

## NOTICE of the Annual General Meeting of FLSmidth & Co. A/S

The Board of Directors hereby calls the Annual General Meeting to be held on Tuesday 5 April 2016 at 16.00 (CET) at Tivoli Congress Center, Arni Magnussons Gade 2-4, DK-1577 Copenhagen V.

### Agenda:

- 1. The Board of Directors report on the company's activities in 2015**
- 2. Presentation and approval of the 2015 Annual Report**
- 3. Approval of the Board of Directors' fees:**

- a. Final approval of fees for 2015

The Board of Directors proposes final approval of the fees for 2015 which were pre-approved by the General Meeting in 2015. The fees are based on a base fee of DKK 400,000 (the "Base Fee") with twice that amount to the Vice Chairman and 3 times that amount to the Chairman. Furthermore, an additional fee corresponding to 25% of the Base Fee shall be paid to any board member that also serves as an ordinary member of a board committee, while the chairman of any such committee shall receive an additional fee corresponding to 50% of the Base Fee. The Chairman and Vice Chairman of the Board of Directors shall not be entitled to receive committee fees. The total remuneration to the members of the Board of Directors for 2015 amounts to DKK 5.3m, cf. note 36 in the Annual Report (page 136).

- b. Preliminary determination of fees for 2016

The Board of Directors proposes unchanged principles for the fees in respect of 2016. The fees for 2016 will be presented to the General Meeting in 2017 for final approval.

In addition, the company pays expenses, including travel and transportation costs, associated with the services on the Board of Directors, and the company may also pay foreign social taxes and similar taxes levied by foreign authorities in relation to the fees.

- 4. Distribution of profits or covering of losses in accordance with the approved Annual Report**

The Board of Directors proposes that a dividend of DKK 4 per share be paid out, corresponding to a total dividend distribution of DKK 205m for 2015.

- 5. Election of members to the Board of Directors**

The Board of Directors proposes re-election of Mr Vagn Ove Sørensen, Mr Torkil Bentzen, Mr Sten Jakobsson, Mr Tom Knutzen and Ms Caroline Grégoire Sainte Marie as members of the Board of Directors. In addition, the Board of Directors proposes election of Mr Marius Jacques Kloppers and Mr Richard Robinson Smith (Rob Smith) as new members of the Board of Directors.

Mr Martin Ivert does not seek re-election.

Information about management positions and other background information in respect of each candidate is set out in the attached appendix 1, and the information is also available at the company's website, [www.flsmidth.com](http://www.flsmidth.com).

- 6. Appointment of auditor**

The Board of Directors proposes that Deloitte Statsautoriseret Revisionspartnerselskab be reappointed as the company's auditor.

- 7. Proposals from the Board of Directors**

The Board of Directors submits the following proposals:

#### **7.1 – Amendment of the Articles of Association – change from bearer shares to registered shares**

Due to changes in legislation the Board of Directors proposes to amend the Articles of Association to the effect that the company's shares are changed from being issued to the bearer to being issued in the name of the holder. The possibility of issuing new bearer shares has been repealed in 2015, meaning, *inter alia*, that the Board of Directors' authorisation to increase the company's share capital, cf. Article 4a of the Articles of Association, cannot be exercised unless the shares are changed to being registered.

- a. Amendment of Articles 4 and 4a

On this background, the Board of Directors proposes to amend the wording of Article 4, paragraph 3, 1<sup>st</sup> sentence, to the following:

*"The shares are negotiable shares registered in the name of the holder."*

As a consequence hereof, it is also proposed to adjust the wording of Article 4a, paragraph 4, 1<sup>st</sup> sentence, which is linked to the Board of Directors' authorisations to increase the company's share capital, to the following:

*"In the case of a share capital increase pursuant to paragraphs 1 and 2, the new shares shall be issued in the name of the holder."*

#### b. Amendment of Article 5

As a consequence of the above, it is proposed to amend the wording of Article 5, paragraph 3, to the following since it is not a requirement to give notice of general meetings via the IT system of the Danish Business Authority if the shares are registered in the name of the holder:

*"General Meetings shall be called via the Company website, www.flsmidth.com. General meetings shall also be called by written communication to all shareholders who have so requested."*

The proposed amended Articles of Association is attached hereto as appendix 2 and is also available at the company's website, www.flsmidth.com.

#### **7.2 – Amendment of the Articles of Association – update of the Board of Directors' authorisation to increase the company's share capital**

The Board of Directors proposes that the existing authorisation in Article 4a of the Articles of Association to increase the company's share capital is extended so that it is applicable until and including 1 April 2021.

Article 4a, paragraph 1, 3<sup>rd</sup> sentence and paragraph 2, 3<sup>rd</sup> sentence, will hereafter have the following wording:

*"The authorisation shall apply for the period until and including 1 April 2021."*

The proposed amended Articles of Association is attached hereto as appendix 2 and is also available at the company's website, www.flsmidth.com.

#### **7.3 – Amendment of the Articles of Association – authorisation for distribution of extraordinary dividends**

The Board of Directors proposes that a new Article 5, paragraph 11 be inserted in the Articles of Association authorising the Board of Directors to distribute extraordinary dividends, subject to the statutory limitations set out in the Danish Companies Act.

The purpose of this authorisation is to provide the Board of Directors with the possibility of distributing dividend more than one time per year.

The new Article Article 5, paragraph 11 will be worded as follows:

*"The Board of Directors is authorised to distribute extraordinary dividends."*

The proposed amended Articles of Association is attached hereto as appendix 2 and is also available at the company's website, www.flsmidth.com.

