



FLSmidth Modern Slavery Statement 2023

May 2024

1. Introduction

This is the 2023 Modern Slavery Statement of the FLSmith Group. It is prepared pursuant to the reporting obligations of:

- FLSmith Pty Ltd (**FLSmith Australia**) as relevant 'reporting entities' under the *Modern Slavery Act 2018 (Cth)* of Australia¹.
- FLSmith Ltd. (**FLSmith Canada**) as relevant 'reporting entities' under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* of Canada

This joint statement covers the activities of all FLSmith subsidiaries, including those in Australia and Canada. Due to discontinuing the majority of our operations in the United Kingdom (UK), we no longer fall under the UK requirements.

The statement targets human rights risks in FLSmith's supply chains and own operations, particularly addressing 'modern slavery' as defined in part 2 section 12 in the Australian *Modern Slavery Act 2018 (Cth)* as well as forced and child labour, as described in the Canada *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, part 2. To accommodate all definitions, modern slavery and forced labour would be used interchangeably throughout the report.

The statement provides an overview of FLSmith's policies and due diligence processes relating to risk of modern slavery and should be seen as complementary to the [FLSmith Sustainability Report 2023](#).

This document has been prepared by FLSmith's Sustainability team in collaboration with Procurement, Operations, Compliance, and representatives of FLSmith Australia and Canada. It outlines the measures taken by FLSmith in relation to the risks of modern slavery during the reporting period of 1 January 2023 to 31 December 2023 as well as priorities for 2024.

It is the fourth statement submitted by FLSmith Australia under the Australian *Modern Slavery Act 2018 (Cth)*, and a first statement submitted under the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. To meet the expectations from both Acts, the statement is written in English and French.

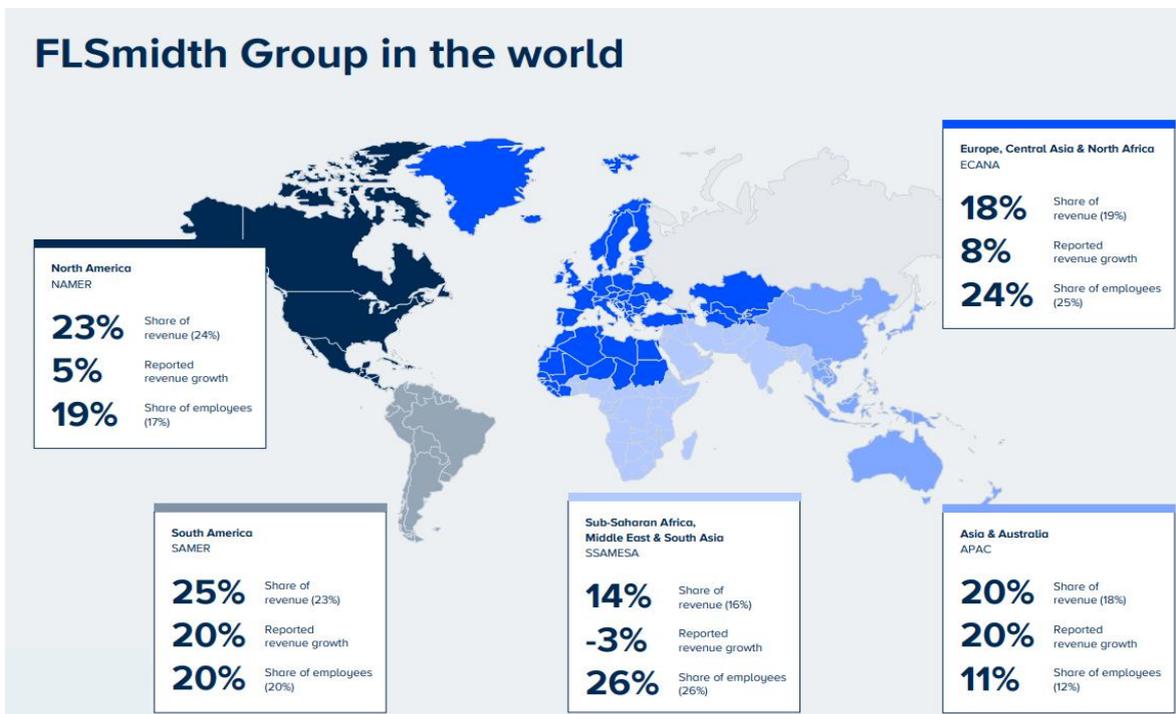
¹ An overview of the operating structure for FLSmith Australia, including details of the relevant reporting entities under the Modern Slavery Act 2018 (Cth), operations and supply chains, is included in Appendix 1.

