

Atlas Copco AB

UN Global Compact Communication on Progress 2012 - Advanced level reporting

Atlas Copco has been a member of the UN Global Compact (UNGC) since 2008 and is committed to aligning its business, operations and impacts on society with the UNGC's ten principles of business conduct that relate to environmental and labor practices, protection of human rights and anti-corruption work. This integrated annual report also strives to establish connections between these activities and Atlas Copco's performance towards its goals, which exhibit the strength of Atlas Copco's commitment to sustainable, profitable development.

Every year, Atlas Copco reports to the UNGC on its priorities, progress and best practices regarding this commitment in the Annual report. This 2012 Communication on Progress (COP) reflects the UNGC's Advanced level reporting guidelines and indicates how Atlas Copco meets or plans to meet the 21 advanced criteria and the question on Business and Peace, in the following areas:

- Verification and transparency
- Strategy, governance and engagement
- UN goals and issues
- Implementation of Global Compact principles
- Business and Peace

Introduction

The COP is part of the 2012 Annual report and the CEO's endorsement of the UNGC can be found on page 4. The analysis of high-risk and/or conflict areas is covered in the section on Risks, risk management and opportunities on pages 36-39 and in Society on pages 46-47 of the Annual report. The COP includes qualitative and quantitative measurements of outcomes illustrating the degree to which targets/performance indicators were met in the Annual report inside the cover, and on pages 12, 42-49, 127-130. The COP is shared on the UNGC website and on the Atlas Copco website, available to all stakeholders. The printed report is also distributed to all shareholders and investors as well as other stakeholders who actively request a copy. The COP has been audited and the sustainability information has been subject to limited assurance by Deloitte, see page 131 in the Annual report. It applies the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.0 and qualifies to the level B+.

The index below lists the 21 criteria required by the guidelines and directs readers to where Atlas Copco addresses them in the Annual report with sustainability information and online at its corporate website, www.atlascopco.com/ir. In its self-assessment of its COP, Atlas Copco reports on at least one of each of the relevant topics addressed in the 21 criteria. The topics marked in grey text are areas that are not addressed in this report.

Strategy, Governance and Engagement

| Advanced level criteria | Topics addressed in Atlas Copco's reporting | Related references in Atlas Copco reporting |
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| Criterion 1: The COP describes mainstreaming into corporate functions and business units | <ol style="list-style-type: none"> 1. Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) ensuring no function conflicts with company sustainability commitments and objectives. 2. Align and integrate strategies, goals, and incentive structures of all business units and subsidiaries with corporate sustainability strategy. 3. Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary. 4. Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs. 5. Ensure that different corporate functions coordinate closely to maximize performance and avoid negative impacts. | <p>2012 Annual report with sustainability information & COP:</p> <p>This is Atlas Copco, "Structure and governance, organization", and "Goals for sustainable, profitable development", p.6-7 (Topic 1-5)</p> |
| Criterion 2: The COP describes value chain implementation. | <ol style="list-style-type: none"> 1. Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts. 2. Communicate policies and expectations to | <p>2012 Annual report with sustainability information & COP:</p> |

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| | <p>suppliers and other relevant business partners.</p> <p>3. Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence.</p> <p>4. Undertake awareness-raising, training and other types of capacity building with supplier and other business partners.</p> | <p>Stakeholders, p.9 (<i>Topic 1</i>)</p> <p>Risks, risk management and opportunities, p.36-39 (<i>Topic 1</i>)</p> <p>Customer conduct, p.41, (<i>Topic 2-3</i>)</p> <p>Business partners, p.45, (<i>Topic 2-4</i>)</p> <p>Best practices, p. 50-51, (<i>Topic 1</i>)</p> |
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Robust Human Rights Management Policies and Procedures

