

The Atlas Copco Group

***BUSINESS CODE OF PRACTICE***

*Sustainable Productivity*



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*Atlas Copco AB and its subsidiaries are sometimes referred to as the Atlas Copco Group, the Group, or Atlas Copco. Atlas Copco AB is also sometimes referred to as Atlas Copco.*

## The Atlas Copco Group

# Business Code of Practice

Summarized in the Atlas Copco Business Code of Practice are the internal policy documents, related to business ethics and social and environmental performance. All employees and managers in Group companies, as well as business partners are expected to adhere to these policies.

The main international ethical guidelines supported by Atlas Copco are:

United Nations International Bill of Human Rights [www.un.org](http://www.un.org)  
International Labour Organization Declaration on Fundamental Principles and Rights at Work [www.ilo.org](http://www.ilo.org)  
United Nations Global Compact [www.unglobalcompact.org](http://www.unglobalcompact.org)  
OECD's Guidelines for Multinational Enterprises [www.oecd.org](http://www.oecd.org)

Atlas Copco has a UN Global Compact membership since 2008.

Atlas Copco's Sustainability reporting follows the GRI—Global Reporting Initiative—guidelines [www.globalreporting.org](http://www.globalreporting.org)

# ***THE ATLAS COPCO GROUP***

Atlas Copco is an industrial group with world-leading positions in compressors, expanders and air treatment systems, construction and mining equipment, power tools and assembly systems. The Group's global reach spans more than 180 countries.

Our business activities are conducted through separate operating divisions that work globally. The Atlas Copco Group is united and aligned through a shared vision, a common identity, and adherence to this Atlas Copco Group Business Code of Practice.



Mats Rahmström, President and Chief Executive Officer  
Stockholm, Sweden, 27 April, 2017



## First in Mind—First in Choice ®

The Atlas Copco Group has as a vision to become and remain First in Mind—First in Choice ® of its customers, potential customers, and of other key stakeholders. To us this means being a leader; we should lead in the share of mind and in the share of business; we should be seen as an innovator who sets the standards and exceeds high expectations.

## Core values

The Group's core values of interaction, commitment, and innovation formed our past, created our present, and will guide our future. Our core values represent a competitive advantage to the Group and help us to maintain our leadership position, even in a changing environment.

A significant attribute of Atlas Copco is the ability to listen to and understand the diverse needs of our customers and other stakeholders, coupled with our capacity to create new and better solutions based on what we learn from this interactive process.

Commitment means that we are totally engaged in finding the best solution we can possibly deliver. We are as fully committed to our people and to adding value to our customers' business as we are to our own targets and goals.

It is our belief that there is always a better way of doing things. That innovative spirit is a vital part of Atlas Copco's identity, a vital part of our way of conducting business. It is also the driving force that has made us a leader in our industry. Innovation is the ultimate driver for long-term profitability and growth.

Our core values—interaction, commitment, and innovation—are reflected in how we relate to our main stakeholders. In addition, all companies within the Group are expected to adhere to the policies related to business ethics and social and environmental performance.

# ***RELATIONSHIPS***



## Society and the environment

We strive to be a good and reliable corporate citizen, observing the spirit as well as the letter of the laws of the countries in which we operate.

- We support all internationally recognized human rights and respect those rights in conducting the Group's operations throughout the world.
- We recognize that our commitment to financial success must also take into account the broader economic, environmental, and social impacts of our operations.
- We believe in conducting business in a manner that preserves the environment for future generations. Atlas Copco aims to be an industry leader in environmental protection in the application areas served by our products and services. As a part of this, all products and processes shall be evaluated from a quality, safety, health and environmental perspective. We aim at having all our major units ISO 9001, ISO 14001 and OHSAS 18001 certified.
- Atlas Copco encourages learning and development through cooperation with local communities and recognizes Water for All as its main community engagement project.

## Employees

We strive to be the preferred employer of both current and potential employees. Our aim is to attract, develop, and keep qualified and motivated people in a professional environment.

- We aim to offer a safe and healthy working environment in all our operations.
- We believe in equal opportunities, fairness, and diversity. We recruit and promote on the basis of qualifications for the work to be performed, regardless of race, religion, gender, age, nationality, disability, sexual orientation, union membership, and political opinion.
- We recognize that employees have the right to choose whether or not to be represented by trade unions for purposes of collective bargaining. No discrimination shall be directed against any employee whether such right is exercised or not.
- Under no circumstances will forced or compulsory labor be employed or used in our operations. We are strictly against child labor and other forms of exploitation of children. We do not employ any person less than 15 years old, and adapt to local standards that specify a higher age.
- We are expected to contribute to the Group and our performance is rewarded in a fair way. Legislated minimum wages will always be a minimum rather than a recommended level. Appraisals are made on an annual basis.
- We are continuously offered training and development possibilities to safeguard our opportunity to grow with the Group. The goal is that each employee receives the competence development needed to achieve good results.



- We are trained on the implications of human rights, safety, corruption, environmental impact and other related aspects of our operations. This way we ensure that our commitment to respect and support these rights is acted upon.
- We encourage a flow of information across divisional, functional, and geographical borders to make full use of the available knowledge and experience.

## Customers

We strive to be the preferred supplier to current and potential customers and end-users, which means that we should achieve the highest possible customer and market share.

