



United Nations Global Compact
Communication on Progress 2017



United Nations Global Compact
Communication on Progress 2016



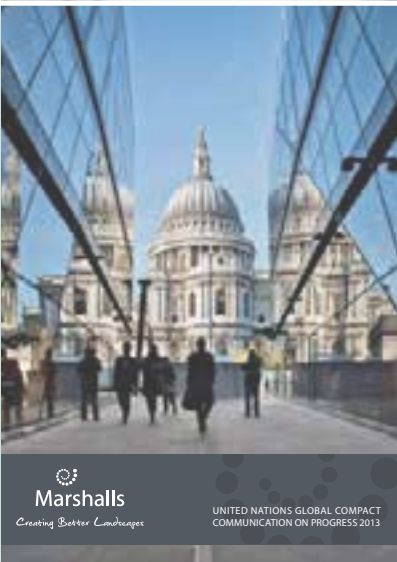
United Nations Global Compact
Communication on Progress



United Nations Global Compact
Communication on Progress



United Nations Global Compact
Communication on Progress 2018



UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2013

10 TEN YEARS

United Nations Global Compact Communication on Progress 2018

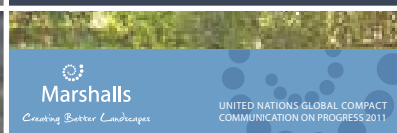


Marshalls

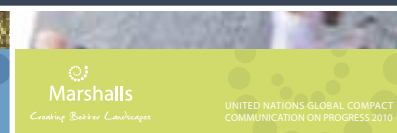
Creating Better Spaces



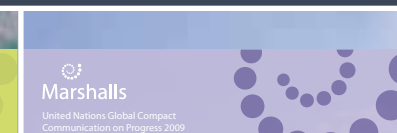
UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2012



UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2011



UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2010



United Nations Global Compact
Communication on Progress 2009





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. Marshalls 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 the Company's tenth Communication on Progress and outlines how Marshalls is aligned with the ten principles and how, throughout 2019, the plc intends to develop its 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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Martyn Coffey, Marshalls CEO
Driving Business Growth
Through Sustainability

Statement of Support for the UNGC Martyn Coffey, Marshalls CEO

Lise Kingo, CEO & Executive Director of the UN Global Compact, has called for 2019 to be a **'Year of Tipping Points'**. She reminded me, as I read her message to all signatories at the beginning of this year, that it was 20 years ago that the late founder UN Secretary-General Kofi Annan first proposed the idea of a Global Compact between the United Nations and the world's businesses. It cannot be disputed that the universal principles of human and labour rights, respect for the environment and anti-corruption proposed by Kofi Annan as basis of the Global Compact are as valuable and relevant today as they were back then.

At Marshalls too we had a special anniversary in January 2019 as we marked our 10th year of engagement as a signatory of the UN Global Compact. I am proud that our organisation had the foresight and vigour to engage in 2009 when traction for UNGC initiative was challenging. Since then the UNGC principles and framework have been our constant mentor and guide, challenging us to shape and develop our business with sustainability up-front-and-centre. It has without doubt, and continues to be, an invigorating and often frustrating journey as we navigate our way to maintain our leadership position and to ensure that sustainable choices are embedded in all areas of our business and are quite simply just the way we do business. I resonate with Ms Kingo when she says, "In a topsy-turvy world, our Ten Principles can help restore our balance and steady our nerves". Marshalls can most certainly attest to that.

As we celebrate our 10th year UNGC anniversary I want to take a moment to thank our team in its entirety for their continued commitment to the UNGC principles. I want to acknowledge that each and every one of them has played a part in enabling Marshalls to uphold the important

commitments that we made back in 2009. You'll see for yourself as you read our latest report that upholding these commitments engages the efforts of all of our people without exception; whether we're working to ensure that we deliver on our environmental commitments; working to protect labour rights and improve standards for workers and their families around the globe; coming together to take action on human rights; personally engaging with the challenges of spotting and reporting the signs modern slavery as we go about our business; working with suppliers on the challenging issues of ethical sourcing; engaging with the complexities of diversity & inclusion; supporting one another in our efforts to make a contribution to issues that we care about in our local, regional and global communities; and in a plethora of other ways. I wish to say loud and clear that I am grateful for their unwavering engagement, energised by their actions and extremely proud of what they have each contributed and that Marshalls has therefore been able to achieve.

