Audit Committee (Audit, Risk & ESG-reporting) in FLSmidth & Co. A/S

1. Status and Charter

The Audit Committee is a committee under the Board of Directors appointed in accordance with Section 15.1 of the Rules of Procedure for the Board of Directors of FLSmidth & Co. A/S ('the Company').

The sole objective of the Audit Committee shall be to prepare decisions to be made by the entire Board of Directors of FLSmidth & Co. A/S. The Audit Committee responsibility is Audit, Risk & ESG Reporting.

All further references to the Company's financial statements, control systems etc. shall comprise FLSmidth & Co. A/S and its subsidiaries (the Group). This Charter shall be reviewed at least once a year by the Audit Committee, and any proposals for changes shall be submitted to the Board of Directors for approval.

2. Purpose

The primary task of the Audit Committee shall be to assist the Board of Directors with the following:

(i) monitoring the financial reporting process;

(ii) monitoring the efficiency of the Company's internal control system and any internal auditing and risk management systems;

(iii) monitoring the statutory audit of the annual report;

(iv) proposing the Company's independent auditors for the decision of the General Meeting and monitoring and checking the independence of the auditors, including, in particular, approving the delivery of non-audit services to the Company

(v) Monitoring the ESG reporting and controlling process; and

(v) fulfilling the other responsibilities described in this Charter.

The Audit Committee shall be directly responsible for supervising the independent auditors and for solving any disputes that may arise between management and the independent auditors.

In connection with the exercising of its duties, the Audit Committee shall not otherwise be responsible to the Board of Directors for assessing whether the Company's annual report

gives a true and fair view of the Company's financial position or whether it is in accordance with the accepted accounting principles. These tasks shall remain the responsibility of the Group Executive Management and the independent auditors.

3. Members and Term

The Audit Committee shall be composed of up to four (4) members appointed by the Board of Directors among its members immediately following a General Meeting for a period that shall expire at the next General Meeting. The Board of Directors shall appoint a Chair of the Audit Committee. Reappointment is allowed.

The majority of the Audit Committee shall be independent and at least one member must be a financial expert. The members of the Audit Committee shall collectively have competences of relevance for the sector of the Company.

4. Meetings

The Audit Committee shall hold meetings as often as the Audit Committee deems appropriate; however, no less than four (4) times a year. In addition, the Audit Committee shall hold meetings at the request of a member of the Audit Committee, the Board of Directors or the CFO.

To the extent possible, meetings shall be held prior to financial matters being considered and/or approved by the Board of Directors as well as prior to the submission of the auditors' report. Meetings shall thus, to the extent necessary, be held prior to the meeting of the Board of Directors at which the Board of Directors considers and adopts the Company's annual report, interim report, quarterly reports and any other significant financial reporting.

Persons other than the members of the Audit Committee, including other members of the Board of Directors, the CEO, the CFO, any internal auditing executive and representatives of the Company's independent auditors, may only participate in the meetings when invited by the Audit Committee.

Meetings shall be convened by the Chair of the Audit Committee by sending out a notice of meeting to all members of the Audit Committee giving at least four (4) days' notice, and such notice of meeting shall contain the agenda for the meeting in question. All written material concerning the individual items on the agenda shall, to the extent possible, be made available to the members together with the notice of meeting.

The Chair of the Audit Committee shall be authorised to determine whether participation by telephone is allowed at the individual meetings of the Audit Committee.

If deemed appropriate, the Chair of the Audit Committee can decide that the meetings of the Audit Committee are held by conference calls.

If deemed appropriate by the Chair of the Audit Committee, proxy arrangements may be made, under which a member of the Audit Committee in isolated cases may grant a power of attorney to another member where this is appropriate, having regard to the issue to be discussed.

Under special circumstances, the Audit Committee may make decisions based on a written procedure. The proposed decision shall be sent to the members. The Chair of the Audit Committee shall then try to obtain a written, oral or electronic opinion from all members of the Audit Committee and ensure that the decision is entered in the minute book.

The meetings of the Audit Committee shall be subject to the same confidentiality provisions that apply to the Board of Directors.

5. Quorum; valid decisions

Provided the meeting has been duly convened and held, a majority of the members of the Audit Committee shall form a quorum. All decisions of the Audit Committee shall be made by a majority of the Committee members present; however, with due consideration to the exceptions thereto specified in this Charter. In the event of equality of votes the Chair of the Audit Committee holds the casting vote. Any decision put in writing and signed by all members of the Audit Committee shall have the same validity as a decision made at a duly convened and held meeting.

