

## **Supplier code of conduct**

Suppliers play an integral role in FLSmidth's operations and offerings to customers, with mutual success depending on long-standing business ties and strong relationships. Aligning values and creating trust is the greatest enabler for collaboration with suppliers, contractors, sub-contractors, agents, joint venture partners and distributors ('suppliers', hereafter). Embodying FLSmidth's core values of competence, co-operation and responsibility, suppliers are expected to adhere to the minimum standards outlined in this Code.

FLSmidth is a signatory to the United Nations Global Compact and is guided by the United Nations Guiding Principles for Business and Human Rights (UNGPs). FLSmidth encourages suppliers to also commit to these frameworks.

Full compliance with local and national law and regulation, in letter as well as in spirit, is expected of all parties involved in any business relationship with FLSmidth. Where national law is found to be in conflict with this Code, a supplier is expected to adhere to the most stringent set of requirements.

FLSmidth expects all suppliers to meet the following standards:

### **Occupational health and safety**

Suppliers must provide a safe and healthy working environment for all their employees and contractors.

Support FLSmidth's Zero Harm target and work consistently to prevent and record fatalities, injuries and occupational disease in their operations.

Suppliers must demonstrate an adequate safety management program, preferably according to international standards such as OHSAS 18001/ISO45001. Such a program must include an approved policy commitment, hazard identification and risk assessment, action plans, safety incident investigation, instruction and training.

Appropriate work place conditions and equipment (including fire safety, evacuation routes and emergency exits) must be in place.

Access to personal protective equipment for employees and contractors must be ensured.

## **Human rights**

All suppliers shall respect the personal dignity, integrity, privacy and human rights of each individual employed or affected by their business operations.

Suppliers shall, by written policy as well as by practice, prohibit any discrimination on the grounds of race, gender, youth, age, union membership, religious or political affiliation, and sexual orientation, indigenous or tribal status. This includes unbiased recruitment processes, data security of employees and equal pay for equal work.

Employment of security staff as well as any site or facility service staff must be compliant with national labour law. Any use of force by security personnel must be authorised and monitored systematically, and arms must be carried only in compliance with national law and following training in their appropriate use in compliance with international standards.

Any housing made available by the supplier shall be of an adequate standard and where goods are sold by a supplier to workers, these must be sold at market rate, or below.

Suppliers shall endeavor to pay a living wage.

## **Fair labour conditions and child labour**

No tolerance for any child labour in any stage of the suppliers' business activities. Suppliers shall only employ or contract minors in accordance with all applicable laws and regulations. The supplier shall put in place a remediation plan should instances of child labour be found to occur within their own operations or their supply chain.

No forced or compulsory labour shall be tolerated by the supplier or their sub-suppliers. This includes any labour rendered involuntarily, or voluntarily, but under threat of sanction. No deductions can be made from workers' wages and no physical or financial sanctions can be used as disciplinary measures. Workers shall be free to retain all personal documentation at all time, to remove themselves from a potentially hazardous situation at any point and shall be provided with a copy of their employment contract in a language in which they are proficient.

Suppliers shall secure and uphold freedom of association within the work place. Any autonomous voluntary association of workers organised to further and defending worker's rights and interests shall experience no retaliation from their employers.

All applicable working hours, overtime and night-time work regulations must be complied with.

## **Environmental management**

Suppliers shall identify their positive and negative environmental impacts in a life cycle perspective, meaning impacts stemming from their own operations, those originating in their supply chain and from the use of the products or services which they supply.

Environmental management plans shall be produced to achieve increased positive and reduced adverse impacts.

Suppliers must demonstrate an adequate environmental management program, preferably according to international standards such as ISO14001. Such a program must include an approved environmental policy commitment, defined roles and responsibilities for environmental management, improvement plans, employee training and training records, emergency preparedness and response planning.

## **Material compliance and conflict resources**

Suppliers shall conduct due diligence to ensure that any procurement, use or sale of natural resources and conflict minerals comply with international standards.

Suppliers shall ensure that any goods provided to FLSmidth comply with requirements covered under the scope of all relevant standards and regulations securing control of prohibited substances.

## **Bribery and corruption**

Suppliers may not participate in, or benefit from, any kind of corruption, extortion or bribery. This includes payments to or other forms of benefit conferred on any government official to influence decision-making, as well as payments to influence FLSmidth employees.

Suppliers must manage information in a manner ensuring that no breaches of FLSmidth's intellectual property rights will ensue.

No gifts shall be exchanged with the intention of persuading or in any other way influencing an FLSmidth employee. Note that FLSmidth employees are likely obliged to report any gift received.

No conflict of interest can occur between the supplier and any FLSmidth employee or entity. Note that FLSmidth employees are obliged to report any potential risk of a conflict of interest.

## **Transparency and integrity**

Suppliers are expected to transmit the values outlined in this Code down through their own supply chain.

Where supplier non-compliance with the standards listed in this Code is identified, the supplier must actively inform FLSmidth in order that the gap identified can be assessed and rectified.

Where material breaches of the standards listed in this Code are identified, suppliers are expected to promptly design and implement a remediation plan, including but not limited to instances of child or forced or compulsory labour.

## **Inspections and corrective actions**

Suppliers shall keep a record of documentation of their management systems and practices for the issues listed in this Code. Suppliers shall provide supporting documentation on request, including self-assessment questionnaires.

FLSmidth reserves the right to audit and inspect suppliers' operations and facilities, including by third party auditors. In addition to supplier work sites, an audit scope may include residential facilities for supplier employees and second tier suppliers where specific risks have been identified. The cost of such third-party audits shall be borne by the supplier.

On-site audits and inspections may be scheduled in advance, or may in exceptional cases proceed without prior notification.

Where the results of such an audit or inspection raise non-conformities with this Code, the supplier shall correct or remediate non-conformities according to a mutually agreed Corrective Action/Remediation Plan and timeframe. Upon request, FLSmidth may assist the supplier to achieve compliance. Should the supplier fail to implement the Corrective Action/Remediation Plan within an agreed-upon timeframe, FLSmidth reserves the right to consider this a breach of contract. This may include, but not be limited to, suspending or terminating the supplier relationship.

## **Access to remedy**

As stated, FLSmidth is guided by the UNGPs in our commitment to work towards ensuring appropriate and adequate remedy for stakeholders adversely affected by our business operations and relationships. Where such impacts are carried out through a supplier, we aim to work jointly with the relevant entity to implement a remediation plan according to a set timeline, dependent on the severity of the breach. In instances where this approach is

inadequate, affected internal or external parties may submit a report to the FLSmith whistleblower hotline.

August 2018

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