



United Nations Global Compact
Communication on Progress



Marshall's

Creating Better Spaces



Marshall's

Creating Better Spaces



The United Nations Global Compact (UNGC) was launched in 2000 to harness the power of collective action in the promotion of responsible corporate citizenship. The Compact is a framework for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

As the world's largest global corporate citizenship initiative, the Global Compact is concerned with demonstrating and building the social legitimacy of business and markets. Marshall's plc became a signatory of the UNGC in January 2009 and a member of the UK Network later the same year.

The Global Compact is a purely voluntary initiative with two objectives:

- 1 To mainstream the ten principles in business activities around the world;**
- 2 To catalyse action in support of broader UN objectives, such as the Millennium Development Goals.**

The UNGC is not a regulatory instrument, but rather a voluntary initiative that relies on public accountability, transparency and disclosure to complement regulation and to provide a space for innovation and collective action.

This is Marshall's sixth Communication on Progress and outlines how the company is aligned with the ten principles and how, throughout 2015, we intend to develop our activities in support of the framework laid out by the UNGC.

UNGC Ten Principles

Human Rights

- Principle 1:**
Businesses should support and respect the protection of internationally proclaimed human rights;
- Principle 2:**
Make sure that they are not complicit in human rights abuses.

Labour

- Principle 3:**
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:**
The elimination of all forms of forced and compulsory labour;
- Principle 5:**
The effective abolition of child labour;
- Principle 6:**
The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7:**
Businesses should support a precautionary approach to environmental challenges;
- Principle 8:**
Undertake initiatives to promote greater environmental responsibility; and
- Principle 9:**
Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10:**
Businesses should work against all forms of corruption, including extortion and bribery.

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Statement of Support for the UNGC

Martyn Coffey, Marshalls CEO



Martyn Coffey, Marshalls CEO
Driving Business Growth
Through Sustainability



As I review this year's Communication on Progress report, I am deeply struck by how far we have travelled on our sustainability journey over the last six years; by how much we have experienced, benefited, grown and how fundamentally the ten principles are woven into the strands of Marshalls' DNA which orient and determine our business decisions.

I recently read that according to UNGC, there are five things that sustainable companies absolutely must do*. Firstly, and unequivocally, they must **operate responsibly in alignment with the universal principles** and take actions that support and **strengthen society**. Then, working to embed sustainability deep within, the business must **commit at the highest level, report annually on progress, and take action to engage locally** where they have presence.

I am proud to say without hesitation that Marshalls continues to demonstrate that it is a principled business. We work from micro to macro to strengthen society and build capacity. High level commitment is more than matched throughout the

business in all quarters. We go to great lengths to improve, innovate, make progress and report on activity, and we leverage our resources and influence, ensuring that we act locally in the appropriate manner.

Harnessing our brand values of leadership, trust and sustainability, I have witnessed the entire business work with great integrity to uphold the UNGC pillars of human rights, labour, environment and anti-corruption, and in doing so to drive commercial advantage for our business. Our business lives and breathes sustainability.

This yearly UNGC Communication on Progress now sits alongside our Annual Report as the main vehicle for sharing our sustainability progress. I hope that as you read on, you too will see for yourself the actions which so clearly show that sustainability is at the heart of all that we do.

* Source: https://www.unglobalcompact.org/AboutTheGC/guide_to_corporate_sustainability.html

Statement by UNGC Chair

Chris Harrop



Chris Harrop, Marshalls' Group Marketing Director, (Responsible for Sustainability), UNGC UK Network Chair, ETI Non-Executive Director



2015 is a key moment in time for business and the UN Global Compact to help shape the future priorities of the UN and what will be the much anticipated Sustainable Development Goals (SDGs). As the Millennium Development Goals (MDGs) expire in 2015 the UN, in consultation with a broad range of stakeholder groups including business, is in the final stages of determining its future development framework and defining the post-2015 development agenda. The Global Compact continues to convey the voice of responsible business through these key intergovernmental processes. The results of the post-2015 process will be launched at a UN summit in September 2015.

It is clear to me as I speak to UNGC signatories here in the UK, that leading companies increasingly recognise and embrace the interdependence between societal and company performance. There is clear evidence that they are responding by integrating risk and opportunities related to sustainable development into their business strategies and operations, as well as through cross-sector collaboration and partnerships. It is also widely agreed that scalable and transformational partnerships aligned with the SDGs will be essential for delivering on global priority issues such as climate change & energy, education, food & agriculture, governance & human rights, health, infrastructure & technology, peace & stability, poverty, water & sanitation, and women's empowerment.

The focus provided by the anticipated Sustainable Development Goals, together with the committed and innovative response to challenges from

UK signatories, have ensured that I begin the third year of my tenure as Chair of the UNGC UK Network with an absolute commitment and renewed optimism. I maintain my view that corporates will continue to lead the way regarding sustainability and will derive commercial benefit as a result.

Thanks to a dynamic UK secretariat, the commitment of trustees and the energy of the active network members, 2015 will see us:

- Focus upon increasing the number of organisations engaging with the UNGC framework and the UK network;
- Seek to forge links with other UN entities and initiatives which have the potential to support corporates in the effective delivery of UNGC principles;
- Focus network educational activities on the key issues of human rights, women's empowerment, children's rights & business principles, water, climate change & biodiversity, business and peace.

I look forward to 2015 and to serving the UNGC UK Network to the best of my ability. And also to walking-the-talk by demonstrating through Marshalls plc, how organisations can contribute to the sustainable development agenda while realising the very real competitive advantages that this brings.

* The Global Opportunity Report and Survey - <http://www.globalopportunitynetwork.com/>

Foreword

Chris Harrop, Marshalls Group Marketing Director,
Responsible for Sustainability.



Chris Harrop, Marshalls' Group Marketing Director, Responsible for Sustainability, UNGC UK Network Advisory Committee, ETI Non-Executive Director

A very warm welcome to all readers of this, Marshalls' sixth UNGC Communication on Progress (COP). I'll share with you here highlights of the challenging and exciting work that we've undertaken during 2014.

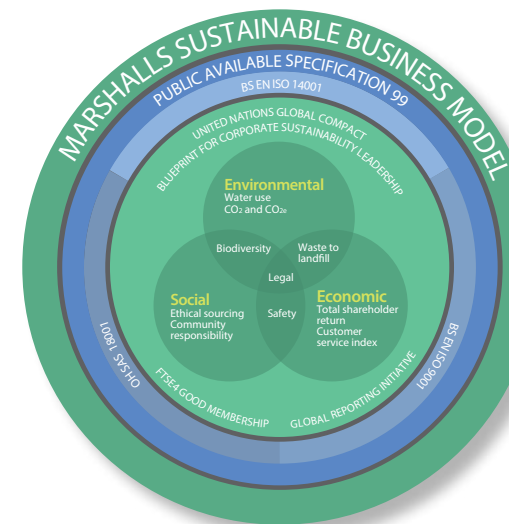
As we move forward into an era that will doubtless be shaped by the Sustainable Development Goals and by business innovation, resilience and bravery, I want to tell you about the insights that we've gained, how we have been stretched through a ground breaking collaboration, how we've matured on our sustainability journey and how we plan to apply all of this for even greater success throughout 2015 and beyond.

Marshalls became a UNGC signatory in 2009 and during that time, under my guidance as UNGC UK Network Chair, the UNGC UK Network continues to deliver high level networking, discussion, dialogue and peer support, excellent educational opportunities, specialised work streams and working groups and frank and honest lines of communication directly the UNGC office in New York. The UK Network remains a key resource for Marshalls as we carefully engineer our business to face the ongoing challenges and to take advantage of the emerging opportunities.

Our CEO, Martyn Coffey, champions Marshalls' strategic approach to sustainability and made plain in his Statement of Support that, '... sustainability is at the heart of all that we do.' The UNGC framework sits firmly as a fundamental part of Marshalls' long-term business strategy.

A consistent process of communication and engagement has ensured that Marshalls' employees are all aware of the business' commitment to sustainability and what this means to them in terms of what they do here at work and also beyond into the local and global community. New employees are introduced to our sustainable approach through a specially developed induction process. We also look forward to launching, later in 2015, Marshalls' Certificate in Sustainability which is aligned with the UNGC principles.

As the Leadership Blueprint continues to be rolled out across all operations and divisions, it is important that everyone has an understanding of how our sustainable approach helps us to maintain our leadership position within our industry. I never tire of seeing employees engage with enthusiasm and talk with knowledge about our approach to sustainability. This for me is sustainability in action day-in-day-out.



Regular readers of our COPs will be familiar with our sustainability model which incorporates our membership of the UNGC and FTSE4GOOD, and our continued commitment to Integrated Management Systems. It also continues to reflect our active engagement in, and response to, the Blueprint for Corporate Sustainability Leadership framework laid out by the UNGC.

The three pillars of sustainability; economic, environmental and social, continue to provide the focus for our activity. Underpinned by the UNGC principles regarding the environment, labour, human rights and anti-corruption.

Marshalls remains focused on being a successful and profitable business whilst minimising our impact on the environment, looking after our people and communities, striving to be innovative and to respond to market challenges and opportunities and to taking the lead in our sector.

Our purpose as a business is to 'Create Better Spaces' for all of our customers. We do this 'The Marshalls Way' by ensuring that we live our shared values of leadership, excellence, trust and sustainability. These are the values that our business is built on.

THE VALUES OUR BUSINESS IS BUILT ON

LEADERSHIP is not just about being a manager. It means that we should all set the standards that others aspire to, no matter what our role is within the business. We should all take responsibility for our actions and try to set a good example every single day.

EXCELLENCE means that we must always strive to be the best we can be. We must be ambitious and demand high performance from ourselves as well as others. We must also be innovative and constantly seek to improve our performance. It's essential that we always make good our commitments and have pride and passion in everything that we do.

TRUST means that we are open, honest, fair and consistent. We must always follow through on our promises, respect others' talents and treat each other fairly whilst always acting with integrity.

SUSTAINABILITY means that we are committed to doing the right thing for the long-term good of our business, for society and for the environment. This means that we must always do the right thing and consider the impact on our business and of our decisions and actions.



Employees throughout the business continue to be actively involved:



Andy Ackroyd
Commercial
Controller



Richard Capper
Energy
Management
Engineer



Gemma Chappell,
Head of Domestic
Marketing



Jon Isherwood
Group Procurement
Director



Claire Edwards
Head of PR



David Morrell
Group Head of
Sustainability



Matthew Gibb
Group Environment
& Water Manager



Nick Carr
Group Health &
Safety Advisor



Chris Frankland
International
Product Manager



Andrew Stalker
Head of
Commercial
Marketing



Kevin Hull
Human Resources
Director



Steve Reddington,
Head of Commercial
Marketing



David Sarti
Chief Operating
Officer



Pete Stevens
Group Carbon &
Energy Manager



Steve Swanwick
Group Systems
Manager



Helen Taverner
Group Systems
Auditor

These employees work alongside those with special responsibilities including Group Head of Sustainability, David Morrell, and Group Procurement Director, Jon Isherwood.

Marshalls' progress is monitored thoroughly and on an ongoing basis against both internal and external measures. As a matter of course, Marshalls seeks verification from third party organisations which include non-governmental organisations and independent auditors including The Carbon Trust, BSI, Wild Life Trust, ETI and BITC.

Our Human Rights Programme has developed steadily since 2010 and now includes human rights impact assessments, Children's Rights &

Business Principles implementation, working towards becoming signatories of the Women's Empowerment Principles as well as quarterly human rights briefings. In addition, we continue to work closely with Indira Saxena regarding social issues in India and Sterling Smith of Just Solutions Ltd.

The business is working towards full Global Reporting Initiative (GRI) measuring. GRI is the preferred reporting methodology for UNGC participants and will allow Marshalls to chart its progress and benchmark against other international organisations. It will also provide even greater transparency regarding our activities.

Marshalls has again retained its Superbrand status for the fifth year running. This is a testament to the hard work of everyone within the business and a feat which we are particularly proud of.

In this, our sixth Communication on Progress, we share with you the efforts that we have made to uphold the UNGC principles during 2014 and our enduring commitment to these principles as we move forward throughout 2015.

Focus for 2015

Marshall's Partnership with UNICEF



David Bull, Executive Director of UNICEF UK

"I am pleased that we are partnering with Marshall's to tackle the shameful practice of child labour in the quarrying sector in India. This new partnership will enable us to work together for change, so that children in Rajasthan can be helped to leave behind a life of hard and hazardous work and focus on their educational prospects."

David Bull, Executive Director of UNICEF UK

One year on, our partnership with UNICEF goes from strength-to-strength. The business case for improving children's rights is simple for us. Marshall's is fundamentally committed to leveraging sustainability to drive competitive advantage. As such, we made a public commitment - as a United Nations Global Compact signatory in 2009 - to uphold the human rights of all, including children, many of whom represent some of society's most vulnerable members.

What began over ten years ago as a journey to ensure the absence of child labour in our own supply chain, and to eradicate child labour in the wider India stone sector, has led to a deepening understanding of the wider issue of children's rights and more knowledgeable and extensive engagement through which we are now seeking to drive long term systemic change for children.

It's an ongoing journey which has required dogged persistence, a fair amount of punching above our weight and very direct communications with a wide range of stakeholders including our employees, suppliers, NGOs, quarrying communities, quarry owners, customers,

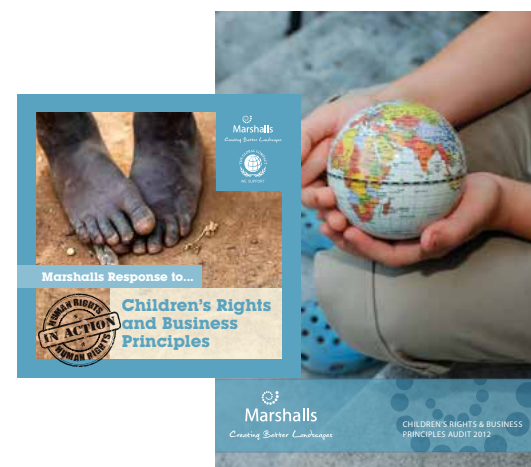
and local and national governments. It is a journey which has seen the stone sector in denial, where to begin with we experienced ferocious push-back from quarry owners in India, and one where we have had to address complex issues including the access to education, the fundamental questions surrounding a living wage for workers, and the close link between children's rights and women's empowerment. The process has been underpinned by an absolute commitment to sustainable business practice.

With the research phase almost complete and initial interventions on the ground delivering results, year two will see us working deeply with UNICEF to engage other stakeholders for the benefit of children, their families and communities. The details of this groundbreaking partnership are documented later in this report.



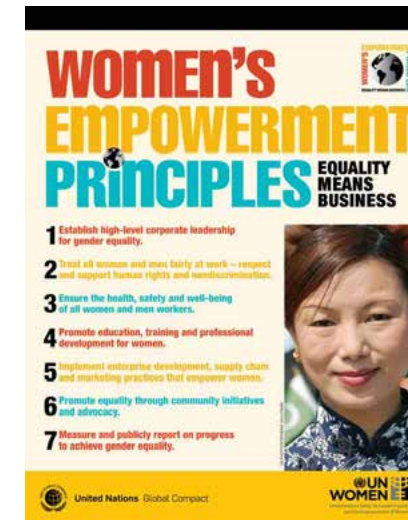
Children's Rights & Business Principles (CRBP)

During 2015 we will conduct our second Children's Rights & Business Principles report against the CRBP framework. Marshall's undertook its first CRBP audit in 2013 and was one of the first organisations globally to go through this process. The work that we have done as a result of the first audit has deepened our understanding of how we can work in support of children's rights. Key areas of action during 2015 include, employee training on children's rights, policy development and processes specifically regarding teenagers to age 18, and developing a process of ongoing consultation with children as stakeholders.



Focus for 2015

Marshall's Partnership with UNICEF

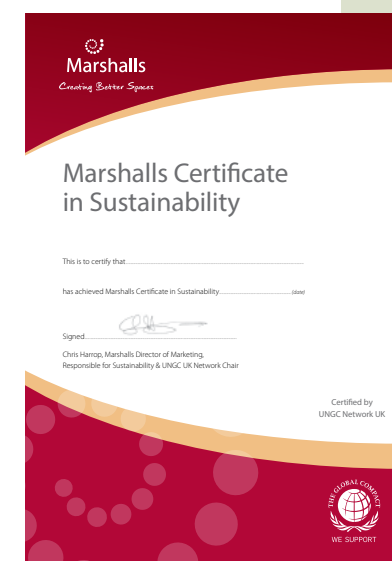


Women's Empowerment Principles

Towards the second half of 2014, Marshall's began the process of mapping its operations against the Women's Empowerment Principles (WEPS) framework, a collaboration between UNGC and UN Women. It is our aim to complete this work during 2015 with a view to becoming a WEPS signatory.

2015 is an extremely important year in terms of the Sustainable Development Goals which are widely anticipated to include specific goals regarding the empowerment of women. March 8th is International Women's Day and marks the beginning of the 59th Convention on the Status of Women (CSW) in New York. Since its inception in 1947, the Commission has set the standards and formulated international conventions to

change discriminatory legislation and foster global awareness of women's issues. In contributing to the drafting of the Universal Declaration of Human Rights, the CSW successfully argued against references to "men" as a synonym for humanity, and succeeded in introducing new, more inclusive language. This event will focus upon the 20 year anniversary of the Beijing Declaration and Platform for Action. It is fitting that in 2015, Marshall's undertakes its own work regarding the empowerment of women.



Marshall's Certificate in Sustainability

Sustainability is now fundamental to Marshall's and affects all parts of the business. To help ensure that all employees are knowledgeable and engaged, we are aiming to launch the 'Marshall's Certificate in Sustainability', developed in consultation with Global Compact UK. This online training programme harnesses core values of leadership, excellence, trust and sustainability to address the UNGC principles - human rights, labour rights, environment & anti-corruption - and also focuses upon responsible global supply chains.

Do enjoy reading on and finding out more about how sustainability is helping to build competitive advantage for our business.



Chris Harrop,
Group Marketing Director, Responsible for Sustainability, Marshall's plc

Global Megatrends

GLOBAL Megatrends

Our 'Mega Trend' champions continue to track global megatrends which offer scalable opportunities for our business. In the 2012 COP we looked in detail at Mega Trends; what they are, why they are important and why Marshalls tracks them.

(You can access this information at http://www.marshalls.co.uk/sustainability/publications/pdfs/32821%20COP_FINAL-4.9.pdf) We also identified in last year's COP, trends including the development of mega cities, mega regions and mega corridors, smart cities and innovating to zero - all of which offer opportunities for exploration and development.

In business, foresight involves crafting evidence-based narratives about the future in order to help us make wiser choices. We know that Megatrends are connected and intertwined, like an 'eco-system', and that it is important for us to monitor and track these in order to: identify new market places, maximise growth opportunities, exploit opportunities, identify new business models, sustain a continuous flow of innovative new ideas, build contingency plans, be aware of new competition from non-traditional sources and identify future customers.

FORCES FOR CHANGE

Balance Shift

Fragile Earth

Protection

Transparency

Connectedness

Values Shift

Source: http://digital.edition-on.net/links/6012_forces_for_change.asp?page=2

Business, the UN Post 2015 Development Agenda and the Sustainable Development Goals

UN Post-2015 Development Agenda

The UN is in a process of determining its future development framework as the targets of the Millennium Development Goals expire in 2015. Defining a post-2015 development agenda is Member State-led with broad participation from different stakeholder groups, including businesses and investors. This is an opportune moment for business and the UN Global Compact to help shape the future priorities of the UN and to prepare for supporting the implementation of the results of the post-2015 process, which is anticipated to include Sustainable Development Goals (SDGs).

The Global Compact is conveying the voice of responsible business through key intergovernmental processes. This includes milestones such as the Third Financing for Development Conference in July 2015. The results of the post-2015 process will be launched at a UN summit in September 2015.

Consultations & Business Priority Areas

Following the Rio+20 Corporate Sustainability Forum in June 2012, the UN Global Compact began gathering input and perspectives from the private sector for the UN Secretary-General to inform the discussions at the UN General Assembly plenary in September 2013. The findings of the consultations fed into other post-2015 processes, such as the High-Level Panel on the Post-2015 Development Agenda and were brought to entities such as the inter-agency UN Development Group to contribute directly to recommendations made to Member States.

Thousands of UN Global Compact business participants and Local Networks were surveyed on what global development priorities they consider central to a future development agenda. Below is a visualisation of recommendations by business on issue prioritisation, organised into four overarching areas: Inclusive Growth; Human Needs and Capacities; The Resource Triad; and Enabling Environment.

