



Atlas Copco



**Modern Slavery
Statement
2020**

Atlas Copco Australia Pty Ltd Modern Slavery Act - 2020 Statement

Worldwide, Atlas Copco is a leading global manufacturing organisation which is listed on Nasdaq Stockholm (Atlas Copco AB) (“**Atlas Copco**”). Atlas Copco has had a presence in Australia since 1950. The related entities of Atlas Copco AB which have a presence in Australia are:

1. Atlas Copco Australia Pty Ltd (ACN 620 125 153);
2. Walker Filtration Pty Ltd (ACN 066 425 125); and
3. SCS Filtration Pty Ltd (ACN 008 996 558).

Atlas Copco Australia Pty Ltd employs approximately 250 staff across 4 business areas: Compressor Technique, Vacuum Technique, Industrial Technique, and Power Technique.

Walker Filtration Pty Ltd and SCS Filtration Pty Ltd (“Walker & SCS”) employ approximately 9 staff in total. Walker & SCS operate under the direction of Atlas Copco Australia Pty Ltd and predominantly share the same executive management.

For the purposes of this Modern Slavery Statement, any reference to “Atlas Copco Australia” is intended to refer to and include Atlas Copco Australia Pty Ltd, together with Walker & SCS.

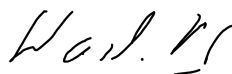
Atlas Copco is committed to take all reasonable actions to prevent and avoid any instances of modern slavery in our supply chains or in any part of our business. All major Atlas Copco entities are required by the Atlas Copco Group to be ISO9001 compliant and we expect our business partners to adhere to the principles and values expressed in the Atlas Copco Business Code of Practice. All potential suppliers are assessed across a number of factors including human rights and modern slavery practices. Significant business partners are required to sign the business partner criteria, which includes the prohibition of forced labour, and regular audits are conducted. Furthermore, in all of our General Terms and Conditions in Australia, we specifically refer to the Atlas Copco Business Code of Practice and provide that failure to adhere to our code could result in the termination of any business relationship.

The Atlas Copco Business Code of Practice is embedded within the Atlas Copco culture and we carry out regular training sessions for all members of staff. All employees are required to sign a Compliance Statement annually to ensure that they are reminded of their obligations under the Business Code of Practice.

This Statement refers to the Calendar Year ending 31 December 2020. It sets out the steps taken by Atlas Copco Australia Pty Ltd to prevent modern slavery in our own operations and supply chain. Our commitments are embedded within our Business Code of Practice to ensure that we are operating our business with a positive contribution to our colleagues, customers and communities.

This Statement is made pursuant to the Modern Slavery Act 2018 and was approved by the Board of Directors of Atlas Copco Australia Pty Limited on 19 April 2021.

Horst Wasel
DIRECTOR



Date:

30 April 2021

Background

Modern Slavery is the term used to describe human trafficking, slavery and slavery-like practices such as servitude, forced labour and debt bondage. This Statement sets out how Atlas Copco Australia, a company which is part of the Atlas Copco Group, addresses risks of modern slavery in our operations and supply chain in accordance with the requirements set out in the Modern Slavery Act 2018 (Cth) (“**the Act**”).

Structure and Operations

Atlas Copco AB is a global group of companies headquartered in Sweden. Atlas Copco Group employs approximately 39,000 staff globally in around 71+ countries, with a sales reach in over 180 countries.

Atlas Copco Group’s mission is to deliver sustainable, profitable growth. That means the Atlas Copco Group strives to protect and grow its business, including its resources and people, in a way that is economically, environmentally and socially responsible.

Industries all over the world rely on the Atlas Copco Group’s expertise and innovations to help grow their businesses. The Atlas Copco Group’s products and solutions can be found everywhere and include compressors, vacuum solutions and air treatment systems, construction equipment, power tools and assembly systems. The Atlas Copco Group has a diversified set and portfolio of strong brands to bring its products to market.