#### **7.4 – Approval of updated guidelines for incentive pay**

FLSmidth & Co. A/S has set guidelines for incentive pay to the members of the company's Board of Directors and Group Executive Management. The Board of Directors proposes that the updated guidelines for incentive pay be approved by the General Meeting.

In 2016, the Board of Directors has launched a market aligned long-term incentive program based on performance shares. The program provides a variable incentive framework which is closely linked to the company's results and thereby also the value creation for the shareholders. The new program is part of the strategy to be prepared for the upturn in the market. However, to further support this strategy the Board of Directors finds that a stronger focus on variable remuneration for the Group Executive Management in FLSmidth is needed. When comparing with the surrounding market, where the trend in recent years has been a shift in the pay mix from fixed towards more variable pay, the Board of Directors finds solid strategical reasons to suggest increases in the maximum levels for both short-term and long-term incentive programs. This will provide the Board of Directors with the possibility of focusing even more on pay for performance for the Group Executive Management which is the signal the Board of Directors wants to send. In this connection it is proposed to increase the maximum value of the individual performance share grants to a maximum of 35% of the base salary (including pension, if any). For the short-term incentive program the maximum level is proposed to be 50%. In addition, the proposal includes deletion of the section regarding share options since the possibility of granting share options to Group Executive Management has ceased with effect from 2016.

The proposed updated version of the guidelines for incentive pay is attached hereto as appendix 3 and is also available at the company's website, www.flsmidth.com.

#### **7.5 – Treasury shares**

The Board of Directors proposes that it be authorised until the next Annual General Meeting to let the company acquire treasury shares equivalent to a total of 10% of the company's share capital at the time of the authorisation, provided that the company's total holding of treasury shares at no point exceeds 10% of the company's share capital. The consideration may not deviate more than 10% from the official price quoted on Nasdaq Copenhagen at the time of acquisition.

### **8. Any other business**

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### **Adoption requirements**

The proposals set out in agenda items 7.1, 7.2 and 7.3 must be adopted by at least 2/3 of the votes as well as 2/3 of the share capital represented at the General Meeting. The remaining proposals on the agenda can be adopted by a simple majority of votes.

### **Size of the share capital and the shareholders' voting rights**

The company's share capital amounts to nominally DKK 1,025,000,000 and is divided into shares of DKK 20. Each share of DKK 20 entitles the holder to 20 votes.

The registration date is Tuesday 29 March 2016.

Shareholders holding shares in the company on the registration date have the right to attend and vote at the Annual General Meeting. The number of shares held by the shareholder is calculated at the registration date based on the shares held by the shareholder according to the share register and any notifications of ownership received by the company for entry into the share register. Attendance at the General Meeting is also subject to the shareholder having timely obtained an admission card as described below.

### **Admission card**

Shareholders wishing to attend the Annual General Meeting must request an admission card. The request must be received by the company no later than Friday 1 April 2016 at 23.59 (CET). Admission cards may be ordered via FLSmidth's InvestorPortal at [www.flsmidth.com/agm](http://www.flsmidth.com/agm) or by submitting the registration form, which can be downloaded from [www.flsmidth.com/agm](http://www.flsmidth.com/agm). If the form is used, it must be sent to VP Investor Services, Weidekampsgade 14, P.O.Box 4040, DK-2300 Copenhagen S (fax: +45 4358 8867 or a scanned version via email to [vpinvestor@vp.dk](mailto:vpinvestor@vp.dk)). The form must be received within the deadline. An admission card can also be ordered for an adviser.

### **Proxy**

Proxies must be submitted electronically via FLSmidth's InvestorPortal at [www.flsmidth.com/agm](http://www.flsmidth.com/agm) (requires electronic password) or in writing by using the proxy/postal vote form that can be downloaded from the company's website, [www.flsmidth.com/agm](http://www.flsmidth.com/agm). If the form is used, the completed and signed form must be received by VP Investor Services, Weidekampsgade 14, P.O.Box 4040, DK-2300 Copenhagen S (fax: +45 4358 8867, email: [vpinvestor@vp.dk](mailto:vpinvestor@vp.dk)) no later than Friday 1 April 2016 at 23.59 (CET).

### **Postal vote**

Postal votes must be submitted electronically via FLSmidth's InvestorPortal at [www.flsmidth.com/agm](http://www.flsmidth.com/agm) (requires electronic password) or in writing by using the proxy/postal vote form that can be downloaded from the company's website, [www.flsmidth.com/agm](http://www.flsmidth.com/agm). If the form is used, the completed and signed form must be received by VP Investor Services, Weidekampsgade 14, P.O.Box 4040, DK-2300 Copenhagen S (fax: +45 4358 8867, email: [vpinvestor@vp.dk](mailto:vpinvestor@vp.dk)) no later than Monday 4 April 2016 at 16:00 (CET). Once a postal vote has been submitted it cannot be withdrawn.

### **Further information**

Until and including the day of the Annual General Meeting, the company's website, [www.flsmidth.com/agm](http://www.flsmidth.com/agm), will provide additional information about the General Meeting, including the 2015 Annual Report, information about the total number of shares and voting rights on the date of the notice, the notice with the agenda and the complete proposals, including appendices, the proxy/postal vote form for the Annual General Meeting and the Articles of Association. The 2015 Annual Report is only available in English, and this is the official version, which will be filed with the Danish Business Authority. A condensed version of the annual report, "Årsprofil 2015", is available in Danish.

