

Human Rights is Everyone's Business Report 2021

Hållbart värdeskapande

Respecting Human Rights is everyone's business and responsibility, but how?

Taking the next steps in your sustainability journey, are you and your company prepared to assess and manage Human Rights risks in your value chain and sphere of influence?



Content

| | | | |
|---|-----------|---|-----------|
| A letter from Hållbart värdeskapande | 3 | The Assessment | 14 |
| Case – Human rights work in four companies | 4 | Human rights due diligence (1 5) | 15 |
| Ericsson: Théo Jaekel | 5 | Potential or actual impact on stakeholders (2 5) | 16 |
| ICA Gruppen: Emelie Hansson | 6 | Reporting and follow-up on human rights (3 5) | 17 |
| Scatec: Roar Haugland | 7 | Human rights framework (4 5) | 18 |
| Getinge: Michaela Ahlberg | 8 | Board oversight and training of employees (5 5) | 19 |
| Why, what and how | 9 | Case Ericsson | 20 |
| Why, what and how to manage Human Rights Due Diligence in practice? | 10 | Case Telia | 21 |
| Best practice advice from Shift, experts on creating change. | | Case Millicom – Human rights impact assessment | 22 |
| What should guide companies in undertaking human rights due diligence? Part I | 11 | Case H&M GROUP | 23 |
| What should guide companies in undertaking human rights due diligence? Part II | 12 | EU Directive Human Rights Due Diligence | 24 |
| APPENDIX | 13 | | |



A Letter from Hållbart värdeskapande

Ten years ago, the UN Guiding Principles on Business and Human Rights (UNGPs) were unanimously endorsed by the UN Human Rights Council. For the first time in history, businesses had to adapt their businesses to respect human rights – and to do so, human rights due diligence became an important tool to monitor and manage human rights standards in their supply chains.

However, it has at times been challenging for companies to understand their human rights risks in their direct operations or their supply chain. Companies that have embraced this challenge often find that transparency and consistent monitoring is key to truly mitigate human rights risks. Over the last decade, the level of knowledge and understanding has increased, and many companies have adequate policies and processes in place to ensure the value chain is informed. To manage the risks companies have increased their demand and dialogue with their stakeholders but there is still a need and expectation for companies to increase transparency and to manage the risks in accordance with the UNGPs. The interest and will to take responsibility are clear, now the relevant processes need to be strengthened to respect human rights and to

avoid negative impact.

Ten years on, we can see that the momentum is growing. Several countries have incorporated human rights into hard law, including the UK with its Modern Slavery Act (2015), France (2017), the Netherlands (2019), and more recently Germany (2021). We also see that the European Union has started to take steps to embed human rights into business decision-making. In 2019, the EU adopted the sustainability-related disclosures directive, followed in 2020 by the social minimum safeguards included in the EU taxonomy regulation as well as by the recent draft law on Mandatory Human Rights Due Diligence (forthcoming October 27th, 2021).

As investors, we believe that human rights are an essential priority for global companies in the 21st century. We are convinced that transparent reporting of a company's strategy and its management of human rights risks and opportunities can contribute to a stronger value chain, and hence, better business and in the longer perspective both better returns and a better world. The mandatory human rights due diligence law will provide the level of transparency investors need – we, therefore, urge all Nordic companies to start taking steps to fulfill its requirements.



Human Rights Work in Four Companies

On the following pages you can get some inspiration from companies that have started their work with conducting a Human Rights Due Diligence – how they got started and what lessons they have learnt.

| | |
|---|----------|
| Case – Human rights work in four companies | 4 |
| Ericsson: Théo Jaekel | 5 |
| ICA Gruppen: Emelie Hansson | 6 |
| Scatec: Roar Haugland | 7 |
| Getinge: Michaela Ahlberg | 8 |



Ericsson:

Théo Jaekel

In a more digitalized world – how does Ericsson prioritize new risks within Human Rights?

Ericsson operates in an industry that enables digitalization, we have therefore addressed risks that are linked to digital technology and communication for many years. In order to prioritize among our salient human rights risks, we assess the severity of identified risks, in line with the methodology of the UN Guiding Principles on Business and Human Rights (UNGP). Which risks are considered salient depends on where in our value chain the risks materialize. If we manage risks linked to misuse of technology by our customers, the right to privacy and freedom of expression are the most salient, while risks such as forced labour, living wage, overtime, and trade union rights are prioritized in relation to our supply chain.

You recently conducted a large study on human rights risks that are linked to 5G. There you mention the concept “leverage” – what does it mean in this context?

Leverage is a key concept in the UNGPs and refers to the ability to bring about change in the practices of a business partner or other stakeholder in order to address human

rights risks or actual impacts. If we take the example of 5G, the report illustrates a complex value chain with actors such as mobile operators, states, social media platforms, application developers, etc. The risks identified in the report are relevant to all these actors and need collaborative approaches to address. An individual company such as Ericsson of course has a responsibility to ensure that the company's operations do not directly cause or contribute to negative impacts. In addition, we also have a responsibility to exercise leverage over our business partners and other stakeholders to mitigate and prevent negative impacts which we do not have direct control over. The important thing to remember when it comes to leverage is that you must look at this from a broader perspective than just commercial approaches. Contractual requirements are indeed a form of leverage, but in some cases, other alternative solutions may be more effective. For example, capacity building measures, industry collaborations, policy dialogue, etc.

In what ways have the UNGP and the HRDD been helpful for Ericsson?

The methodology introduced by the UNGPs provides us with the practical tools to embed our responsibility to respect human rights into operational practice. The framework has been crucial in developing our policy commitments and due diligence processes processed over the past decade. We also welcome that the current legal developments when it comes to implementing mandatory human rights due diligence requirements for companies are based on the same framework.



ICA Gruppen: Emelie Hansson

You are currently conducting a Human Rights Due Diligence – how did you get started?

We regularly conduct external monitoring and stakeholder dialogues to be at the forefront of our most important areas of sustainability. For human rights, we clearly saw both a general shift from traditional compliance work to work more preventive and risk-based, and increased expectations from our stakeholders to develop our work with social responsibility. We could also see from others' experiences of using the framework that we could benefit from developing a process in line with the Human Rights Due Diligence. We started with creating a reference group for ICA Gruppen and hired expert knowledge in human rights through the consultancy Ethos International. Together with Ethos, we have developed a process for HRDD work and carried out ICA Sweden's human rights impact assessment. The ICA Group comprises several companies in the grocery trade, pharmacies, real estate, and banking, and insurance. To get started, we chose to start with ICA Sweden, which is the largest business and has the supply chains that are most at risk – and thereafter we will apply the model to the other companies.

What have you learned so far?

We have learned a lot since we started working with HRDD and learning continues to be an important part of putting the HRDD principles into practice. An important insight from our work with the UN Guiding principles is that the responsibility to respect human rights will be proportional. This means that there are limitations to what responsibilities companies can take, which depend on the seriousness of the violation and the company's connection to the violation. The risk analysis also helps to point out which risks are the most serious and which should be prioritized, which means that you get a good system for the development of measures and can invest resources where they do the most good. Working with a due diligence perspective is effective because prioritization gives strength to focus where the risks are greatest.