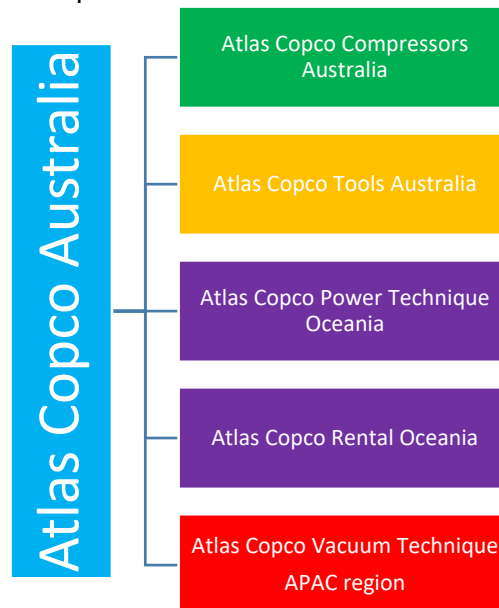
The organisation is based upon the principal of decentralised responsibilities and authorities. The operations are organised in four business areas comprised of 23 divisions. The organisation has both operating units and legal units. Through a common Holding structure, we ensure that the Group stays unified with a strong culture.

Atlas Copco Australia Pty Ltd’s ultimate parent company is Atlas Copco AB. The Australian company employs approximately 250 staff in branch offices located in the capital cities and regional areas. The headquarters for Atlas Copco Australia is located at 3 Bessemer Street, Blacktown, Sydney, NSW.

Walker & SCS share the same ultimate parent company as Atlas Copco Australia Pty Ltd, being Atlas Copco AB, and as at the date of this Statement, employ a total of 9 staff out of their headquarters, located at 16-18 Lindon Court, Tullamarine, Victoria.

Atlas Copco Australia does not own or control any other entities.

On 2 March 2020, Atlas Copco Australia Pty Ltd achieved full accreditation status of Australian Trusted Trader by Australian Border Force in meeting the required standard of supply chain security and trade compliance.



Atlas Copco Australia Pty Ltd is a sales and service business of industrial equipment. The products we bring into the Australian market include air compressors, gas compressors, vacuum systems, pumps, generators, and pneumatic tools and assembly systems.

Walker Filtration Pty Ltd designs, develops and manufactures a comprehensive range of high-quality Compressed Air, Gas Filtration and Drying solutions for a wide range of industrial and medical applications.

SCS Filtration Pty td is a leading wholesaler of filtration products to compressor service companies, pneumatic equipment suppliers and airline installers.

Our Supply Chain

The Atlas Copco Group owns production facilities located in a number of different countries. Most of the equipment or goods sold in Australia by Atlas Copco Australia are manufactured in Europe and China.

Product Companies



Belgium | Brazil | China | Czech Republic | Denmark | France | German | Hungary | India | Italy | Japan | Netherlands | South Korea | Spain | Sweden | Turkey | USA

The Atlas Copco Group works hard to uphold the same standard of ethics and conduct wherever it does business, and despite the fact that many countries struggle with corruption, labour issues and human rights abuses, environmental standards and legal frameworks also vary widely from one country to another, the risk is even higher in conflict zones, where there is little or no rule of law.

The Atlas Copco Group is continually strengthening its business practices in those markets through dialogue aimed at understanding and reducing the risks involved, aiming to have a positive impact wherever it does business, and in some instances, has enacted its own principle decisions regarding particular countries, of which the risks are high, see <https://www.atlascopcogroup.com/en/sustainability/living-by-the-highest-ethical-standards/responsible-value-chain>

Governance Framework

The Atlas Copco Group recognises the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption. The Atlas Copco Group has been and continues to be a signatory to the UN Global Compact since 2008.

The UN Global Compact ten principles are:

Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2:	Make sure that they are not complicit in human rights abuses.
Labour Standards	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4:	the elimination of all forms of forced and compulsory labour;
	Principle 5:	the effective abolition of child labour; and
	Principle 6:	The elimination of discrimination in respect of employment and occupation.
Environment	Principle 7:	Businesses are asked to support a precautionary approach to environmental challenges;
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and
	Principle 9:	Encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.

Atlas Copco Human Rights Statement

The Atlas Copco Group's Human Rights Statement is to expand on the Group's commitment to respect and support human rights, which is an integral part of the Business Code of Practice.

The Atlas Copco Group's Human Rights Statement reflects the corporate responsibility as defined in the United Nations Guiding Principles on Business & Human Rights and which has been adopted by the Atlas Copco Group. The Atlas Copco Group respects and supports all internationally recognised human rights and seeks to avoid complicity in human rights abuses.

The Atlas Copco Group demands the same high standard of ethical behaviour from its business partners and in any other relationship.