2. Structure of organisation, operations, and supply chain

At FLSmidth, we position ourselves as a full flow-sheet technology and service provider for the global mining and cement industries. Our role is to assist our customers in enhancing their operational performance, reducing operating costs and minimising their environmental footprint.

Our value proposition is anchored in our industry expertise, a foundation built on trust and proficiency, a team of highly skilled professionals, a significant installed base and a commitment to sustainability and technological innovation. We leverage these strengths to meet the evolving needs of our customers, ensuring they can navigate the complexities of their industries effectively and sustainably. With our MissionZero sustainability programme, we have set targets to provide solutions for zero-emissions mining and zero-emissions cement production by 2030, supporting a green transition built upon sustainable materials.

Founded in 1882 and headquartered in Copenhagen, Denmark, our operations span the globe. At the end of 2023, we had close to 9,500 employees. We serve customers in more than 150 countries and have a local presence in more than 60 countries. In 2023, FLSmidth generated revenue of [DKK 24.1 billion](#).



Operations and Supply Chain

FLSmidth is on a transformation journey from an engineering-based business with a legacy in executing large capital projects towards a technology company focused on service and innovative product offerings. This is accompanied by a significant simplification and streamlining of our operations.

To further improve transparency, accountability, and our financial performance, we have established a Business Line structure with global P&L management under each Service or Product line. This reflects the simplification of our operating model with our global footprint being optimised to better reflect our business environment and our long-term growth opportunities. Our strategy emphasises an asset-right model and a streamlined setup. Localising our service footprint whilst consolidating our supply chain and execution centres are key. This ensures organisational efficiency and prompt delivery.

In 2023, the FLSmidth Group continued to operate a globally shared and managed supply chain, however divided across different Business Lines (hereafter BL), with rather independent setups. However, some strategic topics like sustainability, incl. modern slavery are still aligned across the Business Lines and applied globally. In Service BL, all operational procurement activities are organised by region, with Regional Service Procurement teams incl. purchasing, expediting, QC and logistics resources in each of the regions. Strategic procurement activities are managed centrally but resources are spread across the globe. In Product BL and Cement, procurement operates in a global setup. In our Manufacturing function, procurement teams are based in each manufacturing location and responsible for all operational activities.

Strategic procurement and sourcing related activities are guided and driven centrally with resources based in different global locations.

Our internal manufacturing sites are primarily located in India, USA, South Africa, Chile and China and we also engage with over 8,700 supplier groups across the globe to ensure timely and flexible deliveries. Due to increasing urbanisation and geographical concentration of mining opportunities, we operate in a wide range of countries that are classified as high-risk, based on some country classification indices derived from the Responsible Business Alliance platform.

Operations of FLSmidth Australia

FLSmidth Australia forms part of FLSmidth's global network of wholly owned subsidiaries. Reflecting our global business line setup, the Products Business Line provides technology offerings to our mining customers globally, including Australia. The Service Business Line, provides aftermarket sales and services, including spare parts, consumables, upgrades, and retrofits etc. to customers in Australia. Further, our Australian operations consists of shared functions such as finance, people, legal and IT. These functions report centrally and provide support to our employees in this geography, although not limited to. As of 31 December 2023, FLSmidth Australia was made up of approximately 600 employees across 10 operational sites and reported an annual consolidated revenue of AUD 525-600 million.

Operations of FLSmidth Canada

FLSmidth Canada forms part of FLSmidth's global network of wholly owned subsidiaries. FLSmidth Canada supplies our regional mining and cement customers with service and technology solutions. Our mining and cement businesses operate under different management and have their own products and services set ups. Reflecting our mining business line setup, the Products Business Line provides technology offerings to our mining customers globally, including in Canada. The Service Business Line provides aftermarket sales and services, including spare parts, consumables, upgrades, and retrofits, etc. to our customers in the region. Further, our Canadian operations consists of shared functions like finance, people, and IT. These functions report centrally and provide support to our employees in this geography, although not limited to. As of 31 December 2023, FLSmidth a was made up of approximately 150 employees across 6 operational sites and reported an annual consolidated revenue of CAD 122,687,183 million.