As we move forward, three years into the SDGs, I'm heartened to know that good progress is happening on many fronts as we all drive towards a more sustainable way of life as envisioned in the 2030 Agenda, but I also understand that there are huge gaps particularly on climate change and inequality — for women, young people and for workers in the global supply chain. Marshalls remains committed to contributing to the SDGs, encouraging others to become UNGC signatories and to using our leverage and our immense collective energy to help ensure that this is indeed a **'Year of Tipping Points'**.

Statement, Chris Harrop OBE Marshalls' Group Marketing and Sustainability Director

Although my tenure as Global Compact UK Chair ended over two years ago I remained a Director of the UK Network until very recently. I am of the firm view that the UN Global Compact UK Network is extremely important in doing just as Ms Kingo says, translating the SDGs into business action and innovation everywhere. By helping companies understand what sustainable business means in practice and engaging them in Network activity businesses are able to harness the knowledge and expertise of the UNGC, share knowledge and challenges openly with peers and across sectors, and turn this into action within their respective businesses. By creating a safe space the Network is actively accelerating understanding and action in support of the SDGs. Marshalls is engaged with the Network both in an advisory capacity, through the active engagement of our business & human rights lead, and our participation in the Modern Slavery Working Group and the Diversity & Inclusion Working Group. The Global Compact UK Network continues to deliver huge value to network members and I thank them for their engaging programme throughout 2018.

I am pleased also to share with you the news that that at the end of 2018 I received an OBE for my services to modern slavery; although it saddens me to think that in this day and age this would be the case. The 10th of December 2018 was the 70th anniversary of the Universal Declaration of Human Rights and a stark reminder to me, in the light of this honour, that although drafted in 1948 in the aftermath of World War II, the Universal Declaration remains as relevant today as ever before, presenting an ambitious vision for a world in which all human beings live in dignity and freedom. The fact that Marshalls has answered the call of UNGC and has a principles-based approach regarding human rights which ensures that is at the centre of our business strategy gives me cause for optimism. I hope that other businesses engage and do the same.



Chris Harrop OBE, Marshalls' Group
Marketing and Sustainability
Director, Global Compact UK
Director, ETI Non-Executive Director

"For the UN Global Compact, our priority is to translate the SDGs into business action and innovation everywhere. Our Local Networks in over eighty-five countries are at the heart of this effort. Networks are absolutely crucial to help local businesses shape this agenda. Our Local Networks have shown us time and again that the solutions and innovations we need are already out there. Change will not come as a result of meetings held at UN Headquarters alone, but as a result of deliberate and tangible action on the ground."

Executive Director, Lise Kingo

Foreword

I'm delighted to offer a warm welcome to all readers of this Marshalls' 10th UNGC Communication on Progress Report. I can hardly believe that 10 years have flown by since we became a UNGC signatory, and yet when I look at our journey over that time I can honestly say that we've made so much progress in our thinking, our decision making and our actions as a result. Regular readers will know that I like share with you here, at the beginning of our report, some of the highlights of the challenging work that we've undertaken in 2018. We welcome feedback and comments from all of our stakeholders on our activities, so if you're inspired to get in touch by anything you see here please see the feedback section towards the end of the report; we'd be delighted to hear from you.

Our activities has continued to be shaped by the business and human rights agenda; the publication of our third **Modern Slavery Disclosure Statement** and its implementation throughout UK business operations and our global supply chains, the publication of our second **End Modern Slavery Report** which details the depth and breadth of our efforts, the reinvigoration of our **Ethical Trading Initiative 2020 Strategy** and our ongoing work make a contribute towards the **Global Goals**.

I am particularly proud of our most splendid and growing army of Modern Slavery Ambassadors. They are strategically recruited through our UK operations have proved to be an excellent asset as we continue to ensure that all of our employees know how to spot the signs of modern slavery and how to report it. They are supremely placed to ensure that we are in a position to leverage our UK operations in the fight against modern slavery. I look forward to our next End Modern Slavery Report in the middle of 2019 which will detail the growing number and work of our Modern Slavery Ambassadors.

We continue to work on preventative measures with our anti-slavery partner, Hope for Justice, in the UK and are also exploring an innovative educational initiatives in India which we hope

to be able to give more details on in our End Modern Slavery Report in June 2019.