| Advanced level criteria | Relevant topics addressed in Atlas Copco's reporting | Related references in Atlas Copco reporting |
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| Criterion 3: The COP describes robust <i>commitments, strategies or policies</i> in the area of human rights | <ol style="list-style-type: none"> 1. Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates. 2. Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company. 3. Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services. 4. Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties. | <p>2012 Annual report with sustainability information & COP:</p> <p>CEO endorsement, p.4 (<i>Topic 1-2</i>)</p> <p>Society, "Human rights", p.47 (<i>Topic 1</i>)</p> <p>Business partners, p.45 and Society, "Human rights", p.47 (<i>Topic 4</i>)</p> <p>The Business Code of Practice, "Governance", p.11 (<i>Topic 1</i>)</p> <p>Business Code of Practice, inside cover and p.5, and Atlas Copco Human Rights Statement, (<i>Topic 1-4</i>)</p> <p>www.atlascopco.com/Group/Sustainability</p> |
| Criterion 4: The COP describes effective <i>management systems</i> to integrate the human rights principles | <ol style="list-style-type: none"> 1. Process to ensure that internationally recognized human rights are respected. 2. On-going due diligence process that includes an assessment of actual and potential human rights impacts 3. Internal awareness-raising and training on human rights for management and employees. 4. Operational-level grievance mechanisms for those potentially impacted by the company's activities. 5. Allocation of responsibilities and accountability for addressing human rights impacts. 6. Internal decision-making, budget and oversight for effective responses to human rights impacts. 7. Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to. 8. Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and /or other forms of collective action. | <p>2012 Annual report with sustainability information & COP:</p> <p>Risks, risk management and opportunities, p.39 (<i>Topic 1</i>)</p> <p>Business Partners, "Training", p.45 (<i>Topic 1-3</i>)</p> <p>Society, "Hotline" and "Training", p.46 (<i>Topic 1, 3-8</i>)</p> <p>Society, "Human rights" and "due diligence", p.47 (<i>Topic 1-3</i>)</p> <p>This is Atlas Copco, "Structure and governance", p. 6 (<i>Topic 6</i>)</p> <p>The Business Code of Practice, p. 11 (<i>Topic 1, 3</i>)</p> <p>Atlas Copco Human Rights Risk Map, (<i>Topic</i></p> |

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| | | 1-4) www.atlascopco.com/Group/Sustainability |
| Criterion 5: The COP describes effective <i>monitoring and evaluation mechanisms</i> of human rights integration | <ol style="list-style-type: none"> 1. System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain. 2. Monitoring drawn from internal and external feedback, including affected stakeholders. 3. Leadership review of monitoring and improvement results. 4. Process to deal with incidents the company has caused or contributed to for internal and external stakeholders. 5. Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue. 6. Outcomes of integration of the rights principles. | <p>2012 Annual report with sustainability information & COP:</p> <p>The Business Code of Practice, p. 11 (<i>Topic 1, 3</i>)</p> <p>The year in review, p.12 (<i>Topic 6</i>)</p> <p>Customer conduct, p.41, (<i>Topic 1-2</i>)</p> <p>Business Partners, “Performance from supplier evaluations”, p.45 (<i>Topic 1</i>)</p> <p>Society, “Hotline”, p.46 (<i>Topic 1, 4-5</i>)</p> <p>Society, “Human rights” and “due diligence”, p.47 (<i>Topic 1-4, 6</i>)</p> <p>Internal control over financial reporting, p.64-65 (<i>Topic 1-5</i>)</p> <p>Sustainability notes, ESG Performance, p.127, Note 6 and 7, p. 130 (<i>Topic 6</i>)</p> |

Robust Labor Management Policies & Procedures

| Advanced level criteria | Relevant topics addressed in Atlas Copco's reporting | Related references in Atlas Copco reporting |
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| Criterion 6: The COP describes robust <i>commitments, strategies or policies</i> in the area of labor | <ol style="list-style-type: none"> 1. Reference to principles of relevant international labor standards (ILO conventions) and other normative international instruments in company policies. 2. Reflection on the relevance of the labor principles for the company. 3. Written company policy to obey national labor law, respect principles of the relevant international labor standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectoral, national). 4. Inclusion of reference to the principles contained in the relevant international labor standards in contracts with suppliers and other relevant business partners. 5. Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation. 6. Participation and leadership in wider efforts by employers' organizations (international and national levels) to jointly address challenges related to labor standards in the countries of operation, possibly in a tripartite approach (business-trade union- government). 7. Structural engagement with a global union, possibly via a Global Framework Agreement. | <p>2012 Annual report with sustainability information & COP:</p> <p>CEO endorsement, p.4 (<i>Topic 2</i>)</p> <p>Goals, p.7 (<i>Topic 2</i>)</p> <p>Business Code of Practice and Human Capital, p.11 (<i>Topic 1-3</i>)</p> <p>Employees, p.42 (<i>Topics 2-3, 5</i>)</p> <p>Business partners, p.45 (<i>Topic 4</i>)</p> <p>Business Code of Practice, inside cover (<i>Topic 1</i>) www.atlascopco.com/Group/Sustainability</p> |