The Atlas Copco Group supports the principles contained within the United Nations International Bill of Human Rights, ILO's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises, by embedding them in the Business Code of Practice, as well as integrating them in all operational processes. The Business Code of Practice is approved by the Board of Directors.

To respect human rights, Atlas Copco commits to undertake all that is in its power to avoid causing or contributing to adverse human right impacts and to address such impacts when they do occur. Through the application of human rights due diligence procedures, Atlas Copco furthermore seeks to prevent, detect and correct adverse human rights impacts that are linked to its operations, products or services by its business relationships, even if Atlas Copco has not contributed to those impacts. Atlas Copco has developed human rights specific training in addition to training on the Business Code of Practice to increase employee awareness. Atlas Copco enables the remediation of any adverse human rights impacts to which it causes or contributes.

Due Diligence

Atlas Copco has a holistic approach to working with human rights in the Group, which is integrated into the guiding policy document, being the Atlas Copco Business Code of Practice. Atlas Copco identifies, assesses and manages human rights impacts in line with this policy document with the following aims in brief:

- **Employees:** Atlas Copco aims to offer a safe and healthy working environment in all of its operations, with regular follow-up. The Group ensures the implementation of the principles of the ILO's Declaration on Fundamental Principles and Rights at Work, which for example include non-discrimination, prohibition of using child labour and forced bondage or compulsory labour as well as the freedom of association and the right to engage in collective bargaining.
- **Business partners:** Atlas Copco seeks, selects and evaluates business partners impartially based on objective factors including productivity, quality, delivery, price, and reliability, as well as commitment to environmental and social performance, and development. This includes addressing human rights issues in the supply chain including modern slavery
- **Society and the Environment:** Atlas Copco supports all internationally recognised human rights and respects those rights in conducting the Group's operations throughout the world. The Group recognises that its commitment to financial success must also take into account the broader economic, environmental, and social impacts of our operations. Atlas Copco encourages learning and development through cooperation with local communities and recognises 'Water for All' as its main community engagement project.

Risk Assessment

With the Atlas Copco Groups operations and employees spanning across 71+ countries, key risks which could potentially affect Atlas Copco Australia's operations and its supply chain include any possibility of dealing with individuals and/or businesses who take part in:

1. bribery and corruption;
2. offering inhumane working conditions, including the failure to pay correct wages and benefits;
3. using vulnerable people or businesses without offering reasonable conditions or entitlements;
4. forced or compulsory labour;
5. unsafe working conditions.

In tackling the above risks, Atlas Copco Australia endeavours to use permanent employees in its operations as much as possible. If temporary or agency labour is required, at a very minimum, we take all reasonable care to ensure that those staff are employed in accordance with the appropriate Award provisions. When Atlas Copco Australia employs a worker under an employer sponsored visa arrangement, we ensure that they receive comparable terms and conditions of employment as a local employee.

It is important to note that the majority of Atlas Copco Australia's supply is of Atlas Copco products, and as such, the majority of its suppliers are from within the Atlas Copco Group (see our Product Companies, above).

The Group's whistleblower systems enable all Atlas Copco stakeholders to report their grievances if any human rights have been or are perceived to have been violated. The Group's whistleblower systems guarantee a timely, impartial and objective investigation of the claims and a report on the findings and results of the investigation. A local Whistleblower Policy has been established in Australia for Atlas Copco Australia, with a focus on encouraging the anonymous reporting of any claim, without fear or reprisal. Within our Whistleblower Policy, the Atlas Copco SpeakUp tool has been established for anonymously and safely reporting suspected ethical misconduct and is available online at www.atlascopco.com/speakup . There is information about the process and tool on the corporate website, the Hub and in The Way We Do Things.

Atlas Copco SpeakUp is supported by a third-party supplier that guarantees anonymous communication between the reporter and Atlas Copco. SpeakUp reports are sent to the Atlas Copco Group Legal Department for further investigation, typically in cooperation with the relevant Holding Vice President, Human Resources and occasionally, Internal Audit.

Our Business Code of Practice summarises policies common to all companies in the Group. Our behaviour is guided by these internal policies, helping us to increase the value of the Group. These policies, along with other principles, guidelines, and instructions, are gathered in The Way We Do Things, an internal database accessible to all employees through Atlas Copco's intranet.

