

FLSmidth Group

Gift and Hospitality Sub-Policy

1 Introduction and scope

This Sub-Policy provides employees with rules on how to ensure the giving and receiving of gifts and hospitality is reasonable and justifiable.

The Policy applies to FLSmidth & Co. A/S and all of its subsidiaries, offices and sites worldwide (henceforth 'FLSmidth') 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 FLSmidth, including all employees. Compliance with this policy is a condition of employment in FLSmidth and non-compliance may result in sanctions.

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

2 Rules

Examples of gifts include, and are not limited to, gifts provided to business partners for relationship or promotional purposes, gifts provided in connection with local holidays, branded items, gimmicks and promotional items. Examples of hospitality include, and are not limited to, dinners, lunches, coffee meetings, entertainment activities, invitations to professional and cultural events, provision of travel and accommodation expenses e.g. for seminars or training, and invitations to fundraising events.

Approvals required should be obtained prior to the purchase of the gift or the provision of hospitality. In the case where an employee has failed to obtain approval prior to the purchase of a gift or provision of hospitality, a note explaining why approval was not obtained at an earlier stage must be provided with subsequent approval at the relevant level.

The thresholds mandated by this Sub-Policy are indicated in EUR. Gifts or hospitality purchased in other currencies than EUR should be converted to the corresponding EUR value at the exchange rate at the time of purchase to determine approval levels needed.

2.1 Gifts

In general, the giving and receiving of gifts is a legitimate and acceptable part of business relationships. However, gifts may never unduly influence or appear to influence the recipient to make biased decisions. That is, the gift must not make the person receiving it feel obligated to 'pay back' the gift by giving orders, business information or other improper preferential treatment in return.

In addition, gifts given or received must not be of any significant value. FLSmidth employees cannot give or receive gifts that consist of money or other financial instruments.

Any gift, whether provided or received, require approval above certain monetary values.

The following limits and approvals apply to all FLSmidth employees, regardless of location of the employee or the person receiving the gifts, and regardless of title and rank.

2.1.1 **Giving gifts**

The levels and procedures for giving gifts are the following:

Value	Approval required
<i>Below 50 EUR</i>	No approval required
<i>50-150 EUR</i>	Manager
<i>150-300 EUR</i>	Region President of the region the employee belongs to
<i>Above 300 EUR</i>	General Counsel
<i>2 * [max. value approved]</i>	Maximum value an FLSmidth employee can provide to one person over 12 months

The monetary values refer to the value of the gift provided on one occasion to one person. Thus, for example, if an FLSmidth employee wants to give two boxes of chocolate as a gift to a person on the same occasion, the approval needed should be calculated on the basis of the total value of the two boxes.

The maximum total value of all gifts provided by a given FLSmidth employee to one person over a 12 months period cannot exceed two times the maximum value that the employee has received an approval for. Thus, an FLSmidth employee who has received approval for a 175 EUR gift to a given person cannot provide gifts of a total value of more than 350 EUR over a 12 months period. Otherwise an additional approval according to the above table is required to increase the limit.

As a rule, FLSmidth employees should not provide gifts to public officials. However, in special circumstances the relevant manager may deem it inappropriate not to provide a token gift to a public official. In any case, a public official may not receive any gift valued more than 50 EUR and no more than 100 EUR over a 12 months period in total.

FLSmidth employees should take into consideration local legislation and cultural norms in the selection of gifts, e.g. avoiding culturally controversial or illegal gifts such as alcohol in certain countries.

2.1.2 Receiving gifts

The levels and procedures for receiving gifts are the following:

Value	Approval required
<i>Below 50 EUR</i>	Approval not required
<i>50-150 EUR</i>	Manager
<i>Above 150 EUR</i>	Not allowed
<i>2 * [max. value approved]</i>	Maximum value an FLSmidth employee can receive from one person over 12 months

The monetary values refer to the value of the gift provided on one occasion to one FLSmidth employee by one external business partner or similar. For example, if an FLSmidth employee receives three bottles of wine as a gift from one business partner company, organisation or individual, the approval needed is calculated on the basis of the combined value of the three bottles.

The maximum total value of all gifts provided to a given FLSmidth employee by one business partner company, organisation or individual over a 12 months period cannot exceed two times the maximum value that the employee has received approval for. Thus, under all circumstances, no employee may receive gifts of a total value of more than 300 EUR from one business partner company or organisation or individual over a 12-month period.

FLSmidth employees have an obligation to determine or assess the value of a gift provided to them. For example, by looking up the item in online stores or by inquiring with local FLSmidth colleagues in a given country. If an employee is unable to provide a precise price they should make a price range estimate and base the approval level on the average price. For example, a gift estimated to be worth between 40 and 75 EUR is subject to an approval level corresponding to 57.50 EUR (Manager approval required).

Any gift worth more than 150 EUR should be politely returned to the giver, if necessary in a more private setting or with a small delay. In the rare occasions where the return of this gift would prove seriously embarrassing to the giver, the relevant FLSmidth employee is encouraged to seek advice from Group Compliance.

Individual FLSmidth offices or departments may decide that any gift received by employees should be given to the department and distributed in a raffle or lottery, for example once a year in connection with local holidays or similar.

2.2 Hospitality

In general, hospitality is a legitimate and acceptable part of business relationships. However, hospitality may never unduly influence or appear to influence the recipient to make biased decisions. That is, any hospitality provided must not make the person receiving it feel obligated to 'pay back' by giving orders, business information or other improper preferential treatment in return.

