

Conclusion:
Status 30 Sept. 2011

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
----------------	----------------------	-----------------------------	---

1. Shareholders' role and interaction with Board and Management

1.1 Dialogue between the company and its shareholders

<p>1.1.1. It is recommended that the central governing body, for example via investor relations activities, should ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitudes, interests and views in relation to the company and that investor relations information is made available to all investors on the company's website.</p>	<p>Yes</p>		<p>By establishing an Investor Relations function, the Board of Directors of FLSmidth maintains an ongoing dialogue between the company and the stock market and ensures that the position and views of the shareholders are reported back to the Board. Link to Investor Relations policy: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/Investor+Relations</p> <p>All investor relations information is available to all investors on the company website. Link to Investor Relations information on the website: FLSmidth - Investor Relations</p>
---	------------	--	--

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
<i>Capital and share structure</i>			
<p>1.2.1. It is recommended that the central governing body should evaluate once a year whether the company's capital and share structure continue to be in the shareholders' and the company's interest and that they account for this evaluation in the company's annual report and/or its website.</p>	Yes		<p>As part of the Board's yearly plan the Board of Directors reviews and explains the company's capital structure once a year when compiling the annual report and preparing for the Annual General Meeting.</p> <p>Link to dividend policy and history: http://www.flsmidth.com/en-US/Investor+Relations/About+the+Share/Dividend+History+and+Policy</p>
<i>1.3 Annual General Meeting</i>			
<p>1.3.1. It is recommended that the supreme governing body and the executive board should promote active ownership including shareholders' attendance at general meetings.</p>	Yes		<p>The Board of Directors and the Executive Management value and encourage active involvement by the company's shareholders in the company's affairs through their use of the channels and means that are available to shareholders by law or otherwise, notably the General Meetings.</p> <p>FLSmidth & Co. A/S aims at establishing simple and cost-effective communication with its shareholders, including through the use of the inter-</p>

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
			<p>net.</p> <p>Among other channels, FLSmidth & Co. A/S provides information to its shareholders via its website, interim financial reports, annual financial reports, electronic and printed newsletters and announcements to the Copenhagen Stock Exchange, as well as at the General Meetings of shareholders.</p> <p>After the quarterly interim financial reports are published, investor meetings in and outside Denmark, and telephone conferences (live audio-webcasts) are held during which questions may be asked directly to members of the Executive Management.</p> <p>Additionally, it is possible for investors to contact the Executive Management and Board of Directors via the Company's Shareholders' secretariat and the company's Investor Relations function, whose purpose it is to maintain an ongoing dialogue between the company and its present and potential shareholders.</p> <p>Shareholders may assert their influence through their attendance and voting at General Meetings. Further, every shareholder has the right to address the Board of Directors and the other shareholders who attend</p>

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
			<p>the General Meeting either orally at the General Meetings or in writing prior to the General Meetings.</p> <p>Every shareholder is entitled to have specific matters and proposals transacted at the Annual General Meeting. In order to be permitted for discussions and/or consideration at the General Meeting, specific proposals by shareholders must be submitted to the Board of Directors in writing within the time limits stipulated by law.</p> <p>Since 2006, voting by shareholders has been based on the principle of "one share – one vote", as FLSmidth at that time abandoned the former A and B share classes, which provided different voting rights for A and B shares, and went to one common class of shares.</p> <p>Shareholders who are not present at General Meetings may exercise their influence by way of proxy to another person, including to the Board of Directors, or by casting their vote by letter. According to the Danish Companies Act proxies given to the Board of Directors must be limited to one particular General Meeting.</p> <p>Shareholders may attend General Meetings together with a professional adviser.</p>

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
<p>1.3.2. It is recommended that the central governing body should resolve or submit to the general meeting the question whether the meeting is to be conducted by physical attendance or as a partly or entirely electronic meeting.</p>	Yes		<p>The current practice in FLSmidth is to attend the annual general meeting through physical attendance. However, the annual general meeting is broadcast live via the company website, and shareholders may also attend by authorising by proxy the Board of Directors or other persons, or by submitting postal votes before the start of the annual general meeting. It is generally being considered whether physical attendance of annual general meetings should be combined with partly electronic attendance.</p>
<p>1.3.3 It is recommended that proxies given to the supreme governing body should allow shareholders to consider each individual item on the agenda.</p>	Yes		<p>Together with the notice of the annual general meeting the Board of Directors sends out proxy forms that enable the shareholders to place their vote regarding each item on the agenda.</p>
<p>1.3.4 It is recommended that all members of the supreme governing body and the executive board should be present at the general meeting.</p>	Yes		<p>All members of the Board of Directors and the Executive Management attend the annual general meeting unless extraordinary circumstances justify the individual Board or Management member being absent.</p>
<p><i>1.4. Take-over bids</i></p>			

