

# ATLAS COPCO ANNUAL REPORT SUSTAINABILITY INFORMATION 2016

## Atlas Copco's priorities for sustainable profitable growth

In 2015, Atlas Copco launched its strategic priorities for sustainable, profitable growth. They were identified through a stakeholder-driven materiality mapping. The progress on these priorities are monitored with KPIs, and targets were finalized in 2016.

The materiality mapping process was guided by a number of international frameworks such as the GRI G4, but not limited to the definitions as proposed by the GRI. Stakeholders were encouraged to raise topics that were outside of the list of GRI indicators or aspects. The relation to Atlas Copco's reporting guidelines and stakeholder priorities, can also be found online at [www.atlascopcogroup.com/sustainability](http://www.atlascopcogroup.com/sustainability)

## Global Reporting Initiative (GRI) Index

Atlas Copco is committed to transparent, reliable and timely reporting on the most material sustainability aspects, as identified through extensive stakeholder engagement. The Group's annual report 2016 has been prepared in line with the requirements stipulated by GRI G4 Guidelines, in accordance to the Core option.

Regarding General Standard Disclosure and Disclosure of Management Approach (DMA), the Group has chosen to report them as an integrated part of the annual report 2016. Sustainability information in the annual report including GRI "in accordance" level has been subject to limited assurance by Deloitte AB.

The entities included in the Atlas Copco Group's annual report's sustainability information 2016 are disclosed on page 130 in the annual report. The reporting boundary has been set in accordance with the accounting principles for the Atlas Copco Group's annual report 2016.

Atlas Copco reports on all material aspects and boundaries, and some additional indicators that are relevant to the organization. Some indicators are reported locally in Atlas Copco companies but not consolidated at the Group level. All Atlas Copco production units and distribution centers are included in the environmental reporting. All Atlas Copco companies are included in the social/employees reporting. The scope for the reporting of business partners in the annual report, includes production units.

## UN Global Compact Advanced COP

Atlas Copco Group also reports against the UN Global Compact principles. The 2016 annual report is also the Group's Communication on Progress (COP) at the Global Compact Advanced level. The index can be used as a guide to understand Atlas Copco's commitments to the UN Global Compact's 10 principles. With regards to principles and criterion related to child labor, community engagement and public policy; these GRI G4 aspects were found to be outside the scope of materiality for the annual report 2016. However, Atlas Copco continues to integrate Children's rights into its business processes and policies, and acknowledges the risk on page 41 of its 2016 annual report (UNGC advanced COP criterion 3). Some public-private partnerships at the EU and international level is also disclosed in the annual report, as well as this index (UNGC advanced COP criterion 17). Details about Atlas Copco's community engagement program, Water for All can be found at [www.water4all.org](http://www.water4all.org) (UNGC advanced COP criterion 16).

# ATLAS COPCO GRI AND UNGC COMPLIANCE INDEX

| INDICATOR AND GRI NUMBER           |   | PAGES IN THE ANNUAL REPORT                    | UNGC COP (ADVANCED) CRITERIA | COMMENTS  |
|------------------------------------|---|---|------------------------------|---|
| <b>General Standard Disclosure</b> |   |   |                              |   |
| <b>Strategy and analysis</b>       |   |   |                              |   |
| <b>G4-1</b>                        | Statement from the most senior decision-maker of the organization   | 2–5   | 1, 2, 15, 19                 |   |
| <b>G4-2</b>                        | Description of key impacts, risks, and opportunities  | 38–41, 43                                     |                              |   |
| <b>Organizational profile</b>      |   |   |                              |   |
| <b>G4-3</b>                        | Name of the organization  | Inside cover                                  |                              |   |
| <b>G4-4</b>                        | Primary brands, products and/or services  | Inside cover, 20–37                           |                              |   |
| <b>G4-5</b>                        | Location of headquarter   | 1   |                              |   |
| <b>G4-6</b>                        | Countries where the Group operates  | Inside cover, 14, 21, 25, 27, 31, 35, 119–123 |                              |   |
| <b>G4-7</b>                        | Nature of ownership, legal form   | 55–57   |                              |   |
| <b>G4-8</b>                        | Markets served  | inside cover, 22, 28, 32, 36                  |                              |   |
| <b>G4-9</b>                        | Scale of the reporting organization   | Inside cover, 12, 15–18, 20–37, 46, 83        |                              |   |
| <b>G4-10</b>                       | Total workforce by employment type, employment contract, and region   | 4, 12, 18, 46, 84, 129                        |                              | The workforce is reported per region in the annual report, Note 5 Employees and personal expenses, based on average number of employees. The workforce is also reported per region based on number of employees at year end. The Group reports the workforce as full time employees (FTE) per geographical spread and per professional category, as well as divided between white-collar and blue-collar employees. |
| <b>G4-11</b>                       | Report the percentage of total employees covered by collective bargaining agreements  | 48  |                              |   |
| <b>G4-12</b>                       | Describe the organization's supply chain.   | 11, 49, 133                                   | 2                            |   |
| <b>G4-13</b>                       | Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain                           | inside cover, 5, 14–19, 50                    |                              |   |
| <b>G4-14</b>                       | Report whether and how the precautionary approach or principle is addressed by the organization   | 43–44   | 15                           |   |
| <b>G4-15</b>                       | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses | 130–131                                       |                              |   |