Like everyone in the grocery trade business you have several supply chains where there are risks – how does that affect your work?

The ICA Group has long had good basic work with social responsibility, which is also based on a risk-based perspective. The work continues, but now we are putting more focus on preventive measures and on managing risks throughout the value chain. ICA Sweden is often very far from the most serious risks and therefore collaboration, both nationally and internationally becomes an important part of our risk management.



Scatec:

Roar Haugland

How are Human Rights risks managed in the field?

First and foremost, it is about Due Diligence. We follow standardised processes in all our projects to identify, mitigate and monitor our potential risks and impacts. This work forms part of our corporate Environmental and Social Management System (ESMS). In 2020 we conducted a specific and separate risk assessment on human rights where eleven topics related to human rights were categorised as either high, medium, or low risk. Relevant areas linked to human rights include: land acquisition and involuntary resettlement, labour and working conditions, community health and safety, indigenous people, and cultural heritage. Although there were no specific cases relating to human rights in 2020, some of our pipeline projects are currently undertaking pre-studies and environmental and social baseline assessments, where resettlement is a potential impact.

Can you give an example of identified risks?

In Egypt's largest renewable PV site in BenBan, close to the Aswan dam, where Scatec is the largest operator with six Industrial size PV plants, we have identified challenges related to workers' rights such as HSE, transport, and accommodation.

What do your remediation and grievance mechanisms look like?

In line with the IFC Performance Standards, we pay special attention to the human rights risks of certain groups, such as indigenous people, minorities, women, children, migrant workers, and other vulnerable groups. Scatec has both a whistleblowing channel and grievance mechanism in place in line with the IFC Performance Standards and UN Guiding Principles on Business and Human Rights. We report on the number of grievances received and resolved, as well as whistle blowing reports received related to human rights cases.

Just transition accommodating for HuRi, or does the development go too fast?

There is of course a risk that when satisfying the need for renewable power there is no time to do the projects according to agreed standards. In addition, when a business area becomes this "hot" one will see that it sometimes attracts the participation of a mixed bag of more or less serious actors. This again can lead to less focus on quality in the process and in some cases violation of HuRi and environmental considerations. For Scatec, we see project development done in collaboration with sustainability as an investment in itself. This is not Capex or overhead, rather this is the only way to ensure stable and sustainable projects for the entirety of the production life span.

Scatec is committed to operate in line with the Equator Principles and IFC's Environmental and Social Performance Standards to ensure consistent practices across all projects. Our work is also guided by the OECD Guidelines for Multinational Enterprises. Scatec reports in accordance with the Global Reporting Initiative (GRI) Standards (Core option) and we regard our report to be our Communication on Progress (COP) to the United Nations Global Compact (UNGC), meeting the requirements of the UNGC Active Level.

Getinge: Michaela Ahlberg

Ethics and Compliance work that works Enable and Inspire – From Compliance to Change

“Business is personal” is how Michaela Ahlberg ends her speaking notes in the preparation work ahead of Hållbart värdeskapande’s webinar. These three words conclude and point to the essence of what ethics and compliance and human rights due diligence is all about.

So, what does **Business is personal** mean and how can we enable and inspire companies to ensure that their corporate conduct is in line with expectations in the upcoming EU legislation? Here is some of the advice and encouragement Michaela Ahlberg shares with Hållbart värdeskapande and Swedish companies.



Enable Compliance and Governance

Ensure that the company implements all aspects of effective compliance work. Compliance work, policies, processes, training, speak-up, etc serve as a platform. This will provide structure and clarity to the organization. Remember that a policy without implementation makes no sense.

Ensure that the company fully understands its legal and regulatory requirements. Also ensure that the compliance work goes beyond a tick in the box exercise, since this could lead to a false sense of understanding and control. Compliance is everyday work and not a “once a year” check. Work with the company culture to encourage a speak-up culture.

If the process works and if there is a good speak-up culture this will bring information to the table, sometimes the information might be “unwanted” and will generate dilemmas and friction for the organisation.

Remember and accept that circumstances rarely are black and white, it is about enabling leaders to navigate in the grey zone.



Inspire Values based Ethics and Recognizing and Managing Friction and Dilemmas

Our company culture – we are all responsible

Companies need to – in their strategy and daily business – recognize and respect all stakeholders. Employees, Customers, Suppliers but also including People (Human Rights) and Planet. Moving away from traditional Freedman capitalism.

Compliance is understanding and following the law. Ethics is listening to and giving voice to values, understanding why legislation is put in place. The tools for compliance are the cornerstones of effective compliance and due diligence. The tools for ethics and values are understanding human nature and our weaknesses, listening to our values, practicing giving voice to them and learning how to manage friction and dilemmas effectively and gracefully.

Compliance and governance are corporate basic requirements for organizational structure.

Ethics is a personal choice – we can choose to make business personal and the company can encourage this by providing the tools for ethical and responsible business practices. Building an ethical culture, one decision at a time.



Why, what and how

Why should a company conduct a human rights due diligence? What should guide companies in undertaking a human rights due diligence? And how should it be implemented?

All these questions Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights, seeks to answer on the following pages.

| | |
|---|----------|
| Why, what and how | 9 |
| Why, what and how to manage Human Rights Due Diligence in practice? | 10 |
| Best practice advice from Shift, experts on creating change. | |
| What should guide companies in undertaking human rights due diligence? Part I | 11 |
| What should guide companies in undertaking human rights due diligence? Part II | 12 |
| APPENDIX | 13 |



Why, what and how to Manage Human Rights Due Diligence in Practice?

Best practice advice from Shift, experts on creating change.

Why should companies do a due diligence to understand their impact on people?

Business is the major engine of economic growth and job creation. But business can also pose risks to human rights, harming people and also business itself. Today there is increasing awareness of and scrutiny on how companies impact people and communities around the world.

Now during the current pandemic, human rights everywhere are at risk from the impacts of COVID-19. People around the world fear for their life and health, livelihoods, civil liberties, and privacy, to name just a few issues. At the same time, many businesses are facing existential threats, as they seek to survive or adapt to a new and unprecedented reality. Covid-19 has also highlighted and exacerbated the crisis of gross inequalities in our societies. As such, companies need to bring precision thinking to how their choices will impact the lives of people that work for, depend on, or are otherwise connected to their business.

The risks for companies in ignoring connection to human rights impacts are real:

- Business projects are delayed, suspended or cancelled because of strong opposition by local communities that are concerned about impacts on their human rights.
- The costs of conflict with workers and local communities include 'hidden costs' such as staff time, including that of senior leaders, spent managing such conflicts.
- Increasingly sophisticated investors are seeking to understand and evaluate companies' capacity and commitment to address human rights impacts in their operations and value chain.
- They will be unable to provide adequate disclosures or meet requirements in existing legislation, nor be prepared for potential new regulation to require mandatory human rights and environmental due diligence in the EU.

