

FLSmidth Group

Conflict of Interest Sub-Policy

1 Introduction and scope

As a prominent player in the market, FLSmith must ensure that business practices are transparent, unbiased and free from conflicts of interest.

The Conflict of Interest Sub-Policy outlines FLSmith's commitment and establishes rules to ensure that business activities are conducted in the best interest of the company.

The Sub-Policy applies to FLSmith & Co. A/S and all of its subsidiaries, offices and sites worldwide (henceforth 'FLSmith') and includes all members of the Board of Directors, executives, officers and employees, irrespective of location. It also applies to any company acting on behalf of or in the name of FLSmith, including all employees. Compliance with this Sub-Policy is a condition of employment in FLSmith and non-compliance may result in sanctions.

Please note that there may be local or regional policies that put in place stricter rules on top of this group level Sub-Policy.

2 Rules

2.1 Definition

A conflict of interest is a circumstance in which an employee has competing personal interests or loyalties that can influence their decision making and have implications on the realisation of the goals of FLSmith.

2.2 Personal conflict of interest

This includes situations where an individual's position within FLSmith is used for their personal advantage. As a FLSmith director, officer or employee you may not engage in activities that will bring direct or indirect profit to a competitor. This includes providing services in competition with FLSmith, or working as an employee, consultant, officer, or member of the board of directors of a company competing with FLSmith. Additionally, any company owned by you may not be a supplier to FLSmith or work for a customer, potential customer, contractor or supplier while you are employed by FLSmith, nor may you accept money or any benefit from a customer, potential customer, contractor or supplier for advice or services that relate to their business with FLSmith. Lastly, if you are the owner of a private company, you may not use inside information from FLSmith to the advantage of your company.

2.3 Close relatives and friends

A conflict of interest can exist if you, or close relatives or friends have a direct or indirect personal interest in a decision being made, where that decision should be made objectively, free from bias and in the best interests of FLSmith.

2.3.1 Definition of close relatives

A 'close relative' is defined as an employee's parent, grandparent, child, sibling, half-sibling, spouse, uncle, aunt, cousin, nephew, niece, mother-, father-, son-, daughter-, brother-, or sister-in-law or any individual with whom an employee has a 'close personal relationship'.

A 'close personal relationship' includes, but is not limited to, unmarried couples, ongoing dating relationships, live-in relationships, and any other romantic relationships or close personal friendships which might influence judgment.

2.3.2 Employing close relatives

The employment of close relatives requires management approval and disclosure. In addition, reporting lines or any other supervision are not allowed between close relatives. If you hold a position where you have influence or control over the employment, dismissal, job content, job evaluation or compensation of any employee who is a close relative, you must refrain from exerting such influence. An FLSmith manager must always take into consideration the impact it can have on employees who will have to work with a close relative of a manager. Furthermore, a manager must refrain from employing a qualified close relative, if the impact may be detrimental to the interest of FLSmith.

2.3.3 Working with close relatives and close friends

An employee who is related to you might assume they have special privileges. Normally, it is not acceptable for close relatives to be employed in the same department nor that a close relative in a department reports directly to a superior close relative. Hence, the situation shall be remedied in consultation with local Human Resources, if the close relative is employed in the same department. Such a situation can be remedied by arranging an inter-departmental transfer of at least one of the close relatives.

If the inter-departmental transfer is not possible, the case shall be referred to the Head of Human Resources. In such a situation, a managing close relative's responsibility may have to cease, or, as a consequence of the relationship, one of the close relatives may ultimately have to leave FLSmith.

To ensure that decisions concerning one close relative shall not be influenced by the other, it must be referred to another independent manager for decision, or if necessary, be referred to the Head of Human Resources.

Any employee in FLSmith must report in writing to their manager and local Human Resources if his or her relationship to another employee fits or changes to the definition of a 'close relative' or if the employee's relationship could appear as a conflict of interest.

2.3.4 Doing business with close relatives

Business with companies owned by close relatives or friends is strongly discouraged. This is only allowed in exceptional situations and require prior approval from the relevant Group Executive Management member. Employees within FLSmith must not engage in any activity that improperly benefits the employee's close relatives or close friends. A conflict of interest would include an employee cooperating with a close relative working for a supplier, customer, contractor or competitor. Additionally, an employee accepting services or receiving payment from a close relative working for a supplier, customer, contractor or competitor could cause a conflict of interest. All business decisions made by FLSmith's employees must be made exclusively in the company's best interest.

3 Governance

This Sub-Policy is approved by the Group CEO. The Sub-Policy is maintained, implemented and updated by Group Compliance in close cooperation with Group Human Resources.