| INDICATOR AND GRI NUMBER   | PAGES IN THE ANNUAL REPORT | UNGC COP (ADVANCED) CRITERIA | COMMENTS   |
|--|----------------------------|------------------------------|--|
| <b>G4-16</b> List memberships of associations (such as industry associations) and national or international advocacy organization                            | 50                         | 15, 17, 18                   |  |
| <b>Identified Material Aspects and Boundaries</b>  |                            |                              |  |
| <b>Report profile</b>  |                            |                              |  |
| <b>G4-17</b> List all entities included in the organization's consolidated financial statements or equivalent documents, and those not covered by the report | 130                        |                              |  |
| <b>G4-18</b> Process for defining report content   | 6–9, 130–131               | 1                            | <p>Atlas Copco has an integrated annual report. The Group has made a Statement of Materiality and Significant Audiences, and engaged with over 200 institutional stakeholder directly and indirectly to identify the most material sustainability aspects. Input from employees, customers, business partners, civil society members and shareholders were mapped according to a stakeholder priority matrix.</p> <p>Issues that have a significant impact on Atlas Copco's business and were raised as high priority by stakeholders are given priority in the annual report, and guided the selection of material GRI G4 aspects for the GRI compliance index. Select topics that were mapped with lower priority, but raised by several stakeholders have also been included in the annual report as an exception. For example, Atlas Copco's approach to taxes was highlighted as a key topic by stakeholders in 2015 and follow-up on the issue included in the annual report 2016.</p> <p>The materiality findings were used to redefine Atlas Copco's KPIs for sustainable, profitable growth. The issues mapped on Atlas Copco's materiality matrix on page 131 are related to the GRI G4 aspects, but do not strictly follow the definition set by the G4 guidelines.</p> |
| <b>G4-19</b> List all the material aspects identified in the process for defining report content   | 6–7, 131                   | 1                            | <p>To guide the mapping, Atlas Copco has considered a number of external standards beyond the GRI G4 Aspect list, such as the UN Sustainable Development Goals and UN Global Compact Principles. The Group also informed its analysis with current and potential legislative trends, investor and NGO expectations, benchmarking with industry peers, business intelligence and risk mapping, lifecycle assessment information, that were raised in workshops with stakeholders, and reports we assessed. The outcomes of the materiality mapping have been approved by the CEO and Group Management, and will guide the strategy of the Group.</p> <p>The material aspects according to GRI G4 are: Economic, Environmental, Labor Practices &amp; Decent Work, Human Rights, Society, Product Responsibility. The material indicators are presented in brief online, and in detail in the GRI compliance index.</p>  |
| <b>G4-20</b> For each material aspect, report the aspect boundary within the organization  | 130–131                    | 2                            | Disclosed with each material aspect and indicator in the GRI compliance index.   |
| <b>G4-21</b> For each material aspect, report the aspect boundary outside the organization   | 6-7, 130 GRI Index         | 2                            | <p>Economic and financial performance is reported at group level as well as for the parent company. The material aspects were found to be relevant to Atlas Copco's approach to business partners (as defined by the Business Code of Practice) and customers, in addition to the Group's own operations. However, different indicators for the material aspects were found to differing in priority for different parts of the value chain. Disclosed with each material aspect and indicator in the GRI compliance index.</p>  |

