

Update: Iraq media inquiries

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About Ericsson

In the past week, Ericsson (NASDAQ: ERIC), has continued to receive detailed media inquiries from Swedish and international news outlets. Their interest pertains to information detailed in a 2019 internal investigation by the company, on conduct in Iraq.

We are committed to transparency and continuously improving our compliance performance. Therefore, we are updating our earlier statement on this matter.

We continue to invest significantly to understand these matters fully. As in all investigations we cannot exclude the possibility that we may not have found all the underlying facts.

Ericsson takes any allegation of impropriety extremely seriously and welcomes any new facts brought to light as a result. This allows us to sharpen our processes further and target any wrongdoing.

We reiterate our commitment to investigate and take action as appropriate to address any new information, in line with our Code of Business Ethics and under the terms of our 2019 Deferred Prosecution Agreement (DPA), with US authorities.

With customers in more than 180 countries around the world, our products and services address critical communication needs for people and societies alike. We are committed to conducting business in a responsible manner, applying ethical standards in anti-corruption, humanitarian and human rights terms. We adhere to the United Nations' guiding principles on business and human rights - as well as all relevant international laws.

About Ericsson Iraq

Ericsson has been active in Iraq since the lifting of a UN embargo led to the reopening of the telecoms equipment market. Since then, Ericsson has continued its work in the country, including during periods of civil unrest.

Iraq is one of a number of countries where increased concerns about security and risk to colleagues' well-being is closely monitored. The company has processes in place to manage security risks, covering both employees and subcontractors.

About the Iraq investigation

Unusual expense claims in Iraq, dating back to 2018, triggered a review that uncovered compliance concerns about breaches of the company's Code of Business Ethics. Investigations of these concerns led to a subsequent and detailed internal investigation that was undertaken by Ericsson in 2019, supported by external legal counsel.

The investigation included the conduct of Ericsson employees, vendors and suppliers in Iraq during the period 2011-2019. It found serious breaches of compliance rules and the Code of Business Ethics. It identified evidence of corruption-related misconduct, including: Making a monetary donation without a clear beneficiary; paying a supplier for work without a defined scope and documentation; using suppliers to make cash payments; funding inappropriate travel and expenses; and improper use of sales agents and consultants. In addition, it found violations of Ericsson's internal financial controls; conflicts of interest; non-compliance with tax laws; and obstruction of the investigation.

The investigating team also identified payments to intermediaries and the use of alternate transport routes in connection with circumventing Iraqi Customs, at a time when terrorist organizations, including ISIS, controlled some transport routes. Investigators could not determine the ultimate recipients of these payments. Payment schemes and cash transactions that potentially created the risk of money laundering were also identified.

Ericsson invested significant time and resources to understand these matters. The investigation could not identify that any Ericsson employee was directly involved in financing terrorist organizations.

As a result of the investigation, several employees were exited from the company and multiple other disciplinary and other remedial actions were taken. This included closing gaps in our internal processes in the region and incorporating lessons from the investigation into our ethics and compliance program.

Furthermore, Ericsson terminated a number of third-party relationships and prioritized the Iraq country business for enhanced training and awareness activities, policies and procedures, and third-party management processes.

Ericsson is continuing to work with external counsel to review the findings and remediation resulting from the 2019 investigation to identify any additional measures that the company should take.

About corporate investigations

Ericsson promotes a speak up culture and routinely undertakes internal investigations covering a broad range of ethics and compliance considerations, when such matters are raised.

The Government and Corporate Investigations team is responsible for conducting such investigations, with the support and guidance of external counsel, where necessary. The company acts upon the findings of any misconduct, through disciplinary actions, process improvements and internal learning.

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About Ericsson

Ericsson enables communications service providers to capture the full value of connectivity. The company's portfolio spans Networks, Digital Services, Managed Services, and Emerging Business and is designed to help our customers go digital, increase efficiency and find new revenue streams. Ericsson's investments in innovation have delivered the benefits of telephony and mobile broadband to billions of people around the world. The Ericsson stock is listed on Nasdaq Stockholm and on Nasdaq New York. www.ericsson.com

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