



# Ericsson Nikola Tesla Group Code of Conduct for Business Partners

## Introduction

This document was drawn up based on Ericsson's document 1424-EN/LZT 108 8173 Uen (©Ericsson AB 2019) under the title Ericsson Code of Conduct for Business Partners. Conducting business in an ethical, responsible and sustainable way is important for the whole Ericsson, including Ericsson Nikola Tesla Group.

Therefore, we expect our Business Partners to commit to the standards as defined in the Ericsson Nikola Tesla Group Code of Conduct. It outlines our expectations and requirements in key areas such as business ethics, including anti-corruption, labor and human rights, occupational health and safety, environment and climate change.

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## Contents

<b>1</b>	<b>Purpose</b> .....	<b>3</b>
<b>2</b>	<b>Definitions</b> .....	<b>3</b>
<b>3</b>	<b>General requirements</b> .....	<b>4</b>
3.1	Business ethics requirements.....	5
<b>4</b>	<b>Anti-corruption</b> .....	<b>6</b>
4.1	Management system for prevention of corruption.....	6
<b>5</b>	<b>Human and labor rights</b> .....	<b>7</b>
5.1	Freedom of association .....	7
5.2	Freedom of expression and right to privacy.....	7
5.3	Prohibition of forced labor.....	7
5.4	Fair employment conditions .....	8
5.5	Child labor prevention .....	8
5.6	Elimination of discrimination .....	9
5.7	Land Rights .....	9
5.8	Responsible sourcing of raw materials .....	9
5.9	Responsible AI .....	9
<b>6</b>	<b>Safe and healthy working conditions</b> .....	<b>10</b>
6.1.1	Generic occupational health and safety requirements .....	10
6.1.2	Specific occupational health and safety requirements and standards .....	10
<b>7</b>	<b>Environmental management</b> .....	<b>11</b>
7.1.1	Generic environmental requirements .....	11
7.1.2	Specific environmental requirements.....	12
7.1.3	Climate change mitigation.....	12
<b>8</b>	<b>Reporting compliance concerns</b> .....	<b>12</b>
<b>9</b>	<b>Privacy policy</b> .....	<b>13</b>



# 1 Purpose

Ericsson Nikola Tesla Group places great importance on how we conduct our business. Our purpose and vision are “**Empowering an intelligent, sustainable and connected world by relentlessly innovating technologies that are easy to adopt, use and scale**”.

Respect for human rights, fair and safe working conditions, and ethically and environmentally sound business practices are at the core of our business. We expect the same from our Business Partners, including Suppliers. The Ericsson Nikola Tesla Group Code of Conduct for Business Partners (hereinafter “the Code”) specifies requirements and expectations that our Business Partners must comply with when doing business with Ericsson Nikola Tesla Group. We believe that we must jointly strive for strengthening sustainable business practices in our industry.

Ericsson is a signatory to the United Nations Global Compact and a member of the Responsible Business Alliance. The frame of reference for this Code is based on the United Nations Global Compact’s ten principles, The United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Responsible Business Alliance<sup>1</sup> Code of Conduct which Ericsson Nikola Tesla Group fully adheres to.

We understand the complexity in the supply chain and are committed to engaging with our Business Partners to ensure continuous and measurable improvements over time. As a part of this commitment, we offer training and support for our Business Partners on the content and the obligations defined within the Code. Online web training sessions can be accessed through: <https://www.ericsson.com/en/about-us/sustainability-and-corporate-responsibility/responsible-business/responsible-sourcing/online-training-for-suppliers>

Additional information.

# 2 Definitions

**Business Partner(s):** means an entity, individual or organization including, but not limited to suppliers, consultants, channel partners or any other party involved in activities (i) whereby any products, services or other deliverables will be provided to or made available to Ericsson Nikola Tesla Group, or (ii) for which Ericsson Nikola Tesla Group will make beneficial or other non-commercial contributions.

**Code:** means this document, i.e. the Ericsson Nikola Tesla Group’s Business Partner Code of Conduct.

<sup>1</sup> The Responsible Business Alliance (RBA) is the world's largest industry coalition dedicated to corporate responsibility in global supply chains. <http://www.responsiblebusiness.org/>



**Employee(s):** an Employee is a person directly or indirectly employed by or working for a Business Partner.

**Ericsson Nikola Tesla Group:** includes Ericsson Nikola Tesla d.d. as the mother company and all affiliated companies of Ericsson Nikola Tesla d.d.

