



SAVING AND ENHANCING LIVES



HEALTH & SAFETY

Why does it matter?

Keeping our employees, customers, and suppliers safe is our number one priority. Ensuring that our employees work in a safe environment and can return home to their loved ones at the end of their working day is of paramount importance.

What have we done?

We are pleased to report that our 2022 Lost Time Injury Rate ('LTIR') has reduced by 35% to 1.1 (2021: 1.7). Managing Directors are required to present the investigation and findings of all LTIs to the Executive Board, reinforcing the importance of keeping employees safe and sharing learning.

During the year, we have introduced nine lifesaving rules that will create an environment within our operating companies of zero tolerance for unsafe acts or conditions, where behaviours will be recognised and reinforced, and training is provided to all. We also introduced hazard identification training, machine guarding audits, and automated external defibrillator equipment ensuring that we can keep ourselves and others free from harm.

What will we achieve?

Our aim is to significantly reduce the number of lost time incidents we have across the organisation. To support this objective, we will:

- Increase our Near Miss reporting and Safety Observation activity.
- Continue to improve the identification of key risk areas as well as our culture and approach to Health & Safety in our operating companies.
- Move to a three-tiered auditing approach: introducing self-assessments against our Group-wide standards, peer-to-peer site audits and external behavioural audits that focus on risk.
- Continue to drive campaigns focusing on those areas that represent major risks for the Group's operating companies.
- Run a Health and Safety survey in 2023.

How will we measure progress?

We will use LTIR as the key indicator to track and monitor our progress in Health & Safety.

Our LTIR for 2022 was 1.1, well ahead of our 2022 target and a testimony to the work put into improving health and safety across our operating companies, particularly those who implemented safety improvement plans.

TARGETS AND ACTUALS

Lost Time Injury Rate

2022 Actual

1.10

2022 Target

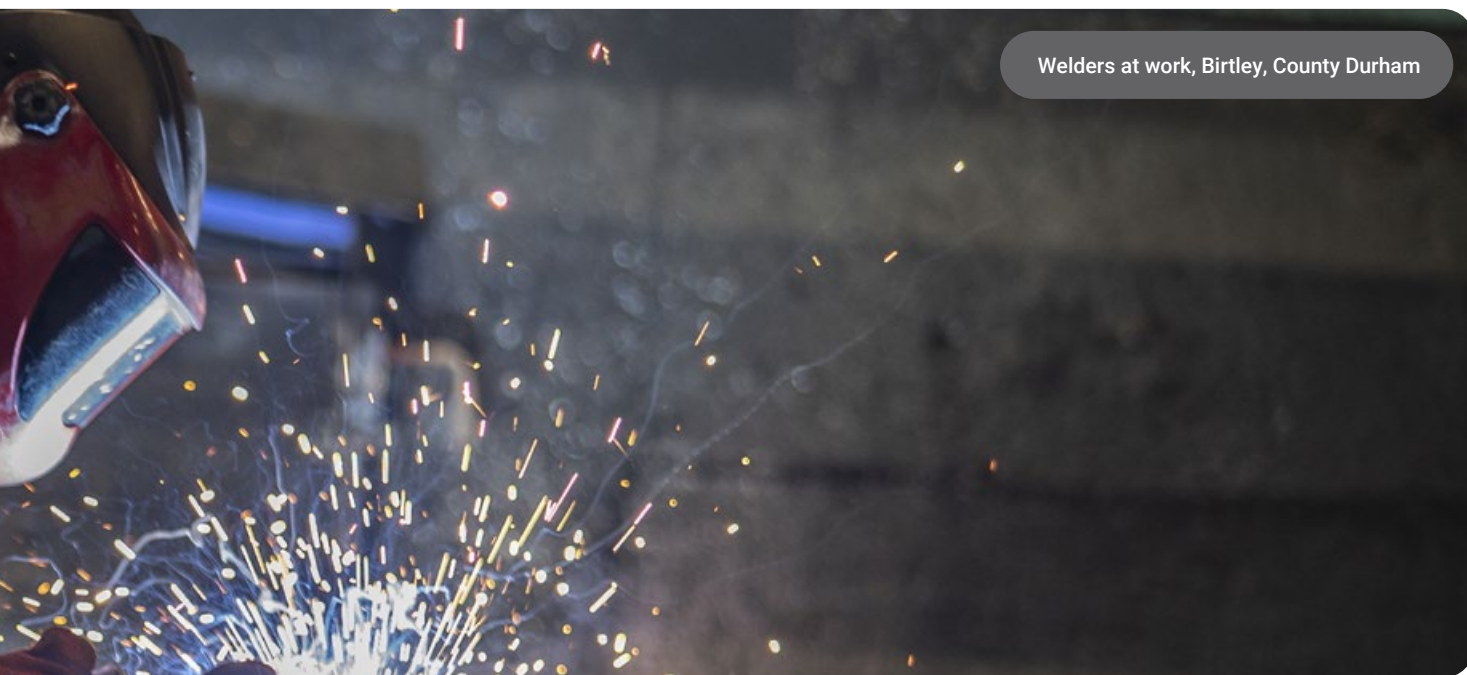
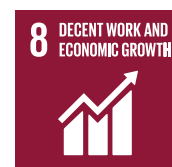
1.50