6. Minutes

Minutes shall be taken of all meetings of the Audit Committee with a view to documenting the fulfilment of the Audit Committee's responsibilities. Draft minutes shall be sent to all members of the Audit Committee no later than twenty (20) working days after a meeting and, in addition – as for meetings with the participation of the CEO or the CFO – to these participants to ensure the precise wording of the minutes. The minutes shall be approved at the next meeting of the Audit Committee. The approved minutes shall be sent to all members of the Board of Directors and the Group Executive Management. Approved minutes shall be filed with the Company's minute books and records.

7. Reports to the Board of Directors

The Audit Committee shall continuously keep the Board of Directors informed of discussions and submit recommendations to the Board of Directors. In addition, approved minutes, cf. above, shall be sent to the Board of Directors, whereas all material presented to or prepared by the Audit Committee shall be made available to the members of the Board of Directors upon request.

The Audit Committee shall report to the Board of Directors regarding the result of the independent audit, including the financial reporting process.

The Audit Committee shall et each Board Meeting report on the work performed in the Audit Committee in the last period.

8. Evaluation

The Audit Committee shall evaluate its work and members on an annual basis and establish criteria for such evaluation. The Audit Committee shall report (verbal or written) on the results of the evaluation to all members of the Board of Directors and this report shall form part of the self-evaluation of the Board of Directors.

The Audit Committee and the Chair of the Audit Committee shall on the basis of the report present any suggestions to the Board of Directors regarding improvement of the work of the Audit Committee.

9. Remuneration of the members of the Audit Committee

All or individual members of the Audit Committee may receive remuneration in the form of an annual fee. The recommendation of fees is decided by the Compensation Committee. The remuneration shall be approved by the General Meeting in connection with the approval of the ordinary annual fee.

10. Tasks of the Audit Committee

10.1. Financial reporting process

The Audit Committee shall monitor the Company's financial reporting processes and its compliance with relevant accounting legislation.

At least once a year, the Audit Committee shall discuss the accounting policies for the most important areas as well as key accounting estimates. In addition, the expedience of the accounting policies selected shall be assessed.

This shall form the basis for a discussion with the Board of Directors. These discussions shall take place prior to the Board of Directors' review of the draft annual report.

The Audit Committee shall ensure the correctness of the financial information in the annual report, the interim report and the quarterly reports etc. and/or any other financial reporting published by the Company, including that the accounting policies are relevant and applied consistently.

The Audit Committee shall assess the expedience of the accounting policies applied as well as the recognition and measurement methods used in connection with important and unusual transactions, the treatment for accounting purposes of which can be based on alternative accounting policies.

The Audit Committee shall report to the Board of Directors on its activities in connection with the adoption of the annual report, the interim report and the quarterly reports or any other significant financial reporting that is published.

10.2. Internal control and risk management systems

The Audit Committee shall monitor the efficiency of the Company's internal control system and risk management systems, including the internal control system for ESG Data reporting.

At least once a year, the Audit Committee shall review and assess the internal control and risk management systems as well as management's guidelines therefore and supervision thereof with a view to identifying and managing the most significant risks. The Audit Committee shall further review and asses FLSmidth Group IT Security & Access policy in relation to Finance.

This shall form the basis for a review with the Board of Directors.

10.3. Statutory audit of the annual report

The Audit Committee shall monitor the statutory audit of the annual report.

The Audit Committee shall keep itself informed of the auditors' audit plan, including materiality level and the identified audit risk etc. and of all important questions which the audit may result in.

The Audit Committee shall review and discuss the outcome of the audit, including the auditors' observations and conclusions, optionally based on the long-form audit report.
The Audit Committee shall subsequently review and discuss the outcome of the audit with the Board of Directors.

The Audit Committee shall supervise management's follow-up on the recommendations in the auditors' reporting to management.

10.4 Assurance of the Sustainability Reporting

The Audit Committee shall monitor the control and assurance process of the sustainability report and CSRD reporting (an integrated part of Annual Report).

The Audit Committee shall keep itself informed of the auditors' plan for assurance of the sustainability report and CSRD reporting (an integrated part of Annual report),with limited assurance from 2024.

