



Hill & Smith Holdings PLC

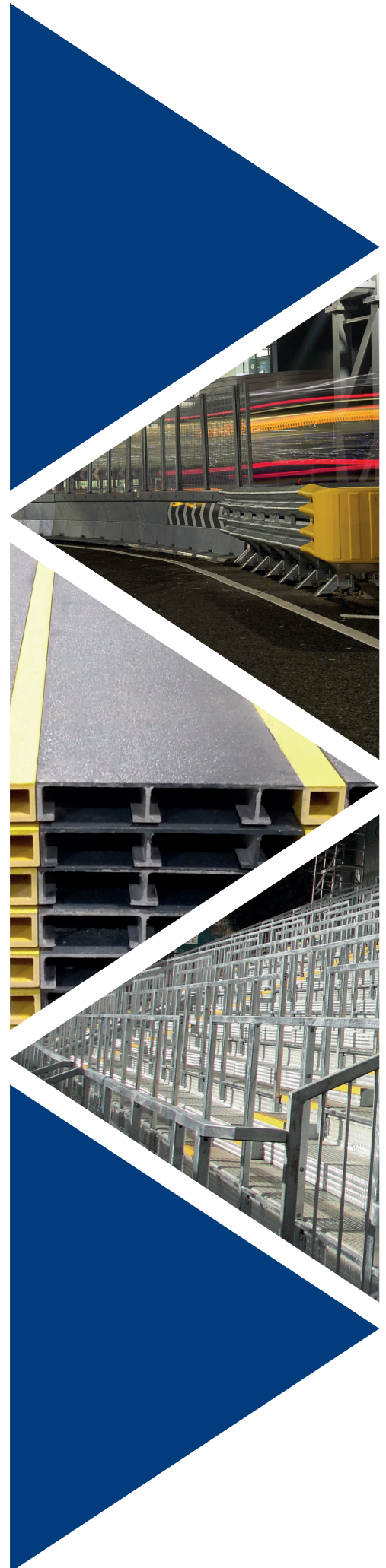
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Section F

Code of Business
Conduct

2019

Applicable to all Hill & Smith Holdings PLC
Group Companies





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Message from the Chief Executive

Our reputation for integrity is built on compliance with laws and regulations, ethical conduct and respect for each other, wherever we operate. We are committed to maintaining our high standards. This Code of Business Conduct sets out those standards and **must be followed by everyone working for, or on behalf of, the Group.**

The Code compliments our operational policies and procedures and will give you guidance as to the standards that are expected of you and when you may need approval to act. It includes information and examples but it will not provide answers to each and every situation that you may encounter. If you are ever unsure of what to do or need additional guidance, The Code gives you information about who to contact.

The Group is also committed to complying with the UK Bribery Act 2010 and working with third parties, customers and suppliers whose business ethics and behaviour are consistent with laws, regulations and our own code of business conduct.

I am relying on you to do the right thing so that together we can uphold our reputation and achieve our goals. It is your responsibility to challenge behaviour or actions inconsistent with our reputation for transacting business properly, fairly and with integrity.

Derek Muir

Group Chief Executive Officer
September 2019



2. Introducing the Code of Business Conduct

Prevention starts with you

Unethical, illegal, or unsafe acts can cause serious loss or harm to our company, employees, and our customers. It is everyone's responsibility to help prevent these activities from occurring.

Those are the Company's problems – why should I care?

Losses due to illegal, unethical and irresponsible activities can affect all of us. We pay in many ways:

- our personal safety and security may be jeopardised;
- the financial losses may mean fewer growth or employment opportunities;
- employee morale may be harmed; and
- reputational damage.

Who must comply with this code of business conduct?

This code applies to everyone engaged by the Group and includes:

- directors and officers;
- employees of the Group; and
- contractors, consultants, representatives and agents, including all other forms of third party "commercial intermediary" of any subsidiary company or division of Hill & Smith Holdings PLC wherever they may be located in the world.

What about laws in different countries?

In addition to complying with this code of business conduct, you must also comply with the laws and regulations of different countries when conducting international business.

Where differences exist as the result of local customs, normal practice, laws or regulations you must apply either the code of business conduct or the local requirements – whichever sets the highest standard of behaviour.

You are responsible for being aware of, and following, the laws that apply in the locations where you work.

The Group Company Secretary may be contacted for further guidance.

Consider your actions

There are basic guiding principles to consider as you carry out your role and make decisions. You should ask yourself:

- Is it legal?
- Is it consistent with the Code of Business Conduct?
- Would it reflect well on my reputation or the reputation of the Group?
- Would I feel comfortable if the details of my actions were published in a newspaper?

If the answer is 'no' to any of these questions: don't do it.

If you are not sure, don't take any chances. Talk it over with your line manager/supervisor, your Managing Director, Group Chief Finance Officer or a human resources representative.