2025 Target

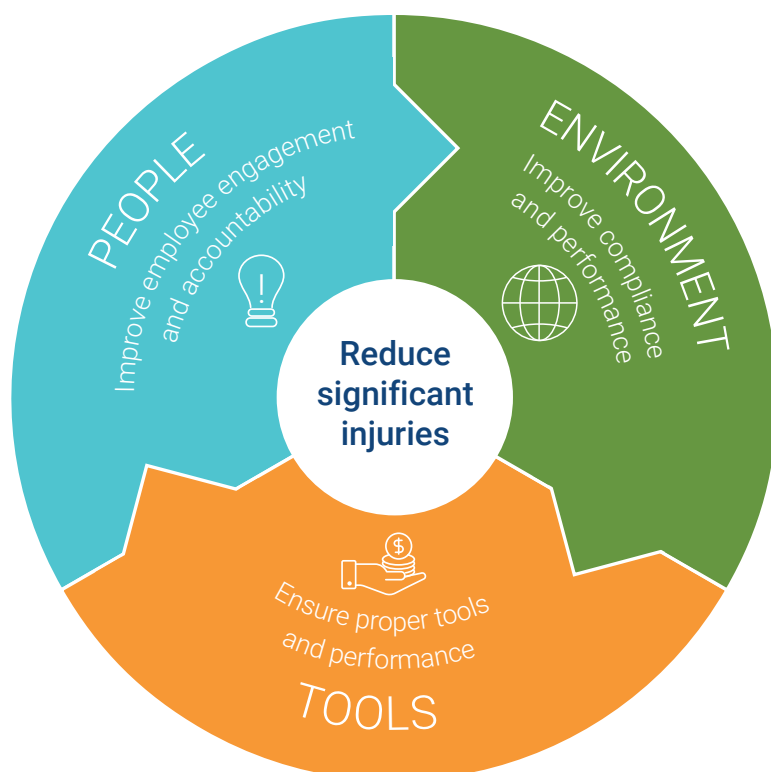
0.75

2030 Target

0.25



Welders at work, Birtley, County Durham



Nine core lifesaving rules:

- Plant Mobile Equipment
- Work From Heights
- Line of Fire
- Access & Egress (Includes Confined Space)
- Lock Out Tag Out ('LOTO')
- Hazardous Chemical Control
- Personal Protective Equipment ('PPE')
- Lifting & Rigging
- Driving Safety



SAVING AND ENHANCING LIVES

continued



Warehouse, ATG Access, Haydock

TALENT, DEVELOPMENT AND ENGAGEMENT

Why does it matter?

