

REMUNERATION REPORT 2021

1 January –
31 December 2021
Remuneration Report 2021

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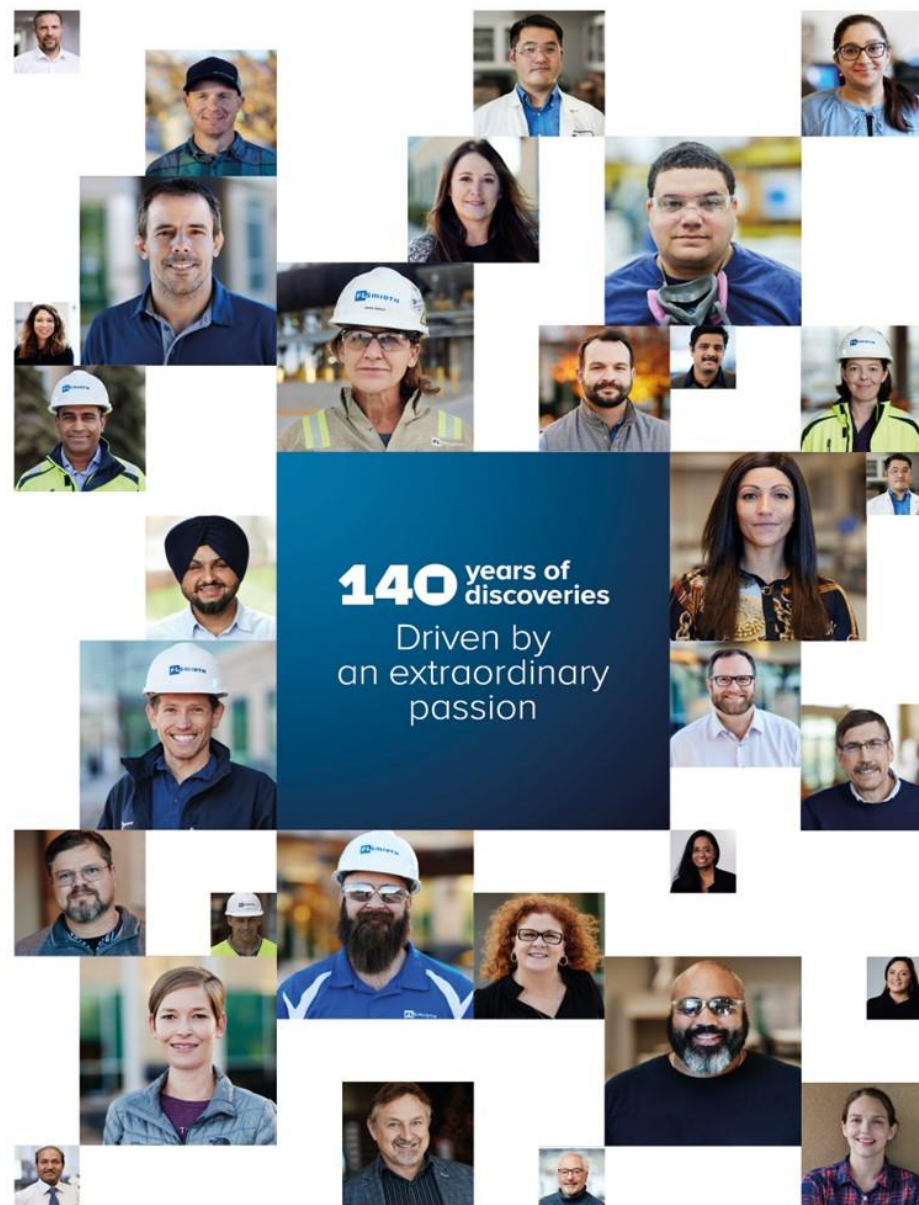
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Integrated report

This remuneration report is an integrated part of the annual report 2021. The annual report can be found on the company web-site:
www.flsmidth.com/AnnualReport2021



INTRODUCTION

In combination with the remuneration policy the annual remuneration report ensures stakeholder transparency of the various elements in the total remuneration framework and how it is applied.

Strategy and sustainability

Our vision is to drive success through sustainable productivity enhancement in the global mining and cement industries.

With a unique combination of technology, process knowledge and services, the Company enables customers in the cement and mining industries to drive success through sustainable productivity enhancement. Our ability to take a life cycle perspective, not only for the products supplied, but also for customers' plants and sites, enables us to provide industry-leading solutions with a low total cost of ownership and reduced environmental impact. As such, sustainability is the core of FLSmidth's business.

With this strategic standpoint, the Company offers remuneration that aims to ensure the sustainability of the Company.

Remuneration policy and framework

The remuneration policy describes the framework for the total remuneration to the Board of Directors and the Group Executive Management of FLSmidth & Co. A/S registered with the Danish Business Authorities. The registered Group Executive Management is the Group CEO and Group CFO. Other members of Group Executive Management are non-registered.

The remuneration framework is designed to enable FLSmidth to attract, motivate and retain a diverse team of highly qualified members of the Board of Directors and Group Executive Management. Additionally, the remuneration framework shall encourage the Board of Directors and the Group Executive Management to demonstrate a well-balanced and sustainable management of FLSmidth with creation of short- and long-term shareholder value through efficient business strategy execution and high performance.

The remuneration policy is available at www.flsmidth.com

Governance

The terms of employment and remuneration of Group Executive Management are approved by the Board of Directors.

The Board of Directors has established a Compensation Committee to serve as the Board Committee on matters related to executive remuneration. In that capacity, the Compensation Committee is also responsible for the remuneration policy, including ongoing revision and updates.

The Compensation Committee mandate and charter is available at www.flsmidth.com

Continuously and at least on a yearly basis, the Compensation Committee considers if a revision of the remuneration policy is needed. All proposals for revisions will be presented to the Board of Directors for approval. The Board of Directors must ensure the approved revision is submitted to the shareholders for approval at the General Meeting.

As the remuneration of the Board of Directors is a fixed cash fee approved at the Annual General Meeting, and as the remuneration policy is approved separately at the Annual General Meeting a conflict of interest is not considered likely.

The Remuneration Report 2020 was put before the Annual general meeting 24 March 2021 and passed by advisory voting.

