



Annual Report on Measures to Combat Forced Labour and Child Labour for 2023

Reporting Entity: Atlas Copco Canada, Inc.

Canadian Business Number Entity: 2119682025

Reporting Entity Address: 5060 Rue Levy, Saint-Laurent, H4R 2P1 Quebec, Canada.

Introduction

This is the Atlas Copco Canada, Inc.'s Annual Report on Measures to Combat Forced Labour and Child Labor under Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act ("Act"). Atlas Copco Canada is committed to ethical business practices and ensuring that our supply chains are free from forced labor and child labor. This report sets out the steps taken to prevent slavery and human trafficking in our operations and supply chain during the financial year ending December 2023 and has been published in accordance with the Act.

Summary of entities:

Atlas Copco Power Technique Equipment Canada is located at 2240 Argentia Road in Mississauga, Canada and is a Customer Center that provides leading edge technology in air, power and flow solutions. This includes light towers, mobile generators, energy storage systems, dewatering pumps and more.

Atlas Copco Compressors Canada is located at 5060 Rue Levy in Quebec, Canada and is a business area that specializes in the sales, marketing, distribution, and maintenance of air compressors, blowers and industrial gas equipment. Our sales engineers, product and technical support engineers, as well as customer support take good care of Canadian customers when it comes to buying air compressors, blowers and gas equipment and their aftermarket service and maintenance. The operations are supported by a network of reliable distributors throughout the country. A dedicated team of engineers in our service division works together with distributors, and they ensure 24/7 service and parts support for any brand of compressed air installation on any Canadian site.

Atlas Copco Tools Canada is located at 2240 Argentia Road in Mississauga, Canada and a Manufacturer also providing sales, marketing, distribution, and maintenance, is a leader in the field of Industrial Tooling. Atlas Copco Tools and Assembly Canada is comprised of 47 (with 2 vacant) employees working in Canada in various roles. We are supported globally by reliant distributors, manufacturers and support staff who aid with service delivery when needed.

Atlas Copco Rental Canada is located at 13249 Highway #7 in Ontario, Canada and is a division of Atlas Copco, a global industrial company known for its innovative products and services. Atlas Copco Rental Canada provides specialized rental solutions for industrial applications across various industries. Their rental fleet includes air compressors, power generators, nitrogen generators, steam boilers, and dewatering solutions. These are designed to support a wide range of industries such as manufacturing, mining, oil and gas, and power plants. offers 24/7 emergency support and a comprehensive range of rental equipment to meet temporary or supplementary industrial needs. Their services are aimed at helping businesses maintain operational efficiency, manage unexpected breakdowns, and handle special projects or planned maintenance. Atlas Copco emphasizes sustainability and innovation, striving to provide reliable and energy-efficient solutions that improve the everyday lives of people and industries worldwide.



Atlas Copco Vacuum Canada is located at 742 Bd Industriel in Quebec, Canada is a customer center that specializes in sales, marketing, distribution and maintenance of industrial vacuum pumps and systems. Our sales engineers, product, and technical support engineers, as well as customer support take good care of Canadian customers when it comes to buying vacuum pumps, vacuum systems and aftermarket services and maintenance. The operations are supported by a network of reliable distributors throughout Canada. A dedicated team of engineers in our service team work together with distributors to ensure timely service and parts support for any vacuum pump in Canada.

Reporting Thresholds

As a Company that conducts business in Canada, Atlas Copco Canada, Inc. meets the reporting entity criteria under the Act. We recognize our responsibility to promote human rights and transparency within our operations and supply chains.

Measures Taken

1. Our structure, activities and supply chains

Atlas Copco Canada, Inc. is part of the Atlas Copco Group, which is a global industrial engineering company headquartered in Stockholm, Sweden. It is a Nasdaq listed company and is one of the largest companies in Sweden. We have around 53,000 employees and customers in more than 180 countries. Our industrial ideas and technology empower our customers to grow and drive society forward. This is how we transform the future.