**Public Official(s):** include all Employees of governments, ministries, authorities or other agencies thereof or international organizations as well as persons acting in an official capacity for or on behalf of any of the aforementioned institutions, and politicians and members of political parties or ruling families and appointed representatives. Employees of state-owned institutions are also considered Public Officials for purposes of this Directive.

**Salary:** Fixed financial compensation to an Employee for a certain period, where the amounts of hours worked are not affecting the total financial compensation for the period.

**Supplier(s):** denotes a Business Partner to Ericsson Nikola Tesla Group. Please see the definition for Business Partner(s).

**Wage:** Financial compensation to an Employee paid per hour.

### 3 General requirements

Compliance to the requirements set out in this Code, or other agreed equivalent standard, is a mandatory qualifying condition for a Business Partner to enter a business relationship with Ericsson Nikola Tesla Group. The requirements set out in the Code may not be applicable and relevant for all Business Partners. However, if the business of the Business Partner includes or impacts any of the areas described in this Code, the requirements in the Code shall be applied.

Business Partners must comply with all applicable laws, regulations, and standards in all the countries in which they operate. Where the requirements in the Code are higher than local standards and laws, the standards of the Code must be applied. The Business Partner must inform Ericsson Nikola Tesla Group of any actual or potential contradictions between the Code and applicable laws and regulations.

Business Partners must have adequate management systems and controls in place to ensure compliance with the Code. The functioning and quality of the Business Partner's management system should be adequate to the size, complexity and risk environment of its business. Business Partners must secure and monitor that their Suppliers and subcontractors comply with the Code or other agreed equivalent standards.

It is the responsibility of Business Partners to ensure that their Employees and Employees of any Suppliers or subcontractors are adequately trained on the requirements covered in the Code.

Confidentiality Class	External Confidentiality Label	Document Number	Revision	Date
Open	Public	ETK-2019: 000621 Uen	A	17-07-2019



Ericsson Nikola Tesla Group reserves the rights to verify compliance with the requirements set in the Code by a combination of mechanisms including, but not limited to self-assessments, surveys, site-visits or audits. Business Partners must therefore maintain relevant records to demonstrate compliance and if necessary, allow access to their own and their Suppliers' and subcontractors' premises for Ericsson Nikola Tesla Group's representatives.

The Business Partners must within a reasonable timeframe and without undue delay inform Ericsson Nikola Tesla Group if they discover a significant, and/or material breach of the Code or applicable legislation in their own or their Suppliers' or subcontractors' operations, as described under Section 8. The Code is a vital and mandatory part of all Ericsson Nikola Tesla Group supplier agreements. When a Business Partner does not comply with the Code, consequences shall be applied to manage risk levels and secure high quality, as well as protect the Ericsson brand. Significant and reoccurring breaches, without corrective actions and remedy, and/or lack of cooperation is considered a material breach of contract by Ericsson Nikola Tesla Group and may, as examples, result in reduction in business and constitute right for termination of the contract by Ericsson Nikola Tesla Group.

## 3.1 Business ethics requirements

Business Partners must:

- Not offer, promise, give, request, agree, accept or receive any type of improper payments, gifts, sponsorships, donations, entertainment, hospitality, or improper benefits directly or indirectly to obtain or retain a personal or business advantage from or to any Public Official or Employee or representative of a state owned or private enterprise.
- Not participate in any bid rigging, price fixing, cartel, trading in information, money laundering, theft of trade secrets, manipulation, improper influencing or other unfair competition practices
- Disclose to Ericsson Nikola Tesla Group if any Public Official or its family member has a controlling financial interest in the Business Partner or if the Business Partner is in any other way affiliated with Public Officials
- Inform Ericsson Nikola Tesla Group if the Business Partner engages or employs any former Employee of Ericsson or Ericsson Nikola Tesla Group directly involved in negotiating or fulfilling the contract with Ericsson Nikola Tesla Group or a family member of such Employee, and of any other situation that may create a conflict of interest and cooperate with Ericsson Nikola Tesla Group to mitigate the potential conflict of interest.