Failure to comply with the code of business conduct

Failure to comply with the spirit and intent of this Code of Business Conduct can expose the Group, and/or any individual involved to serious consequences. These include:

- criminal legal proceedings which may result in fines and/or imprisonment;
- disciplinary or termination of employment (or any contract or business relationship you have with the Group);
- civil legal proceedings which may result in large amounts of fines and damages; and
- loss of business reputation within the markets and industries in which we operate.

Responsibilities of managers and supervisors

If you manage or supervise other employees then you have a responsibility to promote a culture of openness and accountability. This includes:

- making sure the Code is provided to and understood by all employees;
- providing guidance and support to those you manage or supervise on how they can meet the requirements and standards of the Code;
- promoting the standards established by the Code by modelling appropriate conduct;
- monitoring and enforcing compliance of the Code by employees you manage or supervise; and
- ensuring that third parties are aware of and comply with the Code and all applicable group policies.

Reporting suspected non-compliance

We encourage you to speak out and raise concerns in situations where the Code is not being followed.

Speak Up

Unfortunately, not everyone makes the right ethical decisions all of the time. If you become aware of unethical, illegal or irresponsible activity then don't ignore it.

- Say something that expresses your awareness and concern. You can have a powerful influence on others. Reminding someone to think before acting may help prevent them from making a big mistake.
- Discuss it. If the situation doesn't improve, don't keep it to yourself. Ignoring a problem only allows it to grow more costly and frustrating.

Instances of non-compliance with this code of business conduct (or any other group policy) – whether actual or suspected – must be reported to:

- your line manager;
- your normal company contact (if you are not an employee); or
- managing directors or Group Chief Finance Officers.

Matters may also be reported confidentially or anonymously to:

- the Group Company Secretary by phoning +44 (0)121 704 7430;
- via email to compliance@hsholdings.com; or
- via our external whistleblowing hotline www.hsholdings.ethicspoint.com or review the whistleblowing policy posters at your subsidiary office to find your regional telephone number.



How concerns will be investigated

We are committed to dealing with all concerns fairly, properly and in a professional manner.

We will treat reports of possible misconduct or questions seriously and confidentially. We may conduct a formal investigation and we may refer the matter to the Chairman of the Group's Audit Committee.

No retaliation against those that report

We will not tolerate any form of retaliation, retribution or victimisation against an individual who reports a suspected violation in good faith or who assists with an investigation. This applies even if the report is mistaken and/or the facts later turn out to be inaccurate or do not trigger any further action.

You may know or suspect that someone is doing something illegal or improper but be afraid of voicing your concerns. The Group Whistleblowing Policy (available online at www.hsholdings.com), as well as this Code of Business Conduct, protects those reporting suspicions, or allegations, from reprisals or victimisation. You should immediately report any suspected acts of retaliation, retribution or victimisation.

If you are found to be retaliating or not coOperating with an investigation we may take disciplinary action up to and including termination of employment.

If you are found to have maliciously raised a false report then we may take disciplinary action up to and including termination of employment.

Responsibility to report

Here is a summary of your role in reporting:

- if you know or suspect a violation of this Code you must report it;
- only report genuine concerns; not malicious allegations or personal grievances;
- co-operate in any investigation of reported non-compliance, as required; and
- do not retaliate against anyone who makes a report or assists in an investigation.



3. Health, Safety and Environment (HSE)

Health and safety

We are all responsible for health and safety. Through the application of our health and safety policies we ensure the health, safety and well-being of all our employees, contractors, customers and others who may be affected by our operations.

You should take ownership for the health and safety of your working environment by:

- working safely in accordance with any safe systems of work and associated safety procedures;
- taking reasonable care of yourself, your colleagues, visitors and others who may be affected by our operations;
- reporting to your line manager any accidents/incidents/near misses or any other areas of concern; and
- not interfering with, damaging or misusing any plant or equipment provided by a group company.

You are the person responsible for health and safety in your working environment

Ensuring that you, your colleagues, visitors and others are safe within our working environments is EVERYONE'S responsibility, not just the site's Health & Safety Manager.

Reporting and recording incidents and accidents

Each employee has an obligation to accurately and completely report incidents and accidents to their line manager/supervisor and local Health & Safety Manager for entry into the Group's local online incident and accident records. This includes not only where an accident has happened and an individual has been injured, but also incidents that could have led to an accident had they gone unreported. Sometimes referred to as a 'Near Miss'.

Falsifying reports or hiding facts related to an incident are grounds for disciplinary action up to and including termination of employment.

Example

There are pallets lying around the workshop and an employee tripped and fell. He was uninjured and returned to his work immediately. What should I do?

This is a safety risk for that person and those around them. You should report this to your line manager or the person responsible for site safety as a Near Miss. This will allow action to be taken to ensure that pallets lying around the workshop do not become a bigger problem and cause an accident in which someone is injured.