This information will also be available for inspection by the shareholders at the company's head office at Vigerslev Allé 77, DK-2500 Valby, from 14 March 2016.

### **Questions from shareholders**

Shareholders may submit questions regarding the agenda or the documents, etc. to be used at the Annual General Meeting in writing to FLSmidth & Co. A/S, Vigerslev Alle 77, DK-2500 Valby, or via email to [corp@flsmidth.com](mailto:corp@flsmidth.com).

### **Electronic voting**

Electronic voting (e-voter) will be used if one or more items on the agenda are put to vote. E-voters will be handed out at the entrance to the Annual General Meeting.

### **Webcast**

The entire Annual General Meeting will be webcasted live on the company's website, [www.flsmidth.com/agm](http://www.flsmidth.com/agm), and the webcast will also subsequently be available at the website. Webcast will only cover the podium.

### **Parking at Tivoli Congress Center**

Tivoli Congress Center is located at Arni Magnussons Gade 2-4, DK-1577 Copenhagen V, and can be reached by car and public transportation. There is a limited number of parking spaces in the car park under Tivoli Congress Center. The entrance to the car park is from Kristian Erslevs Gade. There is a charge for parking.

After the Annual General Meeting the company will serve light refreshments.

Valby, March 2016  
FLSmidth & Co. A/S

The Board of Directors



## Vagn Ove Sørensen

### Chairman of the Board of Directors of FLSmidth & Co. A/S

Vagn Ove Sørensen, age 56, Danish, member of the Board of Directors of FLSmidth & Co. A/S elected at the Annual General Meeting since 2009. Chairman of the Board since 2011

#### Executive posts:

Besides his post at FLSmidth & Co. A/S, Vagn Ove Sørensen is Chairman of the Boards of Directors TDC A/S (Denmark), TIA Technology A/S (Denmark), Zebra A/S, Scandic Hotels AB (Sweden), Select Service Partner Plc (UK), Automic Software GmbH (Austria), Bureau van Dijk BV (Holland), and Thor Denmark Holding ApS (Denmark). Vice Chairman of the Boards of Directors of DFDS A/S (Denmark) and Nordic Aviation Capital A/S (Denmark). Member of the Boards of Directors CP Dyvig & Co. A/S (Denmark), JP/Politikens Hus A/S (Denmark), Lufthansa Cargo (Germany), Air Canada (Canada), Royal Caribbean Cruises Ltd. (USA), and Braganza AS (Norway). Senior Advisor to EQT Partners and Morgan Stanley. CEO of E-Force ApS (Denmark).

**Status (as defined by the Committee on Corporate Governance):** Independent

**Shareholding in FLSmidth & Co. A/S:** 6.301 shares

#### Background:

2001-2006: CEO, Austrian Airlines  
1994-2001: Executive Vice President, Scandinavian Airlines Systems

#### Education:

MSc (Econ. (Economics and Business Administration) and Bus. Admin.), Aarhus Business School

#### Special competencies in relation to FLSmidth:

Former CEO, experience in acquisitions and disposals, financing, stock markets, international contracts and accounting.



## Torkil Bentzen

### Vice Chairman of the Board of Directors of FLSmidth & Co. A/S

Torkil Bentzen, age 69, Danish, member of the Board of Directors of FLSmidth & Co. A/S elected at the Annual General Meeting since 2002. Vice Chairman of the Board since 2012.

#### Executive posts:

Besides his post at FLSmidth & Co. A/S, Torkil Bentzen is Chairman of the Boards of Directors of Burmeister & Wain Scandinavian Contractor A/S (Denmark), State of Green (Denmark), Boel Bentzen A/S (Denmark), and Chairman of TGE Marine AG (Germany). Member of the Boards of Directors of Mescos Danmark A/S (Denmark) and Siemens A/S Danmark (Denmark). Senior Advisor to the Board of Mitsui Engineering & Shipbuilding Ltd. (Japan). CEO of Boel Bentzen Holding ApS (Denmark).

**Status (as defined by the Committee on Corporate Governance):** Not independent

**Shareholding in FLSmidth & Co. A/S:** 5.000 shares

#### Background:

2000-2006: CEO, ENERGI E2 A/S  
1999-2000: CEO, i/s Sjællandske Kraftværker  
1994-1999: CEO, Ludvigsen & Hermann A/S  
1988-1992: CEO, Götaverken Energy AB  
1981-1988: CEO, Burmeister & Wain Scandinavian Contractor A/S

#### Education:

MSc (Engineering), Technical University of Denmark

#### Special competencies in relation to FLSmidth:

Former CEO, experience in technology management, mergers and acquisitions, and international contracts.



## Sten Jakobsson

### Member of the Board of Directors of FLSmidth & Co. A/S

Sten Jakobsson, age 67, Swedish, member of the Board of Directors of FLSmidth & Co. A/S elected at the Annual General Meeting since 2011.

#### Executive posts:

Besides his post at FLSmidth & Co. A/S, Sten Jakobsson is Chairman of the Boards of Directors of Power Wind Partners AB (Sweden) and LKAB (Sweden). Vice Chairman of the Board of Directors of SAAB (Sweden). Member of the Boards of Directors of Stena Metall (Sweden) and Xylem Inc (USA).