In addition to being the right thing to do, the business benefits from conducting HRDD are numerous:

- It helps to ensure the company's actions are aligned with its values and can increase compliance with existing policies and commitments.
- It can help companies make informed business decisions, determine where to focus, and identify business opportunities.
- It can help ensure boards of publicly listed companies that human rights risks are addressed properly. And by this protecting the interests of shareholders and help protect value, including intangible assets such as the company's reputation, and avoid costs related to conflicts with workers and communities.
- It supports the building of sustainable relationships with key stakeholders as well as increasing employees' confidence and motivation.



What should guide companies in undertaking human rights due diligence? Part I

A [level playing field](#) is slowly emerging for companies on human rights. Companies increasingly have the mandate, the tools, and the pressure to investigate their connection to harm to people deep in their supply chains, or associated with the use, misuse or overuse of their products.

A transformational roadmap came in the form of the [UN Guiding Principles on Business and Human Rights](#) (UNGPs), which were unanimously endorsed at the Human Rights Council in 2011. The UNGPs create a common language for speaking about the roles of states and businesses when it comes to the negative impacts on people that can result from business activities. They have provided the global authoritative standard on business and human rights; their legitimacy also comes from the [broad global consensus](#) that was built throughout a consultative global process with governments, businesses, civil society, and international organizations. Concretely, the UNGPs set expectations of states and companies about how to prevent and address negative impacts on human rights by business. They apply to all states and all businesses worldwide and today are being implemented by companies, governments, and their stakeholders on every continent.

How do companies prevent negative impacts on human rights?

Businesses need to have the right policies and processes in place in order to try to prevent these impacts and to respond appropriately should they occur. The UNGPs provide a blueprint for them to do so. That blueprint describes a three-part approach that can be summarized as:

- A public commitment to [respect human rights](#) that is embedded into a business's culture;
- An ongoing process of human rights due diligence (HRDD) through which the business [assesses risks to human rights](#), integrates the findings into its decision making and actions in order to mitigate the risks, tracks the effectiveness of these measures, and communicates its efforts internally and externally;
- Processes for [providing remedy](#) to anyone who is harmed where the business caused or contributed to that harm.

The Office of the High Commissioner for Human Rights notes that HRDD is an [ongoing, cyclical process](#) that takes account of the dynamic nature of human rights situations.



What should guide companies in undertaking human rights due diligence? **Part II**

The UNGPs sets our four main elements comprising HRDD:

- **Identify and assess** actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships;
- **Integrate** the findings arising from these assessments across relevant internal functions and processes, and take appropriate action;
- **Track the effectiveness** of their response (e.g. risk management and mitigation efforts); and
- **Account** for how they address their human rights impacts (e.g., through reporting externally).

How can we possibly cover all impacts?

Achieving respect for human rights is challenging. It is not just about companies' own operations and employees and the activities they directly control. Nor is it just about first tier or strategic suppliers. It includes impacts that may be

much more remote in their value chain and caused by third parties over which they have limited influence.

The UNGPs pragmatically recognize that businesses must approach HRDD incrementally and allow for a [principled prioritization of resources](#). However, this approach should be guided not by the proximity of impacts to the company, but by an understanding of the severity of the company's actual and potential impacts on people. This can help ensure that its efforts are appropriately focused on those impacts where the risk to individuals' human rights is greatest (as defined by the scale, scope, and irremediability of impacts). Companies will also need to understand the likelihood of a potential impact occurring, through an analysis of the country context and specific business relationships involved.

How do we know if our HRDD is any good?

The UNGPs do not prescribe a "one-size-fits-all" approach to conducting HRDD. Companies may develop stand-alone systems or they may integrate human rights into existing systems. Moreover, [as it is designed to facilitate a "race to](#)

[the top](#)", HRDD is an [evolving standard](#) of conduct.

Shift has recently prepared two resources that may assist companies (and investors) in assessing the quality of efforts to embed HRDD.

- A. "Signals of seriousness" for human rights due diligence
- B. Leadership and Governance Indicators of a Rights Respecting Culture

Please see more information in appendix.

APPENDIX

Why, what and how to manage Human Rights Due Diligence in practice?

Best practice advice from Shift, experts on creating change.

A. “Signals of seriousness” for human rights due diligence

The ten years of practice following the endorsement of the UNGPs have highlighted to Shift [key features of HRDD that are indicative of the seriousness of a company's efforts](#).

Shift's findings were prepared for the consideration of the European Commission and other stakeholders, as the Commission develops proposals on mHREDD.

Companies and investors may also consider these signals to assess whether there is an authentic and consistent intent and effort within a company to find and reduce risks to workers, communities, and other affected stakeholders. They grouped into six broad areas of company practice:

- I. Governance of human rights;
- II. Meaningful engagement with affected stakeholders;
- III. Identifying and prioritizing risks;
- IV. Taking action on identified risks;
- V. Monitoring and evaluating progress in addressing risks;
- VI. Providing and enabling remedy

All of these features do not need to be present to judge HRDD to be meaningful or serious, yet where few of them are present, it is unlikely that HRDD will achieve its purpose in practice.

B. Leadership and Governance Indicators of a Rights Respecting Culture

How leaders act – from the board level to site level – is a powerful leading indicator of whether a rights-respecting culture is in place at a company. In [this resource](#), Shift sets out 22 practices and behaviors that help foster business respect for human rights. They can help company executives and boards stress-test how well their culture reflects respect for people. They can also help investors and lenders identify those companies most likely to be advancing business success by systematically reducing the risks of harm to people. Examples include:

- Does the company's most senior governing body regularly discuss progress and challenges in addressing the company's salient human rights risks?
- Are there performance incentives for top management in place that reflect the company's salient human rights issues?

- Are there instances where senior leaders have engaged with affected stakeholders or their representatives with regard to alleged incidents?

Resources referenced:

- [UN Guiding Principles on Business and Human Rights](#)
- [Introduction to the UNGPs for beginners](#)
- [Doing Business with Respect for Human Rights: A Guidance Tool for Companies](#)
- [Business and Human Rights Impacts: Identifying and Prioritizing Human Rights Risks](#)
- [“Signals of seriousness” for human rights due diligence](#)
- [Leadership and Governance Indicators of a Rights Respecting Culture](#)



The Assessment

Hallvarsson & Halvarsson

About the Assessment

Assessed companies

H&H has assessed the annual and sustainability reports from the largest companies at NASDAQ Stockholm. The assessment was based on ten questions.

The following questions were included in the assessment:

- Does the company perform a due diligence on human rights?
 - If yes, is the due diligence process systematic and recurring?
- Does the company identify the potential or actual impact on human rights related risks of stakeholders?
- Does the company report on:
 - human rights related risks?
 - human rights related targets?
 - its performance on human rights targets?

- Does the annual or sustainability report state that human rights are included in the code of conduct or supplier code of conduct?
- Does the company report on code of conduct breaches?
- Is the code of conduct approved by the board?
- Does the company provide training for their employees on human rights related risks?

In total, 80 companies were included in the assessment.

