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Ericsson Green Financing Framework December 2022



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1 This is Ericsson

Ericsson enables communications service providers to capture the full value of connectivity. The company's portfolio spans the following business areas: Networks, Cloud Software and Services, Enterprise Wireless Solutions, and Technologies and New Businesses. It is designed to help our customers go digital, increase efficiency and find new revenue streams. Ericsson's innovation investments have delivered the benefits of mobility and mobile broadband to billions of people globally.

Ericsson is present in more than 180 countries and has more than 100,000 employees worldwide, with more than 25,000 of these involved in R&D.

At the core of Ericsson's strategy is technology leadership as it enables us to expand our core business, networks, as well as expand into the enterprise segment – leveraging the strength of our mobile technology. We continue to make significant investments in research and development to allow us to bring innovative solutions to the market ahead of our competitors.

1.1 Networks

We develop, deliver, and manage telecommunication networks by providing hardware, software, and services to enable the full value of connectivity. From 5G and IoT to virtualization, we are supporting digital transformation for the next generation of mobile services.

1.2 Cloud Software and Services

We provide industry leading solutions for Core Network and Automation, Managed Services, Services Orchestration and Telecom business support systems. We help enable CSPs to succeed in their transition to cloud native software and automated operations, as they prepare their networks for the future.

1.3 Enterprise wireless solutions

We help enterprises to accelerate their connected transformation with the unmatched performance and reach of advanced cellular connectivity through solutions packaged for their needs. We provide enterprise networking and security solutions supporting the broadest range of enterprise use cases for businesses, industries, communities, and governments.

1.4 Emerging business

We create and scale businesses to accelerate strategic and sustainable growth for Ericsson. We focus our business creation in the core areas of Ericsson, Telco, Wireless Enterprise and Global Network Platform. Our current portfolio includes innovative technologies in high-growth markets such as IoT, mobile advertisement, security, network APIs, and virtual desktops. Innovation is at our core, and our unit opens new, vast opportunities for our customers, partners, as well as our company. Our business area is host to Ericsson ONE, where new, game-changing ideas are brought to life and ignited.

2 Purpose, vision, and values

We created the technology that first connected people and will soon connect everything. But our role as a connector and orchestrator also means more – from being a key contributor to the open standards that enable our industry; to providing innovation environments to shape and prove new solutions; to driving global partnerships that scale the impact of technology for positive change. Our purpose is creating connections that make the unimaginable possible.

Based on this purpose, our vision is a world where limitless connectivity improves lives, redefines business and pioneers a sustainable future

Improving lives	Redefining business	Pioneering a sustainable future
<p>Connectivity improves lives every day – from using our smartphone to navigate across town, to providing financial services to those without traditional banking. But in the future, it will mean so much more – from democratized access to healthcare and wearables that avoid illness; to connectivity for all schools and experiential learning in virtual worlds; and even the augmentation of human abilities.</p>	<p>Our vision is to empower the completely agile enterprise – able to respond in real-time to new opportunities and changing customer preferences; leveraging fully connected, constantly optimizing value chains; and ultimately realizing the production systems of the future – smarter, asset light and simplified operations where production happens closer to the consumer – collapsing cost and emissions related to logistics and shipping.</p>	<p>Our vision for sustainability stretches from becoming Net Zero across the value chain by 2040, with a first major milestone to halve emissions in our Supply Chain and Portfolio in use as well as be Net Zero in our own activities by 2030; to developing the new network technology that breaks the energy curve of mobile networks; to powering the digital innovation capable of reducing GHG emissions across industries by at least 15%.</p>

Our culture is built on over a century of courageous decisions, in a place where co-creation and collaboration are embedded in the walls and where our core values of professionalism, respect, perseverance and integrity shine through in everything we do.