**Status (as defined by the Committee on Corporate Governance):** Independent

**Shareholding in FLSmidth & Co. A/S:** 2.000 shares

#### Background:

2006-2011: Regional Manager, North Europe ABB ASEA BROWN BOVERI  
2001-2011: CEO, ABB Sweden  
1973-2001: Various managerial posts, ABB ASEA BROWN BOVERI

#### Education:

MSc (Mechanical Engineering), KTH Royal Institute of Technology in Stockholm

#### Special competencies in relation to FLSmidth:

Former CEO, experience in acquisitions and disposals, financing and stock markets, international contracts, building contracting, and accounting.



## Tom Knutzen

### Member of the Board of Directors of FLSmidth & Co. A/S

Tom Knutzen, age 53, Danish, member of the Board of Directors of FLSmidth & Co. A/S elected at the Annual General Meeting since 2012.

#### Executive posts:

Besides his post at FLSmidth & Co. A/S, Tom Knutzen is member of the Board of Directors and Chairman of the Board Audit Committee for Nordea Bank AB (publ) (Sweden) and CEO of Jungbunzlauer Suisse AG (Switzerland).

**Status (as defined by the Committee on Corporate Governance):** Independent

**Shareholding in FLSmidth & Co. A/S:** 12.500 shares

#### Background:

2012-present: CEO, Jungbunzlauer Suisse AG, Switzerland  
2006-2011: CEO, Danisco A/S  
2000-2006: CEO, NKT Holding A/S  
1996-2000: CFO, NKT Holding A/S

#### Education:

MSc (Economics) in Finance and Strategic Planning, Copenhagen Business School

#### Special competencies in relation to FLSmidth:

CEO, former CFO, experience in global high technology manufacturing companies, technology development, acquisitions and disposals, financing and stock markets, international contracts, and accounting.



## Caroline Grégoire Sainte Marie

### Member of the Board of Directors of FLSmidth & Co. A/S

Caroline Grégoire Sainte Marie, age 58, French, member of the Board of Directors of FLSmidth & Co. A/S elected at the Annual General Meeting since 2012.

#### Executive posts:

Besides her post at FLSmidth & Co. A/S, Caroline Grégoire Sainte Marie is member of the Boards of Directors of Groupama SA (France), Eramet (France), and Wienerberger AG (Austria) and Investor and Member of the Board of Directors of CALYOS (Belgium).

**Status (as defined by the Committee on Corporate Governance):** Independent

**Shareholding in FLSmidth & Co. A/S:** 250 shares

#### Background:

2009-2011: CEO, Frans Bonhomme  
2006-2009: CEO, Tarmac, France and Belgium  
1997-2006: Various managerial posts, Groupe Lafarge (France), including CEO of Lafarge Germany and Czech Republic, Senior Vice President for Mergers & Acquisitions in Lafarge's Cement Division, CFO of Lafarge Specialty Products.

#### Education:

BA Commercial Law, Institut d'Etudes Politiques de Paris

#### Special competencies in relation to FLSmidth:

Former CEO and CFO, experience in acquisitions and disposals, financing and stock markets, international contracts and accounting, and extensive knowledge of the cement industry.



## Marius Jacques Kloppers

### Proposed as new member of the Board of Directors of FLSmidth & Co. A/S

Marius Kloppers, age 53, Australian/South African citizen is the former CEO of the world's largest mining company, BHP Billiton. Marius Kloppers offers an extensive

knowledge and experience from the mining sector and a wealth of global business and mining experience from his career.

**Status (as defined by the Committee on Corporate Governance):** Independent

**Shareholding in FLSmidth & Co. A/S:** 0 shares

#### Background:

2007-2013: CEO, BHP Billiton  
1993-2007: Various executive positions, BHP Billiton  
1992-1993: McKinsey & Company, Consultant, The Netherlands  
1987-1991: Career break. PhD Materials Science, MIT, USA/MBA-INSEAD, France  
1986-1987: Mintek, Engineer, South Africa

#### Education:

1991: MBA, INSEAD, France  
1990: PhD, Material Science, Massachusetts Institute of Technology, USA  
1985: BSc, Chemical, University of Pretoria, South Africa

#### Special competencies in relation to FLSmidth:

Former CEO, experience in merger and acquisitions, financing and stock markets, international contracts, technology management, minerals and energy and process industry, large capital projects, and commodity markets and trading.



## Richard Robinson Smith (Rob Smith)

### Proposed as new member of the Board of Directors of FLSmidth & Co. A/S

Rob Smith, age 50, German/American citizen, is Senior Vice President and General Manager, EAME of AGCO, a global leader

in design, manufacturing and distribution of heavy industry solutions. Rob Smith is an international senior executive with deep expertise within manufacturing and sourcing from a multitude of industries and countries and has an outspokenness and competencies of great value.

#### Executive posts:

SVP and General Manager Europe, Africa, Middle East, Switzerland, AGCO International GmbH, Germany

**Board status (as defined by the Committee on Corporate Governance):** Independent

**Shareholding in FLSmidth & Co. A/S:** 1.000 shares

#### Background:

2013-present: AGCO International GmbH, SVP and General Manager, Europe, Africa, Middle East, Switzerland  
2007-2013: TRW Automotive, VP and General Manager, Engine Components, Germany  
2005-2006: TYCO Electronics, VP Global Automotive Division, Germany  
2002-2005: Bombardier Transportation, VP and General Manager, Services Material Solutions, Germany  
2000-2001: Dell Computer Corporation, Director, Materials, Supply Chain Management, USA  
1994-2000: Lucas Industries/Lucas Varsity, Germany, France  
1987-1991: United States Army, USA, Europe, Persian Gulf

#### Education:

2001: PhD International Operations Management WHU - Graduate School of Management, Germany  
1994: Diploma Kaufmann, International Operations Management, WHU - Graduate School of Management, Germany  
1992: MBA, Finance, University of Texas at Austin Graduate School of Business, USA  
1987: BSc Engineering, Princeton University, USA

#### Special competencies in relation to FLSmidth:

Experience in merger and acquisitions, international contracts, technology management, industrial, operations and supply chain experience.