Deviation from the policy

The Board of Directors may temporarily and in extraordinary circumstances, decide to deviate from this policy, if deemed necessary. In 2021 there were no deviations from the policy.



KEY DEVELOPMENTS 2021

While the pandemic continues to pose challenges, handling it has become an integrated part of how we do business. We delivered a solid performance and target fulfilling in 2021. As a result, total management remuneration increased compared to 2020.

Financial performance

Despite challenging market conditions, including the global supply chain crisis, we have delivered a solid performance in 2021 with revenue growth of 7% and the EBITA margin ending at the high end of our guided range. Order intake grew 5% organically, as a result of an easing pandemic impact and improved site access. This resulted in an above target fulfilling of the financial KPIs in the short-term programme and a significant increase compared to the pay-out for the short-term programme in 2020.

Total remuneration

Total remuneration comprises of Board and registered executive remuneration. Total remuneration granted in 2021 increased compared to 2020. In 2020, remuneration was low primarily due to the impact on incentive programmes from the pandemic severely impacting the financial performance and target fulfilling.

In 2021, the remuneration increased due to target fulfilling on incentive programmes being above target and from the severance packaged agreed with the former Group CEO. Further, the remuneration in 2021 increased due to new guidelines for calculation of share-based remuneration.

Total remuneration

(DKK1,000)	2021	2020
Board remuneration	6,505	6,375
Executive remuneration	38,699	18,563
Total remuneration	45,204	24,938

The remuneration of the Board of Directors in 2021 was in line with remuneration in 2020.

The registered executives in 2021 were Group CEO Thomas Schulz, and Group CFO Roland M. Andersen.

The elements of the executive remuneration consist of a fixed cash-based salary, short-term-, long-term- and other incentives.

Base salary

An adjustment of +2.4% to registered executive management's monthly base salary was made in 2021.

Short-term incentive programme

The pay-out under the short-term incentive programme is above target based on an average achievement on financial KPIs.

Long-term incentive programme

In 2021, management received no pay-out for the 2018-2020 long-term incentive programme (LTIP) as the EBITA result was under the EBITA trigger level.

The KPIs for the 2021 LTIP grant are: EBITA margin, total shareholder return and a sustainability-linked KPI which is a change to the years before. The KPIs planned for the 2022 LTIP are in line with the 2021 programme.

Order intake, CFFO & EBITA-margin

DKKm



REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration framework

The members of the Board of Directors do not participate in the incentive programmes, and they are remunerated in cash only.

The members of the Board of Directors are eligible for the following remuneration:

Board of Directors fixed fee

The Board of Directors receive an annual fixed fee in cash. The Board of Directors' fees are pre-approved at the Annual General Meeting for the year in question and receive final approval at the Annual General Meeting in the following year. Newly elected and resigning Board members receive a proportionate fee for the year in question.

The fixed annual fees for the chair and the vice-chair are higher than the fixed annual fee for ordinary members of the Board of Directors. Currently, the chair receives three times the annual fixed fee and the vice-chair receives two times the annual fixed fee.

Board Committee fixed fee

The Board of Directors has established four Board Committees.

Additional fixed fees for serving on Board Committees are applied. Such fees are differentiated so the chair of a Board Committee receives a higher fee than ordinary committee members.

The chair and the vice chair of the Board of Directors do not receive extra fees for serving on Board Committees.

Fee for ad hoc assignments

The members of the Board of Directors are eligible for additional fees for unexpected workload and special ad hoc assignments in addition to the preliminary approved fees for all or some members of the Board of Directors.

Benefits

FLSmidth pays for the Board of Directors' costs for travel, hotels, meals and social security costs relating to Board meetings, either through the Company's direct payment of these expenses or through subsequent expense reimbursement according to the Company's Expense Management Policy.

Type of remuneration for the Board of Directors

	DKK1,000
Member of Board of Directors, fixed fee	450
Vice chair of Board of Directors, fixed fee	900
Chair of Board of Directors, fixed fee	1,350
Members of Board Committees, fixed fee	125
Chair of Board Committees, fixed fee	225
Fee for ad hoc assignments	
Benefits	

Total remuneration

The remuneration of the Board of Directors in 2021 was DKK 6,505k compared to DKK 6,375k in 2020. The increase relates to social security cost being included in 2021. No variable elements were part of the remuneration to the Board of Directors. The table below includes the total remuneration of each member of the Board of Directors for 2021 and 2020, respectively.

Fixed fees

The fixed fee for the Board of Directors was DKK 5,400k (2020: DKK 5,400k). The fixed fee for the Board Committees was DKK 975k (2020: DKK 975k). The fees have been unchanged since 2017.

Other remuneration

The members of the Board of Directors have not received any other remuneration during 2021 and 2020.

The remuneration is aligned with the objective of the remuneration policy and supports the achievement of the Company's long-term targets and sustainable management.

Changes in the Board of Directors

At the annual general meeting 2021, Carsten Hansen and Leif Gundtoft replaced Mette Dobel and Søren Dickow Quistgaard as employee-elected members of the Board of Directors.

Total remuneration – Board of Directors

(DKK1,000)	Period	Board Committees					Social security charges	2021
		Board of Directors	Audit Committee	Compensation Committee	Nomination Committee	Technology Committee		
Vagn Sørensen, Chair	Since AGM 2009	1,350		0	0			1,350
Tom Knutzen, Vice chair	Since AGM 2012	900	0	0	0		64	964
Richard Robinson Smith	Since AGM 2016	450				225	11	686
Anne Louise Eberhard	Since AGM 2017	450	125					575
Gillian Dawn Winckler	Since AGM 2019	450	125					575
Thrasylvoulos Moraitis	Since AGM 2019	450		125	125	125	55	880
Mette Dobel, employee-elected member	AGM 2009-2021	113						113
Søren Dickow Quistgaard, employee-elected member	AGM 2013-2021	113				31		144
Claus Østergaard, employee-elected member	Since AGM 2017	450						450
Carsten Hansen, employee-elected member	Since AGM 2021	337				94		431
Leif Gundtoft, employee-elected member	Since AGM 2021	337						337
Total remuneration 2021		5,400	250	125	125	475	130	6,505