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
<p>1.4.1. It is recommended that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, does not, without the acceptance of the general meeting, attempt to counter the take-over bid by making decisions that in reality prevent the shareholders from deciding on the takeover bid.</p>	Yes		<p>The Board of Directors complies with the issuer rules of the Companies Act, the Securities Trading Act and Nasdaq OMX Nordic regarding the obligation of the Board of Directors to assess any takeover bids and prepare the Board's recommendations to the company's shareholders.</p>
<p>1.4.2. It is recommended that the central governing body should give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.</p>	Yes		<p>Based on its assessment of how binding and concrete a take-over bid is in fact, the Board of Directors assesses whether the bid is sufficiently binding and concrete for the Board to form a well-informed opinion on the offer and for the Board to submit a reasoned recommendation to the shareholders, and if this is the case what the Board of Directors wishes to recommend to the shareholders.</p>
<p>2. The role of stakeholders and their significance to the company and the company's corporate social responsibility</p>			
<p><i>2.1. Company policy in relation to stakeholders and corporate social responsibility</i></p>			

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
2.1.1. It is recommended that the central governing body should identify the company's key stakeholders and their main interests in relation to the company.	Yes		Identifying the company's most important stakeholders and their main interests in relation to the company forms an integrated part of the Board's yearly review of the company's overall strategy.
2.1.2. It is recommended that the central governing body should adopt policies for the company's relationship with its stakeholders, including investors, and ensures that the stakeholders' interests are respected in accordance with the company policies on such issues.	Yes		<p>The Board of Directors has adopted policies for the company's relationship with its stakeholders in the form of policies for CSR, investor relations and communication.</p> <p>Link to Communication Policy: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/Information+and+Communication</p> <p>Link to Investor Relations Policy: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/Investor+Relations</p> <p>Link to CSR policy: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/Corporate+Social+Responsibility</p>
2.2. <i>Corporate social responsibility</i>			

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
<p>2.2.1. It is recommended that the central governing body should adopt policies for corporate social responsibility.</p>	<p>Yes</p>		<p>FLSmidth has adopted a Corporate Social Responsibility (CSR) policy with particular focus on business ethics (Code of Business Conduct), environmental issues, human resources and occupational health and safety, and it has signed the UN Global Compact and the Carbon Disclosure Initiative. The company has also launched a Responsible Supply Chain Management programme in relation to its subcontractors.</p> <p>The CSR policy is available to the employees in currently the eight most important languages in the Group, and is also being translated into an additional number of languages that are relevant to employees in the various business units around the world.</p> <p>Implementation of the CSR policy is handled by local CSR managers in the various business units and is being coordinated by a Global CSR Coordinator under guidelines issued by the latter.</p> <p>Link to CSR policy: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/Corporate+Social+Responsibility</p> <p>Link to HR policy: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/HR+Policy</p> <p>Link to Code of Business Conduct: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/Code+of+Business+Conduct</p>

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to the Danish Financial Statements Act, Section 107b, subsection 1, para 3, the company must state the reasons why it has decided to deviate from parts of the recommendations. The company states here why a given recommendation is not complied with and what action is taken instead.</p> <p>The company is not obliged to explain if a recommendation is complied with, but it may be an advantage to do so, in order to show what the company does to comply with a recommendation. This may also be stated here.</p>
			Link to Environmental Policy: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/Environmental+Policy
<h3>3. Openness and transparency</h3>			
<h4>3.1. Disclosure of information to the market</h4>			
3.1.1. It is recommended that the central governing body should adopt a communication strategy.	Yes		Link to Communication Policy: http://www.flsmidth.com/en-US/About+FLSmidth/Policies/Information+and+Communication
3.1.2. It is recommended that information from the company to the market should be published in Danish and in English.	Yes		FLSmidth issues all company announcements, interim reports, annual reports and annual general meeting information in both Danish and English. The Group operates globally, and the company website is therefore in English.

3.1.3. It is recommended that the company should publish quarterly reports.	Yes		FLSmidth discloses interim reports in connection with the first, second and third quarters. A full annual report is presented in connection with the disclosure of the fourth quarter. All reports are available from the company's website http://www.flsmidth.com/Reports). The annual report is also available in a printed version.
4. The tasks and responsibilities of the supreme and the central governing bodies			
<i>4.1. Overall duties and responsibilities</i>			
4.1.1. It is recommended that the central governing body should determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	Yes		The Board of Directors holds a strategy meeting once a year at which the company's overall strategy for the coming years is discussed and decided.
4.1.2. It is recommended that the supreme governing body at least once every year should discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	Yes		In connection with its yearly strategy seminar, the Board of Directors reviews and ensures that the necessary competencies and financial resources are available in the company.
4.1.3. It is recommended that the supreme governing body at least once every year should define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the executive board.	Yes		As part of the Board's yearly plan, its rules of procedure and duties are reviewed once a year in relation to the company's current situation, challenges and strategic objectives.
<i>4.2. Rules of procedure</i>			
4.2.1. It is recommended that the supreme governing body should review its rules of procedure once a year to ensure that they are adequate and always match the activities and needs of the company.	Yes		As part of the Board's yearly plan, its rules of procedure and duties are reviewed once a year in relation to the company's current situation, challenges and strategic objectives.

