

## **Compensation Committee Mandate and Charter**

### **I Mandate**

The objectives of the Compensation Committee ("the Committee") shall be to determine the compensation and other conditions of employment for the members of the Group Executive Management, and annually to approve the overall principles of the Group's bonus and other short or long term incentives or retainment programs. In addition, the Committee shall propose to the Board of Directors the size of the Board of Directors' and the Board Committees' fee.

The CEO shall once a year inform the Committee on the compensation levels and the evaluation of the performance of the managers reporting directly to the CEO and the Group Executive Management.

Based on the recommendations of the Compensation Committee the entire Board of Directors decides on the Chief Executive Officer's salary and employment conditions and assesses this performance.

The Committee shall when appropriate inform the Board of Directors of the Committee's activities. The Board of Directors may consult the Committee on any matter considered to be of relevance to the Board of Directors' work.

### **II Charter**

#### **A. Review of Mandate and Charter**

At least annually the Mandate and Charter shall be reviewed by the Committee and any changes proposed by the Committee shall be submitted to the Board of Directors for approval.

#### **B. Members of the Committee and Term**

The Committee shall consist of up to four members of the Board of Directors. The members of the Committee, including the Chairman of the Committee, shall be appointed by and among the members of the Board of Directors at the constituent Board meeting immediately after the General Meeting for a period until the next General Meeting. Reappointment is allowed.

#### **C. Meetings**

The Committee shall meet as often as it determines appropriate, but at least two times each year. Further the Committee shall meet upon request of a member of the Committee, the Board of Directors or the Group Executive Management.

Meetings shall be convened by the Chairman of the Committee at not less than four days' written notice to all members of the Committee and such notice shall include an agenda for the meeting in question. Any written material relating to the individual agenda items shall, to the extent possible, be made available to the members together with the notice convening the meeting.

If deemed appropriate, the Chairman of the Committee can decide that the meetings of the Committee are held by conference call.

If deemed necessary by the Chairman of the Committee, proxy arrangements may be made, under which a member of the Committee in isolated cases may grant a power of attorney to another member where this is appropriate, having regard to the issue to be discussed.

Further, the Chairman of the Committee can decide that a Committee resolution may be passed following a written procedure. The proposed resolution shall be forwarded to the members of the Committee and the Chairman of the Committee shall subsequently seek to obtain a written, oral or electronically transferred statement from all members of the Committee and subsequently arrange for the recording of the resolution in the minute book.

Only members of the Committee are entitled and obliged to attend meetings of the Committee. In order to ensure the Committee's independence and objectivity other members of the Board of Directors and of the Group Executive Management respectively can participate in meetings only at the invitation of the Committee, with a view to providing factual information. This includes the CEO or other executives, and is also the case for any external consultants.

#### D. Quorum and decisions

Provided the meeting has been duly convened and held, a majority of the members of the Committee shall constitute a quorum. All decisions of the Committee shall be made by a simple majority of the members of the Committee present at a meeting, however, all decisions of the Committee shall be sought to be made unanimously. Any decision of the Committee in writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

#### E. Minutes of meetings

Minutes of all meetings of the Committee shall be prepared to document the Committee's decisions. The draft minutes shall be sent to the members of the Committee prior to the tenth working day after the meeting date and in addition – as for meetings with participation of the CEO and other executives – to these participants to ensure the precise wording of the minutes. The minutes shall be approved by the Committee at the following meeting. The approved minutes shall be maintained with the books and the records of the company.

#### F. Report to the Board of Directors

The Committee shall, when appropriate, inform the Board of Directors of the Committee's activities. The Board of Directors may consult the Committee on any matter considered to be of relevance to the Board of Directors' work.

An annual self-evaluation of the work and members of the Committee shall be carried out. A report on the self-evaluation shall be forwarded to the Board of Directors and shall be part of the self-evaluation of the Board of Directors.

The Committee and the Chairman of the Committee shall on the basis of the self-evaluation present any suggestions to the Board of Directors regarding improvement of the work of the Committee.

#### G. Publication

The Committee shall contribute to the information regarding the Committee in both the company's annual report and on the company's website. The Committee shall provide the following information in connection with the preparation of annual report. The Committee shall also ensure that the information regarding the Committee in the annual report and on the website is accurate and adequate:

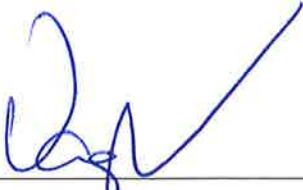
##### Annual Report/website

- Inform that the company has established a Committee.
- Inform about the Committee's Mandate and Charter.
- Inform about the names of the members of the Committee.
- Inform about who are members with special skills in the Committee.
- Inform about who is Chairman of the Committee.
- Inform about the number of meetings throughout the year.

#### H. Consultants

The Committee may, when deemed relevant, make use of consultants with a view to fulfilling its duties. The company is expected to cover the expenses incurred in connection herewith.

Thus approved at the meeting of the Board of Directors of FLSmidth & Co. A/S held on 26 August 2020.



Vagn Sørensen



Tom Knutzen



Gill Winckler



Anne Louise Eberhard



Rob Smith



Thrás Moraitis



Mette Dobel



Søren Dickow Quistgaard



Claus Østergaard