(DKK1,000)	Period	Board Committees					Social security charges	2020
		Board of Directors	Audit Committee	Compensation Committee	Nomination Committee	Technology Committee		
Vagn Sørensen, Chair	Since AGM 2009	1,350		0	0			1,350
Tom Knutzen, Vice chair*	Since AGM 2012	900	0	0	0			900
Richard Robinson Smith*	Since AGM 2016	450				225		675
Anne Louise Eberhard	Since AGM 2017	450	125					575
Gillian Dawn Winckler	Since AGM 2019	450	125					575
Thrasylvoulos Moraitis*	Since AGM 2019	450		125	125	125		825
Mette Dobel, employee-elected member	Since AGM 2009	450						450
Søren Dickow Quistgaard, employee-elected member	Since AGM 2013	450				125		575
Claus Østergaard, employee-elected member	Since AGM 2017	450						450
Total remuneration 2020		5,400	250	125	125	475	0	6,375

*) Total social security costs in 2020 amounted to DKK 95k

REMUNERATION OF THE GROUP EXECUTIVE MANAGEMENT

Remuneration framework

The remuneration of Group Executive Management is determined once a year. The Compensation Committee assists the Board of Directors in this work.

The Group Executive Management consists of management members registered with the Danish Business Authority and other non-registered executive management members.

The remuneration policy applies only for the executive management as registered with the Danish Business Authority, which consists of the Group CEO and Group CFO. Although not covered by the remuneration policy we have included remuneration reporting for other members of Group Executive Management in aggregate in this report.

The remuneration of Group Executive Management is based on a key principle that the total reward offering shall consist of fixed

and variable incentive-based remuneration. This total remuneration framework ensures the Company can attract and retain key executive profiles on competitive terms, while the incentive-based remuneration also encourages Group Executive Management to deliver results through strong strategy execution and value creation for shareholders.

As the incentive-based remuneration consists of a combination of short-term incentives and long-term incentives, it ensures the

incentive programmes contribute to the achievement of both short- and long-term strategic goals and encourages prudent and reasonable behaviour and acceptance of risk.

The Group Executive Management is eligible for the following remuneration:

Base salary

The base salary is considered the foundation of the total remuneration framework offered to Group Executive Management. The base salary is determined by the Board of Directors using a multiple of factors, of which the most important are:

- Base salary levels in the market
- Skills, expertise and background in relation to position requirements
- Performance delivered in the position, including consistency of performance

In accordance with principles applied across the global organisation, the base pay of Group Executive Management is benchmarked against similar positions in the local market using external survey data.

Type of 2021 remuneration for the Group Executive Management

Remuneration type	Remuneration elements
Base salary	Fixed cash salary based on market levels, paid on a monthly basis.
Short-term incentive programme	Cash based variable remuneration up to 75% of the annual base salary, paid annually. The pay-out level is dependent on fulfilment of KPIs. The KPIs are a combination of individual (financial/non-financial) and group wide financial KPIs. Group wide financial KPIs are: <ul style="list-style-type: none"> - Order intake - Revenue Contribution Margin - EBITA-margin - Cash flow from operating activities (CFFO)
Long-term incentive programme	Share based variable remuneration up to 100% of the annual base salary. The pay-out level is dependent on fulfilment of the following group wide KPIs: <ul style="list-style-type: none"> - EBITA-margin - Total Shareholder Return (TSR) - Sustainability target - 3 years continued employment or good leaver status
Other incentives	At the Board of Directors' discretion, supplementary bonus schemes may be provided in special circumstances. The incentive may not exceed 150% of the annual base salary and may be cash and/or share based.
Benefits	Eligible for customary benefits, such as company car, news-, telephone- and internet subscription, etc. Pension contribution are paid fully by the executives.
Termination and severance payments	Ordinary notice of termination of employment may be up to 18 months. Severance payment may correspond to a maximum of 6 months base salary. The entitlement to keep already granted performance share units is defined in the programme.
Expenses	The Company pays costs for travel, hotels, meals according to Expense management policy.

Short-term incentive programme

The purpose of the cash incentive is to drive and motivate Group Executive Management to achieve the Company's short-term targets.

Group Executive Management may receive an annual cash incentive which may not exceed 75% of the base salary for the year in question. The individual target and maximum levels of the cash incentive for Group Executive Management are fixed as part of the ongoing remuneration adjustment cycle.

Each year when issuing the annual short-term incentive programme, Group Executive Management receives a number of pre-determined key performance indicators (KPIs), against which the performance is measured. The final value of the cash incentive will therefore depend on the achievement levels of these KPIs.

To ensure Group Executive Management has the necessary focus on short-term strategy execution and value creation for shareholders, the weight of financial KPIs must be significantly higher than the weight of other KPIs in the programme (if any). The financial KPIs are defined in connection with the annual budget process. For all KPIs, a 100% achievement level shall result in target pay-out for the given KPI. Maximum pay-out on a given KPI requires performance substantially over and above target performance. A minimum performance threshold must be achieved to be entitled to the entry level payment of the cash incentive.

In addition to the fulfilment of the yearly KPIs and to ensure the right balance between the financial performance of the Company and the cash incentive pay-out, payment of the cash incentive may be fully or partially conditional upon the Company achieving one or more additional financial thresholds.

The Board of Directors has the overall authority in deciding the final design of the annual short-term incentive programme for Group Executive Management. The Board of Directors may decide to deviate from the short-term incentive programme design, if deemed necessary.

Long-term incentive programme

Long-term incentives are offered in the form of a performance share programme. The purpose of this programme is to ensure value creation for shareholders by aligning the value of the long-term incentive awards with the performance of Group Executive Management and the achievement of the Company's long-term targets.

Subject to the Board of Directors' approval, the granting of performance share units may take place once a year, normally upon presentation of the Company's annual report. For each year, performance share units may be granted up to a maximum value corresponding to 100% of the annual base salary for the year in question. However, the individual target and maximum levels of the performance share programme for Group Executive Management is fixed as part of the ongoing remuneration adjustment cycle.

Vesting of the performance share units is dependent on (i) time (minimum a three (3) year vesting period), (ii) continued employment, and (iii) financial performance, i.e. achievement of at least one or more of the announced long-term KPIs of the Company.