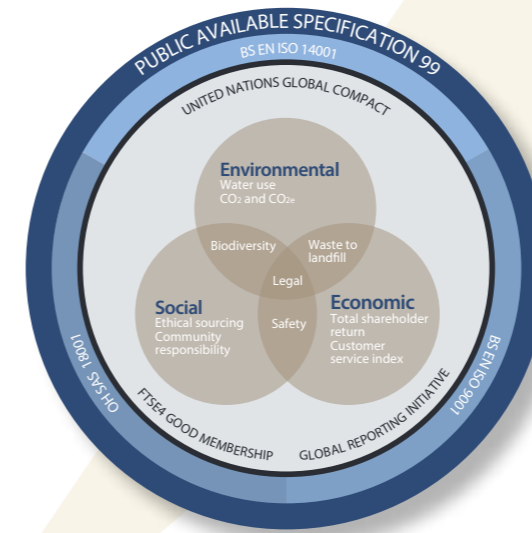
We have initiated an exciting multi stakeholder supply chain and community programme in Vietnam which sees the International Organisation for Migration as our partner. We remain active also in China, Turkey and Europe.

I'm pleased to report that this activity, and more, has enabled us achieving BRE Ethical Labour Standard 6002 verification for the third year running.

I am pleased to say that during 2018 we have also committed to **Science Based Targets**. We will now report on our progress annually in realtion to this in our COP report. You will also read, later in the report, our progress regarding the UN **CEO Water Mandate**.

Martyn Coffey, our CEO, continues to champion Marshalls' strategic approach to sustainability and made clear in his statement of support he and the Board fully acknowledge the importance of our UNGC engagement as we continue our journey as a sustainable business committed to contributing to the SDGs in a meaningful way.

I would like to reiterate Martyn's sentiment here in that all or my colleagues are empowered to harness Marshalls brand values and to do the right thing day-in-day-out. I have seen for myself that this is extremely powerful and liberating. Marshalls' employees are all aware of the businesses commitment to sustainability and what this means to them in terms of what they do here at work. There is an every increasing sense that everyone, whatever their role, has an equally important part of play in our efforts to live and breathe the UNGC principles, nowhere more so that in our continued drive to eliminate modern slavery.



Regular readers of our COP's will be very familiar with our sustainability model which incorporates our membership of the UNGC and FTSE4GOOD, and our continued commitment to Integrated Management Systems.

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 absolutely focused on being a successful and profitable business whilst minimising our impact on the environment, looking after the 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:

 Abigail Brown Mineral Products Marketing Manager	 Richard Capper, Energy Management Engineer	 Tom Poole, HR Director	 David Jessop, Operations Manager Marshalls Register	 Mike Plaster, Commercial Marketing Communications Manager	 David Morrell, Group Head of Sustainability	 Matthew Gibb, Group Environment & Water Manager	 John Davis, Health, Safety & Environmental Director	 Elaine Mitchel-Hill, Business & Human Rights Lead.	 Rory Kendrick, Natural Stone Sourcing Director.
 Chris Frankland, Head of International Marketing/Export	 Andrew Stalker, Head of Commercial Marketing	 Richard Beale, Procurement Director	 Claire Blake, Head of Domestic Product Management.	 Paul Battison, Head of Logistics	 Steve Swanwick, Group Systems Manager	 Louise Furness, HR Director	 Nicole Bennett, Product Manager Commercial Paving.	 Chris Griffith, SuDs and CBP Manager.	 Viki Harris, Content & Social Media Manager
 Alexander Archer- Todd, Digital Content Producer	 Ryan Darcy, Marshalls, Driver	 James Eastwood, Marshalls, Driver	 Angus Doherty, Environment Intern						

These employees work alongside those with special responsibilities including; Group Procurement Director, Richard Beal, Group Human Resources Director, Louise Furness and Business & Human Rights Lead, Elaine Mitchel-Hill, Group Head of Sustainability, David Morrell and Natural Stone Director, Rory Kendrick.

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; The Carbon Trust, BSI, Wild Life Trust, ETI, BITC & BRE. We also engage with third sector organisations as 'critical friends' in order that we get full and frank feedback on a range of issues especially in relation to our human rights programme and our work on modern slavery and transparency in the supply chain.