In 2023, the Australian and Canadian procurement functions were integrated within FLSmidth's Procurement global operations and divided across respective Business Lines, resulting from FLSmidth's universal application of our globally shared and managed supply chain, as described in more detail in above chapter (Operations and Supply chain).

3. Policies and governance

As a global company operating in the mining and cement industries, we acknowledge potential risks related to human rights in our value chain. We are committed to upholding all internationally recognised human rights of our employees, customers, suppliers, other business partners and the communities in which we operate, including freedom of association and the effective recognition of the right to collective bargaining; eliminating all forms of forced or compulsory labour; abolishing child labour; eliminating discrimination in employment and occupation; and providing a safe and healthy working environment.

Human rights at FLSmidth, including modern slavery, are therefore part of our strategic pillars and is implemented through several policies and procedures. FLSmidth and its subsidiaries are committed to conducting business responsibly and respecting human rights across our value chain. Our commitment is outlined in our [Human Rights Policy](#). We prohibit the use of any form of modern slavery (incl., but not limited to, forced labour, human trafficking, child labour and debt bondage) across all our operations and our value chain. FLSmidth neither tolerates nor contributes to threats or attacks against human rights defenders in relation to our operations and value chain. Further, our commitment is outlined in the FLSmidth Code of Conduct policy and our Supplier Code of Conduct. Facilitated by Compliance, our human rights work is guided cross-functionally by Health & Safety (H&S), People, Sustainable Supply Chain and Compliance.

Modern slavery prevention within FLSmidth forms an integral part of Compliance's responsibilities via a dedicated human rights function. The task of the role is to oversee the Modern Slavery Statement as well as the related processes to identify, inform and mitigate modern slavery risks in FLSmidth's operations and business relationships. These processes allow for appropriate remediation action to be taken by

Management in the event of identified cases of modern slavery. Ultimate oversight of human rights in FLSmith falls under the Audit, Risk & ESG Reporting Committee in the FLSmith Board of Directors. The committee receives a quarterly update on all compliance matters, including human rights. The Chief Legal and Strategy Officer is accountable for the implementation of our human rights commitment and decision-making regarding human rights issues. In severe cases, decision-making is escalated to the Group CEO. The responsibility for facilitating the operational work with human rights across departments rests with Compliance.

Our policies in a nutshell

Human Rights Policy

Our Human Rights Policy defines FLSmith's commitment to ensuring our business operations result in no harm. As a part of this commitment, we respect fundamental human rights as outlined by the UN Guiding Principles on Business and Human Rights. In addition, we conduct business in accordance with the International Labour Organisation's Core Labour Standards, which highlight the elimination of all forms of forced and compulsory labour.

Grievance Mechanism and Remediation Procedure and whistleblower hotline

We take seriously any allegations that human rights are not respected in our operations or business relationships. Our whistleblower hotline serves as a tool for filing grievances and our Grievance Mechanism and Remediation Procedure describes how to file a human rights grievance report. All FLSmith employees, as well as external parties are encouraged to report any suspected human rights abuse via the Grievance Mechanism, including violations occurring at business partners' sites. As such, we aim to provide access to remedy for anyone that has witnessed or been affected by a potential human rights violation connected to our conduct or business activities.

Supplier Code of Conduct

FLSmith's Supplier Code of Conduct ensures a responsible sourcing approach by outlining our expectations to suppliers. We thereby use our leverage as a buyer by demanding compliance with human rights frameworks in our supply chain. The Supplier Code of Conduct specifies requirements related to human rights, labour, health and safety, environment, compliance, and management systems. It is based on industry requirements set by the Responsible Business Alliance, the reason being that we want to align with other companies setting similar targets for their suppliers, thereby making it easier for suppliers to conform and comply.

Conflict minerals sub-policy

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 beforementioned policies and governance scheme apply throughout the FLSmith Group, including to FLSmith Australia and FLSmith Canada and the direct interactions of those entities with their respective customers and business partners.