<p>4.2.2. It is recommended that the supreme governing body should once a year review and approve rules of procedure for the executive board and set the requirements for timely, accurate and adequate reporting by the executive board to the supreme governing body and for any other communication between the two governing bodies.</p>	<p>Yes</p>		<p>As part of its yearly plan, once a year the Board of Directors considers and approves the rules of procedure for the Executive Management.</p>
<p><i>4.3. The chairman and deputy chairman of the supreme governing body.</i></p>			
<p>4.3.1. It is recommended that a deputy chairman of the supreme governing body should be appointed who will act in the Chairman's absence and also act as an effective sounding board for the Chairman.</p>	<p>Yes</p>		<p>Immediately after the Annual General Meeting the Board of Directors elects from its own number a Chairman and a Deputy Chairman.</p>
<p>4.3.2. It is recommended to prepare a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.</p>	<p>Yes</p>		<p>A job and task description outlining the duties and responsibilities of the Chairman and the Vice Chairman has been drawn up. The task description is reviewed annually as part of the Board's yearly plan.</p>
<p>4.3.3. It is recommended that the Chairman of the supreme governing body should organise, call and chair the meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.</p>	<p>Yes</p>		<p>Board meetings are called and held in accordance with the rules of procedure of the Board and with the annual plan adopted by the Board once a year and when considered necessary. Board meetings are called and documents for the Board are distributed at least seven days before the meeting, unless extraordinary circumstances require shorter notice. To promote efficient proceedings at Board meetings, the Board Chairman and Vice Chairman or the Board Chairman hold a planning meeting with the Executive Management before each Board meeting before setting the agenda and distributing the notice calling the meeting.</p>
<p>4.3.4. It is recommended that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the</p>	<p>Yes</p>		<p>The Board of Directors has currently not asked the Chairman to undertake special tasks for the company. If this becomes relevant, it will take place in accordance with this recommendation and subject to further arrangement with the rest of the Board of Directors.</p>

<p>day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. An appropriate division of work must be ensured between the Chairman, the Vice Chairman and the rest of the Board of Directors and the Executive Management. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.</p>			
---	--	--	--

5. Composition and organisation of the supreme governing body

5.1. Composition

<p>5.1.1. It is recommended that the supreme governing body should annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.</p>	<p>Yes</p>		<p>To achieve a highly informed debate with the Executive Management, a Board membership profile reflecting substantial managerial experience from internationally operating industrial companies is aimed at.</p> <p>At least one member of the Board must have experience as Chief Financial Officer in a major listed company, and all other members must have experience as Chief Executive Officer in a major internationally operating, preferably listed, company.</p> <p>The composition of the Board of Directors reflects that all members elected at the Annual General Meeting hold competencies in acquisition and sale of companies, financing and stock market issues, international contracts and accounting. In addition, it is preferable that the Board members have a background in construction contracting and possess technical expertise on process plants and process technology, including cement and/or minerals.</p>
<p>5.1.2. It is recommended that the supreme governing body should ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.</p>	<p>Yes</p>		<p>The FLSmidth Board of Directors has set up three permanent committees of which the nomination committee is one.</p> <p>The nomination committee consists of the Board of Directors' chairmanship, i.e. Chairman and Vice Chairman.</p> <p>The chairmanship is elected by the entire Board of Directors among its members each year after the Annual General Meeting. The nomination committee meets from time to time during the year.</p> <p>The responsibilities of the nomination committee are to evaluate the work of the Board of Directors, propose replacements and nominate candidates for Board membership. In carrying out these duties, the nomination committee may choose to include the remuneration committee in its discussions.</p> <p>The chairmanship bases its work on a profile description of the entire FLSmidth Board of Directors, including a profile for each Board</p>

			<p>member. The profile description is determined and updated by the Board of Directors.</p> <p>To achieve a highly informed debate with the Executive Management, the Board membership profile reflects substantial managerial experience from internationally operating industrial companies. At least one member of the Board must have CFO experience from a major listed company, and all other members must have CEO experience from major companies operating internationally and preferably as listed companies.</p> <p>The Board of Directors is composed so that all members elected at the General Meeting bring with them competencies in acquisition and disposal of enterprises, financing and stock markets, international contracts, accounting and preferably experience in civil contracting and technical expertise on the cement and/or minerals industries.</p>
5.1.3. It is recommended that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.	Yes		<p>Information about the competencies of the individual Board members, including other managerial posts, appears from the company website and the company's annual report. Notices of general meetings include references to the company website on which the information mentioned above is available.</p> <p>Link: FLSmidth - Composition of the Board</p>
5.1.4. It is recommended that every year, the management commentary in the annual report should contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.	Yes		<p>Information about the competencies of the individual Board members, including other managerial posts, appears from the company website and the company's annual report.</p> <p>Link: FLSmidth - Composition of the Board</p>