Our Business & Human Rights Programme continues to develop at a pace and now includes modern slavery threat assessments, human rights impact assessments, Children's Rights & Business Principles audits, UN Women Women's Empowerment Principles gap analysis benchmarking, business and human rights Yammer platform, a human rights & modern slavery training programme and modern slavery risk mapping and country profiling. In addition we continue to work closely with Indira Saxena regarding social issues in India and Sterling Smith of Just Solutions Ltd on higher risk overseas supply chains.

I am particularly delighted to confirm that Marshalls has once again retained its Superbrand status for the ninth year running. This remains a testament to the dedication and passion of everyone within the business and a feat which we are all extremely proud.

In this our 10th Communication on Progress, we share with you once again the relentless efforts that we have made to uphold the UNGC principles during 2018 and our enduring commitment to these principles as we move forward throughout 2019.

Focus for 2019

Business and Human Rights

Marshalls published its third Modern Slavery Disclosure Statement in May 2018, as required following the introduction of the UK Government Modern Slavery Act. Many of you will be aware that this Act requires all businesses with a turnover in excess of £36m to provide an annual Statement of Disclosure detailing the steps taken during the previous year to help ensure that slavery and human trafficking is not taking place in its business operations or supply chains. Marshalls continues to lead the field both in the UK and overseas in this area, as you'll read later in this report.



Modern Slavery Act 2015



We look forward to publishing our fourth disclosure statement in May 2019 and sharing full details regarding our progress against key performance indicators. Much progress has been made in delivering against our KPI commitments and our 2019 statement will see refreshed and renewed indicators. Our third 'End Modern Slavery Report' will be published mid-year so that all can see the range and depth of our activity.

“For Marshalls, human rights is proving to be a platform for business innovation, galvanising collective action, moral fortitude, meaningful collaborations with new business partners and long term sustainability; making sure we’re a company that young people want to work for, investors want to invest in and governments want to partner with.”

Martyn Coffey, CEO, Marshalls plc

In early 2019 we are set to launch our compelling 'Power of Logistics' modern slavery initiative which will see our entire nationwide logistics team trained on how to spot the signs of modern slavery and how to report safely. Our drivers often deliver goods to construction sites early in the morning, or late in the day and are well placed to spot and report. Our fleet of vehicles will also have the national modern slavery helpline on them. We are delighted that the launch will be supported by West Yorkshire Police & Crime Commissioner and the Association of Police and Crime Commissioners (APCC) Lead on Modern Slavery, Mark Burns-Williamson.

In the UK Marshalls remains active and engaged in the **West Yorkshire Anti-Trafficking & Modern Slavery Network, Greater Manchester Business Network on Modern Slavery, UNGC Modern Slavery Working Group, the ETI Working Group on Modern Slavery** and sits on the **APPG for Modern Slavery & Sport, including Construction**. We also remain engaged with UK government and are looking forward to contributing to the **Commonwealth Parliamentary Association** delegation visit regarding modern slavery from a construction sector perspective.

Our programme in **Vietnam focusing upon Reducing Risks of Slavery & Trafficking in the Natural Stone Sector** will get underway in early 2019. Led by the **International Organisation for Migration**, the UN Migration Agency, this exciting multi-stakeholder programme will look at building capacity in supply chains and mitigating risks in rural communities.

The cross-sectoral work in India that we have been engaged in through our membership of the **International Labour Organisation Child Labour Platform** is set to continue apace in 2019. We are increasingly finding that cross-sectoral collaboration is key to gaining traction in sourcing countries where a large percentage of produce remains within the country for the local market.

We are delighted to report that Marshalls has committed to the **Science Based Targets Initiative (SBTi)**. As such throughout the coming year we will be working to establish and set our greenhouse gas emissions reduction targets. These will be consistent with the most ambitious aim of the Paris Agreement, to limit average global warming to 1.5°C by the end of the century compared to pre-industrial temperatures.



Deborah – use a couple of the POL images that I've sent in separate email.





Children's Rights & Business Principles Audit

Progress on our third Children's Rights & Business Principles Audit has been slowed due to our desire to link this work in with the work which we are now driving forward with the IOM and the ILO Child Labour Platform. We are now confident that this CRBP audit will be completed before the end of 2019. Together with the other stands of work this will help us to assess our progress and identify the priorities for the coming two years.

