



## MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT

This Modern Slavery and Human Trafficking Statement is made by Hill & Smith Holdings PLC on behalf of all companies within its group ('H&S/ H&S Group') pursuant to s.54 of the Modern Slavery Act 2015.<sup>1</sup> This statement describes the steps that H&S has taken in the financial year ending 31<sup>st</sup> December 2016, towards seeking to ensure that slavery and human trafficking is not taking place in its operations or its supply chains.

H&S adopts a zero-tolerance approach to the fundamental violation of an individual's basic human rights that modern slavery and human trafficking represents. H&S expects the same high standards of its 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

The H&S Group is an international group of companies with leading positions in the provision of galvanizing services and the design, manufacture and supply of infrastructure products. Supplying to and located in global markets, H&S serves customers from facilities in Australia, France, India, Scandinavia, the UK and the USA. H&S employs approximately c.4,150 people worldwide and, in the period covered by this statement, H&S had annual revenues of £540.1M. Hill & Smith Holdings PLC is listed on the London Stock Exchange's Main Market. You can find out more about the products and services we provide at: <http://www.hsholdings.co.uk/>

Due to the varied nature of our manufactured products and markets served, H&S has 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) and metallic components and other services which support our international operations.

### Our Policies

The H&S Group has bolstered its existing compliance controls by implementing new initiatives to help combat modern slavery and human trafficking. The Group Risk & Compliance Counsel has been nominated by the Board to oversee compliance, and a working group comprising the Group's subsidiary management, purchasing and human resources communities, led by active Executive Director sponsorship, has ensured a H&S Group-wide adoption of the modern slavery compliance initiatives set out in this first Statement.

**Code of Business Conduct (CoBC):** H&S Group 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. H&S updated its CoBC in 2016 to ensure that it adequately reflects our zero-tolerance stance to modern slavery and human trafficking, re-emphasizing H&S's position on respecting all individuals' basic human rights. H&S is

---

<sup>1</sup> Specifically this statement sets out the steps taken by Hill & Smith Holdings PLC, Birtley Group Limited and Hill & Smith 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.

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 H&S employees and those engaged by the H&S Group to adhere to the CoBC.

**Group Supply Chain Policy:** H&S Group companies are committed to having appropriate systems in place to ensure that its supply chains comply with, or exceed, the H&S Group's required standards in respect to human rights, working conditions and the environment.

**Anti-Slavery & Human Trafficking Policy:** H&S launched an Anti-Slavery & Human Trafficking Policy to all staff during 2016. The policy was translated into relevant languages and cascaded to the Group's workforce by the subsidiary management teams. The policy sets out the H&S Group's 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.

**Whistleblowing Policy:** H&S's Whistleblowing Policy was updated during 2016 to include the reporting of matters related to modern slavery and human trafficking and re-circulated via subsidiary management teams to staff. A poster campaign was also implemented in parallel to promote the policy. The compliance hotline and email address have been advertised as the mechanism for reporting instances of modern slavery or any other concerns staff may have in that regard. No modern slavery or human trafficking matters were raised via this mechanism in 2016.

You can find more information about H&S Group CSR Policies at <http://www.hsholdings.co.uk/about-us/corporate-governance/policies>

### **Supply Chain Safeguards**

**Procurement Standards:** H&S undertakes due diligence assessments of its supply chain in accordance with the H&S Group's Procurement Standards which were designed by the H&S purchasing community as standards which promote robust supplier selection, effective due diligence and commercial best practice. In 2016, the Procurement Standards were updated to enhance the probative value of due diligence conducted on suppliers, including in respect of modern slavery and human trafficking compliance. Suppliers are now 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 the Procurement Standards will not become or continue to be regarded as H&S Approved Suppliers.

**Contractual Commitments:** The H&S Group's purchasing contracts seek to impose positive duties on suppliers to comply with our policies in respect of modern slavery. Furthermore, suppliers are required to certify annually that they adhere to the H&S compliance policies. This acts to incentivize compliance, as violations of these commitments serve as grounds for termination of contracts with suppliers by H&S, which we are committed to enforce.