The long-term KPIs of the programme are laid down by the Board of Directors. One or more additional KPIs may be applied to support the achievement of the announced long-term financial KPIs of the Company. A 100% achievement level of the KPIs of the programme shall result in a target level vesting of performance shares. Full vesting of the performance shares requires performance substantially over and above target performance. A minimum threshold for financial performance may be required to vest any performance share units.

Vesting of the performance share units happens in the form of a cliff vesting upon the expiry of the vesting period. Once vested, corresponding FLSmidth shares are delivered to Group Executive Management without any payment in return of the delivery. All shareholder rights and obligations stay with the Company until the shares have been delivered.

The Board of Directors has the overall authority in deciding the final design of the annual long-term incentive programme for Group Executive Management. The Board of Directors may decide to deviate from the long-term incentive programme design, if deemed necessary.

Other incentives

Supplementary bonus schemes or other incentive-based remuneration for special purposes, e.g. retention schemes, change-of-control scenarios, sign-on schemes or similar may be provided, if deemed necessary.

In any given financial year, the value of such supplementary bonus schemes or incentive-based remuneration may not exceed an amount corresponding to 150% of the annual base salary.

These incentives may consist of cash and/or share-based remuneration and the conditions in respect of such grants, e.g. whether the grant and/or vesting should be subject to fulfilment of KPIs, are determined by the Board of Directors.

Benefits

Group Executive Management shall be entitled to customary benefits such as company car, professional and personal development, news subscription, telephone, internet, etc.

If an executive must relocate to another country to fill a Group Executive Management position, necessary mobility related benefits such as housing allowance, school tuition fee allowances and similar may be applied at the discretion of the Board of Directors. Group Executive Management are offered to participate in the Company's standard pension and insurance scheme. Contributions are paid fully by the executive.

Termination and severance payment
Executive service agreements with Group Executive Management are open-ended. Ordinary notice of termination of employment may be up to 18 months and severance payment may correspond to a maximum of 6 months base salary.

From the date notice of termination has been given, Group Executive Management has no right to be granted any further long-term incentives. The entitlement to keep already granted performance share units depends on good or bad leaver status as defined in the programme.

Expenses

The Company pays for Group Executive Management's necessary expenses for travel, hotels, meals and similar either through the Company's direct payment of these expenses or through subsequent expense reimbursement according to the Company's Expense Management Policy. Reimbursement of expenses is not considered remuneration.

Clawback

In special cases, clawback of the variable remuneration for Group Executive Management may be carried out, including in the event of the variable remuneration having been set based on one or more factors which turns out to be incorrect.

Total remuneration 2021

The total remuneration in 2021 for registered executives was DKK 38,699k (2020: DKK 18,563k). For 2021 and in line with the guidance issued by the Danish Business Authority, remuneration in the form of share-based payments (LTIP) is included at an amount equal to the grant date fair value of the programme granted in 2021. Total remuneration 2020 equals DKK 26,855k when based on the same valuation method for LTIP as in 2021.

Including non-registered executives, the total remuneration was DKK 73,850k compared to DKK 50,721k for 2020. Total remuneration 2020 equals DKK 64,072k when based on the same valuation method for LTIP as in 2021.

Base salary

The base salary for the registered executives was DKK 15,202k in 2021 including an average increase in the monthly salary of 2,4%.

Short-term incentive programme, STIP

The expected pay-out under the short-term incentive programme 2021 to the registered executives is DKK 7,288k. For the 2020 programme, the actual pay-out exceeded the amount expected when the remuneration report 2020 was published. The amount paid out equaled DKK 1,711k for the registered executives.

Long-term incentive programme, LTIP

The long-term incentive programme is a 3-year programme. In line with the guidance issued by the Danish Business Authority, the value of LTIP in the total remuneration overview 2021 is the fair value of the programme granted in 2021 (LTIP 2021-2023), measured at the date the programme commenced. In the remuneration report 2020 and in note 1.5 of the Annual Report 2021, the cost of LTIP is accrued over the 3-year vesting period of the programmes and with recurring updates of expectations on non-market performance conditions.

For 2020, the negative expense from the LTIP was caused by the reassessment of KPI achievement following the low financial performance in 2020. The costs recognised in previous years related to the programmes were therefore reversed in 2020, resulting in a negative amount of DKK 1,468k for registered executives. In the table on total remuneration, the value of the LTIP programme granted in 2020 is shown.

Further details on LTIP, including the 2021 grant awards, can be found in the subsequent section 'Performance share units'.

Other incentives

The Board of Directors has granted Thomas Schulz and Roland M. Andersen discretionary cash bonuses in 2021 of DKK 2,401k and DKK 469k, respectively, for their part in reaching an agreement with ThyssenKrupp to acquire their Mining business.

For Roland M. Andersen, other incentives further includes the remaining accrual of the bonus agreed at signing.

Benefits

Usual benefits have been paid for the executives during 2021.

Severance payment

As the Group CEO Thomas Schulz decided to step down 31 December 2021 a severance agreement (DKK 4,982k) has been signed with him.

Clawback

No clawback of variable remuneration has been carried out during 2021, 2020 or 2019.

The table below includes the total remuneration of each registered member of the Group Executive Management for 2021 and 2020, respectively.

Total remuneration 2021 – Group Executive Management

(DKK1,000)	Thomas Schulz		Roland M. Andersen		Total Group Executive Management (registered executives)				Total Group Executive Management (all)			
	Group CEO		Group CFO				Non-registered executives					
Position	May 2013-Dec 2021		Since Jul 2020									
Base salary	9,603	39%	5,599	40%	15,202	39%	20,471	58%	35,673	48%		
Short-term incentive programme	4,905	20%	2,383	17%	7,288	19%	6,352	18%	13,640	18%		
Long-term incentive programme granted*	2,101	9%	1,732	12%	3,833	10%	3,815	11%	7,648	10%		
Other incentives**	2,401	10%	4,136	29%	6,537	17%	2,894	8%	9,431	13%		
Benefits and social security charges	624	3%	233	2%	857	2%	1,619	5%	2,476	3%		
Termination and severance payments	4,982	20%	0	0%	4,982	13%	0	0%	4,982	7%		
Total remuneration 2021	24,616	100%	14,083	100%	38,699	100%	35,151	100%	73,850	100%		
Fixed share of base salary	9,881	103%	5,804	104%	15,685	103%	21,983	107%	37,668	106%		
Variable share of base salary	14,735	153%	8,279	148%	23,014	151%	13,168	64%	36,182	101%		

*) For the Group CEO, the amount has been reduced due to impact from resignation.

