FLS

# Conflict of Interest Sub-Policy

# 1 Introduction and scope

FLS must ensure that business practices are transparent, unbiased and free from conflicts of interest.

The Conflict of Interest Sub-Policy outlines FLS's commitment and establishes rules to ensure that business activities are conducted in the best interest of the company.

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

A conflict of interest is a circumstance in which an employee has or could reasonably be seen to have competing personal interests or loyalties that can improperly influence their decision making or the performance of their duties and have implications on the realisation of the goals of FLS.

## 2.2 Personal conflict of interest

This includes situations where an individual's position within FLS is used for their personal advantage. As an FLS director, officer or employee you may not engage in activities that will bring direct or indirect profit to a competitor. This includes providing services in competition with FLS, or working as an employee, consultant, officer, or member of the board of directors of a company competing with FLS. Additionally, any company owned by you may not be a supplier to FLS or work for a customer, potential customer, contractor or supplier while you are employed by FLS, nor may you accept money or any benefit from a customer, potential customer, contractor or supplier for advice or services that relate to their business with FLS. Lastly, if you are the owner of a private company, you may not use inside information from FLS to the advantage of your company.

A personal conflict of interest may also arise in connection with recruitment. This includes situations in which a recruiter or an employee who is assigned as a member of the selection team for the job fails to disclose to the hiring manager or interviewer(s) that they have an interest in the job opening and will be a potential applicant for the job and should therefore not be involved in the recruitment process. If the recruiter or the member of the selection team fails to disclose their interest prior to the interview, the hiring manager can reject the candidate with reference to a potential conflict of interest as means of unfairness to the recruitment process and in relation to the other candidates applying for the job.

## 2.3 Close relatives and friends

A conflict of interest can exist if you or close relatives or friends have a direct or indirect personal interest in a decision being made, where that decision should be made objectively, free from bias and in the best interests of FLS.

### 2.3.1 Definition of close relatives

A 'close relative' is defined as an employee's parent (including step, foster or parent in law), grandparent, child or step child (including in laws), sibling, half-sibling (including step, foster and in laws), spouse or partner (regardless of sex), grandchildren, uncle, aunt, cousin, nephew, niece, mother-, father-, son-, daughter-, brother-, or sister-in-law or any individual with whom an employee has a 'close personal relationship'.

A 'partner' includes, but is not limited to, unmarried couples, ongoing dating relationships, live-in relationships, and any other romantic relationships or close personal friendships which might influence judgment.

### 2.3.2 Employing close relatives

The employment of close relatives always requires management approval and disclosure. Employment of relatives is permitted only when the relative is determined on an objective and fair basis to be the most qualified candidate for the open position and the offered position does not include any possibility of preferential treatment of such relative after being employed. An FLS manager must recurse themselves from the hiring process and may not be involved in the selection or hiring process of close relatives. In addition, an FLS manager must always take into consideration the impact it can have on employees who will have to work with a close relative of a manager. Finally, a manager must refrain from employing a qualified close relative, if the impact may be detrimental to the interest of FLSmidth.

An employee may never allow personal relationships with other employees to influence their judgment in work-related matters.

### 2.3.3 Reporting/Supervising Relationship between Relatives

Close relatives and partners shall not have any direct or indirect reporting relationship with each other. This includes partners who met while both are employed in FLS. In such cases, both parties are obliged to inform People & Sustainability about the situation. Provided that the situation has been described transparently, FLS will find a new setup in which both employees stay in the job but there are no reporting lines between the two.

Managers and supervisors at all levels must always obtain prior written approval from their own manager or in any case of doubt from People & Sustainability, if they seek to hire, transfer, promote, assign responsibilities, conduct performance appraisals and / or set compensation and benefit levels for or participate in the evaluation for any purpose that relates to or affects their relative/s.

If approved, the written approval will be filed with People & Sustainability.

### 2.3.4 Working with close relatives and close friends

An employee who is related to you might assume they have special privileges. Normally, it is not acceptable for close relatives to be employed in the same department nor that a close relative in a department reports directly to a superior close relative. Hence, the situation shall be remedied in consultation with local People and Sustainability, if the close relative is employed in the same department. Such a situation can be remedied by arranging an inter-

departmental transfer of at least one of the close relatives.

If the inter-departmental transfer is not possible, the case shall be referred to the Head of People and Sustainability. In such a situation, a managing close relative's responsibility may have to cease, or, as a consequence of the relationship, one of the close relatives may ultimately have to leave FLS.

To ensure that decisions concerning one close relative shall not be influenced by the other, it must be referred to another independent manager for decision, of if necessary, be referred to the Head of People and Sustainability.

FLS employees must report in writing to their manager and local People and Sustainability if their relationship to another employee fits or changes to the definition of a 'close relative', or if the employee's relationship could appear as a conflict of interest.

#### 2.3.5 Doing business with close relatives

Business with companies owned by close relatives or friends is strongly discouraged. This is only allowed in exceptional situations and require prior approval from the relevant Group Executive Management member. Employees within FLS must not engage in any activity that improperly benefits the employee's close relatives. A conflict of interest would include an employee cooperating with a close relative working for a supplier, customer, contractor or competitor. Additionally, an employee accepting services or receiving payment from a close relative working for a supplier, customer, contractor or competitor could cause a conflict of interest. All business decisions made by FLS' employees must be made exclusively in the company's best interest.

## 2.4 Disclosure of conflict of interest

Conflicts of interest cannot always be entirely avoided, and their mere existence does not necessarily imply any wrongdoing. The intention of this Sub-Policy is not to ban or sanction the holding of interests but to mitigate actual, potential and perceived conflicts of interest.

It is the responsibility of each FLS employee to recognise situations in which questions of conflict of interest on their part might arise, and to disclose such situations to FLS promptly by taking the appropriate steps identified in this Sub-Policy.

## 2.5 Evaluation and mitigation

All initial and updated conflict of interest disclosure forms will be reviewed by the relevant manager in consultation with People and Sustainability or Compliance, as applicable, to assess any potential or actual conflicts of interest.

The relevant manager and employee will implement suitable mitigation strategies in case conflicts of interest are identified. These may include recusal from decision-making processes, divestment of conflicting interests, reassignment of responsibilities or other. The relevant FLS employee must not take part in the discussion or decision.

## 2.6 Confidentiality

All information disclosed in the conflict of interest disclosure form will be treated as confidential and shared only with relevant parties involved in the review and resolution process.

## 3 Monitoring compliance

Failure to disclose an interest, providing an incomplete or inaccurate disclosure, failing to seek approval or failing to appropriately manage a conflict of interest may constitute misconduct or a breach of terms and conditions of employment.

## 4 Governance

This Sub-Policy is approved by the Group CEO. The Sub-Policy is maintained, implemented and updated by Compliance in close cooperation with People and Sustainability.