The Assessment

| | |
|--|----|
| Human rights due diligence (1 5) | 15 |
| Potential or actual impact on stakeholders (2 5) | 16 |
| Reporting and follow-up on human rights (3 5) | 17 |
| Human rights framework (4 5) | 18 |
| Board oversight and training of employees (5 5) | 19 |
| Case Ericsson | 20 |
| Case Telia | 21 |
| Case Millicom – Human rights impact assessment | 22 |
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Human Rights Due Diligence

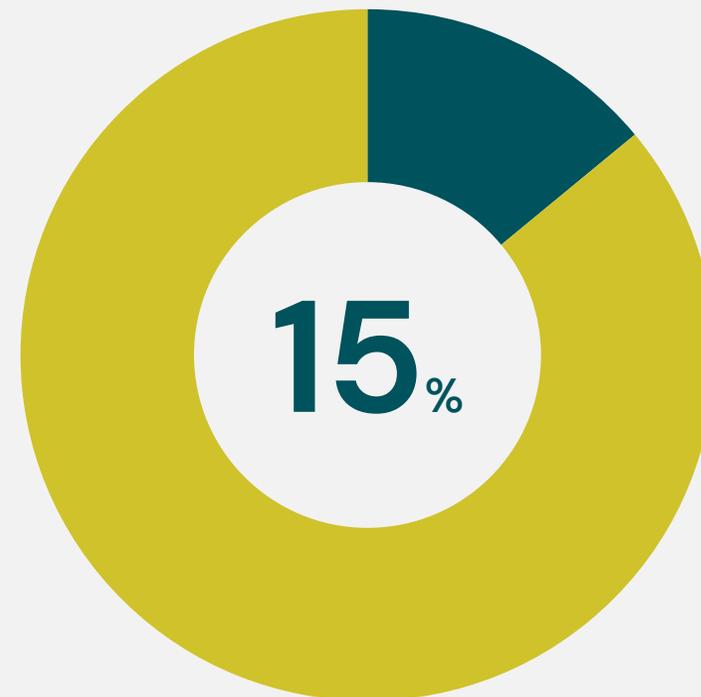
(1 | 5)

The new legislation is intended to impose new comprehensive environmental, social and corporate governance due diligence requirements on the value chain of companies established or operating in the European Union. The new obligations apply to both EU and non-EU companies and will affect non-EU companies dealing with companies operating in the EU.

Companies whose activities fall under the scope of the new legislation are required to carry out comprehensive due diligence of their operations and direct and indirect business relationships, upstream and downstream, in and outside of the EU and publish a statement that they have identified no potential or actual risk to human rights, the environment or good governance. The statement should include the data and methodology used.

By imposing an EU mandatory due diligence framework requiring companies to take responsibility for their supply chains, it intends to reach business practices the world and promote a level-playing field for all businesses in the EU.

15 percent of the assessed companies conduct human rights due diligence, all of them systematic and reoccurring. None of the companies covered in the assessment has published a statement as proposed in the new legislation.



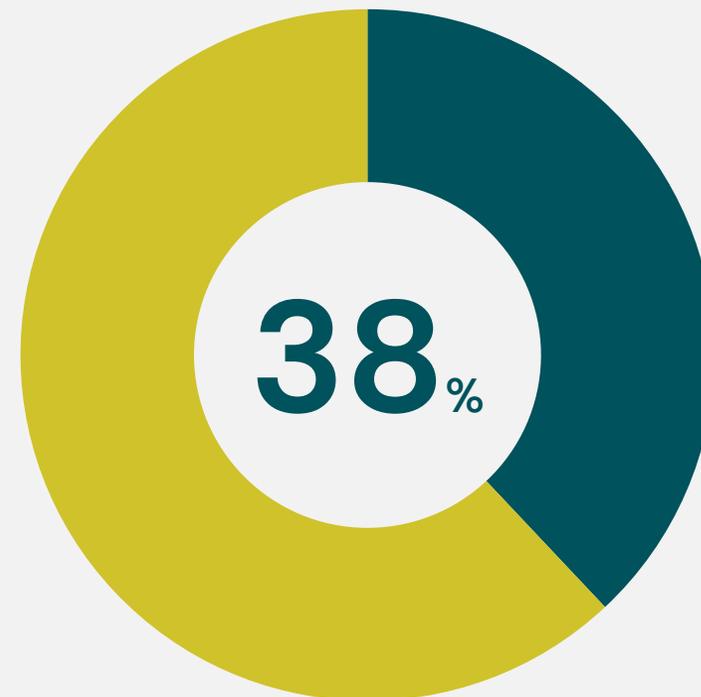


Potential or Actual Impact on Stakeholders (2 | 5)

The new legislation gives extensive rights of consultation and accountability towards third-party stakeholders. Stakeholders are defined widely to include any persons or groups of persons whose rights or interests may be affected by the potential or actual impact of the companies' business or business relations on human rights, the environment, or good governance. This includes shareholders, trade unions, local communities, and civil society organizations.