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| Criterion 7: The COP describes effective <i>management systems</i> to integrate the labor principles | <ol style="list-style-type: none"> 1. Risk and impact assessments in the area of labor. 2. Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labor standards. 3. Allocation of responsibilities and accountability within the organization. 4. Internal awareness-raising and training on the labor principles for management and employees. 5. Active engagement with suppliers to address labor-related challenges. 6. Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice. | <p>2012 Annual report with sustainability information & COP: This is Atlas Copco, “Organization”, p.6 (<i>Topic 3</i>)</p> <p>Risks, risk management and opportunities, p.36-39 (<i>Topic 1</i>)</p> <p>Society, Hotline, p.46 (<i>Topic 1, 6</i>) and Human rights, “Due diligence”, p.47 (<i>Topic 1</i>)</p> <p>Employees, p.42 (<i>Topic 2-4</i>)</p> <p>Business partners, p.45 (<i>Topic 5</i>)</p> |
| Criterion 8: The COP describes effective <i>monitoring and evaluation mechanisms</i> of labor principles integration | <ol style="list-style-type: none"> 1. System to track and measure performance based on standardized performance metrics. 2. Dialogues with the representative organization of workers to regularly review progress made and jointly identify priorities for the future. 3. Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labor standards. 4. Process to positively engage with the suppliers to address challenges (i.e. partnership approach instead of corrective approach) through schemes to improve workplace practices. 5. Outcomes of integration of the Labor principles. | <p>2012 Annual report with sustainability information & COP: Goals, p.7 (<i>Topic 1</i>)</p> <p>The year in review, p.12 (<i>Topic 5</i>) Employees, p.42-44 (<i>Topic 1-2</i>)</p> <p>Business partners, p.45 (<i>Topic 3-4</i>)</p> <p>Society, “Hotline”, p.46 (<i>Topic 1, 5</i>)</p> <p>Society, “Human rights” and “due diligence”, p.47 (<i>Topic 1-4</i>)</p> <p>Internal control over financial reporting, p.64-65 (<i>Topic 1-5</i>)</p> <p>Sustainability notes, ESG Performance, p.127, Note 6 and 7, p.130 (<i>Topic 5</i>)</p> |

Robust Environmental Management Policies and Procedures

| Advanced level criteria | Relevant topics addressed in Atlas Copco's reporting | Related references in Atlas Copco reporting |
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| Criterion 9: The COP describes robust <i>commitments, strategies or policies</i> in the area of environmental stewardship | <ol style="list-style-type: none"> 1. Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development). 2. Reflection on the relevance of environmental stewardship for the company. 3. Written company policy on environmental stewardship. 4. Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners. 5. Specific commitments and goals for specified years. | <p>2012 Annual report with sustainability information & COP: Goals, p.7 (<i>Topic 2, 5</i>)</p> <p>The Business Code of Practice, p.11 (<i>Topic 3</i>)</p> <p>Innovative, sustainable products and services, p.40-41, (<i>Topic 2-5</i>)</p> <p>Business partners, p.45 (<i>Topic 2, 4-5</i>)</p> <p>Environment, p.48 (<i>Topic 2, 5</i>) Internal control over financial reporting, p.64-65 (<i>Topic 2-5</i>)</p> <p>Atlas Copco Safety, Health and Environment (SHE) Policy, (<i>Topic 3</i>) www.atlascopco.com/Group/Sustainability</p> |

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| <p>Criterion 10: The COP describes effective <i>management systems</i> to integrate the environmental principles</p> | <ol style="list-style-type: none"> 1. Environmental risk and impact assessments. 2. Assessments of lifecycle impact of products, ensuring environmentally sound end-of-life management policies. 3. Allocation of responsibilities and accountability within the organization. 4. Internal awareness-raising and training on environmental stewardship for management and employees. 5. Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts. | <p>2012 Annual report with sustainability information & COP: This is Atlas Copco, “Organization”, p.6 (<i>Topic 3</i>)</p> <p>Risks, risk management and opportunities, p.39 (<i>Topic 1</i>)</p> <p>Innovative, sustainable products and services, p.41, (<i>Topic 2</i>)</p> <p>Society, “Hotline”, “Training”, p.46 (<i>Topic 4-5</i>)</p> <p>Environment, p.48 (<i>Topic 1</i>)</p> |
| <p>Criterion 11: The COP describes effective <i>monitoring and evaluation mechanisms</i> for environmental stewardship</p> | <ol style="list-style-type: none"> 1. System to track and measure performance based on standardized performance metrics. 2. Leadership review of monitoring and improvement results. 3. Process to deal with incidents. 4. Audits or other steps to monitor and improve the environmental performance of companies in the supply chain. 5. Outcomes of integration of the environmental principles. | <p>2012 Annual report with sustainability information & COP:</p> <p>The year in review, p.12 (<i>Topic 5</i>)</p> <p>Environment, “Environmental management system”, p.48-49 (<i>Topic 1, 3, 5</i>)</p> <p>Business partners, p.45 (<i>Topic 4</i>)</p> <p>Internal control over financial reporting, “Reporting”, “Business boards”, “Internal audits”, p.64-65 (<i>Topic 3</i>)</p> <p>Sustainability notes, ESG Performance, p.127, Note 3, p.129 (<i>Topic 5</i>)</p> |