The Post-2015 Business Engagement Architecture

The Post-2015 Business Engagement Architecture illustrates the main building blocks necessary to enhance corporate sustainability as an effective contribution to sustainable development, creating value for both business and society. Each of these building blocks must be further strengthened and connected through a comprehensive and collective effort if they are to help take corporate sustainability to scale and turn business into a truly transformative force in the Post-2015 era.

In 2015, to enhance the activity of sustainable business toward this agenda, the Global Compact will further articulate the building blocks of the Architecture, placing a special emphasis on issue platforms, Local Networks and aligning business strategies with the SDGs.

To support this alignment, the Global Compact, the Global Reporting Initiative (GRI), and the World Business Council for Sustainable Development (WBCSD) have joined forces to develop methodologies for companies. The toolkit will offer approaches to aligning business strategies with the SDGs, assessing impact, setting forward-looking goals and communicating results in a credible manner. The toolkit is being developed in parallel to intergovernmental discussions with a view to develop guidance consistent with the future SDGs and associated targets.



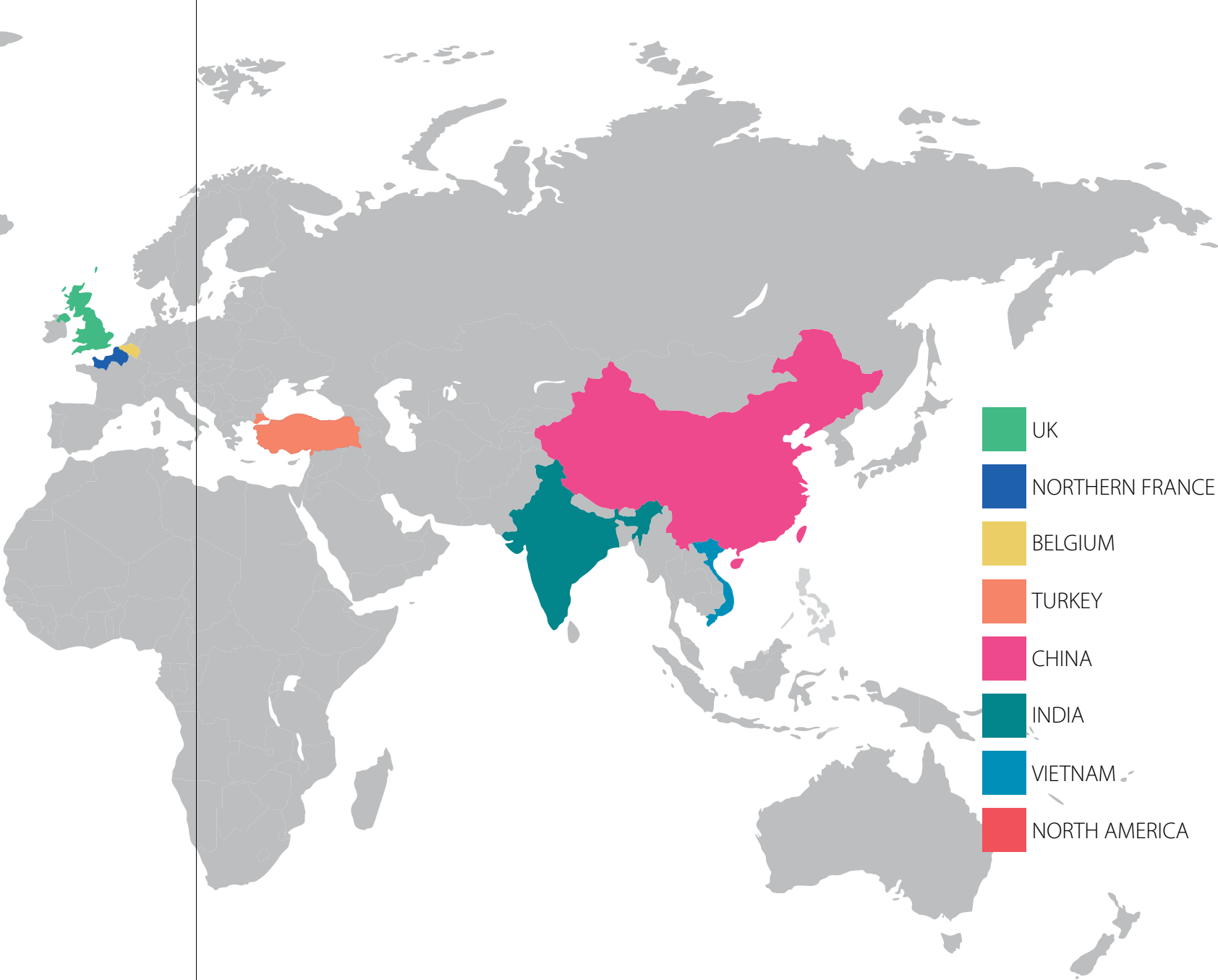
Source: UNGC https://www.unglobalcompact.org/issues/partnerships/post_2015_development_agenda.html

Source: Global Compact LEAD consultations

Scope of Operations

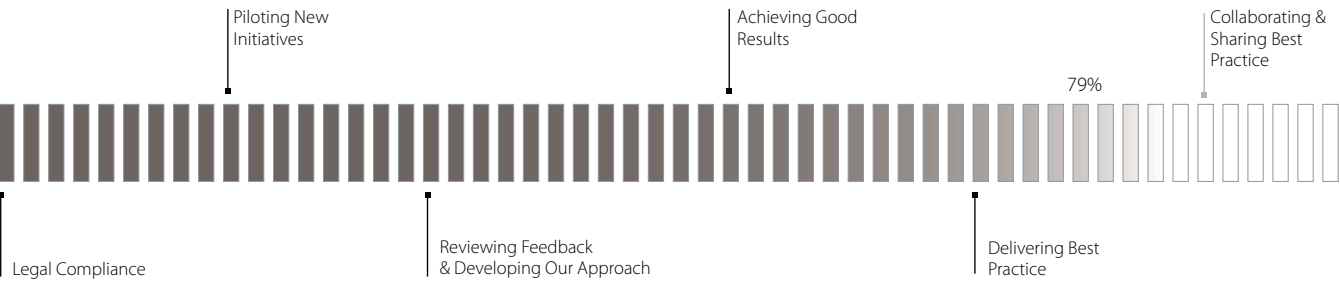


Scope of Operations



- UK
- NORTHERN FRANCE
- BELGIUM
- TURKEY
- CHINA
- INDIA
- VIETNAM
- NORTH AMERICA

Achievement Indicators



- // Collaborating & Sharing Best Practice
- // Delivering Best Practice
- // Achieving Good Results
- // Reviewing Feedback & Developing
- // Piloting New Initiatives
- // Legal Compliance

Throughout this and all other Marshalls Communications on Progress you will find a self assessment indicator which represents what Marshalls believes it is achieving in relation to each of the principles. Marshalls will strive to improve its achievements year-on-year.

Marshalls initially developed its own indicators for its COP reporting rather than use an existing one, such as the Ethos Indicators and Global Reporting Initiative (GRI) methodology. Whilst it is Marshalls' intention to introduce GRI methodology in subsequent COP reports, it has left its own indicators in place for this 2014 report.

Each indicator is broken down in percentage terms, which allows any progress made to be identified by all readers of this report with ease. It is also intended to make any year-on-year comparisons clear, uncomplicated and informative.

Marshalls constantly monitors best practice in its sector, as well as in the field of corporate responsibility and sustainability reporting. Any informative developments and advancements in this area will be introduced into subsequent COP reports.

Global Reporting Initiative (GRI)



The GRI is a framework for reporting on an organisation's economic, environmental and social performance.

The goal of sustainable development is to 'meet the needs of the present without compromising the ability of future generations to meet their own needs.' (1)

As key forces in society, organisations of all kinds have an important role to play in achieving this goal.

'The urgency and magnitude of the risks and threats to our collective sustainability, alongside increasing choice and opportunities, will make transparency about economic, environmental and social impacts a fundamental component in effective stakeholder relations, investment decision, and other market relations. To support this expectation, and to communicate clearly and openly about sustainability, a globally shared

framework of concepts, consistent language, and metrics is required. It is the GRI's mission to fulfil this need by providing a trusted and credible framework for sustainability reporting that can be used by organisations of any size, sector or location'. (2)

Key executives, managers and individuals have undergone GRI accredited training and have formed a working party responsible for the delivery of GRI monitoring and reporting moving forward. Marshalls' 2015 COP will contain further GRI disclosure regarding economic, environmental, social – labour practices and decent work – human rights, society and product responsibility.

(1) World Commission on Environment and Development. Our Common Future. Oxford: Oxford University Press, 1987, p.43
(2) GRI Sustainability Reporting Guidelines, 2011, p.2

Third Party Assurances

Once this report is submitted to the UNGC and published online, it will be volunteered for peer-review by a randomly selected group of corporate members and observers of the UK Network of the UNGC. Any suggested changes will be made and the report will be re-submitted, if required, to the UNGC following the peer review process.

As indicated in the 2010 COP, Marshalls has sought to extend stakeholder engagement in the COP process by inviting feedback of its COP by inviting employees, customers, suppliers, partners, NGOs, third parties and peers to assess the company's progress.

Marshalls looks forward to receiving comments from its wide range of stakeholders. Details of where to give feedback via a dedicated survey can be found at the end of this report.

The Marshalls Brand Manifesto.

We are all influenced by our environments and the better our environment the better we can be.

Marshalls believe that we all need places that make us feel safer, happier and more sociable. Places to be ourselves, where we can live, play, create and grow. That belief drives us to be the best we can be. To design and produce new products which are better than anything else available. To make them from the best materials we can source and to care about the impact that our company and its products have on our society.

Above all, **our belief fuels the passion on which Marshalls is built.**

To architects, town planners, civil engineers, builders merchants, paving installers and home owners, we pledge a passion to bring to life all that you can imagine. A passion that will enable you to breathe new life into those corners of the landscape where potential lies unfulfilled and unchallenged.

Our passion pervades everything we do. We use our expertise to create integrated landscapes which promote wellbeing to the benefit of everyone. So, whether it's through fairly traded stone, providing products which alleviate flood risks, enabling our business partners to share in our success or creating innovative street furniture that protects us from attack, we proudly strive **to make our world a better place.** One stone, patio, pavement, town square or car park at a time.

 **Marshalls. Imagine Better**



Marshalls The Superbrand

Marshalls is proud to have retained its Superbrand status. Published annually since 1995, the Superbrands Annual documents some of the strongest consumer and business-to-business brands in Britain today. The book establishes how Superbrands manage to achieve outstanding success.

For clarity it is worth stating that brands cannot apply or pay to be considered for Superbrand status. Only following a rigorous and independent selection process is the accolade awarded on an annual basis.

The 2015 Superbrand book provides insights into Marshalls' branding strategy and business success. Further information can be found at www.superbrand.uk.com



An insight into some of Britain's strongest brands



Marshalls

Creating Better Spaces



Founded in the 1890s, Marshalls is the UK's leading manufacturer of hard landscaping materials. Marshalls prides itself on being a sustainable business, demonstrating a high degree of social and environmental responsibility whilst maintaining and developing its market position. Marshalls believes that the better our environment, the better we can be, and strives to create products that improve landscapes and create happier and healthier communities.

Market
In the public sector and commercial end market Marshalls focuses on developing products which help architects, local authorities and contractors to create Better Spaces, whether it's street furniture, natural stone paving for the internal or external environment, concrete block paving, water management or anti-terrorist products.

Marshalls' domestic customers range from DIY enthusiasts to professional landscapers, driveway installers and garden designers. Sales continue to be driven through the Marshalls Register of Accredited Landscapers and Driveway Installers.

Through recent expansion the business now has a presence in Northern Europe, Asia and North America.

Product
Marshalls is committed to producing new products that better any existing market offering, to make them from the best materials it can source and to care about the impact on society and the environment.

In 2014, Marshalls extended its water management range with a number of innovative new drainage products. These included Mono Beany, a market first concrete combined kerb and drainage product, and Conservation Priora, large plan sized permeable paving.

For homeowners, Marshalls offers the inspiration and product ranges to create gardens and driveways that integrate effortlessly with people's lifestyles.

The Marshalls Register of Accredited Landscapers and Driveway Installers, with more than 1,800 teams of professionals across the UK, ensures high standards of training and installation, giving homeowners the peace of mind they need.

Achievements
Marshalls remains at the forefront of sustainable business. It was the first company in the hard landscaping industry to belong to the Ethical Trading Initiative (ETI). Marshalls is committed to the implementation of the ETI Base Code, pioneering the ethical sourcing of natural stone paving from India and China.



superbrands.uk.com

Brand History

- 1890 ... Solomon Marshall starts to quarry in Southowram, Halifax and, in 1904, establishes S. Marshall & Sons Ltd in West Yorkshire.
- 1947 ... A second production site is opened, manufacturing Intel, steps and fence posts. In 1948 an engineering division is established.
- 1964 ... Marshalls becomes a PLC with shares quoted on the London Stock Exchange.
- 1972 ... New product development sees the introduction of block paving and the famous 'Beany Block', which combines drain and kerb.
- 1988 ... Brick manufacturer George Armitage & Sons is acquired, becoming Marshalls Clay Products.
- 2004 ... Marshalls acquires Woodhouse, expanding its product offering to include design-led street furniture, lighting and signage.
- 2009 ... More than 2,000 of Marshalls' commercial products now have a Carbon Trust Carbon Reduction Label.
- 2011 ... Marshalls announces a European venture, Marshalls NV.
- 2012 ... Marshalls is an official supplier to the London 2012 Olympic Park. An office opens in Xiamen, China.
- 2013 ... Marshalls opens an office in North America and announces a three-year partnership with UNICEF.
- 2014 ... Marshalls is accredited by the Living Wage Foundation and receives a Very Good rating in BES 6001 Sustainable Sourcing of Construction Product Certification.

MARSHALLS' POLLUTION FIGHTING NOXER PAVING HAS HELPED A BUSY STREET IN CUMBRIA TO REDUCE AIR POLLUTION CAUSED BY TRAFFIC BY NEARLY 20%

Building on its work with the ETI, in 2013 Marshalls announced a three-year partnership with UNICEF aimed at tackling child labour in India's quarrying sector and furthering children's rights in China and Vietnam. As part of this partnership Marshalls donates £1 per square metre sold of its ethically sourced natural stone paving to the charity.

Following its acceptance in 2009, Marshalls remains a signatory of the United Nations Global Compact (UNGC) and its Group Marketing Director is Chair of the UNGC UK network.

In addition, The Carbon Trust has reaccredited Marshalls three times. Since 2009, the company has reduced its relative carbon footprint by more than 24 per cent and has made a commitment to reduce its



carbon emissions by over three per cent per year until 2020.

Marshalls remains the only organisation in the world to have carbon labelled its entire domestic range. It continues to be a constituent member of the FTSE4Good UK Index and an active member of Business in the Community (BITC).

Recent Developments

In 2014, Marshalls is proud to have been accredited by the Living Wage Foundation as a Living Wage employer. Marshalls also received a 'Very Good' in the BRE standard BES 6001 Sustainable Sourcing of Construction Product Certification for each and every one of its concrete product and stone manufacturing facilities in the UK. Marshalls was the first business in its sector to receive this certificate under BRE's new and more stringent standard.

Promotion

Brand communications for both the domestic and commercial markets focus on the company's mission to create better spaces for all.

In 2014, the domestic business ran an advertising campaign to promote Marshalls partnership with UNICEF and to highlight



the issue of child labour in Indian Sandstone quarries to consumers, installers and builder's merchants.

The commercial business focused on the promotion of key growth areas of the business, such as water management, internal stone paving, rail products and street furniture.

Marshalls has also continued to invest in its online presence with a focus on social media activity through Twitter, Facebook, YouTube and Pinterest. In 2014, Marshalls was listed in the world's top 200 Tweeters on sustainability and the built environment.

Brand Values

Marshalls believes that we all need places that make us feel safer, happier and more sociable; places to be ourselves where we can live, play, create and grow. Its shared brand values are based on leadership, excellence, trust and sustainability.

Marshalls aims to be the supplier of choice for every landscape architect, contractor and consumer, and for the brand to remain synonymous with quality, innovation and superior customer service.

Product Innovation: Mono Beany



The growing demand for more cost effective and less complicated drainage systems has led to modern linear drainage becoming the preferred choice amongst specifiers and contractors like.

Combined kerb and drainage completes two roles in one, intercepting and transporting water in addition to restraining the edges of roads and footways.

With the introduction of Mono Beany to sit alongside Mini Beany and Beany Block, Marshalls now able to offer a complete is range of combined kerb and water drainage systems. Marshalls' unique Beany product offer combines the clear-cut advantages of combined kerb and drainage systems, with the benefits of a high quality, robust concrete product.



Product Innovation: Mono Beany

Discover Mono Beany, the simple way to control water

By combining a kerb and a drain, it effortlessly fuses strong construction, rapid installation and efficient water management in one....

Engineer
It's tough inside and out, able to cope with strong flows of water and withstand 40 tonnes.

Contractor
The simple design helps you install in record time, finishing on deadline and budget.

Architect
It swiftly clears surface water, while maintaining a smooth flow.



Mono Beany is a one piece low to medium, combined kerb and drainage system. Marshalls' high strength M-Tech concrete is cast around a plastic core. Mono Beany combines strength and aesthetics with excellent hydraulic flow characteristics.

Construction saving, simple to design, easy to set out and straight forward to install.

Versatile range offered in a variety of invert depths in both 45° Splayed and Half Battered profiles.

Accredited and Certified with the BSI Kitemark, British Standard BS EN:1433 and CE approved.

MONO BEANY. THE ALL-IN-ONE KERB AND DRAINAGE SYSTEM.

THE WATER MANAGEMENT EXPERTS

At Marshalls we're focused on making water management more effective and accessible. Building on the success of Beany and Mini Beany, our best selling linear drainage products, we are launching our latest innovation in combined kerb and drainage.

Mono Beany is our first one-piece concrete kerb and drainage system. Delivering all your water management needs in one, it's the simple way to control water.

Easy to specify, quick to install and built to last, Mono Beany can bring a range of benefits to your next project.

- The one-piece design is ready for rapid installation, with the potential to lay in a single motion, helping you finish projects faster.

COMPLETE CONTROL

With Mono Beany, we have created the ultimate system for low to medium capacity water management. Delivering expert control at this level thanks to a combination of key features.

- The inlet apertures are specially designed and angled at 45° to prevent blockages and maximise drainage efficiency.
- The new Polyethylene core creates less resistance than concrete, for a faster flow.

Together these features ensure surface water is cleared rapidly and internal flow is smooth and efficient.

FLEXIBLE TO FIT YOUR PROJECT

Every job is different, that's why we have made the range as flexible as possible. Select the size you need to reduce cutting and waste on site. Choose from half battered or 45° splayed profiles, for spaces with slow or fast moving traffic. And add accessories to incorporate pedestrian crossings or roundabouts.

Profile	Height	Width	Length	Weight	Flow Rate
Half Battered	100	100	600	40	0.5m³/s
Half Battered	150	150	600	60	0.75m³/s
Half Battered	200	200	600	80	1.0m³/s
45° Splayed	100	100	600	40	0.5m³/s
45° Splayed	150	150	600	60	0.75m³/s
45° Splayed	200	200	600	80	1.0m³/s

Accessories	Height	Width	Length	Weight
Central Drain	100	100	600	40
Central Drain	150	150	600	60
Central Drain	200	200	600	80
Right Hand Drain	100	100	600	40
Right Hand Drain	150	150	600	60
Right Hand Drain	200	200	600	80

GET IN TOUCH

With such a wide variety of sizes, profiles and accessories it's easy to specify Mono Beany for any job.

To learn more about how Mono Beany could fit your next project, visit www.marshalls.co.uk/commercial/water-management or call 0800 241 4725.

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Product Innovation: Piora Paving

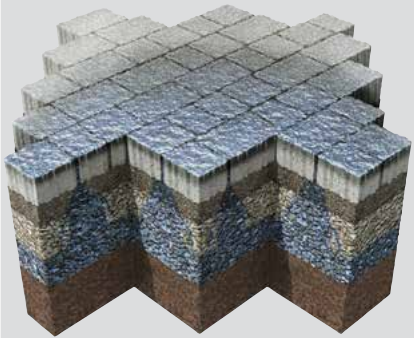
Marshalls understands permeable paving better than anyone else. We have sold enough Piora to cover over 550 football pitches. Every year, enough water flows through these systems to fill over 1,200 Olympic sized swimming pools.