<i>5.2. Training of members of the supreme governing body</i>			
5.2.1. It is recommended that new members joining the supreme governing body should be given an introduction to the company.	Yes		The Board of Directors nomination committee holds meetings with prospective candidates for Board membership, during which they receive an overall introduction to the company and its activities; however, they do not receive inside information until the time when they are elected to the Board. After being elected to the Board, new members receive a copy of all relevant company documents and a more detailed introduction by the Board of Directors chairmanship to the company's Executive Management and the managers reporting directly to the Executive Management, the company's strategic objectives, the Group's business structure and activities, information about special risks and other information, which the new Board member might wish to receive.
5.2.2. It is recommended that the supreme governing body should annually assess whether the skills and expertise of its members need to be updated.	Yes		The Board of Directors undertakes a yearly self-evaluation to determine whether there are areas in which the members' involvement, competencies and expertise may or should be updated.
<i>5.3. Number of members of the supreme governing body</i>			
5.3.1. It is recommended that the supreme governing body should have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	Yes		Board members elected at the General Meeting constitute not less than five and not more than eight members, currently six members, in order to maintain a small, competent and quorate Board.
5.3.2. It is recommended that in connection with the preparation for each year's general meeting, the supreme governing body should consider whether the number of members is appropriate in relation to the requirements of the company.	Yes		The Board chairmanship, which constitutes the Board's nomination committee, considers from time to time whether the Board has the necessary professional competencies and presents its recommendations to the rest of the Board in case if considers it necessary to expand or reduce the Board's relevant competencies.
<i>5.4. The independence of the supreme governing body</i>			

<p>5.4.1. It is recommended that in order for the members of the supreme governing body to act independently of special interests, at least half of the members elected by the general meeting should be independent persons.</p> <p>The independent supreme governing body member may not:</p> <ul style="list-style-type: none"> • be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated company, • have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body, • represent the interests of a controlling shareholder, • within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company, • be, or have been within the last three years, an employee or partner of the external audit firm, • hold cross-memberships of governing bodies, • have been a member of the supreme governing body for more than twelve years or 	<p>Yes</p>		<p>All present Board members elected at the General Meeting are independent pursuant to the definition in section 5.4.1. except Mr Jens Stephensen, who is also Vice Chairman. Jens Stephensen was a member of the company Board from 1995 to 2000 and has been a member since 2002. According to the criteria of the Committee for Corporate Governance he is not independent as he has been a member of the Board for more than 12 years.</p>
--	------------	--	---

<ul style="list-style-type: none"> • have close family ties with persons that are not regarded as independent persons. 			
<p>5.4.2. It is recommended that at least once every year, the supreme governing body should list the names of the members who it regards as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.</p>	Yes		<p>The company website is kept up-to-date with information regarding the composition of the Board and the competencies and other managerial posts of the individual Board members, cf section 5.1.3, including the year of being elected Board member in the company. The website also contains information regarding whether or not the individual Board members are independent persons according to the criteria listed in section 5.4.1.</p> <p>Link to statutory corporate governance statement: http://www.flsmidth.com/en-US/Investor+Relations/Governance/Corporate+Governance</p>
<p><i>5.5. Members of the supreme governing body elected by the employees</i></p>			
<p>5.5.1. It is recommended that an explanation is given, in the company's annual report or on its website, of the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.</p>	Yes		<p>Pursuant to the provision of the Limited Liability Companies Act regarding employee representation, the Group's employees are represented on the Board by currently three members, a Group representative and two company representatives, who are elected for four years at a time. The last election took place in 2009.</p> <p>The two company representatives are elected directly among the employees of FLSmidth A/S. The Group representative is elected indirectly among the employees in the FLSmidth A/S Group's Danish subsidiaries.</p> <p>In connection with the amended provisions for employee representation in the 2010 Limited Liability Companies Act, the Board of Directors is considering how to most appropriately handle employee representation in FLSmidth in the future.</p>
<p><i>5.6. Meeting frequency</i></p>			
<p>5.6.1. It is recommended that the supreme</p>	Yes		<p>In general, between six and eight ordinary Board meetings are held</p>

