

FLSmidth

# Human Rights Grievance Mechanisms and Remediation Procedure

## 1 Introduction and scope

The Human Rights Grievance and Remedy Procedure outlines the basics of the human rights grievance filing, verification and remedy processes.

This policy applies to FLSmidth & Co. A/S' own operations, all its subsidiaries, branches and offices worldwide (henceforth 'FLSmidth') and value chain (including suppliers, customers, other business partners, and communities impacted by our operations) worldwide. We pay special attention to respecting the rights of vulnerable groups, including indigenous people. Its scope includes the management, employees and contract workers of all FLSmidth entities.

The Procedure is a sub-policy of our Human Rights Policy and therefore aims to adhere to the same global standards.

## 2 Rules

FLSmidth believes that an effective grievance mechanism should help the company understand potential human rights violations related to its business and verify them in a way that does not undermine the rights of any individuals involved, including their ability to seek remedy through formal justice systems. The grievance mechanism aims to offer remedy to those directly impacted by FLSmidth's business activities where these might have constituted or contributed to the violation of an internationally recognised human right.

Concurrently, we expect our suppliers and customers to have appropriate grievance mechanisms that are proportionate to their size, complexity and risk of their business.

We continue to build the awareness and knowledge of our employees, business partners and other affected stakeholders on human rights, including labour rights, encouraging them to speak up about any concerns they may have, including through our grievance channels.

### 2.1 Effectiveness criteria

Our grievance mechanism offering aims applying the effectiveness criteria, stated in the UN Guiding Principles on Business and Human Rights.

**Legitimate:** enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;

**Accessible:** being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;

**Predictable:** providing a clear and known procedure with an indicative timeframe for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;

**Equitable:** seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;

**Transparent:** keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;

**Rights-compatible:** ensuring that the complainant is protected from reprisals from others and outcomes and remedies accord with internationally recognised human rights;

**A source of continuous learning:** drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;

**Based on engagement and dialogue:** consulting the stakeholder groups for whose use they are intended on their design and performance and focusing on dialogue as the means to address and resolve grievances.

### 3 Process

#### 3.1 Filing a complaint

Complaints can be filed through different channels, depending on the location (for example suggestion box or workers representatives), as well as globally through the FLSmith Whistleblower Hotline system. This mechanism is accessible to both internal and external stakeholders.

Rights violations may take many forms and may overlap with other legal breaches. In FLSmith, most of the complaints that are categorised as 'human rights grievance' will be related to the following categories: modern slavery, incl. forced labour, child labour and human trafficking, community health and safety, livelihood, cultural rights and heritage, security guards, land compensation, noise, pollution, etc. Other types of violations related to human rights, e.g. harassment, might be categorised as part of human resources or health & safety violations, especially when in relation to the internal FLSmith workforce. All complaints are handled in appropriate matter, however a human rights grievance is verified and resolved according to a different set of principles than a whistleblower report, as described in this Procedure.

If a complaint is not catalogued in this way in the reporting phase (by selecting 'Human Rights Grievance' as the complaint issue type) but is clearly a human rights grievance on the facts of the case, the verification process will still proceed according to the steps set out in this Procedure.

#### 3.2 The grievance is received

The grievance or complaint will initially be reviewed by Compliance to identify related possible human rights violations and whether a nexus with FLSmith business exists. To be processed further, a complaint will need to contain both a potential violation of internationally recognised human or labour rights and relate to impacts caused by or contributed to through FLSmith's activities, or directly linked to our operations, products or services by our business relationships.

#### 3.3 Confirmation of receipt

The complainant will be informed either that the complaint will now be verified on the basis of the information already provided, or that unless further information is submitted, the complaint will fail. If information about next steps of the investigation is available at this stage, this will be shared with the complainant to the extent possible.

### **3.4 Grievance verification**

The grievance is then investigated. Depending on the complaint, the grievance may be verified through a combination of document review, internal interviews and external interviews. The method used for grievance verification is based on FLSmith Internal Investigation Procedure.

The aim of the verification process is to determine what has occurred, factually, and whether any rights may have been violated. It is a scoping exercise to determine the extent of possible impacts, that there is indeed a nexus with FLSmith's business and to identify relevant stakeholders, internally as well as externally.

The stakeholders involved in grievance verification may also contribute to dialogue with the complainant. In many cases, where possible, dialogue may be part of the verification process itself, as inclusion of the rights-holder is central to a rights-compliant grievance resolution process.

### **3.5 Grievance resolution and remediation**

FLSmith is committed to collaborating with judicial and non-judicial mechanisms to provide access to remedy in the event that we cause or contribute to an adverse impact. We acknowledge that this often means working with relevant stakeholders to find the appropriate solutions to mitigate and reduce adverse impact on the affected groups. In instances where FLSmith is directly linked to an impact, we will seek leverage to promote adequate remedy.

We recognise that there are multiple ways of providing remedy and commit to carry out assessment to use the appropriate one, proportionately to the to the harm done and proximity to the impact. Ways to remedy include: apology, restitution, rehabilitation, compensation, sanction or non-repetition.

## **4 Governance**

The policy is approved by the Group CEO. The policy is maintained, implemented and updated by Compliance. Note that there may be local or regional policies that puts in place stricter rules on top of this group level policy.

Human rights at FLSmith are part of our wider company strategy and is implemented through a number of policies and procedures. Ultimate oversight of human rights, incl. grievance mechanisms in FLSmith falls under the Audit Committee. The Audit Committee receives a quarterly update on all compliance matters, including human rights. The Chief Legal and Strategy Officer is accountable for implementation of our human rights commitment and decision-making regarding human rights issues. In case of severe cases, decision-making is escalated to the Group CEO. The responsibility for facilitating the operational work with human rights across departments rests with Compliance.