We go further than any other provider to help our customers understand permeable paving too:

- In 2009 we worked with Abertay University to understand how a geotextile might improve water quality.
- In 2012 we worked with Professor John Knapton to rationalise our sub-base designs, saving our customers money.

In 2014 we've taken our knowledge to the next level: devising, developing and carrying out groundbreaking full-scale tests to discover even more about Piora - the best selling permeable paving system in the UK.



"The project is the largest and most ambitious laboratory simulation of its kind in the world, and will set the standard for future water quantity and quality design"

Dr Stephen J Coupe

Our own testing with Abertay University concluded that up to 94% of heavy metals are removed from effluent as it passes through a sub-base, and UK SuDS expert Bob Bray is regularly quoted as saying that permeable paving provides "a controlled flow of clean water".

However, confusion still surrounds water quality in permeable pavements.

- How does this cleaning process work?
- Now that Marshalls' Piora sub-bases are shallower than the BS, does it make them less effective at removing pollutants?
- Can anything be done to maximise the cleansing potential of Marshalls' sub-base designs?

As water quality becomes increasingly important to meet planning requirements, we have embarked on an ambitious testing programme with Coventry University to understand exactly how our Piora systems improve the water that flows through them.

Work is still ongoing... but what have we learned so far?

- Structural depth has not been shown to be a detectable contributor to water cleansing. Therefore, Marshalls' rationalised sub-base designs are as effective as the deeper (and more expensive) BS designs at cleansing water.

- Both the shallowest and deepest Marshalls Piora designs which include MT120 Filtration Textile produce the cleanest water of all the designs tested.
- Marshalls' MT120 Filtration Textile performs better at cleaning chemical impurities from water than a leading competitor filtration layer.

This involved constructing 13 rigs, weighing in at over a tonne each, and transporting them to a lab in Coventry University's technology park where they are subjected to a range of simulated rainfall events. The combination of rigs allows us to compare different sub-base depths and compositions, and also to monitor the long term effect of different layers within the sub-base. Probes have been inserted to monitor microbial activity at different depths.



Dr Stephen J Coupe, BSc (Hons) PhD
Research Fellow in Environmental Science and Water Management



Dr Luis Angel Sañudo Fontaneda, MEng, MSc, PhD
Researcher in Civil Engineering and Water Management



Product Innovation: Piora - Block Interlock Research

"It's great to see some real progress in understanding how block paving works, even though it's been on the market for so long."

Professor John Knapton

In 2012, Professor John Knapton calculated that the nibs on a Piora block maximise rotational interlock by up to 40% - a discovery that gave Marshalls the confidence to reduce Piora sub-base depths vs. the BS and ultimately save our customers money.

Two years later, we set out to prove Professor Knapton's desktop analysis, and answer some other questions, in a full-scale test.

- Do different depths of Piora interlock better than others?
- How much effect does the jointing aggregate have?
- How does Piora compare to Keyblok?

With Professor Knapton's support, we have developed a method for measuring rotational interlock. We have created the necessary equipment and honed the technique to a point where we can provide actual comparisons between the performances of different blocks.

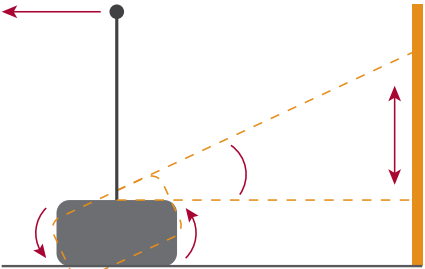
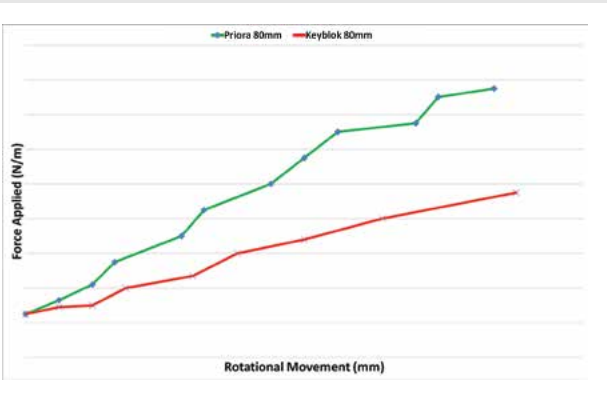


Work is still ongoing... but what have we learned so far?

"In field tests we found that, when correctly installed, Marshalls Piora provided approximately 40% additional rotational interlock. This is an astounding finding." Professor John Knapton, October 2014.

Whether a project needs conventional or permeable pavers, specifying Marshalls Piora will bring long-term benefits in relation to pavement longevity and maintenance requirements - regardless of hydraulic benefits.

This means that we now have evidence that enhanced interlock is an added feature of Marshalls Piora.



Product Innovation: The Marshalls Stone Standard



Have complete confidence in the stone you lay...
What is the Marshalls Stone Standard?

Indian sandstone is popular in the UK and complements the style of many British homes, however not all sandstone is the same. When you think of stone, you think of it being strong and long-lasting. In reality, there's a wide variety of Indian sandstone products currently available on the market and this variation causes confusion amongst homeowners as to what constitutes good quality stone.

We tested Indian sandstones currently available in the UK and found over 50% failed to meet the British Standard*. This means homeowners may be purchasing stone which could fail during installation, or once installed which could cause maintenance issues or costs to repair the damage.

To ensure all the sandstone products Marshalls supplies are fit for purpose, we have carried out tests and have labelled

our sandstone products with the 'Stone Standard' trademark. This trademark gives our customers peace of mind when choosing sandstone for their garden patio or driveway.

There are three key stone characteristics homeowners should be aware of when choosing sandstone for their garden:



Product Innovation: The Marshalls Stone Standard

There are three key stone characteristics you need to be made aware of...

All Marshalls' sandstone supplied will have a low water absorption percentage.

The lower the water absorption, the less chance the stone has of going green due to algae growth.

Sandstones with a high water absorbency may turn green quickly



All Marshalls' sandstone will have a high flexural strength.

This means the stone is stronger and less likely to break or crack under pressure or in transit.

Bed delamination indicates low flexural strength



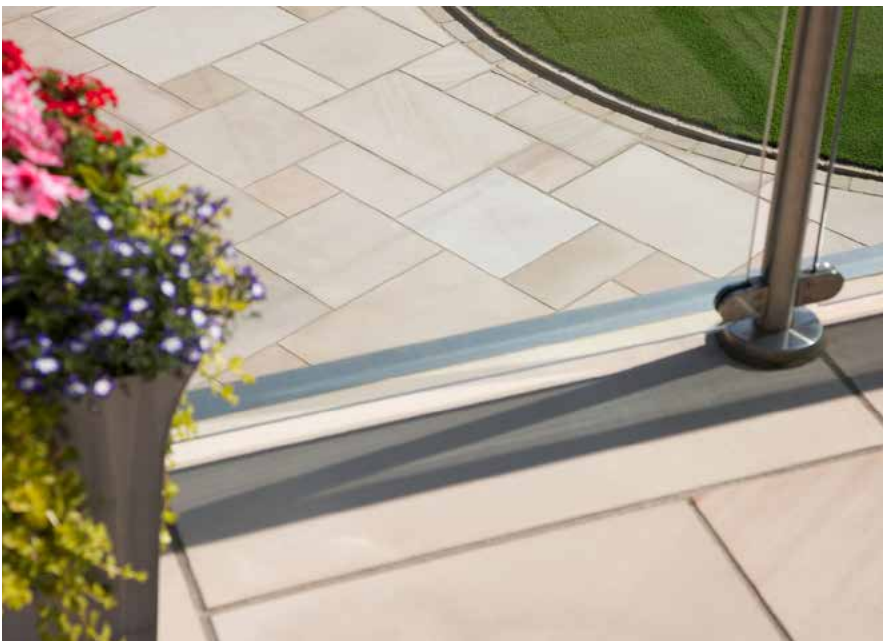
All Marshalls' sandstone supplied is frost resistant.

If stone loses strength or starts to fall apart when subjected to repeated frosts, then it isn't fit for purpose. Marshalls' sandstone is strong and will cope with harsh winters with minimal maintenance.

Damage caused by frost



Quality sandstone will look good for years to come



Any natural stone paving that doesn't meet these criteria, will not be fit for purpose and could fail.

Make sure you are fully aware about the products you are laying.

'The Marshalls Stone Standard'

*A random selection of Indian sandstone bought in the UK and tested at a Marshalls laboratory.

Marshalls Fairstone® is an ethically sourced range of Natural Stone that has been quarried and produced in line with a clear set of ethical values and commitments.

Fairstone® INDIA Defined

Marshalls knows where its quarried stone comes from. It knows how it is manufactured and that it has been produced in accordance with a clear and unequivocal set of ethical values and commitments. Specifically in the India supply chain:

- ✓ No child labour is used
- ✓ Indian workers receive living wages
- ✓ Health & safety practices are in place

Marshalls employs a full time, field-based, Social Auditor in India who works with quarry owners and workers on a daily basis to ensure the ongoing implementation of the Ethical Trading Initiative Base Code and to monitor progress. Daily contact, weekly reporting, annual third party auditing and regular quarry inspections by Company employees allow Marshalls to ensure that Fairstone commitments are upheld.

Marshalls is committed to working in partnership with its sole supplier Stone Shippers India to achieve continuous improvement in supply chain conditions and to help deliver tangible benefits to all workers involved in stone production, their families and the wider community.

Since early 2007, and following community consultation, Marshalls has worked with local NGO Hadoti Hast Shilp Sansthan in partnership to:

- Develop and fund 6 Free Schools giving the children of migrant workers and local workers an education that they would not otherwise have had.
- Develop 6 free Health Centres and deliver monthly community health camps in the heart of the quarrying area in Bundhi. These services offer consultation, treatment, free medicines and referral pathways all of which would not otherwise be available.

Fairstone® CHINA Defined

Marshalls knows where its quarried stone comes from. It knows how it is manufactured and that it has been produced in accordance with a clear and unequivocal set of ethical values and commitments:

Specifically in the Chinese supply chain:

- ✓ Chinese workers receive living wages for a normal working period
- ✓ Working hours are not forced economically or physically
- ✓ Health & Safety practices are in place

Through its local office in Xiamen, Marshalls' employees regularly visit quarries and factories to work alongside workers and managers to ensure that these three commitments are implemented. In addition, a dedicated member of Marshalls' Chinese team takes the lead on all ethical supply chain matters. Quality Controllers also play a critical role in improving worker conditions.

Marshalls is committed to working in partnership with its suppliers in China to achieve continuous improvement in supply chain conditions and to help deliver tangible benefits to all workers involved in stone production, their families and the wider community.

- Marshalls ensures that every quarry and factory in its supply chain has an appropriate first aid kit.
- Marshalls has also specifically funded the training of a nominated worker at each quarry and production facility in first aid practices.
- Marshalls funds regular cultural community events for workers, their families and the wider community.

Fairstone® VIETNAM Defined

Marshalls Fairstone® is an ethically sourced range of Natural Stone.

Fairstone® means that Marshalls knows where its quarried Vietnamese stone comes from, how it is manufactured and that it has been produced in accordance with a clear and unequivocal set of ethical values and commitments based on the ETI Base Code and UNGC Principles:

- ✓ Bonded labour is not used, i.e. prison labour
- ✓ Living wages are paid for a normal working period
- ✓ Working hours are not forced economically or physically
- ✓ No child labour is used
- ✓ Health & safety practices are in place

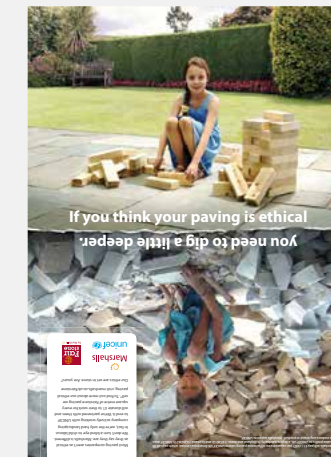
The Fairstone® Manager takes the lead on all ethical supply chain matters and the co-ordination of the in-field Quality Controllers who play a critical role in monitoring and improving worker conditions.

Marshalls works with a small number of suppliers in Vietnam and is committed to building relationships which promote shared learning, best practice and the continuous improvement of conditions throughout the supply chain for workers.

Marshalls has ensured that every quarry and production facility in its supply chain has an appropriate first aid kit and has specifically funded the training of a nominated worker in first aid practices.

Fairstone UNICEF Partnership

At the beginning of 2014, Marshalls entered into a unique and strategic partnership with UNICEF to eliminate child labour in India's stone quarrying sector. This partnership underpinned the work that Marshalls had done since 2005 regarding implementing the ETI Base Code and the development of Fairstone ethical standards and product range. The partnership involves extensive research, action for systemic change and the promotion of education and is funded through Fairstone sales across the globe.



Much Needed Research

The first year has seen much needed detailed research undertaken into the sandstone sector in India, looking at the lives and role of children, living and working conditions of families within the quarrying communities and the impact of the industry upon the rights of children.

Research will focus upon a comprehensive analysis of the sustainability of quarrying and scrutinise the situation of children working in quarries in several regions in India, and assess the best practice inventions to prevent and combat child labour. The findings and recommendations from this research will be used to lobby for systemic change and will also inform an ongoing programme of activity on the ground funded by Marshalls.

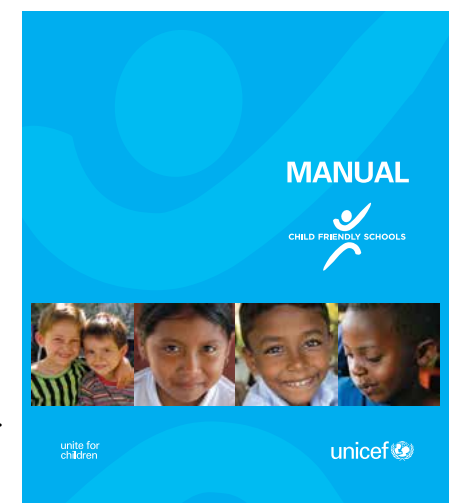
Interventions on the Ground Already Making a Positive Impact

In tandem with the research UNICEF, with funding from Marshalls, has undertaken a programme of initial interventions in order to gain insight into the situation of children in the quarrying areas, strengthen child protection structures at state, district, block and panchayat level, strengthen State level structures that will improve education, advocate and improve the enforcement of the various acts & guidelines affecting children in the quarrying areas, and also to link vulnerable families to social protection schemes.

WORK SO FAR IS CONCENTRATING ON:



Helping to ensure that Kota District has a clear plan for child protection; including **PROTECTIVE MEASURES** for children among the quarrying community.



* UNICEF's Child Friendly Schools - <http://www.unicef.org/cfs/>

This work is ongoing and subsequent work on the ground will build upon this activity, and the research findings, throughout 2015 and beyond.

Fairstone®

Looking Forward to 2015 and Beyond



Moving forward into 2015, Marshalls will work with UNICEF using the study results and insights from the interventions activity to advocate with government, business and other relevant stakeholders, to adapt policies and create a regulatory framework to ensure child labour is eliminated within the quarrying industry.

Marshalls will be in India with UNICEF throughout the coming year to take part in consultation, advocacy and programme activity. While here in the UK we will be engaging with UNICEF's Public Affairs team and engaging with human rights and child labour platforms in order to raise awareness and work for change.

Chris Harrop, Marshalls' Group Marketing Director and also children's rights ambassador within the organisation, said:

"What began over ten years ago as a journey to ensure the absence of child labour in our own supply chain, and to eradicate child labour in the wider India stone sector, has led to a deepening understanding of the wider issue of children's rights and more knowledgeable and extensive engagement through which we are now seeking to drive long term systemic change for children."

Chris Harrop, Marshalls' Group Marketing Director and also children's rights ambassador within the organisation, said:

"The partnership will definitely see Marshalls and UNICEF supporting education interventions in Rajasthan, focusing on the key long-term preventative measures and essential components for the rehabilitation of children involved in child labour"



Fairstone®

Actively Working To End Child Labour for 10 Years



Marshalls has been actively working to eliminate child labour in the quarrying sector in Rajasthan for over 10 years - providing free primary education, advocating regarding children's rights and offering practical support in terms of fair pay, social insurance, health care, adult literacy and workers' rights education all of which are factors involved in issues of child labour.

The results of the research will inform the approach to working with our suppliers, partners and the community in India, China and Vietnam and all activities will be driven through this partnership with UNICEF.



Number of health camp beneficiaries:
81,207
- including special HIV/AIDS screening support & education, malaria & TB.



Dedicated maternal health clinics:
1,729



Specialists treatment needs:
1,261
ie. paediatrician, skin specialists, cancer specialist.



Door-to-door consultation and medicine distribution:
43,027



Children's immunisation and vaccination at health camps:
1449



Number of students attending schools (annual student places):
1,793



Insurance provided to workers:
4000



Number of labourers claiming on insurance:
342

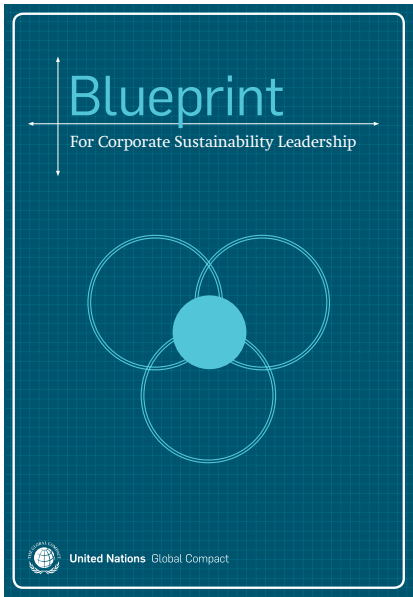
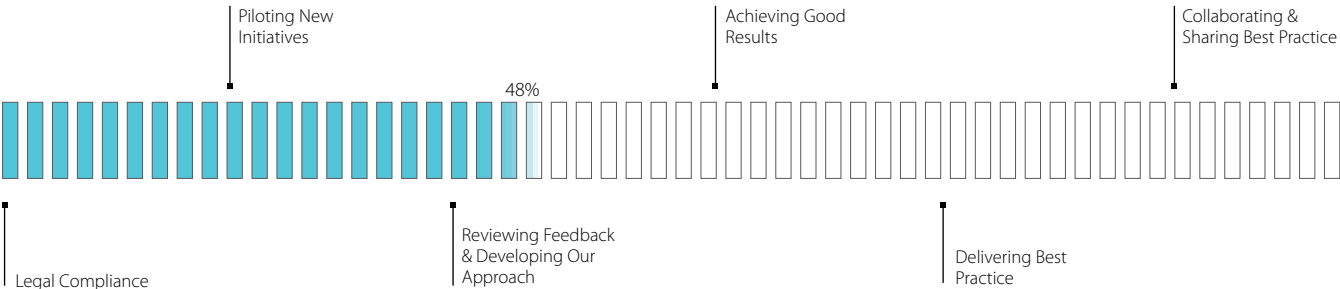


Women's literacy pilot project beneficiaries:
186

These info-graphics show the impact of Marshalls' work on the ground in Kota. We've worked tirelessly since 2005 with local partners to understand, identify and support issues important to quarry workers in the region.

Moving forward we will work with UNICEF, following the research phase of our partnership, which included living and working conditions of workers & their families across the region, to implement programmes on-the-ground.

Leadership Blueprint



The UNGC Blueprint for Corporate Sustainability Leadership document can be found at http://www.unglobalcompact.org/docs/news_events/8.1/Blueprint.pdf

Marshall's continues to demonstrate that it is a leader in its field and stated in 2010 that it recognised that Blueprint for Corporate Sustainability Leadership offered a model for achieving even higher levels of performance and generating enhanced value through the UNGC.

The 2010 COP detailed the elements of the Blueprint together with why and how Marshall's has engaged. You can view all of Marshall's' previous COP reports at www.marshall's.co.uk/sustainability/publications

Engaging in the Blueprint process has allowed Marshall's to effectively assess progress with respect to its commitment, strategy, implementation and communications as the organisation ascends the learning performance curve.

- The Blueprint has been developed to:**
- Challenge and inspire companies to achieve higher levels of sustainability performance within the UNGC; and
 - Evolve the UNGC and its engagement opportunities to deliver more value to leading participants.