**) For the Group CFO, it includes the accrual of the bonus agreed at signing. In 2021, a conditional payment of 10,740 shares has been agreed and will be included in 2022, if conditions are met.

Total remuneration 2020 – Group Executive Management

(DKK1,000)	Thomas Schulz		Roland M. Andersen		Annette Terndrup		Total Group Executive Management (registered executives)				Total Group Executive Management (all)			
	Group CEO		Group CFO		Head of Group Legal and Strategy				Non-registered executives					
Position	May 2013-Dec 2021		Since Jul 2020		Dec 2019-Jun 2020									
Base salary	9,378	98%	2,750	36%	1,140	89%	13,268	71%	17,338	54%	30,606	60%		
Short-term incentive programme	375	4%	92	1%	96	7%	563	3%	1,039	3%	1,602	3%		
Long-term incentive programme expensed*	(1,539)	-16%	155	2%	(84)	-7%	(1,468)	-8%	(829)	-3%	(2,297)	-5%		
Other incentives	0	0%	4,583	60%	0	0%	4,583	25%	2,249	7%	6,832	13%		
Benefits and social security charges	1,378	14%	104	1%	135	10%	1,617	9%	2,141	7%	3,758	7%		
Termination and severance payments	0	0%	0	0%	0	0%	0	0%	10,220	32%	10,220	20%		
Total remuneration 2020	9,592	100%	7,684	100%	1,287	100%	18,563	100%	32,158	100%	50,721	100%		
Fixed share of base salary	9,658	103%	2,852	104%	1,275	112%	13,785	104%	19,240	111%	33,025	108%		
Variable share of base salary	(66)	-1%	4,832	176%	12	1%	4,778	36%	12,918	75%	17,696	58%		
Long-term incentive programme granted in 2020*	3,622		1,541		513		5,676		3,835		9,511			
Short-term incentive programme additional pay-out	870		212		66		1,148		395		1,543			
Total remuneration 2020 (adjusted)**	15,623		9,282		1,950		26,855		37,217		64,072			

*) The value of the LTIP programme granted in 2020 (applying same valuation method as in 2021).

**) LTIP included at same valuation method as in 2021 and STIP equal to actual amount paid out in 2021.

Remuneration 2021 from short-term incentive programme

The level of pay-out from the short-term incentive programme (STIP) 2021 is dependent on the achievement of four financial group KPIs and individual goals. The achievement of the KPIs and individual goals is shown in the table below.

If the trigger on group CFFO is not met, there is no pay-out on any of the applied financial KPIs. For 2021, this trigger was met.

The individual goals for Thomas Schulz relate to driving a performance culture through the achievement of established cost and margin improvement programs and ensure new team members are onboarded and effectively leading their organizations.

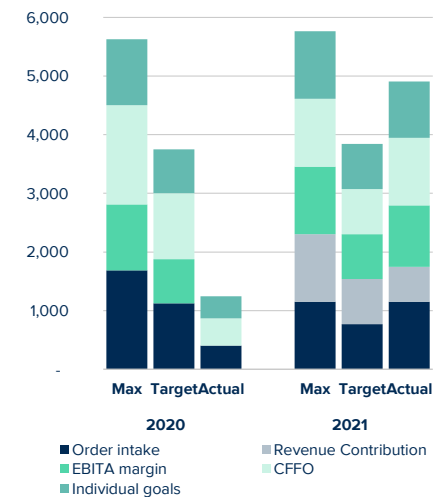
The individual goals for Roland M. Andersen relate to establishing the future finance organization including improvement of the operational internal efficiency, cash generation and the risk and control environment. It has further been a goal for Roland M. Andersen to improve the relation to the investors and the capital market.

Remuneration 2021 from short-term incentive programme

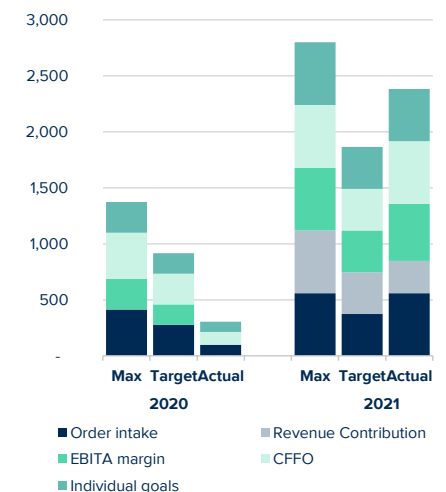
(DKK1,000)	KPI	Weight	Achievement of target	2021 pay-out	Pay-out Target	Pay-out Maximum	2020 pay-out*
Thomas Schulz, Group CEO	Order intake	20%	Above target	1,152	768	1,152	0
	Revenue Contribution Margin	20%	Below target	596	768	1,152	-
	EBITA-margin	20%	Above target	1,045	768	1,152	0
	CFFO	20%	Above target	1,152	768	1,152	0
	Individual goals	20%	Above target	960	768	1,152	375
Roland M. Andersen, Group CFO	Order intake	20%	Above target	560	373	560	0
	Revenue Contribution Margin	20%	Below target	289	373	560	-
	EBITA-margin	20%	Above target	508	373	560	0
	CFFO	20%	Above target	560	373	560	0
	Individual goals	20%	Above target	466	373	560	92
Group Executive Management (registered executives)				7,288	5,705	8,560	467
Non-registered executives				6,352	5,460	8,190	1,135
Group Executive Management (all)				13,640	11,165	16,750	1,602

* The actual pay-out for 2020 exceeds the expected amount. The excess is shown in the table on total remuneration 2020 on page 10.

Thomas Schulz STIP DKKk



Roland M. Andersen STIP DKKk



Remuneration 2021 from long-term incentive programme

Share options

Up until 2015 share options were granted to key employees of the Company including Group Executive Management.

The share option programme has been replaced by a performance share programme from year 2016 and onwards.