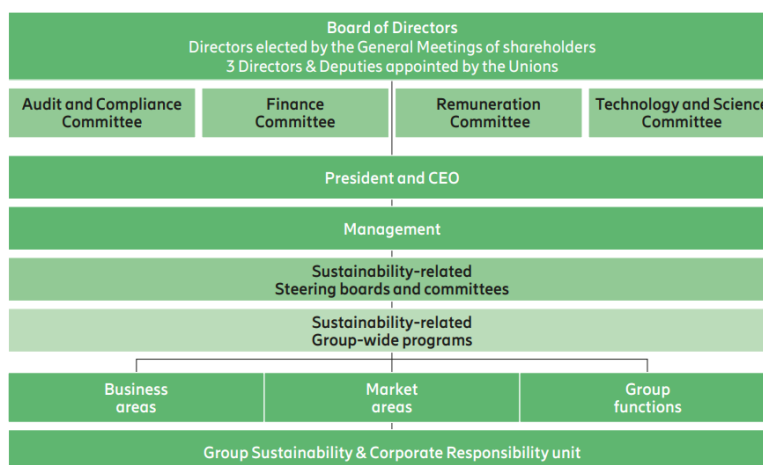
3 Ericsson’s approach to Sustainability & Corporate Responsibility

Sustainability and Corporate Responsibility (S&CR) is fundamental to Ericsson’s culture and our commitment to drive business transformation, engage employees and create long-term value for our stakeholders. A substantial part of this value is derived from our focus on sustainability in our portfolio as well as how technology is applied in other businesses and in society. Scientific research underpins our efforts within sustainability, and we continue to carry out research, both independently and in collaboration with academia and business on the environmental and societal impacts of the ICT sector to inform our own strategies.

3.1 Sustainability and Corporate responsibility governance structure

The Board of Directors oversees Ericsson’s S&CR strategy and receives reports on risk and performance annually, or more often as needed. The Board of Directors also approves the annual Sustainability and Corporate Responsibility report. The Board’s Audit and Compliance Committee oversees Ericsson’s ESG reporting practices and Ericsson’s Ethics and Compliance Program, including the anti-corruption framework.

The Executive Team is responsible for approving strategies as well as targets for sustainability and corporate responsibility. The Executive Team regularly receives reports on the implementation of strategies and progress against targets and milestones. Its members are also part of dedicated steering boards and committees that provide more frequent strategic guidance and oversight of S&CR-related matters.



Responsibility for executing on strategies and progressing on targets lies with the Group Functions, Business and Market Areas, in collaboration with each other. Execution is further reinforced by dedicated group-wide programs. A dedicated S&CR unit, reporting to the Head of Group Function Marketing and Corporate

Relations supports the business in developing and implementing strategies, policies, steering documents, targets, and processes related to S&CR.

Sustainability is incorporated into the business primarily through a company-wide sustainable business program governed by the Executive Team. The purpose of the program is to accelerate and fully integrate sustainability into Ericsson's operations and portfolio through eight workstreams: energy performance, circular economy, materials and substances, climate action, responsible sourcing, positions and standards, ESG reporting, and digital inclusion.

3.1.1 S&CR and executive remuneration

At the 2022 Annual General Meeting Ericsson's shareholders approved a long-term variable compensation (LTV program) which incorporates two ESG-criteria, one being performance on our target to increase women managers in the company, and the other being performance on the target to reduce emissions in scope 1 and 2, as well as from business travel and employee commuting (Scope 3). The LTV program covers the executive team and approximately 160 senior leaders and the two criteria combined determine 10% of the performance shares granted under the program. More information on the LTV can be found in Ericsson's remuneration report for FY2022 and onwards.

3.2 Materiality assessment

Ericsson carries out a materiality assessment with regular intervals to understand which environmental, social and governance (ESG) topics are of most relevance to us and our stakeholders, inform our strategies, and to define our external disclosures. The materiality assessment factors in ESG risks, opportunities, impacts and stakeholder priorities. More information on this process and its outcomes can be found in our annual Sustainability & Corporate Responsibility report.

Environment	Social	Governance
Network energy performance	Network energy performance	Business ethics & Anti- corruption
Resource circularity	Health, safety & wellbeing	Security & Privacy
Climate action within own activities	Respect for human rights	Responsible supply chain management
	Digital inclusion	

3.3 Sustainability & Corporate Responsibility strategy

Ericsson is embedding our strategy for Sustainability and Corporate responsibility across the Company to create positive impact and mitigate risks to the Company and its stakeholders. The strategy is centered around three main focus areas: Environmental sustainability, Digital inclusion, and Corporate responsibility. Successful execution of our strategy is of course dependent on our people – and we place our workforce at the center of everything we do, focusing on attracting, retaining, and developing the best talent, and striving to create a corporate culture that embraces diversity and inclusion. Further, we collaborate with our ecosystem to leverage the impact of our efforts and initiatives.