Marshall's will continue to work towards realising the elements within the Blueprint as identified in the targets for 2015. The organisation remains realistic that this will be a long term commitment.

Marshall's announces its participation in UNGC Steering Group

Building strong links with the global construction industry



Marshall's has announced that it has joined a steering group of UN Global Compact signatory sector representatives from the real estate, development, finance, investment, construction, research and training sectors convened by the UN Global Compact and the Royal Institution of Chartered Surveyors (RICS) that will support a two year project to develop a best practice sustainability tool kit for the land, real estate and construction sector.

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalisation, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and

societies everywhere. The land, real estate and construction sector represents about 70% of global wealth. Its contribution makes up around one-tenth of the total global GDP and represents 7% of overall employment. Its significant impact within social, environmental, and economic spheres opens to a number of risks and sustainability challenges.

- The project has three key objectives:
1. To identify key challenges and opportunities for the land, real estate and construction sector relating to the Global Compact's issue areas and United Nations' goals;
 2. To actively engage UN Global Compact participants from the land, real estate and construction sector as well as associated users and stakeholders to capture and scale up existing best practice efforts and initiatives in applying and implementing the Ten Principles of the UN Global Compact;

3. To develop a sector specific best practice tool kit for companies operating in these areas to help them tackle these issues and harness significant sustainability opportunities.

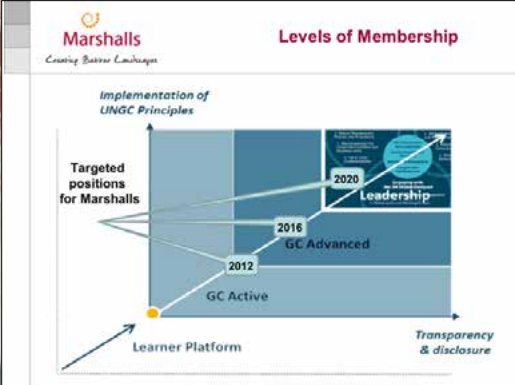
Chris Harrop, Marshall's' Group Marketing Director and Chair of the UK's UNGC Network, said: "Hard landscaping plays a vital role in the built environment. Marshall's is known across the globe for its leading position in sustainability and see this initiative as a key driver for change and improvement. We are joining a group of exceptionally influential and prestigious businesses and by working together I believe that we can make a real difference."

Founded in the 1890's Marshall's, the UK's leading supplier of hard landscaping materials, has been a signatory to the UN Global Compact since 2009. Marshall's believes in conducting its business in a manner which achieves sustainable growth whilst incorporating and demonstrating a high degree of social responsibility.

Moving forward, Marshall's will work towards realising elements within the Blueprint as identified in the targets for 2015.

In order that readers have a full understanding of this commitment, we have reproduced on the following pages the Corporate Action Plan from within the UNGC Blueprint for Corporate Sustainability Leadership (to be found overleaf on pages 32 and 33).

Key Dimensions and Components of Leadership – taken from the UNGC Blueprint document.



Marshall's' target position to 2020 and beyond demonstrates the long term nature of its commitment.

Realising the Blueprint: Corporate Action Plan

IMPLEMENTING THE TEN PRINCIPLES INTO STRATEGIES AND OPERATIONS

Full Coverage and Integration Across Principles

- Implement all ten UN Global Compact principles into strategies and operations.
- Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs.
- Ensure that different corporate functions coordinate closely to maximise performance and avoid unintended negative impacts.

Robust Management Policies and Procedures

- Assess risks and opportunities on an ongoing basis at both enterprise and product level and undertake due diligence to ensure that the company identifies any negative impacts caused by its operations and activities.
- Develop strategies and policies specific to the company's operating context – as well as scenarios for the future - and establish measurable short, medium, and long term goals.
- Engage and educate employees through training activities, the development and adjustment of business processes, and sound incentive schemes.
- Implement a system to track and measure performance based on standardised performance metrics.

Mainstreaming into Corporate Functions and Business Units

- Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) and ensure that no function is operating in conflict with sustainability commitments and objectives of the company.

- Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.
- Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.

Value Chain Implementation

- Analyse each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.
- Communicate policies and expectations to suppliers and other relevant business partners.
- Implement monitoring and assurance mechanisms within the company's sphere of influence.
- Undertake awareness-raising, training and other types of capability building with suppliers and other business partners.

TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES

Core Business Contributions to UN Goals and Issues

- Align core business strategy with one or more relevant UN goals/issues*.
- Develop relevant products and services or design business models that contribute to UN goals/issues.
- Adopt and modify operating procedures to maximise contribution to UN goals/issues.

Strategic Social Investments and Philanthropy

- Pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy.

- Coordinate efforts with other organisations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.
- Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.

Advocacy and Public Policy Engagement

- Publicly advocate the importance of action in relation to one or more UN goals/issues.
- Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues.

Partnerships and Collective Action

- Develop and implement partnership projects with public or private organisations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.
- Join industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives that extend the company's positive impact on its value chain.

ENGAGING WITH THE UN GLOBAL COMPACT

Local Networks and Subsidiary Engagement

- Contribute to the building and operating of at least one UN Global Compact Local Network and help elevate performance of other companies through training, mentoring, COP peer review, etc.
- Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.

- Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.

Global and Local Working Groups

- Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.
- Take active part in defining scope and objectives of new working groups when relevant.

Issue-Based and Sector Initiatives

- Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights.
- Spearhead need-driven development of new issue-based or sector initiatives within the UN Global Compact and the wider United Nations.

Promotion and Support of the UN Global Compact

- Advocate the UN Global Compact to business partners, peers and the general public.
- Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative.
- Participate in activities to further develop and strengthen the UN Global Compact.

THE CROSS-CUTTING COMPONENTS

CEO Commitment and Leadership

- CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.
- CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards.
- CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation.
- Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.

Board Adoption and Oversight

- Board of Directors (or equivalent**) assumes responsibility and oversight for long term corporate sustainability strategy and performance.
- Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability.
- Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).

Stakeholder Engagement

- Publicly recognise responsibility for the company's impacts on internal and external stakeholders.
- Define sustainability strategies, goals and policies in consultation with key stakeholders.
- Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.

- Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'.

Transparency and Disclosure

- Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns.
- Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilise, where appropriate, the Global Reporting Initiative framework.
- Integrate Communication on Progress into annual financial report or publish them together.
- Secure external verification of Communication on Progress or seek other methods for legitimisation by external stakeholders.

** For companies without a formal Board, other governance or ownership body assumes these responsibilities

NOTE: Reproduced from the UNGC Blueprint document http://www.unglobalcompact.org/docs/news_events/8.1/Blueprint.pdf

Leadership Blueprint: Targets 2015

ACHIEVEMENTS 2014



TARGETS 2015



Core Business Contribution to UN Goals and Issues:

Aligning core business strategy with one or more relevant UN goals/issues.
Developing relevant products and services that contribute to UN goals/issues. ✓



Core Business Contribution to UN Goals and Issues:

Continue to align core business strategy with one or more relevant UN goals/issues.
Continue to develop relevant products and services that contribute to UN goals/issues.
Adopt and modify operating procedures to maximise contributions to UN goals/issues.

Strategic Social Investments & Philanthropy:

Pursuing social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy.
Taking responsibility for the intentional and unintentional effects of funding and having due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups. ✓



Strategic Social Investments & Philanthropy:

Continue to pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy.
Continue to take responsibility for the intentional and unintentional effect for funding and having due regard for local customs, traditions, religions and priorities of pertinent individuals or groups.
Co-ordinate efforts with other organisations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.

Advocacy and Public Policy Engagement:

Publically advocating the importance of action in relation to one or more UN goals/issues.
Committing company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues. ✓



Advocacy and Public Policy Engagement:

Continue to publicly advocate the importance of action in relation to one or more of the UN goals/issues.
Continue to commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues.

Partnerships and Collective Action:

Developing and implementing partnership projects with public or private sector organisations on core business, social investments and/or advocacy.
Joining industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with emphasis on initiatives that extend the company's positive impact on its value chain. ✓



Partnerships and Collective Action:

Continue to develop and implement partnership projects with public or private sector organisation on core business, social investments and/or advocacy.
Continue to join with industry peers, UN entities and/or the stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with emphasis on initiatives that extend the company's positive impact on its value chain.

Local Networks & Subsidiary Engagement:

Active participation in events and activities.
Encouraging subsidiary to engage with UN Global Compact Local Networks and to participate actively in events and initiatives. ✓
Actively participating in events and activities. ✓



Local Networks & Subsidiary Engagement:

Continue to actively participation in events and activities.
Continue to encourage subsidiary to engage with UNGC Local Networks and to participate actively in events and initiatives.
Continue to contribute to the building and operating of at least one local network and help elevate performance of other companies through training, mentoring, COP peer review, etc.

Leadership Blueprint: Targets 2015

ACHIEVEMENTS 2014



TARGETS 2015



Global & Local Working Groups:

Participating in relevant global or local working groups and sharing experiences, networks, tools and good practice with other UNGC participants.
Taking active part in defining scope and objectives of new working groups when relevant. ✓



Global & Local Working Groups:

Continue to participate in relevant global or local working groups and share experiences, networks, tools and good practice with other UNGC participants.
Continue to take active part in defining scope and objectives of new working groups when relevant.

Issues-Based and Sector Initiatives:

Joining and helping advance one or more existing UNGC initiative; e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiatives on Human Rights. ✓



Issues-Based and Sector Initiatives:

Continue to advance one or more existing UNGC initiative – Children's Rights & Business Principles, Women's Empowerment Principles.

Promotion and Support of the UNGC:

Advocating the UNGC to business partners, peers and the general public.
Encouraging suppliers and other business partners to join the UNGC, and take on mentoring role on issues related to the initiative.
Participating in activities to further develop and strengthen the UNGC. ✓



Promotion and Support of the UNGC:

Continue to advocate the UNGC to business partners, peers and the general public.
Continue to encourage suppliers and other business partners to join the UNGC, and take on mentoring role on issues related to the initiative.
Continue to participate in activities to further develop and strengthen the UNGC.

Stakeholder Engagement:

Establishing channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect whistle blowing. ✓



Stakeholder Engagement:

Continue to establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect whistle blowing.

Transparency and Disclosure:

Sharing sustainability information with all interested parties and responding to stakeholder enquiries and concerns.
Ensuring that COP covers all aspects of the Leadership Blueprint and utilising, where appropriate, the Global Reporting Initiative framework.
Integrating the COP within the financial report or publish them together after consultation with stakeholders. ✓



Transparency and Disclosure:

Continue to integrate the COP within the financial report or publish them together.

CEO Commitment and Leadership:

CEO publicly delivering explicit statements and demonstrating personal leadership on sustainability and commitment to the UNGC. ✓



CEO Commitment and Leadership:

Continue to publicly deliver explicit statements and demonstrate personal leadership on sustainability and commitment to the UNGC.

Board Adoptions and Oversight:

Board of Directors to approve formal reporting on corporate sustainability. ✓



Board Adoptions and Oversight:

Board of Directors (or equivalent) assumes responsibility and oversight for long term corporate sustainability strategy and performance.
Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability.
Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).

Millennium Development Goals - How Marshalls is Contributing

The Millennium Development Goals are a set of time-bound targets, by which progress in reducing income poverty, hunger, disease, lack of adequate shelter and exclusion - while promoting gender equality, health, education and environmental sustainability - is being measured. They embody basic human rights - the rights of each person on the planet to health, education, shelter and security. The Goals are ambitious and together with the comprehensive United Nations development agenda, set the course for the world's efforts to alleviate extreme poverty by 2015.

GOAL 1: Eradicate Extreme Poverty & Hunger
Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day.
Achieve full and productive employment and decent work for all, including women and young people.
Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
GOAL 2: Achieve Universal Primary Education
Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
GOAL 3: Promote Gender Equality and Empower Women
Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.
GOAL 4: Reduce Child Mortality
Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.
GOAL 5: Improve Maternal Health
Reduce by three quarters the maternal mortality ratio.
Achieve universal access to reproductive health.
GOAL 6: Combat HIV/AIDS, Malaria and Other Diseases
Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it.
Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

GOAL 7: Ensure Environmental Sustainability
Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.
Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation.
By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.
GOAL 8: Develop a Global Partnership for Development
Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
Address the special needs of least developed countries.
Address the special needs of landlocked developing countries and small island developing States.
Deal comprehensively with the debt problems of developing countries.
In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
In cooperation with the private sector, make available benefits of new technologies, especially information and communications.



Marshalls' position is one of actively engaging and maximising benefit, both in terms of business performance, upholding the ten UNGC principles and supporting the delivery of the MDGs. Marshalls is working in international partnerships in India, China and Vietnam to tackle issues of labour rights, human rights, child labour, child education, women's empowerment and health. Marshalls will actively seek to make a positive contribution towards achieving the MDGs operating within its areas of influence to maximise impact.

GOAL 1: Eradicate Extreme Poverty & Hunger
Workers' rights education in India.
Fairstone® product in India, China and Vietnam.
Community school development in India.
Collaboration with quarry owners, local government and NGOs in India regarding labour rights and fair pay.
GOAL 2: Achieve Universal Primary Education
Foundation and continued funding for schools in Kota region of Rajasthan, India.
Informal community education programme.
Women's literacy programme.
GOAL 3: Promote Gender Equality and Empower Women
Girls' education drive resulting in equal number of girls in education in Marshalls funded schools.
Women's literacy programme.
Development of 'Fit for Life; Fit for Work' informal education programme.

GOAL 4: Reduce Child Mortality
Vaccination programmes for children in India.
GOAL 5: Improve Maternal Health
Maternal health camps in India.
GOAL 6: Combat HIV/AIDS, Malaria and Other Diseases
AIDS/HIV education programme as part of health camps in India.
GOAL 7: Ensure Environmental Sustainability
CEO Water Mandate.
Biodiversity benchmark activity.
Water management programme.
GOAL 8: Develop a Global Partnership for Development
Product development.
Extending Fairstone® to China and Vietnam.
Strategic partnership with UNICEF.

A Design for Sustainable Development Goals

The opportunities to develop new products, services and business models that help solve global challenges are clear – particularly associated with green growth and “base of the pyramid” endeavours. As a result, there is enormous potential for the private sector to help advance sustainable development on a broad scale, in line with the post-2015 agenda.

There are two fundamental ways by which companies contribute to sustainable development. One is by upholding respect for universal sustainability principles in their operations, thus making sure to do no harm. The other is through taking actions that support advances on sustainable development, such as new products, services and business models.

Marshalls will actively engage throughout 2015, through UNGC participation and the UNGC UK Network, in activity regarding the setting of sustainable development goals.

Goal 1: End poverty and increase prosperity via inclusive economic growth, targets include:

Eliminate extreme poverty (\$1.25/day per capita in 2005 real US dollars).

Create jobs through decent work sufficient to keep unemployment below 5 per cent, including for women as a group, and below 10 per cent for youth.

Eliminate child labour.

Ensure full access to private finance, including basic savings, loans and growth capital products, on fair terms including for women and marginalised groups.

Reduce by 30 per cent the Gini co-efficient rating in each country.

Goal 2: Quality education for all, targets include:

Every child completes primary education with basic literacy and numeracy, in schools with grade divisions, books, light, meals and sanitation.

All secondary schools to facilitate computing skills, and a 50 per cent availability of digital facilities among primary schools without them.

Increase the percentage of young adults with the skills needed for work.

Achieve parity in enrollment and educational opportunities at primary, secondary and tertiary levels for girls and women.

Curricula at primary level and at all levels above to include sustainable development concepts, with special emphasis on business schools.

Goal 3: Achieve women and girls' empowerment, targets include:

Increase the proportion of leadership positions held by women in public and private sectors to 40 per cent or better.

Universally recognized and enforced equal pay for equal work.

Full and equal access of women to ownership, property rights and land titles.

Reduce rates of violent acts committed against women and girls by at least 50 per cent.

Goal 4: Universal health coverage, targets include:

Affordable access to quality (meets patient needs) treatment and care for all, or to 80 per cent where such access was less than half in 2010.

Continue to reduce the reach of TB, malaria and HIV/AIDS, and contain the spread of new drug resistant strains.

Halt the rise in non-communicable diseases.

Universal reproductive health services including access to birth control and to a qualified attendant at birth.

Cut maternal mortality rate by at least ¾.

Reduce the under-five mortality rate by at least 2/3.

Goal 5: Good nutrition for all through sustainable food and agricultural systems, targets include:

Eradicate calorie-deficient hunger and halt increase of rates of obesity and of malnutrition.

Eliminate stunting of children under two years of age through appropriate micro-nutrients.

Double the productivity of LDC agriculture.

Stop and turn back annual increases in greenhouse gas emissions and deforestation resulting from farming and livestock production by 2020.

Bring down the share of over exploited ocean fish stocks by 20 per cent.

Reduce amount of food lost through poor storage and waste by 1/3.

Goal 6: Water and sanitation for all, targets include:

Universal access to affordable fresh water.

Universal access to basic sanitation facilities by 2020 and improved sanitation facilities by 2030.

Fresh water use brought in line with supply.

Ensure establishment and full implementation of national water effluent standards.

Goal 7: Sustainable energy for all, targets include:

Universal access to modern energy services.

Double the global rate of improvement in energy efficiency in production, distribution and consumption.

Double the share of renewable sources in the energy mix.

Reduce by at least 50 per cent the particulate concentration in urban air, not to exclude achievement of more stringent regional targets.

Goal 8: Build peaceful and stable societies, targets include:

Improve access for diverse ethnic, religious and social groups to justice, services and economic opportunity.

Improve mediation, dispute resolution and dialogue mechanisms to prevent and resolve conflict and to build peace.

Reduce incidence of violent deaths per 100,000 by at least 20 per cent.

Prevent, combat and reduce the illicit trade in small arms, light weapons and ammunition.

Reduce the reach and extent of organized crime, especially through the provisions of the United Nations Convention against Transnational Organized Crime.

Goal 9: Modernize infrastructure and technology, targets include:

Deploy investment sufficient to meet requirements for “green” transport, energy and water systems in the developing world, and for upgrading or replacing old and “brown” infrastructure in the developed world.

Universal and affordable access to the Internet and computing technology.

Effective use of e-governance at national and state/provincial level in all countries, to increase managerial capacity as well as transparency.

Double the share of the population with easy and affordable access to public transportation systems.

Step up R&D in both public and private sectors.

Reduce carbon emissions from the construction and operation of buildings.

Goal 10: Good governance and realization of human rights, targets include:

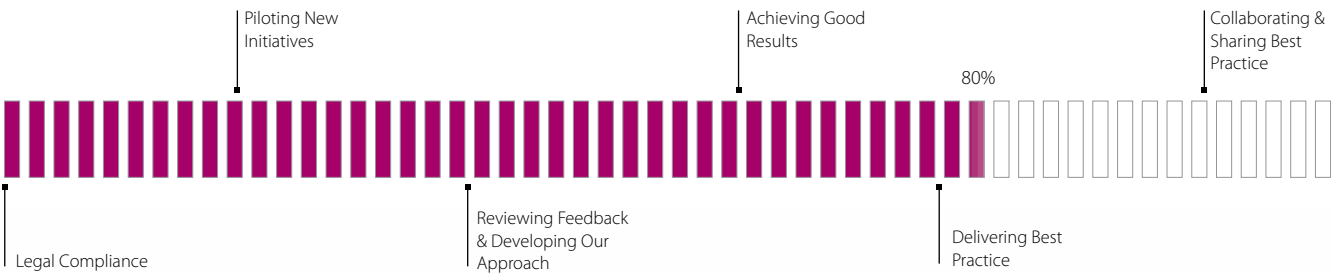
Raise awareness and implementation of all UN human rights conventions and instruments among all people and at all levels of governance.

Achieve competitive and transparent procurement processes through public advertising of all government procurement cases.

Develop further an open, rule-based, nondiscriminatory international trading and financial system.

Establish a climate supportive of business and investment at home and from overseas, including incentives in favour of sustainability.

Source: Global Compact LEAD consultations



MARSHALLS’ HUMAN RIGHTS POLICY

Marshalls supports human rights consistent with the Universal Declaration of Human Rights. In conducting its business activities across the globe Marshalls respects these rights and seeks to uphold, preserve and promote them.

Marshalls works to ensure that its presence cultivates fair and sustainable relationships.

Marshalls respects and values the dignity, well-being and rights of employees, their families and the wider community. The Company actively works and collaborates with employees, communities, non-governmental and other appropriate stakeholders to uphold and promote these rights.

