



SUSTAINABLE GOVERNANCE

CONTINUED



ETHICAL CONDUCT

Why does it matter?

As an international Group, we recognise that acting ethically towards our employees and other stakeholders shows our commitment to doing business in a responsible manner. Protecting ourselves and our employees, creating a sense of pride in our employees that we always "do the right thing", ensuring transparency when dealing with customers and suppliers; supporting the communities in which we work with fair and equitable employment policies and opportunities, and maintaining our reputation with all our stakeholders.

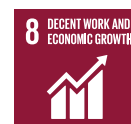
The Group is committed to treating all people, whether employed directly by the Group or its subsidiaries or employed in its supply chain, fairly and equitably and we are committed to upholding their human rights. The Group recognises all individuals' basic human rights and is committed to respecting the Universal Declaration for Human Rights. The Group and all its worldwide subsidiaries respect the human rights of all those working for or with us, and of the people in the communities where we operate. We will not knowingly do business with companies, organisations, or individuals that we believe are not working to at least basic human rights standards.

Our operating companies will also comply with all applicable wage and working-time laws and other laws or regulations affecting the employer/employee relationship and the workplace. We oppose the exploitation of all workers, children and young people and we will not tolerate forced labour, or labour which involves physical, verbal, or psychological harassment or intimidation of any kind. We will not employ child labour in any of our operations, nor will we permit the exploitation of, or discrimination against, any vulnerable group.

We aim to make a positive impact on society from our operations. The Group's business activities incur a substantial amount of different taxes, and the Group is committed to complying with tax laws in the geographies in which it operates and works closely with tax authorities in those countries. The Group does not operate in countries considered as partially compliant or non-compliant, according to the OECD Tax Transparency report or blacklisted or grey-listed by the EU, except for Australia, where the Group has a roads business with strategic intentions to mirror the success of its UK roads business.

What have we done?

The Group is committed to conducting its business activities responsibly and ethically and in accordance with the laws and regulations applicable to the jurisdictions, in which we operate, and has a series of policies that support this objective. These are supported by training and educational programmes for employees, together with a Group Code of Business Conduct ("CoBC") which underpins all our activities and presides over areas such as health & safety, fair, honest and ethical business practice, gifts and entertainment, conducting international business, protection of individuals, resources and assets and at a high level summarises the Group's legal and compliance responsibilities in areas such as anti-bribery and corruption, export laws and regulations, and international fair and open competition. For employees who wish to raise concerns without fear of reprisal or victimisation, we provide an external, confidential, independent compliance hotline and email facility, which is available in local languages, or they can contact senior managers within their business, the Group Company Secretary, a Group President or the Chair of the Audit Committee, without fear of reproach. During 2021, two such issues were reported and investigated (2020: 3).



Specific policies have been developed and the following are available on the website www.hsholdings.com:

- Supply Chain
- Code of Business Conduct
- Anti-Bribery & Corruption Policy
- Modern Slavery Policy
- Whistleblowing Policy
- Tax Strategy Policy

What will we achieve?

We will regularly review subsidiaries' standard terms and conditions of purchase, and standard long-term supply agreements across the Group. Ensuring the terms and agreements include a number of requirements concerning ethical operations, including provisions addressing a supplier's obligation to comply with the UK Modern Slavery Act or similar local legal obligations.

We will act in accordance with our CoBC, upholding a zero-tolerance approach to bribery and corruption. There were Zero incidents of bribery and corruption reported in 2021 (2020: nil).

We will conduct annual audits to ensure that we fulfil our obligations under the UK Modern Slavery Act.

We will monitor and investigate all Whistleblowing reports as well as learning the lessons from such incidents in order to manage such reports to an acceptable level.

How do we ensure that we are compliant?

Annual Modern Slavery audits

Board oversight of all Whistleblowing Reports

Annual approval of all ethical policies by the PLC Board or Executive Board

Online training to ensure compliance with relevant legislation

Annual certification by Group operating companies that they have complied with policies issued by the Group, and in particular with the CoBC.

CASE STUDY

MODERN SLAVERY AUDIT

During 2020, we undertook a review of the Modern Slavery risks associated with the supply of flexible labour force agency workers ('Suppliers') to our operating units and, as we reported in 2020, in 2021, we focused our attention on those agencies providing temporary labour to our galvanizing plants. Management arranged for Suppliers in the UK and US to be selected for a questionnaire-based interview, conducted by our Group Head of Legal and a local representative of the relevant operating companies. Due to the ongoing effects of the COVID pandemic, these interviews were conducted on a virtual basis. Consequently, the audit consisted of a questionnaire-based interview together with observations made during the interview and the historic

dealings of the Suppliers with the operating companies concerned.

The review concluded that there were no concerns with any of the Suppliers. They did not recruit outside their country of jurisdiction; conducted at least one face to face interview with each worker as part of the recruitment process; obtained proof of identity and right to work documentation in accordance with jurisdiction specific law; and only paid monies into an account, cheque or pay card in the name of the individual. None of the Suppliers engaged anyone under the age of 16 and demonstrated a high awareness of relevant procedures, legislation, and requirements.

Only the UK based Suppliers had a "Modern Slavery Policy/Statement" given the Modern Slavery Act 2015 is a UK specific requirement, but the USA based Suppliers confirmed they would be happy to sign a Hill & Smith Holdings PLC Worker Supply Agency Charter to demonstrate commitment to anti-slavery and anti-exploitation of temporary workers.