Environmental sustainability	Digital inclusion	Corporate responsibility
<p>Ericsson takes a value-chain approach to environmental sustainability, going beyond our own operations. We invest in research and development to make our portfolio more energy efficient, and work with our customers to help them run their networks more efficiently and on renewable energy, where possible.</p> <p>Our approach to design and development of products is based on circularity to minimize the embodied footprint of our portfolio. We collaborate with our suppliers to decarbonize our supply chain.</p> <p>Ericsson also strives to minimize the environmental impact and carbon footprint of</p>	<p>2.9 billion people around the world lack internet connectivity and are therefore unable to participate in the digital economy and society, with 96% of these living in developing countries¹. Universal and affordable connectivity is critical to the sustainable development of society.</p> <p>Ericsson’s approach is based on the belief that technology developed and deployed responsibly can help bridge the digital divide. We work towards this goal through institutional capacity building, digital literacy, and skills development programs, as well as business-focused universal and affordable internet access solutions and services.</p>	<p>Ericsson is committed to conducting business responsibly and with integrity across its value chain. Ericsson drives an agenda that extends beyond legal compliance by proactively mitigating and addressing risks. We support the ten principles of the UN Global Compact as well as the UN Guiding Principles on Business and Human Rights.</p> <p>A cornerstone of our work within Corporate responsibility is our Ethics and Compliance program which includes our anti- bribery and - corruption program. Other focus areas include respect for human rights – both through the lens of protecting labor rights in our supply chain, as well as making sure our</p>

¹ ITU Publications, Measuring Digital Development – facts and figures 2021 (International Telecommunication Union, 2021)

<p>our own operations. Our environmental management system is globally certified to ISO140001.</p>		<p>technology does not infringe on end users' right to freedom of expression and right to privacy, health and safety of employees and workers across the value chain, responsible sourcing practices, and transparent ESG disclosures.</p> <p>We engage with local communities and stakeholders through our corporate citizenship initiatives such as employee volunteering, donations, and humanitarian relief efforts.</p>
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3.3.1 External initiatives and commitments

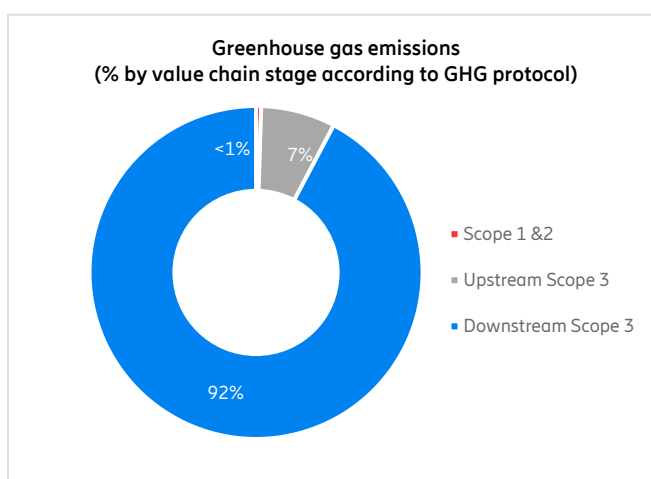
Ericsson is part of several fora promoting corporate sustainability and responsible business practices and has also publicly endorsed several related initiatives and 1 ITU Publications, Measuring Digital Development – facts and figures 2021 (International Telecommunication Union, 2021) commitments. Below are some of the more prominent external collaborations and initiatives Ericsson partakes in, has endorsed, or in other capacities is adhering to.