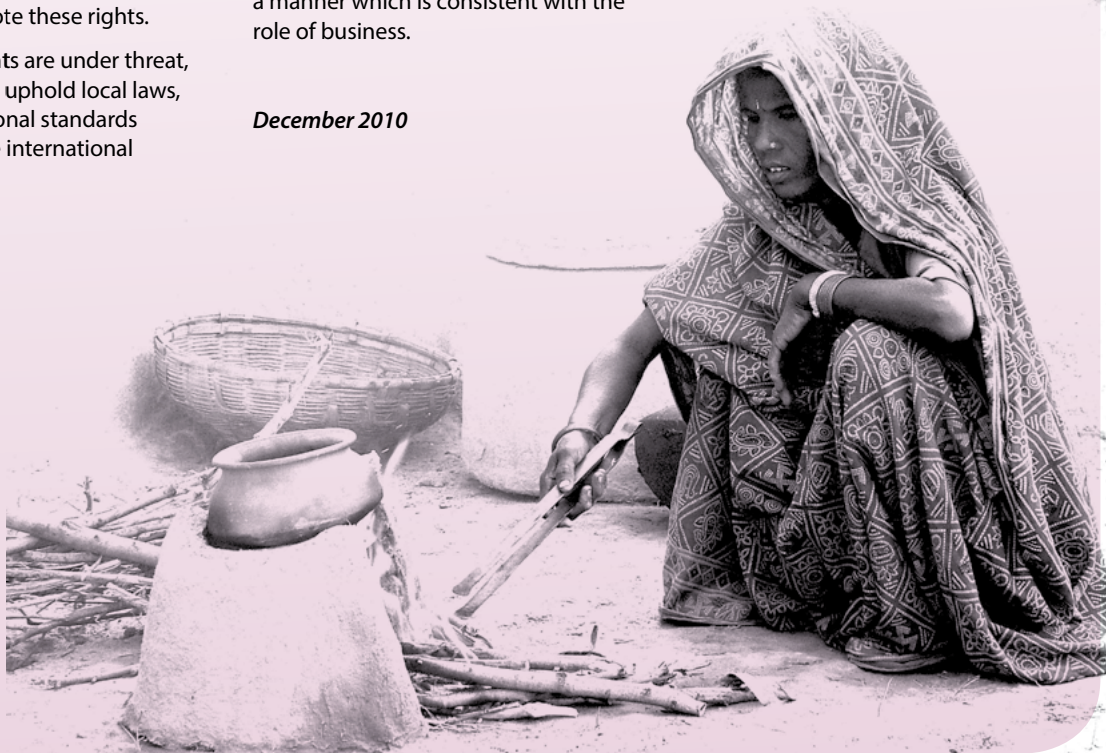
Where human rights are under threat, Marshalls works to uphold local laws, promote international standards and strives to have international

standards upheld by the appropriate governments, institutions and agencies.

Marshalls embraces opportunities to promote a broader understanding of human rights values working within its sphere of influence.

Marshalls actively seeks to collaborate with appropriate organisations to promote respect for human rights in a manner which is consistent with the role of business.

December 2010



MARSHALLS’ CHILDREN’S RIGHTS POLICY

Marshalls supports children’s rights consistent with the UN Convention on the Rights of the Child (CRC). The CRC sets out the basic human rights that children everywhere: have the right to survival; to develop to the fullest; to protection from harmful influences, abuse and exploitation; and to participate fully in family, cultural and social life.



Marshalls acknowledges its corporate responsibility to respect and support children’s rights and actively seeks to implement the Children’s Rights & Business Principles (CRBP) thereby supporting children’s rights in the workplace, marketplace and community.

As a signatory of the UNGC, Marshalls seeks to uphold the ten guiding UNGC principles which act in support of children’s rights. In conducting its business activities across the globe Marshalls respects children’s rights and seeks to uphold, preserve and promote them wherever possible.

Marshalls has a Children’s Rights Ambassador on the board who is responsible for ensuring that the company’s Children’s Rights Policy is implemented across the business.

Marshalls’ Human Resources Department provides detailed information and guidance through the Company’s induction process regarding the avoidance of violence, abuse and exploitation of children. Annual training workshops on children’s rights and the implementation of CRBP also take place. Additional training and guidance is given to those employees who have greater involvement with or exposure to potential children’s rights issues, e.g. procurement personnel, those travelling overseas, etc.

Guidance material for all employees about avoiding violence, abuse and exploitation of children, plus specific guidance regarding children working for company employees, is available on the Company intranet.

The CRC states that children have the right to a voice in matters that concern them and to have their opinions given due weight, based on their capacity and level of maturity. To ensure that any consultations with children follow ethical standards and are effective and meaningful for children, and useful for the organisation. Marshalls engages with in-country NGOs and/or community-based organisations to organise safe and respectful consultation with children. The Company also consults with other experts on children such as UNICEF, human rights organisations, national authorities and independent experts.

Marshalls has an established protocol regarding the use of children’s images which demands that consent is given by a child parent/guardian.

As a member of the Ethical Trading Initiative (ETI), Marshalls commits to the ETI Base Code which states that interpretation of the child labour clause of the Code should be done bearing in mind International Labour Organisation conventions. In addition, the ETI Code states that where national law and the

code differ, the correct procedure is to adhere to the standard that offers workers the highest level of protection. Marshalls therefore follows the ETI Code, and ILO standard, and will not permit children under 18 to work in its supply chain.

In addition, the Company provides information regarding issues of child labour and human rights guidance for all of its stakeholders, including its suppliers, which is available in the publications section at www.marshalls.co.uk/sustainability.

The Company has a programme of engagement with its suppliers regarding the implementation of UNGC principles and the CRBP. All suppliers have received a copy of this Children’s Rights Policy and the Children’s Rights & Business Principles.

Where children’s rights are under threat, Marshalls works to uphold local laws, promote international standards and strives to have international standards upheld by the appropriate governments, institutions and agencies. Marshalls embraces opportunities to promote a broader understanding of children’s rights working within its sphere of influence. Marshalls actively seeks to collaborate with appropriate organisations to promote children’s rights in a manner which is consistent with the role of business.

Marshalls' Human Rights Programme

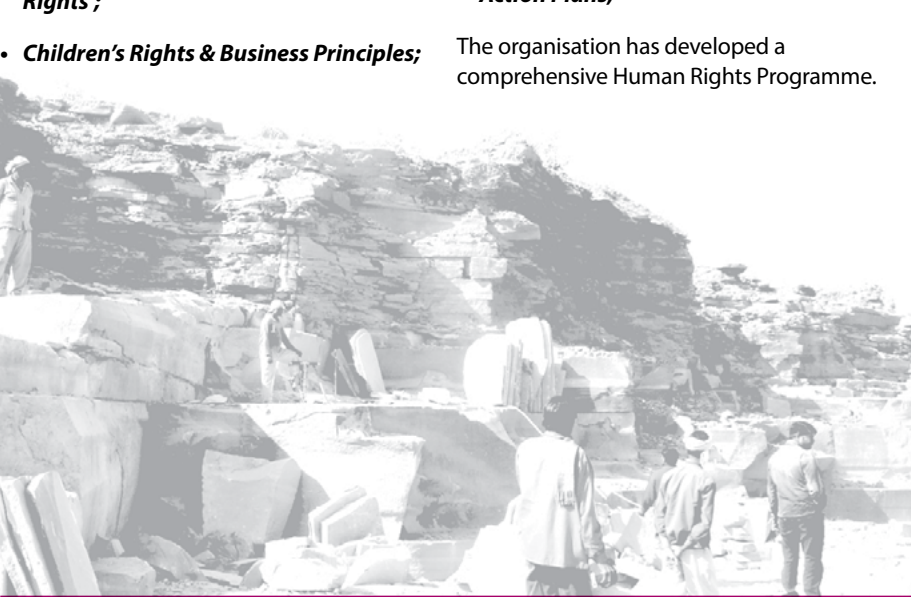
Marshalls actively started its formal human rights impact assessment programme in 2010 when it began an initial four year programme of impact assessments in India, China, Vietnam and the UK. Since then and with the:

- **Publication in 2011 of the 'Guiding Principles on Business & Human Rights';**
- **Children's Rights & Business Principles;**

- **Women's Empowerment Principles;**
- **Renewed UN commitment to Human Rights in June 2014 by strengthening the mandate on the Working Group and Business and Human Rights;**
- **Increased pressure on governments to deliver on their Human Rights National Action Plans;**

The organisation has developed a comprehensive Human Rights Programme.

In 2011, the UN Human Rights Council unanimously endorsed the 'Guiding Principles on Business and Human Rights: Implementing the United Nations Protect, Respect & Remedy Framework', proposed by the Special Representative of the UN Secretary-General on Business and Human Rights, Professor John Ruggie. The Guiding Principles outline how states and businesses should implement the UN Framework in order to better manage the human rights challenges to business. They provide a roadmap for companies to demonstrate that they are respecting human rights. The corporate responsibility to respect human rights, including children's rights, does not replace a state's duty to protect human rights; it exists independently of states' abilities and willingness to fulfil their obligations.



Ruggie Protect, Respect and Remedy Framework

PROTECT

The first pillar of the Framework is the state's duty to protect against human rights abuses committed by third parties, including business, through appropriate policies, regulation and adjudication. It highlights that states have the primary role in preventing and addressing corporate related human rights abuses

RESPECT

The corporate responsibility to respect human rights means acting with due diligence to avoid infringing on the rights of others, and addressing harms that do occur. The Framework is a global standard of expected conduct acknowledged in virtually every voluntary and soft-law instrument related to corporate responsibility, and now affirmed by the Human Rights Council itself.

A company's responsibility to respect applies across its business activities and through its relationships with third parties connected with those activities such as business partners, entities in its value chain, and other non-State actors and State agents. In addition, companies need to consider the country and local contexts for any particular challenges they may pose and how those might shape the human rights impacts of company activities and relationships.

REMEDY

Even where institutions operate optimally, adverse human rights impacts may still result from a company's activities and victims must be able to seek redress. Effective grievance mechanisms play an important role in both the state's duty to protect and the corporate responsibility to respect.

As part of their duty to protect against business-related human rights abuse, states must take appropriate steps within their territory and/or jurisdiction to ensure that when such abuses occur, those affected have access to effective remedy through judicial, administrative, legislative or other appropriate means.

Source: <http://www.reports-and-materials.org/Ruggie-protect-respect-remedy-framework.pdf>

Human Rights

Our Human Rights Programme of activity is framed by the International Bill of Rights, consisting of the Universal Declaration of Human Rights, International Covenants on Civil & Political rights, and economic, social and cultural rights. It is informed by, and draws upon, existing methodologies and frameworks including The Danish Institute fo Human Rights - Human Rights Compliance Assessment, Nogogaia, IFE, UNGC, IBLF 'Guide to Human Rights' and also Children's Rights & Business Principles, and Women's Empowerment Principles.



Strategic Human Rights Partnerships & Activity

Marshalls' partnership with UNICEF directly addresses human rights issues of those living and working in the quarrying communities in and around Kota. Key to eliminating child labour is promoting a more responsible business model across the entire sandstone industry and raising standards. Having funded important research, the focus in India now is on advocacy, government and stakeholder consultation, and programme intervention.

We are also participating in the UK Business & Human Rights Steering Group on Updating the National Action Plan on Business & Human Rights. Governance of the National Action Plan is through a cross-governmental Steering Group that meets quarterly and is jointly chaired by BIS and FCO. The group includes those with responsibility for all areas covered in the Action Plan, such as procurement (Cabinet Office), access to remedy (Ministry of Justice), export credits (UK Export Finance) and the Equality and Human Rights Commission.



Modern Slavery & Supply Chains

In the UK, Marshalls is engaging with the Government via the Modern Slavery and Supply Chains Consultation; Consultation on the transparency in supply chains clause in the Modern Slavery Bill.

The Government introduced a Modern Slavery Bill to Parliament on 10 June 2014. The Bill was amended at Commons Report Stage, on 4 November 2014, to include a new clause requiring companies to disclose what steps they have taken to ensure there is no modern slavery in their business or their supply chains.

Modern slavery is a broad term used to encompass the offences of 'slavery, servitude and forced or compulsory labour' and 'human trafficking'. These offences are closely related but not identical in a legal sense. Slavery is where ownership is exercised over a person; servitude involves the obligation to provide services imposed by coercion; forced or compulsory labour involves work or service exacted from any person under the menace of a penalty and for which the person has not offered himself voluntarily; human trafficking concerns arranging or facilitating the travel of another with a view to exploiting them.

It is our intention to publish our Anti-Slavery Policy during the first half of 2015 which will be informed by our engagement with Government, our partner UNICEF and the Children's Rights & Business Principles activity that we are undertaking, NGOs and other stakeholders.

Human Rights

Human Rights Compliance Assessment

Towards the end of 2014, Marshalls began the process of undertaking a Human Rights Compliance Assessment across our business. The Human Rights Compliance Assessment (HRCA) is a tool designed to help detect human rights risks in company operations. It covers all internationally recognised human rights and their impact on all stakeholders, including employees, local communities, customers and host governments. This diagnostic tool has been developed by the Human Rights & Business Project at the Danish

Institute of Human Rights and is a joint venture between the Danish Institute for Human Rights, the Confederation of Danish Industries, and the Danish Industrialization Fund for Developing Countries, with the support of the Danish government.

The HRCA will be completed during the first half of 2015 and will complement Marshalls' approach to upholding human rights.



Human Rights Impact Assessment Programme

During 2015, and building on our existing HRIAs in India, China, Vietnam and the UK, Marshalls will undertake a further assessment in India. Naturally the process will be informed by all that we have learned during our journey so far and the developments generally in relation to human rights impact assessments. In addition, annual monitoring in relation to all existing HRIAs is undertaken together with the implementation of recommendations is ongoing.

The HRIA programme will now incorporate quarterly Human Rights business briefings and face-to-face workshops and training to supplement the online training available via the Marshalls Certificate in Sustainability.

Children's Rights & Business Principles

During 2014 we have been working on delivering the recommendations which resulted from our first CRBP audit, in 2013, against the framework. This work has included integrating children's rights within our human rights impact assessment process; developing specific policies and processes which support children's rights; implementing a responsible marketing and advertising policy; developing safeguarding

guidance; engaging our supply chain on issues of child labour and children's rights; developing an employee training programme; consulting with children; and collaborating with other stakeholders to advocate for robust anti-corruption efforts.

2015 will see Marshalls undertake its second CRBP audit and share the findings and resulting plan of action with UNICEF.



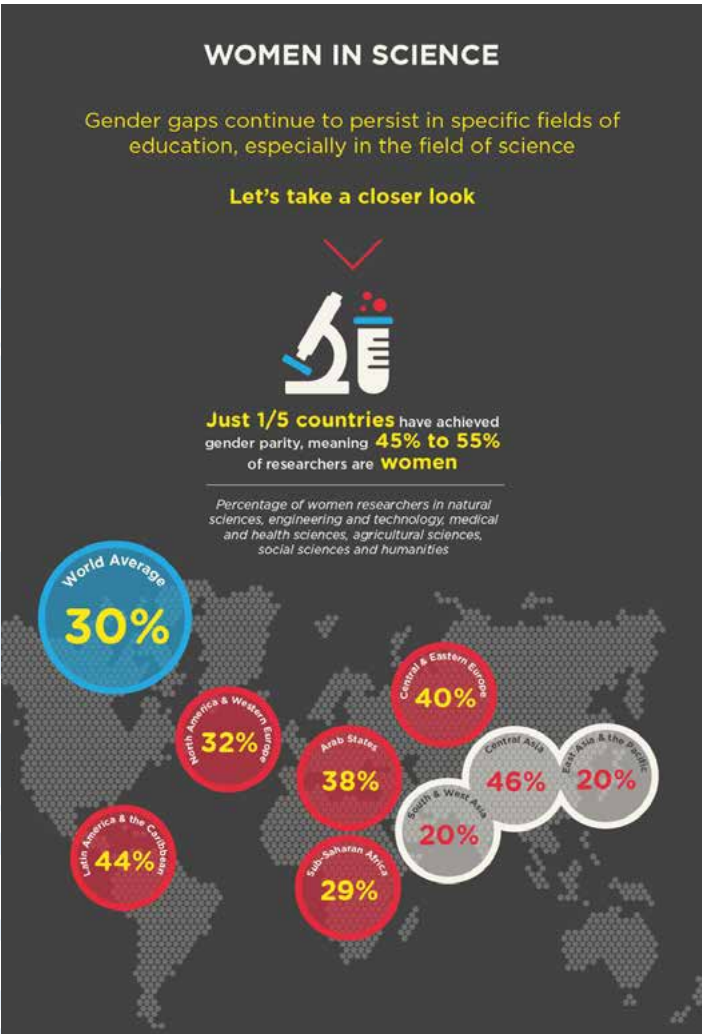
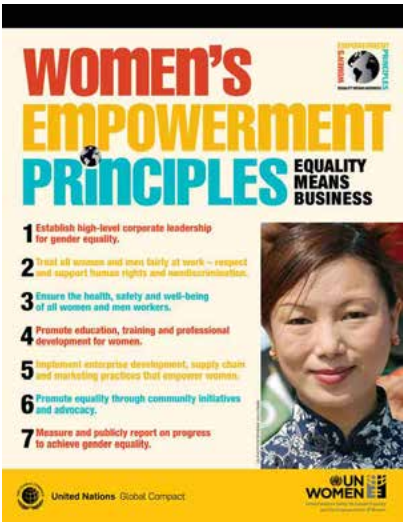
Human Rights

Women's Empowerment Principles -

Towards the second half of 2014, Marshalls began the process of mapping its operations against the Women's Empowerment Principles framework, a collaboration between UNGC and UN Women. It is our aim to complete this work during 2015 with a view to becoming a WEPS signatory.

2015 is an extremely important year in terms of the Sustainable Development Goals which are widely anticipated to include specific goals regarding the empowerment of women. March 8th is International Women's Day and marks the beginning of the 59th Convention on the Status of Women in New York. Since its inception in 1947, the Commission has set the standards and formulated international conventions to change discriminatory legislation and foster

global awareness of women's issues. In contributing to the drafting of the Universal Declaration of Human Rights, the CSW successfully argued against references to "men" as a synonym for humanity, and succeeded in introducing new, more inclusive language. This event will focus upon the 20 year anniversary of the Beijing Declaration and Platform for Action. It is fitting that in 2015 Marshalls undertakes its own work regarding the empowerment of women.





World Association of Girl Guides & Girl Scouts Partnership

We regret that despite our best efforts and forthcoming financial support, WAGGGS were unable to deliver the Fit for Work/Fit for Life education programme in the Kota region of Rajasthan. We can report, however, that the funding was returned by WAGGGS and has now been re-directed by Marshalls into community activities in India.

Human Rights Information and Education

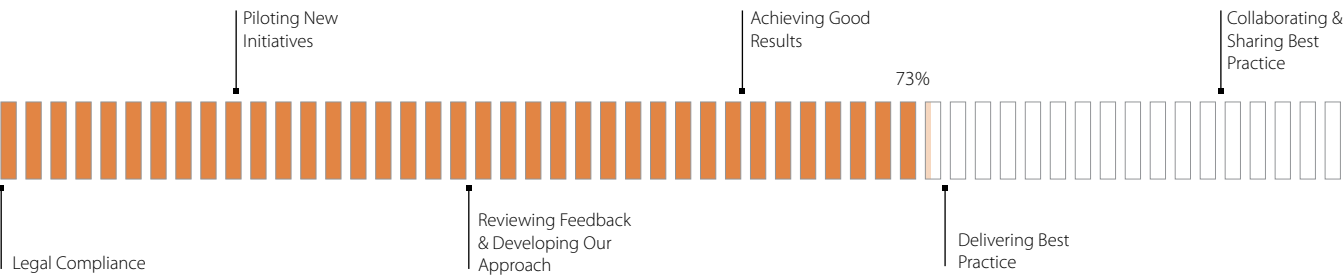


Marshalls produced a comprehensive range of booklets regarding its human rights approach and commitments to engage and inform its wide range of stakeholders; including employees, customers, suppliers and NGO partners. An addition to the suite, The Truth About Child Labour, will be produced during the second quarter of 2015.