4. Identifying and managing risks of modern slavery

Our business faces risk due to our complex supply chain and sourcing from regions with high environmental and human rights concerns. To address these challenges, we adopt a proactive and collaborative approach, adhering to international standards to promote ethical and sustainable operations. This commitment is fundamental in ensuring the integrity and transparency of our operations across the value chain.

In 2023, we completed our first full-scope human rights salience assessment, which involved engaging internal stakeholders. The assessment identified seven focus areas: safe working environment; labour standards; forced and child labour; access to remedy; environmental impacts; discrimination, harassment, and equal opportunities; and corruption. In these areas, the first issues we will address are safe working conditions, working hours (part of labour standards), forced labour and access to remedy. The first step will be assessing our current activities against relevant International Labour Organisation conventions and the UN Guiding Principles. The action plans we develop will form the basis of our new human rights performance indicators in the future.

Risks within our business

Based on the current risk assessment, we believe we have a low risk of modern slavery in our own operations. Most of the challenges we face are in labour conditions where some of the labour topics do not align with international standards and we further monitor and improve our practices.

Risks in supply chain

Currently, 30% of our supplier spend is in countries where the risk of forced labour is high, indicating a potential human rights issue. Based on internal risk assessments, the main risk of modern slavery in the FLSmith supply chain is related to geographical regions in countries where we operate. The top three countries with elevated risk of forced and child labour continue to be India, China and Brazil.

5. Due diligence process

Modern slavery risks related to our business relationships are assessed via systematic due diligence processes. Our due diligence practices are aligned with our broader commitment to responsible and sustainable business practices. We are continually improving these practices in our efforts to uphold international due diligence standards, such as UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct.

In our operations, the structured due diligence process started in 2022 when we established on-site human rights assessments on our manufacturing sites, where blue collar colleagues can be of higher vulnerability.

In the supply chain, a process in place since 2018, screens suppliers in relation to sustainability. This screening includes specific human rights questions. The screening is done onsite when visiting our suppliers. Suppliers are asked to address any gaps in the implementation of requirements through a time-bound improvement plan in consultation with FLSmith. Subsequently, periodic reviews and follow-ups are conducted on a regular basis. For key suppliers, we monitor media updates, ensuring swift responses to emerging concerns.

Since the Modern Slavery Statement 2022, our due diligence and assessment activities have not identified any occurrences of modern slavery in the locations where our products or services are utilized, nor where we supply from.

The risk of modern slavery within the specific supply chain of FLSmith Australia and FLSmith Canada is constituted in FLSmith's global supply chain and thereby is part of the same risk assessment, due diligence processes and reporting as the FLSmith Group.

6. Our action in 2023

In 2023, we worked to further operationalise human rights work. We established a cross-functional Human Rights Working Group that was key in finalising the human rights salience assessment. The participants of the group represent compliance, procurement, sales, health and safety, people, and manufacturing functions. The group is chaired by the Chief Legal and Strategy Officer and managed by our Human Rights Manager that guides the work. By embedding the human rights work in the functions, we aim for better integration of our human rights policy into the business.

Human rights assessments of our own operations continued to be a priority in 2023. We conducted two assessments—one in Arakkonam (India) and one in Qingdao (China). We also conducted a human rights assessment of a supplier in Qingdao, which revealed health and safety issues due to non-compliance with our Supplier Code of Conduct. This highlights the need to provide the necessary training when onboarding new suppliers.

Supply chain

As approximately 30% of our supplier spend is in countries where the risk of forced labour is high, we focus explicitly on this specific portion of our spend by monitoring our suppliers to mitigate the human rights risk associated with these regions. We introduced a new performance measure in 2023 to monitor our onsite supplier assessments, in which we evaluate our suppliers' sustainability performance in relation to labour, health and safety, environment, compliance and management systems. To optimise our efforts, we

selected 204 suppliers to be assessed based on certain risk-based criteria, and in 2023 we assessed 80% of these suppliers.

