

FLSmidth Group

Competition Policy

1 Introduction and scope

The Competition Policy outlines the basics of competition law and provides rules and principles for how we want to engage with competitors and customers. The policy covers topics such as cartels, price agreements, vertical and horizontal agreements, market intelligence, boycotts of customers and other third parties, resale price agreements, exclusive supplier arrangements and dominant market position.

The 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 policy is a condition of employment in FLSmith and non-compliance may result in sanctions.

FLSmith has put in place a number of Sub-Policies and Procedures to the Competition Policy, which further detail and interpret the rules and procedures for specific topics. Please note that competition law varies greatly from country to country. Therefore, an understanding of local legislation is key in terms of complying with competition law.

2 Rules

2.1 Compliance with laws

All FLSmith employees must comply with the competition laws and regulations of the jurisdictions in which they are operating, in addition to the Competition Policy and other FLSmith policies. Almost all countries have in place competition, anti-trust or anti-monopoly laws to ensure effective competition and free market conditions. Competition laws typically prohibit agreements or practices that restrict competition, and abusive tactics by companies that dominate the market. FLSmith may have a special responsibility regarding competition law in countries where we are dominant.

2.2 Dominant position

As a rule of thumb, a company is 'dominant' if it has a market share above 40%, and 'maybe dominant' if the market share is between 25% and 40%. Note that in some countries, for example the US, the threshold is significantly lower. The share is calculated as a share of a given product market within the relevant geographical area.

FLSmith has a special responsibility regarding competition law in countries where we are dominant. Specifically, we may not abuse the dominant position, for example by charging excessive prices, keeping prices below cost, discriminate against business partners, or condition rebates on purchases from FLSmith.

2.3 Interaction with competitors

Some degree of interaction between competitors is unavoidable and legitimate. This includes, for example, joint research and development projects, production joint ventures, and joint manufacturing agreements. However, authorities require companies to act completely independently of their competitors and are generally suspicious of any agreements or contacts between competitors.

Generally speaking, any contact between competitors is strictly prohibited if it involves any kind of commercially sensitive information. This includes information about prices, rebates, price changes, sales policies, general conditions of sale, and even costs. This general rule

applies regardless of whether the contact is formal, informal or entirely social, and even when the information is publicly available.

Similarly, the passing of commercially sensitive information from one competitor to another is also strictly prohibited when passed through a third party, such as via a consultant, trade publication or journalist.

2.4 Joint venture agreements

Joint venture agreements between competitors may give rise to competition law concerns, for example coordination of the parent companies commercial conduct or the sharing of commercially sensitive information. The creation of a joint venture may require merger approval in some countries. Always seek advice with Group Legal before entering into a joint venture agreement.

2.5 Cartels

Any agreements between competitors regarding price-fixing, reducing production, boycotts of customers and suppliers, or market-sharing is strictly prohibited. For example, FLSmidth employees may not exchange information about tenders with competitors, or allocate sales, customers or market territories between FLSmidth and competitors. It is also not allowed to agree with a competitor to limit production, or agreeing to boycott a customer or a supplier.

Such agreements qualify as 'cartels' and are considered the most serious infringement of competition law. Seek advice from Group Legal and protest immediately in writing if you receive any unsolicited proposals for agreements involving commercially sensitive information and topics.

2.6 Market intelligence

Market intelligence is a legitimate activity, even when involving benchmarking between FLSmidth and competitors, as long as it is fully in compliance with competition laws and is not based on commercially sensitive information obtained from a competitor. FLSmidth employees can never receive or use information obtained from competitors, whether directly or indirectly, even if that information is publicly available.

It is however, perfectly legal to obtain such information from other sources, including publicly available information, market intelligence sources, or from customers. The key principle is that there is no exchange of commercially sensitive information between FLSmidth and competitors, whether direct or via a third party.