TRANSLATION



OLD

**Articles of Association  
FLSmidth & Co. A/S**

**Name, registered office and objects of the  
Company**

**Article 1**

The name of the company is FLSmidth & Co. A/S. The company's secondary names are F.L.Smidth & Co. A/S and FLS Industries A/S.

**Article 2**

[The provision has been omitted].

**Article 3**

The object of the Company is to carry on trade, engineering, manufacturing, transportation, shipping, investment and financing in Denmark and abroad and other business which in the opinion of the Board is naturally related hereto. The funds of the Company may also be invested in enterprises having one or more of these objects and in real estate and ships.

**Capital and shares**

**Article 4**

The share capital amounts to DKK 1,025,000,000. The share capital has been fully paid up and is divided into share denominations of DKK 1 or multiples thereof.

No special rights shall be attached to any share, and no shareholder shall be required to have his shares redeemed in whole or in part.

The shares are negotiable bearer shares, but may be registered in the name of the holder. The negotiability of the shares shall not be subject to any limitations.

The company's register of shareholders is kept by VP Investor Services A/S, CVR No. 30 20 11 83. The shares are issued electronically via a securities centre through whom dividend is paid out.

**Article 4a**

The Board of Directors is authorised to increase the share capital by issuing new shares in one or more tranches at a total nominal value of up to DKK 100,000,000 and with pre-emption rights for the company's existing shareholders, subject, however, to paragraph 3. The new shares shall be paid in cash. The authorisation shall apply for the period until and including 1 April 2018.

Further, the Board of Directors is authorised to increase the share capital by issuing new shares in one or more tranches at a total nominal value of up to DKK 100,000,000 and without pre-emption rights for the company's existing shareholders, subject, however, to paragraph 3, provided that the increase takes place at market value. The new shares may be paid in cash or by contribution of assets other than cash. The authorisation shall apply for the period until and including 1 April 2018.

The authorisations of the Board of Directors pursuant to paragraphs 1 and 2 apply to a total issue of new shares at an aggregate nominal value not exceeding DKK 100,000,000.

NEW

**Articles of Association  
FLSmidth & Co. A/S**

**Name, registered office and objects of the  
Company**

**Article 1**

The name of the company is FLSmidth & Co. A/S. The company's secondary names are F.L.Smidth & Co. A/S and FLS Industries A/S.

**Article 2**

[The provision has been omitted].

**Article 3**

The object of the Company is to carry on trade, engineering, manufacturing, transportation, shipping, investment and financing in Denmark and abroad and other business which in the opinion of the Board is naturally related hereto. The funds of the Company may also be invested in enterprises having one or more of these objects and in real estate and ships.

**Capital and shares**

**Article 4**

The share capital amounts to DKK 1,025,000,000. The share capital has been fully paid up and is divided into share denominations of DKK 1 or multiples thereof.

No special rights shall be attached to any share, and no shareholder shall be required to have his shares redeemed in whole or in part.

*The shares are negotiable shares registered in the name of the holder.* The negotiability of the shares shall not be subject to any limitations.

The company's register of shareholders is kept by VP Investor Services A/S, CVR No. 30 20 11 83. The shares are issued electronically via a securities centre through whom dividend is paid out.

**Article 4a**

The Board of Directors is authorised to increase the share capital by issuing new shares in one or more tranches at a total nominal value of up to DKK 100,000,000 and with pre-emption rights for the company's existing shareholders, subject, however, to paragraph 3. The new shares shall be paid in cash. *The authorisation shall apply for the period until and including 1 April 2021.*

Further, the Board of Directors is authorised to increase the share capital by issuing new shares in one or more tranches at a total nominal value of up to DKK 100,000,000 and without pre-emption rights for the company's existing shareholders, subject, however, to paragraph 3, provided that the increase takes place at market value. The new shares may be paid in cash or by contribution of assets other than cash. *The authorisation shall apply for the period until and including 1 April 2021.*

The authorisations of the Board of Directors pursuant to paragraphs 1 and 2 apply to a total issue of new shares at an aggregate nominal value not exceeding DKK 100,000,000.

In the case of a share capital increase pursuant to paragraphs 1 and 2, the new shares shall be issued to bearer but may be entered into the company's register of shareholders. The shares shall be negotiable and shall in all other respects bear the same rights as the existing shares, for example in terms of redeemability and restrictions on negotiability. The new shares shall entitle the holder to dividend from the time decided by the Board of Directors, however, not later than as from the financial year following the increase. The Board of Directors shall decide the terms and conditions for increases of the share capital that are implemented in accordance with the authorisations in paragraphs 1 and 2.

### General Meetings

#### Article 5

Within the limits of statutory provisions and these Articles of Association, the Company's General Meeting shall be the highest authority of the Company.

General Meetings shall be held in Greater Copenhagen. General Meetings shall be called not earlier than five weeks and not later than three weeks prior to the meeting.

General Meetings shall be called via the Company website, [www.flsmidth.com](http://www.flsmidth.com), and the IT system of the Danish Business Authority. In the case of shares registered in the name of the holder meetings shall be called by written communication to all shareholders who have so requested.

