The way we do business

Atlas Copco is a world-leading provider of sustainable productivity solutions. 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.

We are 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.

Customers in focus

In Atlas Copco, we share a common vision to become and remain first in mind and first in choice with our customers and other main stakeholders. Our mission to achieve sustainable, profitable growth is backed by ambitious goals. These goals support our continuous work to deliver greater value to all stakeholders in a way that is economically, environmentally and socially responsible.

Overview of our operations

The Group serves customers with innovative compressors, vacuum solutions and air treatment systems, construction and mining equipment, power tools and assembly solutions. 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 about 180 countries. In 2016, Atlas Copco had revenues of BSEK 101 (BEUR 11) and more than 42 000 employees.
**Structure and governance**

Our organization is based on the principle of decentralized responsibilities and authorities. The operations are organized in five business areas comprised of 27 divisions. The organization has both operating units and legal units. Through a common Holding structure we ensure that the Group stays unified with a strong culture and that we secure assets worldwide. Common service providers are established to provide internal services thus allowing the divisions to focus on their core business.

**Processes**

Group-wide strategies, processes, principles, guidelines and shared best practices are collected in the database The Way We Do Things. 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.

**The Business Code of Practice**

The Business Code of Practice is the central guiding policy for Atlas Copco, and is owned by the Board of Directors. Its commitment goes beyond the requirements of legal compliance, to support voluntary international ethical guidelines.

All employees and managers in Group companies, as well as business partners, are expected to adhere to these policies.

*In January 2017, Atlas Copco agreed to sell its Road Construction Equipment division. The figures presented here for 2015 and 2016 refer to continuing operations.*
Society

With a global reach, Atlas Copco has an influence on the economic and social development of the countries in which we operate. We strive to exercise that influence in a positive way and to be a good and reliable corporate citizen creating shared value.

A key priority is to live by the highest ethical standards and ensure that these are applied by employees, management and business partners. This is why we put significant weight on communicating and monitoring adherence to our values.

Environment

We strive to reduce our environmental footprint across the value chain and deliver energy-efficient products designed with a life cycle approach. Ensuring that resources are used in the most responsible and efficient way in our production and by our products is key for us, and Group common goals have been established to track progress.

Prevention

Increase market presence and penetration, and expand the product and service offering in selected market segments

Innovation

Invest in research and development to continuously launch new products and services that increase customers’ productivity

Strategy, Key Priorities and Core Values

Five strategic pillars have been identified as critical in achieving our mission. As an important complement, a number of key priorities have been agreed on, to secure that our mission is fulfilled in an aligned and sustainable way. Our core values are the foundation and reflect how we behave internally and in our relationships with external stakeholders.
People
Atlas Copco’s success is closely related to being a good employer, attracting and developing qualified and motivated people. With a global business conducted through numerous companies, we work with continuous competence development, knowledge sharing and implementing our core values. 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
We deliver 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 for example 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.

DISTRIBUTION OF DIRECT ECONOMIC VALUE

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business partners</td>
<td>59%</td>
</tr>
<tr>
<td>Shareholders and other providers of capital</td>
<td>9%</td>
</tr>
<tr>
<td>Employees</td>
<td>27%</td>
</tr>
<tr>
<td>Governments (taxes)</td>
<td></td>
</tr>
</tbody>
</table>

PROPORTION OF ENERGY CONSUMPTION

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Energy, Non-renewable</td>
<td>23%</td>
</tr>
<tr>
<td>Indirect Energy, Non-renewable</td>
<td>38%</td>
</tr>
<tr>
<td>Indirect Energy, Renewable</td>
<td>23%</td>
</tr>
</tbody>
</table>

INNOVATION
Our innovative spirit is reflected in everything we do. Our objective is to consistently deliver high-quality products and services that increase our customers’ competitiveness.

COMMITMENT
We operate worldwide with a long-term commitment to our customers in each country and market served. We keep our promises and always strive to exceed high expectations.
**Business Areas**

**Revenues by business area 2016**

**Compressor Technique**
- 36%

**Vacuum Technique**
- 13%

**Industrial Technique**
- 15%

**Mining and Rock Excavation Technique**
- 25%

**Construction Technique**
- 11%

**COMPRESSOR TECHNIQUE**
Atlas Copco’s Compressor Technique business area provides compressed air solutions; industrial compressors, 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, India, Germany and Italy.

**VACUUM TECHNIQUE**
The Vacuum Technique business area provides vacuum products, exhaust management systems, valves and related products mainly under the Edwards, Leybold and Atlas Copco brands. The main markets served are semiconductor and scientific as well as a wide range of industrial segments including chemical process industries, food packaging and paper handling. The business area has a global service network and innovates for sustainable productivity in order to further improve its customers' performance. Principal product development and manufacturing units are located in the United Kingdom, Czech Republic, Germany, South Korea, China and Japan.

**INDUSTRIAL TECHNIQUE**
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, Japan and Hungary.

**MINING AND ROCK EXCAVATION TECHNIQUE**
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.

**CONSTRUCTION TECHNIQUE**
The Construction Technique business area provides construction and demolition tools, portable compressors, pumps, generators and lighting towers. 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 and drilling. Principal product development and manufacturing units are located in Belgium, Spain, Sweden, the United States, China and India.

**In 2016, Vacuum Technique was part of Compressor Technique (restated figures).**
GROUP MANAGEMENT
BUSINESS AREAS AND CORPORATE FUNCTIONS

DIVISIONS
Divisions generally conduct business through product companies, distribution centers and customer centers

COMPRESSION TECHNIQUE
- Compressor Technique Service
- Industrial Air
- Oil-free Air
- Professional Air
- Gas and Process
- Medical Gas Solutions
- Airtec

VACUUM TECHNIQUE
- Vacuum Technique Service
- Semiconductor Service
- Semiconductor
- High Vacuum
- Industrial Vacuum

INDUSTRIAL TECHNIQUE
- Industrial Technique Service
- MVI Tools and Assembly Systems
- General Industry Tools and Assembly Systems
- Chicago Pneumatic Tools
- Industrial Assembly Solutions

MINING AND ROCK EXCAVATION TECHNIQUE
- Mining and Rock Excavation Service
- Underground Rock Excavation
- Surface and Exploration Drilling
- Drilling Solutions
- Rock Drilling Tools
- Rocktec

CONSTRUCTION TECHNIQUE
- Construction Technique Service
- Specialty Rental
- Portable Energy
- Construction Tools
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.