Confidentiality Class	External Confidentiality Label	Document Number	Revision	Date
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## 4 Anti-corruption

Ericsson Nikola Tesla Group has a zero-tolerance policy towards any form of corruption and financial irregularity. We are committed to fight corruption, including bribery and extortion, negligent financing of criminal activities and/or unethical practices. We expect our Business Partners to foster a culture of integrity based on transparency, compliance and ethical business practices.

### 4.1 Management system for prevention of corruption

Business Partners must implement an adequate management system for prevention of corruption that is commensurate to their risk profile. This typically includes:

- Have a written statement or public policy against corruption that addresses bribery of Public Officials and in private enterprises.
- Implement measures to prevent corruption and to ensure adequate awareness and adherence to the anti-corruption policy among Employees, representatives and Business Partners.
- Develop and maintain a system of adequate accounting procedures and internal controls that is aimed at preventing concealment of bribery or financing of bribery or misrepresentation of financial statements and designed to maintain transparent, complete and accurate control of books and records. The system must be auditable, and records must be verifiable.
- Have capabilities in place to ensure adequate risk-based due diligence and monitoring of Business Partners and ensure that Business Partners comply with ethical business practices.
- Implement mechanisms for reporting concerns and for investigation of such reports. The mechanisms must safeguard the confidentiality and integrity of the investigation and Business Partners must prevent retaliation against the reporter or any participant in investigations.
- Implement monitoring and enforcement procedures to ensure compliance with all applicable anti-corruption laws and regulations of the countries in which the Business Partner operate, including the Foreign Corrupt Practices Act (FCPA) and applicable international anti-corruption laws.

Confidentiality Class	External Confidentiality Label	Document Number	Revision	Date
Open	Public	ETK-2019: 000621 Uen	A	17-07-2019



## 5 Human and labor rights

Business Partners must respect all internationally recognized human rights standards, including the International Bill of Human Rights<sup>2</sup> and the principles concerning fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

The labor standards expectations defined in the Code are applicable for all workers, including temporary, migrant, student, contract and direct Employees, or any other type of worker under the influence of the Business Partner.

### 5.1 Freedom of association

All Business Partners' Employees must be free to form and to join, or not to join, trade unions or similar external representative organizations and to bargain collectively. Information and consultation with Employees can be done through formal arrangements or, if such do not exist, other mechanisms may be used.

In situations where the right to freedom of association and collective bargaining is restricted by applicable laws and regulations, Business Partners are expected to allow alternate forms of worker representations.

### 5.2 Freedom of expression and right to privacy

When collecting, processing or storing personal data of Employees, customers or other stakeholders, including any monitoring practices, Business Partners must respect the subject's right to privacy and human autonomy. This includes that the activities must be lawful, fair and transparent, be limited to a specific and documented purpose, and ensure adequate safeguards for preserving the accuracy, integrity and confidentiality of the data.

### 5.3 Prohibition of forced labor

Modern day slavery and exploitation, including forced, coerced, bonded or compulsory labor and human trafficking are strictly prohibited. Business Partners' Employees must be free to leave their employment after reasonable notice as required by applicable law or contract. Employees of a Business Partner must not be required to lodge deposits of money or identity papers with their employer.

Employees of a Business Partner must not be required to pay any recruitment fees or other aggregate fees to obtain their employment.

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<sup>2</sup> The International Bill of Human Rights consists of the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.



## 5.4 Fair employment conditions

Business Partners' Employees must be enabled to understand their employment conditions. All Employees must be provided with a written document that outlines the basic terms and conditions of employment in a language understandable to them. Pay and terms must be fair and reasonable and comply at a minimum with applicable laws or industry standards, whichever is higher.

For Employees that are entitled to overtime pay through their employment contract or by other similar agreements or requirements, overtime hours must be paid at a premium rate.

Business Partners must follow all applicable laws and regulations and/or collective bargaining agreements with respect to working hours and days of rest, and all overtime must be voluntary. A workweek must be restricted to 60 hours, including overtime. Regular workweeks must not exceed 48 hours.

Absent exceptional circumstances, Employees must be provided with at least one day off in every seven-day period. One day off is interpreted as at least twenty-four consecutive hours. Exceptional circumstances include short-term business demands and natural disaster.