Modern Slavery Ambassadors

Marshalls now has seven strategically placed Modern Slavery Ambassadors throughout our UK operations. They have proved invaluable; sharing their knowledge of modern slavery in relation to their own areas of expertise, supporting colleagues and connecting with a wide range of external stakeholders. Throughout 2019 we are set to increase the number of Modern Slavery Ambassadors as we work to ensure that Marshalls is as toxic as possible to those organised criminals who seek to exploit vulnerable individuals and businesses.

Please so enjoy reading this our 10th annual Communication on Progress, and to finding out how by being a sustainable business we seek to gain a competitive advantage for our business and make a net positive impact, all while playing our part to contribute to the realisation of the Global Sustainable Development Goals.

Chris Harrop OBE
Group Marketing and Sustainability Director
Marshalls plc



Marshall's becomes a UNGC signatory and a Global Compact UK Network member.

Fairstone India brought to market.

Marshall's acts as catalyst for the formation of the Ethical Stone Group within ETI.

First company to carbon label over 2000 of its products.

Grass roots worker and community programmes in India.

Human Rights Policy Published.

Social auditor programme begun in India.

Supplier education, dialogue and collaboration event with UNGC UK.

Stone sector collaboration in India.

Development of Marshall's long term human rights programme based on Ruggie Framework.

CRBP pilot process undertaken.

3 year strategic partnership agreed with UNICEF.

Marshall's brand manifesto published.

First Modern Slavery statement published.

Second CRBP undertaken resulting in top 10 priorities.

UNICEF research published.

Marshall's response to UNICEF research published.

Marshall's Human Rights internal training programme launched.

ILO Child Labour Platform cross sectoral initiative begins.

First End Modern Slavery Report & Sourcing Country Risk Mapping published.

Once of first to commit to GLAA Construction Industry Protocol.

Partnership with Hope for Justice.

MSA Ambassador programme launched.

2009

2011

2013

2015

2017

2010

Human Rights Impact Assessment Programme started.

Communication on how Marshall's is contributing to the SDGs.

Children's Rights & Business Principles (CRBP) pilot programme engagement.

2012

Marshall's commits to CEO Water Mandate

Fairstone China launched.

Chris Harrop appointed Chair of UNGC UK Network.

Children's Right Policy published.

First CRBP audit undertaken.

2014

Living Wage accreditation achieved.

Product innovation – products to address water/floods launched.

Marshall's Stone Standard launched.

Sustainable development report – 2005 – 2015 published.

First company to achieve BES 6001 Responsible Sourcing verification.

Fair Tax accreditation achieved.

2016

WEPS Gap Analysis undertaken.

Ethical Risk Index developed and launched.

UNGC UK MSWG.

First company to achieve BRE ELS verification.

Marshall's becomes a member of the ILO Child Labour Platform.

First business to engage with West Yorkshire Anti-Trafficking Network.

M-Way Supplier Code of Conduct published.

Future Spaces research launched.

2018

CEO Water Mandate Reporting.

Committed to science-based environmental target.

IOM multi-stakeholder Vietnam Programme agreed.

