

FLSmidth Group

Conflict Minerals Sub-Policy

1 Introduction and scope

The Conflict Minerals Sub-Policy outlines the basics of the rules regarding conflict minerals, including the mapping of conflict minerals in our supply chain and how to address any issues identified.

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.

2 Rules

FLSmidth aligns its practices with the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas'¹, 'Regulation (EU) 2017/821'² on supply chain due diligence obligations for EU importers of tin, tantalum and tungsten, and 'Section 1502 of U.S. Dodd-Frank Act'³ on the U.S. law requiring responsible minerals sourcing.

These regulations confirm the need for conflict minerals due diligence in order to ensure that FLSmidth's procurement activities do not contribute to conflict through their mineral purchasing decisions and practices. The sourcing of conflict minerals can, in conflict-affected or high-risk areas, be a cause of dispute where their revenues fuel the outbreak or continuation of violent conflict. This may hinder development, good governance and the rule of law. FLSmidth defines a conflict-affected and high-risk area in accordance with the EU's 'Indicative, non exhaustive list of conflict-affected and high risk areas under Regulation (EU) 2017/821' as well as the countries listed in Section 1502 of the U.S. Dodd Frank Act.

3 Procedures

Conflict minerals are tin (cassiterite), tantalum (tantalite), tungsten (wolframite) or gold, or their smelted derivatives, from a conflict-affected and high-risk area. They are also known as the '3TG'. This policy concerns FLSmidth's supply chain and focuses on the entirety of FLSmidth's own production and our suppliers' possible use of these minerals. This covers the mineral supply chain, ranging from the mine and smelters / refiners to FLSmidth's products and services. In addition, FLSmidth's Due Diligence Sub-Policy defines our approach to screening of all types of third parties. Such due diligence screenings will, when relevant, also include an assessment of possible conflict minerals use.

FLSmidth focuses on strengthening the company's engagement with suppliers. FLSmidth aims to communicate to suppliers its expectations on a responsible supply chain of minerals from conflict-affected and high-risk areas. To the extent necessary, FLSmidth will thereby strive towards implementing this policy into commercial contracts and / or written agreements.

¹ <https://www.oecd.org/daf/inv/mne/mining.htm>

² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2017:130:FULL&from=EN>

³ <https://www.sec.gov/rules/final/2012/34-67716.pdf>

FLSmidth has a Human Rights Grievance Mechanism in place which is also available to voice any concerns regarding conflict minerals. The Grievance Mechanism is accessible for employees as well as publicly on the FLSmidth website.

3.1 Responsibility and management

In FLSmidth, Group Compliance oversees the implementation of the Conflict Minerals Sub-Policy, due diligences and documentation responsibilities. The duties are fulfilled in collaboration with Group Procurement and other internal stakeholders.

The Conflict Minerals Sub-Policy is part of the Human Rights training modules, such as e-learning and in-person training. These aim at creating an awareness of conflict minerals and contact points within FLSmidth, whenever 3TG are identified within FLSmidth's supply chain.

3.2 Identifying 3TG in our Supply Chain

As part of establishing a responsible supply chain of 3TG, Group Compliance together with Group Procurement on a continuous basis identifies such minerals in our products and services.

FLSmidth aims at engaging with other industry members with whom we share suppliers or downstream companies or have a business relationship in order to assess risks in our supply chain. This way, FLSmidth strives to identify the use of minerals from conflict-affected and high-risk areas in its supply chain.

The identification of minerals from conflict-affected and high-risk areas that produce refined metals will be achieved by:

- monitoring the use of 3TG in FLSmidth's supply chain;
- engaging in an open dialogue with immediate suppliers; and
- incorporating supplier disclosure requirements into supplier contracts

3.3 Due Diligence

FLSmidth will engage with relevant suppliers and provide adherence to the three beforementioned frameworks, in cases where we identify suppliers that provide equipment containing 3TG.

Group Compliance will on a case by case basis engage with the supplier to mitigate potential violations in cases where a conflict mineral risk is identified with a supplier. We may choose to terminate the relationship with the supplier in cases where the implementation of mitigating actions is not possible.

In addition, FLSmidth will conduct ongoing monitoring of relevant suppliers.

3.4 Audit

Audit of conflict minerals reporting in FLSmidth is conducted as part of the auditing of group sustainability reporting.

3.5 Reporting

From 2021 onwards, the sustainability report includes a section regarding conflict minerals.

4 Governance

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