With basis in our mission to achieve sustainable, profitable, inclusive growth, we aim to consider all stakeholders' perspectives and to ensure we are a good corporate citizen by doing business ethically and upholding our commitment to the UN Guiding Principles on Business and Human Rights. We are pioneers and technology drivers and industries all over the world rely on our expertise. Our market-leading compressors, vacuum solutions, generators, pumps, power tools and assembly systems can be found everywhere.

Atlas Copco AB is the ultimate parent of all of the subsidiaries in Canada. We strongly adhere to the strict global processes and controls that are mandated by Atlas Copco AB. The organization is based upon the principal of decentralized responsibilities and authorities. The operations are organized in four business areas comprised of 23 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.

We want to be part of a solution for a better tomorrow. We actively seek to avoid causing or contributing to adverse human rights impacts and we expect the same level of ethical behavior from our business partners and any other relationships. Through the application of human rights due diligence procedures, we seek to prevent, detect and correct adverse human rights impacts that are linked to our operations, products, services, or our business relationships, even if we ourselves have not contributed to those impacts. All Atlas Copco entities are heavily certificated to demonstrate our compliance and adherence to good industry practice and we have the same expectations of our suppliers.

We have hundreds of direct and indirect suppliers who manufacture and transport raw materials and components globally. These suppliers include small to medium enterprises and larger scale companies, and we have suppliers globally. We work closely with our distributors, who engage with our customers directly



assisting with our sustainable growth. All of our distributors are required to operate in accordance with the Atlas Copco Code of Conduct Code of Practice. This includes abiding by a commitment to ensure there is no Forced Labour or Child Labour activity within their organization 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.

The Atlas Copco Group works hard to uphold the same standard of ethics and conduct wherever it does business, and despite the fact that many countries struggle with corruption, labour issues and human rights abuses, environmental standards and legal frameworks also vary widely from one country to another, the risk is even higher in conflict zones, where there is little or no rule of law.

The Atlas Copco Group is continually strengthening its business practices in those markets through dialogue aimed at understanding and reducing the risks involved, aiming to have a positive impact wherever it does business, and in some instances, has enacted its own principle decisions regarding particular countries, of which the risks are high, see <https://www.atlascopcogroup.com/en/sustainability/living-by-the-highest-ethicalstandards/responsiblevaluechain>.

2. Supply Chain Due Diligence:

We are committed to continually developing our due diligence processes. Risks regarding slavery are dynamic and ever changing. We actively respond to potential risks in our business and supply chain. Our dedicated Procurement Managers are our first lines of defense. They lead the work, alongside our Product Companies and sourcing teams.

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 risk assessment performed at the initial stage of potential engagement. This includes criteria such as: quality, delivery, finance, environment, health, and safety.

Business partners, including suppliers, subcontractors, joint venture partners, agents and distributors are made aware of our commitments and expectations in accordance with the Business Code of Conduct Practice. If suppliers use subcontractors for the production of our products or services, it is the responsibility of that supplier to ensure that all subcontractors throughout the supply chain comply with these requirements. Significant suppliers and distributors are expected to sign up to the Code of Conduct regularly.

The Code of Conduct is based on the UN Global Compact, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights United Nations Global Compact, and the OECD's Guidelines for Multinational Enterprises. The checklist includes: 'elimination of all forms of forced and compulsory labor' and 'rejection of child labor' and "integrity". It is mandatory for business partners to fully comply with all issues.

Business partners who are proactive in implementing our criteria or those who have already met these criteria are considered for preferred partnerships. If violations are detected, business partners are immediately requested to adapt or change to meet our criteria.

In addition, we systematically carry out internal assessments and audits of our own facilities against our internal management systems, the Code of Conduct and ISO standards.