The environment

We want to make sure that the environmental impacts of our products and activities comply with regulatory requirements and best practice.

You should:

- adhere to any working practices designed to minimise environmental impact and never cut corners;
- use resources efficiently and make suggestions for improvements as you identify them;
- minimise waste and recycle or reuse material where feasible; and
- consider the environmental impact of your actions.



Personal safety and substance misuse

We will provide a safe and productive working environment by ensuring that the workplace is free from any form of substance misuse. We will abide by the applicable local laws and regulations related to the possession, purchase, sale, transfer or use of alcohol and drugs.

You are prohibited from being at work or on Hill & Smith business while impaired by drugs or alcohol or with illegal substances present in your system or in your possession. Please review your company's policies on drugs, alcohol and illegal substances.

Except where authorised by management, alcohol consumption is not permitted within a group company workplace.

Examples

One of my colleagues is behaving oddly and I think they may be under the influence of alcohol or drugs. What should I do?

This is a safety risk for that person and those around them. You should inform your line manager or the person responsible for site safety.

I am managing the project to open a new plant. The project is on time but this is now at risk because the water discharge permit hasn't arrived. I know we will eventually get the permit so I think it would be best to open the plant on the date planned even if it hasn't technically been granted by then.

Our sites must comply with all laws and regulations and so you should delay the opening of the plant until all the necessary permissions are in place.



4. Fair, Honest and Ethical Business Practices

Bribery and corruption

Bribery or corruption could seriously damage our business and impact our reputation.

One single act of misconduct or improper act can not only damage the reputation of the Group - it can also lead to large civil fines, criminal prosecutions and the imprisonment of those involved.

As a UK-registered PLC, Hill & Smith Holdings PLC and all its subsidiary companies, including those not based in the UK, are required to fully comply with the UK's Bribery Act 2010. In addition, the Group also need to ensure compliance with local laws in the places we are Operating or trading.

We will not tolerate [bribes](#), [kickbacks](#) or the giving of anything of value, in an attempt to influence action or inaction. This includes payments to or from [commercial intermediaries](#) or [government/public officials](#) providing services to us where it is known or should be reasonably suspected that some part of the payment or "fee" might be used to bribe or improperly influence.

Bribery

Bribery is offering, providing or receiving something of value (including cash, gifts, hospitality or entertainment) to persuade someone to do something or as a reward for something improper or illegal. Any demand for, or offer of, a bribe in whatever form to any company employee, or commercial intermediary must be rejected and reported immediately.

Corruption

Corruption involves, but is not limited to, any of the following types of activities: bribery, extortion, fraud, deception, collusion, abuse of power, embezzlement and money laundering.

Kickback

Payment or gift made in exchange for making or influencing a decision or other action.

Government/public official

The definition of government or public official (and persons working for or representing governmental organisations) would include all employees of nationalised or state-owned companies or agencies.

Examples would include anyone working for: national or state transport or highways agencies; local governments and authorities; national energy companies; national/state-owned banks; customs, immigration and border agencies; the police and armed forces.

Commercial intermediary

Contractors, consultants, agents etc. working for or representing any group company in the course of business who interacts with public or government officials, customers, suppliers, agencies, the police or armed forces.

Facilitation payment

A payment to a government or public official (which is not officially required), to secure, enable or speed-up a process of the official's job – for example issuing permits, licences or releasing goods held in customs.

In terms of the Bribery Act 2010, these payments are viewed the same as bribes paid by a group company and can lead to criminal proceedings against the Group and individuals.

There can be legitimate, published fees payable for a faster service from government or public officials, such as a payment to get a visa or a new passport more quickly from a Consulate. These are not facilitation payments and are allowed as long as you keep appropriate records.



Use of agents, commercial intermediaries and third party representatives

Commercial intermediaries must be carefully chosen because their improper conduct could expose the Group to legal liabilities and other sanctions.

The UK Bribery Act imposes liability on a UK company if it fails to prevent an act of bribery by a party associated with it or providing services on its behalf – no matter where in the world that conduct took place. Other international anti-corruption legislation imposes similar obligations.

We will terminate business relationships with any commercial intermediary or third party representative that violates any provision or standard of the anti-bribery and corruption policy.

Protect yourself from bribery and corruption

In carrying out your role you must not:

- make, offer or agree to make any unlawful payment or bribe to anyone in any form;
- solicit or accept bribes in any form;
- encourage or permit anyone else to make, offer, solicit or accept any bribe in any form;
- participate in any kind of corrupt activity to win new business, retain business or otherwise secure any form of improper business advantage;
- make any form of facilitation payment to a government or public official, either directly or through a commercial intermediary; or
- engage the services of a commercial intermediary without carrying out appropriate due diligence.

There will be serious consequences for not complying with the Group anti-bribery and corruption policy. Disciplinary action may be taken and this may lead to dismissal or termination of employment and, if appropriate, criminal proceedings.