| INDICATOR AND GRI NUMBER  | PAGES IN THE ANNUAL REPORT | UNGC COP (ADVANCED) CRITERIA | COMMENTS   |
|---|----------------------------|------------------------------|--|
| <b>G4-22</b> Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements                                     | 130                        |                              |  |
| <b>G4-23</b> Report significant changes from previous reporting periods in the scope and aspect boundaries  | 130                        |                              |  |
| <b>Stakeholder Engagement</b>   |                            |                              |  |
| <b>G4-24</b> Provide a list of stakeholder groups engaged by the organization   | 9, 131                     | 1, 21                        |  |
| <b>G4-25</b> Report the basis for identification and selection of stakeholders with whom to engage  | 9, 131                     | 21                           |  |
| <b>G4-26</b> Report the organization's approach to stakeholder engagement   | 43, 130-131, GRI Index     | 21                           | The annual general meeting is the main mechanism for primarily shareholders to provide recommendations or direction to the Board of Directors, which is described on page 57. The Atlas Copco Group has union representatives on the Board as described on page 58, 60-63. Atlas Copco companies aim to have an open culture so employees can directly contact the highest governance body. However, local management and/or divisions are responsible for operations and can assist in this regard. Atlas Copco also holds an Annual Stakeholder dialogue. Participants include the CEO, Executive management, and other key stakeholders as identified in the annual report. The Group also engages in the Swedish Leadership for Sustainable Development, to promote the Sustainable Development Goals. |
| <b>G4-27</b> Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns | 12-13, 131, GRI Index      | 21                           |  |
| <b>G4-28</b> Reporting period (such as fiscal or calendar year) for information provided.   | Inside cover, 130          |                              |  |
| <b>G4-29</b> Date of most recent previous report (if any)   | 130                        |                              |  |
| <b>G4-30</b> Reporting cycle (such as annual, biennial)   | 130                        |                              |  |
| <b>G4-31</b> Provide the contact point for questions regarding the report or its contents.  | Inside cover (ii)          |                              |  |
| <b>G4-32</b> Content Index  | GRI content index          |                              | Published with the annual report and can be found online at <a href="http://www.atlascopcogroup.com">www.atlascopcogroup.com</a>   |
| <b>G4-33</b> Report the organization's policy and current practice with regard to seeking external assurance for the report   | 125, 136                   |                              |  |
| <b>Governance</b>   |                            |                              |  |
| <b>G4-34</b> Report the governance structure of the organization, including committees of the highest governance body   | 8-9, 56-63                 | 20                           |  |
| <b>Ethics and Integrity</b>   |                            |                              |  |
| <b>G4-56</b> Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics                                 | 6-9, 49-50                 | 2, 20                        |  |