Hill & Smith is a global organisation with a strategy focused on sustainable growth. Talented people are fundamental to the success of our autonomous business model and help deliver our purpose and growth ambitions. We need a highly engaged and capable workforce within our operating companies, and this can only be done by attracting, developing, supporting, and retaining the right people. Our operating companies are supported by a community of HR professionals who enable the key employment strategies, programmes and processes to ensure that the Group attracts and retains the skills and capabilities required to deliver on its strategy.

Positive employee engagement and offering great careers for people and helps increase our productivity, enhance our reputation, and deliver our growth plans.

What have we done?

Our engagement levels increased to 61% in 2022 (2021: 55%), with an improved 80% participation rate in our annual employee engagement survey. The results indicated a strong improvement in leadership qualities, as evidenced through responses relating to line managers. We also saw progression within diversity and inclusion, with the result on this index increasing to 69% (2021: 63%). The feedback indicated that reward and recognition is a universal priority focus area, and this is something that we have been proactively reviewing in light of the cost of living crisis.

In 2022 we expanded our Succession Planning and Talent Management ('SPTM') programme to include more employees. This enabled us to gain a deeper view of talent, identify where we have employees who could potentially move between operating companies as part of their career development and identify and mitigate succession risks. We have seen an increase in the potential of our senior leadership population, reflecting the efforts being placed on developing our leaders, as well as refreshing this population with high quality external hires.

We continued to provide management and leadership development, with programmes starting at supervisor level, then moving to first line manager level and finally a leadership programme for more experienced managers. 64 supervisors and managers completed the programme in 2022. The programme content and delivery approach were reviewed in 2022 and improvements have been identified for implementation in 2023. We piloted a new approach to development for our Managing Directors. They self-selected onto workstreams covering our ESG agenda, developing an innovative mindset, and cultivating a growth culture.

What will we achieve?

Local employee engagement survey action plans have been developed, focusing on the key areas identified for improvement in each operating company. Recognising the importance of acting on the feedback and openly sharing progress, greater emphasis will be placed on keeping the communication process ongoing during the year.

We plan to complete a further SPTM review, as well as closing out the actions identified from the 2022 review. These include holding career conversations with high performing senior leaders, increased focus on personal development planning, identifying opportunities for moves between operating companies and identifying mitigation for succession risks.

How will we measure progress?

We will continue to measure progress through our engagement survey against our targets set in 2021. We will also listen to the feedback that we continue to get from our employees during the year.

LEVERAGING ESG AND CSR


**Kathryn Cooper, Head of ESG
Hill & Smith Infrastructure**

As Head of ESG at Hill & Smith Infrastructure, a business that sits within the Group's Roads & Security division, I have been responsible for introducing ESG across all Hill & Smith Infrastructure's divisions. This has proved to be an exciting project and has been more about uncovering activities that were already taking place naturally, and being able to celebrate and report the business' sustainable and socially responsible accomplishments.

I am responsible for unlocking ESG opportunities in the areas of people, planet and purpose for Asset VRS, Hardstaff Barriers, Hill & Smith Barriers and Varley & Gulliver – four of the UK's leading vehicle restraint system manufacturers.

Incorporating ESG factors into day-to-day business activities allows us to meet clients' needs too, supporting their own actions to reduce the impact of their activities, ensuring a long term and sustainable benefit to the environment and the communities they serve. Environmental protection, equality, social impact and ethics are at the forefront of everything, more than ever before.

As a result of recent achievements, the level of service provided to customers across Hill & Smith Infrastructure has been strengthened, while a consistent and collaborative approach to Corporate Social Responsibility ('CSR') and sustainability has been created throughout the business.

In recent months, colleagues have led and participated in several projects that have benefited the environment and local communities.

“

I'm really passionate about my role. In an era of climate change, widening inequality and increasing stakeholder pressure, ESG remains an often underutilised, yet critical resource.

My passion is for people and the planet. Looking after our planet, and the people on it, is not only the right thing to do, but engaging with individuals proactively acts as a catalyst to increasing efficiency and effectiveness in other focus areas.”

