Atlas Copco is a world-leading provider of sustainable productivity solutions. The Group serves customers with innovative compressors, vacuum solutions and air treatment systems, construction and mining equipment, power tools and assembly systems. Atlas Copco develops products and service focused on productivity, energy efficiency, safety and ergonomics. The company was founded in 1873, is based in Stockholm, Sweden, and has a global reach spanning more than 180 countries. In 2015, Atlas Copco had revenues of BSEK 102 (BEUR 10.9) and more than 43,000 employees.
The Compressor Technique business area provides industrial compressors, vacuum solutions, gas and process compressors and expanders, air and gas treatment equipment and air management systems. The business area has a global service network and innovates for sustainable productivity in the manufacturing, oil and gas, and process industries. Principal product development and manufacturing units are located in Belgium, the United States, China, South Korea, Germany, Italy and the United Kingdom.

The Industrial Technique business area provides industrial power tools and systems, industrial assembly solutions, quality assurance products, software and service through a global network. The business area innovates for sustainable productivity for customers in the automotive and general industries, maintenance and vehicle service. Principal product development and manufacturing units are located in Sweden, Germany, the United States, United Kingdom, France and Japan.

The Mining and Rock Excavation Technique business area provides equipment for drilling and rock excavation, a complete range of related consumables and service through a global network. The business area innovates for sustainable productivity in surface and underground mining, infrastructure, civil works, well drilling and geotechnical applications. Principal product development and manufacturing units are located in Sweden, the United States, Canada, China and India.

The Construction Technique business area provides construction and demolition tools, portable compressors, pumps and generators, lighting towers, and compaction and paving equipment. The business area offers specialty rental and provides service through a global network. Construction Technique innovates for sustainable productivity in infrastructure, civil works, oil and gas, energy, drilling and road construction projects. Principal product development and manufacturing units are located in Belgium, Germany, Sweden, the United States, China, India and Brazil.
VISION, MISSION AND STRATEGY

The Atlas Copco Group’s vision is to become and remain First in Mind—First in Choice® of its customers and other principal stakeholders.

The mission is to achieve sustainable, profitable growth. Sustainability plays an important role in Atlas Copco’s vision and it is an integral aspect of the Group’s mission.

An integrated sustainability strategy, backed by ambitious goals, helps the company deliver greater value to all its stakeholders in a way that is economically, environmentally and socially responsible. The Group has identified five strategic pillars critical for achieving its mission: presence, innovation, service, operational excellence, and people.

To safeguard that the strategic pillars are truly sustainable and that the Group is building an organization that will deliver results for many years to come, Atlas Copco introduced five priorities to complement the strategic pillars. The priorities – ethics, safety, innovation, competence, and resources – were identified following an extensive consultation with the Group’s stakeholders.

THIS IS OUR STRATEGY FOR SUSTAINABLE PROFITABLE GROWTH

<table>
<thead>
<tr>
<th>ETHICS</th>
<th>INNOVATION</th>
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<td></td>
<td>Increase market presence and penetration and</td>
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<td>SAFETY</td>
<td>expand the product and service offering in selected market segments</td>
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<td>INNOVATION</td>
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<td>COMPETENCE</td>
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<td>RESOURCES</td>
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VALUES AND BUSINESS CODE OF PRACTICE

INTERACTION
We interact with and develop close relationships with customers, internally and externally, as well as with other stakeholders. While we interact in many different ways, we believe that personal contacts are always the most efficient.

INNOVATION
Our innovative spirit is reflected in everything we do. Customers expect the best from our Group and our objective is to consistently deliver high-quality products and services that increase our customers’ productivity and competitiveness.

Our core values reflect how we behave internally and in our relationships with external stakeholders.
Each business area has a service division with global responsibility for service of the business area’s products and solutions. Common service providers – internal or external – provide services with higher quality and at a lower cost, thus allowing the divisions to focus on their core businesses.
STRUCTURE AND GOVERNANCE

Atlas Copco’s organization is based on the principle of decentralized responsibilities and authorities. The operations are organized in four business areas comprised of 24 divisions. The organization has both operating units and legal units. Each operating unit has a business board which reflects the operational structure of the Group. The duty of a business board is to serve in an advisory and decision-making capacity concerning strategic and operative issues. It also ensures the implementation of controls and assessments. Each legal company has a legal board focusing on compliance and reflecting the legal structure of the Group.

PROCESSES

Group-wide strategies, processes, principles, guidelines, and shared best practices are collected in the database The Way We Do Things. It covers governance, safety, health, environment and quality, accounting and business control, treasury, tax, audit and internal control, information technology, people management, legal, communications and branding, risk, crisis management, administrative services, insurance, standardization, and acquisitions. The information is available to all employees. Although most of the processes are self-explanatory, training on how to implement the processes is provided to managers on a regular basis. Wherever they are located, Atlas Copco employees are expected to operate in accordance with the processes, principles, and guidelines provided.

PEOPLE

Atlas Copco’s growth is closely related to how the Group succeeds in being a good employer, attracting and developing qualified and motivated people. With a global business conducted through numerous companies, Atlas Copco works with continuous competence development, knowledge sharing and implementing the core values: interaction, commitment, and innovation. All employees are expected to contribute by committing themselves to Group goals and to their individual performance targets. Atlas Copco’s definition of good leadership is the ability to create lasting results.
INNOVATIVE, SUSTAINABLE PRODUCTS AND SERVICES

Atlas Copco delivers cutting-edge technology in the form of safe, reliable and energy-efficient products designed to optimize our customers’ productivity and competitive advantage. The Group’s high quality service offerings ensure that our customers get the most out of every investment, keeping us First in Mind—First in Choice®.

BUSINESS PARTNERS

Atlas Copco’s business model is agile because of strategic partnerships with business partners such as suppliers, sub-contractors and joint venture partners. Therefore, nurturing long-term relationships with business partners is mutually beneficial, securing the Group’s competitive edge and development potential in a responsible and sustainable way. This is why Atlas Copco is committed to working with business partners who share our high standards of quality, business ethics and resource efficiency.

SOCIETY

Given its global reach Atlas Copco has an influence on the economic and social development of the countries in which it operates. The Group is expected to demonstrate that influence in a positive way and strives to be a good and reliable corporate citizen creating shared value.

ENVIRONMENT

Atlas Copco strives to reduce its environmental footprint across the value chain and delivers energy-efficient products designed with a life cycle approach.

THIS IS HOW WE DO BUSINESS

Atlas Copco is characterized by focused businesses, a global presence with direct sales and service, a strong, stable and growing service business, professional people, and an asset-light and flexible manufacturing setup. Atlas Copco is committed to sustainable productivity, which means that we do everything we can to create lasting results with responsible use of resources – human, natural and capital.

RESEARCH AND DEVELOPMENT EXPENDITURES

- Total as % of revenues: 2015 - 5%, 2014 - 4%, 2013 - 3%, 2012 - 2%, 2011 - 1%

DISTRIBUTION OF DIRECT ECONOMIC VALUE

- Governments (taxes), 7%
- Business partners, 60%
- Shareholders and other providers of capital, 9%
- Employees, 24%

PROPORTION OF ENERGY CONSUMPTION

- Direct energy, non-renewable, 25%
- Indirect energy, renewable, 34%
- Indirect energy, non-renewable, 41%
COMMITTED TO 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.

Atlas Copco AB (publ)
SE-105 23 Stockholm, Sweden  Phone: +46 8 743 80 00
Reg.no: 556014-2720  www.atlascopco.com