It is possible to use information about competitors provided to FLSmidth voluntarily by a customer on their own initiative. For example, information about competitors to guide pricing decisions relating to tenders or negotiations may be used, provided that the customer voluntarily and on their own initiative send this information. It is never allowed to ask for information about competitors from customers.

2.7 Customer site visits and customer equipment

When visiting a site which involves equipment manufactured by a competitor as well as FLSmidth equipment, employees must endeavour to only visit those the parts of the site or specific equipment that it is strictly necessary to inspect or visit. The visit should not involve a detailed review of competitors' equipment unless our own products are to be integrated or

replace those pieces of equipment or the customer has expressly sought FLSmidth advice or input on those items of equipment.

2.8 Agreements with customer and suppliers

Agreements with customers and suppliers are generally seen as appropriate and less likely to restrict competition. However, certain arrangements can be problematic in some contexts, including resale agreements and exclusivity agreements.

As a general rule, agreements on fixed or minimum resale prices are prohibited, whereas maximum or recommended resale prices are allowed. In addition, FLSmidth employees cannot agree to limit resale to a certain geographical area or to certain customers. This means that an agreement with a customer which defines a minimum or fixed price in case the company decides to resell the products we sold to them at a later stage is not allowed. It is however possible to put in place a recommended or a maximum price.

Exclusive supplier arrangements are generally not illegal, but similar arrangements that limits competition or appear to do so, may be illegal. This includes long-term, exclusive supplier arrangements, which are considered a very serious violation of competition law in some parts of the world. This applies to agreements where FLSmidth is the supplier as well as agreements with companies supplying to FLSmidth. The legality of an exclusive supplier arrangement is generally based the parties' market shares and the duration of the arrangement. This means that FLSmidth is at greater risk of non-compliance if we are dominant on a certain market. A rule of thumb is that long-term in this context means a duration of more than five years.

2.9 Industry events and associations

FLSmidth employees occasionally meet representatives from competitor companies at industry events and conferences, meetings in industry associations or in connection with tender information meetings. Overall, these events and associations are legitimate forums for interacting with other companies in the industry, including to some extent competitors.

However, it is vital that associations have a formal constitution, rules regarding competition law, a formal agenda and written minutes of meeting, a reminder of the rules at each meeting, and sometimes the presence of an external lawyer in the room. If a competitor discusses or requests commercially sensitive information, end the discussion, note this in the meeting minutes, and report the incident to Group Compliance.

3 Procedures

3.1 Protest in writing and seek advice

End the conversation immediately and protest in writing if you receive commercially sensitive information from a competitor. Inform Group Compliance about the incident.

Seek advice with Group Legal before entering into any agreement with a competitor.

3.2 Dawn Raids

Authorities may initiate a so-called 'dawn raid' if they suspect serious violations of competition law. A dawn raid is a surprise visit by police or other law-enforcement officers, often in the early morning or late at night, requiring the company to hand over documentation, including

paperwork and electronic evidence. FLSmidth has put in place a separate Dawn Raid Procedure for how to prepare for eventual dawn raids.

4 Implementation

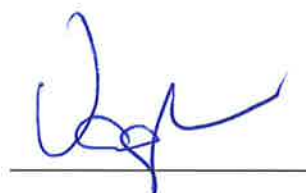
This Policy is supported by a range of measures and activities implemented throughout the FLSmidth Group. This includes regular risk assessments; regular revisions of policies and procedures; top level support; training of at-risk employees, directors and members of the Board of Directors; communication activities; procedures for third party due diligence; whistleblower hotline and procedures for internal investigations; ongoing monitoring; and internal controls. The measures and activities are described in greater detail and on an ongoing basis in the publicly available sustainability reports.

5 Governance

This Policy is approved by the Board of Directors and Group CEO. The Policy is maintained, implemented and updated by Group Compliance.



Thomas Schulz,
Group CEO



Vagn Ove Sørensen,
Chairman of the Board of Directors