Major accomplishments include:

- Achieving CSR Gold Accreditation for Hill & Smith Infrastructure Limited.
- Leading a long term biodiversity and wellbeing initiative in conjunction with the SMP Alliance (who support delivery of National Highways construction and maintenance programmes), which has pledged to prevent the net loss of biodiversity through its activities.
- Supporting Apprentices and committing to being members of the 5% Club that resulted in being invited to the House of Lords to accept the accreditation.
- Over 10% of staff now trained as Mental Health First Aiders and this is increasing each month.

Social value projects include a company-wide challenge to walk the distance from Nottingham to Ukraine, which raised over £5,000 for the Humanitarian Appeal, and donating more than 300 Easter Eggs collected by staff to vulnerable children in the Midlands.

Other regular employee activities include food bank and clothing donations, volunteering opportunities and tree planting.

An increasing number of young people in the workplace are keen to work for a company that is ethical and we as an organisation are working towards becoming an employer of choice; head and shoulders above its competitors when it comes to contributions to the local environment, workforce and communities.



SAVING AND ENHANCING LIVES^{continued}



DIVERSITY AND INCLUSION

Why does it matter?

As an organisation, we aim to employ the best people for the job and help them thrive. We know that we can only do this by considering talented people from the whole community, making our business attractive for them to join and by providing an environment where they can be themselves and give their best. If we can provide attractive opportunities for our people, and ensure we have a workforce that is truly diverse, our business will perform to its absolute potential and achieve our ambitious economic growth plans, as well as deliver individual success.

As an employer working across a range of cultures and countries, we endeavour to replicate the diversity of the communities where our companies are based, in the profile of our own workforce.

Everyone is actively encouraged to communicate and share information with colleagues. It is important to us that we create an inclusive culture, where all voices and perspectives have an opportunity to be heard.

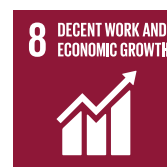
What have we done?

We have continued to focus on attracting more females into our business, which has led to an increase in female senior leaders in 2022, now at 20%, and in January 2023, we were delighted to appoint our first two female Managing Directors, Rachel Preen in the UK and Rose Mary Clyburn, based in the US. We will continue to focus on how we can improve diversity, whilst sticking to our commitment to always recruit the best candidate for the role. Progress is also reflected in the improvement in our 2022 Gender Pay Gap.

Our apprenticeship scheme is another method of attracting more diversity into our business. In 2022, our gender splits for new hire apprentices were 33% female, 67% male. This includes recruiting females as welding apprentices, traditionally a role that has attracted more males. Of our apprenticeship hires between August 2021 through to June 2022, 16% have a disability, 34% are young people (being under the age of 24), 3% are from ethnic minority groups and 11% live in disadvantaged post codes.

Examples where our operating companies have taken proactive steps to improve diversity include Hill & Smith Infrastructure being part of the 5% Club, a movement committed to providing 'earn and learn' skills-led training opportunities. Lionweld Kennedy, one of our UK Engineered Solutions businesses, is now recognised as one of the top 50 SME apprenticeship employers in the UK.

We continued with our Workforce Advisory Panels in 2022, running one face-to-face session in the UK and one in the US during May. We then ran virtual sessions in November. We changed the format to include interactive sessions that were led by colleagues from our operating companies or internal subject matter experts, rather than senior management. Topics included Health and Safety, ESG, Diversity and Inclusion, as well as business updates on performance. We gained valuable feedback and insights from the process.



Production team at Hill & Smith Infrastructure

What will we achieve?

We will focus locally and at a Group level on increasing levels of diversity, so that we represent the communities that we serve. We will continue to bring together HR leaders from across our operating companies so that we can share best practice and learn from each other.

We will be building on the success of our US Women's Network, extending it to all female colleagues, to raise awareness of the challenges and barriers that some women may face and to champion them and their current and future careers.

We will arrange further Workforce Advisory Panels, where we will be seeking further feedback on what is working well and where we can improve. We will provide business updates, invite colleagues from across the business to present on important topic areas, and also encourage sharing of good practice that is happening within our operating companies.

