



Modern Slavery Statement 2022

(Published in 2023)



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INTRODUCTION

This is the Atlas Copco* Modern Slavery statement issued under the UK Modern Slavery Act 2015 Section 54 (the “Act”). This statement sets out the steps taken to prevent slavery and human trafficking in our operations and supply chain during the financial year ending December 2022 and has been published in accordance with the Act.

We continue to have an unwavering commitment to the highest ethical behaviour, including zero tolerance for human rights abuses, bribery, and corruption. We are strong advocates for transparency and collaborate to eliminate risks of modern slavery in our supply chains.

This statement has been approved by the Boards of the following UK subsidiaries: -

Atlas Copco Limited

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OUR BUSINESS STRUCTURE AND SUPPLY CHAINS

Atlas Copco is a global industrial engineering company headquartered in Stockholm, Sweden. It is a Nasdaq listed company and is one of the largest companies in Sweden. We have around 49,000 employees and customers in more than 180 countries. Our industrial ideas empower our customers to grow and drive society forward. We are pioneers and technology drivers and industries all over the world rely on our expertise. Our market-leading compressors, vacuum solutions, generators, pumps, power tools and assembly systems can be found everywhere.

Atlas Copco AB is the ultimate parent of all of the subsidiaries in the UK that are obliged to report under the UK Modern Slavery Act (the reporting subsidiaries). We strongly adhere to the strict global processes and controls that are mandated by Atlas Copco AB. We have operated in the UK for over 100 years and our reporting subsidiaries span across all of our key business areas.

We want to be part of a solution for a better tomorrow. We recognize that our long-term success depends on how we behave towards our colleagues, business partners, society, and the planet. All Atlas Copco entities are heavily certificated to demonstrate our compliance and adherence to good industry practice and we have the same expectations of our suppliers. Our reporting subsidiaries within the UK group hold a number of industry certificates between them, for example ISO 9001, 14001, 45001, 13485 and IATF16949.

We have hundreds of direct and indirect suppliers who manufacture and transport raw materials and components globally. These suppliers include small to medium enterprises and larger scale companies, and we have suppliers globally. We work closely with our distributors, who engage with our customers directly assisting with our sustainable growth. All of our distributors are required to operate in accordance with the Atlas Copco Business Code of Practice. This includes abiding by a commitment to ensure there is no Modern Slavery activity within their organisation and supply chain.

Due to the structure of our business, we have the ability both upstream and downstream to promote respect for human rights and make a real and positive impact on people's lives.

POLICIES RELATING TO MODERN SLAVERY

There are several 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 (GC)
- OECD's Guidelines for Multinational Enterprises
- The Responsible Business Alliance Code of Conduct

Our commitment to address modern slavery is supported by the provisions in the [Atlas Copco Code of Conduct \(the Code of Conduct\)](#). The Code of Conduct applies to all employees, business partners and, the Board of Directors of Atlas Copco AB and, describes our fundamental principles related to ethics, social and environmental performance. Forced, bonded and compulsory labour is prohibited, and we do not accept child labour and other forms of exploitation of children. Business partners must abide by a commitment to ensure there is no slavery activity within their organisation and a failure to adhere to the Code of Conduct will result in a termination of any business relationship unless material steps to comply are taken.

Employees and external stakeholders can easily raise concerns about ethics, human rights, compliance, or safety issues through our third-party reporting system, [Atlas Copco Speak Up](#). Suspicions of misconduct can be reported in 30 plus languages and all reports are anonymous. Substantiated reports may result in disciplinary action, including termination and legal action, where appropriate.

In addition, Edwards Limited is proud to be a member of the Responsible Business Alliance (RBA). The RBA is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. RBA members commit and are held accountable to a common Code of Conduct and utilise a range of RBA training and assessment tools to support continuous improvement in the social, environmental, and ethical responsibility of their supply chains. In addition to Atlas Copco's Code of Conduct, all our suppliers are required to adhere to the RBA's own code of conduct which defines the acceptable safety,



environmental, product quality, product stewardship, labour, human rights, social and legal standards, under which products shall be made and services provided.

DUE DILIGENCE PROCESSES

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

Before we begin business with a supplier, we undertake an assessment and where necessary, a detailed audit of the supplier's premises. The type of due diligence method depends on the risk assessment performed at the initial stage of potential engagement. This includes criteria such as: quality, delivery, finance, environment, health, and safety.

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

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

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

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

We continue to build our knowledge of slavery by examining labour trends produced by the Association of Labour Providers. With any shortage in labour, we are aware of the potential increased risk of slavery.

RISK ASSESSMENT AND MANAGEMENT

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

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

In addition, 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).

Our Product Companies are third party certified via a common global management system to the international management systems standards for

- ISO14001 environment,
- ISO45001 safety,
- ISO9001 quality,
-

MEASURING EFFECTIVENESS AND KEY PERFORMANCE INDICATORS

[Key performance indicators](#) which include areas relating to people and ethics have been set by our parent, Atlas Copco AB.

Goal	Target	2020**	2021**	2022**
Employees sign the Code of Conduct compliance statement annually	100%	99%	98%	99%
Significant suppliers have confirmed compliance with the Code of Conduct	100%	93%	93%	93%
Significant distributors confirm compliance with the Code of Conduct	100%	84%	87%	92%

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

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

TRAINING AND RAISING AWARENESS

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.

All employees are required to sign the Code of Conduct compliance statement every year and participate in the Code of Conduct classroom training every two years. Significant business partners need to sign the Business Partner Criteria every five years.

From 2023, it is mandatory that all employees attend classroom training regarding the Atlas Copco Group Code of Conduct and what it means to each employee and to the Group as a whole.

The training is comprised of a leader-led session where a minimum of three ethical dilemmas are discussed together with our colleagues in order to understand how our Code of Conduct should affect our approach to challenging situations.



FUTURE PLANS

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

We have introduced two new key performance indicators for the financial year ending 31 December 2023.

Goal	Target
New employees participate in the Atlas Copco ethics training within 12 months of joining the Company.	100%
Employees participate in the Atlas Copco Group's ethics training every other year, starting 2023.	100%