Health, safety and welfare exception for facilitation payments

The Group promotes safe travel but if you find yourself in a circumstance where there is a real and imminent threat to the health, safety or freedom of you or someone else if a payment is not made, this is seen as an exceptional event.

If you need to make a payment under this limited emergency exception keep appropriate records and report the incident immediately to the Group Company Secretary, as well as your line manager.

Examples

I attended a sales meeting with my colleague and I heard them overstating our capabilities in order to get the sale. Afterwards I asked them about it and they said it was normal sales banter in order to close the sale, and the information would be clarified before delivery, so I shouldn't worry about it. What should I do?

Raise the issue with your line manager or managing director and ensure the information to the customer is corrected as soon as possible. Intentionally lying to a customer is a breach of the Code of Conduct. If this were to happen again you would need to correct the customer in the meeting, explain to your colleague that this is not acceptable and report the incident.

A commercial intermediary that we use to liaise with public officials in the Middle East recently asked for an increase in commission. I am concerned that this increase may be passed on to the public official. What should I do?

Do not agree to the increase in commission until you have sought advice from the Group Company Secretary.

I arranged for fabricated product to be shipped to a customer overseas. The customer has called to explain that the goods have not arrived as they are being held by the local customs office and will take 5 days to clear. The customer says he can speed things up with a small payment which he will pay if we reimburse him. The customer is annoyed at this potential delay and I want to provide a good service so he will buy from us again. Can I agree?

No, you need to clarify that the payment is for an official fast track procedure before making payment as this could be an illegal facilitation payment. Discuss the call with your line manager and take further advice from the Group Company Secretary if you are still unsure.



5. Gifts and Entertainment

We win work on the basis of our superior people, products and services – not because we offered lavish gifts and entertainment to people in order to unfairly influence any decision.

Entertainment is often an element of a relationship with existing customers, clients or suppliers and future business prospects. Examples of business entertainment or hospitality include: meals, dinners, sporting events or tickets (such as golf or football), parties, concerts and other events where business matters are discussed, but where it is apparent that the event is not intended solely as a business meeting.

Gifts or entertainment should only be given or accepted if they are lawful, within the bounds of accepted business practice, and would not influence business transactions. They must be reasonable and appropriate in terms of type, value, occasion and frequency. You should be mindful that in some countries government/public officials are prohibited from accepting any gifts, meals or entertainment, no matter what the value.

You must not solicit gifts, meals or entertainment from current or potential customers and suppliers unless this is for a permissible charitable or sponsorship activity (see section on charitable giving).

Indirect gifts or entertainment for a friend, family member or associated company must meet the requirements of this guidance. There should be no distinction between the giving or receiving of gifts and/or entertainment in a private capacity or as a group representative. Where a relationship has been formed as a result of group business, the standards required by the Group policy on gifts and entertainment apply.

What can I accept or give?

The boundaries of appropriate hospitality is not viewed the same by every business in every country, so sometimes it may not be immediately obvious whether something is OK or not. We have set some limits to help you but if you are still not sure, discuss with your line manager.

In our company the value of gifts given or received must be:

- £150 or less in relation to non-governmental organisations and £30 or less in relation to a government/public official or governmental organisations.

In our company the value of entertainment given or received must be:

- £400 or less per person per event in relation to non-governmental organisations and £30 or less in relation to a government/public official or governmental organisations.

As well as the value, make sure:

- it is lawful and within the bounds of accepted business practice;
- it is appropriate in the circumstances and not unduly lavish;
- it does not influence a business decision or may be viewed by others as an attempt to do so;
- the timing of the gift or hospitality does not coincide with ongoing or planned competitive bids, tenders or contract negotiation/re-negotiations;
- it is not a cash gift (including vouchers or gift cards) as this is never acceptable; and
- you keep proper records.



Requests for approval to exceed nominal values - management approval

We recognise that there may be situations where it is culturally appropriate to give or receive something from a customer or supplier that exceeds the set values and where there is a related business purpose. In such cases you should complete the relevant request for approval form and obtain the written and recorded approval of your line manager and the Managing Director or Group Chief Finance Officer of your particular company.

Gifts or entertainment given to government/public officials (or persons associated with a governmental organisation) that exceed the nominal value of £30 will require the additional approval of the Group Company Secretary.

Political donations

We do not make any donation or contribution intended to procure political influence.

You must not use company funds, assets or resources to contribute to any political cause, party or candidate.

Charitable donations

Our companies do make charitable donations and contributions but you must have permission.

If you want to make a charitable donation or contributions on behalf of your company you must get prior written permission to do this from your company's Managing Director or Group Chief Finance Officer. The donation or contribution must serve the purpose of the charity concerned and enhance our reputation as a good citizen, by having relevance to a community in which we operate.

If someone asks you to make a charitable donation linked to a business contract, bid or decision-making process, this could be an improper payment (see section on fair, honest and ethical business practices).