We want to build on the success of our apprenticeships scheme, recognising it is an important way of attracting and retaining diverse talent. We will recruit additional apprentices and upskill existing colleagues through apprenticeships where feasible to do so. We will provide managers with additional information and support, to encourage increased usage of apprentices in the UK. We will produce an annual newsletter to celebrate apprenticeship achievements.

How will we measure progress?

We will continue to measure gender and ethnic diversity at a senior level and review the engagement survey scores for the Inclusion and Diversity index to track progress.



SAVING AND ENHANCING LIVES continued



Birtley's Head of Customer Experience on site, Birtley, County Durham

DIVERSITY AND INCLUSION continued



CASE STUDY: Diversity

Wendy Dollete: Supply Chain Manager at the Carpenter and Paterson Group (USA)

Wendy joined the company in 1999, initially in an administrative role in the Engineering department. She has since undertaken a number of roles, spanning Project Management and Procurement. Her current role is Supply Chain Manager which involves overseeing purchasing and inventory control for all branches as well as leading the warehouse operations at the Waggaman site in New Orleans.

Wendy is focused on improving processes and performance. She is also an active member of the Empowerment Group, a Women in Leadership network within Hill & Smith that encourages development and discusses some of the barriers that women may face.

Wendy says:

"Hill & Smith is a great company to work for and has actively supported my career development. I would definitely recommend working within the Hill & Smith family to other women, and encourage them to be open to opportunities, wherever they may be."



Rachel Preen: Managing Director at Prolectric Services (UK)

Rachel joined Prolectric in 2021 as Commercial Director, having been inspired during the interview process by the compelling vision shared with her by Chris Williams, Prolectric's founder. Over the past ten years, Prolectric has led the way in sustainable lighting, power and security solutions for the construction, infrastructure, rail, and utilities sectors. Prior to joining the Group, Rachel was working in the renewables sector, making this an excellent fit for her experience and passion for sustainability.

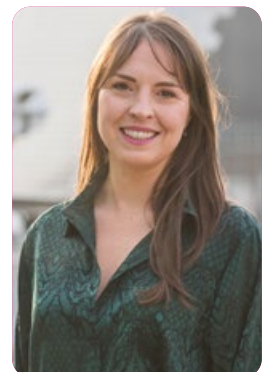
In January 2023 Rachel was promoted to Managing Director, where she is excited to lead the business in delivering Prolectric's ambitious five year growth plan.

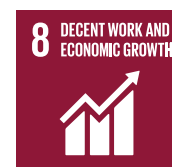
Rachel says:

"Hill & Smith's sustainability agenda was an important consideration for me when I was considering taking the role at Prolectric."

She goes on to say that she feels

"supported and lifted by the Group" with her recent promotion. Her advice to others in building their careers is to "be yourself, do your best and trust in the people around you to recognise your strengths and help you go further."





TARGETS AND ACTUALS

Gender diversity**PLC Board**

2022 Actual

38%

2022 Target

33%

2025 Target

40-60%

2030 Target

40-60%**Executive Board**

2022 Actual

33%

2022 Target

33%

2025 Target

40-60%

2030 Target

40-60%**Senior Leaders**

2022 Actual

20%

2022 Target

10%

2025 Target

20-30%

2030 Target

40-60%**Ethnic diversity****PLC Board**

2022 Actual

13%

2022 Target

10-15%

2025 Target

10-15%

2030

10-15%**Executive Board**

2022 Actual

17%

2022 Target

10-15%

2025 Target

10-15%

2030 Target

20-25%**Senior Leaders**

2022 Actual

16%

2022 Target

5-10%

2025 Target

10-15%

2030 Target

10-15%**Employee engagement****Engagement Score**

2022 Actual

61%

2022 Target

58%

2025 Target

66%

2030 Target

75%**Improvement in score**

2022 Actual

+6pts

2022 Target

+3pts

2025 Target

+8pts

2030 Target

+9pts