



MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT 2021

This Modern Slavery and Human Trafficking Statement is made by Hill & Smith Holdings PLC on behalf of all companies within its group pursuant to s.54 of the Modern Slavery Act 2015.¹ This statement describes the steps taken in the financial year ending 31 December 2020, towards seeking to ensure that slavery and human trafficking is not taking place in its operations or supply chains.

We adopt a zero-tolerance approach to the fundamental violation of an individual's basic human rights that modern slavery and human trafficking represents. We expect the same high standards from our suppliers. We are committed to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems to prevent slavery and human trafficking in our corporate activities. We will not knowingly trade with companies that employ or utilise slavery or servitude, forced and compulsory labour, child labour or are complicit in human trafficking activities.

Group Structure, Business and Supply Chains

Hill & Smith Holdings PLC ('the Group') creates sustainable infrastructure and safe transport through innovation. The Group employs 4400 people worldwide with the majority employed by its autonomous, agile, customer focussed operating businesses based in the UK, USA, France, Sweden, India and Australia. In the period covered by this statement the Group had an annual revenue of £660.5m. The Group has a head office in the UK and it is quoted on the London Stock Exchange (LSE: HILLS.L). Find out more about our products and services at: <http://www.hsholdings.co.uk/>

Due to the varied nature of our manufactured products and markets served, we have a complex and geographically diverse range of suppliers. However, our main supply chains are in respect of the supply of raw materials (e.g. steel and zinc), metallic components and other services that support our international operations.

Organisational Safeguards

We have a number of compliance controls to help combat modern slavery and human trafficking within our organisation. The Group Company Secretary has been nominated by the Board of Directors to oversee compliance.

Anti-Slavery & Human Trafficking Policy: The policy sets out our approach, outlines the steps being taken to prevent and detect modern slavery, identifies red-flag warnings in respect of the signals of modern slavery, and publicises the formal reporting mechanisms available to persons who suspect that modern slavery is occurring in our operations or supply chain.

Code of Business Conduct ('CoBC'): Our companies are committed to maintaining high standards of ethics and integrity in the conduct of their business activities. To the extent practicable, we have deployed UK ethical standards in our international operations. Our CoBC reflects our zero-tolerance stance to modern slavery and human trafficking, re-emphasizing our position on respecting all individual's basic human rights. We are committed to compliance with all applicable wage and working-time laws and the right of employees to participate in collective bargaining. It is mandatory for all employees and those engaged by the Group to adhere to our CoBC.

¹ Specifically this statement sets out the steps taken by Hill & Smith Holdings PLC, Birtley Group Limited, Hill & Smith Limited, and Joseph Ash Limited all of which fall within the scope of section 54(2) of the Modern Slavery Act 2015 and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.



Group Supply Chain Policy: Our companies are committed to having appropriate systems in place to ensure our supply chains comply with, or exceed, our required standards in respect to human rights, working conditions and the environment.

Whistleblowing Policy & Hotline: Our Whistleblowing Policy describes the mechanism for reporting of unlawful or unethical activity, including matters related to modern slavery and human trafficking. The compliance hotline is an externally hosted service, and a poster campaign is used to promote it across all our companies. No modern slavery or human trafficking matters have been raised via this mechanism.

Supply Chain Safeguards

Procurement Standards: Our Group Procurement Standards promote robust supplier selection, effective due diligence and commercial best practice. Key suppliers are required to describe their own supply chain due diligence, furnish copies of their own modern slavery statements (if applicable) and provide an assessment of the modern slavery risk in the sector in which they operate. Our intention is that this will increase the transparency of our supply chains, and suppliers who do not meet the requirements of our Procurement Standards will not become, nor continue to be regarded as, Group Approved Suppliers;

Standard Contractual Commitments: Our standard purchasing contracts require an obligation of our suppliers to comply with our policies in respect of modern slavery. Violations of these commitments serve as grounds for termination of contracts. The duties include a requirement to certify annually that the supplier adheres to the Group's compliance policies; and

Commercial Intermediaries Policy: All Commercial Intermediaries are required to undergo continual due diligence and monitoring using both sanction party screening and annual compliance certification.

Initial Risk Assessment

We continue to review all previous risk assessments in respect of our exposure to modern slavery, and we seek advice, as deemed appropriate, from various organisations to help us quantify our risks. An analysis of previous risk assessments confirmed our exposure to modern slavery as low.