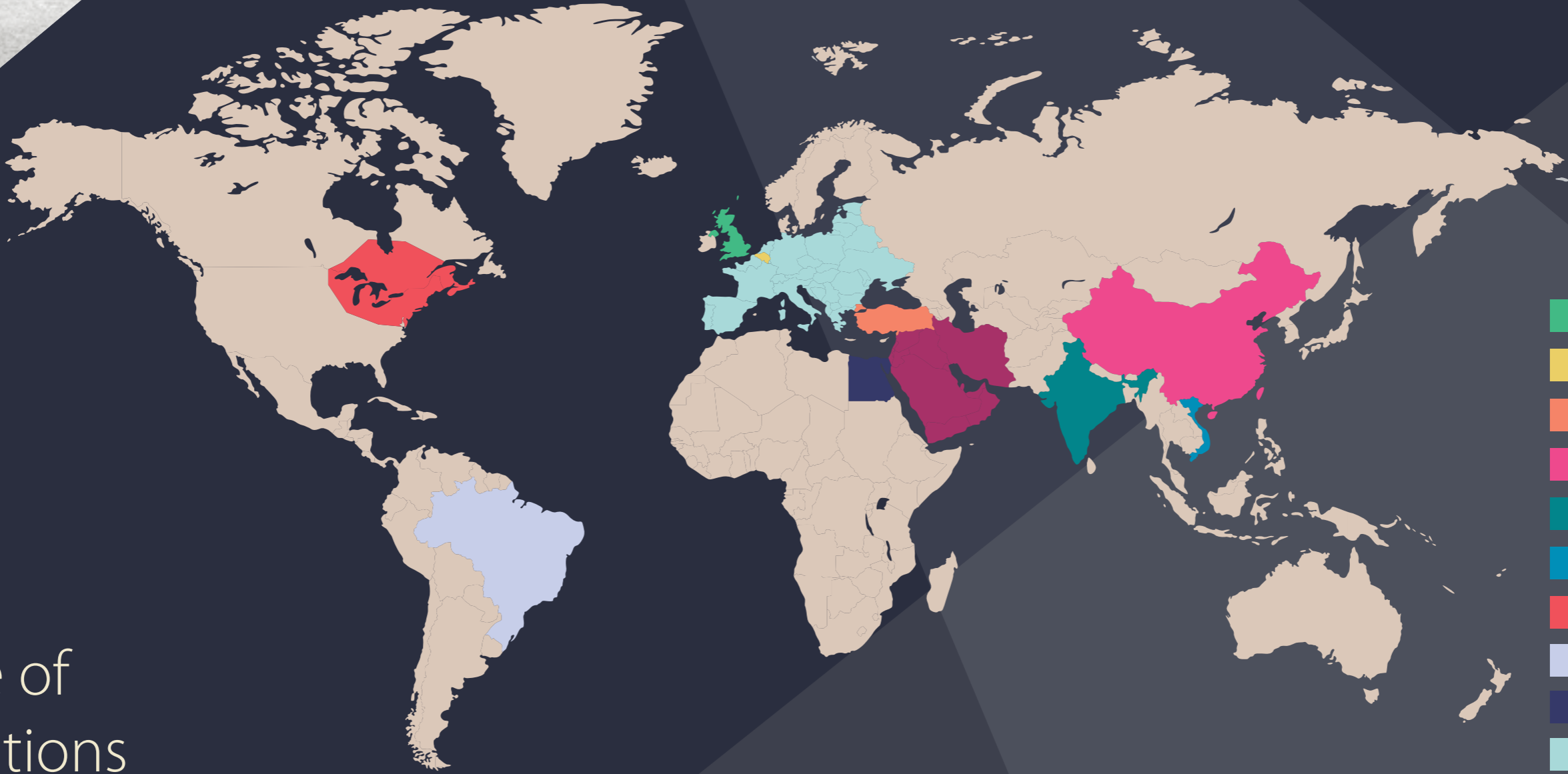
ILO cross sectoral programme engagement and development.

BITC SDG reporting forerunner.

Second End Modern Slavery Report.

ETI Strategic Objectives agree – underpinning UNGC principles.

Marshall's UNGC Signatory for ten years



Scope of Operations

- UK - HQ and Manufacturing
- BELGIUM - Manufacturing
- TURKEY - Sourcing
- CHINA - Quality & Ethical Compliance Office and Sourcing
- INDIA - Sourcing
- VIETNAM - Sourcing
- NORTH AMERICA - Office
- BRAZIL - Sourcing
- EGYPT - Sourcing
- EUROPE - Sourcing
- MIDDLE EAST - Office



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.

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 Global Compact UK Network. Any suggested changes will be made and the report will be re-submitted, if required, to the UNGC following the peer review process.

Marshalls has sought to extend stakeholder engagement in the COP process by inviting feedback from 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.

Please direct any feedback to Elaine Mitchel-Hill elaine.mitchel-hill@marshalls.co.uk

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.

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.



Marshalls The Superbrand

Tenth Consecutive Year

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 2018 Superbrand book provides insights into Marshalls' branding strategy and business success. Further information can be found at www.superbrand.uk.com



Superbrands UK Annual Vol.20

Marshalls



Marshalls is the UK's leading manufacturer of hard landscaping products, and has been supplying superior natural stone and innovative concrete products to the construction, home improvement and landscape markets since the 1890s. Marshalls strives to create products that improve landscapes and create better environments to develop happier and healthier communities.