Environmental sustainability	Responsible Business	Digital Inclusion	ESG reporting and transparency
Exponential Roadmap Initiative	UN Global Compact	Broadband Commission for Sustainable Development	Global Reporting Initiative
1.5°C supply chain leaders	UN Guiding Principles on Business and Human Rights	UNICEF -ITU Giga	Sustainability Accounting Standards Board

European CEO Alliance	Global Network Initiative	Alliance for Affordable Internet	Measuring Stakeholder Capitalism Metrics
EU Green digital Coalition	Responsible Business Alliance	World Economic Forum's Edison Alliance	CDP (formerly Carbon Disclosure Project)

4 Ericsson, the ICT industry, and climate change mitigation

4.1 Ericsson's carbon footprint



Ericsson's life-cycle assessments (LCAs) of the carbon footprint of our portfolio show that over 90% of the emissions across the value chain occur downstream, and almost entirely from the use phase, of our products. These emissions stem from the generation of electricity used to power the networks we deploy for our customers. The

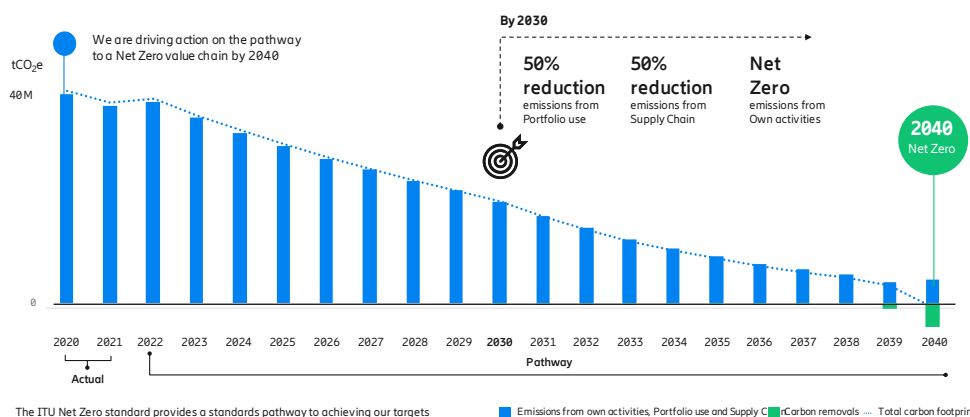
remainder of value chain emissions are primarily found upstream in our value chain (7%) primarily through the extraction and processing of resources, and manufacturing and transportation of components and finished hardware, and business travel. Emissions in Scope 1 & 2 constitute less than 1% of total value chain emissions.²

4.1.1 2040 Net-Zero ambition

In 2021 Ericsson set a goal to reach Net Zero emissions in our entire value chain by 2040. A first milestone on this journey is halving value-chain emissions by 2030 and reaching Net Zero in own activities³ by 2030. This Net zero target is aligned with the International Telecommunication Union's Net By 2030 The ITU Net Zero standard provides a standards pathway to achieving our targets

² Figures based on FY2021 carbon footprint calculation and estimates.

³ Ericsson has defined "own activities" as emissions in Scope 1, 2 and from Scope 3 categories Business travel and Employee Commuting (including emissions from employee teleworking).



Emissions from own activities, Portfolio use and Supply Chain Carbon removals Total carbon footprint Zero standard⁴, a standard which Ericsson contributed to developing, and which meets the Net Zero definitions of the Science Based Targets initiative.

Reaching our Net Zero target requires actions and activities across Ericsson’s value chain. We will continue to work with our strategic and high-emitting suppliers to have them set their own 1.5°C pathway aligned emissions reduction targets to address emissions upstream in our value chain. It also involves taking a circular approach to how our products are designed and the materials used to manufacture our hardware. For our own activities, Ericsson aims at sourcing 100% renewable energy for our facilities and gradually transforming our fleet of service vehicles to a low carbon one to reduce Scope 1 and 2 emissions. We will also continue working to reduce emissions from business travel and employee commuting.

To address the emissions downstream in our value chain, which represents the vast majority of the total carbon footprint, Ericsson will continue to invest in technology development that makes our portfolio more energy efficient and solutions that support our customers using renewable energy to power their networks. We will also continue our efforts in the enterprise segment, exploring and demonstrating how connectivity solutions can help increase productivity and efficiency in other sectors of the economy, leading to further emissions reductions. These two strategic priorities are further elaborated on below.

