

UK Modern Slavery Statement 2018, prepared for the reporting period of Danish financial year 2017

This is the second statement pursuant to the UK Modern Slavery Act 2015 prepared and published by FLSmidth and Co. A/S (FLSmidth).

Our first Modern Slavery Statement, published last year, presented a general overview of internal and external our anti-slavery and forced labour work to date, including mention of our initiative in 2017 to embed human rights due diligence throughout our entities and processes.

In the 2017 financial year, FLSmidth took concrete steps to address forced labour in our supply chains and operations.

This included a global relaunch of our whistleblower hotline as well as the continuation of an extensive, also global, compliance training programme of FLSmidth employees, educating staff in the grievance filing system and investigation process. We encourage all employees to report any criminal activity of which they become aware. Such reports may be transmitted anonymously, will be appropriately investigated and handled confidentially.

In the reporting period, due diligence of business partners identified instances of suspected forced labour. Where such cases were identified, action plans were drawn up with how to verify these risks.

Operating with a global network of more than 10,000 direct suppliers in the first tier of our supplier chain, we are yet to gain a complete overview of our exposure to modern slavery risk in our supply chain. That said, initial steps were taken to investigate reports of potential labour violations in the supply chain in 2017. Such steps included a series of human rights compliance interviews with various procurement functions in the group as well as the investigation of potential human trafficking and forced labour violations, for which FLSmidth exhibits zero tolerance.

Even so, slavery risks were identified within our second-tier supplier group during the reporting period. These risks were investigated and addressed as they were identified, with internal transparency about their nature and the outcome of on-the-ground investigations.

High-risk new and current business partners, including customers, sub-contractors and joint venture partners, were also screened for social compliance human rights and labour issues in 2017. This due diligence included desk-top, online research as well as interviews with internal informants and customer representatives. The selections of customers to screen was risk-based, as was the format of the screenings themselves. Risks were communicated to external stakeholders to mitigate in collaboration with business partners. This process also led to the identification of forced labour risks in the reporting period, for which action was taken to investigate and address the issues identified.

In the 2018 financial year, we have worked, and plan to continue working, towards improving and mainstreaming these processes, increasingly embedding modern slavery risk due diligence into how we conduct business. In addition to risk identification, assessment and mitigation, a longer-term goal is to continuously monitor and evolve our approach to remediation where we may be linked to violations through our business relationships, product or services.



Thomas Schulz
Group CEO