Examples

I manage the travel for a subsidiary company and always negotiate good discounts. The agent has offered me an exclusive discount for my holiday travel. Can I accept?

No, unless the discount is available to all company employees or to the general public, you cannot accept it, as it may give rise to a conflict of interests.

Following on from a casual conversation I had with one of our suppliers about local places to eat, they have sent me a £20 voucher for my favourite restaurant. As this is a relatively low amount can I accept it?

No, vouchers are in effect a cash gift and are never acceptable. You should politely return it.

My friend is running for political office and I would like to help him with his campaign. Is this OK?

Yes. Your personal political activity is your business as long as you don't help your friend in work's time or use any of the company's assets or resources.



6. Conducting International Business

Export controls and economic sanctions

We must trade in accordance with all valid international economic sanctions and import and export requirements.

Economic sanctions are trade restrictions imposed by international organisations such as the UN or EU, or by individual countries, against a target country or state - usually in response to some unacceptable behaviour by that country.

Import and export controls are a normal part of international trade and there can be stricter requirements for exports of certain products (e.g. those for military or nuclear use) or to certain countries or customers.

Penalties for non-compliance can be severe - fines, revocation of permits to export and even imprisonment can apply when these laws are broken.

Before you quote for or agree to provide services, products or equipment to a customer, you must:

- make sufficient enquiry to establish the ultimate country of destination or use;
- clarify the source and denomination of the currency for the transaction;
- ensure you are not doing business with any party who has been "blacklisted" by UN, EU, UK or US regulatory agencies or authorities;
- complete the necessary export or import documentation; and
- keep your knowledge of trade laws and regulations up-to-date.

Competition/antitrust laws and regulations

The Group is committed to conducting its business in a fair and competitive way. We do not engage in any business practice or activity which is in breach of any competition and/or antitrust law.

Competition and antitrust laws vary from country to country but there are common themes. They generally prohibit agreements between competitors that undermine competition and restrict certain behaviour where the Company is in a dominant or market-leading position.

If you are interacting with a competitor, do not:

- discuss pricing or terms of bids, or agree to give or receive information on a bid, for a contract that has been placed out to tender (bid rigging);
- discuss production, sales capacity or volume;
- discuss market share, costs, profits or profit margins;
- agree to target (or avoid) certain customers, products, services or geographic territories; or
- agree to fix, increase or decrease the price or supply of a product or service.

Examples

A supplier has let me down and I need to source an alternative product quickly. I have found a supplier in China but I don't have time to go through the approved supplier process. Is this OK because of the urgent business need?

No. You cannot use this supplier until the appropriate due diligence process has been complete. It may seem appropriate to take a short cut to meet a business need but this could end up creating a bigger problem in the future if this supplier was not reputable. Contact the Group Company Secretary for further advice.

I am going out for lunch with a customer who buys our products but they also provide an installation service that is in direct competition with another subsidiary in the Group. What should I do if they start to talk about this work?

Immediately but politely, stop the conversation and explain that you can't talk about it. As soon as you are able, report the incident to the Group Company Secretary.



7. People

Conflicts of interest

We want to avoid conflicts of interest between your personal activities and your responsibility to act in the interests of the Company.

It is not possible to list all situations or relationships which may create a conflict of interest or the appearance of one. You can use the following guidance to help but if in **doubt, declare it:**

- you should not do work for or have any material ownership interest or other business interest in any competitor, customer, supplier or contractor of any Hill & Smith Group company unless authorised by the Group Chief Executive Officer. A material interest is an interest which exceeds 0.5% of the issued share capital of or proprietary interests in the relevant entity (whether held directly or by way of nominees or by a collective investment scheme);
- you should not accept personal payments, services or loans from a competitor, customer, supplier or contractor of any Hill & Smith company (unless it is a bank or financial services company); and
- you should declare any personal interest in any contract or transaction with any Hill & Smith Group company. If you are involved in making a decision relating to that contract or transaction you will need to remove yourself from the decision making on that occasion.

If you have a conflict of interest, it will make it harder for you to be impartial when making decisions at work. Even when nothing wrong is intended, the appearance of a conflict of interest can have negative effects. It is crucial to consider how actions might appear, and to avoid the perception of a conflict of interest. Many conflicts of interest can be resolved in a mutually acceptable way.

Any potential or actual conflicts of interest must be declared in writing to your line manager, HR representative or to the Group Company Secretary.

Equal opportunities

We want to provide a working environment where equal opportunity is promoted, diversity is respected and which is free from discrimination.

You must:

- respect individual differences and value the contribution of all employees;
- be aware of the legally protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation;
- if you are recruiting, choose the best person for the job, and do not discriminate or show favouritism;
- celebrate success and acknowledge those who have contributed; and
- treat others as you would wish to be treated yourself.

