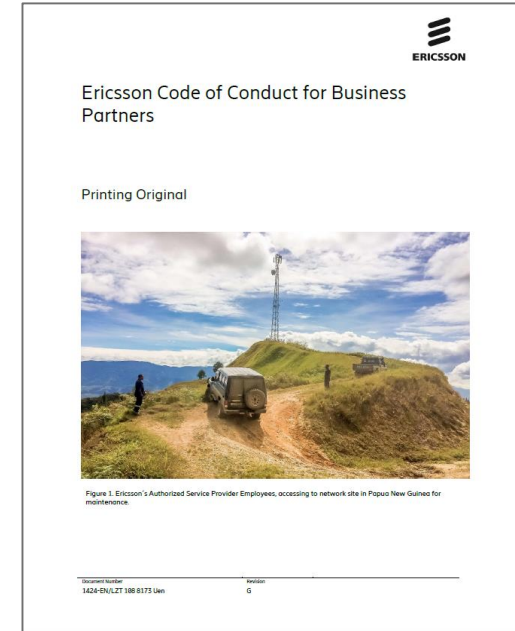


## Sustainability Policy

Includes environmental policy and general social impact commitments

## Our Compass (Code of Business Ethics)

Ethical conduct, compliance with policies and laws



## Ericsson Code of Conduct for Business

Based on UN Global Compact\* principles applies to all employees, contractors and suppliers

\* Including e.g. human rights, labor, environmental and anti-corruption issues.



# Ericsson Sustainability and Corporate Responsibility Report



**Sustainability and Corporate Responsibility Report 2021**

At Ericsson, sustainability and corporate responsibility are integrated into our business and our commitment to responsible environmental performance and social and economic development.

Conducting business responsibly is fundamental to our company's strategy and culture, with these priorities embedded across our company. Sustainability and corporate responsibility are the cornerstones of building a company for the future which creates lasting value, and which works with two main aims – to create positive impacts and reduce risks. We continuously strive to manage our business impact on society and the environment through a holistic approach.



# Responsible sourcing



The foundation of our Responsible Sourcing program is our Code of Conduct, to which all suppliers must comply.

The Ericsson Code of Conduct is based on the United Nations Global Compact's ten principles derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration of Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption as well as the United Nations Guiding Principles on Business and Human Rights.



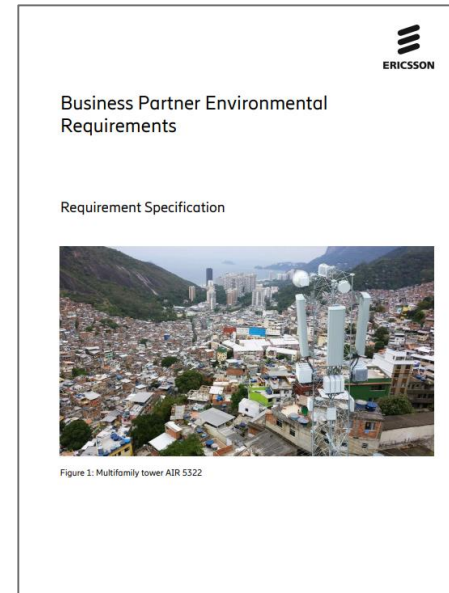
[Code of Conduct for Business Partners](#)

# Responsible sourcing

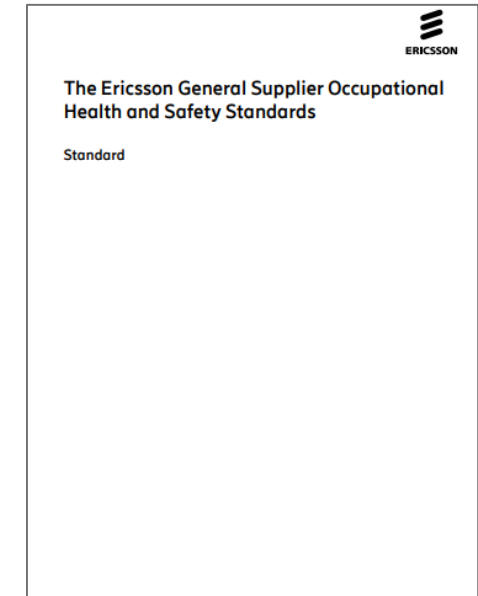


The Ericsson Code of Conduct covers four main areas: Human rights, Labor standards, including occupational health and safety (OHS), Environmental issues (EMS) and anti-corruption.

The Code forms a core part of our supplier contracts, and its requirements are available in several languages. Specific Supplier Environmental and OHS requirements are included as applicable in the Ericsson Code of Conduct.



[Business Partner Environmental Requirements](#)



[General Supplier Occupational Health and Safety Standards](#)

# Human rights



We respect all internationally recognized human rights including the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We strive to avoid infringing on the human rights of others and address adverse human rights impacts with which Ericsson is involved.

We have implemented the United Nations Guiding Principles (UNGP) on Business and Human Rights throughout our business operations, including UNGP on Business and Human Rights Reporting Framework.

We also describe how we are tackling the challenge of modern slavery and human trafficking throughout our operations and supply chain, in line with the UK Modern Slavery Act.



[Modern slavery and human trafficking statement](#)