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|--|--------------------------------------|------------------------------|---|
| <b>Specific Standard Disclosures: Material Aspects</b>   |                                      |                              |   |
| <b>Economic: Economic performance (Impact boundaries inside the organization)</b>  |                                      |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 9, 14–19, 53                         | 15                           |   |
| <b>G4-EC1</b> Report the direct economic value generated and distributed (EVG&D)   | 14–17, 53, 137                       | 15                           |   |
| <b>G4-EC2</b> Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure | 41, 43, 51, 52                       |                              |   |
| <b>G4-EC3</b> Coverage of the organization's defined benefit plan obligations  | 73, 84–86                            |                              | The Atlas Copco Group applies IFRS and discloses employee benefits in accordance with IAS 19.   |
| <b>G4-EC4</b> Report the total monetary value of financial assistance received by the organization from governments during the reporting period                    | 53                                   |                              |   |
| <b>Economic: Market Presence (Impact boundaries inside the organization)</b>   |                                      |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 9, 14–15, 21–22, 27–28, 31–32, 35–36 |                              |   |
| <b>G4-EC6</b> Proportion of senior management hired from the local community at significant locations of operation   | 46                                   |                              |   |
| <b>Environment: Energy (Impact boundaries inside and outside the organization)</b>   |                                      |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 3–5, 51, 131                         | 1, 2, 9                      | Stakeholders presented this as an increasingly important topic. Atlas Copco's Safety Health and Environment Policy can be found online at <a href="http://www.atlascopcogroup.com">www.atlascopcogroup.com</a>  |
| <b>G4-EN3</b> Energy consumption within the organisation   | 51–52, 129, 132                      | 10, 11                       | The Atlas Copco Group reports and follows-up on direct energy use in GWh. The Group does not report on energy production sold.  |
| <b>G4-EN5</b> Energy intensity   | 52, 129, 132                         | 10, 11                       | The Atlas Copco Group reports and follows-up on energy use in GWh with relation to Cost of Sales (MSEK).  |
| <b>G4-EN6</b> Reduction of energy consumption  | 51–52, 129                           | 10, 11                       | <b>Omission:</b> The largest individual causes for reductions in energy consumption in 2016 were due to structural changes. Data on conservation measures are not collected on Group level, but major initiatives for reducing energy consumption are tracked.  |
| <b>G4-EN7</b> Report the reductions in the energy requirements of sold products and services achieved during the reporting period.                                 | 22, 25, 28, 32, 36, 44–45, 52, 135   | 10, 11                       | <b>Omission:</b> This indicator is reported partially. Atlas Copco's product portfolio contains over 10 000 products, with a wide range of end-use applications and sizes. The Group does not report on the energy-efficiency of all/the majority of its products in the Annual Report. Select energy-efficiency cases, representing relevant, non-niche products are used to provide stakeholders insight into Atlas Copco's innovations with a lifecycle perspective. These cases create a representative profile for similar products from the same division or business area. |
| <b>Environment: Water (Impact boundaries inside and outside the organization)</b>  |                                      |                              |   |

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| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 41, 51, 131                | 1, 2, 9                      | <p>Total water consumption by Atlas Copco's own operations, as defined by the GRI indicator, was mapped with relative low priority by all stakeholders, because the impact lies primarily in the Group's value chain. Atlas Copco's business model focuses primarily on assembly which is relatively less resource-intensive, as water consumption patterns measured from 2010-2016 have shown.</p> <p>However, the Group is exposed to water risk in certain regions which could result in business interruptions. This was mapped as a higher priority, presented as risk and crisis management. Therefore, Atlas Copco Group has formulated a KPI targeting this under one of the strategic priorities. This is reported quantitatively and qualitatively in the 2016 Annual Report.</p> |
| <b>G4-EN9</b> Report the total number of water sources significantly affected by withdrawal by type | 51, 129                    | 11, 12                       | <p>All of Atlas Copco's water supply comes from municipal sources. Atlas Copco used the Maplecroft water risk maps to identify operations in water stress areas, and has set a KPI to track the water consumption specifically in these regions.</p>  |
| <b>Environment: Emissions (Impact boundaries inside and outside the organization)</b>               |                            |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 3, 41, 51, 52, 131         | 1, 2, 9                      | <p>Atlas Copco's Safety Health and Environment Policy can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a></p>   |
| <b>G4-EN15</b> Total direct and indirect greenhouse gas emissions (Scope 1)                         | 129, 132                   | 10, 11                       | <p>Atlas Copco reports on CO<sub>2</sub> emissions since it is the major greenhouse gas.</p>  |
| <b>G4-EN16</b> Total indirect greenhouse gas emissions by weight (Scope 2)                          | 129, 132                   | 10, 11                       | <p>Atlas Copco reports on CO<sub>2</sub> emissions since it is the major greenhouse gas.</p>  |
| <b>G4-EN17</b> Other relevant indirect greenhouse gas emissions (Scope 3)                           | 52, 129, 132               | 10, 11                       | <p>Atlas Copco reports on CO<sub>2</sub> emissions since it is the major greenhouse gas.</p>  |
| <b>G4-EN18</b> Greenhouse gas intensity   | 129, 132                   | 10, 11                       | <p>Atlas Copco reports on CO<sub>2</sub> emissions since it is the major greenhouse gas.</p>  |
| <b>Environment: Products and services (Impact boundaries inside and outside the organization)</b>   |                            |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 3-5, 39, 41, 44-45, 131    | 1, 2, 9                      | <p>Atlas Copco's Safety Health and Environment Policy can be found online at <a href="http://www.atlascopcogroup.com">www.atlascopcogroup.com</a></p>   |
| <b>G4-EN27</b> Extent of impact mitigation of environmental impacts of products and services        | 44-45, 132, 135            | 10, 11                       | <p>Atlas Copco's product design process integrates an Environmental Review and one business area has launched Eco-design guidelines.</p> <p><b>Omission:</b> This indicator is reported partially. Atlas Copco's product portfolio contains over 10 000 products, with a wide range of end-use applications and sizes. The Group does not report on the energy-efficiency of all/the majority of its products in the annual report. Select energy-efficiency and eco design cases, representing relevant, non-niche products are used to provide stakeholders insight into Atlas Copco's innovations with a lifecycle perspective. These cases create a representative profile for similar products from the same division or business area.</p>  |
| <b>Environment: Compliance (Impact boundaries inside and outside the organization)</b>              |                            |                              |   |