Avoiding and reducing value chain emissions is the foundation of our Net Zero ambition, but Ericsson may also consider using carbon removal technologies as a last resort to neutralize any unavoidable remaining emissions, always adhering to the highest internationally recognized standards when considering such options.

⁴ ITU L.1471 Net Zero Standard

4.2 Network energy performance

From a lifecycle perspective, an overwhelmingly large majority of Ericsson's carbon footprint stems from the energy used in the networks we deliver to our CSP customers. Over the past 10 years mobile traffic has increased exponentially, by almost 300 times. At the same time service providers' global network energy consumption has increased by just 1.6 times (64%) thanks to technology advancements. In other words, the correlation between data traffic growth and increased energy consumption is limited. What instead drives increased energy usage in mobile networks is deployment of new equipment and rollout of each generation of new mobile communication technology.

Historically, rollouts of new generations of mobile communication technologies have seen large increases of energy consumption in the mobile networks. If 5G would be deployed in the same way that 3G and 4G was deployed, energy consumption is expected to increase significantly. This is not sustainable from neither an environmental, nor from a cost perspective as energy represents a large part of the operators' operational expenses and is therefore a major challenge that Ericsson and our customers need to address as 5G is being deployed across the globe.

To meet this challenge, Ericsson has developed an approach we call "Breaking the energy curve" – with the overall aim to avoid increases in energy consumption in mobile network deployments and upgrades, seen historically in the rollout of previous generations of mobile networks.^[1] This approach is based on three pillars:

- 1 Sustainable network evolution: Network planning needs to evolve to cater for both achieving business targets and sustainability ambitions with the lowest energy consumption possible. By applying a work process that prioritizes a holistic view of all perspectives, including an evaluation of organizational objectives, the resulting network evolution plan becomes the foundation to achieve the desired outcomes.
- 2 Expand and modernize: Scale up 5G while modernizing the existing network. Expanding sites with new 5G solutions often includes deploying new frequencies, which requires adding more equipment. To avoid increasing energy consumption, the installed equipment needs to be modernized. This is key to changing the energy consumption trajectory in mobile networks. With a combined view of investments and operating costs, our latest generations of multi-band and massive multiple-input and multiple output (MIMO) radios and basebands can help service providers to cut energy consumption and greatly improve their energy and total cost of ownership going forward.
- 3 Operate intelligently: As traffic varies daily, the use of energy-saving functionality is fundamental to adjusting capacity of mobile networks to match demand and to deliver the best user experience with the lowest energy use, aiming for zero power at zero load. With a portfolio of tools and capabilities including the latest artificial intelligence and machine learning (AI/ML), as well as automation solutions, Ericsson is well-equipped to support service providers in keeping energy use and carbon emissions at a minimum.

On top of the efficiency improvements, we can also support our customers with integrating on-site renewable energy supply generation and integration into the base station sites. Ericsson has to date helped customers installing solar panels at sites so that these we designed to be compatible with the same management system that controls the mobile network. In one case involving a European operator, the solution was able to contribute to more than 67% of the site's total power - also during peak hours - and due to the efficiency of the radio equipment, at times of high solar irradiation, even larger shares were achieved. The operator can also track and supervise the solar energy harvest continuously via the network management system. In this specific case, across the entire year solar power is forecast to contribute to about 11% of the sites' total energy usage.

[\[1\]](#) The full "Breaking the energy curve" report is available at ericsson.com.

4.2.1 Our track record shows higher energy efficiency is possible

Ericsson has been tracking the energy performance of our 5G portfolio compared to the 4G portfolio over several years. When comparing the legacy portfolio to our current 5G portfolio, we can conclude that the 5G portfolio, in an enhanced mobile broadband (eMBB) use case, is more than 9.3 times more energy efficient in terms of transferring the same amount of data.⁵

We believe energy savings can also be achieved by replacing less energy efficient equipment in the legacy network. Ericsson has achieved 36% energy savings in the Ericsson Radio System (ERS) portfolio, compared to the legacy portfolio by year-end 2021⁶, further contributing to making our overall offering within the networks segment more energy efficient.