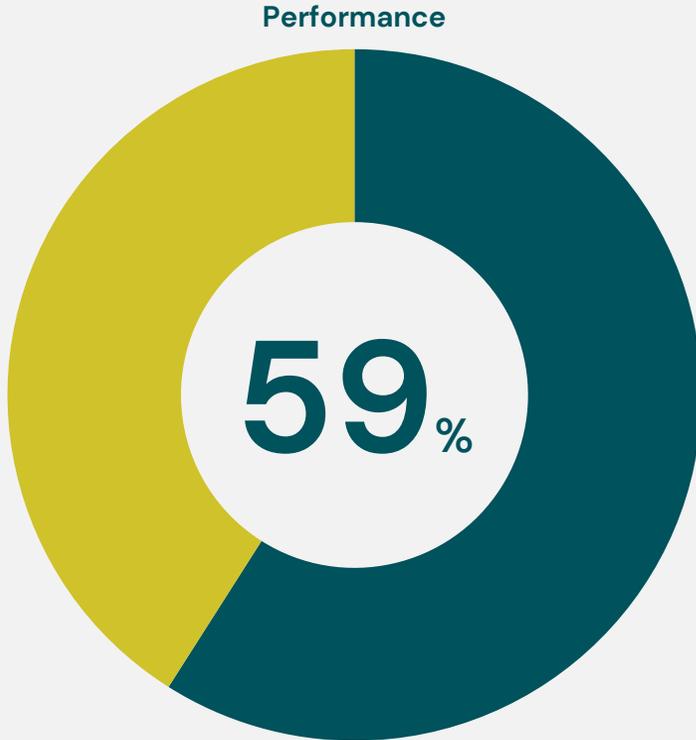
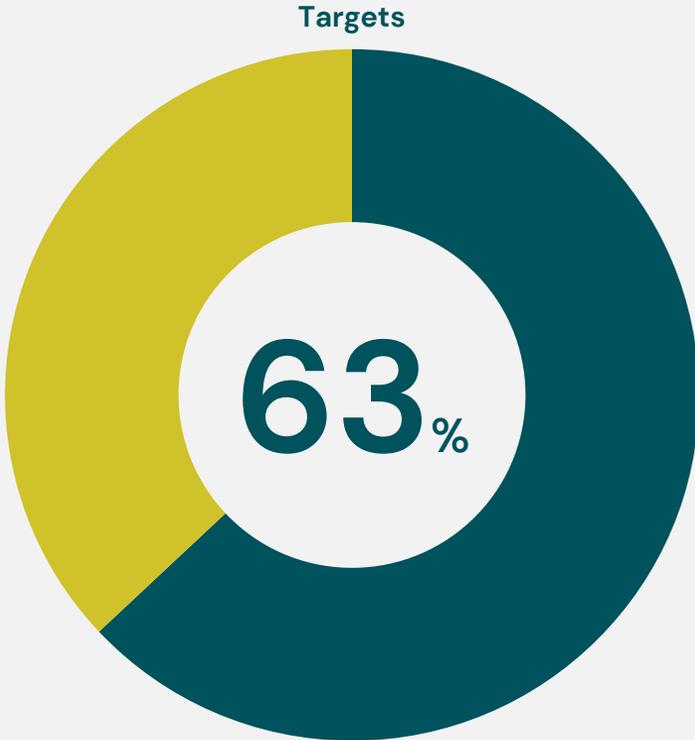
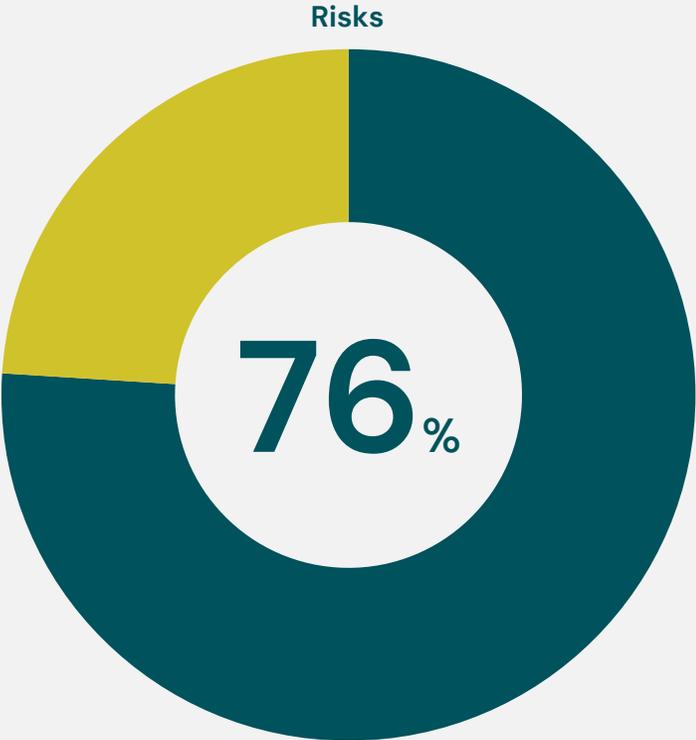
The intention is to engage and give rights of redress to stakeholders who might not otherwise have the means to do so under national (local) laws. Companies are required to consult stakeholders when they develop their due diligence plans and to provide them with relevant information concerning those plans upon request

38 percent of the assessed companies have identified stakeholders affected by the companies' business practices. Even though almost two thirds of the companies assessed have identified various stakeholder groups as affected by the company's activities, very few have conducted a comprehensive analysis regarding the potential or actual impact on stakeholders of its human rights practices.





Reporting and Follow-up on Human Rights (3 | 5)



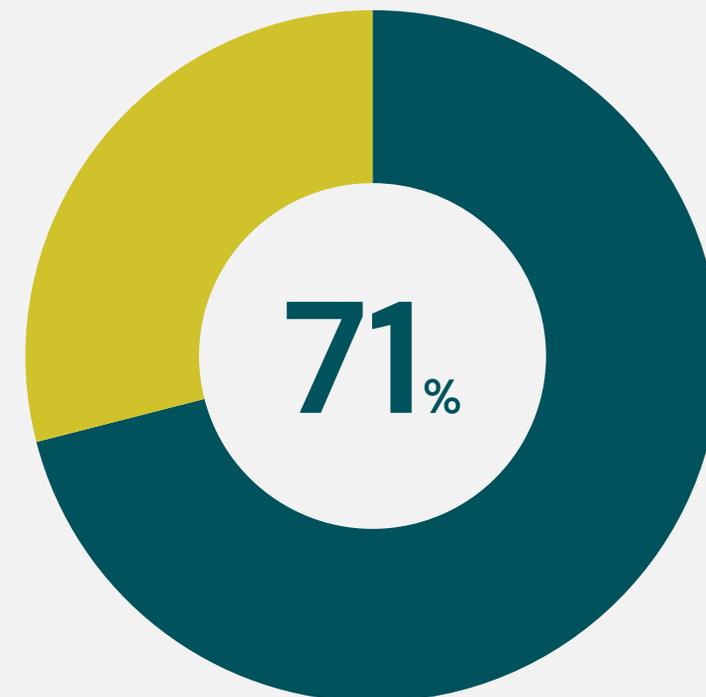
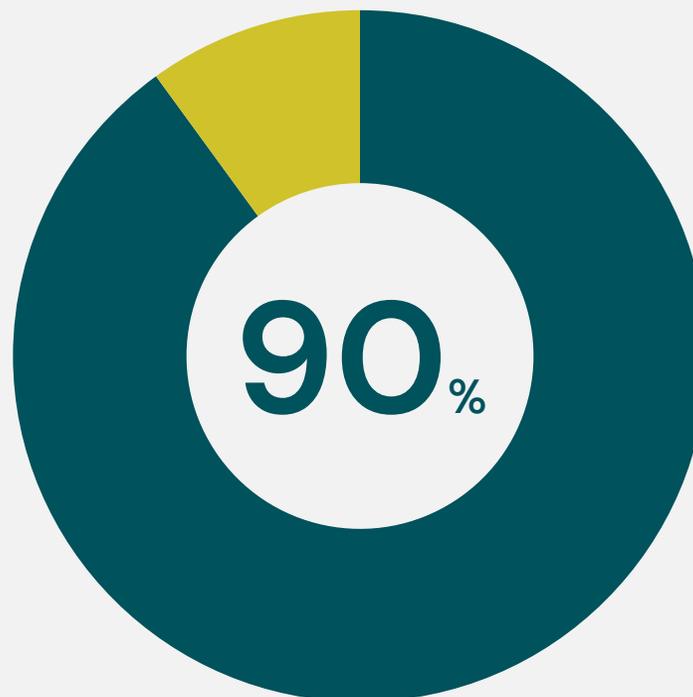


Human Rights Framework (4 | 5)

The main purpose of a code of conduct is to clarify the company's mission, values and principles, linking them with standards of professional conduct. The Code of Conduct expresses the company's values and defines desired behavior. Consequently, the values and principles stated in a code of conduct serve as a benchmark and a tool to measure organizational and behavioral performance.

Functional grievance mechanisms provide a means for stakeholder groups to raise questions, concerns, and problems regarding a company's business practices, and to get them addressed.

Nine out of ten of the assessed companies have included values and principles related to human rights in the Code of Conduct. 71 percent reports on grievances or actual breaches of the Code of Conduct, the majority of which are described on a generic level.



