Leadership in Atlas Copco
“Ability to create lasting results”

Atlas Copco Capital Markets Day, December 1, 2010
Jeanette Livijn
Vice President Organizational Development and Human Resources

Ability to create lasting results

- Leadership model
- Diversity in management
- Growth market capabilities

Long term and vision driven

FIRST IN MIND - FIRST IN CHOICE

THREE HORIZONS

1. THREE HORIZONS
2. DEVELOP AND EXPAND CORE
3. BUILD NEW BUSINESS

TO INCOME AND EMAN

3
Result focused and performance oriented

- Transparency in strategies and expectations
- Ownership and clarity in roles and responsibilities
- Freedom with accountability
- Strive for innovation and continuous improvements
  - There is always a better way

Vital organization, reflecting outlined strategy

Open internal job and project market

- Mission is between 3-5 years
- All positions in all countries are advertised internally
- Managers grow employees for the Group
- Attracts and promotes talent globally
- Equal opportunities
- Goal is 85% internally recruited managers

Strong company culture

- We are cost conscious
- We reward result and performance
- We honor our commitments
- We solve problems directly
- We have open communication and raise red flags
- We know there is always a better way
- We have the right task
- We know that asking for help is a sign of maturity
- We are fair and have high ethical standards

Interaction - Commitment - Innovation
Decentralized structure

- Divisional presidents (19) have our highest operational responsibility
- Clear accountability for consolidated P/L and working capital in all 400 business units
- Advanced business control system to follow up trends and results on a monthly basis
- Gives speed and agility
- Supports innovation and entrepreneurial spirit

Ability to create lasting results

Leadership model
Diversity in management
Growth market capabilities

Our challenge 10-15 years ago...
... to develop local leadership capabilities in our growth markets

North America
Local GMs: 59%
Other nationalities: 41%

Europe
Local GMs: 97%
Other nationalities: 3%

Asia
Local GMs: 59%
Other nationalities: 41%

Decentralized structure

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Our challenge today and for the future…
...to develop global leadership capabilities from our growth markets

- We have 39 nationalities among our top 300+ managers
- We have 15 nationalities in our divisional management teams
- New Group-wide leadership program for management development in the growth markets
- Short term project assignments for developing talents from growth markets
- Technology to support work on distance
- Senior management located in Asia

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Our challenge today and for the future…
...is also gender diversity

- Yearly targets for increased female managers
- Quarterly follow up of candidates and appointments
- Install female network globally and locally to support
- Quotas in training programs
- Mentor programs & short term assignments
- Strong focus on female high potentials
- Gender rule for recruiting graduates
- Gender branding and awareness
- Learn about female recruitment channels

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Capability in growth markets means…

Attract - First in Mind–First in Choice®

- Career opportunities, competence development and company culture attracts talent
- Local employer branding with global co-ordination and support
  - Campus recruitments
  - Lectures at campus
  - Scholarships
  - Management school co-operations
  - Employer branding at product exhibitions
  - Active in social media
  - CSR activities

Develop - First in Mind–First in Choice®

- 70%+ of all Managers in Asia are internally recruited
- Extensive training to secure competence for our
  - 7 700 employees
  - 175 field offices for 17 brands
  - >900 distributors
  - 17 manufacturing facilities
  - Product design and development centers
Keep - First in Mind–First in Choice®

- Company culture
- Transparent job market
- Extensive training – ACademy
- Active career development
- Pension plan
- International project and job opportunities

Employee turnover China

<table>
<thead>
<tr>
<th>Year</th>
<th>Atlas Copco China (Salaried, %)</th>
<th>China National (Salaried, %)</th>
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<tbody>
<tr>
<td>2006</td>
<td>0%</td>
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<tr>
<td>2007</td>
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<td></td>
</tr>
<tr>
<td>2008</td>
<td>4%</td>
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<td>2009</td>
<td>6%</td>
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<tr>
<td>2010</td>
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</tbody>
</table>

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Summary

- International project and job opportunities

A GROUP TO BE PROUD OF
WE MAKE IT HAPPEN
Committed to sustainable productivity.