

# Telefonaktiebolaget LM Ericsson (publ)

**TICKER**

OM:ERIC B

**MARKET CAPITALIZATION**

US\$21 billion

**HEADQUARTERS**

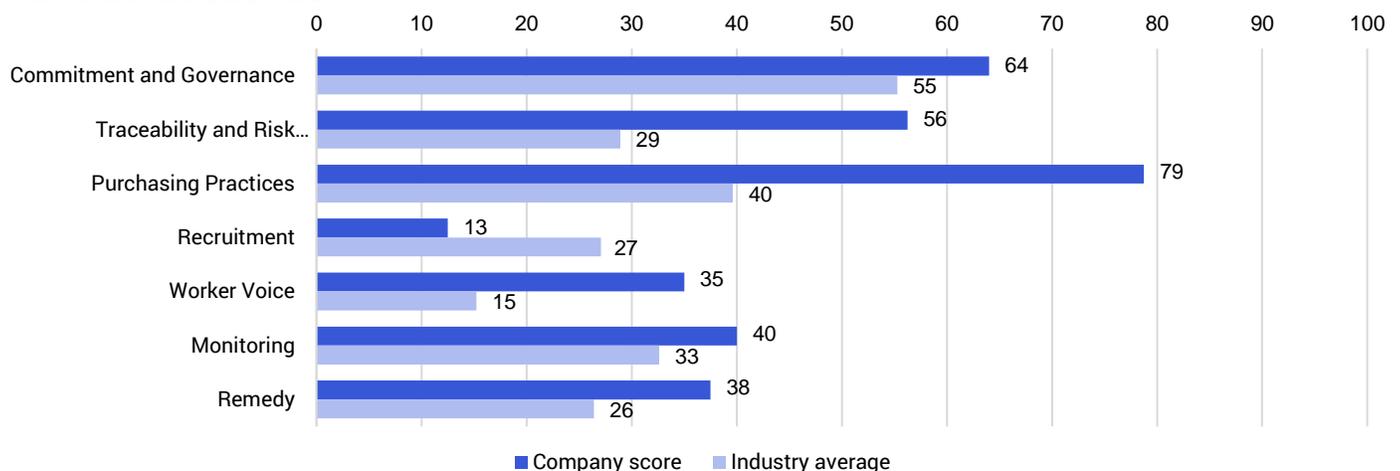
Sweden

**COMPLIANCE**
UK Modern Slavery Act: [Yes](#)
California Transparency in Supply Chains Act: [Not applicable](#)
**COMMITMENTS**
[Yes](#)
**OVERALL RANKING**
**11 out of 40**

(2016: 6 out of 20)

**OVERALL SCORE**
**46 out of 100**
**SUMMARY**

Telefonaktiebolaget LM Ericsson (publ) (Ericsson) ranks 11<sup>th</sup> out of 40 companies, disclosing more information on its forced labor policies and practices than its peers on all themes except recruitment and with a particularly high score for purchasing practices. Its score has decreased since 2016 as the company seems to have taken limited additional steps to strengthen its performance and disclosure. It has, however, disclosed that in addition to undertaking country-specific human rights impact assessments, it also works to understand the geographic risks of modern slavery and maps supplier categories in relation to such risks. The company achieved the third highest score on purchasing practices and is one of only five companies to disclose a statement that is compliant with the UK Modern Slavery Act's minimum requirements. Further, the company discloses timebound targets on modern slavery. Ericsson has an opportunity to improve its performance and disclosure on the themes of commitment and governance, recruitment, and worker voice.

**THEME LEVEL SCORES**


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## LEADING PRACTICES

**Management and Accountability:** Ericsson discloses that its board of directors is briefed at least twice yearly on sustainability topics including human rights and modern slavery.

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## NOTABLE FINDINGS

**Risk Assessment:** Ericsson discloses that it has been undertaking human rights impact assessments covering countries such as Ethiopia, Sudan, Iran, and Cuba for eight years. It notes that results are shared and discussed with stakeholders. Together with the NGO Shift, the company has simplified these assessments so that they can be used in lower-risk countries. Ericsson further discloses that it uses Verisk Maplecroft's Modern Slavery Index to understand the geographical risk of modern slavery and that it maps supplier categories in relation to modern slavery risks. The company discloses that prioritized risk areas include labor rights (including working hours) and communicating requirements further down the supply chain. It has identified India and China, as well the sourcing and extraction of raw materials as high-risk areas regarding forced labor.

**Purchasing Practices:** Ericsson discloses that it strives for providing medium- to long-term forecasts to suppliers, to allow for long-term planning and an even work load. The company states that suppliers are required to complete self-assessments prior to supplier selection, and that, if deemed high risk, suppliers are audited against the code of conduct. The company's code of conduct is listed as a mandatory part of the general purchasing conditions which Ericsson discloses on its website, as well as of its supplier contracts. In addition, Ericsson states that it requires suppliers and their subcontractors to comply with its supplier code of conduct, or similar standards, and to verify compliance by providing information and allowing Ericsson to access their premises.

**Corrective Action Plans:** Ericsson discloses that when an auditor discovers non-compliances, suppliers are required to develop a corrective action plan. For each finding, the plan must specify the root cause, suggested corrective actions, responsible person, and deadlines. Ericsson states that its auditors follow up to ensure that lasting improvements are implemented. The company expects suppliers to close audit findings in a timely way and to provide documentation to its auditors. Suppliers who repeatedly fail to comply with Ericsson's code of conduct "risk being disqualified from further business".

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## OPPORTUNITIES FOR IMPROVEMENT

**Commitment and Governance:** The company is encouraged to engage with relevant stakeholders on human trafficking and forced labor. This includes engagement with policy makers, worker rights organizations, or local NGOs in countries in which its suppliers operate, as well as active participation in one or more relevant multi-stakeholder or industry initiatives. In addition, the company may consider providing training to all relevant decision-makers within the company including procurement staff, as well as to suppliers in different sourcing countries and/or tiers to ensure they are aware of the risks related to human trafficking and forced labor and are effectively implementing the company's policies and standards.

**Recruitment:** To address the risk of exploitation of migrant workers through recruitment agencies in its supply chains, the company may consider requiring recruitment agencies used by its suppliers to uphold workers' rights and ensuring that workers in its supply chains are not charged fees during any recruitment-related process. The company is also encouraged to ensure recruitment agencies used by its suppliers are audited, and to work with suppliers to ensure its policies to protect migrant workers' rights (such as providing documents in local language, and not retaining money or identity papers) are implemented.

**Worker Voice:** To prevent and address forced labor and human trafficking risks in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights and can exercise their right to freedom of association. Further, the company may consider ensuring that its compliance reporting line, or another formal grievance mechanism is communicated to, trusted and used by suppliers' workers.

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## COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes](#)