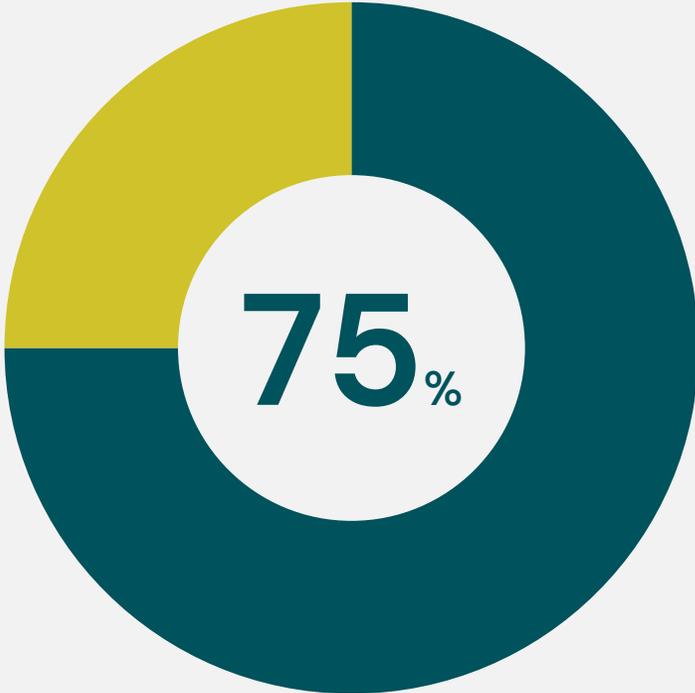
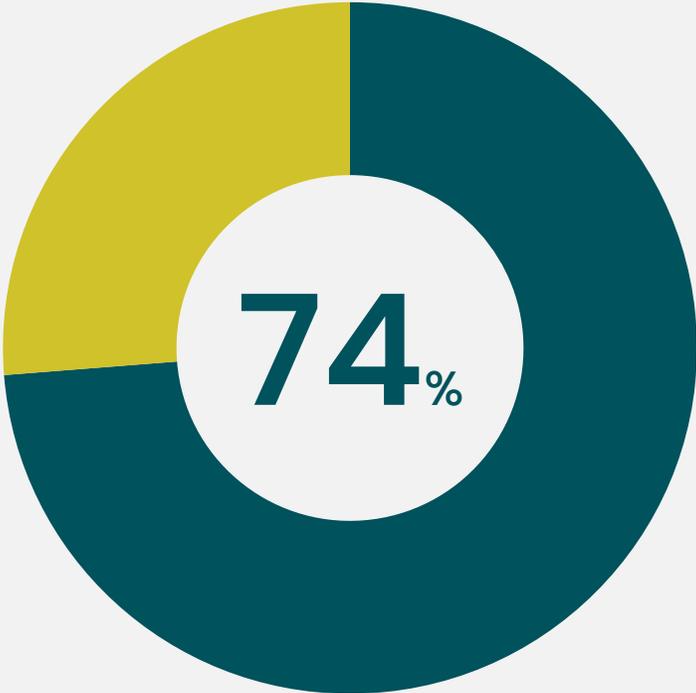


Board Oversight and Training of Employees (5 | 5)

Ensuring that all employees understand what human rights are and how they relate to the company as a whole and to their individual responsibilities, is a vital component. Training and engaging employees on human rights—from line workers to the CEO—is an important step to manifest human rights in corporate culture and proactively influence decision-making.

Ideally, all employees should possess a general understanding of the company's human rights responsibilities and how its business practices impact, and are impacted, by human rights issues. Training of employees should explain the company's material human rights risks and opportunities related to the company's operations and practices.

Of the assessed companies three out of four companies conducted human rights related training of its employees. 75 percent has a Code of Conduct that is approved and overseen by the Board.



Case Ericsson



Ericsson has integrated human rights due diligence into its sales process through the Sensitive Business framework. The framework aims to ensure that business opportunities and engagements are conducted in accordance with international human rights standards.

Salient human rights issues have been defined based on continuous due diligence, expert guidance and internal, and external dialogue, as well as through analysis of Ericsson's current operations and business engagement.

Ericsson identifies its salient human rights issues as the right to freedom of expression and right to privacy in relation to the use of its technology and labor-related rights as the prevailing set of rights for responsible management of suppliers.

Sensitive business

The table below provides anonymized case examples of human rights due diligence measures conducted as a result of the Sensitive Business framework. The examples demonstrate how human rights risks are considered and addressed in sales opportunities.

Example of cases 2020

| Decision | Ericsson's customer | Description | Motivation |
|--------------------------|-------------------------|--|--|
| Approved | Global telecom operator | A telecom operator in a high-risk country approached Ericsson to discuss how to increase the yield from their radio access network. Ericsson's Energy Saver software was requested as a solution. | The Energy Saver software does not process, store or transfer personally identifiable information. No other human rights risks were identified in connection to the engagement. Therefore, Ericsson approved the opportunity without mitigations. |
| Approved with conditions | Local telecom operator | A telecom operator in a high-risk country requested functionality to locate individual subscribers' geographical location. This was to be used both for commercial purposes and by the authorities for emergency call location. | As part of the Sensitive Business evaluation, Ericsson concluded that the requested use meets requirements on privacy and freedom of expression since the commercial use is under user consent and the authorities can only locate a person if that person calls the emergency number. However, because of the high country risk, Ericsson decided to include contractual mitigations limiting the use of the solution to the identified legitimate use cases. Additionally, technical mitigations were imposed by restricting delivery to only specified functionalities. |
| Dismissed | Government authority | A police authority in a high-risk country requested a wireless transmission network (Mini-Link) for internal communications. | While the technology itself is only used for Sensitive Business evaluation concluded through its own actions, has a history of human rights abuses, and has been used to order not to be linked to potential abuses. |
| Dismissed | Local telecom operator | A local telecom operator requested the ability to control which users are able to connect to their network using International Mobile Equipment Identity (IMEI) as trigger. IMEI is an identity number for each mobile phone. The solution would share personally identifiable information such as call logs and positioning directly with police authorities. | There might be legitimate reasons, in certain cases, to block IMEI numbers. However, if the solution is used to identify every user, government authorities is not deemed legitimate. This could result in severe impacts on the right to privacy and freedom of expression. |

Sensitive business risk methodology



Sales opportunities are evaluated according to the following criteria:

- 1. Portfolio:** Whether the sale includes technology that stores or process personally identifiable information.
- 2. Purpose:** The purpose and context in which the customer intends to use the product, service or solution.
- 3. Customer:** The type and ownership structure.
- 4. Country:** Ericsson uses a third-party risk analytics firm to rank countries according to right to privacy and freedom of opinion and expression risks. In addition, the Company routinely follows international developments.

Case Telia



Telia focuses on the human rights areas and issues that have been identified as the most salient in their current markets and value chain.