### **Initial Risk Assessment**

Having conducted a risk assessment of the H&S Group's exposure to modern slavery, our early analysis leads us to conclude that the risks are low. Our analysis of perceived key risk areas is set out below:

**Indian Operations:** The H&S Group has a subsidiary manufacturing facility in India which is considered to be one of a number of countries which has a high prevalence of modern slavery,

according to the Global Slavery Index 2016.<sup>2</sup> Despite that, our understanding is that modern slavery is more prevalent in unregulated and unmonitored work environments, e.g. agricultural and brick production industries and our Indian business operates a regulated work environment in a regulated sector. It also has all necessary state and central licences and permits required to operate a manufacturing facility, and is regularly audited by local authorities to ensure that the facility meets the requisite standards to continue to operate. All staff have identity and age checks undertaken prior to commencing employment and original identity documents are never retained. The terms of employment for our Indian employees grant rights for them to cease employment at will, subject to reasonable contractual notice being served. Therefore, we feel the risk modern slavery occurring in relation to our Indian operations is low.

**The Supply of a Flexible Labour Force:** A limited number of the H&S Group's entrepreneurial subsidiaries periodically engage temporary workers in order to achieve flexibility and market responsiveness in certain occupations. To the extent that recruitment agents are used to source such labour, they are regularly vetted and only reputable agents engaged. Right to work, age and identity checks are undertaken 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 that 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 both India and China. In addition to H&S subsidiaries following the Procurement Standards as set out above, in-country, on-site audits have been undertaken in relation to some of these suppliers and we anticipate that such audits will help us identify any risks of modern slavery within these supply chains. Such suppliers are also subject to performance evaluations at regular intervals. Controls in respect of undertaking due diligence on suppliers in low-cost regions have been strengthened during 2016 and further work will be undertaken in the future. Therefore, we feel that the risk of modern slavery occurring in these supply chains is low.

**The Supply of Construction Materials:** Some H&S subsidiaries supply into the construction sector and traceability of raw materials in this sector is known to be challenging. We are specifically obtaining information from our suppliers as to whether they are procuring from countries considered to be more susceptible to modern slavery. We feel that enhancements made to our Procurement Standards during 2016 are helping to bolster our knowledge of the origin of our supplies and consider, therefore, that the risk of modern slavery occurring in these supply chains is low.

H&S is committed to undertaking more in-depth compliance analysis in respect of those areas of its activities which it perceives as more vulnerable to the risks of modern slavery and to taking proportionate steps to further reduce the likelihood of modern slavery occurring.

### Training and Guidance

**Board and Senior Management Training:** During 2016, the Board of Hill & Smith Holdings PLC received training in respect of modern slavery compliance. In addition, live web-based presentations were held to train the senior managers of each H&S subsidiary business in modern slavery compliance, to support the implementation of the 2016 initiatives.

---

<sup>2</sup> As compiled by the Walk Free Foundation – please see <http://www.globalslaveryindex.org/>

**HR Guidance:** In general, and taking into account our policies outlined above, we consider that 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.

H&S is 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. With this human dimension in mind, guidance was issued to the H&S Human Resources community in 2016 to outline the key red-flag behavioural warnings known to be exhibited by victims of modern slavery and human trafficking so that HR professionals can monitor all H&S staff and assist victims if identified.

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

H&S intends to implement more in-depth training in forthcoming years. We are currently exploring the methods of extending training in modern slavery compliance to all staff engaged by H&S.

Consideration is also being given to the creation of a Supplier Code of Conduct to consolidate our efforts in supplier compliance and to clearly establish the ethical and compliant behaviours required of suppliers when working with H&S. Training in modern slavery compliance may be extended to suppliers as part of this exercise in future years.

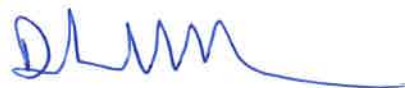
It is our intention to hold a Procurement Conference during 2017 with the Group's Purchasing community to discuss supplier feedback to our enhanced due diligence protocols, to improve the existing processes and standards and verify that they are effective.

Going forward, we also intend to debate the creation of key performance metrics in respect of anti-slavery and human trafficking compliance in order to appraise the effectiveness of the measures adopted by the H&S Group as set out in this Statement. Consideration will also be given as to whether a third party should be retained for modern slavery compliance auditing purposes.

The Board is committed to opposing modern slavery in all forms and hereby approves this statement.



Jock Lennox  
Chairman



Derek Muir  
Chief Executive Officer