Robust Anti-Corruption Management Policies & Procedures

| Advanced level criteria | Relevant topics addressed in Atlas Copco's reporting | Related references in Atlas Copco reporting |
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| <p>Criterion 12: The COP describes robust <i>commitments, strategies or policies</i> in the area of anti-corruption</p> | <ol style="list-style-type: none"> 1. Publicly stated formal policy of zero-tolerance of corruption. 2. Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes. 3. Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption. 4. Detailed policies for high-risk areas of corruption. 5. Policy on anti-corruption regarding business partners. | <p>2012 Annual report with sustainability information & COP:</p> <p>The Business Code of Practice, p.11 (<i>Topic 2-6</i>)</p> <p>Society, “Corruption and anti-competitive behavior”, p.47 (<i>Topic 2, 6</i>)</p> <p>Business partners, p.45 (<i>Topic 6</i>)</p> <p>Internal control over financial reporting, “The Way We Do Things”, p.64-65 (<i>Topic 5</i>)</p> <p>Business Code of Practice (inside cover, “Business integrity”, p.10), (<i>Topic 1-4</i>) www.atlascopco.com/Group/Sustainability</p> |

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| <p>Criterion 13: The COP describes effective <i>management systems</i> to integrate the anti-corruption principle</p> | <ol style="list-style-type: none"> 1. Support by the organization's leadership for anti-corruption. 2. Carrying out risk assessment of potential areas of corruption. 3. Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees. 4. Internal checks and balances to ensure consistency with the anti-corruption commitment. 5. Actions taken to encourage business partners to implement anti-corruption commitments. 6. Management responsibility and accountability for implementation of the anti-corruption commitment or policy 7. Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice. 8. Internal accounting and auditing procedures related to anti-corruption. | <p>2012 Annual report with sustainability information & COP:</p> <p>CEO endorsement, p.4 and Goals, p.7 (<i>Topic 1</i>)</p> <p>This is Atlas Copco, "Organization", p.6 (<i>Topic 6</i>)</p> <p>Risks, risk management and opportunities, p.38 (<i>Topic 2</i>)</p> <p>Employees, "Competence development", p.43 (<i>Topic 3</i>)</p> <p>Business Partners, p.45 (<i>Topic 5</i>)</p> <p>Society, "Corruption and anti-competitive behavior", p.47 (<i>Topic 6-7</i>)</p> <p>Internal control over financial reporting, "Business boards", "Internal audits", "Hotline", p.64-65 (<i>Topic 4, 6-8</i>)</p> |
| <p>Criterion 14: The COP describes effective <i>monitoring and evaluation mechanisms</i> for the integration of anti-corruption</p> | <ol style="list-style-type: none"> 1. Leadership review of monitoring and improvement results. 2. Process to deal with incidents. 3. Public legal cases regarding corruption. 4. Use of independent external assurance of anti-corruption programs. 5. Outcomes of integration of the anti-corruption principle. | <p>2012 Annual report with sustainability information & COP:</p> <p>Stakeholders, Society and Environment, Transparency International, p.9 (<i>Topic 4</i>)</p> <p>This year in review, p.10 (<i>Topic 5</i>)</p> <p>Society, "Corruption and anti-competitive behavior", p.46 (<i>Topic 2, 5</i>)</p> <p>Internal control over financial reporting, "Business boards", "Internal audits", "Hotline", p.64-65 (<i>Topic 1-2</i>)</p> <p>Sustainability notes, ESG Performance, p.127, Note 7, p.130-131 (<i>Topic 3, 5</i>)</p> |