- We aim to deliver consistently high-quality products and services that contribute to our customers' productivity and prosperity.
- Our products and services are developed with the aim of meeting the productivity, quality, functionality, safety, and environmental needs of our customers.
- We operate worldwide with a long-term commitment to the customers in each country and market served, and we strive to develop close relationships with our customers in order to be able to continuously meet and exceed their expectations.

## Business partners

We strive to be the best associate for our business partners, such as suppliers, subcontractors, joint venture partners, agents and distributors, and to be the one that they prioritize.

- We seek, evaluate and select business partners impartially on the basis of objective factors including productivity, quality, delivery, price, and reliability, as well as commitment to environmental and social performance, and development.
- We make them aware of our commitments and expect them to adhere to our policies.

## Shareholders

We strive to be the preferred company for shareholders to invest in, and we aim to create, and continually increase, shareholder value.

- We do everything we can to ensure sustainable profitable development with responsible use of resources: human, natural and capital.
- We aim to provide a long-term investment return above the industry average, by delivering innovative and competitive products and services to our customers for sustainable productivity.

# ACCOUNTABILITY

## Transparency

In all our communications, both written and spoken, we are committed to being open, truthful, and accurate within the limits of commercial confidentiality. We provide reliable and relevant information on our activities in a timely, regular manner. We consider interaction important and therefore have a positive attitude toward constructive dialogues with all of our stakeholders.

Atlas Copco has established high reporting standards, where each employee involved in the recording, processing, and reporting of information is expected to safeguard its confidentiality, validity and correctness.

Financial results are published in Annual and Quarterly Reports. Economic, environmental and social performance is published in a yearly Sustainability Report.

Published material can be accessed through Atlas Copco's web site, [www.atlascopco.com](http://www.atlascopco.com), offering comprehensive additional information about our brands and operations.

## Business integrity

Wherever we operate, our reputation is a most valuable asset, and it is determined by how we act. We shall avoid any action that would jeopardize respect for the Group.

- We have high standards of business and personal ethics; we adhere to our internal policies, and obviously follow all applicable laws and regulations in the countries where we operate.
- We do not tolerate bribes and corruption, including facilitation payments. Firm actions will be taken on any violation.
- We are committed to honesty in every situation and we refrain from having interests which conflict with the interests of the Group.
- We support and strive for fair competition, and thus refuse to enter into discussions or agreements with competitors concerning pricing, market sharing, or other similar activities.
- Business gifts or hospitality are offered or accepted only in accordance with local legislation and business practices.
- We respect company assets and safeguard all tangible and intangible assets of the Group from loss, theft, and misuse.
- Lobbying is primarily conducted through the representation by or in trade and other non-governmental organizations.
- The Group does not take political stands. Therefore we do not use Group funds or assets to support political campaigns or candidates, or otherwise provide services to political endeavors.



## Governance

The Board has ownership of the Code and performs content and compliance reviews and it approves the overall Group strategy and organization. Except for one person, the President and CEO, the Board has only nonexecutive directors. The Board has two committees: the audit committee and the remuneration committee.

The President and CEO is responsible to the Board for the daily operations of the Group.

Group Executive Management is responsible for developing and following up on Group strategies, objectives, and policies, including financial, social, and environmental performance, under the leadership of the President and CEO.

## Implementation and compliance

This Business Code of Practice summarizes policies common to all companies in the Group. Our behavior is guided by these internal policies, helping us to increase the value of the Group.

These policies, along with other principles, guidelines, and instructions, are gathered in *The Way We Do Things*, an internal database accessible to all employees through Atlas Copco's intranet.

It is the responsibility of each employee to be familiar with and adhere to, the content of *The Way We Do Things*. Appropriate training is provided through the Group's Circles program, which is mandatory for all new employees. We inform key stakeholders about our Business Code of Practice.

Based on the policies described in *The Way We Do Things*, operational units prepare strategies and implementation plans. Each manager is responsible for day-to-day reinforcement and compliance follow-up.

Follow-up procedures are established for each policy. Social and environmental performance indicators are reported and followed up on a Group level. Risk assessments in relation to our key stakeholders regarding legal, as well as social and environmental performance, are reported at board meetings.

To safeguard the implementation, internal audits are conducted on site in our companies.

For perceived violations of the Business Code of Practice, the immediate manager or his/her manager should be contacted in the first place. If no action, reports should be sent to the Group Ethical Hotline, [hotline@se.atlascopco.com](mailto:hotline@se.atlascopco.com). Group Legal Counsel receives these reports and guarantees anonymity as well as confidentiality of the reporter. Violations are promptly addressed and subject to disciplinary actions including termination of employment.

## Contacts

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For publications in electronic format and information on the Atlas Copco Group, go to: [www.atlascopcogroup.com](http://www.atlascopcogroup.com)  
Annual Report (incl. sustainability report and governance report)  
Quarterly Reports  
*Achieve* (a yearly company magazine)

# *Sustainable Productivity*

We stand by our responsibilities towards our customers,  
towards the environment and the people around us.  
We make performance stand the test of time.  
This is what we call — Sustainable Productivity.

[www.atlascopcogroup.com](http://www.atlascopcogroup.com)