In line with the UN Guiding Principles for Business and Human Rights, Telia's approach is:

- **Know:** By applying ongoing due diligence and using human rights impact assessments to be aware of our human rights impacts, risks, and opportunities
- **Show:** By reporting and making other information public
- **Act:** By acting to respect and support the rights of individuals based on our insights

Telia conducts in-depth human rights impact assessments (HRIAs) to better understand local, and Group-level impacts, risks and opportunities related to the rights of their stakeholders. In 2020, Telia developed a tool for impact assessments of Children's Rights to be used when developing products that target children.

| Area | Most salient issue |
|--|--|
| Children's rights | Availability of child sexual abuse material online |
| Customer privacy | Privacy compliance when using customer data for advanced business insights |
| Discrimination | Discrimination related to e.g. gender or gender expression, ethnicity or sexual orientation in recruiting, promotions and redundancy |
| Freedom of expression and surveillance privacy | Government surveillance of individuals through direct access to Telia Company's networks and systems |
| Labor rights | Labor rights violations in parts of our supply chain, including forced and child labor |
| Media freedoms | Freedom of expression and content regulation |

HUMAN RIGHTS

Our responsibility and approach

In line with the UN Guiding Principles for Business and Human Rights, Telia Company is committed to respect human rights throughout its value chain. Through connectivity and digital solutions, we also enable the realization of certain rights and work together with business partners, governments and other stakeholders to promote a broader human rights agenda.

OUR APPROACH – KNOW, SHOW AND ACT

Know: By applying ongoing due diligence and using human rights impact assessments to be aware of our human rights impacts, risks and opportunities

Show: By reporting and making other information public

Act: By acting to respect and support the rights of individuals based on our insights

Case

Millicom – Human rights impact assessment

Millicom has done human rights impact assessments (HRIAs) of the company's operations in Colombia, Bolivia, and Paraguay together with a third-party.

The aim was to:

- Identify and prioritize actual and potential human rights impacts, including risks and opportunities, related to the company's operations, business relationships, products, and services
- Align the Millicom's policies and practices with the UN Guiding Principles on Business and Human Rights
- Create an action plan to address the impacts; avoid, prevent, or mitigate the risks; and maximize the opportunities
- Build capacity of relevant staff to lead a constructive dialogue with rights-holders and stakeholders
- Identify best practices for the governance and management of human rights

The impact assessment summarized short-, medium- and long-term actions and recommendations for Millicom to address.

4. Human Rights Impact Assessments (HRIAs)

Project Overview
Millicom worked with BSR to undertake human rights impact assessments (HRIAs) of the company's operations in Colombia, Bolivia and Paraguay. We sought to:

- **Identify and prioritize actual and potential human rights impacts**, including both risks and opportunities, related to the company's operations, business relationships, products and services.
- **Align the company's policies and practices with the UN Guiding Principles on Business and Human Rights (UNGPs)**, taking into account its geographic footprint, scale and resources
- **Create an action plan** to address the impacts, avoid, prevent, or mitigate the risks, and maximize the opportunities.
- **Build capacity of relevant staff** to lead constructive dialogue with rights-holders and stakeholders
- **Identify best practices** for the governance and management of human rights

Summary of Human Rights Risks and Opportunities

- **Risks caused by government oversight and overreach requests:** The telecommunications industry is highly regulated and often subject to laws and spectrum license terms that require law enforcement to have direct access and to enable broad requests for customer data that may result in human rights violations.
- **Risks related to Millicom's direct operations:** Millicom also has potential human rights risks related to its operations. These include the labor rights of its employees and contractors, health and safety risks associated with building and maintaining telecommunications infrastructure, and human rights impacts that could arise from ethics breaches and corruption.
- **Risks caused by misuse and abuse of Millicom's services:** Customers may use the telecommunications and internet services provided by Millicom in ways that harm the rights of others.

Below is a summary of the human rights risks and opportunities identified in this HRIA. The risks are broken down into broad categories of rights. Due to the similar contexts and nature of Millicom's services in Colombia, Paraguay and Bolivia, most of the risks and opportunities are relevant for all three countries. It is important to note that the human rights risks identified in this assessment are potential adverse human rights impacts that may happen in the future—this is not a list of actual adverse human rights impacts occurring today. Further, these risks are not unique to Millicom or the markets in Colombia, Paraguay and Bolivia; rather, these risks are commonly found in the telecommunications industry.

- **Privacy and data security:** Millicom possesses a large volume of customer data, and thus it is important to ensure user data is not subject to undue access or misuse, whether by employees, partners, vendors or via third party cyberattacks. It is also important to address potential legal risks such as broad government requests for data and government abuse of direct access to mobile networks.
- **Freedom of expression and association:** As a telecommunications and internet service provider, Millicom is part of an ecosystem of actors that enable people to exercise their rights to free expression, access to information, and association. To avoid risks to these rights, it is important to address the possibility that Millicom could be ordered by government authorities to remove or block access to legitimate content and shut down some or all of its network.
- **Ethics and corruption:** Ethical breaches and corruption may affect or aggravate negative human rights impacts by preventing people from realizing their rights. Corruption and breaches also can affect the availability, quality and accessibility of services and resources upon which people depend. Vulnerable groups that already face limited options can be especially affected by corruption. Millicom has strong global ethics policies and is part of an ecosystem of actors in the marketplace. To do its part, Millicom should continue its strong global ethics policies.
- **Security services:** Millicom contracts with security services to protect its telecommunications infrastructure. It is important to ensure security personnel uphold the bodily security rights of others if they encounter physical confrontations. Similarly, it is important to ensure bodily security rights of security personnel are themselves safeguarded from harm by others. These risks are heightened in areas affected by conflict and areas with high crime rates.
- **Hate speech and non-discrimination:** These are potential risks in both Millicom's direct operations and the use of Millicom services by customers. It is important to ensure country offices uphold the employee code of conduct and other relevant policies, as well as foster a strong corporate culture, to uphold employees' right to non-discrimination. Hate speech and content that intends to harass users is a kind of any social media presence.
- **Child rights:** Children's rights are particularly at risk due to misuse of information and communication technologies (ICTs). For example, children may be exposed to inappropriate content online, and the Internet may be used by individuals to exploit children; for example, by sharing child sexual abuse material. It is important for Millicom to continue to do its part in fostering a safe online environment for children through education and outreach programs. It is also important to protect children's rights by ensuring suppliers and contractors are not engaging in child labor or other business practices that may harm children.
- **Labor standards:** To protect the labor rights of both Millicom's employees and the employees of suppliers and contractors, it is important to ensure compliance with health and safety requirements, prevent people from working excessive hours, and ensure employees are paid a living wage in accordance with local laws and practices.

2020 MILlicom GROUP LED REPORT 8

4. Human Rights Impact Assessments (HRIAs)—continued

Millicom and its suppliers have the opportunity to enhance labor standards through employment opportunities that provide a decent standard of living.

- **Land rights and Indigenous Land Rights:** Millicom's infrastructure, whether owned or leased, requires the use of land, and therefore it is important to ensure that land rights are respected during network construction and maintenance. This is particularly important for the historical land rights of indigenous communities.
- **Use of ICTs to Access Culture and Public Services:** Millicom's telecommunications and internet services enable people to access public services and education and exercise their rights to participate in culture. It is important to continue supporting these rights by expanding network coverage to underserved areas to the extent it is technically and financially feasible, upholding quality of service, and ensuring marketing and communications are inclusive.