Taking action in Support of Broader UN Goals and Issues

| Advanced level criteria | Relevant topics addressed in Atlas Copco's reporting | Related references in Atlas Copco reporting |
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| <p>Criterion 15: The COP describes core business contributions to UN goals and issues</p> | <ol style="list-style-type: none"> 1. Align core business strategy with one or more relevant UN goals/issues. 2. Develop relevant products and services or design business models that contribute to UN goals/issues. 3. Adopt and modify operating procedures to maximize contribution to UN goals/issues. | <p>2012 Annual report with sustainability information & COP:</p> <p>CEO endorsement, p.3-5 (<i>Topic 1-2</i>)</p> <p>This is Atlas Copco, "Vision, mission and strategy", p.6 (<i>Topic 1</i>) and Goals for sustainable, profitable development, p.7 (<i>Topic 1</i>)</p> |

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| | | <p>This is how we do business, p.10-11 (<i>Topic 2-3</i>)</p> <p>Business areas Compressor technique, p.21-22, Industrial Technique, p. 25-26, Mining and Rock Excavation, p. 29-30, Construction Technique, p. 33-34 (<i>Topic 2</i>)</p> <p>Innovative, sustainable products and services, p.40, (<i>Topic 2</i>)</p> |
| Criterion 16: The COP describes strategic social investments and philanthropy | <ol style="list-style-type: none"> 1. Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy. 2. Coordinate efforts with other organizations and initiatives to amplify – and not negate or unnecessary duplicate - the efforts of other contributors. 3. Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups. | <p>2012 Annual report with sustainability information & COP:</p> <p>Committed to sustainable productivity, “Water for All”, p.1 (<i>Topic 1</i>)</p> <p>This is Atlas Copco, “Vision, mission and strategy”, p.6 (<i>Topic 1</i>)</p> <p>Society, “Distribution of direct economic value” and Community engagement and charity”, p.46-47 (<i>Topic 1-3</i>)</p> |
| Criterion 17: The COP describes advocacy and public policy engagement | <ol style="list-style-type: none"> 1. Publicly advocate the importance of action in relation to one or more UN goals/issues. 2. Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues. | <p>2012 Annual report with sustainability information & COP:</p> <p>Priorities for sustainable, profitable growth, “Strengthening presence”, “Competing with competent people”, “Looking ahead”, p.3-5 (<i>Topic 1</i>)</p> <p>Sustainability notes, Note 8, p.130 (<i>Topic 1-2</i>)</p> |
| Criterion 18: The COP describes partnerships and collective action | <ol style="list-style-type: none"> 1. Develop and implement partnership projects with public or private organizations (UN entities, governments, NGOs, or other groups) on core business, social investments and/or advocacy. 2. Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company’s positive impact on its value chain. | <p>2012 Annual report with sustainability information & COP:</p> <p>Employees, “Safety and health” on HIV/AIDS programs, p. 44 (<i>Topic 2</i>)</p> <p>Business partners, p.45 (<i>Topic 2</i>)</p> <p>Society, “Water for All”, p.47 (<i>Topic 1-2</i>)</p> <p>Sustainability notes, Note 8, p.130 (<i>Topic 1-2</i>)</p> |

Sustainability Governance and Leadership

| Advanced level criteria | Relevant topics addressed in Atlas Copco's reporting | Related references in Atlas Copco reporting |
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| Criterion 19: The COP describes CEO commitment | <ol style="list-style-type: none"> 1. CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN | <p>2012 Annual report with sustainability information & COP:</p> |