The share option programme had from the grant date a three-year vesting period, followed by a three-year exercise period. The exercise period on the last share-options expired in 2021.

During 2021 Group CEO exercised 30,211 options at a strike price at DKK 250 for a net profit of DKK 90k.

Exercisable share options and movements during the year

	Number of share options outstanding 1 January 2021	Exercised share options	Lapsed share options	Number of share options outstanding 31 December 2021
Thomas Schulz, Group CEO	30,211	(30,211)	-	0
Roland M. Andersen, Group CFO	-	-	-	-
Group Executive Management (registered executives)	30,211	(30,211)	-	0
Non-registered executives	34,838	(15,160)	(19,678)	0
Group Executive Management (all)	65,049	(45,371)	(19,678)	0

Remuneration 2021 from long-term incentive programme

Performance share units

The performance share programme is a recurring three-year programme, where performance share units (PSUs) are awarded to all participants when the programme commences.

The performance share programme granted in 2021, and adjusted to reflect the impact of resignation of the Group CEO, consists of 21,245 PSU with a fair value of DKK 3,833k at grant for registered executives. The key performance indicators are EBITA margin, total shareholder return (TSR) and progress on MissionZero (MZ).

KPI programme 2021 overview

	KPI	Weight
	EBITA-margin	50,0%
	TSR	40,0%
	Mission Zero	10,0%

The vesting conditions for the programmes for 2019 and 2020 are shown in the next table.

For those programmes, the pay-out of the entire programme is dependent on achieving a minimum threshold for the EBITA-margin:

KPI programme 2020 and 2019 overview

	KPI	Weight
	EBITA-margin	50,0%
	NWC ratio	50,0%

During 2021, the LTIP 2018 programme vested. As the group EBITA margin threshold was not reached, the 2018 programme did not vest any PSUs.

The table below shows, the granted PSUs for programmes active and movements from the beginning to the end of 2021.

The fair value at grant date is determined as the fair value of the equity instruments granted (share price at grant date) when the programme commenced and adjusted to reflect the probability of performance conditions being met.

The fair value at the end of 2021 is determined based on the share price at the end of 2021 and with updated expectations on the probability of the vesting conditions being met.

Long term incentive programmes outstanding

	Programme	Number of PSUs					Performance period	Vesting year	Share price at grant date	Fair value (DKKk)	
		Opening balance (1 January 2021)	Granted 2021	Vested 2021	Forfeited	Closing balance (31 December 2021)				At grant date	End of year
Thomas Schulz, Group CEO	PSU 2018	11,053			(11,053)	0	2018-2020	2021	385.70	3,197	-
	PSU 2019	15,322				15,322	2019-2021	2022	306.04	3,517	0
	PSU 2020	18,863				18,863	2020-2022	2023	256.04	3,622	0
	PSU 2021		31,545		(22,344)	9,201	2021-2023	2024	228.32	2,101	2,248
Roland M. Andersen, Group CFO	PSU 2020	10,740				10,740	2020-2022	2023	191.35	1,541	0
	PSU 2021		12,044			12,044	2021-2023	2024	228.32	1,732	2,129
Group Executive Management (registered executives)		55,978	43,589	0	(33,397)	66,170				15,710	4,377
Non-registered executives	PSU 2018	8,704			(8,704)	0	2018-2020	2021	385.70	2,518	0
	PSU 2019	17,411				17,411	2019-2021	2022	306.04	3,996	0
	PSU 2020	22,639				22,639	2020-2022	2023	256.04	4,347	0
	PSU 2021		26,519			26,519	2021-2023	2024	228.32	3,815	4,688
Group Executive Management (all)		104,732	70,108	0	(42,101)	132,739				30,386	9,065

HOLDING OF SHARES

Shareholdings by the Board

The members of the Board of Directors are not part of any share incentive programme in FLSmidth in their capacity as members of the Board of Directors.

All shareholdings have been acquired by the individual members of the Board of Directors.

The employee elected members of the Board of Directors may be part of a long-term incentive programme (share option or performance share) in FLSmidth in their capacity as employees of FLSmidth.

Additionally, the shareholdings for employee-elected members of the Board of Directors may include any shares acquired by the individual member.

At 31 December 2021 the members of the Board of Directors holds shares in FLSmidth & Co. A/S as follows:

	Shareholdings 1 January 2021	Additions during the year	Disposals during the year	Change in position	Shareholdings 31 December 2021	Market value 31 December 2021 (DKK1,000)
Board of Directors						
Vagn Sørensen, Chair	16,965	-	-	-	16,965	4,145
Tom Knutzen, Vice chair	20,000	5,000	-	-	25,000	6,108
Richard Robinson Smith	1,000	-	(500)	-	500	122
Anne Louise Eberhard	2,000	-	-	-	2,000	489
Gillian Dawn Winckler	1,000	-	-	-	1,000	244
Thrasylvoulos Moraitis	1,000	-	-	-	1,000	244
Mette Dobel, employee-elected	864	-	-	(864)	-	-
Søren Dickow Quistgaard, employee-elected	65	-	-	(65)	-	-
Claus Østergaard, employee-elected	429	-	-	-	429	105
Carsten Hansen, employee-elected	-	-	-	16	16	4
Leif Gundtoft, employee-elected	-	88	-	40	128	31
Board of Directors	43,323	5,088	(500)	(873)	47,038	11,491

	Shareholdings 1 January 2020	Additions during the year	Disposals during the year	Change in position	Shareholdings 31 December 2020	Market value 31 December 2020 (DKK1,000)
Board of Directors						
Vagn Sørensen, Chair	10,633	6,332	-	-	16,965	3,949
Tom Knutzen, Vice chair	15,000	5,000	-	-	20,000	4,656
Richard Robinson Smith	1,000	-	-	-	1,000	233
Anne Louise Eberhard	1,000	1,000	-	-	2,000	466
Gillian Dawn Winckler	-	1,000	-	-	1,000	233
Thrasylvoulos Moraitis	-	1,000	-	-	1,000	233
Mette Dobel, employee-elected	864	-	-	-	864	201
Søren Dickow Quistgaard, employee-elected	65	-	-	-	65	15
Claus Østergaard, employee-elected	429	-	-	-	429	100
Board of Directors	28,991	14,332	-	-	43,323	10,086

Shareholdings by the Executive Management

According to the Remuneration Policy the Group CEO is required to over five years (starting in 2020) to build up a portfolio of shares matching at least 50% of his annual base salary.

