

01 December 2017

**FLSMIDTH A/S 2017 STATEMENT PURSUANT TO THE UK MODERN DAY SLAVERY ACT**

FLSmidth is an original equipment manufacturer (OEM), engineering and services company supplying the global mining and cement industries. FLSmidth is headquartered in Copenhagen, Denmark, and employ roughly 12,000 people worldwide. We operate a subsidiary located in Rugby, UK.

The FLSmidth Group structure consists of four main divisions – cement, minerals, customer services and product companies - each operating across several jurisdictions. We maintain operations as well as customer relationships globally and conduct business in countries presenting varied risk profiles. FLSmidth has been a signatory to the UN Global Compact since 2008.

As a company, we are committed to avoiding infringing on the human rights of others, including through the prevention and remediation of modern slavery offenses. We concurrently recognise the challenges associated with the size of our business and supply and its global scope. We are working to continuously advance our systems, including implementation of the UN Guiding Principles on Business and Human Rights (UNGPs).

**Our policies relating to human trafficking and slavery**

As stated in our Group human resources policy, FLSmidth offers competitive employment conditions and remuneration and recognises employees’ right to be organised and bargain collectively. We support human rights and do not engage in child or forced labour.

The following table provides an overview of some of our Group policy commitments:

<b>Legal compliance</b>	We expect our suppliers to comply with all applicable laws in the jurisdictions where they operate. This includes all employees having an employment contract that meets all the local legal requirements of the country in which they work.
<b>Health and Safety</b>	We expect our suppliers to provide a safe and healthy working environment for all their employees. Our suppliers must have a safety system that includes <ul style="list-style-type: none"> <li>• Policies and procedures relating to safety</li> <li>• Follow-up on incidents</li> <li>• A system for identifying hazards and unsafe practices</li> <li>• Safety records</li> <li>• HSE training records</li> </ul>

	<p>We expect every person on the premises of our suppliers to be protected from harmful or dangerous situations. In addition, all employees of our suppliers must be equipped and trained to perform their tasks safely.</p> <p>Personal protection equipment (PPE) must be available to all employees at all times. All employees of our suppliers must be trained in the use of PPE and their managers shall be responsible for its correct usage at all times and places where it is required. It is also seen as a prerequisite that first-aid equipment and fire-fighting equipment are readily available and are regularly inspected. Furthermore nominated employees shall be trained and certified in their use.</p>
<b>Child Labour</b>	<p>We expect our suppliers not to employ any children under the local statutory legal minimum age limit. Furthermore, the ages of all employees should be verified and recorded. Young persons employed by our suppliers who are eligible for a remedial education program shall be enrolled in such a program, and we expect our suppliers to facilitate this process.</p> <p>Young persons employed by our suppliers must not be allowed to perform hazardous or harmful tasks.</p>
<b>Freedom of Association</b>	<p>All persons working under the auspices of our suppliers are assumed to have the freedom to form associations and engage in collective bargaining without any obstruction, whether direct or indirect. Furthermore we expect them to be allowed to elect a spokesperson who can negotiate terms and conditions with the management.</p>
<b>Forced labour</b>	<p>We expect our suppliers to refrain from using any form of involuntary or forced labour. Furthermore all employees shall be able to terminate their employment contracts and leave the company's premises at any time if they wish to do so.</p>

Our Code of Business Conduct, the Supplier Code of Conduct and annual Sustainability reports all reference our commitment to legal compliance and ethical business practice and are publically accessible through our website.

An update of the company's human rights policy is planned for completion in 2018. We do, however, consider this policy a living document and will be updating it continuously to allow for findings uncovered during our continuous human rights due diligence to be reflected in our processes and policies.

**Due diligence and risk assessment**

FLSmidth's internal processes and policies recognise that, as a global company, we operate in at-risk markets and that our extractive industries clients or business partners may face and contribute to potential human rights impacts.

Our approach to due diligence is holistic and emphasizes anti-corruption and business integrity, labour rights, human rights and environmental impacts and occupational health and safety. Our current due diligence practice includes assessments of human rights risks posed by our business practices or relationships. We are presently developing and expanding our human rights due diligence approach and have increased headcount in our Group Compliance department in order to do so. We expect to be able to disclose gradually more substantive findings in future statements, as our human rights due diligence process matures. The ongoing development of our internal human rights assessment practice will enable us to benchmark our progress against modern slavery risk exposure.

**Effective action taken in the reporting period to address modern slavery**

In 2017 we have expanded our human rights due diligence program, and has included additional resources and staff. As a part of this expansion, we are in the process of reviewing policies, conducting a group-wide human rights risk assessment and undertaking human and labour rights due diligence.

We regularly conduct training on our Code of Business Conduct, including both in-person and online training.

We have also re-launched our whistleblower hotline in Q2 of 2017. The hotline is primarily aimed at detecting corruption and integrity risks within our business, but all and any criminal activity should be reported and will be investigated promptly and anonymously. The hotline offers a safe, encrypted service operated by a third-party whereby reports may be submitted in several different languages by voice. Alternatively, written reports may be made online.

All FLSmidth employees, contractors, business partners and suppliers are encouraged to raise issues of non-compliance with our policies.

  
Thomas Schulz  
Group CEO