The Audit Committee shall review the ESG governance, the processes for ESG-related data reporting, and KPI's.

The Audit Committee shall keep itself informed of the new ESG-related legal reporting requirements and recommendations, and the compliance with such requirements and recommendations.

The Audit Committee shall monitor the ESG reporting, processes, controls and internal quality assurance.

10.5. Independent auditors

The Audit Committee shall monitor and check the independence of the auditors, including the regulatory restrictions on non-audit services.

10.5.1. Appointment of independent auditors

The Audit Committee shall present the Board of Directors with a proposal for the nomination of selected independent auditors for appointment, and the Board of Directors shall subsequently present a proposal for auditors for appointment at the Annual General Meeting.

The Audit Committee shall present the Board of Directors with a proposal for an appointment agreement with the appointed independent auditors and shall supervise, evaluate and, if necessary, recommend the replacement of the independent auditors and shall inform the Board of Directors of such recommendation.

The Audit Committee shall look into the matters relating to the auditors' possible resignation and submit its recommendations for any steps that are deemed necessary as a result thereof.

10.5.2. Assessment of the independence and competencies of independent auditors

At least once a year, the Audit Committee shall, in a report from the independent auditors, perform a specific and critical assessment of the external auditors' independence, objectivity and competence, among other things, by checking that the applicable guidelines for partner rotation are complied with as well as by monitoring the size and the composition of the auditors' remuneration etc. Further the Audit Committee shall receive and review the auditors' quality assurance review report from The Danish Business Authority.

On this basis, the Board of Directors, in consultation with the Group Executive Management, shall perform a specific and critical assessment of the auditors' independence and competencies etc. to be used for the recommendation to the General Meeting for the appointment of auditors.

Once a year, the Audit Committee shall present the Board of Directors with a proposal for the overall, general framework for the auditors' delivery of non-audit services. The Audit Committee shall monitor and approve the nature and scope of the auditors' non-audit services with a view to ensuring the auditors' independence and objectivity.

10.6. Other tasks

The Audit Committee shall assess the need for an internal audit and submit recommendations for any steps that are deemed necessary as a result thereof.

Furthermore, the Audit Committee shall be entitled to perform such other tasks related to financial, accounting, audit and risk management matters in the Group as deemed relevant by the Committee and obtain management's assistance herewith.

11. Delegation of responsibilities

The Audit Committee shall also perform any other tasks which the Board of Directors at any time may delegate to the Audit Committee.

The Board of Directors has delegated to the Audit Committee to receive and consider notifications of possible or suspected serious financial wrongdoings in the Company and from the Company's employees under the Company's whistleblower system. The Audit Committee shall present the Board of Directors with a proposal for decisions to be made in respect of such notifications.

12. Access to records, consultants etc.

The Audit Committee shall be fully authorised

(i) to investigate any matter that falls within this Charter which the Audit Committee learns about, with full access to all Company minute books, records, facilities and employees;

(ii) to hire external legal advisors, the independent auditors, accounting consultants or other consultants to provide the Audit Committee with advice; and

(iii) to request that any Company executive or employee, the Company's external legal advisors, internal auditors, internal suppliers of audit services or the independent auditors participate in a meeting with the Audit Committee or meet with one or more of the members or consultants of the Audit Committee.

13. Expenses

The Audit Committee shall be entitled to incur such reasonable expenses as may be deemed necessary for the Audit Committee to be able to perform its duties. The Company is expected to cover such expenses.

14. Publication

The Audit Committee shall contribute to the information regarding the Audit Committee in both the Company's annual report and on the Company's website. The Audit Committee shall provide the following information in connection with the preparation of the annual report. The Audit Committee shall also ensure that the information regarding the Audit Committee in the annual report and on the website is accurate and adequate:

Annual Report/website

- Inform that the Company has established an Audit Committee
- Inform about the Audit Committee's Charter
- Inform about the names of the members of the Audit Committee
- Inform about who are independent members of the Audit Committee
- Inform about who are members with special skills in the Audit Committee
- Inform about who is Chair of the Audit Committee
- Inform about the number of meetings throughout the year

Thus approved at the meeting of the Board of Directors of FLSmidth & Co. A/S held on 19 August 2024.

Tom Knutzen

Mads Nipper

Anne Louise Eberhard

Thras Moraitis

Daniel Reimann

Anna Hyvönen

Carsten Hansen

Leif Gundtoft

Claus Østergaard