The market value of the shareholding at 31 December 2021 corresponds to 72% of the 2021 fixed base salary for the Group CEO. This adds to the close alignment of interests with shareholders.

The Group CFO holds 0 shares in the Company by the end of 2021.

At 31 December 2021, members of the Group Executive Management holds shares in FLSmidth & Co. A/S as follows:

Shareholdings by the Executive Management

	Shareholdings 1 January 2021	Additions during the year	Disposals during the year	Change in position	Shareholdings 31 December 2021	Market value 31 December 2021 (DKK1,000)
Group Executive Management						
Thomas Schulz, Group CEO	28,138	30,211	(30,211)	-	28,138	6,874
Roland M. Andersen, Group CFO	-	-	-	-	-	-
Group Executive Management (registered executives)	28,138	30,211	(30,211)	0	28,138	6,874
Non-registered executives	15,959	15,980	(7,580)	(5,127)	19,232	4,698
Group Executive Management (all)	44,097	46,191	(37,791)	(5,127)	47,370	11,572

	Shareholdings 1 January 2020	Additions during the year	Disposals during the year	Change in position	Shareholdings 31 December 2020	Market value 31 December 2020 (DKK1,000)
Group Executive Management						
Thomas Schulz, Group CEO	18,323	9,815	-	-	28,138	6,551
Roland M. Andersen, Group CFO	-	-	-	-	-	-
Annette Terndrup, Head of Group Legal and Strategy	1,344	1,202	-	(2,546)	-	-
Group Executive Management (registered executives)	19,667	11,017	-	(2,546)	28,138	6,551
Non-registered executives	2,798	5,646	-	7,515	15,959	3,715
Group Executive Management (all)	22,465	16,663	-	4,969	44,097	10,266

STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors have today considered and approved the remuneration report of FLSmidth & Co. A/S for the financial year 2021.

The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act.

In our opinion, the remuneration report provides a fair presentation of the remuneration that the individual management members were awarded during or for the benefit of the financial year 2021, and the remuneration report explains how the overall remuneration is in accordance with the remuneration policy, including how the remuneration contributes towards promoting the business strategy, long-term interests, sustainability and creation of value in the Company by supporting the Company's short- and long-term objectives.

The remuneration report will be presented at the Annual General Meeting for an advisory vote.

Valby, 16 February 2022

Board of directors

Vagn Sørensen
Chairman

Tom Knutzen
Vice chairman

Gillian Dawn Winckler

Thrasylvoulos Moraitis

Richard Robinson Smith

Anne Louise Eberhard

Carsten Hansen

Leif Gundtoft

Claus Østergaard

INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S REMUNERATION REPORT

To the shareholders of FLSmidth & Co. A/S

As agreed with the Company's Board of Directors, we have examined that the remuneration report of FLSmidth & Co. A/S for the period 1 January – 31 December 2021 contains the disclosures required pursuant to section 139b(3) of the Danish Companies Act and whether the disclosures made in the remuneration report tables included on pages 4-6 and pages 10-15 as well as the appendix (pages 18-19) on remuneration, share options, performance share units and financial performance are accurate.

The degree of assurance we express in this report is reasonable.

The Board of Directors' responsibility for the remuneration report

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139b(3) of the Danish Companies Act and the Remuneration Policy dated 25 March 2020 as adopted by the Annual General Meeting.

The Board of Directors is also responsible for such internal control that the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's independence and quality control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, as well as ethical requirements applicable in Denmark.

EY Godkendt Revisionspartnerselskab is subject to the International Standard on Quality Control (ISQC) 1 and thus uses a comprehensive quality control system, documented policies and procedures regarding compliance with ethical requirements, professional standards, applicable requirements in Danish law and other regulations.

Auditor's responsibilities

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We performed our work in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and additional requirements under Danish audit regulation to obtain reasonable assurance for our conclusion.

As part of our examinations, we performed the below procedures:

- We verified whether the remuneration report, to the extent relevant, contains the disclosures required pursuant to section 139b(3)(i)-(vi) of the Danish Companies Act regarding the remuneration of each member of Management.
- We reconciled the financial highlights for the Group and Parent company contained in the remuneration report to financial highlights included in the annual report for the financial year 2021 and other relevant financial information included in the annual report for the financial year 2021, and on a sample basis, we recalculated the average remuneration based on full-time equivalents of other employees than the registered executives.
- We examined Management's process for compilation, summation and presentation of disclosures on remuneration of the Group Executive Management and the Board of Directors and reconciled, on a sample basis, the disclosures to supporting agreements and actual payments made.
- We examined Management's process for compilation, summation and presentation of disclosures on the Group Executive Management's share options and performance share units and reconciled, on a sample basis, the disclosures to supporting agreements and records.

- We examined Management's process for compilation, summation and presentation of disclosures on the Board of Directors' and the Group Executive Management's shareholdings and verified, on a sample basis, the disclosures to supporting documentation.

In our opinion, the examinations performed provide a sufficient basis for our opinion.

Conclusion

In our opinion, the remuneration report, in all material respects, includes the disclosures required by section 139b(3) of the Danish Companies Act, and the disclosures made in the remuneration report tables included on pages 4-6 and pages 10-15 as well as the appendix (pages 18-19) on remuneration, share options, performance share units and financial performance are accurate.

Copenhagen, 16 February 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Kronborg Iversen

State Authorised
Public Accountant
mne24687

Jens Thordahl Nøhr

State Authorised
Public Accountant
mne32212

APPENDIX

5 year remuneration overview

The below tables shows the development in the remuneration over the past five financial

years for the Board of Directors, Group Executive Management and average remuneration for employees in FLSmidth & Co. A/S

and the Group's employees in Denmark, respectively. The change in remuneration in % is calculated on an annual basis.