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| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 50-52, 134                       | 1, 2, 9                      | Atlas Copco's ethical hotline can be used to report all perceived violations of Atlas Copco's Business Code of Practice - including non-compliance to Atlas Copco's environmental commitments. This indicator is legally material for five of Atlas Copco's Swedish operations. Atlas Copco follows all laws and regulations, and the Atlas Copco Business Code of Practice emphasizes the importance of transparency and accountability. The importance of transparency was also raised as high priority by stakeholders, under Atlas Copco's commitment to integrity and ethics. The materiality mapping and Business Code of Practice can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a> |
| <b>G4-EN29</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations                              | 132                              | 10, 11                       |  |
| <b>Environment: Transport (Impact boundaries inside and outside the organization)</b>   |                                  |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 51, 52, 128, 129                 | 1, 2, 9                      | Atlas Copco has developed an environmental impact scorecard with TruCost, which indicates that transport is one of the Group's biggest environmental impacts from its own operations.  |
| <b>G4-EN30</b> Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce. | 51, 52, 129, 132                 | 10, 11                       |  |
| <b>Environment: Supplier environmental assesment (Impact boundaries outside the organization)</b>   |                                  |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 10-11, 40, 49, 50, 127, 128, 133 | 1, 2, 9                      | Atlas Copco's business model relies heavily on collaborations with business partners, and its own operations focus mainly on assembly. The environmental risks and impacts are comparatively larger outside the organization, in the value chain.  |
| <b>G4-EN32</b> Report the percentage of new suppliers that were screened using environmental criteria   | 49, 134                          | 10, 11                       | Atlas Copco uses a risk based approach to identify significant suppliers. This scoping can include new and old suppliers every year. Data for new suppliers specifically is not disclosed.   |
| <b>Environment: Environmental grievance mechanisms (Impact boundaries inside and outside the organization)</b>  |                                  |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 50, 132, 134                     | 1, 2, 9                      | Atlas Copco's ethical hotline can be used to report all perceived violations of Atlas Copco's Business Code of Practice - including non-compliance to Atlas Copco's environmental commitments. This indicator is legally material for five of Atlas Copco's Swedish operations. Atlas Copco follows all laws and regulations, and the Atlas Copco Business Code of Practice emphasizes the importance of transparency and accountability. The importance of transparency was also raised as high priority by stakeholders, under Atlas Copco's commitment to integrity and ethics. The materiality mapping and Business Code of Practice can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a> |
| <b>G4-EN34</b> Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.   | 134                              | 11                           | Reporting through the Group's ethical hotline. No grievances about environmental impacts filed.  |
| <b>Labor practices and decent work: Employment (Impact boundaries inside the organization)</b>  |                                  |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 46, 47, 131, 132                 | 1, 2, 6                      | Atlas Copco's Human Resources Board has set a KPI to monitor turnover under one of the strategic priorities. This is reported qualitatively and quantitatively in the annual report 2016.  |
| <b>G4-LA1</b> Total number and rate of employee hires turnover by age group, gender, and region.  | 46, 47, 87, 129                  | 7, 8                         | <b>Omission:</b> With reference to legislative reasons employee turnover is not reported by age group or gender.   |
| <b>Labor practices and decent work: Labor/Management relations (Impact boundaries inside and outside the organization)</b>  |                                  |                              |  |