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| and leadership | <p>Global Compact.</p> <ol style="list-style-type: none"> CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards. CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation. Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team. | <p>CEO Statement: Priorities for sustainable, profitable growth, "Strengthening presence", "Competing with competent people", "Looking ahead", p.3-5 (<i>Topic 1, 2</i>)</p> <p>This is Atlas Copco, "Vision, mission and strategy", p.6 (<i>Topic 3</i>) and Goals for sustainable, profitable development, p.7 (<i>Topic 3</i>)</p> <p>Financial notes, Note 5 Remuneration and personnel expenses, Group management, p.86 (<i>Topic 4</i>)</p> |
| Criterion 20: The COP describes Board adoption and oversight | <ol style="list-style-type: none"> Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance. Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability. Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress). | <p>2012 Annual report with sustainability information & COP:</p> <p>This is Atlas Copco, "Vision, mission and strategy", p.6 (<i>Topic 1-2</i>)</p> <p>Signatures of the Board of Directors, p.123 (<i>Topic 3</i>)</p> |
| Criterion 21: The COP describes stakeholder engagement | <ol style="list-style-type: none"> Publicly recognize responsibility for the company's impacts on internal and external stakeholders. Define sustainability strategies, goals and policies in consultation with key stakeholders. Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance. Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect "whistle-blowers". | <p>2012 Annual report with sustainability information & COP:</p> <p>About the annual report, p.2 (<i>Topic 1</i>)</p> <p>This is Atlas Copco, "Creating value for all stakeholders" and "Goals for sustainable, profitable development", p.7 (<i>Topic 1, 2</i>)</p> <p>Stakeholders, p.9 (<i>Topic 1, 3-4</i>)</p> <p>The year in review, "Main issues raised in stakeholder dialogues", p.12 (<i>Topic 1-3</i>)</p> <p>Employees, "Employee surveys", p.42 (<i>Topic 3</i>)</p> <p>Society, "Corruption and anti-competitive behavior", "Hotline", p.46 (<i>Topic 4</i>)</p> |

ANNEX Business and Peace

| Advanced level criteria | Relevant topics addressed in Atlas Copco's reporting | Related references in Atlas Copco reporting |
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| The COP describes policies and practices related to the company's core business operations in high-risk or conflict-affected areas | <ol style="list-style-type: none"> Information on how policies, strategies and operating practices have been adapted to the specific high-risk/conflict context based on due diligence. Adherence to best practices even where national law sets a lower standard, including in the management of security services. Management of the supply chain to avoid contributing to conflict through purchasing decisions and practices. | <p>2012 Annual report with sustainability information & COP:</p> <p>This is how we do business, "Business Code of Practice", p.11 (<i>Topic 1</i>)</p> <p>Risks, risk management and opportunities, "Human rights risks", p.39 (<i>Topic 1</i>)</p> <p>Business Partners, "Training", p.45 (<i>Topic 3</i>)</p> <p>Society, "Anti-corruption principles", p.46 (<i>Topic 1-3</i>)</p> |

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| | | <p>Society, “Human rights” and “Due diligence on human rights”, p. 47 (<i>Topic 1-3</i>)</p> <p>Atlas Copco Human Rights Risk Map, (<i>Topic 1</i>) www.atlascopco.com/Group/Sustainability</p> |
| <p>The COP describes policies and practices related to the company’s government relations in high-risk or conflict-affected areas</p> | <ol style="list-style-type: none"> 1. Assessment of opportunities for constructive engagement with government actors in order to support peace. 2. Measures undertaken to avoid complicity in human rights violations by government actors. 3. Management practices aimed at preventing corrupt relationships with government officials. | <p>2012 Annual report with sustainability information & COP:</p> <p>Stakeholders, Society and Environment”, p.9 (<i>Topic 1</i>)</p> <p>This is how we do business, “Business Code of Practice”, p.11 (<i>Topic 1</i>)</p> <p>Risks, risk management and opportunities, “Human rights risks”, p.39 (<i>Topic 1</i>)</p> <p>Society, “Anti-corruption principles”, p.46 (<i>Topic 3</i>)</p> <p>Society, “Due diligence in human rights”, p.47 (<i>Topic 2</i>)</p> |
| <p>The COP describes local stakeholder engagement and strategic social investment activities of the company in high-risk or conflict-affected areas</p> | <ol style="list-style-type: none"> 1. Assessment of opportunities for constructive engagement with government actors in order to support peace. 2. Stakeholder engagement mechanisms across company and contractor operations. 3. Approaches to stakeholder engagement involving civil society, international organizations, etc 4. Actions toward constructive and peaceful company-community engagement. 5. Sustainable social investment projects. | <p>2012 Annual report with sustainability information & COP:</p> <p>Stakeholders, Society and Environment”, p.9 (<i>Topic 1-3</i>)</p> <p>Society, “Community engagement and charity”, p.47 (<i>Topic 1-3, 4, 5</i>)</p> <p>Atlas Copco Human Rights Risk Map, (<i>Topic 1</i>) www.atlascopco.com/Group/Sustainability</p> <p>Case stories, www.atlascopco.com/corporateresponsibility on HIV/AIDS programs involving suppliers, Water for All (<i>Topic 3-5</i>)</p> |

Atlas Copco, Corporate Communications, February 2013