



Modern Slavery Statement

2018

Atlas Copco Ltd.

Atlas Copco Ltd
Swallowdale Lane
Hemel Hempstead
Herts HP2 7EA
www.atlascopco.co.uk

Telephone: +44 (0) 1442 261201

Registration: 159809
England and Wales

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Introduction

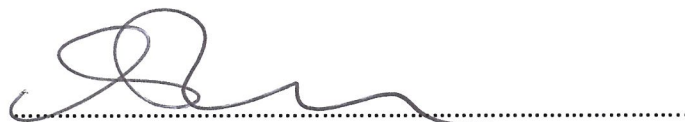
Atlas Copco Limited published its first Modern Slavery Statement in 2017. Since then we have further focused our efforts with attention on:

- Raising awareness within our internal teams, Customer Centers and Product Companies
- Strengthening our work in areas of greatest risk

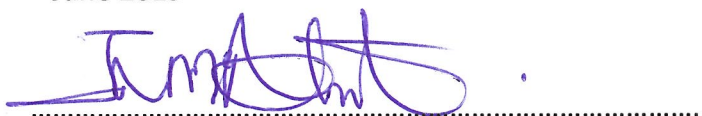
The UK Modern Slavery Act 2015 (the “Act”) requires businesses to state the actions they have taken through the financial year to ensure modern slavery is not taking place in their operations and supply chain. We are fully committed to playing our part in the eradication of modern slavery. We are strong 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 2018. It 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.

A handwritten signature in black ink, appearing to read 'Kevin Prince', written over a horizontal dotted line.

Kevin Prince
Director, Atlas Copco Limited
June 2019

A handwritten signature in blue ink, appearing to read 'James McAllister', written over a horizontal dotted line.

James McAllister
Director, Atlas Copco Limited
June 2019

Our business structure and supply chains

The Atlas Copco Group has been operating in the United Kingdom for nearly 100 years. Worldwide, it is a leading global manufacturing organisation (employing circa 36,000 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).

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 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 also work closely with our Distributors, who engage with our Customers directly assisting with our sustainable growth.

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 likely result in termination of any business relationship unless material steps to compliance are taken.

The Business Code of Practice is embedded in the 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 internally, as we recognise that these types of workers pose a greater risk and we apply the same training standards for temporary workers as for full time 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,

and 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.

Plans for 2019/2020

In the next financial year, we look to strengthen our approach and position regarding eliminating modern slavery. We also intend to take further 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 2019