Hospitality should be reasonable in terms of money spent per person involved. Good quality, business appropriate venues are generally acceptable, while restaurants and other venues which are exceptionally expensive or an attraction in itself are not acceptable.

Any hospitality, whether provided or received, require there is a legitimate, business-relevant reason for the event or hospitality provided and this reason is described in a request for approval. In any event, any hospitality must focus on professional or business-related interaction or training and any social or purely entertainment elements of the hospitality should play a minor role compared with professional content.

Hospitality may be provided in or close to locations where the relevant FLSmidth employees meet with the business partner. That is, hospitality should take place in or close to the location where we already interact in a purely professional context with partners. Hospitality should take place in a location which is maximum two hours' drive away from the location in which employees interact with business partners.

Any hospitality, whether provided or received, require approval above certain monetary values. In addition, there are types of entertainment which are not considered appropriate for FLSmidth employees regardless of the monetary value.

The following limits and approvals applies to all FLSmidth employees, regardless of location of the employee or the person receiving the hospitality.

2.2.1 Meals and refreshments, and entertainment

The levels and procedures for providing and receiving meals and refreshments, and entertainment, regardless of whether provided or received, are:

Value (per person)	Approval required
<i>Below 150 EUR</i>	Approval not required
<i>150-300 EUR</i>	Manager
<i>300-600 EUR</i>	Region President of the region the employee belongs to
<i>Above 600 EUR</i>	General Counsel
<i>4 * [max. value approved]</i>	Maximum value an FLSmidth employee can receive from one person, or which FLSmidth can provide to one person, over 12 months

The monetary values refer to the value of the hospitality or entertainment provided on one occasion to one person. For example, if FLSmidth provides a dinner for three customer representatives and one FLSmidth employee which cost a total of 650 EUR in total, the cost per person involved is $650 / 4 = 162.50$ EUR. The FLSmidth employee therefore needs approval from his or her manager.

The maximum total value of all hospitality and entertainment provided by a given FLSmidth employee to one person or provided to one FLSmidth person from one business partner over a

12 months period cannot exceed four times the maximum value that the employee has received an approval for. Thus, an FLSmidth employee who has received approval for a dinner costing 80 EUR per person to a given person, is allowed to spend a total of $4 * 80 \text{ EUR} = 320 \text{ EUR}$ per person over a 12 months period. Otherwise an additional approval according to the above table is required to increase the limit.

Employees at level N-0 and N-1 may provide or accept meals and refreshments, and entertainment, up to 300 EUR per person without approval, and up to four times that in a 12-month period. Any expense above 300 EUR require approval from the General Counsel.

As a rule, FLSmidth employees should only provide hospitality and entertainment to public officials to a very limited extent or not at all. Any hospitality to public officials must be approved by the relevant manager, regardless of the monetary value. In any case, a public official may not receive any hospitality valued more than 75 EUR and no more than 150 EUR over a 12 months period in total. Note that in some countries, it is illegal to provide any form of hospitality to public officials.

Certain forms of entertainment are not allowed for FLSmidth employee to take part in with colleagues or business partners, regardless of the cost and regardless who pays. This includes strip shows and strip clubs as well as prostitution and other forms of sexually oriented entertainment. It also includes any other form of entertainment which is illegal in the country where it takes place.

2.2.2 Training, conferences and site visits

The levels and procedures for inviting to or being invited to training and conferences, are:

Value (per person)	Approval required
<i>Below 250 EUR</i>	Approval not required
<i>250-500 EUR</i>	Manager
<i>Above 500 EUR</i>	Region President of the region the employee belongs to
<i>2 * [max. value approved]</i>	Maximum value an FLSmidth employee can receive from one person, or which FLSmidth can provide to one person, over 12 months

The monetary values refer to the value of the training, site visit or conference provided on one occasion to one person, including all costs covered. Thus, for example, if FLSmidth invites one customer representative to a site visit, covering flights, accommodation and one meal at a total cost of 650 EUR, approval from the Region President of the relevant region is required.

The maximum total value of all the training, conference and site visit expenses provided by a given FLSmidth employee to one person or provided to one FLSmidth person from one business partner over a 12 months period cannot exceed two times the maximum value that the employee has received an approval for. Thus, an FLSmidth employee who has received approval for a site visit costing 650 EUR per person to a given person, is allowed to spend a total of $2 * 650 \text{ EUR} = 1300 \text{ EUR}$ over a 12 months period. Otherwise an additional approval according to the above table is required to increase the limit.

Employees at level N-0 and N-1 may invite to, or accept invitations to training, conferences and site visits up to 500 EUR per person without approval, and up to two times that in a 12-month period. However, any event valued above 500 EUR require approval from the General Counsel.

As a rule, FLSmidth employees should only invite public officials to training events, conferences and site visits to a very limited extent or not at all. Any training, conference or site visit provided to public officials must be approved by the relevant manager, regardless of the monetary value. In any case, a public official may not receive any hospitality valued more than 250 EUR and no more than 500 EUR over a 12 months period in total.

3 Procedure

FLSmidth employees are required to obtain prior written approval from the relevant approver in accordance with the monetary values and other rules described above. The approval can be obtained through email, letter or other written documentation, as is most practical in the given situation. It is the responsibility of the relevant employee requesting the approval to obtain and store the approval for future references or checks.

Employees are furthermore required to accurately register the expense in the expense accounts with relevant details, including details about venue and number of people attending.

4 Governance

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