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|---|------------------------------|------------------------------|--|
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 9, 48, 49                    | 1, 2, 6                      | Atlas Copco's Business Code of Practice is based on international guidelines and frameworks such as the UN Global Compact and ILO standards. Collective bargaining is specifically mentioned in the Group's Business Code of Practice, which can be found in 37 languages online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a> |
| <b>G4-LA4</b> Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.   | 98                           | 7, 8                         | Atlas Copco complies with local labor regulations as well as agreements made with local unions.  |
| <b>Labor practices and decent work: Occupational health and safety (Impact boundaries inside the organization)</b>  |                              |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 41, 48, 131                  | 1, 2, 6                      |  |
| <b>G4-LA6</b> Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.  | 13, 48, 129, 133             | 7, 8                         | Atlas Copco reports sick leave and number of fatalities on total level and not by region. Sick leave includes occupational diseases and own diseases.  |
| <b>Labor practices and decent work: Training and education (Impact boundaries inside the organization)</b>  |                              |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 47, 129, 131                 | 1, 2, 6                      | One of the Group's non-financial KPIs, reported quantitatively in the annual report 2016.  |
| <b>G4-LA11</b> Percentage of employees receiving regular performance and career development reviews.  | 47, 129                      | 7, 8                         |  |
| <b>Labor practices and decent work: Diversity and equal opportunity (Impact boundaries inside the organization)</b>   |                              |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 4, 46, 131                   | 1, 2, 6                      |  |
| <b>G4-LA12</b> Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | 13, 46–47, 60–63, 85–87, 129 | 7                            | <b>Omission:</b> Age group is not disclosed at Group level. Minority group membership is not reported on in the Group.   |
| <b>Labor practices and decent work: Supplier Evaluations (Impact boundaries outside the organization)</b>   |                              |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 10–11, 40, 49, 131, 133      | 1, 2, 6                      | Atlas Copco's business model relies heavily on collaborations with business partners, and its own operations focus mainly on assembly. The labor risks and impacts are also material outside the organization, in the value chain.   |
| <b>G4-LA15</b> Significant actual and potential negative impacts for labor practices in the supply chain and actions taken  | 49, 133, 134                 | 8                            | Atlas Copco uses a risk based approach to identify significant suppliers. This scoping can include new and old suppliers every year. Data for new suppliers specifically is not disclosed.   |
| <b>Labor practices: Labor Practice grievance mechanisms (Impact boundaries inside and outside the organization)</b>   |                              |                              |  |



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| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 9, 134                     | 1, 2, 6                      | Atlas Copco's ethical hotline can be used to report all perceived violations of Atlas Copco's Business Code of Practice - including non-compliance to Atlas Copco's labor commitments. Atlas Copco follows all laws and regulations, and the Atlas Copco Business Code of Practice emphasizes the importance of transparency and accountability. The importance of transparency was also raised as high priority by stakeholders, under Atlas Copco's commitment to integrity and ethics. The materiality mapping and Business Code of Practice can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a> |
| <b>G4-LA16</b> Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.   | 134                        | 8                            | Reporting through the Group's ethical hotline.  |
| <b>Human Rights: Investment (Impact boundaries inside the organization)</b>   |                            |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 9, 40, 41, 49, 131         | 1, 2, 3                      | Atlas Copco's Business Code of Practice is based on international guidelines and frameworks such as the UN Global Compact and the International Bill of Human Rights. The Group committed to the UN Guiding Principles for Business and Human Rights when it was launched in 2011. The Group's Business Code of Practice and Human Rights Statement can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a>   |
| <b>G4-HR1</b> Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening                                 | 49-50, 129, 134            | 4, 5                         |   |
| <b>G4-HR2</b> Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | 50                         | 4, 5                         | Employee training hours is not reported by category of training at the Group level.   |
| <b>Human Rights: Non-discrimination (Impact boundaries inside and outside the organization)</b>   |                            |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 9, 40, 41, 49, 131, 134    | 1, 2                         | Atlas Copco's Business Code of Practice is based on international guidelines and frameworks such as the UN Global Compact and the International Bill of Human Rights. The Group committed to the UN Guiding Principles for Business and Human Rights when it was launched in 2011. The Group's Business Code of Practice and Human Rights Statement can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a>   |
| <b>G4-HR3</b> Total number of incidents of discrimination and corrective actions taken  | 134                        | 5                            |   |
| <b>Human Rights: Freedom of association (Impact boundaries inside and outside the organization)</b>   |                            |                              |   |

