

Modern Slavery Statement for Atlas Copco Limited

2019

(published June 2020 during Covid 19 Pandemic)

Atlas Copco Ltd.

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Introduction

Atlas Copco Limited (reg. No. 159809) published its first Modern Slavery Statement in 2017. We have published our findings annually to reflect the ongoing activity that we have taken within our organisation.

The UK Modern Slavery Act 2015 (the "Act") requires businesses to state the actions they have taken through the financial year to ensure modern slavery is not taking place in their operations and supply chain. We are fully committed to playing our part in the eradication of modern slavery. We are strong advocates for transparency and collaboration to eliminate the risks or potential risks in our supply chain.

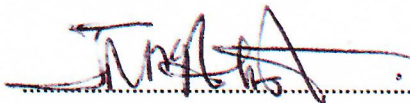
This statement refers to the financial year ending 31 December 2019. Following current Home Office guidance, we are also extending this report to cover the way how we have addressed modern slavery tracking during the Covid-19 pandemic experienced March 2020 to the date of the publication of this report.

This report sets out the steps taken by Atlas Copco Limited to prevent modern slavery and human trafficking in our own operations and supply chain. Our commitments are embedded in our Business Code of Practice to ensure that we are running our business with a positive contribution to our colleagues, customers and communities. For the avoidance of doubt, our senior management have confirmed that they have **not** found any instances or indicators of modern slavery within their business areas.

This statement has been published in accordance with the Modern Slavery Act 2015 and has been approved by the Board of Atlas Copco Limited.



.....
Kevin Prince
Director, Atlas Copco Limited
June 2020



.....
James McAllister
Director, Atlas Copco Limited
June 2020

Our business structure and supply chains

The Atlas Copco Group has been operating in the United Kingdom for over 100 years. Worldwide, it is a leading global manufacturing organisation (employing circa 39,000 staff) which is listed on the Swedish Stock Exchange (Atlas Copco AB).

In the UK, Atlas Copco Limited employs around 500 employees covering three (3) different business areas; Compressor Technique, Industrial Technique, and Power Technique (previously called Construction Technique). It is important to note that Atlas Copco Limited is largely a customer centre responsible for sales of Atlas Copco products to market that have been supplied by us by Atlas Copco companies around the world, mainly Atlas Copco Airpower n.v. in Belgium. This gives us great confidence in the integrity of our key suppliers because they are part of our global brand and all governed by the same high standards set out in our Business Code of Practice which we must all abide by.

At the heart of what we do, is innovation, sustainability and outstanding customer service. This purpose is underpinned within our 3 values: Interaction, Commitment and Innovation. All Atlas Copco Limited entities endeavour to be ISO 9000, 14001 & BS OHSAS18001 compliant and we have the same expectations of our key suppliers. All potential suppliers are assessed considering several factors and graded appropriately. Based on this grading, suppliers complete questionnaires to ensure they are the right business partner for our company. In addition, we have visited and audited significant suppliers.

We work closely with our Distributors, who engage with our Customers directly assisting with our sustainable growth. All are required to operate in accordance with Atlas Copco's Business Code of practice which includes abiding by a commitment to ensuring there is no Modern Slavery activity within their organisation and supply chain.

Due to the structure of our business, we have the ability both upstream and downstream to promote respect for human rights and make a real and positive impact on people's lives.

We highlight that our General Terms and Conditions of Purchase, specifically refer to the Atlas Copco Business Code of Practice which highlights our expectations in respect of business ethics, social and environmental performance. Compliance is mandatory for all employees, managers and business partners. Failure to adhere to our Code will result in termination of any business relationship unless material steps to compliance are taken.

The Business Code of Practice is embedded in Atlas Copco culture and we carry out regular training sessions for all members of staff. Not only that, those members of staff that are considered to be more exposed to potential corrupt practices must annually sign a Compliance Statement to ensure they are reminded of their obligations under the Business Code of Practice.

Policies relating to modern slavery

We believe that there are a number of international declarations, standards or codes that are important to our work. These include:

- The UN International Bill of Human Rights
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights and Work
- The UN Global Compact
- OECD's Guidelines for Multinational Enterprises
- The Responsible Business Alliance Code of Conduct

Our commitment to address modern slavery is supported in the Atlas Copco Business Code of Practice which applies to any affiliate of the Atlas Copco Group. They set out our obligations and the way we should do things. In addition, we provide a confidential hotline for any member of staff, business partner or third party to enable them to raise concerns hotline@se.atlascopco.com.

Due diligence

Over the years we have put in place due diligence processes and we are committed to continually developing these. Risks regarding modern slavery are dynamic and ever changing. We actively respond to potential risks in our business and supply chain.