Managers and supervisors have specific responsibility for ensuring that decisions are taken in a non-discriminatory manner and that all individuals enjoy equality of opportunity.



Harassment

We are committed to maintaining a work environment free from harassment in which all individuals are treated with respect and dignity.

Harassment is considered a form of discrimination and it will not be tolerated in the workplace in any form. Individuals must be able to work in an environment which is free from harassment, including victimisation and bullying, and in which we treat each other with mutual respect and dignity. Harassment may be verbal or physical and could include:

- creating an intimidating, hostile, or offensive work environment;
- unreasonably interfering with an individual's work performance;
- negatively affecting an individual's employment opportunities; or
- violating an individual's dignity.

Employment and labour laws

We recognise all individuals' basic human rights and are committed to respecting the Universal Declaration for Human Rights in the design of diversity practice and ethical approach to employees, suppliers and customers.

You must respect the human rights of all those working for or with us, and of the people in the communities where we operate. You must not knowingly agree to do business with companies, organisations or individuals that you believe are not working to at least basic human rights standards.

As a manager, you must take care to comply with all applicable wage and working-time laws and you must never employ child labour.

Anti-slavery and human trafficking

We are committed to making sure that modern slavery in all its forms does not exist within our own business or our supply chain.

You must make yourself familiar with the 'red-flag' warning signs of modern slavery. If your role involves our supply chains you should ensure that the correct procurement and supplier processes are followed so that you can contribute to fulfilling this commitment.



Examples

The company has advertised a job that I know my wife is qualified for and would be interested in. Can she apply for role?

Employee referrals are a good source of candidates so you should encourage her to apply. However, you need to be open about your relationship to the recruiting manager and ensure that you are not involved in the recruitment process. The recruiting manager will assess whether there may be any conflicts of interest and, if not, will consider the application. An example of a conflict of interest might be if you would have to directly or indirectly supervise the position.

I saw my colleague being verbally abused by our team leader. It made me uncomfortable but when I talked to him he didn't want to report it in case he loses his job. I don't feel like there's anything more I can do.

It is unacceptable for anyone to behave in a bullying or intimidating way. You could talk to your colleague again and remind them of the company's commitment to protection from retaliation if he reports. Alternatively, you can report what you have seen as we are all responsible for ensuring our company is a fair and open place to work.

I have advertised for a vacancy which will involve travelling to a country where the political situation is unstable. A woman has applied who is qualified but I'm concerned she may find the circumstances too challenging. What should I do?

You need to consider applicants on the basis of their skills and ability to do the job rather than gender or any other protected characteristic. Take advice from a HR colleague or the Group Company Secretary on the working environment and inform the applicant of this information. Unless there are justifiable safety concerns it is the applicant's decision about whether or not they are satisfied with the working conditions and requirements of a particular job.

My line manager asked me to recruit a new sales person. He told me he would prefer someone 'young and keen'. I have looked at the applicants and there are four candidates with good sales experience but two are aged over 45. I think we should invite them all to interview but I don't want to annoy my manager.

You need to remind your manager that we recruit based on skills and experience and that to select using criteria such as age (or any other protected characteristic) is illegal discrimination. If you feel uncomfortable doing this, talk to you HR colleague or the Group Company Secretary who can ensure your manager understands appropriate recruitment methods.

I received a comedy email with an animated GIF mocking overweight people. I forwarded it to my colleague just for them to look at. Could this be considered inappropriate behaviour, even though it's between two friends and not shared with anyone who would be offended?

At work we remain aware of being respectful to others. Even though weight is not a protected characteristic in law, you know this email may be offensive if more widely circulated and the situation you describe takes place on company property, in company time and using company assets. This behaviour therefore does not fit into our workplace. You should delete the email.



8. Resources and Assets

Misuse of company assets

We protect and preserve the Group's assets and resources to obtain best value and sustainability.

You must not use group assets and resources for anything other than the conduct of group business unless you have the written permission of your managing director. In particular, you must not use group assets and resources for personal financial gain.

You must make sure if you buy, sell or contract for the Group you must do this in accordance with your authorisation level as set out in the scheme of delegations. Speak to your manager if you are unsure of how this applies to you.

You must always follow all internal control or quality processes.

Use of IT systems

We use company IT systems properly and responsibly, making sure that the equipment itself and the information it contains remains secure.

You should not use company IT systems in any way that might affect their operation or integrity or create a security risk. Computer hardware and software and all information stored on our IT systems are group property and we may monitor their use in order to ensure compliance and safe use.

Do not attempt to disable, defeat or circumvent any group company logging-system, firewall or other network security system as this could result in disciplinary action, up to and including termination.

Before installing any software not provided by your IT department or preferred supplier, you should obtain the written approval of your line manager or IT manager.