The Atlas Copco Group has a holistic approach to working with human rights in the Group, which is integrated into the guiding policy document, being the Atlas Copco Business Code of Practice. The Atlas Copco Group identifies, assesses, and manages human rights impacts in line with this policy document with the following aims in brief:

- **Employees:** The Atlas Copco Group aims to offer a safe and healthy working environment in all of its operations, with regular follow-up. The Group ensures the implementation of the principles of the ILO's Declaration on Fundamental Principles and Rights at Work, which for example include non-discrimination, prohibition of using child labour and forced bondage or compulsory labour as well as the freedom of association and the right to engage in collective bargaining.
- **Business partners:** The Atlas Copco Group seeks, selects, and evaluates business partners impartially based on objective factors including productivity, quality, delivery, price, and reliability, as well as commitment to environmental and social performance, and development. This includes addressing human rights issues in the supply chain including modern slavery
- **Society and the Environment:** The Atlas Copco Group supports all internationally recognized human rights and respects those rights in conducting the Group's operations throughout the world. The Atlas Copco Group recognizes that its commitment to financial success must also take into account the broader economic, environmental, and social impacts of our operations. Atlas Copco encourages learning and development through cooperation with local communities and recognizes 'Water for All' as its main community engagement project.

3. Supplier Risk Management:

We take steps to evaluate, verify and address child labour and forced labour risks in our supply chain with the intention of protecting people and eliminating these risks. Risk assessment begins during the supplier selection process. Suppliers who want to do business with us directly are expected, as a minimum to complete a self-assessment survey, and if necessary, have an onsite audit, which helps us identify potential modern slavery risks. We determine which suppliers are higher risk based on location and sector information.

If a supplier is selected, they must follow our terms of purchase which require suppliers to strictly comply with our Code of Conduct. We assess suppliers against the Code of Conduct criteria, which include health, safety, environment, ethics, labour and social rights, and management systems.

In addition, it is important to note that the majority of Atlas Copco's supply is of Atlas Copco products, and as such, the majority of its suppliers are from within the Atlas Copco Group (see our Product Companies, above).

The Atlas Copco Group's misconduct reporting system (Atlas Copco SpeakUp) enables all Atlas Copco stakeholders to report their grievances if any human rights have been or are perceived to have been violated. Atlas Copco SpeakUp guarantees a timely, impartial and objective investigation of the claims and a report on the findings and results of the investigation. The Atlas Copco SpeakUp tool has been established for anonymously and safely reporting suspected ethical misconduct and is available online at www.atlascopco.com/speakup. There is information about the process and tool on the corporate website, the Hub and in The Way We Do Things.



Atlas Copco SpeakUp is supported by a third-party supplier that guarantees anonymous communication between the reporter and Atlas Copco. SpeakUp reports are sent to the Atlas Copco Group Legal Department for further investigation, typically in cooperation with the relevant Holding Vice President, Human Resources and occasionally, Internal Audit.

Our Business Code of Practice summarises policies common to all companies in the Group. Our behaviour 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.

All potential significant suppliers outside of the Atlas Copco Group are assessed against the Atlas Copco Business Partner Criteria Checklist, which is based on the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at work. The Atlas Copco Group carries out on-site audits of selected suppliers (generally representing approximately 20% of its significant suppliers) and systematically carries out internal audits on its own companies, with the results being reported in the Atlas Copco Group's Annual Report.

In addition, both our supply and purchasing terms and conditions were updated in 2020 to include a positive obligation to adhere to our Business Code of Practice, and with respect to our terms of purchase, they were updated with further obligations relating to a future supplier's requirement to identify, prevent and take reasonable action to notify Atlas Copco Australia of any modern slavery within its operations and supply chains. A failure to comply entitles Atlas Copco Australia to immediately terminate the Agreement.

During this reporting period, we continued to analyse our supply chains and operations to identify modern slavery related risks. This can be seen in the actions taken in this reporting period and future actions planned (described below) in our aim for continuous improvement.

All of the above contribute to our continued commitment to prevent modern day slavery both inside and outside of our organisation.

4. Remediation and Corrective Measures:

The Atlas Copco Group recognizes the UN Global Compact's ten principles in the areas of human rights, labour, the environment, and anti-corruption. The Atlas Copco Group has been and continues to be a signatory to the UN Global Compact since 2008.

The UN Global Compact ten principles are:

Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	Make sure that they are not complicit in human rights abuses.
Labour Standards	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	The elimination of all forms of forced and compulsory labour;
	Principle 5	The effective abolition of child labour; and
	Principle 6	The elimination of discrimination in respect of employment and occupation.