<p>governing body should meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held should be disclosed in the annual report.</p>			<p>every year in accordance with the yearly plan adopted by the Board every year, and extraordinary Board meetings are held when needed, see also the comments in section 4.3.3. above. The number of Board meetings held within one financial year is stated in the company's annual report.</p> <p>Link to statutory corporate governance statement: http://www.flsmidth.com/en-US/Investor+Relations/Governance/Corporate+Governance</p>
<p><i>5.7. The members' commitment and the number of other executive functions</i></p>			
<p>5.7.1. It is recommended that each member of the supreme governing body should assess the time commitment necessary for the work in question in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.</p>	<p>Yes</p>		<p>The members of the Board are encouraged by the chairmanship to assess whether they have sufficient time available for the performance of their Board duties, both before being nominated as candidates for Board membership and while serving as Board members.</p>
<p>5.7.2. It is recommended that the annual report should contain the following information about the members of the supreme governing body:</p> <ul style="list-style-type: none"> • the member's occupation, • the member's other executive functions, for example memberships of executive managements, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and • the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year. 	<p>Yes</p>		<p>The recommended information is disclosed both in the annual report and on the company website: Link to information on the website: FLSmidth - Composition of the Board FLSmidth - Board of Directors</p>

<i>5.8. Retirement age</i>			
5.8.1. It is recommended that the company's articles of association should fix a retirement age for members of the supreme governing body and that the annual report should contain information on such retirement age as well as the age of each member of the board of directors.	Yes		<p>Pursuant to the rules of procedure of the Board of Directors, a Board member must retire at the first Annual General Meeting which is held after the member has passed the age of 70.</p> <p>Disclosure of age: FLSmidth - Composition of the Board</p>
<i>5.9. Election period</i>			
5.9.1. It is recommended that members of the supreme governing body elected by the general meeting should be up for reelection every year at the annual general meeting.	Yes		The members of the Board elected at the General Meeting retire at each Annual General Meeting. Reelection may take place.
5.9.2. It is recommended that the annual report should state when the individual member of the supreme governing body joined the body, whether the member was reelected and when the current election period expires.	Yes		<p>The year when the individual member joined the Board and information regarding previous election periods, if relevant, appear from the Annual Report.</p> <p>Link to FLSmidth - Composition of the Board</p>
<i>5.10. Board committees</i>			
<p>5.10.1. It is recommended that the company should publish the following information in the management's review in its annual report or on the company's website:</p> <ul style="list-style-type: none"> the terms of reference for the board committees, the most important activities of the committees during the year and the number of meetings held by each 	Yes		<p>The recommended information appears from the company's website and the Annual Report.</p> <p>Link to the terms of reference of the Board committees: FLSmidth - Board committees</p> <p>Link to the most important activities of the committees during the year and number of meetings: Information to follow in extension of the presentation of the 2011</p>

<p>committee, and</p> <ul style="list-style-type: none"> the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. 			<p>Annual report.</p> <p>Information about the committee members: FLSmidth - Composition of the Board</p>
<p>5.10.2. It is recommended that a majority of the members of a board committee should be independent members.</p>	Yes		<p>All Board members, apart from the Vice Chairman, are independent as required in section 5.4.1. so this recommendation is considered complied with.</p> <p>Link to FLSmidth - Composition of the Board</p>
<p>5.10.3. It is recommended that the supreme governing body should establish an actual <u>audit committee</u>.</p>	Yes		<p>The Board of directors has established an actual audit committee consisting of Jesper Ovesen (chairman), Sten Jakobsson and Vagn Sørensen.</p>
<p>5.10.4. It is recommended that the following should be taken into account in composing the audit committee:</p> <ul style="list-style-type: none"> the chairman of the supreme governing body should not be chairman of the audit committee, and between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market. 	Yes		<p>The chairman of the board of directors, Vagn Sørensen is not chairman of the audit committee, as the audit committee is chaired by Jesper Ovesen.</p> <p>The three members of the audit committee (Jesper Ovesen, Sten Jakobsson and Vagn Sørensen) possess considerable expertise and experience in financial, accounting and audit conditions of listed companies.</p>
<p>5.10.5. It is recommended that, prior to the approval of the Annual Report and other financial reports, the audit committee should monitor and report to the supreme governing body about:</p> <ul style="list-style-type: none"> significant accounting policies 	Yes		<p>To ensure a high quality of the Group's financial reporting systems, the Board of Directors and the Executive Management have adopted policies, procedures and guidelines for presentation of the financial statements and internal control which the subsidiaries and reporting units must adhere to, including</p> <ul style="list-style-type: none"> Continuous monitoring of goals and results achieved viewed