Deduction from base Salaries/Wages as a disciplinary measure are not permitted. Corporal punishment, physical or verbal abuse, sexual harassment, bullying or other harassment and any threats or other forms of intimidation must be prohibited.

## 5.5 Child labor prevention

Persons who are below the minimum legal age for employment cannot be employed. The minimum legal age is the age of completion of compulsory schooling, or not less than 15 years.

Children<sup>3</sup> between the ages of 15 and 18 cannot be employed for any hazardous work or work that is inconsistent with the child's personal development. Personal development includes a child's health and physical, mental, spiritual, moral, or social development.

Business Partners must ensure proper management of apprentice program attendees and student workers through proper maintenance of records, due diligence of educational partners, and protection of apprentice program attendees or students' rights in accordance with applicable law and regulations. Business Partners must provide appropriate support and training for all apprentice program attendees and student workers.

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<sup>3</sup> A child is a person below the age of 18 (United Nations Convention on the Rights of the Child, Article 1).





## 5.6 Elimination of discrimination

All Employees must be treated with respect and dignity. All kinds of discrimination, in hiring or other employment practices, based on partiality or prejudice is prohibited. Examples of such include discrimination or harassment based on race, color, gender, sexual orientation, gender identity, marital status, pregnancy, parental status, religion, political opinion, nationality, ethnic background, social origin, social status, indigenous status, disability, age, union membership or Employee representation and any other characteristic protected by local law, as applicable. Equal pay for equal work must be promoted by Business Partners.

## 5.7 Land Rights

Business Partners must respect land rights of affected communities. This should be done through dialogue and consultation with local communities and affected stakeholders. Community engagement should be carried out in an inclusive, equitable, culturally appropriate, gender-sensitive, and rights-compatible manner.

## 5.8 Responsible sourcing of raw materials

Business Partners must exercise responsible due diligence of their Business Partners when it comes to the sourcing and extraction of raw materials, including, but not limited to tin, tantalum, tungsten, and gold used in products. The due diligence must be consistent with relevant parts of the OECD Due Diligence Guidance<sup>4</sup> or equivalent processes.

## 5.9 Responsible AI

Business Partners that develop Artificial Intelligence, Machine Learning, Autonomous and Intelligent Systems or similar technologies (collectively "AI") for or with Ericsson Nikola Tesla Group are expected to safeguard that the technology is trustworthy and developed in accordance with globally recognized ethics standards that address potential adverse impacts on Human Rights<sup>5</sup>.

<sup>4</sup> OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

<sup>5</sup> Guidelines for this can be found in EU Ethics Guideline on Trustworthy AI and IEEE standards on Ethically Aligned Design.



## 6 Safe and healthy working conditions

The health and safety of Business Partners' Employees must be prioritized. A healthy and safe working environment, including psychosocial considerations and, if applicable, housing facilities must be provided for Employees, in accordance with international standards and national laws. Employees must be provided with appropriate health and safety information and training, including, but not limited to information on: risks they are exposed to, arrangements for safe evacuations of buildings and correct handling and marking of chemicals and machinery.

### 6.1.1 Generic occupational health and safety requirements

Business Partners must have an Occupational Health and Safety (OHS) Management System incorporating at a minimum the following:

- A publicly available OHS policy appropriate to the nature and scale of the Business Partners' OHS risks, including a commitment to prevent injury and ill health and to continual improvement.
- An OHS Risk Assessment identifying and documenting the Business Partner's OHS risks and determining its relevant controls.
- An OHS improvement program, including objectives and action plans.
- Measures to monitor and comply with all applicable OHS legislation and regulations.
- A competence plan to ensure that all Employees are competent for their assigned tasks and have appropriate education, training and experience to perform their tasks in a safe manner.
- An appropriate incident reporting and investigation procedures, including a process for corrective action.

### 6.1.2 Specific occupational health and safety requirements and standards

In addition to the Generic Occupational Health & Safety Requirements, specific requirements are required for Business Partners when applicable. This includes Business Partners within Construction, Field Maintenance, Network Roll-Out Services, Warehouses and for all other Suppliers where these specific requirements are included in the contract with the Business Partner. The requirements are recommended for all other Business Partners.