Personal use of IT systems

You may be allowed limited, appropriate and occasional use of IT and communication facilities for personal purposes. If this is permitted, you should not incur substantial cost or allow this to negatively affect your productivity or cause any interruption or prevention of any business activity.

Please contact your IT manager or line manager for further guidance.

Accounting systems and financial reporting

We maintain accounting systems and procedures which conform to accepted accounting principles and standards to enable an accurate and fair view of the business. This fulfils our legal requirements and allows sound financial decision making.

You must not falsify or attempt to hide records, performance targets or documents. You should address any problems openly and directly rather than attempting to mislead anyone.



Fraud

We have procedures in place for the prevention, detection, reporting and investigation of suspected fraud. We know that fraud can have significant consequences for the Group and the individuals involved, including loss of contracts, business or opportunities, litigation and reputational damage.

You must not commit or attempt to commit fraud. Fraud typically means deceiving others, acting dishonestly or abusing a position of trust or authority to get some advantage. Fraud is usually carried out for profit or to obtain money, goods or services wrongfully. Some examples of fraud are:

- theft of group, customer, supplier or contractor assets or resources;
- dishonesty;
- embezzlement;
- falsification or alteration of Hill & Smith group records or financial statements for personal or other reasons; or
- deliberate misrepresentations about the Group's products, experience or services.

In order to prevent money laundering don't accept high value cash payments from customers without taking advice from your Group Chief Finance Officer.

Tax evasion

We will not facilitate domestic or foreign tax evasion by any company or individual.

You must ensure that your actions do not deliberately or inadvertently facilitate tax evasion. You must follow all financial procedures and internal control processes. Be alert for any requests to process transactions outside of these and bring this to the attention of your line manager or Group Chief Finance Officer.

Intellectual property

Intellectual property is any business asset developed for the Group or with Group time and resources. All our intellectual property rights, including patent rights, copyright, design rights, database rights, trade marks and service marks in all inventions, improvements, documents, plans, designs and computer programs created, devised or undertaken by individuals, belong to the Group.

You must disclose any new idea, process, design, invention or improvement to enable the Group to protect the asset – for example by filing for a patent or a trade mark.

You must not knowingly use the intellectual property of another person or business as this can expose the Group to legal claims for loss and damages.

You are responsible for the proper handling of materials and documents that are copyrighted materials. Do not copy these without first seeking written authorisation from the copyright owner.



Data protection

We take care to collect, maintain and manage personal information about employees, customers, suppliers and other individuals. We will treat personal information with respect and sensitivity and in accordance with any obligations of privacy.

If you use data in your role you must:

- only process personal data for group business purposes;
- only share personal data if the people whose information is held have explicitly consented to this or there is some other legal and lawful reason for doing so;
- keep personal data and information securely, whether it is held electronically or on paper and put in place processes to prevent unauthorised or accidental disclosure or loss;
- be aware of current requirements around the sharing of personal data with the data subject if requested; and
- regularly review data held for accuracy and to make sure you delete data that is no longer required.

Personal Data

Personal data means any information relating to an identified or identifiable natural person.

Processing data includes obtaining, recording, storing, retrieval, use, disclosure or erasing. Essentially, almost anything done with the data is classed as processing.

Confidential information and trade secrets

We know that the release (intentional or inadvertent) of any confidential information or intellectual property without appropriate controls could damage the Group.

You must protect the Group's trade secrets and other confidential information (whether technical or business information) from unauthorised use or disclosure, including any confidential information relating or belonging to customers, suppliers, contractors, employees and other third parties. This applies even after your employment or provision of services has ended.

You must not disclose or use any confidential information learned while working for another company.

What is confidential information and what are trade secrets?

Confidential information is information which the Group is required by law or contract to keep confidential (such as customer data and employee personnel records) or has declared to be confidential.

A trade secret is information that the Group maintains as confidential and that has economic value to the Group because of its secrecy – something that gives a group company an advantage over its competitors, or that would be harmful to the Group if its competitors obtained that information.

Examples of trade secrets would include: business information; inventions; customer lists; product designs; technical information; business methods; prices paid or charged for equipment, products or labour; product information; manufacturing knowledge (such as processes, sources of materials and inventories) and "know-how".



How to protect confidentiality

Be careful if discussing company business in public places.

- Discuss confidential information on a “need-to-know basis” with those employees who have a legitimate need to know.
- Disclose confidential information to a third party only where there is a compelling business reason to do so and a written non-disclosure or confidentiality agreement is in place.
- Take care transmitting confidential materials via e-mail.
- Mark all confidential information “confidential” to notify anyone handling the information that it is confidential and requires special precautions.

Press communication and social media

We have to ensure that external communication is accurate, consistent and appropriate. We do not want to miscommunicate with our stakeholders in a way that gives a false account of the Group’s position or conflicts with our values or objectives.

You must not speak to the press unless you have been specifically authorised to do so and completed media training. If you are authorised to speak about a particular event or topic only talk about this issue and do not answer questions on anything else.