<ul style="list-style-type: none"> • significant accounting estimates, • related party transactions and • uncertainties and risks, including in relation to the outlook. 			<p>against approved budgets</p> <ul style="list-style-type: none"> • Continuous monitoring of projects including handling of risks and accounting for them • Policies for use of IT, insurance, cash management, procurement, etc. • Reporting instructions and manual • Finance manual • Closing manual <p>Responsibility for maintaining sufficient and effective internal control and risk management in connection with financial reporting lies with the Executive Group Management.</p> <p>The audit committee continuously monitors the financial reporting process and the adequacy and effectiveness of the internal control systems, including new accounting standards, accounting policies and accounting estimates. Besides, the audit committee monitors and checks the independence of the external auditor and monitors the planning, execution and conclusions of the external auditing.</p>
<p>5.10.6. It is recommended that the audit committee:</p> <ul style="list-style-type: none"> • should annually consider the need for an internal audit function, and if so, • formulates recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and • monitors the executive management's follow-up on the conclusions and recommendations of the internal audit function. 	Yes		<p>The audit committee evaluates once a year the need for an internal audit function.</p> <p>So far the audit committee has seen no need for an actual internal audit function because the internal policies, procedures, guidelines and control actions in place are considered to function well and considered embedded in the Executive Management and the company's Group Control and Project Control functions.</p>
<p>5.10.7. It is recommended that the supreme governing body should establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describe the qualifications required in the two governing bodies and for a given position, state the expected 	Yes		<p>The nomination committee consists of the chairman and the vice chairman of the Board of Directors. The nomination committee is elected each year by the entire Board at the initial Board meeting following the Annual General Meeting. The responsibilities of the nomination committee are to continuously evaluate the work and composition of the Board and initiate any changes and suggest candidates for new Board members.</p>

<p>time commitment for a position and evaluate the competencies, knowledge and experience available in the two governing bodies.</p> <ul style="list-style-type: none"> • annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes, • annually evaluate the competencies, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body, • consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and • recommend to the supreme governing body candidates for the governing bodies. 			<p>In carrying out these duties, the nomination committee may choose to involve the remuneration committee.</p>
<p>5.10.8. It is recommended that the supreme governing body should establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive management, • make proposals to the supreme governing body on remuneration for 	<p>Yes</p>		<p>The remuneration committee normally consists of three Board members who meet three to four times a year. The remuneration committee is responsible for negotiations of pay and remuneration of the company's Executive Management and managers reporting directly to the Management.</p>

<p>members of the supreme governing body and the executive management and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive management receive from other companies in the group, and</p> <ul style="list-style-type: none"> • oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient. 			
<p>5.10.9. It is recommended that the remuneration committee does not consult with the same external advisers as the executive management of the company.</p>	<p>Yes</p>		<p>If the remuneration committee should use external advisers, it is ensured that not the same external advisers are used as those used by the Executive Management.</p>
<p><i>5.11. Evaluation of the performance of the supreme governing body and the executive management</i></p>			
<p>5.11.1. It is recommended that the supreme governing body should undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.</p>	<p>Yes</p>		<p>As part of the Board's yearly plan, the Board of Directors undertakes self-evaluation once a year to consider whether the contribution, engagement and competencies of the individual Board members can be upgraded in certain respects.</p>
<p>5.11.2. It is recommended that the chairman should be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing</p>	<p>Yes</p>		<p>The Chairman is in charge of the evaluation and holds individual assessment interviews with each member of the Board of Directors. The outcome of the evaluation is discussed at a subsequent Board meeting.</p>

body and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.			
5.11.3. It is recommended that the supreme governing body at least once a year should evaluate the work and performance of the executive management in accordance with clear predefined criteria.	Yes		The Board of directors continually evaluates the work of the Executive Group Management by specifying targets and assessing as to what level or degree such targets have been met.
5.11.4. It is recommended that the executive management and the supreme governing body should establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation should be presented to the supreme governing body.	Yes		As part of the Board of Directors' yearly plan the cooperation between Management and Board is evaluated once a year through a formalised dialogue between the Chairman and the Chief Executive Officer. The results of the dialogue are presented at a subsequent Board meeting.
6. Remuneration of members of the governing bodies			
<i>6.1. Content and form of the remuneration policy</i>			
6.1.1. It is recommended that the supreme governing body should adopt a remuneration policy applicable to the supreme governing body and the executive management.	Yes		<p>The Board of Directors has adopted a policy for remuneration of the Board and the Management. The incentive-based portion of the Management's remuneration is presented at the company's Annual General Meeting pursuant to Section 139 of the Limited Liability Companies Act, and the disclosure of it appears from the company's articles of association.</p> <p>The Board of Directors has set up a remuneration committee which continuously assesses the Management's compensation.</p> <p>Link to remuneration policy: http://www.flsmidth.com/en-</p>