Ericsson will continue to make investments in R&D of our portfolio, to enable higher network capacity to our operator customers and end users without corresponding increases in the energy needed to power the networks.

4.3 ICT - an enabler of climate change mitigation in other sectors

Besides tackling the direct climate impacts the ICT sector has through its own energy consumption, and the resulting GHG emissions, information and communication technology has the potential to enable efficiency gains in other sectors needed to achieve a broad decarbonization of industry and society.

⁵ Baseline is the 2017 4g portfolio and current performance is based on figures as of YE2021, as described in Ericsson's 2021 Sustainability and Corporate Sustainability report. Figures have been assured by Deloitte AB as an independent 3rd party provider.

⁶ Baseline is the 2016 ERS portfolio and current performance is based on figures as of YE2021, as described in Ericsson's 2021 Sustainability and Corporate Sustainability report. Figures have been assured by Deloitte AB as an independent 3rd party provider.

In its 2019 report “The Enablement Effect”, GSMA⁷ together with the Carbon Trust, presented out an overview of the enablement impact that mobile communications technologies can have on reducing GHG emissions in varying sectors of the economy.

Besides the avoided impact from behavioral change among end users – such as reduced travel and commuting enabled by teleworking and -conferencing, increased use of public transit enabled by app usage, and reduced travel by use of mobile shopping and banking apps, to name a few examples – the majority of potential avoided emissions identified in this study can be found in other industry sectors, all dependent and enabled by ICT solutions:

- Building management systems and smart meters improving energy efficiency in buildings through reduction of electricity and gas consumption.
- Use of telematics and route optimization in transport leading to more efficient fuel usage and acting as a catalyst for increase in electric vehicles by facilitating the use of charging points.
- Use of mobile technology in manufacturing for storage and inventory management, increasing efficiency and decreasing energy need for lighting and cooling.
- Smart grids within the energy sector utilizing mobile communications technology to help monitor and regulate electricity demand and transmission, improving coordination and distribution efficiency. In addition, small scale renewable electricity generators are able to participate in the wider market by using machine-to-machine (IoT) connections, increasing the share of renewables in the national grids.

Ericsson’s own peer-reviewed research⁸ is in line with these conclusions. The calculated enabling potential, in different sectors such as energy, buildings, and transport ranges between 6-12% by 2030, depending on the scenario applied, and if the potential within agriculture and land use is included, the potential enabling effect is as high as 15%. This reduction potential was estimated based on the legacy portfolio. The potential from 5G is assumed as additional reduction potential.

4.4 In summary

The road towards- Net Zero emissions will require action in all parts of our value chain, from collaborating with our suppliers, to decarbonize our own operations and continuously work towards making our products and solutions more energy efficient. We are confident we can deliver on this challenge but are also aware

⁷ Global System for Mobile Communications – a mobile operator industry association representing 750 operators, and 400 companies in the broader mobile ecosystem.

⁸ Malmodin, Jens & Bergmark, Pernilla. (2015). Exploring the effect of ICT solutions on GHG emissions in 2030. 10.2991/ict4s-env- 15.2015.5.

that it will require efforts and investments, especially in research and development of our portfolio to optimize its energy performance. We are confident that these investments will pay off as they enable our customers to both optimize costs and deliver on their own climate ambitions, giving us a competitive advantage over our competitors. At the same time, our technology leadership within mobile communications technology is a cornerstone in our enterprise strategy, where utilizing the full decarbonization potential of ICT solutions in other sectors is one key driver of success.

5 Green Financing Framework

This Green Financing Framework has been developed in accordance with both the 2021 ICMA Green Bond Principles (GBP), as well as the 2021 (Asian Pacific Loan Association) APLMA, (Loan Market Association) LMA and the (Loan Syndications and Transaction Association) LSTA Green Loan Principles (GLP). Through this Framework Ericsson may issue different Green Securities including, but not limited to, Green Bonds. The Green Financing Framework is aligned with the four core components of the GBP and GLP, as well as the recommended External Review component for heightened transparency:

- 1 Use of Proceeds
- 2 Process for Project Evaluation and Selection
- 3 Management of Proceeds
- 4 Reporting
- 5 External Review