All of these booklets are available in the publications section of the sustainability website and can be accessed at www.marshalls.co.uk/sustainability/publications



TARGETS 2014	TARGETS 2015
Continue to ensure that ETI Base Code is adhered to and that no child is employed in the supply chain. ✓	Continue to ensure that ETI Base Code is adhered to and that no child is employed in the supply chain.
Continue to gather weekly reports from the social auditor in India. Develop, together with Chinese partners, a suitable reporting process which seeks to uphold human rights in the manufacturing context. ✓	Develop the reporting process undertaken by the social auditor in India. Continue to receive social auditor reporting from China and Vietnam.
Continue to receive monthly reports from NGO in Kota. ✓	Develop the reporting and monitoring provided by the NGO in India.
Ongoing monitoring and evaluation of human rights in India. Undertake HRIA in China in relation to the manufacturing process. ✓	Ongoing monitoring and evaluation of human right in India. Review of HRIA India. Ongoing monitoring and evaluation of human rights in China. Annual review of HRIA China. Undertake HRIA for ROW in relation to Marshalls activities.
Process of embedding human rights within the organisation; achieving the goals set out within the HRGD.	Further develop the process of embedding human rights within the organisation achieving the goals set out within the HRGD.
Undertake a report which clarifies Chinese laws regarding employment, human rights and environmental rights. ✓	Continue to develop and implementation of Marshalls Human Rights Programme.



Marshalls’ approach to labour rights continues to be driven by the Ethical Trading Initiative Base Code, the UNGC Labour principles and the organisations’ commitment to sustainable business.

THE ETI BASE CODE STATES THAT:

1. Employment is freely chosen

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge “deposits” or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. Freedom of association and the right to collective bargaining are respected.

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers’ representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

3. Working conditions are safe and hygienic.

- 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

4. Child labour shall not be used.

- 4.1 There shall be no new recruitment of child labour.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; “child” and “child labour” being defined in the appendices.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

5. Living wages are paid.

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. Working hours are not excessive

- 6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- 6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

7. No discrimination is practiced.

- 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. Regular employment is provided.

- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, subcontracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. No harsh or inhumane treatment is allowed

- 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this code are expected to comply with national and other applicable law and, where the provisions of law and this Base Code address the same subject, to apply that provision which affords the greater protection.



Satya and Hitesh in India, undertaking social audits.



Stirling Smith, Just Solutions Ltd, auditing and verifying activity on the ground.

Central to ensuring that the ETI Base Code is implemented and embedded within its supply chain and operations are Marshalls’ social auditors in India, China & Vietnam.

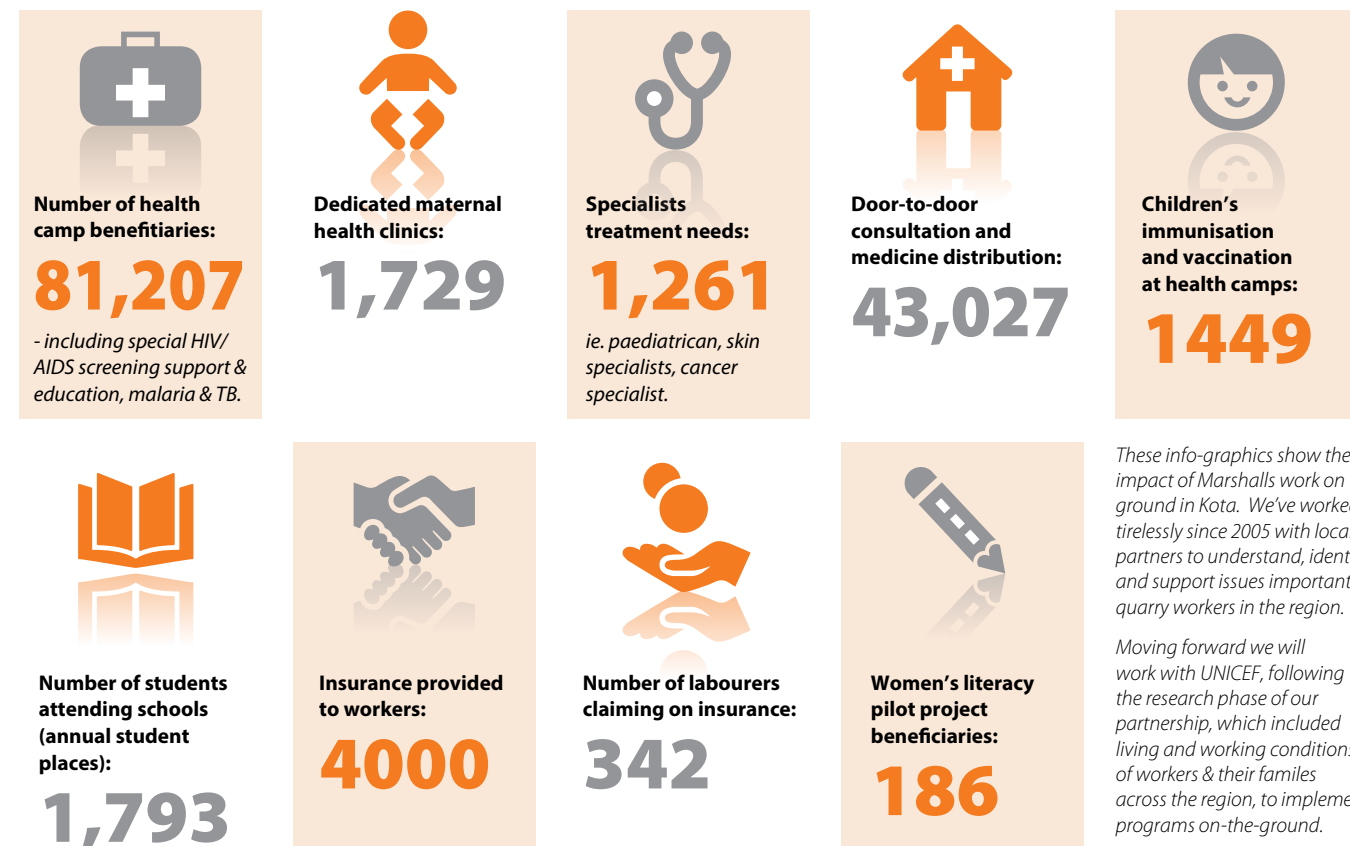
Social auditors works on a daily basis with quarry owners, factory owners, managers and workers to ensure the ongoing implementation of the ETI Base Code.

Marshalls’ head office has daily contact with the social auditors who provide weekly reporting on all aspects of the Base Code; for example the amount workers are paid, the hours that they work, the conditions they work in, health and safety, measures that no child labour is used and that there is no harsh or inhumane treatment of workers.

Marshalls’ sole supplier in India is Stone Shippers Ltd. The long term relationship has enabled Marshalls to share its knowledge with the organisation and to work closely to embed sustainable practices, and to monitor these on an ongoing basis.

- Stone Shippers undertakes social responsibility activity including:**
- Safety education workshops for employees and subcontractors.
 - Awareness raising about issues of child labour and establishing crèche facilities.
 - Building schools and donating computers.
 - Provision of uniforms, books and mid-day meals for children at local schools.
 - Free medial health checks and visits by the Doctor.
 - Supporting local hospitals by providing blankets, bed linen and air conditioning units.





Celebrating our Living Wage Commitment

We are pleased to announce that Marshalls has been accredited as a Living Wage employer.

The Living Wage commitment will see everyone working at Marshalls, regardless of whether they are a permanent employee or third-party contractor or supplier, receive a minimum hourly wage of £7.85 - significantly higher than the national minimum wage of £6.50. The Living Wage is an hourly rate set independently and updated annually. The Living Wage is calculated according to the basic cost of living using the 'Minimum Income Standard' for the UK. Decisions about what to include in this standard are set by the public; it is a social consensus about what people need to make ends meet.

Chris Harrop, Marshalls' Group Marketing Director said: "As a responsible employer it was important for us to ensure that every single person in our workforce earns a living wage, and we are very proud to be Living Wage accredited. It is quite simply the right thing to do."

Employers choose to pay the Living Wage on a voluntary basis. The Living Wage enjoys cross-party support, with public backing from the Prime Minister and the Leader of the Opposition.



Living Wage Foundation Director, Rhys Moore said: "We are delighted to welcome Marshalls plc to the Living Wage movement as an accredited employer."

"The best employers are voluntarily signing up to pay the Living Wage now. The Living Wage is a robust calculation that reflects the real cost of living, rewarding a hard day's work with a fair day's pay."

"We have accredited over 700 leading employers, ranging from independent printers, hairdressers and breweries, to well-known companies such as Nationwide, Aviva and SSE. These businesses recognise that clinging to the national minimum wage is not good for business. Customers expect better than that."



Marshalls was awarded the Living Wage Employers Accreditation in 2014. This is only available in the UK. In India, Marshalls works with NGOs and others to calculate a living wage which is paid to those working in its supply chain there.

The Living Wage Foundation does three things:

ACCREDITATION:

Offers accreditation to employers that pay the Living Wage, or those committed to an agreed timetable of implementation, by awarding the Living Wage Employer Mark.

Offers a Service Provider Recognition Scheme for third party contractors who pay their own staff the Living Wage and always offer a Living Wage option when submitting tenders.

INTELLIGENCE:

Provides advice and support to employers and service providers implementing the Living Wage including best practice guides; case studies from leading employers; model procurement frameworks and access to specialist legal and HR advice. We coordinate the announcement of the new Living Wage rates each November.

INFLUENCE:

Provides a forum for leading employers and service providers to publicly back the Living Wage. Work with Principal Partners who bring financial and strategic support to our work. The Foundations coordinates Living Wage Week each November, a UK wide celebration of the Living Wage.

WHAT IS IT



- An hourly rate set independently and updated annually
- The Living Wage is calculated according to the basic cost of living in the UK
- The current UK Living Wage is £7.85 an hour
- The current London Living Wage is £9.15 an hour
- Employers choose to pay the Living Wage on a voluntary basis
- The Living Wage enjoys cross party support, with public backing from the Prime Minister and the Leader of the Opposition
- Paying the Living Wage is good for business, good for the individual and good for society
- The Living Wage Employer Mark and Service Provider Recognition Scheme provide an ethical badge for responsible pay



What are the benefits?

GOOD FOR BUSINESS

An independent study examining the business benefits of implementing a Living Wage policy in London found that more than 80% of employers believe that the Living Wage had enhanced the quality of the work of their staff, while absenteeism had fallen by approximately 25%.

Two thirds of employers reported a significant impact on recruitment and retention within their organisation. 70% of employers felt that the Living Wage had increased consumer awareness of their organisation's commitment to be an ethical employer.

Following the adoption of the Living Wage PwC found turnover of contractors fell from 4% to 1%.

GOOD FOR FAMILIES

The Living Wage affords people the opportunity to provide for themselves and their families.

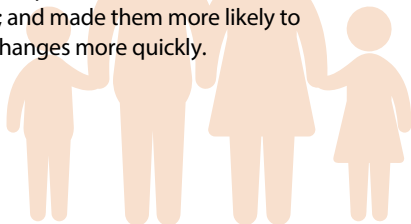
75% of employees reported increases in work quality as a result of receiving the Living Wage.

50% of employees felt that the Living Wage had made them more willing to implement changes in their working practices; enabled them to require fewer concessions to effect change; and made them more likely to adopt changes more quickly.

GOOD FOR SOCIETY

The Living Wage campaign was launched in 2001 by parents in East London, who were frustrated that working two minimum wage jobs left no time for family life.

The causes of poverty are complex and in order to improve lives, there should be a package of solutions across policy areas. The Living Wage can be part of the solution.



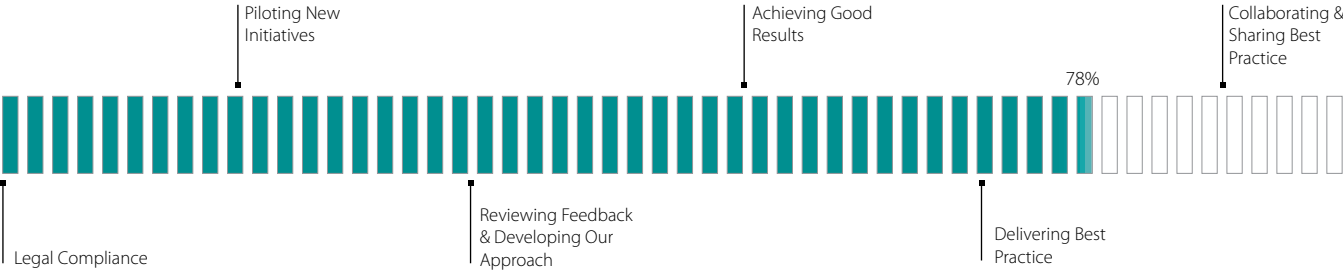
“ 50% of employees felt that the Living Wage had made them more willing to implement changes in their working practices ”

“ 75% of employees reported increases in work quality as a result of receiving the Living Wage. ”



TARGETS 2014	TARGETS 2015
Maintain accreditation to Integrated Management Systems. ✓	Maintain accreditation to IMS.
Continue researching, reporting and embedding relevant information regarding labour laws and their implications; both in India and China. ✓	Continue researching, reporting and embedding relevant information regarding labour laws and their implications; both in India and China.
India Maintain funding for NGO. Further develop and enhance the weekly reporting process regarding social auditing. Continue to deliver workers' rights education camps. Continue education on health and safety practices. ✓	India Continue to implement ETI Base Code. Continue to undertake social audits. Maintain Living Wage accreditation. Engage with wider sandstone industry regarding labour standards through UNICEF driven consultations.
China Put in place a social auditing process in China. ✓	China Maintain social auditing. Launch Fairstone China.

Environment



Due to Marshalls’ status the environmental key performance indicators will be published alongside the annual report in April. This will be available online in due course.

At the heart of Marshalls’ sustainable business model, shown earlier in this report, is an approach which combines key business issues and KPIs with third party verification, legislation and industry standards including ISO14001 for environmental management.

Key environmental targets and drivers for our business are determined by legislative requirement and also the Company’s commitment to sustainability, cost efficiency and shareholder value.

Marshalls’ environmental targets relate to strategic plans which are driven by board executives and implemented by a large internal resource. Systems, which represent a significant investment, are in place throughout the business and allow the real time monitoring of energy consumption and how this relates to carbon reduction measures.

Marshalls’ Environment & Climate Change Policy documents the related key performance indicators.

Marshalls
Environmental Policy Statement

Marshalls is committed to achieving the highest standards of environmental performance, preventing pollution and minimising the impact of our operations. The Group's aim is to minimise the environmental damage that occurs as a result of our activities and policies are being implemented to ensure that all our operations meet or exceed the requirements of legislation and applicable best practice.

Marshalls regards compliance with relevant environmental laws, and the adoption of responsible standards where no legislation exists, as an integral part of our business strategy and we are committed to considering the environmental impacts associated with our products throughout their life cycle. The Group aims to make most efficient use of raw materials and to maximise use of recycled and secondary raw materials, and production residues, where appropriate. The environmental stewardship of our major raw material suppliers is reviewed as part of the Group's ongoing commitment to Responsible Sourcing.

Marshalls is committed to monitoring and measuring our environmental performance, using appropriate external guidelines wherever practicable. Each operational site has assessed the environmental aspects and impacts of its activities with objectives and targets being set with a view to improving the overall environmental impact of those activities particularly in relation to Group targets.

This policy applies to all Marshalls businesses and requires Marshalls to:

- Reduce the volume of mains and extracted borehole water to 0.05m³ per tonne of production by 2015, this will be reviewed during the year with new targets being set
- Manage Biodiversity where appropriate against site specific Action Plans
- Reduce the weight of packaging per tonne of production by 2% per annum over a 3 year rolling cycle to a level where pack and product safety is not compromised
- Reduce the % of total waste to landfill per production output by 3% per annum on a 3 year rolling average
- Review the Group's targets and Policy annually against business objectives and commitments given to industry initiatives and wider stakeholders. The review being undertaken by the Sustainability Team

Marshalls will continue to raise environmental awareness within the Group through the development and training of our employees and will communicate openly and consult with customers, suppliers and other stakeholders on relevant environmental matters.

Marshalls strives to protect and enhance biodiversity and natural habitats within our landholdings where possible. We also recognise the need for sympathetic restoration and after-use of quarry and other operational sites and consider the character of the local environment and the concerns of the local community and other stakeholders when planning such matters.

Signed by:

M. Coffey

Martyn Coffey, Chief Executive
January 2015

Marshalls
Energy and Climate Change Policy Statement

The use of energy is vital in the supply and manufacture of our products and represents a significant proportion of our operating costs. Rising energy costs for us and in our supply chain, growing concerns over the security of supply and of climate change mean that the importance of controlling our energy use and reducing our reliance on fossil fuels has never been so high. This policy document is consistent with our sustainability strategy and supports our vision by helping us to operate our business, as market leaders, in a sustainable and responsible manner.

Sustainability is one of Marshalls' four key core values, balancing our environmental, social and economic impacts. In essence, achieving our goal of sustainability involves judging the long-term merits of our business against this triple bottom line.

Marshalls recognises that sound energy management is vital to the future of our business and it must be fully integrated into our management and operational procedures so that it is an every day part of what we all do. Marshalls commits to ensuring that appropriate energy management systems are developed and maintained, and that sufficient resources are made available to achieve the objectives of this policy in a sustainable manner.

This policy applies to all Marshalls businesses and covers our direct and indirect emissions, including our supply chain. The policy requires Marshalls to:

- Reduce our corporate Green House Gas (GHG) emissions by 34% by 2020 and 60% by 2050. These reductions are measured against a 1990 baseline.
- Our target for absolute GHG emissions until 2020 requires an annual reduction of 3.1% in GHG emissions.
- Achieve a relative GHG emission target (excluding transport) of 7kgCO₂e/tonne of production by 2015 and then reduce by 3% pa thereafter.
- Develop renewable projects that ensure we use 20% renewable energy in our manufacturing operations by 2020.
- Develop an adaptation and mitigation strategy for Climate Change and fossil fuel depletion.
- Extend the coverage of the Energy Management System to include product carbon footprints, supply chain emissions and GHG gasses other than CO₂.
- Comply with our legal obligation in the UK Government's mandatory GHG reporting for publicly listed Companies.
- Comply with our legal obligation within the Energy Savings Opportunity Scheme, by gaining ISO50001 standard in 2015.

Marshalls' Energy Strategy details group wide projects and investments; this includes a plan of actions, timescales and resources up to 2020 to help us achieve our goals. Every operational site has an energy action plan, which is maintained by the site and details a practical schedule of actions and investments.

Signed by:

M. Coffey

Martyn Coffey, Chief Executive
January 2015

Environment

The key environmental issues for Marshalls are climate change, water and biodiversity.

These are particularly significant because Marshalls is aware of its contributions to man-made climate change (as detailed by the Inter-Government Panel on Climate Change) and as such is committed to helping reduce it.

Biodiversity is also key because of the activities Marshalls carries out – extracting material has an impact on the environment and it's only by working with the land that we can manage our impact on the land.

Water as a resource is becoming scarce and Marshalls has identified clean water shortage as one of the biggest challenges of the future.



BES 6001 Responsible Sourcing Marshalls receives BRE Global’s latest Responsible Sourcing credential

Marshalls is proud to announce that we are the first company in our sector to be awarded BRE Global's BES 6001 Responsible Sourcing certificate, under their new and more stringent standard and have received a 'Very Good' performance rating.

The scope of the certificate (RS0008) is for a range of concrete, UK quarried natural stone paving and masonry products (Marshalls Stancliffe Stones).

There are a number of key differences to the revised certificate launched in May 2014 making the scheme a more robust test of a product's responsible sourcing characteristics.

We continue to commit to the principles of responsible sourcing, covering social, environmental and economic principles of which this standard forms an important part.

Katie Livesey, Head of Responsible Sourcing at BRE said: "BRE Global works to ensure products and services protect people, property and the planet. Many companies say they are 'green', but these claims are not easily substantiated and often the result of common marketing tactics.

"It is great to see companies like Marshalls embedding sustainability into the heart of its business. As the first company in its sector to be awarded BES 6001 against

the newly revised Issue 3.0, and with a 'Very Good' rating, Marshalls has set a precedent for other companies to follow."

David Morrell, Head of Sustainability at Marshalls said: "Marshalls is proud to be leading the industry in responsible sourcing. We take this issue extremely seriously and we are constantly seeking ways to further enhance our sustainable credentials.

"Not only is this a fantastic achievement for us, but it also offers our clients third party assurance that they are working with a responsible partner."