			US/Investor+Relations/Governance/Guidelines+for+Incentive+Pay
6.1.2. It is recommended that the remuneration policy and any changes to the policy should be approved by the general meeting of the company.	Yes		<p>The remuneration policy for the Board of Directors is disclosed on the company website. The Board of Directors' remuneration in the form of a cash payment is approved each year by the shareholders at the Annual General Meeting. In addition, the Board of Directors has drawn up a remuneration policy for the Executive Management. The remuneration policy is disclosed on the company website and includes incentive-based elements. As to the incentive-based elements the general guidelines for incentive pay to the Executive Management decided by the Board of Directors have been presented to and approved at the Annual General Meeting pursuant to Section 139 of the Limited Liability Companies Act, and the disclosure of it is stated in the company's articles of association.</p> <p>Link to remuneration policy: http://www.flsmidth.com/en-US/Investor+Relations/Governance/Guidelines+for+Incentive+Pay</p>
6.1.3. It is recommended that the remuneration policy should include a thorough description of the components of the remuneration for members of the supreme governing body and the executive management.	Yes		<p>The Board of Directors' total remuneration consists of an annual cash payment which is recommended by the Board and adopted by the Annual General Meeting.</p> <p>The total remuneration of the executive management consists of the following components:</p> <ul style="list-style-type: none"> • fixed salary ("gross salary") including pension • usual accessory benefits such as car, telephone, newspaper, etc. • cash bonus • share options
6.1.4. It is recommended that the remuneration policy should include: <ul style="list-style-type: none"> • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual 	Yes		<p>In the opinion of the Board, a combination of fixed and performance-based pay to the Executive Management helps to ensure that the Company can attract and retain key persons whilst partially incentive-based pay also encourages the Management to create value to the benefit of shareholders.</p> <p>The purpose of the remuneration policy is to set the framework for</p>

<p>components of the remuneration is based.</p>			<p>the variable portion of the pay whilst taking into account the Company's short- and long-term goals, thus ensuring that the pay system does not cause short-termism, imprudence or unreasonable behaviour nor acceptance of risk on the part of the Executive Management.</p>
<p>6.1.5. It is recommended that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits should be set on the variable components of the total remuneration package, • a reasonable and balanced linkage should be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term, • there should be clarity about performance criteria and measurability for award of variable components, and • there should be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year. 	<p>Yes</p>		<p>The individual member of the Executive Management may receive a yearly bonus which shall not exceed 40% of the person's gross salary for the year in question. The purpose of this cash bonus is to ensure fulfilment of the Company's short-term goals. The payment and size of the bonus will therefore depend on the attainment of the goals that are agreed for one year at a time. The goals are primarily related to the fulfilment of the Company's budgeted results or achievement of financial ratios or other measurable personal results of a financial or non-financial nature.</p> <p>According to the remuneration policy members of the Executive Management may also be granted share options. The purpose of such options is to ensure value creation and fulfilment of the Company's long-term goals. The granting of options may take place once a year, normally on presenting the Company's half-yearly financial statements in August. For each year options may be granted up to a maximum net present value at the time of granting commensurate with 25% of the gross salary of the individual concerned at the grant date. The net present value at the time of granting is calculated according to the Black & Scholes method. The Company will continuously cover the options granted through acquisition of treasury shares so that no capital increase is necessary to deliver the shares represented by the options granted.</p>
<p>6.1.6. It is recommended that remuneration of members of the supreme governing body should not include share or warrant programmes.</p>	<p>Yes</p>		<p>The members of the Board of Directors receive a fixed fee in cash which is approved by the Annual General Meeting. The Board of Directors does therefore not receive incentive-based remuneration.</p>
<p>6.1.7. It is recommended that if members of the executive board receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not</p>	<p>Yes</p>		<p>Options granted in accordance with the remuneration policy are normally exercisable not earlier than three years after being granted and will normally lapse if they have not been exercised six years after the grant date. The exercise price of the options must not be less than the market price of the Company's shares at or around the</p>

be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.			time of granting. The exercise price of the share options is adjusted for paid-out dividend. In the most recent programme, the exercise price is calculated based on the average of the closing price for the company's shares during the first five days following the publication of the half-year report.
6.1.8. It is recommended that remuneration agreements for the executive management that include provisions regarding variable components of remuneration should stipulate that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.	Yes		Remuneration agreements for the executive management include provisions that the company can reclaim, in full or in part, variable components of remuneration that has been paid on the basis of data, which has proved to be misstated.
6.1.9. It is recommended that termination payments should not amount to more than the last two years' remuneration.	Yes		Agreements on termination payments do not amount to more than two years' annual remuneration.
<i>6.2. Disclosure of the remuneration policy</i>			
6.2.1. It is recommended that the remuneration policy should be clear and easily understandable, that the content of it should be included in the management's review in the annual report and that the policy should be posted on the company's website.	Yes		The remuneration policy is posted on the company website, which is the company's main channel of communication with its shareholders and other stakeholders with an interest in the policy. The content of the remuneration policy will in future be outlined in the management's review in the annual report.
6.2.2. It is recommended that the company's remuneration policy and compliance with this policy should be explained and justified in the chairman's statement at the company's general meeting.	Yes		The Chairman's statement at the annual general meeting will in future include information on the company's compliance with the general guidelines for incentive pay.
6.2.3. It is recommended that the total	Yes - part-		In future, the company will disclose the remuneration of the chief

