

FLSmidth Group

Donations Sub-Policy

1 Introduction and scope

FLSmith has successfully done business for more than 135 years all over the world. We have established ourselves as a prominent player in the market and as such we must ensure that our practices are transparent, unbiased and free from conflicts of interest.

The Donations Sub-Policy outlines FLSmith's commitment to ensuring that donations are made sustainably, for the intended purpose and for the benefit of the intended stakeholders.

The Sub-Policy applies to FLSmith & Co. A/S and all of its subsidiaries, offices and sites worldwide (henceforth 'FLSmith') and includes all members of the Board of Directors, executives, officers and employees, irrespective of location. It also applies to any company acting on behalf of or in the name of FLSmith, including all employees. Compliance with this Sub-Policy is a condition of employment in FLSmith and non-compliance may result in sanctions.

Please note that there may be local or regional policies that put in place stricter rules on top of this group-level Sub-Policy.

2 Rules

2.1 Definition

Donations may be made in a range of contexts.

Where business operates within a less affluent local community, donations in-kind can be a common practice, including sharing access to utilities in areas otherwise deprived of these. This includes situations where their position with FLSmith is used for their personal advantage such as using connections obtained through the company for their own private purposes.

2.2 Business relevant

Donations made by FLSmith must be relevant to the business we conduct. Donations may be seen as investments in the communities in which we operate and in creating sustainable relations with a range of stakeholders in the field and markets influenced by FLSmith.

Business relevant donations are defined as those which have a link to the core business carried out by FLSmith or the stakeholder groups with whom we operate and interact. This might include the communities close to the geographical area in which projects are based or contributing towards academic, professional or vocational research and training (for example through student scholarships) in the fields we work in.

Donations should, where possible and appropriate, always aim to create shared value for the recipient as well as the business. This approach – creating shared value – underpins the business' general approach to sustainability and drives value for customers, communities and the business.

2.3 Due diligence requirement

When a prospective recipient of a donation has been identified, the individual or business unit proposing the donation is responsible that a due diligence screening of the recipient is made

with due diligence. Group Compliance can assist in carrying out the screening, relying on a tested methodology for several types of third parties, a number of subscription data bases and access to sanctions lists.

Secondly, the transaction forming the donation must be documented. All transactions forming part of the donation must be auditable and any support provided must similarly be documented.

2.4 Religious organisations and causes

FLSmidth recognises that in some countries or regions, religious institutions or arms of religious organisations may carry out important social or charitable work which may be wholly distinct from proselytizing. Donations made to such religious-affiliated organisations may be approved provided you can document that the work qualifies as charitable. In a context where a range of charities operate within the area to which a branch of the business wishes to donate, making donations to non-denominational charities is preferred.

2.5 Political donations

Political donations may only be allowed in exceptional circumstances and require approval by the Regional President of the region in which the donations will be received.

3 Procedure

3.1 How to make donations

Appropriate documentation, such as receipts or vouchers for tax rebates, for donations made should always be retained by the donating entity.

It is good practice to ensure that payments made to local community organisations, as part of corporate social responsibility or corporate philanthropy programs reach the intended beneficiaries directly. Where only parts of a community are benefitted by company donations, or where this is even just the perception, tensions may arise within the community or with the donating company or both, in the worst-case scenario leading to operational disruptions. It is therefore key to have a good understanding of local social and economic dynamics, and an accurate understanding of where the donation will ultimately end up, to ensure that this is as intended.

It may be practical to make donations in kind or as bank transfers. Donations in cash will not be allowed unless the total amount is less than 500 EUR and the reason for a cash donation is justified in writing and approved by the relevant Country Head.

3.2 Approvals

When planning to make a donation, please factor in the time required to solicit the appropriate internal approvals. Please also bear in mind, that all transactions must be auditable regardless of the amount.

The following amounts donated will elicit the requirement for internal approval at the below levels:

- Donations of less than 1,000 EUR in value or amount require Country Head approval
- Donations of more than 1,000EUR in value or amount require Regional President approval
- Any donation made to political organisation or cause, regardless of value, require prior approval from the Group CEO

4 Implementation

This Sub-Policy is implemented locally and regionally in accordance with local and project-based requirements. Relevant legislation and cultural expectations for donations and other monetary and in-kind contributions by companies vary significantly in different parts of the world in which we operate. The devolved approach to implementation of this Sub-Policy seeks to acknowledge this.

5 Governance

This Sub-Policy is approved by the Group CEO. The Sub-Policy is maintained, implemented and updated by Group Compliance.