5.1 Use of Proceeds

Ericsson has established this Framework to issue Green Securities for which the proceeds will be exclusively allocated to finance, or refinance, in whole or in part, Eligible Assets. Eligible Assets are allocated to capital expenditures, R&D and customer finance loans and lease contracts financed by Ericsson, or its subsidiaries, and promote the transition towards a low-carbon and environmentally sustainable society, as determined by Ericsson in accordance with the categories defined in this Framework. Ericsson can finance new Eligible Assets and refinance existing Eligible Assets. New financing is defined as Eligible Assets that was finalized and taken into operation up to one year before the approval by the Sustainability Finance Committee. Eligible Assets that were finalized and taken into operation more than one year before the approval in the Committee are defined, monitored and reported as refinancing. The distribution between new financing and refinancing will be reported on in the Sustainability Bond Investor Report. The legal documentation for all Green Securities will refer to this Framework.


5.2 Exclusions

Information and Communication Technology and digitalization are key enablers of global greenhouse gas emissions reductions. The carbon footprint of the ICT sector is relatively small – 1.4% of global emissions – and the sector’s carbon footprint can be reduced by more than 80% if its consumed electricity comes from renewable energy sources³. Through our portfolio, Ericsson is however of the opinion that use of proceeds from Green Securities shall not be allocated were the intentional use pose a risk to environmentally or socially harmful activities, such as extraction or production of fossil energy.

5.3 Eligible Asset Category

<p>Eligible Asset Category: Energy efficiency</p> <p>Financing of energy efficiency investments, capital expenditures and R&D of information and communication technology</p> <p>Substantial contribution to EU environmental objective: Climate Change Mitigation United Nation Sustainable Development Goals: 7.3, 9.1, 9.4, 9.C, 13.1</p> 	
<p>Criteria</p> <p>Digitalization Solutions</p> <p>Financing of capital expenditures, R&D and customer finance loan and lease contracts to modernizations and upgrade of existing 4G, 5G and 6G as well as supporting technologies that lead to a reduced energy consumption of at least 35% compared to previous generation.</p>	<p>Rational</p> <p>Enterprise solutions</p> <p>Digitalization solutions (pre-5G) have the potential to reduce global emissions by up to 15 percent by 2030, according to Ericsson research. 5G, IoT and AI have the potential to enable a faster transformational change, some modeling suggests an increase in 5% of the reduction potential in EU by 2030, solely by using 5G in industry use cases. The ICT sector is well positioned to accelerate that transition. The ICT sector itself is responsible for only 1.4% of the global greenhouse gas emissions but it is crucial to deploy 5G and continue the development of even more efficient mobile networks, that meet the data traffic demands increase. Furthermore, enterprise solutions</p>

	<p>and M&A's will be needed to position Ericsson towards solutions that can enable the societal transition needed to a low Net Zero emission economy.</p> <p>Network energy performance</p> <p>The energy performance of Ericsson's products and solutions is a competitive advantage, delivering value from both sustainability and cost perspectives.</p> <p>To meet customer expectations, Ericsson has introduced an innovative approach to reduce network energy use, called Breaking the energy curve. Ericsson's solutions also enable telecom operators to manage expected growth in data traffic to meet the needs of current and future mobile networks.</p> <p>In addition, to further reduce the embodied emissions for the products, Ericsson is continuously working by working on product form factors. We prioritize how we design, choose materials and manufacture our products to reduce the impact.</p>
<p>Eligible Asset Category: Renewable energy</p> <p>Financing of renewable energy investments and related infrastructure Substantial contribution to EU environmental objective: Climate Change Mitigation United Nation Sustainable Development Goals: 7.2</p>	

	
<p>Criteria</p> <p>Renewable energy production technology and solutions from solar, wind, water and geothermal power with zero operational Greenhouse gas emissions and related infrastructure such as connections, electric substations and foundations.</p>	<p>Rational</p> <p>Ericsson has taken targeted actions to reduce its baseline energy consumption and source renewable energy including both electricity and other types of energy with an aim to lower its own emissions.</p> <p>Ericsson has taken targeted actions to reduce its baseline energy consumption and procure more renewable electricity at its sites. The company will source 100% renewable electricity by 2030, and to achieve that is exploring the feasibility of local renewable energy projects, Power Purchase agreements, and green tariffs that is complemented with Energy Attribute Certificates when needed.</p>