Before we begin business with a supplier we undertake an assessment and where necessary, a detailed audit of the supplier's premises. The type of due diligence method depends on the assessment performed at the initial stage of potential engagement. This includes criteria such as; quality, delivery, finance, environment, health and safety. Information is initially gathered via a Quality Assessment Framework questionnaire.

We have a Business Partner Criteria Checklist which is based on the UN Global Compact and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. It includes two red flag points; 'elimination of all forms of forced and compulsory labour' and 'rejection of child labour'. We use this when carrying out on-site audits of selected suppliers and we systematically carry out internal audits on our own companies annually.

Risk Assessment and measuring effectiveness

We regulate our temporary and agency workers, as we recognise that these types of workers pose a greater risk. We apply the same training standards for these members of staff as for fully employed employees. Should we find evidence of modern slavery it will be reported to the Gang-masters and Labour Abuse Authority (GLAA).

Atlas Copco Limited is third party certified via a common global management system to the international management systems standards for

- ISO14001 environment;
- OHSAS18001 safety,
- ISO9001 quality,

We have the same expectations of our suppliers. All potential suppliers are assessed regarding Quality, Environmental, Energy, Health & Safety certification and performance and graded appropriately. Based on this grading, supplier's complete questionnaires to ensure they are the right business partner for our company. In addition, we have visited and audited significant suppliers.

Awareness raising, training and capacity

Raising awareness of modern-day slavery, what it looks like, what it may appear to look like and how we address it, are important parts of our strategy. We know that identifying possible cases requires training and upskilling individuals in vital roles to understand the drivers behind it, not just the possible signs. This is intended to create joint responsibility under our decentralised model.

It is obligatory for all employees and any new employees to complete e-learning training on the Atlas Copco Business Code of Practice which covers Modern Slavery issues. This promotes understanding and visibility. The Atlas Copco Business Code of Practice is embedded in our culture. We require all staff to sign a Compliance Statement to ensure they are reminded of their obligations under the Business Code of Practice and provide training where necessary. This training takes place annually for all those within our business to maintain our key principles at the forefront of every employees' mind.

Addressing Modern Slavery during the Covid-19 Pandemic

The Home Office has asked that this year's report take into account the steps that have been taken during the ongoing pandemic that has struck the UK during 2020 (March – Present). These are indeed unprecedented times. Atlas Copco Limited has unsurprisingly suffered from the decrease in manufacturing activity within the UK marketplace, and like many other companies, has had to adapt quickly to the abrupt change in policy and market conditions.

We confirm that as an organisation, we have kept abreast of the many changes in government policy throughout 2020 – particularly in respect of our employees – and we believe that we have done our best to look after our employees throughout this ongoing pandemic. Where there has been a clear downturn in activity throughout pockets of the business, we have furloughed a fair percentage of our staff to protect their income and

their jobs. This has been done on a rolling basis to promote fairness among teams and to keep people engaged with the workplace.

Our Quality, Safety, Health and Environment (QSHE) team and ambassadors have worked tirelessly to alleviate concerns as to Health and Safety in the workplace and we have taken huge steps to promote social-distancing in the workplace and an increased awareness of how our service engineers can observe positive Covid-19 behaviour outside of the workplace when visiting customer sites. They have organised PPE to be made available to all our staff so no one feels left out and ensured that we all feel comfortable to return to our office premises when the government permits this. Until then, all office based staff have been supported in setting up their home offices and are encouraged to continue to work from home in line with government guidance.

We have been in touch with all elements of our business keeping everyone positively motivated by highlighting the various UK Covid 19 support initiatives for local hospitals, arranging kiddy art competitions and simultaneously keeping us informed as to all the numerous Zoom parties for employees! Our communications team, local and global, has been fundamental in holding all employees together during this period of lockdown across the organisation and promoted a feeling of togetherness and importance. Mental Health awareness is an important issue and Atlas Copco have taken huge steps to include all of their staff to keep them engaged throughout this difficult period.

Despite the downturn, we have kept in touch with our customers and key suppliers to ensure that "all is well". We are delighted to have been able to maintain safe Covid 19 support for our customers throughout this difficult period, and have ensured that all is well with our key suppliers at what is truly, one of the most challenging times we have experienced this century.

Plans for 2020/2021

We are proud of the standards that we seek to maintain across the group. Therefore, starting from a high standard already, we look to continue to strengthen our approach and position regarding eliminating modern slavery. We also intend to continue to monitor action in our external supply chains.

Our business:

- Continue to track our internal completion of the Atlas Copco Business Code of Practice training

Supply chain:

- Continue to communicate our policies to our suppliers to drive improvements
- Require all significant suppliers and distributors to confirm their acceptance of our Business Code of Practice



- Risk assessment for all significant suppliers and conduct on-site audits at selected suppliers for all Product Companies

Atlas Copco Limited
June 2020