

FLSmidth

Donations and Sponsorship Sub-Policy

1 Introduction and scope

The Donations and Sponsorship Sub-Policy outlines FLSmith's commitment to ensuring that donations and sponsorship 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 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

For the purpose of this policy, donation shall mean any form of valuable given freely to another party. Donation can have different in-kind forms, such as time, products, money, services or sharing access to utilities in areas otherwise deprived of these. Donations should always be meaningful and beneficial to the recipients. For the purpose of this policy, sponsorship shall mean supporting or funding any activity, usually for advertising purposes or in consideration of a benefit of similar purpose.

2.2 Business relevant

Donations and sponsorships made by FLSmith must be relevant to the business we conduct. Donations and sponsorships 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 and sponsorship 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 and sponsorships 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 or sponsorship has been identified, the individual or business unit proposing the donation is responsible that a due diligence screening of the recipient is made. Compliance can assist in carrying out the screening, relying on a tested methodology for several types of third parties, which involves access to specialist due diligence databases and sanctions lists.

All donations and sponsorships made by FLSmidth must be covered by a written contract specifying the amount or value of the donation / sponsorship, the payment schedule (if applicable), and any conditions or restrictions related to the use of the donated funds or resources. Further, all transactions forming part of the donation/sponsorship must be auditable and any support provided must similarly be documented.

2.4 Ineligible organisations and activities

2.4.1 FLSmidth does not provide donations or sponsorship to the following organisations:

- Religious organisations, unless these are engaged in benefiting the entire community
- Organisations that discriminate based on race, gender, religion or other characteristics
- Politicians, political parties or organisations related or linked to political parties

2.4.2 FLSmidth does not provide donations or sponsorship to the following activities:

- Activities which may compete with existing FLSmidth projects or events
- Activities that go against FLSmidth's policies
- Activities which are likely to raise a conflict of interest with government policy
- Activities which can be detrimental to people's health and safety
- Activities organised by political parties and / or activities that promote political agenda

3 Procedure

3.1 How to make donations and sponsorship

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.

3.2 Approvals

Please factor in the time required to solicit the appropriate internal approvals when planning to provide a donation or sponsorship. Please also bear in mind that all transactions must be auditable regardless of the amount.

Internal approval is required according to the amount donated or sponsored:

- Donations of less than 1,000 EUR require approval from the relevant Region Compliance Representative
- Donations of more than 1,000 EUR require approval by the relevant Business Line President

Donations should be made in kind or as bank transfers. Sponsorships should always be made through bank transfer. Donations and sponsorship 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 Business Line President.

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, sponsorship 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 Compliance.