Conflict minerals

As part of our increasing commitment to addressing conflict mineral concerns, we launched a digital tool to manage and document relevant efforts. This helps us engage more closely with suppliers to gain a better understanding of the potential challenges. We are also documenting the due diligence process around conflict minerals, which will serve as an important internal resource, enhancing consistency and clarity in our approach. In 2024, we will update our conflict minerals policy to reflect current processes more accurately. The scope of supplier requests will include the 3TG minerals (tantalum, tin, tungsten and gold) and cobalt.

Partnerships

Expanding on our engagement with external stakeholders and industry initiatives, we joined the Responsible Business Alliance, which is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. Through this membership, we seek to strengthen our work on a responsible supply chain, including the responsible sourcing of minerals.

To tackle the challenge of responsible mineral sourcing, also by being part of the sourcing supply chains by providing products and services to the mining industry, we continue to be a member of the Responsible Minerals Initiative. Through the initiative, we get access to more knowledge and resources to make informed decisions and source responsibly.

7. Training

We believe that building the capacity of our own employees is one of several key factors in creating a value chain free from modern slavery. To ensure our commitments are embedded in the company, we provide a variety of training courses focused on human rights. Employees can access information about our human rights policy and our training programmes on our internal website.

In 2023, we continued to engage employees in the Human Rights e-learning, which is now mandatory for all employees joining FLSmidth. The e-learning course provides a general introduction to human rights, what challenges we face in FLSmidth, and what we can do to prevent negative impacts. This course is available in seven languages, increasing its accessibility and broadening its scope to encompass more at-risk regions. In 2023, approximately 60% of white-collar employees completed e-learning courses in human rights. This number is still below our target, yet a significant improvement from the 30% completion percentage in 2022 and remains closely monitored to achieve the desired completion rate.

In 2023, we conducted in person human rights training to procurement, sales, and own manufacturing functions. The training includes guidance on how to mitigate risks of forced, bonded and compulsory labour in our value chain as well as anonymised real-life case studies to help our colleagues identify possible human rights violations and provide tools to create a positive impact. In 2023, we trained 214 employees across our global locations—in-person where possible and otherwise online. This training is an important way of building internal capacity and an essential element of our stakeholder engagement plan. We will continue with this engagement in 2024, with focus on our People function.

8. Access to remedy

While we seek to avoid causing and contributing to adverse impacts on individuals and communities, we acknowledge they may occur. We recognise our responsibility to offer access to remedy where our business conduct has resulted in adverse impacts on these rights. We have therefore made it easy to access the human rights grievance and compliance system by using our existing [whistleblower hotline](#), as it is confidential and the most efficient way to report grievances. Our [grievance mechanism and remediation procedure](#) describe the process of filing and resolution of grievances. Furthermore, we are constantly seeking to improve access to grievance mechanisms to the most vulnerable groups in our value chain.

In 2023, we did not receive any reports categorised as human rights grievance.

9. Looking ahead

Preventing modern slavery is an ongoing process that requires constant assessment of practices, engagement with relevant stakeholders and long-term planning and vigilance. In 2024, we continue to build

on the fundament for our due diligence practices we prepared in previous years. We have built a robust process of assessing our practices, where progress can be measured and documented.

Risk assessment and tools

In 2024, we continue to put stronger focus on our risk assessment processes for suppliers, own operations, and customers, covering the entire value chain. This review is intended to bring more alignment and drive consistent processes based on risk. While improving the process, we will also improve our templates, documentation, and data collection, for more efficient and better documented processes.

Preventing the harm

Building further on our human rights salience assessment, the first issues we will address are safe working conditions, working hours (part of labour standards), forced labour and access to remedy. The first step will be assessing our current activities against relevant International Labour Organisation conventions and the UN Guiding Principles. The action plans will form the basis of our new human rights performance indicators in the future.

Capacity building

In 2024, we continue providing training to all employees and carry-on in-depth sessions with relevant functions. We maintain the focus on procurement and sales and will add management of our own manufacturing sites, together with Health, Safety & Environment (HSE) and People responsible colleagues.

We continue to have an ongoing communication internally in FLSmidth, where through campaigns and knowledge sharing, we can bring more awareness to the organisation.

Stakeholder engagement and governance

In 2024, we plan to gather more feedback externally, to meet the needs of the rightsholders. We plan to build governance around collecting and actively using the feedback to improve our practices.

