

**FLSmidth Group**

# **Human Rights Policy**

## 1 Introduction and scope

The Human Rights Policy outlines FLSmith's commitment and practical approach to respecting human rights through its business operations. This includes adhering to all universal human rights, the core conventions of the International Labour Organisation and customary international law. We prohibit the use of any form of forced labour and/or trafficking of persons across all our operations and our value chain. FLSmith neither tolerates nor contributes to threats or attacks against human rights defenders in relation to our operations and value chain.

This policy applies to FLSmith & Co. A/S' own operations, all its subsidiaries, branches and offices worldwide (henceforth 'FLSmith') and value chain (including suppliers, customers, other business partners, and communities impacted by our operations) worldwide. We pay special attention to respecting the rights of vulnerable groups, including indigenous people. Its scope includes the management, employees and contract workers of all FLSmith entities. In joint ventures, FLSmith will work to commit other shareholder(s) to adopt this policy, or comparable standards for human rights due diligence.

FLSmith has established a number of sub-policies to the Human Rights Policy, which further detail and interpret the rules and procedures for specific topics. We expect employees and business partners to assist FLSmith in its efforts to comply with human rights laws and promote advancement of human rights standards.

## 2 Rules

### 2.1 Compliance with laws and standards

FLSmith respects all rights enshrined in the United Nation's (UN) Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work (including freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect of employment and occupation; and a safe and healthy working environment). FLSmith is a member of the UN Global Compact. FLSmith commits to aligning this policy and its due diligence process with expectations outlined in the United Nations Guiding Principles on Business and Human Rights (UNGP) and OECD Guidelines for Multinational Enterprises.

FLSmith complies with national law in all countries where we operate. Where national law and international human rights standards differ, we make effort to meet the higher standards in alignment with the UNGPs. Where the national law and international standards differ, FLSmith will comply with the national law and seek solutions to uphold the principles of the international human rights standards, where they are higher.

### 2.2 Access to grievance mechanism and remedy

We believe that an effective grievance mechanism should help the company understand potential human rights violations related to its business. It will also help us verify them in a way that does not undermine the rights of any individuals involved, including their ability to seek remedy through formal justice systems. The grievance mechanism aims to offer remedy to those directly impacted by FLSmith's business activities where these might have constituted or contributed to the violation of an international human right. We continue to

build the awareness and knowledge of our employees, business partners and other affected stakeholders on human rights, including labour rights, encouraging them to speak up about any concerns they may have, including through our grievance channels

FLSmidth is committed to collaborating with judicial and non-judicial mechanisms to provide access to remedy in the event that we cause or contribute to an adverse impact. We acknowledge that this often means working with relevant stakeholders to find the appropriate solutions to mitigate and reduce adverse impact on the affected groups. In instances where FLSmidth is directly linked to an impact, we will seek leverage to promote adequate remedy.

### **2.3 Relevant standard of respecting human rights**

Where provisions in this policy differ from practice or policy in a national entity, subsidiary or other business unit, this policy shall determine future practice. It shall also inform the need for remediation.

Where standards or principles embodied in this policy conflict with national law or regulation in countries of operation of entities within the policy's scope, FLSmidth is committed to working to achieve an outcome that does not violate the law of the country of operation and also does not undermine universal standards of human rights.

### **2.4 Commitment to human rights due diligence**

We commit to implementing the following steps into our business processes and procedures in order to effectively manage our human rights impacts on people across all markets in which we operate:

- Conduct systematic human rights salience assessment in order to identify potential and actual adverse human rights impacts that our operations may cause, contribute to, or be directly linked to
- Prevent and mitigate potential adverse impacts through established processes
- Systematically monitor and track effectiveness of our processes
- Communicate on our work with human rights internally and externally
- Seek to remediate or participate in a remediation of any direct or indirect adverse impacts on human rights throughout our value chain, including collaborating with judicial or non-judicial mechanisms for remedy access
- Promote respect for and knowledge about human rights among employees, contractors, business partners, suppliers and customers
- Use leverage to encourage our business partners to cease actions or omissions that lead to adverse human rights impacts
- Identify and augment positive rights enjoyment of internal and external stakeholders wherever possible
- Engage with affected stakeholders in order to build effective processes

## **3 Implementation**

The commitments reflected in this policy must be affirmed and adhered to at every level and all branches of the organisation.

We recognise that working with human rights is a continuous process and different parts of our business impact human rights in various ways. Specific action plans are therefore needed to address the individual challenges faced by different business units, site operations and group functions in various contexts. These plans are formulated by Group Compliance in cooperation with the relevant internal and external stakeholders.

At FLSmidth, we are committed to training our employees, including managers and directors, in human rights to increase awareness and give our employees the agency to make responsible commercial decisions.

We also believe that dialogue with our business partners about our standards and ambitions within respecting human rights is one of the pillars of success.

#### 4 Governance

The policy is approved by the Board of Directors and Group CEO. The policy is maintained, implemented and updated by Group Compliance. Note that there may be local or regional policies that puts in place stricter rules on top of this group level policy.

Human rights at FLSmidth is part of our wider Group strategy and is implemented through a number of policies and procedures. Ultimate oversight of human rights in FLSmidth falls under the Audit Committee. The Committee receives a quarterly update on all compliance matters, including human rights. The Chief Legal and Strategy Officer is accountable for implementation of our human rights commitment and decision-making regarding human rights issues. In case of severe cases, decision-making is escalated to the Group CEO. The responsibility for facilitating the operational work with human rights across departments rests with Group Compliance.



Mikko Keto,  
Group CEO



Tom Knutzen,  
Chair of the Board of Directors