<p>remuneration granted to each member of the supreme governing body and the executive management by the company and other consolidated companies should be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy should be explained.</p>	<p>ly</p>		<p>executive officer separately, and the rest of the executive management combined.</p> <p>Only the total remuneration of the Board of Directors is disclosed.</p> <p>The Board of Directors agrees that shareholders have a right to know the remuneration of the CEO, but believes that disclosure of individual remuneration of other members of executive management and Board of directors is of little relevance.</p>
<p>6.2.4. It is recommended that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year should be included as part of the information on the total remuneration.</p>	<p>Yes</p>		<p>The remuneration of members of the Board of Directors does not include pension premiums nor an obligation on the part of the company to undertake defined benefit plans</p> <p>The company does not apply unfunded defined benefit plans for members of the Executive Management.</p>
<p>6.2.5. It is recommended that the most important aspects of retention and severance programmes should be disclosed in the company's annual report.</p>	<p>Yes</p>		<p>No retention nor severance programmes exist for members of the Board of Directors.</p> <p>If considered in the company's interest, the Board of Directors may enter into retention and severance agreements with members of the Executive Management. However, considering the scope of these arrangements, the Board of Directors considers detailed information about its agreements with the individual member of the Executive Management irrelevant to the company's shareholders and other stakeholders.</p>
<p>6.2.6. It is recommended that the proposal for remuneration of the supreme governing body for the current financial year should be approved by the shareholders at the general meeting.</p>	<p>Yes</p>		<p>Until now, the Board of Directors has considered it most relevant and expedient for the shareholders to comply with the rules of the Limited Liability Companies Act and general practice, according to which the remuneration of the Board is disclosed and approved together with the annual report at the close of the year.</p> <p>In future, a proposal for remuneration of the Board of Directors for the current financial year will be submitted for approval at the annual general meeting.</p>

7. Financial reporting			
<i>7.1 Other relevant information</i>			
7.1.1. It is recommended that the annual report and other financial reports should be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	Yes		The annual report contains supplementary information regarding research and development, commercial risks, corporate governance, corporate social responsibility and shareholder information.
<i>7.2 The going concern assumption</i>			
7.2.1. It is recommended that, upon consideration and approval of the annual report, the supreme governing body should decide whether the financial reporting is taking place on the assumption of the business being a going concern, including any special supporting assumptions and, in the affirmative, any uncertainties related thereto.	Yes		On the basis of a statement presented by the CFO at the board meeting at which the annual report is approved, the Board of Directors formally decides whether the report has been prepared based on a going concern assumption.
8. Risk management and internal control			
<i>8.1. Identification of risks</i>			
8.1.1. It is recommended that the central governing body at least once every year should identify the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.	Yes		As part of its yearly plan, once a year the Board of Directors identifies and assesses the company's most important business risks.

<p>8.1.2. It is recommended that the executive board currently should regularly report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.</p>	<p>Yes</p>		<p>The Executive Management reports regularly to the Board of Directors on the developments in the most important business risks.</p>
<p><i>8.2. Whistleblowing</i></p>			
<p>8.2.1. It is recommended that the supreme governing body should decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.</p>	<p>Yes</p>		<p>As part of the company's code of business conduct, employees and other persons have been given the opportunity to report confidentially violations or suspicion of violations to the Group General Counsel and/or the Vice President, Global HR. Any reporting, whether received anonymously or from a known source, are treated confidentially and are initially investigated internally by the Group General Counsel or one of his legal staff who is authorised to do so. Sanctions in case of any confirmed violations are decided by the Group Chief Executive Officer based on a recommendation by the Group General Counsel and/or to the Vice President, Global HR. In the case of the Executive Management, recommendation shall be given to the Chairman of the Board of Directors.</p>
<p><i>8.3. Openness about risk management</i></p>			
<p>8.3.1. It is recommended that the management commentary in the annual report should include information about the company's management of business risks.</p>	<p>Yes</p>		<p>Business risks are dealt with in a special chapter in the annual report.</p>
<p>9. Auditors</p>			
<p><i>9.1. Contact with the auditor</i></p>			
<p>9.1.1. It is recommended that the supreme governing body should maintain a regular</p>	<p>Yes</p>		<p>The Board Chairman keeps regular contact with the company auditor.</p>

dialogue and exchange of information with the auditor.			
9.1.2. It is recommended that the auditor agreement and the auditors' fee should be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.	Yes		The auditors' fee is agreed between the Board of Directors and the auditor.
9.1.3. It is recommended that the supreme governing body and the audit committee should meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.	Yes		As part of the Board of Directors' yearly plan, the Board and the auditor meet at least once a year without the Executive Management being present.
<i>9.2. Internal audit</i>			
9.2.1. It is recommended that the supreme governing body, on the basis of a recommendation from the audit committee, once every year should decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.	Yes		<p>The audit committee regularly considers the need for internal audit and prepares once a year a recommendation to the Board as to whether inside auditing should be introduced.</p> <p>So far, the audit committee and the Board of Directors have not considered it necessary to introduce internal auditing in addition to the company's group control and project control functions and the external auditor.</p>