The notice of General Meetings shall indicate the time and venue of the Meeting and shall include the agenda stating the business to be transacted at the General Meeting. If a resolution is proposed at the General Meeting to amend the Articles of Association, the essential content of the said resolution must be stated in the notice. The notice convening General Meetings shall also include (1) a description of the size of the share capital and the voting rights of the shareholders, (2) a clear and precise description of the procedures which the shareholders must follow to attend and vote at the General Meeting, (3) the record date, (4) an indication of where and how the complete documents to be presented at the General Meeting, the agenda and the complete proposals are available, and (5) an indication of the internet address at which the information to be disclosed in accordance with Section 99 of the Danish Companies Act will be available. If decisions are to be made pursuant to Section 77, subsection 2; Section 92, subsections 1 or 5; or Section 107, subsections 1 or 2 of the Danish Companies Act, the notice of the Meeting shall include the full wording of the proposal to amend the Articles of Association.

The following information must be available at the Company's website, [www.flsmidth.com](http://www.flsmidth.com), for a minimum three week continuous period prior to the General Meeting: (1) The notice of the Meeting, (2) information about the total number of shares and voting rights on the date of sending out the notice, (3) the documents to be presented at the General Meeting, (4) the agenda and the complete proposals, and (5) the forms to be used when voting by proxy and when voting by letter unless the said forms are sent directly to the shareholders by post.

The Annual General Meeting shall be held before the end of April of each year.

Unless otherwise decided by the General Meeting pursuant to Section 100, subsections 2 - 8 of the

*In the case of a share capital increase pursuant to paragraphs 1 and 2, the new shares shall be issued in the name of the holder.* The shares shall be negotiable and shall in all other respects bear the same rights as the existing shares, for example in terms of redeemability and restrictions on negotiability. The new shares shall entitle the holder to dividend from the time decided by the Board of Directors, however, not later than as from the financial year following the increase. The Board of Directors shall decide the terms and conditions for increases of the share capital that are implemented in accordance with the authorisations in paragraphs 1 and 2.

### General Meetings

#### Article 5

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General Meetings shall be held in Greater Copenhagen. General Meetings shall be called not earlier than five weeks and not later than three weeks prior to the meeting.

*General Meetings shall be called via the Company website, [www.flsmidth.com](http://www.flsmidth.com). General meetings shall also be called by written communication to all shareholders who have so requested.*

The notice of General Meetings shall indicate the time and venue of the Meeting and shall include the agenda stating the business to be transacted at the General Meeting. If a resolution is proposed at the General Meeting to amend the Articles of Association, the essential content of the said resolution must be stated in the notice. The notice convening General Meetings shall also include (1) a description of the size of the share capital and the voting rights of the shareholders, (2) a clear and precise description of the procedures which the shareholders must follow to attend and vote at the General Meeting, (3) the record date, (4) an indication of where and how the complete documents to be presented at the General Meeting, the agenda and the complete proposals are available, and (5) an indication of the internet address at which the information to be disclosed in accordance with Section 99 of the Danish Companies Act will be available. If decisions are to be made pursuant to Section 77, subsection 2; Section 92, subsections 1 or 5; or Section 107, subsections 1 or 2 of the Danish Companies Act, the notice of the Meeting shall include the full wording of the proposal to amend the Articles of Association.

The following information must be available at the Company's website, [www.flsmidth.com](http://www.flsmidth.com), for a minimum three week continuous period prior to the General Meeting: (1) The notice of the Meeting, (2) information about the total number of shares and voting rights on the date of sending out the notice, (3) the documents to be presented at the General Meeting, (4) the agenda and the complete proposals, and (5) the forms to be used when voting by proxy and when voting by letter unless the said forms are sent directly to the shareholders by post.

The Annual General Meeting shall be held before the end of April of each year.

Unless otherwise decided by the General Meeting pursuant to Section 100, subsections 2 - 8 of the

Danish Companies Act, the General Meetings of the Company shall be conducted in Danish or English as decided by the Board of Directors. Documents prepared for the purpose of the General Meeting to be used in connection with or after the General Meeting shall be prepared in Danish or English as decided by the Board.

The Annual Report shall be prepared and presented in English.

An extraordinary General Meeting shall be held if demanded by the Board of Directors or the auditor appointed at the General Meeting or if demanded in writing by shareholders controlling at least five percent of the share capital.

In order to be considered at the Annual General Meeting, proposals by shareholders for specific business to be included in the agenda of the Meeting must be submitted in writing to the Board of Directors not later than six weeks prior to the Meeting. The Board of Directors may decide that proposals by shareholders for specific business to be included in the agenda of the General Meeting which were received later than six weeks prior to the Meeting, may be included in the agenda of the General Meeting.

#### **Article 6**

The agenda of the Annual General Meeting shall comprise the following:

1. Management's review
2. Submission and approval of the Annual Report
3. Distribution of profits or covering of losses in accordance with the approved Annual Report
4. Election of members to the Board of Directors
5. Appointment of auditor(s)
6. Other business proposed by the Board and/or by shareholders
7. Any other business

#### **Article 7**

The General Meeting shall be presided over by a chairman of the meeting appointed by the Board of Directors. The chairman of the meeting shall decide all questions relating to the transaction of business.

#### **Article 8**

A shareholder's right to attend and to vote at a General Meeting shall be determined by the number of shares which the shareholder controls at the record date. The record date is one week before the General Meeting. The shares owned by the individual shareholder shall be determined on the record date based on the entries regarding the shareholder's ownership in the register of shareholders and based on notifications of ownership received by the Company which are to be entered, but have not yet been entered in the register of shareholders.