Indian Operations: Our manufacturing facility in India operates a regulated work environment in a regulated sector. It has all state and central licences and permits required to operate a manufacturing facility. It is regularly audited by local authorities to ensure the facility meets the requisite standards to continue to operate. All staff undergo identity and age checks prior to commencing employment and original identity documents are never retained. The terms of employment for our Indian employees, grants them the right to cease employment at will, subject to reasonable contractual notice being served and therefore we feel the risk of modern slavery in our Indian operation is low.

The Supply of a Flexible Labour Force: Some of our subsidiary companies periodically engage temporary workers in order to achieve flexibility and market responsiveness in certain occupations. Where recruitment agents are used to source such labour, they are regularly assessed, and only reputable agents engaged. Right to work, age and identity checks are carried out, and contracts allow such workers to cease employment at will, subject to contractual notices being served. Taking this into account alongside our existing policies (as described above), we feel the risk of modern slavery occurring within our temporary workforce is low.



Low-Cost Sourcing: A small number of our subsidiaries source componentry and raw materials from India and China. In addition to our subsidiaries following our procurement standards as set out above, in-country, on-site audits have been undertaken in relation to some of these suppliers, and we anticipate such audits will help to identify any risks of modern slavery within these supply chains. Such suppliers are also subject to performance evaluations at regular intervals and therefore, we feel the risk of modern slavery occurring in these supply chains is low.

The Supply of Construction Materials: Some of our subsidiaries supply into the construction sector. Traceability of raw materials in this sector is known to be challenging however, we view the risk of modern slavery occurring in these supply chains as low.

Training and Guidance

Board and Senior Management Training: The Group Board reviews its Modern Slavery Policy annually and receives an update on the monitoring of the likelihood of modern slavery occurring. In addition, through our risk assessment work, senior managers continue to be engaged and upskilled in this area.

Human Resources Guidance: Generally, and when taking our policies outlined above into account, we consider our permanent workforce are unlikely to be, or to become, victims of modern slavery or human trafficking but we are nonetheless alert to the possibility.

We are cognisant of the fact that victims of modern slavery and human trafficking are likely to be living in circumstances of fear and, therefore, may not actively seek help. Our human resources professionals are trained in the key red-flag behavioural warnings known to be exhibited by victims of modern slavery and human trafficking to enable victims to be more easily identified and assisted. No modern slavery or human trafficking matters were raised within our Group in 2020.

Further Steps to Prevent Modern Slavery in our Business and Supply Chain

During 2020, we undertook a review of the modern slavery risks associated with the supply of flexible labour agency workers within our operating units. We provided each unit with a template Modern Slavery and Human Trafficking Due Diligence Questionnaire ('the questionnaire'). The questionnaire was then issued to each unit's third party external flexible labour agency worker provider ('the providers').

The questionnaire reinforced the Group's CoBC and Modern Slavery Policy to the providers and required them to present evidence of:

1. their policies and procedures related to modern slavery, whistleblowing, human rights and ethical trading;
2. employment eligibility checks, payment verification procedures, work travel and shared address enquiries;
3. how compliance with their policies and procedures is monitored and enforced;
4. whether any reports or concerns of modern slavery had been raised; and
5. what level of training was provided in respect of Modern Slavery.

A total of seventy-six (76) providers were identified in responses from the questionnaire, only four (4) of which were in the Group's highest risk jurisdiction of India (5% of providers).



Seventy-four (74) providers reported no incidences or concerns of modern slavery being raised in their business (97% of providers). The two (2) providers who reported incidences or concerns of modern slavery, confirmed they had notified and assisted local Police with their investigations.

The responses from the providers received confirmed that, as a minimum, they complied with their jurisdiction specific legislation and requirements, and that some even go beyond requirement to have more sophisticated and detailed policies and procedures. Further work with these providers, particularly those in the UK and US, will be carried out during 2021.

These findings, together with an annual confirmation from our subsidiary companies that they have applied our Modern Slavery Policy and informed the Group Company Secretary of any suspected or actual violations of the policy, lead us to believe that the risk of exposure to modern slavery in the supply of our flexible labour force is considered to be low.

We continue to take steps to ensure that customers and suppliers conform to the Group's CoBC and Modern Slavery Policy. In 2021, we will roll out updated training on anti-slavery and human trafficking and consider a more focussed audit on selected providers to our galvanising operating units in the UK and USA, and providers based in India.

The Board of Directors is committed to opposing modern slavery in all forms and approved this statement on 3 March 2021.

A handwritten signature in black ink, appearing to read 'Paul Simmons'.

Paul Simmons
Group CEO
On behalf of the Board of Directors