

ERICSSON

TICKER:
NASDAQ: ERIC

MARKET CAPITALIZATION:
US\$ 35 billion

HEADQUARTERS:
Sweden

6 OUT OF 20

Company’s Overall Ranking

55 OUT OF 100

Company’s Overall Score

Ericsson demonstrates above average disclosure of its policies and practices for mitigating the risk of forced labor in its supply chain, ranking sixth on the benchmark overall. The company exhibits leading practice with respect to its purchasing practices, scoring the highest in this area compared to its peers. In addition, the company’s overall ranking performance is driven by its commitment to addressing forced labor, a supply chain standard that supports this commitment, its processes for monitoring and auditing suppliers, and its remedy programs. To enhance its benchmark performance, Ericsson may consider improving its disclosure of its supply chain traceability and risk assessment processes, developing and disclosing a responsible approach to the recruitment of workers in its supply chain, and communicate its human trafficking and forced labor policies and standards to workers in the supply chain in their local languages.

THEME LEVEL SCORE

Commitment and Governance	71 out of 100
Traceability and Risk Assessment	50 out of 100
Purchasing Practices	88 out of 100
Recruitment	17 out of 100
Worker Voice	33 out of 100
Monitoring	68 out of 100
Remedy	63 out of 100

LEADING PRACTICES

Purchasing Practices: Ericsson assesses its prospective suppliers on their compliance with its Code of Conduct, which includes forced labor, and on their potential “capacity and flexibility” in managing orders prior to entering into business with them. The company further aims to provide medium to long terms forecasts to its suppliers to avoid sudden changes of workload. The Code includes a clause that “suppliers and their subcontractors” are required to comply with the Code, ensuring that Ericsson standards on forced labor are cascaded beyond its first-tier suppliers.



NOTABLE FINDINGS

Commitment and Governance: The Ericsson Code of Conduct is based on the United Nations Guiding Principles on Human Rights and the United Nations Global Compact's ten principles, and it explicitly prohibits forced labor at its own operations and within its supply chain. The company's Head of Group Sourcing is responsible for communicating policies and requirements related to human trafficking and forced labor to its suppliers. Furthermore, Ericsson has created e-learning courses that educate both its own employees and suppliers on the human rights topics, including forced labor. Notably, the courses for suppliers are available in 13 languages.

Monitoring: The company audits its suppliers for compliance with its Code of Conduct, typically conducting announced supplier audits. The auditing process includes interviews with workers, document reviews and observations, and is completed by the company's internally trained auditors. The results of audits are described in the company's sustainability report, including a summary of findings that relate to forced labor. Notably, Ericsson discloses that it may audit recruitment agencies in its supply chain if the agency is identified as an important supplier during its supply chain risk assessment.

Remedy: Ericsson discloses a process for responding to complaints or reported violations of its policies and standards, including providing remedy where relevant. These complaints are raised through its Compliance Line, which is available to relevant stakeholders including suppliers' workers. Ericsson has a Corporate Investigation Team that conducts a preliminary assessment of the complaint and its Group Compliance Forum decides how to proceed.

OPPORTUNITIES FOR IMPROVEMENT

Traceability and Risk Assessment: To better manage risks related to human trafficking and forced labor, Ericsson may consider conducting and disclosing specific risk assessment focused on key regions or suppliers' exposure to forced labor, beyond the assessment processes it conducts with respect to conflict minerals sourcing.

Recruitment: The company may consider adopting recruitment policies that require recruitment agencies in its supply chain to uphold workers' rights and prohibit suppliers and recruiters from charging workers a recruitment fee. Furthermore, Ericsson may consider establishing and disclosing a process through which it can ensure that any fees that were charged to workers are reimbursed.

Worker Voice: To raise awareness among suppliers' workers about their labor rights, the company may consider engaging workers outside of their workplaces either directly or through multi-stakeholder collaborations and communicating its relevant policies and standards to suppliers' workers in their native languages.

COMPANY PROVIDED ADDITIONAL DISCLOSURE:

[Yes.](#)