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|--|----------------------------|------------------------------|---|
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 9, 41, 49, 129, 134        | 1, 2, 3                      | Atlas Copco's Business Code of Practice is based on international guidelines and frameworks such as the UN Global Compact, ILO and the International Bill of Human Rights. The Group committed to the UN Guiding Principles for Business and Human Rights when it was launched in 2011. The Group's Business Code of Practice and Human Rights Statement can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a>  |
| <b>G4-HR4</b> Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | 48<br>133, 134             | 5                            | <b>Omission:</b> The Atlas Copco Group reports percentage of employees covered by collective bargaining. Labour relations risk data is not compiled at Group level according to geography, operation or supplier. Labour relations are followed-up regularly on the operational level and reviewed by the internal audit. Suppliers in the risk scope are audited according to compliance to the Atlas Copco's Business Code of Practice based on international guidelines and frameworks such as the UN Global Compact and the ILO core conventions. |
| <b>Human Rights: Forced or compulsory labor (Impact boundaries outside the organization)</b>   |                            |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 9, 41, 49, 131, 133        | 1, 2, 3                      | Atlas Copco's Business Code of Practice is based on international guidelines and frameworks such as the UN Global Compact and the International Bill of Human Rights. The Group committed to the UN Guiding Principles for Business and Human Rights when it was launched in 2011. The Group's Business Code of Practice and Human Rights Statement can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a>   |
| <b>G4-HR6</b> Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.   | 41, 49, 133, 134           | 5                            |   |
| <b>Human Rights: Assesment (Impact boundaries inside and outside the organization)</b>   |                            |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 9, 49, 131, 134            | 1, 2, 3                      | Atlas Copco's Business Code of Practice is based on international guidelines and frameworks such as the UN Global Compact and the International Bill of Human Rights. The Group committed to the UN Guiding Principles for Business and Human Rights when it was launched in 2011. The Group's Business Code of Practice and Human Rights Statement can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a>   |
| <b>G4-HR9</b> Total number and percentage of operations that have been subject to human rights reviews or impact assessments   | 49, 133, 134               | 4, 5                         |   |
| <b>Human rights: Supply Chain (Impact boundaries outside the organization)</b>   |                            |                              |   |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 9, 49, 131, 134            | 1, 2, 3, 4                   | Atlas Copco's Business Code of Practice is based on international guidelines and frameworks such as the UN Global Compact and the International Bill of Human Rights. The Group committed to the UN Guiding Principles for Business and Human Rights when it was launched in 2011. The Group's Business Code of Practice and Human Rights Statement can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a>   |