Confidentiality Class	External Confidentiality Label	Document Number	Revision	Date
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These Specific Occupational Health & Safety Requirements are available at: <https://www.ericsson.hr/en/suppliers>. Further on, where applicable to a Business Partner's business activities, the Business Partners' OHS Management System must, as a minimum requirement, meet or exceed the standards of Ericsson OHS Operational standards, which Ericsson Nikola Tesla Group adheres to as well. The Business Partner must identify Ericsson OHS Operational standards that apply in advance of commencing the agreed scope of work. These standards may be modified by Ericsson at any time. Revisions of Ericsson OHS operational standards will apply from the date of their release unless otherwise agreed in writing with Ericsson. In the event a Business Partner identifies a change to the Ericsson OHS operational standards that materially impacts its ability to deliver the applicable scope of work, Ericsson and the Business Partner must (acting reasonably) discuss and agree on the method, implications and timeline for implementing such change.

The OHS Operational standards are available at:

<https://www.ericsson.hr/en/suppliers>

## 7 Environmental management

Business Partners must develop, implement, and maintain environmentally responsible business practices, taking into account the environmental risks and/or the identified environmental aspects of the Business Partner.

### 7.1.1 Generic environmental requirements

Business Partners must have an environmental management system and must fulfill the following minimum requirements:

- Have a publicly available environmental policy. The policy must be based on an analysis of the Business Partner's operations and environmental impact and performance and be used as a basis for improvement.
- Identify and document any significant environmental aspects<sup>6</sup> in the Business Partner's operational activities.
- Have an environmental improvement program, with objectives and action plans.
- Be aware of and comply with applicable environmental legislation and permits and comply with applicable reporting requirements under such legislation and permits.
- Ensure that the Business Partner's Employees have adequate and documented environmental competence and training.

<sup>6</sup> Significant environmental aspects mean any element of a Business Partner's operational activities that cause or may cause a significant adverse impact on the environment, as defined in the ISO 14001 standard.

Confidentiality Class	External Confidentiality Label	Document Number	Revision	Date
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- Have appropriate incident reporting and investigation procedures in place, including a process for corrective action.

Environmental certification in accordance with ISO 14001 or equivalent is viewed favorably.

### 7.1.2 Specific environmental requirements

Business Partners must, where applicable to the Business Partner's business, comply with Ericsson's specific environmental requirements. These requirements are available at: <https://www.ericsson.hr/en/suppliers>.

### 7.1.3 Climate change mitigation

All Business Partners must develop and implement plans to reduce their carbon footprint to reach the climate goals acknowledged in the UNFCCC<sup>7</sup> Paris agreement, and specifically to meet the 1,5-degree scenario as presented by IPCC<sup>8</sup>, November 2018.

Further energy consumption and climate mitigation requirements for Business Partners may be applicable. See section 7.1.2.

## 8 Reporting compliance concerns

Ericsson Nikola Tesla Group's Business Partners and its Employees can report good faith concerns regarding suspected violations of applicable laws or the Code through the e-mail [compliance.etk@ericsson.com](mailto:compliance.etk@ericsson.com) or anonymously through Ericsson Nikola Tesla Group Compliance Line. Ericsson Nikola Tesla Group will handle such concerns in accordance with legislation applicable to persons involved. We are committed to investigating all credible reports of potential compliance violations made in good faith.

Information about Ericsson Nikola Tesla Group Compliance Line is available on the Ericsson Nikola Tesla Group website:

<https://www.ericsson.hr/en/company-governance>

Ericsson Nikola Tesla Group prohibits any discrimination or retaliation against individuals who report suspected violations in good faith.

<sup>7</sup> United Nations Framework Convention on Climate Change

<sup>8</sup> Intergovernmental Panel on Climate Change



This provision does not preclude Business Partners from making available appropriate whistleblowing systems and grievance mechanisms to their Employees and interested parties, including affected communities, to make comments, recommendations, reports or complaints concerning the workplace, the environment or overall business practices.

## 9 Privacy policy

Information about how Ericsson Nikola Tesla Group handles personal data, including points of contacts for queries and the Ericsson Nikola Tesla Group Privacy Policy is available at:

<https://www.ericsson.hr/en/privacy>

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