Each DKK 1 share shall entitle the holder to one vote.

Each shareholder who is entitled to attend the General Meeting pursuant to Article 8, paragraph 1 and who wishes to attend the Meeting shall request an admission card not later than three days before the Meeting is to be held.

Shareholders who are entitled to attend a General Meeting in accordance with Article 8, paragraph 1 shall have the option of voting in writing (voting by correspondence) before the General Meeting is held

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*The Board of Directors is authorised to distribute extraordinary dividends.*

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pursuant to Section 104, subsection 2 of the Danish Companies Act.

The shareholder has the right to attend the General Meeting by proxy. Both the shareholder and the proxy may attend accompanied by an adviser. The proxy shall produce a signed and dated instrument to this effect.

#### **Article 9**

All business transacted at a General Meeting shall be decided by a simple majority of votes unless statutory provisions or the present Articles of Association require a qualified majority of votes.

The adoption of a resolution to amend these Articles of Association or to wind up the Company requires, subject to any additional requirements by the Danish Companies Act, that the resolution is passed by not less than two thirds of the votes cast as well as of the share capital represented at the General Meeting.

The Board of Directors shall adopt a decision to amend the Articles of Association pursuant to Section 106, subsection 2 of the Danish Companies Act.

#### **Article 10**

Minutes of the proceedings at the General Meeting shall be kept and shall be signed by the chairman of the meeting.

#### **Board of Directors and Management**

#### **Article 11**

The Board of Directors is elected by the General Meeting apart from those Board members otherwise elected pursuant to the provisions of the Danish Companies Act on representation of employees. Board members elected at the General Meeting shall constitute not less than five (5) and not more than eight (8) members.

The members of the Board elected at the General Meeting shall retire at each Annual General Meeting. Re-election may take place.

The members of the Board shall elect from their own number a Chairman and a Vice Chairman. Simple majority shall apply to all resolutions to be passed by the Board. In case of equality of votes the Chairman or in his absence the Vice Chairman shall have the casting vote. The Board constitutes a quorum when more than half of the members of the Board are present.

If a member of the Board of Directors is unable to attend a meeting, in isolated cases he may authorise one of the other members in writing to act on his behalf with respect to specific proposed resolutions on the agenda, and he shall be considered present at the meeting when represented by his proxy. By way of exception the Chairman may demand a written poll to decide a matter.

The members of the Board of Directors shall receive an annual fee which shall be approved by the General Meeting.

#### **Article 12**

The Board of Directors shall lay down rules of procedure on how its business shall be carried out.

Minutes of the proceedings at Board meetings shall be kept and shall be signed by all the members of the Board of Directors.

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The auditors' records shall be submitted at each Board meeting. Each entry in the records shall be signed by all members of the Board.

**Article 13**

The Board of Directors shall appoint the Management comprising at least two but not more than six members, and shall determine Management remuneration.

The Board of Directors may appoint vice presidents and grant powers of procuration.

**Article 14**

The Company has adopted guidelines for incentive pay to the Management pursuant to section 139 of the Danish Companies Act. The guidelines have been approved by the Annual General Meeting and are accessible on the Company website [www.flsmidth.com](http://www.flsmidth.com).

**Article 15**

The signature of the Chairman of the Board or the Vice Chairman jointly with the signature of another member of the Board, or the signature of the Chairman or Vice Chairman jointly with the signature of an Executive Officer, or the joint signatures of two Executive Officers shall be binding upon the Company.

**Auditors**

**Article 16**

The financial statements of the Company shall be audited by one or two state authorised public accountants appointed by the General Meeting for the term of one year.

**Annual accounts**

**Article 17**

The financial year of the Company is the calendar year.

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To be adopted at the company's Annual General Meeting on 5 April 2016.

## Overall guidelines for incentive pay

FLSmidth & Co. A/S

## 1 Introduction

The Board of Directors of FLSmidth & Co. A/S, CVR no. 58 18 09 12 (the “Company”), has approved these overall guidelines for incentive pay (the “Incentive Guidelines”) pursuant to Section 139 of the Danish Companies Act.

It is set out in Section 139 of the Danish Companies Act that overall guidelines for incentive pay must be laid down by the Board of Directors and then presented to and adopted by the General Meeting before the Company can enter into specific agreements on incentive pay with members of the Board of Directors or the Group Executive Management.

The Incentive Guidelines have been approved by the Company’s General Meeting held on 5 April 2016, and the guidelines apply to agreements on incentive pay entered into as from the day after this General Meeting. The guidelines are available on the Company’s website, [www.flsmidth.com](http://www.flsmidth.com).

## 2 General principles

It is the opinion of the Board of Directors that a combination of a fixed and incentive-based remuneration to the Group Executive Management helps to ensure that the Company can attract and retain key persons whilst incentive-based remuneration also encourages the Group Executive Management to create value to the benefit of the shareholders. The purpose of the overall guidelines is to set the overall framework in respect of the incentive-based remuneration whilst considering the Company’s short as well as long-term goals, thus ensuring that the remuneration system does not cause imprudent or unreasonable behaviour or acceptance of risk.

## 3 The individuals covered by these guidelines

### 3.1 The Board of Directors

The members of the Board of Directors shall receive an annual fixed fee in cash which is approved by the Company’s Annual General Meeting. The Board of Directors’ fees are normally pre-approved by the General Meeting for the year in question and then finally approved by the General Meeting in the following year. The final fees can take unexpected workload into consideration and increase the preliminarily approved fees for all or some members of the Board of Directors.