Carbon Reduction

Marshalls has already demonstrated good energy management by achieving The Carbon Trust Standard and is now well equipped for the Government's Carbon Reduction Commitment Energy Efficiency Scheme (CRC), which was launched in April 2010.

Marshalls already voluntarily discloses information on its greenhouse gas emissions, risks, opportunities and plans via the Carbon Disclosure Project and The Prince's May Day Network. The company is also addressing alternatives such as renewables, as well as committing to reducing consumption through a number of energy management programmes.



Energy

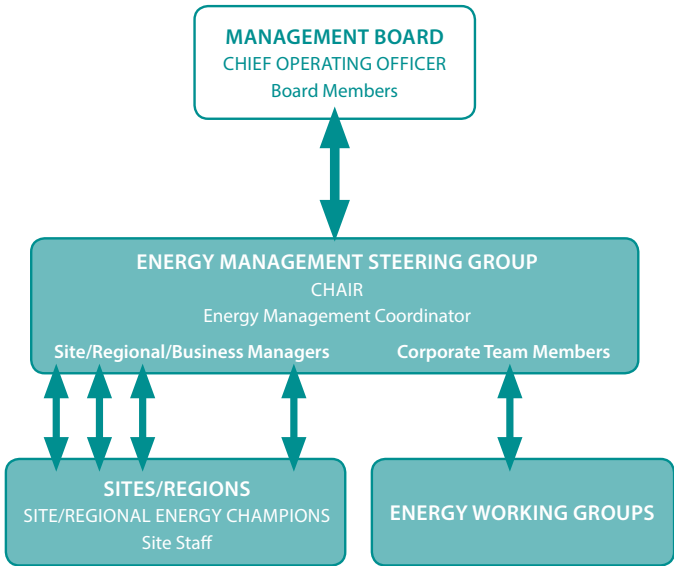
Climate change is one of Marshalls' KPIs from the sustainable business model. Marshalls has made a commitment to reduce emission of greenhouse gases by 80% by 2050 by employing energy management systems, reviewing processes and keeping abreast of new technologies, reporting progress, and developing carbon tools to allow our customers to measure their impact.

In 2009, Marshalls announced carbon footprints for all its commercial products, bringing the total carbon labelled products to over 2,000 commercial and domestic hard landscaping products – the most of any company in the world at the time. Since then, Marshalls has continued to work to reduce those product footprints.

Now in its fifth year, the Energy Management Steering Group promotes Marshalls' carbon reduction policy throughout the organisation. Chaired by the Board Director who reports on sustainability, the group meets quarterly to:

- Identify current inefficiencies
- Advise on setting of company and site specific targets
- Oversee training practices relevant to energy
- Summarise progress for annual report and investors
- Review energy management procedures

From the group, ideas and projects get filtered through sites and corporate teams to a team of 60+ energy champions who are based on site.



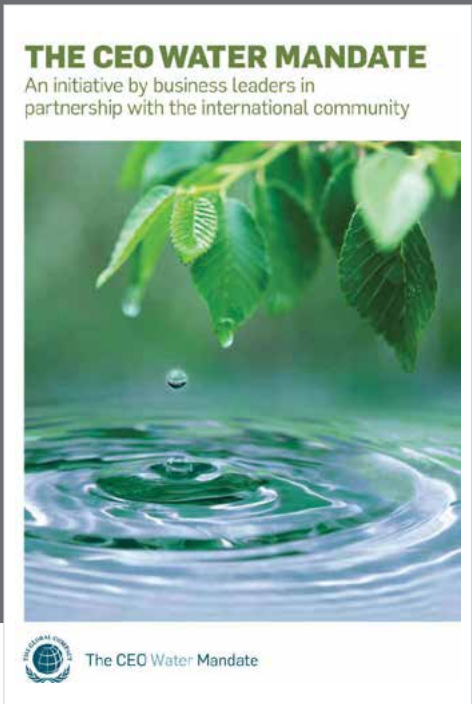
Marshalls is on track to reduce its water consumption of 0.053m³ per tonne of product by 2012.

Marshalls has committed to The CEO Water Mandate, an initiative by business leaders in partnership with the international community. Its structure, covers six key areas in a comprehensive approach to water management, which will develop Marshalls current water management approach to flooding, water quality and drought management.

- 1. Direct Operations
- 2. Supply Chain
- 3. Watershed Management
- 4. Collective Action
- 5. Public Policy
- 6. Community Engagement & Transparency

Biodiversity

Marshalls has drafted a biodiversity strategy, in consultation with external stakeholders, documenting a systematic approach to our legal, protection and enhancement commitment to the biodiversity on its sites. This strategy includes a priority approach to defining appropriate sites together with evaluation of the biodiversity ecosystem services delivered.



Waste Reduction & Packaging

During 2014 Marshalls continued to measure the amount of waste leaving site and is on track to achieve its aim of reducing waste by 3% per annum averaged over a three year period. The target for packaging is to reduce by 2% per annum over a three year period. The Company continues to carefully monitor the sourcing of timber by pallet suppliers having worked with them to achieve Forestry Stewardship Counsel accreditation at the end of 2009.



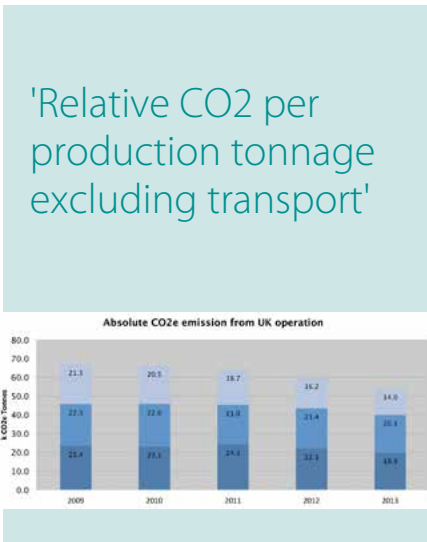
Out with the old and in with the new fleet

Since September 2013 the Marshall's fleet of LGVs has undergone a complete change, making way for new, state-of-the-art vehicles and equipment. The old, outgoing fleet has done a sterling service with some running at 750,000km, however trailers and cranes are also being traded in for newer models as the fleet reaches ten years old and past its best.

The new equipment is certainly fit for purpose and will give Marshall's a competitive edge. The fleet offers fantastic load carrying capability and product handling capability. The new vehicles are also fuel efficient which is incredibly important in terms of running costs, making them more cost effective than the outgoing fleet.

All of the equipment has been specifically designed around Marshall's requirements and many safety and efficiency factors have been engineered into the design. The industry-leading design is being copied by other companies and has certainly created interest from other parties, including the HSE who have asked to use the equipment as an example of best practice.

In total, 95 new trucks, 25 new drawbars, 138 new trailers and 128 new cranes have hit the road and 11 of the new trucks will be showcased at TruckFest, Europe's largest Truck Festival held in Peterborough.



Brookfoot and the Minerals division welcome Withinfields Primary School

Brookfoot and the Minerals division welcomed 80 pupils aged seven to nine from Withinfields Primary School on 16th June.

The children were taken on a tour of the site and learnt all about the site's operations, including watching the robot making concrete paving flags.

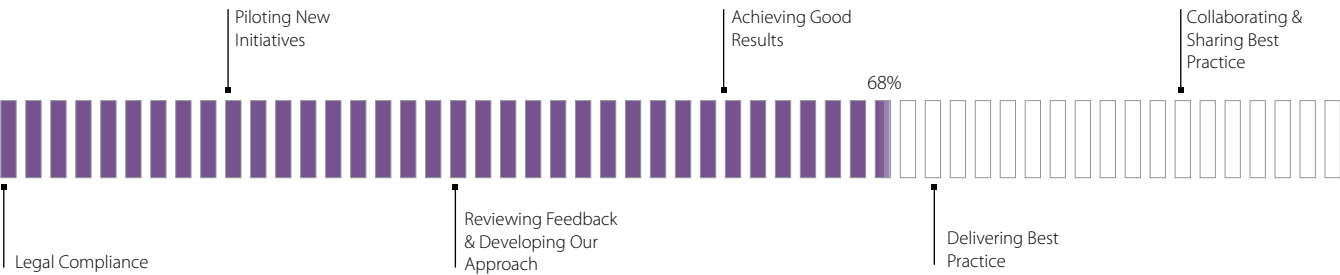
Special thanks to David Smith and Bob England for their help on the day. The children, who were learning about Geology at the time, had been asked to write about their experience and it seems they were very impressed with their visit to Marshall's.

To the right is just one of the letters the site received.



TARGETS 2014	TARGETS 2015
To reduce emissions of CO2 in line with Government targets; 80% by 2050 and 34% by 2020.	To reduce emissions of CO2 in line with Government targets; 80% by 2050 and 34% by 2020.
Carbon footprinting of 500 consumer products and 1565 commercial paving products.	Carbon footprinting of 500 consumer products and 1565 commercial paving products.
Uphold the BITC May Day Network pledges.	Uphold the BITC May Day Network pledges.
Marshall's Energy Savings Week.	
Reduce use of water from mains and licensed boreholes to 0.05m³ per tonne of production by 2015.	Reduce use of water from mains and licensed boreholes to 0.05m³ per tonne of production by 2015.
Develop biodiversity plans for all appropriate sites.	Implement biodiversity plans at selected sites.
Reduce by 3% the total waste-to-landfill per production output per annum on 3 year rolling average. Reduce by 2% per tonne of production output per annum over a 3 year cycle to a level where pack and product safety is not compromised.	Reduce by 3% the total waste-to-landfill per production output per annum on 3 year rolling average. Reduce by 2% per tonne of production output per annum over a 3 year cycle to a level where pack and product safety is not compromised.

Anti-Corruption



The UK Bribery Act 2010 came into force on 1st July 2011. It amends and reforms UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally.

The Bribery Act creates the following offences:

- 1 Active bribery: promising or giving a financial or other advantage.**
- 2 Passive bribery: agreeing to receive or accepting a financial or other advantage.**
- 3 Bribery of foreign public officials.**
- 4 The failure of commercial organisations to prevent bribery by an associated person (corporate offence).**

Throughout 2011 there was great focus by the UNGC UK Network on Anti-Corruption with a number of events and speakers attending education events open to UK Network members. Marshalls took advantage of these opportunities with a range of individuals from within the organisation attending and reporting back.

The UNGC tenth principle commits signatories not only to actively avoid bribery, extortion and other forms of corruption but to develop policies and concrete programmes to address corruption and related risks.

Marshalls understands that bribery is not a victimless crime and that it discourages developmentally effective trade and siphons off funds away from projects designed to help the most disadvantaged. It tarnishes reputations, drains corporate motivation and distorts competition.

Marshalls' procurement policy can be viewed at: www.marshalls.co.uk/sustainability



Anti Bribery Code

1. In this Code, "Marshalls" means Marshalls plc and its subsidiary companies.

2. Marshalls is committed to conducting its business with the utmost integrity and in accordance with the principles set out in the UK Bribery Act 2010.

Marshalls plc is a signatory of the UN Global Compact, which informs and governs the way in which we do business. Marshalls expects its employees and business partners to respect and support our core values of trust, honesty and integrity and to recognise and implement this Code.

3. Marshalls does not tolerate the offering, giving, requesting, receiving or acceptance of bribes in any form.

A bribe is a financial payment or other form of reward that is intended to induce or influence an individual, company or public body to perform their functions improperly. This may include showing partiality, acting in bad faith or acting in a way that is inconsistent with a position of trust.

Bribes, for the purpose of this Policy, include facilitation payments, kickbacks and any other reward, favour or payment designed to induce or influence the recipient to perform his or her functions improperly.

In the case of a foreign public official, it is not permitted to offer a payment or other reward to a foreign public official that may influence that official to give an advantage to our business, whether or not intended to induce improper performance.

Hospitality designed to improve business relations which is proportionate to the circumstances and which is not for an improper purpose is not usually regarded as a bribe. Further guidance can be found in the Procurement Policy Statement and the Hospitality Guidelines.

No employee, agent, consultant or business intermediary acting for Marshalls may offer, give, request, receive or accept any bribes, whether directly or indirectly.

What does this mean for me?

- Any alleged or suspected incident of bribery will result in a formal investigation, and may result in disciplinary action for

any employee involved. Any activity or behaviour by an employee that is unlawful or prohibited by this Code will constitute gross misconduct and may result in dismissal. Employees may be suspended while investigations are carried out.

- Employees who engage or do business with third parties who act on behalf of Marshalls or represent Marshalls should ensure that this Code is drawn to their attention. Marshalls expects such third parties to comply with this Code and with the applicable law relating to bribery.
- Marshalls reserves the right to terminate immediately any contract or business relationship with any agent, consultant, or other business intermediary where bribery has occurred.

4. Our Policies and Procedures

Marshalls has adopted policies and procedures intended to address the potential risk of bribery and corruption. These include:-

- The Group Procurement Policy Statement;
- The Code of Ethics;
- Guidance on hospitality and gifts, and the maintenance of a hospitality and gifts register;
- The Serious Concerns Policy.

These are regularly reviewed and updated, and should be read together with this Code. This Code and these policies can be accessed via the Marshalls intranet. The hospitality and gifts register is maintained at Birkby Grange (contact Gillian Harley/Jill Bedford).

Among our procedures to mitigate risk are the following:-

- Supplier and customer risk assessments;
- Training for employees and those working for Marshalls or representing Marshalls in a business capacity ;
- Written commitments from those we work with to engage with the principles in this Code.

5. Marshalls will work with its business partners worldwide to develop and improve good practice and to seek to eliminate

bribery and corruption. It will select business partners who have adopted similar policies and objectives and will avoid doing business with those who act unlawfully or in a way that is not consistent with ethical business principles.

6. Monitoring and Compliance

- The Board of Marshalls plc has approved this Anti-Bribery Code and will set standards in relation to its principles and their application across the Marshalls Group.
- The Audit Committee of the Board will review procedures across the Group and will monitor their effectiveness.
- Designated individuals within each business area, together with the Company Secretary (who oversees day to day compliance) have responsibility for the implementation and development of such procedures.
- All employees have an obligation to comply with this Code and support and promote its principles in their business function.

7. Any employee having a question or concern in relation to this Code, the administration of Marshalls policies and procedures designed to prevent bribery, or any issue where guidance is sought on a particular set of circumstances may raise it with their line manager or the Company Secretary (Cathy Baxandall, Birkby Grange, Birkby Hall Road, Huddersfield HD2 2YA: Tel: 01484 438930: email cathy.baxandall@marshalls.co.uk)

8. Any employee who suspects that bribery has occurred or that there has been any other breach of this Code should report it in accordance with the procedure in the Serious Concerns Policy so that it can be formally investigated.

Adopted by the Board on 5 October 2011.
Graham Holden
Chief Executive Chairman

Anti-Corruption - Targets

TARGETS 2014	TARGETS 2014
Make the Procurement Policy Statement available online.	Develop procurement for sustainability strategy which has anti-corruption measures woven throughout.
Brief the procurement department on the UNGC and specifically the Anti-Corruption principles.	Develop and publish sustainable procurement guidance.
Engage procurement personnel in UNGC activities.	Ensure that this guidance is circulated to all suppliers.
Produce an Anti-Corruption Guidance Document for multiple stakeholders.	Ensure that this guidance is made publicly available for all stakeholders.
Make the Anti-Corruption Guidance Document available online.	Continue to undertake a series of face-to-face briefing and workshops with key suppliers.
Ensure the Anti-Corruption Guidance Document is part of the procurement policy process.	Communicate Marshalls Anti-Bribery policy internally and externally.
Communicate with all existing suppliers regarding the Anti-Corruption Guidance Document.	Continue to review and develop anti-bribery processes and procedures.
Identify key overseas partners/ suppliers and undertake face-to-face briefing/working sessions to identify areas of risk and to develop appropriate plans.	
Review and develop anti corruption processes and procedures	

Business in the Community

Business in the Community is the Prince's Responsible Business Network.

BITC members work together to tackle a wide range of issues that are essential to creating a fairer society and a more sustainable future.

The BITC are a business-led charity with more than 30 years' experience of mobilising business. It engages thousands of businesses through our programmes driven through a core membership of more than 800 organisations from small enterprises to global corporations.



Working together to take action.

BITC offers a range of practical ways for businesses to work together and take action to help tackle some of the key issues facing society.

Environment

Using our natural resources more sustainably.

Employees

Ensuring that age, gender, health and race do not limit an employee's engagement and success in the workplace.

Education

Ensuring a young person's success at school and beyond is not determined by their social background.

Employment

Helping people overcome disadvantage by increasing access to sustainable, good employment

Enterprise

Creating jobs and vibrant communities by supporting small, local businesses.



Business in the Community Business Class programme

What is Business Class?

Many young people struggle to learn about employment opportunities available to them and develop the necessary skills and behaviour to access them. 30% of UK employers say a lack of skills contributes to unfilled vacancies.

Without good role models, high quality work experience and encouragement there is a huge risk that an ever increasing group of young people in the UK will fail to build successful working lives.



Students from Park Lane High School in Halifax

So why are we doing this?

For Marshalls, contributing to our local communities is an element of our commitment to our corporate social responsibility agenda. Externally, our brand is very much positioned around families including children so our involvement in the Business in the Community Business Class programme enables team members to connect with this agenda.

For employees, it's not just about giving something back outside of the company, but there is the opportunity for volunteers to share their expertise and equally develop new skills to bring back into their team. Many volunteers find this both personally fulfilling and it also enhances the skills and talents of our teams to continue to perform at their best.

So who is getting involved?

There are currently 10 sites/teams involved in the programme from Falkirk down to Sittingbourne.

What kinds of things are volunteers doing?

- Mentoring young people to help support career aspirations
- Bringing the curriculum to life such as learning about innovation from our marketing team and seeing our commercial products at West Lane
- Delivering talks on what employers are looking for such as good attendance and a positive attitude
- Preparing students for the world of work to take them through recruitment and practice interviews
- Supported work experience opportunities
- Run enterprise/engineering competitions such as designing a bollard

Adrian Briggs, Sales Office Manager – Marshalls Street Furniture, Business Class Mentor

“Over the last three years I have been involved with the mentoring programme and also ran a careers day at Park Lane High School, Halifax.

“Before the first meeting at the school I was apprehensive with how the programme would work and what it could achieve. I thought it may be difficult to gain the trust and enthusiasm of the children involved. However the initial meeting changed my views entirely. I find the enthusiasm and confidence in the children infectious and it has assisted me in the direction required. It's interesting to understand the children's ambitions and try to nurture those ambitions to become a realistic plan.

“The programme has improved each year with further sessions and structure and I'm sure this year will be very successful for both the children and the mentors.”

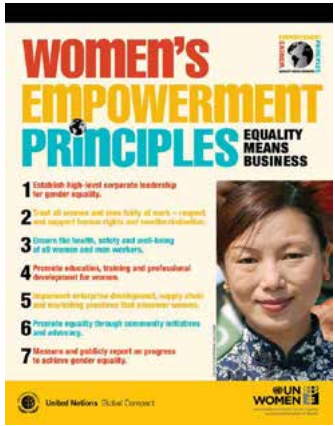
Marshalls' success is without doubt due to its people. Our business is built on our values of leadership, trust, excellent & sustainability. These are the high expectations that we set for ourselves

and that we strive to deliver each day. They help to ensure that we all treat each other with respect; recognising & honouring the talents of each individual.



Employees celebrating 25 years at Marshalls are as follows:

- | | |
|------------------------------------|-----------------------------------|
| Paul Andrews - BLEADON | Matthew Manley - BROOKFOOT |
| Ian Aspinall - HALIFAX | Gary Marsland - HALIFAX |
| Robert Barlow - RAMSBOTTOM | Fiona McLeay - FALKIRK |
| Mark Bell - HALIFAX | Kevin O'Donoghue - BROOKFOOT |
| James Binns - HALIFAX | George Parkinson - HALIFAX |
| David Blackburn - EAGLESCLIFFE | Iain Pritchard - RAMSBOTTOM |
| Mark Blay - LANDSCAPE HOUSE | Michael Quinn - RAMSBOTTOM |
| Nigel Buchan - HALIFAX | John Rawden - LOGISTICS |
| Tracy Carney - LANDSCAPE HOUSE | Neil Regan - BROOKFOOT |
| Grant Davidson - HALIFAX | Lee Robinson - LOCHARBRIGGS STONE |
| Jonathan Gadd - LANDSCAPE HOUSE | Patricia Scott - Patricia SANDY |
| Stephen Garside - HALL INGS | Gary Taylor - WEST LANE |
| Christopher Gaukroger - BROOKFOOT | John Taylor - WEST LANE |
| Dean Gibson - BROOKFOOT | John Thomas - WEST LANE |
| Richard Goldspink - BROOKFOOT | Lawrence Thomas - EAGLESCLIFFE |
| Roy Gurney - SANDY | John Topping - LANDSCAPE HOUSE |
| Gary Haigh - HALIFAX | Robert Truman - STOKE HALL QUARRY |
| Richard Hooper - MARKETING SUPPORT | Lee Whitton - BROOKFOOT |
| Gary Humphries - SANDY | Brian Young - FALKIRK |
| Barry Leonard - SANDY | |



Celebrating a quarter of a century



This year 39 employees are celebrating 25 years at Marshalls. Their hard work and commitment has been celebrated at the annual Long Service presentation which took place at Bertie's Restaurant near our head office in Elland.