If you want to speak or publish opinion publically on a specialist subject which relates to your work or the Company, such as speaking at an industry seminar, being interviewed for a trade magazine or simply blogging, you need to ask your managing director for authorisation to do this.

Social media is now an everyday part of communication and freedom of expression. However, it is a very public forum and we will not tolerate irresponsible use of social media that could damage the Company reputation or causes a conflict with your ability to do your job.

You must take care when posting on social media to act responsibly and remember that posts can be shared widely very quickly and once released cannot necessarily be retracted.

Inside information and insider dealing

We do not trade in shares or other securities in Hill & Smith Holdings PLC or any other publicly traded company on the basis of “material non-public information” (also called “inside information”).

You must not deal in shares in Hill & Smith Holdings PLC based on inside information about Hill & Smith, nor disclose that information to any third party who might use it to deal in shares or encourage any third party to deal in shares. This is often called ‘insider trading’ and is a criminal offence in many countries.

Inside information might include, for example, confidential information about:

- unpublished financial results, statements or forecasts;
- actual or possible mergers, acquisitions or joint ventures;
- important contracts that are to be entered into or terminated;
- major developments in litigation; and
- significant changes in senior management or the Board.



Inside information may also include confidential information you have about another publicly traded company – for example a customer or supplier and the same guidelines would apply to this information and to the shares of these companies.

Penalties for insider trading are severe. Breaches are taken very seriously by International Regulators and penalties can include large fines for companies and imprisonment of people found to be involved.

Share dealing code (See Group Policy Manual B.6)

Hill & Smith Holdings PLC, as a registered UK Public Limited Company, has adopted its own Share Dealing Code, based the EU Market Abuse Regulation (596/2014), 'Market Abuse Regulations' or 'MAR', to comply with its London Stock Market listing obligations. Directors and specified senior executives/officers discharging managerial responsibilities will be notified whether or not they are an 'insider' for the purposes of MAR and are included on the Group's insider list of those who have access to inside information. The Code imposes certain closed period "blackout" dates where Directors of subsidiaries and other employees who have been notified must not trade in the shares of Hill & Smith Holdings PLC, – for example where the Group is due to announce its half-yearly or annual results.

Contact the Group Company Secretary for guidance as to whether or not you may trade in Hill & Smith Holdings PLC shares.



Examples

At a trade event I overheard our competitor saying they are worried that they are not winning anywhere near as much work as they had anticipated. A friend holds shares in our competitor and I want to warn her that she should consider selling them. Can I do this?

No, you cannot reveal material information that is not public knowledge, even if this is about another company. Trading or encouraging someone to trade in shares on the basis of inside information could result in a substantial company fine and a criminal conviction for you.

I received a phone call from someone who asked for the contact details of a person who left the company last week so they can keep in touch. Should I give them the information?

No, this is personal data and you cannot share it unless the person has given you permission.

A customer has called to say they are developing a new product for which they would want to buy our products to use as component parts. This sounds like a potentially lucrative opportunity but they need detailed technical information about our product and fabrication methods. We have the data they need, should I release it?

This is confidential information and so you need to discuss this with your managing director before release. We may need to make sure there is a written non-disclosure or confidentiality agreement in place before we disclose the information or we may decide not to disclose.

Yesterday I attended an industry trade fair and noticed a competitor advertising a product that seems very close to one of our patented designs. What should I do?

Talk to your line manager and discuss the incident with the Group Company Secretary who can advise on potential intellectual property infringement.

A journalist has asked me to comment on our recent public announcement that we are acquiring a new company. I have been working close to this project and have a good understanding of the facts. Can I talk to the journalist?

No, not unless you have been given express authority to do so and completed media training. This is the case even if you are knowledgeable and confident on the topic.

I have active Facebook and LinkedIn accounts and love to comment on the latest political and current affairs issues. I always state it's my personal opinion and not the company opinion if it's something controversial!

Although we do not want to interfere with your freedom to express your personal opinion you should be aware that your views could reflect on the company or conflict with your ability to perform your job. For example, a recruiting manager expressing racist views on social media, or a senior leader making a derogatory personal comment about a politician both raise a potential conflict of interests and may damage our reputation.



Where to go for more information

Further advice

We have provided a framework for conduct in which you should now be able to assess and act as you succeed in your role but we can't provide advice in the Code for every situation.

For more detail on individual topics consult the Group Policy Manual.

If you are still unsure then talk to someone. You can speak to:

- your line manager
- your human resources colleague; or
- the Group Company Secretary by phoning +44 (0)121 704 7430

Alternatively, you can use the compliance hotline email:

compliance@hsholdings.com

Waivers of the Code

We do not generally grant waivers or exceptions to the Code.

Waivers can only be granted by your managing director and details must be recorded. Waivers for directors can only be granted by the PLC Board or a Committee of the PLC Board.