Market

A global leader in creating better spaces, Marshalls strives to improve environments for everyone, from creating integrated landscapes that promote well-being and using fairly traded stone, to providing products that alleviate flood risks and creating innovative protective landscape furniture. Working in both the public sector as well as domestic and commercial markets, Marshalls provides a complete external landscaping, interior design, paving and flooring products service – from planning and engineering, to guidance and delivery. Marshalls is committed to producing new products that better any existing market offering, and to make them from the best materials it can source. Over the years, Marshalls has continued to develop and expand its products and services – whether working alongside architects, local authorities and contractors or providing homeowners, driveway installers and garden designers with innovative domestic products.

Product

Marshalls' domestic customers range from garden designers and professional landscapers to DIY enthusiasts and driveway installers and specialises in helping to create beautiful and practical outdoor spaces that families can enjoy for years to come. Designed to inspire, Marshalls' extensive product ranges combine quality, elegance and durability in both traditional and cutting-edge designs, with products to suit every taste and style. In the public sector and commercial market, Marshalls

works with a diverse commercial customer base, including local authorities, commercial architects, specifiers, contractors and house builders, by offering them unrivalled technical expertise, manufacturing capability and an enviable product range, including superior natural stone, innovative concrete hard landscaping products, water management solutions, rail products, landscape furniture and protection products, and natural stone cladding as well as facades.

OVER 14.5 MILLION MINUTES OF MARSHALLS' YOUTUBE VIDEOS HAVE BEEN VIEWED

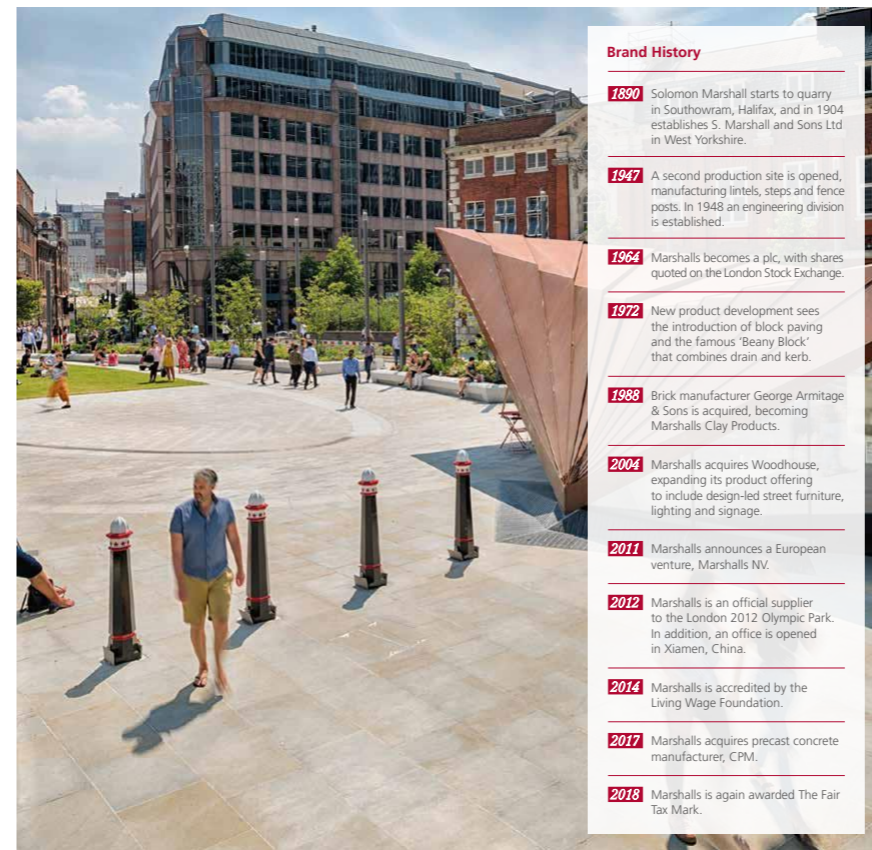
Achievements

Having been the first organisation to achieve verification against BRE Global's newly launched Ethical Labour Sourcing Standard (BES 6002) in 2017, Marshalls has again achieved verification for the second year running. It continues to focus on being a successful and profitable business whilst minimising its impact on the environment, looking after people and communities, striving to be innovative and to respond to market challenges and opportunities as well as taking the lead in its sector. Having remained a signatory of the United Nations Global Compact since its acceptance in 2009, Marshalls is committed to aligning operations and strategies with the