Appendix 1: Structure, Operations & Supply Chains of FLSmidth Australia

Reporting entities:

FLSmith Pty Ltd (ABN 85 000 221 590) is an Australian incorporated proprietary company. It is the primary operating entity of the FLSmidth Group in Australia and is a reporting entity for the purposes of the *Modern Slavery Act 2018 (Cth)*.

Structure:

FLSmith Pty Ltd is a wholly owned subsidiary of the FLSmidth Group, for which FLSmidth & Co A/S (Denmark) is the ultimate parent company. FLSmidth Pty Ltd is also the holding company of several dormant, non-operational legacy entities in Australia that did not trade during the reporting period.

During the 2023 calendar year the subject of this statement, only two wholly owned subsidiaries of FLSmidth Pty Ltd (being FLSmidth ABON Pty Ltd ABN 20 004 703 002 and FLSmidth Industrial Solutions (Australia) Pty Ltd) were active trading entities in Australia. Neither of these subsidiaries met the annual revenue threshold to be considered a separate reporting entity for the purposes of the *Modern Slavery Act 2018 (Cth)*.

FLSmith Pty Ltd also holds an interest in the operational joint venture entity Intertek Robotic Laboratories Pty Ltd but the day-to-day management and control of the operations and supply chain of that entity continues to reside outside of FLSmidth.

Operations and supply chains:

FLSmith Australia supplies our mining and cement customers with service and technology solutions. As of 31 December 2023, FLSmidth Pty Ltd and its active subsidiaries in Australia employed approximately 600 employees across 10 operational sites/offices.

Appendix 2: Structure, Operations & Supply Chains of FLSmidth Canada

Reporting entities:

FLSmith Ltd (Corporation No. 1516256-4) is a Federal Canadian company. It is the primary operating entity of the FLSmidth Group in Canada and is a reporting entity for the purposes of the Fighting Against Forced Labour and Child Labour in Supply Chains Act of Canada.

Structure:

FLSmith Ltd is a wholly owned subsidiary of the FLSmidth Group, for which FLSmidth & Co A/S (Denmark) is the ultimate parent company. FLSmidth Ltd. is the sole Canadian entity in Canada since the amalgamation of FLSmidth Ltd. (Corporation No.1180382) with FLSmidth Industrial Solutions (Canada) Inc. (Corporation No. 091289) on 30 June 2023.

During the 2023 calendar year the subject of this statement, the above-mentioned entities were the only Canadian entities of the FLSmidth Group active in Canada.

Operations and supply chains:

FLSmith Canada supplies mining customers with engineering, equipment, and service solutions. As of 31 December 2023, FLSmidth Ltd employed approximately 152 employees across 6 operational sites/offices.

Consultation with owned / controlled entities

Companies owned or controlled by the identified reporting entities were consulted in the development of this joint statement, as applicable.

Relevant managers and internal stakeholders of each of the Australian and Canadian reporting entities covered by this statement were engaged in the preparation of this joint statement.

This included board meetings of FLSmidth Pty Ltd in Australia and FLSmidth Ltd. in Canada to review and approve the contents of this statement.

As noted above, due to the status of the registered subsidiaries of FLSmidth Pty Ltd and noting they all have common officeholders with FLSmidth Pty Ltd, no formal consultation was necessary nor undertaken with respect to these entities.

Statement Regarding Approval and Signature of Modern Slavery Statement

This statement has been approved by FLSmith Board of Directors and is signed by Group CEO, Asia Pacific Region President, Sales & Service and North America Region President, Sales & Service. This joint statement was approved by the principal governing body of FLSmith Pty Ltd (its board of directors) and FLSmith Ltd., by way of a board resolution confirming the same.

In accordance with the requirements of the Act, and in particular section 11 thereof (*Canada Fighting Against Forced Labour and Child Labour in Supply Chains Act*), I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



28 May 2024

Mikko Keto
Chief Executive Officer
FLSmith & Co. A/S

I have the authority to bind FLSmith & Co. A/S



27 May 2024

Jason Elks
Asia Pacific Region President, Sales & Service
Director – FLSmith Pty Ltd

I have the authority to bind FLSmith Pty Ltd.



24 May 2024

Marnus Fick
President, Mining North America Sales and Service
Director – FLSmith Ltd.

I have the authority to bind FLSmith Ltd

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