All potential significant suppliers outside of the Atlas Copco Group are assessed against the Atlas Copco Business Partner Criteria Checklist, which is based on the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at work. The Atlas Copco Group carries out on-site audits of selected suppliers (generally representing approximately 20% of its significant suppliers) and systematically carries out internal audits on its own companies, with the results being reported in the Atlas Copco Group's Annual Report .

In addition, both our supply and purchasing terms and conditions were updated in 2020 to include a positive obligation to adhere to our Business Code of Practice, and with respect to our terms of purchase, they were updated with further obligations relating to a future supplier's requirement to identify, prevent and take reasonable action to notify Atlas Copco Australia of any modern slavery within its operations and supply chains. A failure to comply entitles Atlas Copco Australia to immediately terminate the Agreement.

All of the above contribute to our continued commitment to prevent modern day slavery both inside and outside of our organisation.

COVID-19 Response

The coronavirus (COVID-19) pandemic began in Australia during the reporting period, applicable to this statement.

Atlas Copco Australia took immediate steps to focus on the safety and well-being of its employees, contractors, visitors, customer and all relevant stakeholders who Atlas Copco Australia had dealings with during the pandemic.

Atlas Copco Australia was in many cases considered an essential service, and as such was able to maintain supply continuity whilst proactively engaging with employees, suppliers and customers to support a safe and sustainable working environment.

The impact that COVID-19 has had on Atlas Copco Australia's management of any risks of modern slavery has been to postpone the implementation of in-person audits of any supplier sites, to abide by many supplier (and our internal) policies avoiding unnecessary travel and site visits, until such time as it becomes safe to resume.

We have used every endeavour to avoid the cancellation of contracts, opting for deferrals or variations, where possible. Otherwise, as there has been no major changes to our workforce or our suppliers, we have not identified any further impacts of COVID-19.

Measuring Effectiveness

It is the responsibility of the CEO and of Group Management to ensure the effective implementation of the Atlas Copco Business Code of Practice and that all employees receive training and education on it. The Atlas Copco Group expects that each individual employee takes their responsibility to respect and support the values set out in the Business Code of Practice in their daily work. With respect to Atlas Copco Australia:

- On the individual level, employees should sign a compliance statement annually, stating that they are aware of the values promoted by the Atlas Copco Group. Employees also receive yearly training in what the practical application of these values mean, including the respect for human rights. The goal is to make sure that the Group's values are clear and known to all employees. For the 2020 Calendar year, Atlas Copco Australia achieved 100% compliance with this requirement.
- On a management level, the Control Self-Assessment process and the internal audits at regular intervals are used to track management practices regarding human rights.
- On a company-wide level, Safety Health Environment (SHE) significant supplier on-site and/or desktop evaluations and customer sustainability assessments are made when called for by the local management. .

- On a Group level, pre-acquisition/merger due diligence is applied. The Group's management is also responsible for launching human rights due diligence assessments.
- On a societal level, Atlas Copco upholds the highest standards in business ethics and integrity. Atlas Copco regularly interacts with stakeholders to review its performance and refine business processes to positively impact society and the environment.

Future Actions

To strengthen our approach regarding the elimination of modern slavery, Atlas Copco Australia intends to continue with its internal and external processes within our operations and supply chains, and to take further action, where required.

In our business we intend to:

- Continue to track internal compliance to Atlas Copco Business Code of Practice and signed compliance statement with continued internal training focusing on educating our employees raising an awareness of modern-day slavery and on how to identify the risks of modern day slavery;
- Reviewing our policies and procedures and updating them as we make changes to our organisation in our commitment to prevent modern day slavery;
- Send out reminders to key stakeholders, including all of our employees of our Whistleblower Policy and the Atlas Copco Speak Up tool;
- Continue conducting appropriate assessments of new business partners to identify any risks, including the risk of the exploitation of migrant workers; and

With respect to our Supply Chain, we intend to:

- Continue to communicate our policies to our suppliers and distributors to drive a clear path for understanding the risks and improvements required;
- Require significant suppliers and distributors to confirm their acceptance of our Business Code of Practice;
- Develop a new supplier audit program, together with supplier training to address our policies on ensuring that modern day slavery and human trafficking are not occurring within any place along our supply chain; and
- Continue to risk assess the effectiveness of actions taken, and to risk assess all significant suppliers and distributors to see whether any further actions need to be acted upon.



Atlas Copco Australia

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