

Telefonaktiebolaget LM Ericsson (publ)

TICKER
OMC:ERIC.B

MARKET CAPITALIZATION
US\$21 billion

HEADQUARTERS
Sweden

DISCLOSURES
UK Modern Slavery Act: Yes

TARGETS
Yes

California Transparency in Supply Chains Act: Not applicable

OVERALL RANKING

9 out of 49

([2018 Rank](#): 11 out of 40)

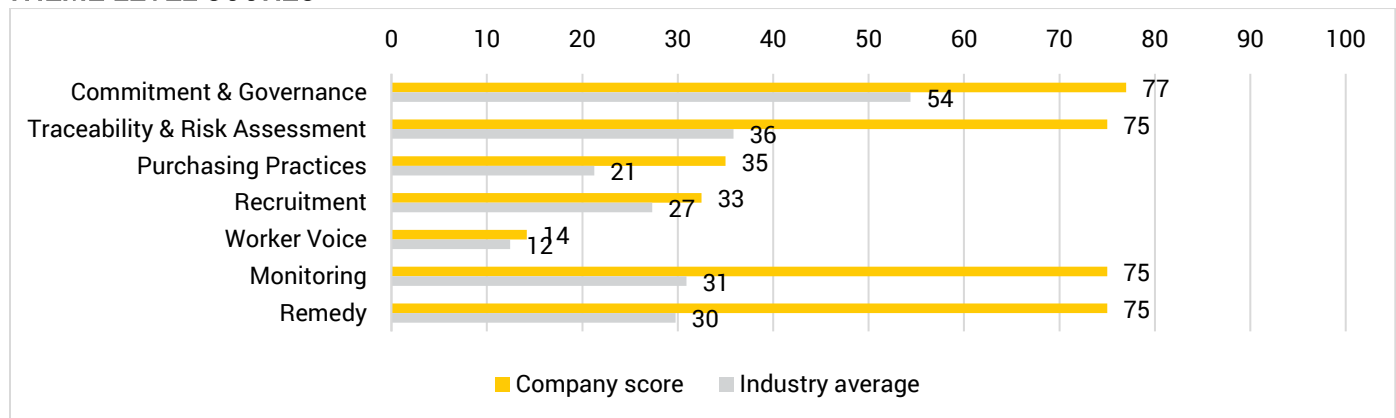
OVERALL SCORE

55 out of 100

SUMMARY

Telefonaktiebolaget LM Ericsson (Ericsson), a Swedish communications equipment company, ranks ninth out of 49 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Compared to 2018, the company's score improved by nine points. This is because the company includes a no-fee policy in its supplier code, discloses both a remedy process and remedy outcome, actively engaging with peer companies on forced labor, data points on its supply chain workforce, further details on its audit process, and conducting "forced labor surveys" with its direct and indirect suppliers' workers in China and India. Notably, the company takes steps to assess and address risks in the lower tiers of its supply chains. Additional steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of Purchasing Practices, Recruitment, and Worker Voice.

THEME-LEVEL SCORES



Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

KEY DATA POINTS
SUPPLIER LIST

No

NO-FEE POLICY

Yes

AVERAGE SUPPLIER SCORE

N/A

REMEDY FOR SUPPLY CHAINS WORKERS

Yes

HIGH-RISK SOURCING COUNTRIES

 China¹
LEADING PRACTICES

Remedy: Ericsson discloses that it ensured reimbursement of recruitment fees to workers in Malaysia at a potential lower-tier supplier.

NOTABLE FINDINGS

Commitment & Governance: The company is one of only three to include all the [ILO core labor standards](#) in its supplier code and supplier contracts. Ericsson discloses that, in 2019, a course on modern slavery (which included forced labor and human trafficking) was made mandatory for all sourcing staff that have supplier responsibility. It also provides online training to its suppliers and reviews its suppliers' supply chain management systems. In addition, it works with one of its suppliers to support cascading standards, in particular on forced labor. It also states that it conducted a review of the modern slavery statements and policies of its first- and second-tier suppliers and where no such documents were available, requested its suppliers to create them. The company provided input on the code of conduct review of the Responsible Business Alliance regarding labor.

Risk Assessment: Ericsson discloses that it partners with Elevate to perform forced labor surveys, with a focus on social performance at its first- and second-tier suppliers in India and China. It further discloses assessing the risks of forced labor by geography and product category as well as risks related to skill level and informal employment. It carried out a review of the category risks in 2018. It states that, in 2019, it continued to engage with not-for-profit business and human rights center Shift on "knowledge sharing and risk analysis for forced labor in the supply chain." Ericsson notes that the prioritized risk areas in its supply chains include labor rights and the communication of requirements further down its supply chains. It is one of only five companies that disclose risks identified in multiple tiers of its supply chains.

Monitoring: Ericsson states that supplier audits include a review of relevant documents such as payslips, work permits, and other personnel records, as well as forced labor policies and processes. Ericsson discloses the percentage of suppliers monitored, the number of workers interviewed during audits, and the results of its monitoring process, broken down into results by employment contracts, working hours and wages, forced labor, and supply chain management.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company is encouraged to adopt responsible purchasing practices (such as improving planning and forecasting) and to provide procurement incentives (such as price premiums or increased orders) to suppliers to encourage or reward good labor practices. It may further consider disclosing the outcomes of the process it has in place to assess the risks of forced labor at potential suppliers.

Recruitment: The company may consider developing and disclosing a policy that requires direct employment in its supply chains. In addition, the company may consider requiring employment recruitment agencies—and where relevant employment agencies—in its supply chains to uphold the ILO core labor standards, which include the elimination of forced labor. The company is further encouraged to disclose information on the recruitment agencies used by its suppliers.

Worker Voice: To support collective worker empowerment, the company is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing. Further, the company is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers.

ENGAGED WITH KNOWTHECHAIN

Yes ([Provided Additional Disclosure](#)).

¹ The US Department of Labor lists China as a country where electronics may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor](#)."