REMUNERATION 2017-2021

Board of Directors	Period	2017	2018	2019	2020	2021		2017	2018	2019	2020	2021
Vagn Sørensen, Chair	AGM 2009-	NC chair	NC chair	NC chair	NC chair	NC chair	Remuneration	1.350	1.350	1.350	1.350	1.350
		CC chair	CC chair	CC chair	CC chair	CC chair	Change %	12,5%	0,0%	0,0%	0,0%	0,0%
Tom Knutzen, Vice chair	AGM 2012-	AC chair	AC chair	AC chair	AC chair	AC chair	Remuneration	844	900	900	900	964
		NC, CC	NC, CC	NC, CC	NC, CC	NC, CC	Change %	40,7%	6,6%	0,0%	0,0%	7,1%
Richard Robinson Smith	AGM 2016-	TC chair	TC chair	TC chair	TC chair	TC chair	Remuneration	650	675	675	675	686
							Change %	30,0%	3,8%	0,0%	0,0%	1,6%
Anne Louise Eberhard	AGM 2017-	AC	AC	AC	AC	AC	Remuneration	432	575	575	575	575
							Change %	-	0,0%	0,0%	0,0%	0,0%
Gillian Dawn Winckler	AGM 2019-			AC	AC	AC	Remuneration	-	-	431	575	575
							Change %	-	-	-	0,0%	0,0%
Thrasylvoulos Moraitis	AGM 2019-			NC, CC,	NC, CC,	NC, CC,	Remuneration	-	-	618	825	880
				TC	TC	TC	Change %	-	-	-	0,0%	6,7%
Claus Østergaard, employee-elected member	AGM 2017-						Remuneration	413	450	450	450	450
							Change %	-	9,0%	0,0%	0,0%	0,0%
Carsten Hansen, employee-elected member	AGM 2021-					TC	Remuneration	-	-	-	-	431
							Change %	-	-	-	-	0,0%
Leif Gundtoft, employee-elected member	AGM 2021-						Remuneration	-	-	-	-	337
							Change %	-	-	-	-	0,0%
Mette Dobel, employee-elected member	AGM 2009-2021						Remuneration	450	450	450	450	113
							Change %	12,5%	0,0%	0,0%	0,0%	0,0%
Søren Dickow Quistgaard, employee-elected member	AGM 2013-2021	TC	TC	TC	TC	TC	Remuneration	544	575	575	575	144
							Change %	36,0%	5,7%	0,0%	0,0%	0,0%
Torkil Bentzen, former Vice chair	AGM 2002-2017						Remuneration	225	-	-	-	-
							Change %	12,5%	-	-	-	-
Sten Jakobsen	AGM 2011-2017						Remuneration	144	-	-	-	-
							Change %	15,2%	-	-	-	-
Caroline Grégoire Sainte Marie	AGM 2012-2019	AC, TC	AC, TC				Remuneration	700	700	175	-	-
							Change %	21,7%	0,0%	0,0%	-	-
Marius Jacques Kloppers	AGM 2016-2019	NC, CC	NC, CC				Remuneration	700	825	207	-	-
							Change %	55,6%	17,9%	0,0%	-	-
Jens Peter Koch, employee-elected member	AGM 2013-2017						Remuneration	144	-	-	-	-
							Change %	21,3%	-	-	-	-
							6.596	6.500	6.406	6.375	6.505	

Group CEO / Employee ratio

In 2021, the Group CEO remuneration was 5.0 times the average FTE compensation in the parent company.

All members of Group Executive Management, both registered and non-registered executives are the only persons who receive remuneration from the parent company.

In 2021, the Group CEO remuneration was 28.7 times the average FTE compensation in all group entities located in Denmark.

The change in remuneration in % is calculated on an annual basis. The comparative information is restated to reflect LTIP at fair value at grant date.

Group Executive Management	Period		2017	2018	2019	2020	2021
Thomas Schulz, Group CEO	May 2013-Dec 2021	Remuneration	14,014	15,375	13,449	15,623	24,616
		Change %	34.3%	9.7%	-12.5%	16.2%	57.6%
Roland M. Andersen, Group CFO	July 2020-	Remuneration	-	-	-	9,282	14,083
		Change %	-	-	-	-	13.2%
Annette Terndrup, Head of Group Legal and Strategy	Dec 2019-Jun 2020	Remuneration	-	-	589	1,950	-
		Change %	-	-	-	15.7%	-
Lars Vestergaard, former Group CFO	Apr 2014-Nov 2019	Remuneration	7,058	7,613	15,144	-	-
		Change %	30.1%	7.9%	98.9%	-	-
Group Executive Management (registered executives)			21,072	22,988	29,182	26,855	38,699
Non-registered executives		Remuneration	42,265	16,925	19,315	37,217	35,151
		Change %	65.6%	-60.0%	14.1%	92.7%	-5.6%
Group Executive Management (all)			63,337	39,913	48,497	64,073	73,850
Group CEO/employee remuneration ratio							
Group CEO/employee ratio, FLSmidth & Co. A/S			3.2	4.1	4.0	4.0	5.0
Group CEO/employee ratio, Denmark			17.3	19.6	16.9	19.4	28.7
Average remuneration of employees							
FLSmidth & Co. A/S, parent company only		Remuneration	4,381	3,738	3,366	3,883	4,967
		Change %	9.2%	-14.7%	-10.0%	15.4%	27.9%
Denmark		Remuneration	809	783	798	807	858
		Change %	7.6%	-3.2%	1.9%	1.1%	6.3%
Women in Denmark		Remuneration	686	664	668	670	753
		Change %	7.5%	-3.2%	0.6%	0.3%	12.4%
Men in Denmark		Remuneration	849	824	844	852	902
		Change %	7.3%	-2.9%	2.4%	0.9%	5.9%
Financial performance - Group							
Order intake			19,170	21,741	19,554	18,524	19,233
Order intake growth			4.7%	13.4%	-10.1%	-5.3%	3.8%
EBITA-margin			8.4%	8.5%	8.1%	4.7%	5.9%
EBITA-margin growth			18.3%	1.2%	-4.7%	-42.0%	25.5%
Net working capital			1,833	2,200	2,739	1,752	1,058
Change in net working capital			-12.7%	20.0%	24.5%	-36.0%	-39.6%
Financial performance - Parent							
Profit/loss for the year			694	(358)	(42)	(6)	61
Change in profit/loss for the year			119.6%	-151.6%	88.3%	85.7%	-

Remuneration Report 2021
1 January – 31 December 2021

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