6 Process for Project Evaluation and Selection

Ericsson has established a Sustainability Finance Committee (SFC) consisting of representatives from the Treasury, Group Finance, Technology and Sustainability teams. The committee will meet on a regular basis at least once a year, and their decisions will be made in consensus. The committee shall evaluate compliance of the proposed Eligibility Assets with the eligibility criteria outlined in the Use of Proceeds section of this part of the Framework, any applicable laws and regulations, as well as Ericsson’s strategy, policies and established long-term goals for social and environmental sustainability. The Sustainability Finance Committee is also responsible for replacing investments that no longer meet the eligibility criteria (following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.). The Committee will review and update the content and elements of this document to reflect relevant changes in Ericsson’s corporate strategy, technology and market developments such as the EU classification of environmentally sustainable economic activities, the EU Taxonomy and the EU Green Bond Standard.

6.1 Management of Proceeds

An amount equal to the proceeds of any Green Securities raised under this Framework will be credited to an earmarked account that will support Ericsson's financing of Eligible.

Assets. As long as Green Securities are outstanding and the earmarked account has a positive balance, funds may be deducted from the earmarked account and added to Ericsson's lending pool in an amount up to all disbursements from that pool made in respect of Eligible Assets. The earmarked account will ensure monitoring and tracking of the Eligible Assets. Ericsson's Treasury team is responsible for the allocation of proceeds. If, for any reason, an Eligible Asset ceases to comply with the requirements set out in this Framework, the asset will be removed from the earmarked pool. Proceeds yet to be allocated towards Eligible Assets will be placed in the liquidity reserves and managed as such.

7 Reporting

To enable investors to follow the development and to provide insight to prioritized areas Ericsson will provide a Sustainability Finance Investor Report on an annual basis. Ericsson intends to report on quantitative impact indicators where feasible and relevant data information is available. The information may be provided on an aggregated basis where confidentiality agreements, competitive considerations, or a large number of underlying projects may limit the amount of detail that can be made available. The Sustainability Finance Investor Report will include:

7.1 Allocation Reporting

- 1 A description of Eligible Assets;
- 2 Type of Green Securities utilized and outstanding amounts;
- 3 Split between new financing and re-financing;
- 4 A list of Eligible Assets and the amounts allocated as well as the disbursed amounts per category, including loan and lease contracts and geographical distribution.

7.2 Impact Reporting

The impact reporting aims to disclose the environmental impact of the Eligible Assets financed under this Framework, based on Ericsson's financing share of each Asset. As Ericsson can finance large and small Eligible Assets, impact reporting may, to some extent, be aggregated.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis e.g. if a Green Asset is under development but not yet operational, Ericsson will provide

best estimates of future energy performance. The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

<p>Examples of impact indicators for Energy efficiency</p>	<ul style="list-style-type: none"> • Data transferred per kWh and geographical area • Reduced energy consumption of a typical new site by x%. • Achieve x% energy saving in portfolio x compared with portfolio y • Absolute energy saving (case specific) • Energy consumption per subscription
<p>Examples of impact indicators for renewable energy</p>	<ul style="list-style-type: none"> • kWh installed capacity • CO2e emissions avoided by installed renewable energy sources

8 External Review

8.1 Second party opinion (pre-issuance)

To secure alignment with national and international guidelines, in accordance with the Principles and Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds as developed by the Green and Social Bond Principles, Ericsson has engaged [name of SPO provider] to act as an independent external verifier of this Green Financing Framework. For the avoidance of doubt [name of SPO provider] has only provided one second party opinion for this entire Green Financing Framework.

8.2 Third-Party Review (post-issuance)

Ericsson will appoint an external independent provider to annually assure that the selection process for the financing of Eligible Assets and that the allocation of the net proceeds of the Green Financing Securities is done in accordance with this document.

8.3 Publicly Available Documents

The Green Financing Framework, the second party opinion and the Green Finance Investor Report will be publicly available on Ericsson's website.

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.