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| <b>G4-HR10</b> Percentage of new suppliers that were screened using human rights criteria   | 49, 133                    | 4, 5                         | Atlas Copco uses a risk based approach to identify significant suppliers. This scoping can include new and old suppliers every year. Data for new suppliers specifically is not disclosed.   |
| <b>Human rights: Grievance Mechanisms (Impact boundaries inside and outside the organization)</b>   |                            |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 9, 49, 50, 131, 134        | 1, 2, 3, 4                   | Atlas Copco's Business Code of Practice is based on international guidelines and frameworks such as the UN Global Compact and the International Bill of Human Rights. The Group committed to the UN Guiding Principles for Business and Human Rights when it was launched in 2011. Atlas Copco's ethical hotline can be used to report all perceived violations of Atlas Copco's Business Code of Practice - including non-compliance to Atlas Copco's human rights commitments.<br><br>The Group's Business Code of Practice and Human Rights Statement can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a> |
| <b>G4-HR12</b> Report the total number of grievances about human rights impacts filed through formal grievance mechanisms during the reporting period | 134                        | 5                            | Reporting through the Group's ethical hotline.   |
| <b>Society: Anti-corruption (Impact boundaries inside and outside the organization)</b>   |                            |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 4, 9, 41, 49, 131, 133     | 1, 2, 12                     |  |
| <b>G4-SO3</b> Total number and percentage of operations assessed for risks related to corruption and the significant risks identified                 | 41, 49, 134                | 13, 14                       |  |
| <b>G4-SO4</b> Communication and training on anti-corruption policies and procedures   | 49, 50                     | 13, 14                       | <b>Omission:</b> This indicator is reported partially. The aspect and indicator is material for Atlas Copco. However Atlas Copco does not currently report data by employee category and region for this specific training, consolidated at the Group level.   |
| <b>G4-SO5</b> Confirmed incidents of corruption and actions taken   | 134                        | 14                           |  |
| <b>Society: Anti-competitive behavior (Impact boundaries inside and outside the organization)</b>   |                            |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 9, 131                     | 1, 2, 12                     | Atlas Copco follows all laws and regulations, and the Atlas Copco Business Code of Practice emphasizes the importance of transparency and accountability. The importance of transparency was also raised as high priority by stakeholders, under Atlas Copco's commitment to integrity and ethics. The materiality mapping and Business Code of Practice can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a>   |
| <b>G4-SO7</b> Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes                      | 134                        | 14                           |  |
| <b>Society: Compliance (Impact boundaries inside and outside the organization)</b>  |                            |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material  | 9, 131                     | 1, 2, 12                     | Atlas Copco follows all laws and regulations, and the Atlas Copco Business Code of Practice emphasizes the importance of transparency and accountability. The importance of transparency was also raised as high priority by stakeholders, under Atlas Copco's commitment to integrity and ethics. The materiality mapping and Business Code of Practice can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a>   |

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| <b>G4-SO8</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations                | 134                        | 14                           |  |
| <b>Society: Grievance mechanisms (Impact boundaries inside and outside the organization)</b>   |                            |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 9, 131                     | 1, 2, 12                     | Atlas Copco follows all laws and regulations, and the Atlas Copco Business Code of Practice emphasizes the importance of transparency and accountability. The importance of transparency was also raised as high priority by stakeholders, under Atlas Copco's commitment to integrity and ethics. The materiality mapping and Business Code of Practice can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a> |
| <b>G4-SO11</b> Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms                          | 134                        | 14                           |  |
| <b>Product Responsibility: Customer health and safety (Impact boundaries outside the organization)</b>   |                            |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 3, 8, 37, 39, 131          |                              |  |
| <b>G4-PR1</b> Percentage of significant product and service categories for which health and safety impacts are assessed for improvement                  |                            |                              | <b>Omission:</b> This indicator is material for Atlas Copco however, this aspect is not measured in percentage at the Group level. Customer health and safety is a key driver for product development and integrated into the design process. Atlas Copco's annual report 2016 does not contain specific cases on this aspect, however cases are available online at <a href="http://innovationstories.atlascopco.com">innovationstories.atlascopco.com</a> .                      |
| <b>Product Responsibility: Compliance (Impact boundaries outside the organization)</b>   |                            |                              |  |
| <b>G4-DMA</b> Report why the aspect is material. Report the impacts that make this aspect material   | 9, 131, 132, 134           |                              | Atlas Copco follows all laws and regulations, and the Atlas Copco Business Code of Practice emphasizes the importance of transparency and accountability. The importance of transparency was also raised as high priority by stakeholders, under Atlas Copco's commitment to integrity and ethics. The materiality mapping and Business Code of Practice can be found online at <a href="http://www.atlascopcogroup.com/sustainability">www.atlascopcogroup.com/sustainability</a> |
| <b>G4-PR9</b> Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | 132                        |                              |  |