The Board of Directors’ fees shall not include any incentive-based remuneration.

### 3.2 The Group Executive Management

These Incentive Guidelines shall only apply to those members of the Company’s Group Executive Management that are registered as such with the Danish Business Authority and thereby covered by Section 139 of the Danish Companies Act. The Group Executive Management of the Company shall according to the Articles of Association consist of at least two and no more than six members.

The terms of employment and remuneration of the members of the Group Executive Management are agreed between each individual member and the Board of Directors.

The Board of Directors has established a compensation committee which assists the Board of Directors with assessing and determining the Group Executive Management’s remuneration terms.

#### 4 **The remuneration elements**

The remuneration to the members of the Group Executive Management may include the following components:

- (a) base salary (employer's pension contributions (if any) are included in the base salary);
- (b) short-term incentives in the form of a cash bonus (see section 5 below) and/or other incentives (see section 7 below);
- (c) long-term incentives in the form of performance shares (see section 6 below);
- (d) severance payment, if any, corresponding to the relevant member's base salary for a maximum period of 24 months; and
- (e) customary benefits such as company car, telephone, newspaper, etc.

#### 5 **Short-term incentive program**

##### **Cash bonus**

Each member of the Group Executive Management may receive a yearly bonus which may not exceed 50% of the relevant member's base salary, for the year in question. The purpose of such cash bonus is to ensure fulfillment of the company's short-term targets.

The payment and size of the bonus will therefore depend on the fulfillment of the targets that are agreed upon for one year at a time. The targets are primarily related to the fulfillment of financial KPIs, including with regard to the Company's budgeted results, achievement of financial ratios or other measurable financial targets. In addition, other operational and/or personal KPIs may apply. For all targets a minimum performance requirement has to be achieved to get above the threshold for payment of bonus. And full payment will require a performance above the set target performance ("stretched targets").

In addition to the fulfillment of the yearly KPIs and to further ensure the right balance between the financial performance of the Company and the cash bonus payouts, payment of bonus may be conditional upon the Company achieving at least one further financial threshold. In the current bonus program this general financial threshold is defined as realising a positive cash flow (CFFO) on group level for the financial year in question. However, this general financial threshold may be changed and/or supplemented by other KPIs in the future taking into consideration the best interests of the Company.

#### 6 **Long-term incentive program**

##### **Performance share program**

With effect from 2016 a performance based share program has replaced the previous share option program. This means that members of the Group Executive Management may be granted performance shares (also known as conditional shares). The purpose of such performance shares is to ensure value creation for the shareholders by aligning the long-term incentive awards with the performance of the management in terms of the fulfillment of the Company's long-term targets.

Subject to the Board of Directors' approval, the granting of performance shares may take place once a year, normally on presenting the Company's Annual report in February. For each year, performance shares may be granted up to a value corresponding to 35% of the relevant member's base salary at the grant date.

The vesting of the performance shares will be dependent on (i) time (a three (3) year vesting period), (ii) continued employment, and (iii) financial performance, i.e. achievement of one or more of the announced long-term financial targets supporting the long-term group strategy. The long-term financial target(s) are laid down by the Board of Directors.

Full vesting of the performance shares will require fulfilment of a stretched target (i.e. performance above the set target performance) for the applicable long-term financial target(s). If the minimum threshold for financial performance is not met, there will be no vesting of performance shares.

The shares are delivered to the individual in question without payment, subject to continued employment and achievement of the long-term financial target(s), following the vesting period of three (3) years. No shares are thus delivered during the vesting period, and all shareholder rights and obligations stay with the Company during the vesting period.

The Company will continuously cover its obligations under the performance share program through acquisition of treasury shares.

## **7 Other incentives**

The Board of Directors may in individual cases and subject to applicable law, implement supplementary bonus schemes or other incentive-based remuneration for special purposes, e.g. retention bonus, sign-on bonus or similar, provided it is deemed necessary in order to meet the overall objectives of the Company or to protect the interests of the Company.

The value of such supplementary bonuses or incentive-based remuneration may not exceed an amount corresponding to 100% of the relevant member's base salary for the year in question. Unless otherwise decided by the Board of Directors in extraordinary situations, such supplementary bonuses or incentives may only be applied on a one-off basis.

These incentives may consist of cash and/or a share-based remuneration, and the conditions in respect of such grant, e.g. whether the grant and/or vesting should be subject to fulfillment of KPIs, are laid down by the Board of Directors.

## **8 Existing agreements on incentive pay**

Existing agreements on incentive pay that are entered into prior to 6 April 2016 are subject to the previous version of the incentive guidelines that have been approved by the General Meeting. However, these Incentive Guidelines apply to any amendments to existing agreements, provided that such amendments are agreed upon on or following 6 April 2016.

**9 Approval and publication**

These Incentive Guidelines have been approved by the Board of Directors and adopted by the Annual General Meeting on 5 April 2016, and the guidelines apply to agreements on incentive pay entered into as from 6 April 2016.

The Incentive Guidelines are available on the Company's website, [www.flsmidth.com](http://www.flsmidth.com).

A list of outstanding share options and performance shares will at all times be published on the Company's website, [www.flsmidth.com](http://www.flsmidth.com). The notes to the Company's accounts include a summary of the total remuneration of the Group Executive Management, including any share options or performance shares that have been granted.