Key takeaways

- The most salient human rights risks for Millicom's operations across all three countries are related to privacy and data security, freedom of expression, child safety online, and ethics and corruption.
- Direct access by law enforcement agencies to telecommunications networks is a significant human rights concern globally, and it is rising in South America. While direct access is often, if not always, a condition of spectrum licenses or local law, it considerably reduces Millicom's leverage to protect the human rights of users.
- Political tension, which may result in social unrest, meets close monitoring and may trigger the requisitioning of related human rights risks.
- Millicom has robust policies across all issue areas at both the corporate and country levels. These policies are designed to prevent and mitigate the human rights issues raised in this assessment. This has been documented in Millicom's recent GNI assessment process.
- BSR has provided several recommendations to improve Millicom's mitigation measures for law enforcement-related privacy and freedom of expression risks. However, it is impossible to perfectly mitigate all human rights risks, and robust implementation and monitoring at the local level is particularly important.

Recommendations for Millicom

Near term

1. **Engage with governments on law enforcement relationships, data requests, and surveillance.** This can be undertaken in collaboration with multi-stakeholder initiatives. Engagement should be designed to increase transparency on law enforcement relationships and advocate for a human-rights respecting approach to data requests and surveillance. This is particularly important given the growing trend of law enforcement direct access. Government engagement is one of the only available avenues for Millicom to prevent abuse of direct access for improper surveillance.
2. **Engage with governments on content blocking, removal requests and internet shutdowns.** Millicom is already doing this for child sexual abuse content, but engagement could be expanded. This can be undertaken in collaboration with multi-stakeholder initiatives and should be designed to increase transparency around the process for establishing government content blocking and removal requests to the extent permitted by law.
3. **Help government actors learn best practices.** Undertake shared learning and dialogue with government officials, judges, and law enforcement agencies about best practices in freedom of expression and privacy. This is particularly important for addressing potential law enforcement abuse of direct access.
4. **Strengthen privacy and data security.** Continue to strengthen Millicom's privacy and data security policies and practices in relation to law enforcement, customers and partners in accordance with applicable laws.

Medium term

5. **Continue to strengthen ethics and corruption policies and practices.** Address how policies and practices are enforced. Review policies on an ongoing basis to ensure they are working and highlight areas for improvement.
6. **Apply relevant human rights risk mitigations across countries.** Compare existing human rights risk mitigation measures across countries to identify and apply best practices.
7. **Continue to improve government request processes and controls.** This should include ensuring that new team members are adequately trained on processes and controls.
8. **Undertake efforts to reduce discrimination risk at Millicom.** Discrimination awareness and unconscious bias training is recommended.
9. **Support efforts to protect vulnerable groups.** Further promote multi-stakeholder approaches to protecting and supporting vulnerable groups such as children, LGBTI+, women and people with disabilities.
10. **Integrate human rights into existing ethics, privacy and data security training.** This could include a basic intro to business and human rights and a summary of Millicom's human rights commitments.

Long term

11. **Continue to support the advancement of women in technical roles.** Continue programs that build the pipeline of women in technical fields and support their advancement.
12. **Look for ways to expand access to mobile broadband in underserved areas.** Collaborate with national and local governments to expand access to mobile broadband in remote and rural areas.
13. **Implement Millicom's existing responsible advertising guidelines with local offices.** Adopt guidelines as needed to fit local norms and regulations.

2020 MILlicom GROUP LED REPORT 9

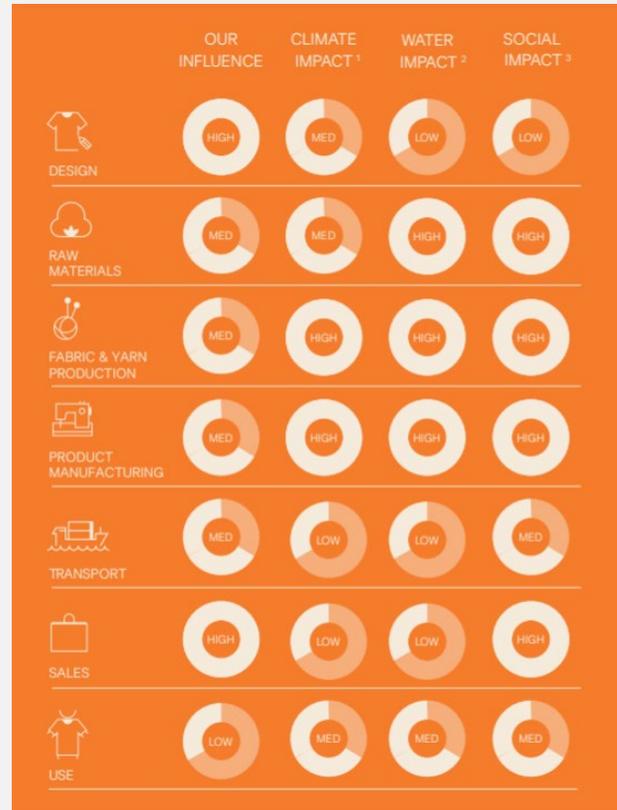
Case

H&M GROUP

H&M identifies that as a global company, the impact of its value chain on people, communities, economies, and ecosystems is significant.

H&M focuses on salient human rights risks with a potentially severe negative impact on people. H&M concentrates on labor rights – focusing on strategic areas of fair jobs and inclusion & diversity. Human rights due diligence is carried out across the group’s operations and supply chains, supported by training and incident management. The company pays special attention to vulnerable groups such as migrant workers and children

With an analysis of its value chain, H&H has identified three main areas of impact, including the company’s influence on each area. Social impact refers to H&M Group’s identified salient human rights issues, as well as how the company’s business positively impact job creation, innovation of products and services and how they communicate. The level influence and impact is graded low, medium, and high.



LETTERS OF CONCERN ISSUED TO SUPPLIERS IN RELATION TO SALIENT HUMAN RIGHTS ISSUES ¹

| HUMAN RIGHTS ISSUE | LETTER OF CONCERN TOPIC:S | 2017 | 2018 | 2019 | 2020 ² |
|---|---|------|------|------|-------------------|
| Health & safety | Legal licences, emergency planning, fire safety | 14 | 26 | 18 | 3 |
| Child labour | Child labour | 1 | 2 | 0 | 0 |
| Fair living wage | Compensation, minimum wage, overtime compensation | 35 | 39 | 63 | 4 |
| Freedom of association & collective bargaining agreements | Worker involvement & communication | 1 | 2 | 7 | 2 |
| Social security, forced labour, modern slavery | Recruitment & hiring | 8 | 8 | 8 | 3 |
| Discrimination & harassment | Worker treatment & development | 3 | 5 | 2 | 0 |
| Access to water | Water use, wastewater | 5 | 7 | 7 | 4 |
| Other | Use of undeclared units, transparency | 36 | 33 | 24 | 11 |



The New EU Directive on Human Rights Due Diligence

Earlier this year, 2021, the European Union adopted a proposal of a Directive regarding Human Rights Due Diligence processes. The EU has not yet presented the proposal to the European Parliament, but are expected to present it later this year.

The purpose of the initiative is to improve the regulation of corporate law and governance. Instead of creating short-term benefits, it will enable companies to focus on creating long-term and lasting value. Also, the purpose is to reconcile the interests of the companies and its shareholders, board, stakeholders and the society. Furthermore, it will help companies to better manage sustainability issues such as human rights and the environment in its operations and value chains.