

Modern slavery is a crime and a violation of fundamental human rights. We have a zero tolerance approach to Modern Slavery and we are committed to implementing effective systems and controls to avoid complicity in human rights violations related to our own operations, our supply chain and our products. We will be transparent in our approach to tackling Modern Slavery to meet our obligations under the Modern Slavery Act 2015.

Introduction

Modern slavery refers to situations of exploitation, where a person cannot refuse or leave because of threats, violence, coercion, abuse of power or deception. For example their passport might be taken away if they are in a foreign country, they may experience violence or their family may be threatened.

It is estimated that 45.8 million people are subject to modern slavery occurring in at least 167 countries globally. However, 58% of those living in slavery are in 5 countries: India, China, Pakistan, Bangladesh and Uzbekistan. ¹

Many international governments are taking action to seek to eradicate modern slavery through their national legislation and in addition, by requiring companies to identify and address labour abuses in their organisations and supply chains. In the UK the Government has enacted the Modern Slavery Act 2015 ('the Act').

Scope

This Policy covers all Group employees, directors, consultants, contractors, casual workers, agency employees and all others who are acting for the Group (collectively referred to as 'employees' in this Policy).

Roles and Responsibilities

The Group Board will:

- Maintain overall responsibility for the effective operation of this Policy and for ensuring compliance with the Act;
- Approve the annual Modern Slavery Statement on behalf of the PLC and any relevant Group members.

The Audit Committee will support the Group Board through its assurance remit, by highlighting to the Group Board any material information arising from internal or external sources of assurance relevant to the operation of the Policy or compliance with the Act.

The Group Company Secretary will:

- Ensure the Modern Slavery Statement and this Policy is reviewed each year and recommended to the Group Board for approval;
- Ensure the Modern Slavery Statement is published on the Group's website as required by the Act;
- Support the executive team to embed the Policy by designing and implementing supporting systems, procedures, tools and training;
- Ensure the Group Board and Audit Committee are provided with sufficient information in order to discharge their responsibilities effectively.



The executive team will:

- Ensure each subsidiary is effectively embedding the Policy and that all staff receive appropriate training;
- Escalate any incidents of modern slavery arising in their business or supply chain to the PLC in a timely manner.

All employees will:

- Ensure they are familiar with, and comply with, the Policy and associated processes;
- Complete any required training and proactively update their knowledge;
- Report any signs or suspicions of modern slavery in their business or supply chain immediately to their manager, the Group Company Secretary or via the Whistleblowing Hotline.

Our key suppliers will:

- Ensure they are familiar with, and comply with, this Policy and all associated requirements as outlined during the Group's due diligence process and in the Group's Procurement Standards;
- Certify their compliance and permit Group employees to audit their business for compliance with this Policy and associated processes;
- Have their own programmes to eradicate modern slavery in all its forms from their business and their supply chains;
- Advise the Group immediately of any signs or suspicions of modern slavery in their business or supply chain.

Forms of Modern Slavery

Modern slavery as defined under the Act is a term for the criminal activity associated with certain human rights abuses. It includes:

- **Slavery** – the deprivation of freedom of a person by another.
- **Servitude** – the forced provision of services, activities or behaviours from one person by another through coercion. This often includes the perpetrator imposing on the victim the obligation for them to live at a particular address against their will/preference.
- **Forced or compulsory labour** – where a person forces another to undertake work or provide services under the threat of the imposition of a penalty if they do not.
- **Human trafficking** – where the perpetrator arranges travel for the victim with the intention of exploiting them. Often victims are so desperate to leave a location that they consent to the travel, without full comprehension as to the deception involved by the perpetrator.



Our commitment

Given the illegal nature of the above aspects of Modern Slavery, it is often difficult to identify as perpetrators are increasingly sophisticated and able to disguise their illicit activities. In addition, victims often live in fear of the perpetrators and so do not report.

We are committed to compliance with the Universal Declaration for Human Rights and the UK Human Rights Act 1998 and to complying with the UK Modern Slavery Act 2015.

We accept that Modern Slavery, because of its worldwide prevalence, could exist in the UK and in our businesses and supply chains globally and so we will:

- Deploy preventative steps;
- Ensure that detection mechanisms exist;
- Ensure there is a culture of awareness;
- Ensure that opportunities exist, for both victims and those concerned that modern slavery may be taking place, to report without fear of reprisal or employment disadvantage.

More specifically we will:

- Provide all Group employees with a copy of the Code of Business Conduct and require them to comply with the same;
- Screen customers using restricted party software;
- Require subsidiaries to comply with Group Procurement Standards, which implement best practice in purchasing activity. This includes: ensuring key suppliers undergo due diligence prior to being engaged; requiring key suppliers to certify their compliance with relevant Group policies and procedures and submit to audit if necessary; and requiring key suppliers to disclose their sourcing strategy;
- Require subsidiaries to undertake due diligence and ongoing monitoring of commercial intermediaries;
- Procure contractual rights to terminate relationships with suppliers, agents and other partners in the event of non-compliance.

'Red flag' warnings

The following should be noted as 'red flags' to the potential occurrence of modern slavery. If a person:

- Is unpaid, paid very little, or paid only through tips
- Works excessively long and/or unusual hours
- Is not allowed breaks or suffers under unusual restrictions at work
- Owes a large debt and is unable to pay it off
- Was recruited through false promises concerning the nature and conditions of work
- Has high security measures in their work and/or living location
- Is not free to come or go as they please



- is fearful, anxious, depressed, submissive, tense, nervous or avoids eye contact
- is reluctant to engage in discussions about law enforcement agencies
- lacks health care
- exhibits poor personal hygiene
- appears malnourished
- shows signs of physical and/or sexual abuse, physical restraint, confinement or torture
- has few or no personal possessions
- is not in control of their own money, financial records or bank account
- is not in control of their own identification documents
- is not allowed or able to speak for themselves (a third part insists on interpreting or being present)
- is unable to clarify their address or whereabouts
- has a loss of sense of time
- has numerous inconsistencies in their back story

Modern Slavery Statement

In accordance with the Act we will produce an annual statement of compliance around the time of publication of the Group Annual Report and Accounts each year. This will be published on the Group's website in accordance with the Act.

Breaches of this Policy

Employees are required to avoid all action, inaction or behaviour which violates or could be construed as violation of this Policy. Employees are required to report any signs or suspicions of modern slavery in our business or our supply chain immediately to their manager, the Group Company Secretary or via the Whistleblowing Hotline.

Allegations regarding potential breaches of this policy will be treated in confidence and investigated. Employees who make such allegations in good faith will not be victimised or treated less favourably as a result.

Any employee who is found to have committed a violation of this Policy or the Act will be subject to disciplinary action. Such behaviour may constitute gross misconduct and, as such, may result in summary dismissal.

Third parties found to have committed a violation of this Policy or the Act will be subject to the remedies outlined in the contract or other arrangement with the Group.

Policy review

This Policy has been adopted by the Group Board and will be updated at least every twelve months to ensure that it continues to be relevant and effective.

More information

For more information contact the Group Company Secretary.

Approved by the Board of Directors of Hill & Smith Holdings PLC - 28 February 2019