The employees have accumulated an incredible 975 years of service between them and were presented with a well deserved gold watch and certificate by Chief Executive Martyn Coffey.

Stephen Garside, Software Developer and Business Analyst said: "We had a great day, with the chance to catch up with colleagues from around the business and the opportunity to reflect on our time at Marshalls."

"We have seen the company change from a family run business to a PLC and survive through two recessions in the 1990s and the most recent one. When speaking to people, one common thought was that Marshalls had given them and their families stability and a good standard of living over the last 25 years."

Martyn Coffey said: "The long service awards is a truly fantastic event as it gives us the opportunity to thank in person all those individuals who have played such an important part in the success of our business, and who we hope will remain with us for many more years to come. I would like to take this opportunity to thank them all for their years of hard work and dedication."

Marshalls has fair and merit-based employment policies and adheres to all relevant legislation, including measures for the effective prevention of discrimination against individuals with protected characteristics under the 2010 Equality Act. Full and fair consideration is given to all applications from individuals with recognised disabilities and we ensure that all applicants are provided with equal opportunity for employment and career development. Training is offered and where possible, adjustments are made to ensure that employees with disabilities, or those who become disabled whilst in our employ, are not disadvantaged in the workplace.

The high proportion of male employees is due to the sector in which we operate, which has been traditionally male oriented. In striving for a better workplace for all and sustainable business, we are committed to making a positive impact towards improving gender balance. It is also our intention to complete a Women's Empowerment Principles audit during 2015.

The Marshalls Way to Employee Engagement

There is a dedicated resource within Marshalls' human resources team which focuses specifically on co-ordinating and framing employee engagement activities through local management teams and employee focus groups.

Through our intranet, monthly newsletters, site notice boards and regular face-to-face briefings we communicate all aspects of progress, including

product developments, sales successes, partnership activities, UN Global Compact support, the Dignity at Work programme and the Group's overall performance.

So why is employee engagement key to delivering our growth agenda?



Anne Payne
Human Resources Manager - Employee Engagement.

Many organisations recognise that employee engagement is a key business agenda and that their efforts to engage their employees have created a competitive advantage.

- Companies in the top 25% of engagement scores grow sales much more successfully than those in the bottom quartile.
- Almost two thirds of employees who feel engaged said their job brings out their creative and innovative skills significantly more than employees who feel disengaged.
- Organisations in the top 25% of employee engagement scores are far more productive than those in the bottom 25%.

How do people become engaged?

There are a number of key ingredients. In particular, visible leaders who clearly communicate where we are going as a business and how we are performing, involving everyone in having a say in how Marshalls is run and ensuring our values and behaviours are understood and lived by each of us. Having managers who bring out the best in their team members, listen to them and give them feedback on how they are doing, is largely important in influencing whether someone feels able to perform at their best.

So what are we doing about it?

I work alongside many management teams and employee groups to help create an environment where people really do want to go the extra mile. Over the last year it has been great to hear people say they feel they have been listened to and involved in making changes and improvements in their own teams and that it is making a difference. The team leader development programme is something that will particularly have a positive impact on our business performance.



Through our employee 'Options' platform we offer a wide range of employee-focused benefits including Childcare Vouchers, plus access to other benefits such as the 'Cycle to Work' Scheme.

Marshalls operates a structured consultative and collaborative interactions with recognised trade unions and our broader employee base. In 2013 a three year agreement, covering pay and employment terms throughout the 2013 - 2015 period, was successfully negotiated with elected representatives and full time officers.

Marshalls' 'Serious Concerns Policy' provides a framework for employees to raise any matters of concern confidentially and securely and ensure that any matters raised are fully investigated.

Best Companies Survey - A fantastic Response and a Great Result

In 2014 Marshalls participated in the Best Companies Workplace Engagement Survey for the third time.

70% of employees participated and the results showed continued progress against previous targets and provided valuable data and employee commentary on all areas of the business where focused action plans were developed for the following year.



Kevin Hull
Group Human
Resources Director

“I’m delighted that, thanks to feedback from the survey, Best Companies has accredited Marshalls as a ‘One to Watch’ company.

This means we’ve improved our overall score from last year (616.2 vs 599.1) and equalled our original accreditation back at the end of 2011 – but with a higher score.

That’s a great result for everyone in the company, particularly given we now have 74% of colleagues involved in the survey compared to just 43% the last time we were classed as a ‘One to Watch’.

Every time employees complete a survey they provide us with an opportunity to get ‘under the skin’ of Marshalls and really understand what’s important to them, how they feel about the company, whatthey want to see more of and so on. We pay real attention to what employees tell us – good and bad.

At Group level employees have told us that they feel more positive about every category in the survey, including how they see the leadership of the company, the management style of our managers and team leaders and also that they have had more opportunities to learn and grow and that this continues to be an area of real interest to many employees.

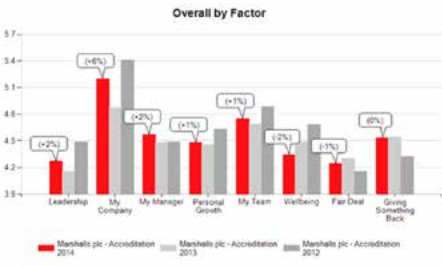
As always there are variances across the company, so we have started to feedback the headline results to business areas. This will give our people the opportunity to get involved and have a say about what action they would like to see in their local teams.

Best Companies Update and our Employee Engagement Priorities for 2014

The Best Companies Employee Engagement Survey helps us gauge how involved and engaged our employees feel in comparison with similar-sized businesses to our own.

Having every team member fully engaged is critical for us to deliver our growth agenda across Marshalls. This overview of the key messages employees have given us at Group Level and to communicate clearly what we will be focusing on over the forthcoming months.

The results from this survey were generally more positive than the previous year with some really good feedback on the areas we have given most focus; visible leadership, management style and personal growth. Your feedback is as valuable as ever, whether in terms of what you would like to see happening at Group level or closer to home in your own teams.



So, what have you told us and what are we doing about it?

You've told us...	So what are we doing?
<ul style="list-style-type: none"> Many of you would like to hear even more from our leaders in the business in terms of the Company's priorities and how we are performing. You would like to know who the senior leaders are and know that they are interested in what is happening in local teams at local sites. 	Group-wide communications programme <ul style="list-style-type: none"> One of our most important and ambitious priorities is to extend our existing internal communications to as many of our 2,000 plus employees within the business as possible, to ensure that everyone understands what we are trying to achieve as a company and know how we are performing against the objectives we set ourselves for 2014. Following the focus groups we ran to discuss how we can best communicate Group-wide information, we have made changes to TalkBack and put more than 30 notice boards up across our sites. Each site also has a number of media folders to promote projects where we have created better spaces. More senior managers are regularly undertaking Visible Felt Leadership walkabouts to promote good health and safety practices and take the opportunity to talk to team members across their sites.
<ul style="list-style-type: none"> More of you feel positive about your relationship with your manager; for others, there's room for improvement in terms of managers listening more actively and being a good role model for those around them. 	Focusing on our managers and team leaders <ul style="list-style-type: none"> We will continue to support our managers in further improving their management skills with more than 95 team leaders on our manufacturing sites taking part in a development programme. We have also launched our Manager's Learning Zone (MLZ) that has a range of materials - guidebooks, tip sheets and e-learning modules - designed to provide support and information to both new and established managers. Regular bulletins signpost managers to relevant 'bundles'.
<ul style="list-style-type: none"> More of you want to have constructive, two-way conversations about work and your personal development. You want a good conversation with your manager where you feel listened to. We need to understand our skills and talents as a business and ensure everyone performs consistently at their best. 	Embedding performance and development reviews <ul style="list-style-type: none"> Continued focus will be given to ensuring everyone has the opportunity for a discussion about their performance and development and managers are working hard to ensure any agreed actions are put in place.

In addition to these priorities we are also;

- Developing our values framework so that everyone understands the behaviours we need to demonstrate to deliver our business in line with the 'Marshalls Way'.

As ever, what happens closer to home always has the most effect, so please take the chance to get involved in developing some actions that will make a real difference to the team in which you work. Please look out for the posters on our Group notice boards giving you some further information over the next few weeks.

Regards, Anne Payne - Human Resources Manager – Employee Engagement



Training & Development

Marshalls is committed to Investors in People and to supporting employees through NVQ accreditation.

Employee Manufacturing Diplomas

Stuart Bravington, Business Improvement Manager and Stuart Brown, Site Production Manager at Ramsbottom have been awarded the Diploma in Manufacturing at their graduation ceremony at Manchester University.

The diploma is quality assured by the university and delivered by the prestigious Manufacturing Institute. It is designed to help manufacturers fast track their careers and boost productivity and profits in their companies. Both have been able to apply their studies to improvement projects at Marshalls.

“Stuart Bravington said: *“The diploma enabled me to look at things through different eyes. Because the modules were work-based, most of them have had a direct impact on the business, which is fantastic. The people development skills I learned were a big win and I was able to apply that back into the workplace.”*

Stuart Brown said: *“The diploma has proved invaluable to me. It has benefited me personally as I was promoted within the first six months of the course. We are now planning to implement my diploma project which will lead to a more cost-effective method of manufacturing one of our premium products and will enable us to extend this product range. The return on investment is expected to take less than three weeks. I couldn’t recommend the course highly enough.”*

Also, congratulations to Jessica Judd, National Technical Assistant at Premier Mortars, Ramsbottom who has gained her university certificate in Concrete Technology.



Images: receiving their awards from left Stuart Bravington, Stuart Brown and Jessica Judd.

Health & Safety

Our internal Safety, Health & Incident Prevention (SHIP) teams consist of employee representatives and managers and are the cornerstone of the safety management system at site level.

The SHIP teams meet regularly to support and develop our safety programme. Marshalls’ operating sites have been progressively implementing Integrated Management Registration systems accredited by the British Standard Institution incorporating the Occupational Health and Safety Accreditation Standard 18001-2007;

at the end of 2014 all but one site held this accreditation. The organisation’s Health & Safety Policy sets out the principles regarding the health and safety of employees and performance is monitored by the Board on a monthly basis with (name) being responsible for Health & Safety.

Marshalls remains committed to meeting the highest safety standards for all its employees, to reinforce and develop its safety processes, and to develop a competent workforce with a view to achieving long term improvement gains, and this remains a key priority for the business. Achievement of annual Health and Safety improvement targets is directly linked to the remuneration of the Executive Directors and senior management, as explained in the Remuneration Report.

The headline target for 2014 was a 10% reduction in days lost resulting from workplace incidents against 2013. The actual reductions achieved were:

- 29.6% reduction in days lost resulting from workplace incidents
- 9.9% reduction in all incident frequency rate
- 41% reduction in lost time incidents (LTI’s) recorded
- 8.3% reduction in incidents reportable to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR)

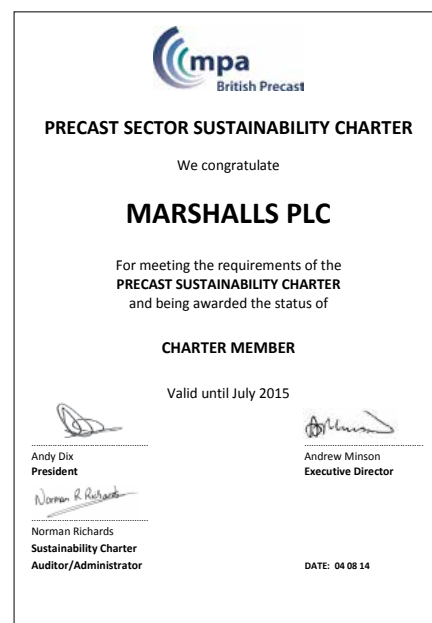
The primary target for 2015 will again be a 10% reduction year on year in days lost resulting from workplace accidents. Table 1 below shows the KPIs used by the Group to monitor performance, and progress against those KPIs over the last 5 years.

Table 1

Incident Frequency and Severity Rates (per 100,000 hrs worked)	2010	2011	2012	2013	2014
All Incidents	9.49	8.32	6.95	6.56	5.91
All Lost Time Incidents	1.60	1.55	1.40	1.22	0.72
All RIDDORs	0.94	0.81	0.61	0.36	0.33
All Days Lost	14.76	20.44	13.45	11.46	8.07
Average UK headcount	2,391	2,456	2,252	2,055	2,132

Third Party Recognition and Awards

Independent third party scrutiny and verification is a key component to Marshalls' approach to business, as is award recognition from external bodies. It is of great importance to Marshalls that the awards entered both showcase and challenge the company's pioneering approach.



BITC CR Index



BES 6001 Responsible Sourcing

Third Party Recognition and Awards

Auditing

In the past, Marshalls has worked with generally recognised auditors for its work in India. Whilst working in India however, Marshalls found it really needed to work with auditors with specialist knowledge of trade unions and ILO (International Labour Organisation) standards. The auditing process for Marshalls is not just about hitting the baseline and doing the minimum, it's about going the extra mile and ensuring the process is as thorough and rigorous as possible. Marshalls' supply chain strategy follows the ETI Base Code, which is based on the International Labour Organisation's Conventions. In embedding the Base Code in the supply chain Marshalls has implemented processes to ensure compliance and improvement.

Marshalls employs full time social auditors in both India and China. Working on the ground alongside quarry & factory owners, managers, workers, unions and non-governmental organisations, the auditor ensures all areas of the ETI Base Code are upheld.

Marshall's works with Just Solutions in order to gain a consistent approach to auditing its supplier network and ensure supply chains remain ethical and best practice is shared where possible. Led by expert supply chain auditing specialist Stirling Smith, Just Solutions is an SAI listed consultant who works to develop and extend the SA8000 standard and the ETI Base Code. The company relies upon the hard core of convinced companies to engage stakeholders and professionals together in an agreed programme.

Audits are carried out at least annually, by a two-person team over two days. A qualified Marshalls assessor goes to India and China five to six times a year to audit informally. If non-compliance is found, an action plan is agreed to ensure rectification takes place and this is followed up by an external audit.

Accreditation

Marshalls only works with reputable and reliable suppliers in terms of accreditation.

Ongoing Stakeholder Consultation

Marshall's would like to thank all of its stakeholders who had input into this third UNGC Communication on Progress, namely Marshall's employees, customers, suppliers, partners and NGOs.

2014 COP Feedback
Survey

As a valued stakeholder Marshalls would very much appreciate your feedback and comments on its 2014 Communication on Progress (COP.) You may be aware that Marshalls became a signatory of the UNGC in January 2009. Our commitment to the UNGC requires that we submit an annual COP to the UN office in New York. This and all other COPs can be found in at www.marshalls.co.uk/sustainability/publications

Our 2009 COP received a 'notable' status from the UNGC, an acknowledgement made to only a small percentage of signatories. We will make this 2014 COP's available for UNGC UK Network peer review again this year. We are particularly keen to gain frank feedback from a range of our stakeholders as we further engage in a drive for corporate sustainability leadership throughout 2015 and beyond.

If you wish to take part in our COP feedback survey please email: elaine@marshalls.co.uk

GRI Performance Indicators

GRI Indicator	Indicator Description
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
EC3	Coverage of the organisations defined benefits plan obligations.
EN8	Total water withdrawal by source.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.
EN22	Total weight of waste by type and disposal method.
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.
LA4	Percentage of employees covered by collective bargaining agreements.
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.
HR10	Percentage and total number of operations that have been subjected to human rights reviews and/or impact assessments.

UNGC Commitment Indicators

GRI 3.1 Disclosure		UNGC COP Element Addressed
Strategy and Analysis	Profile Disclosure 1.1 – Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	Statement of Continuing Support
Organisational Profile	Profile Disclosure 2.1 – Name of the organization Profile Disclosure 2.2 – Primary brands, products, and/or services Profile Disclosure 2.3 – Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures Profile Disclosure 2.4 – Location of organization’s headquarters Profile Disclosure 2.5 – Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report Profile Disclosure 2.6 – Nature of ownership and legal form Profile Disclosure 2.7 – Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries) Profile Disclosure 2.8 – Scale of the reporting organization Profile Disclosure 2.9 – Significant changes during the reporting period regarding size, structure, or ownership Profile Disclosure 2.10 – Awards received in the reporting period	No Specific COP Requirement
	Profile Disclosure 3.1 – Reporting period (e.g., fiscal/calendar year) for information provided Profile Disclosure 3.2 – Date of most recent previous report (if any) Profile Disclosure 3.3 – Reporting cycle (annual, biennial, etc.) Profile Disclosure 3.4 – Contact point for questions regarding the report or its contents Profile Disclosure 3.5 – Process for defining report content Profile Disclosure 3.6 – Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers) Profile Disclosure 3.7 – State any specific limitations on the scope or boundary of the report Profile Disclosure 3.8 – Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations Profile Disclosure 3.10 – Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement Profile Disclosure 3.11 – Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	No Specific COP Requirement

GRI Performance Indicators

GRI 3.1 Disclosure		UNGC COP Element Addressed
Governance, Commitments and Engagement	Profile Disclosure 4.1 – Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight Profile Disclosure 4.2 – Indicate whether the Chair of the highest governance body is also an executive officer Profile Disclosure 4.3 – For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members Profile Disclosure 4.4 – Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Actions Taken to Implement Principles 1-10
Governance, Commitments and Engagement	Profile Disclosure 4.14 – List of stakeholder groups engaged by the organization Profile Disclosure 4.15 – Basis for identification and selection of stakeholders with whom to engage	Sharing the COP with the Company's Stakeholders
Economic	Disclosure on Management Approach – Economic Provide a concise disclosure on the following Management Approach items: goals and performance; policy; additional contextual information.	Actions Taken to Implement Principles 1, 4, 6 and 7
	EC1 – Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	No Specific COP Requirement
	EC3 – Coverage of the organization’s defined benefit plan obligations	No Specific COP Requirement
Environmental	Disclosure on Management Approach – Environmental Provide a concise disclosure on the following Management Approach items: goals and performance; policy; organizational responsibility; training and awareness; monitoring and follow-up; additional contextual information.	Actions Taken to Implement Principles 7, 8 and 9
	EN8 – Total water withdrawal by source	Outcomes from Implementing Principle 8
	EN18 – Initiatives to reduce greenhouse gas emissions and reductions achieved	Actions Taken and Outcomes from Implementing Principles 7, 8 and 9
	EN22 – Total weight of waste by type and disposal method	Outcomes from Implementing Principle 8
Labor Practices and Decent Work	Disclosure on Management Approach – Labor Practices and Decent Work Provide a concise disclosure on the following Management Approach items: goals and performance; policy; organizational responsibility; training and awareness; monitoring and follow-up; additional contextual information.	Actions Taken to Implement Principles 1, 3 and 6
	LA1 – Total workforce by employment type, employment contract, and region	No Specific COP Requirement
	LA4 – Percentage of employees covered by collective bargaining agreements	Outcomes from Implementing Principles 1 and 3
Human Rights	Disclosure on Management Approach – Human Rights Provide a concise disclosure on the following Management Approach items: goals and performance; policy; organizational responsibility; training and awareness; monitoring and follow-up; additional contextual information.	Actions Taken to Implement Principles 1, 2, 3, 4, 5 and 6
	HR6 – Operations identified as having significant risk for incidents of child labor and measures to contribute to eliminate child labor	Actions Taken to Implement Principles 1, 2 and 5
	HR7 – Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor	Actions Taken to Implement Principles 1, 2 and 4
	HR10 - Percentage and total number of operations that have been subjected to human rights reviews and/or impact assessments.	Actions Taken to Implement Principles 1, 2, 4 and 5.



Marshalls

Creating Better Spaces

For more information on Marshalls,
visit www.marshalls.co.uk/sustainability

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