Environment	Principle 7	Businesses are asked to support a precautionary approach to environmental challenges;
	Principle 8	Undertake initiatives to promote greater environmental responsibility; and
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

5. Measures Taken to Eliminate/Training and Capacity Building:

It is the responsibility of the CEO and of Group Management to ensure the effective implementation of the Atlas Copco Business Code of Practice and that all employees receive training and education on it. The Atlas Copco Group expects that each individual employee takes their responsibility to respect and support the values set out in the Business Code of Practice in their daily work. Key performance indicators which include areas relating to people and ethics have been set by the Atlas Copco Group.

Goal	Target	2022**	2023**
Employees sign the Code of Conduct compliance statement annually	100%	99%	99%
New employees participate in the ethics training within 12 months of joining, starting 2023	100%	-	94%
Employees participate in the Group's biennial ethics training, starting 2023	100%	-	99%
Significant suppliers have confirmed compliance with the Code of Conduct	100%	93%	90%
Significant distributors confirm compliance with the Code of Conduct	100%	92%	94%

** results reported indicate the performance across the whole of the Atlas Copco group and not just the reporting subsidiaries.

These key performance indicators form part of the group's commitment to ensure we live up to the highest ethical standards, with zero tolerance for corruption throughout the supply chain.

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 decentralized model.

All employees are required to sign the Code of Conduct compliance statement every year and, with effect from 2023, all employees participate in the Group's biennial ethics training. New employees are expected to participate in the ethics training within 12 months of joining the group. Significant business partners need to sign the Business Partner Criteria every five years. Additionally, we have put additional focus on human rights to the divisional risk workshops in the annual Enterprise Risk Management (ERM) process.



6. Transparency and Communication:

We are proud of the standards that we seek to maintain across the group. In the next financial year, we look to continue to strengthen our approach and position regarding eliminating modern slavery and work towards meeting the key performance indicators set. We also intend to continue to monitor action in our external supply chains.

As of Spring 2024, to strengthen internal competence, we are offering the United Nations Compact's human rights due diligence training module to all employees through our online training platform. Short introductions to both the topic of human rights and human rights due diligence are also available on the online platform.

To strengthen our approach regarding the elimination of modern slavery, Atlas Copco intends to continue with its internal and external processes within our operations and supply chains, and to take further action, where required.

In our business we intend to:

- Have all staff undertake and complete the Trade Compliance training by 31 December 2025;
- Continue to track internal compliance to Atlas Copco Business Code of Practice and signed compliance statement with continued internal training focusing on educating our employees raising an awareness of modern-day slavery and on how to identify the risks of modern-day slavery;
- Reviewing our policies and procedures and updating them as we make changes to our organization in our commitment to prevent modern day slavery;
- Send out reminders to key stakeholders, including all of our employees of our Whistleblower Policy and the Atlas Copco Speak Up tool and ensure this policy is introduced to all new hires during our onboarding process; and
- Continue conducting appropriate assessments of new business partners to identify any risks, including the risk of the exploitation of migrant workers; and

With respect to our Supply Chain, we intend to:

- Continue to communicate our policies to our suppliers and distributors to drive a clear path for understanding the risks and improvements required;
- Continue to require significant suppliers and distributors to confirm their acceptance of our Business Code of Practice;
- Develop a new supplier audit program, together with supplier training to address our policies on ensuring that modern day slavery and human trafficking are not occurring within any place along our supply chain; and
- Continue to risk assess the effectiveness of actions taken, and to risk assess all significant suppliers and distributors to see whether any further actions need to be acted upon.



Conclusion

Atlas Copco Canada, Inc. remains committed to continuous improvement. We will continue collaborating with stakeholders, enhancing due diligence, and promoting responsible business practices to eradicate forced labor and child labor from our supply chains.

Attestation

“In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above. I have the authority to bind Atlas Copco Canada, Inc.”

DocuSigned by:

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Signature

Aaron Prato

Full name

President

Title

May 31, 2024

Date