10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. In 2018, Marshalls was again awarded The Fair Tax Mark in recognition of the business' commitment to transparent tax processes along with being recognised as a Living Wage Employer. The Carbon Trust has reaccredited Marshalls three times. Since 2009, Marshalls has reduced its relative carbon footprint by almost 16% and has made a commitment to reduce its carbon emissions by 3.1% per year until 2020.

Recent Developments

Marshalls is spearheading Future Spaces, a project set up to foresee how commercial, public and domestic spaces might adapt and evolve over the next 10 years. The result of intensive research, Future Spaces aims to predict how changing lifestyles, technology and economic conditions might dictate the look, feel, colour, shape, textures and materials used to create those spaces. Sustainability remains at the heart of everything Marshalls does, and the company continues to be at the forefront of sustainable business. As the first company in its sector to belong to the Ethical Trading Initiative (ETI), Marshalls has unveiled its ETI Strategic Plan 2018 – 2020. Objectives have been developed to further embed and integrate ethical trade into business activities and decision-making as well as seeking to improve conditions for workers, their families and communities. Marshalls published its second Modern Slavery



Brand History

- 1890** Solomon Marshall starts quarry in Southowram, Halifax, and in 1904 establishes S. Marshall and 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' that 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.
- 2011** Marshalls announces a European venture, Marshalls NV.
- 2012** Marshalls is an official supplier to the London 2012 Olympic Park. In addition, an office is opened in Xiamen, China.
- 2014** Marshalls is accredited by the Living Wage Foundation.
- 2017** Marshalls acquires precast concrete manufacturer, CPM.
- 2018** Marshalls is again awarded The Fair Tax Mark.

Disclosure Statement, as required following the introduction of the UK Government Modern Slavery Act 2015. Together with anti-slavery partner, Hope for Justice, Marshalls has made good progress in preventative education work with employees, suppliers and those in and around overseas supply chains, especially in Vietnam and India. In 2018, Marshalls became a Patron Partner of CRASH, sharing practical skills, building materials and donations to help homelessness charities and hospices with their vital construction projects. Marshalls also became the first in the construction sector to join the Co-op's Bright Future programme, offering the opportunity of a paid work placement and a job for those who have been rescued from modern slavery in the UK.

Promotion

Marshalls' digital strategy continues to increase in momentum across its operations. The strategy combines digital trading, digital marketing and digital business and is focused on the customer experience. The strategy places the interests of stakeholders and the requirements of customers as its key priorities. Customers are able to use web and mobile applications to model their requirements and allow for full digital access. A new commercial web platform was launched in 2018 and a new domestic platform will follow. Marshalls' strategic direction is 'digital by default', which seeks to define digital as a core part of the company's culture. Marshalls continues to lead the way in thought leadership, by highlighting the growing importance of Landscape Protection products. In response to the need for better

protection from terror attacks, Marshalls takes a multi-layered, holistic approach to landscape protection products, ensuring that they are attractively integrated into landscapes without compromising on a design's aesthetic or affecting pedestrian movement and interaction.

Brand Values

Marshalls' shared values of Leadership, Excellence, Trust and Sustainability underpin the company and are important to the continued success of the business. Marshalls aims to be the supplier of choice for every landscape architect, contractor, installer and consumer, and for the brand to remain synonymous with quality, innovation and superior customer service.



marshalls.co.uk



superbrands.uk.com



Product Innovation: Marshalls Counter Terror Solutions

The threat of terrorists targeting crowded public places provides urban planners and designers with a new and complex challenge. The need to create safe spaces offers those responsible for their design and protection a difficult compromise between maintaining the open, liveable nature of the public realm and the necessity for security - especially in those cities that have built global reputations on their aesthetic attraction. This dichotomy - and our attempt to address the issue thus far - does raise a fundamental question about how the inclusion of effective security will change the nature of the urban spaces we share.

In her study 'Invisible Security: The impact of counterterrorism on the built environment' Rachel Briggs writes: "It has been argued that

'security' has become the justification for measures that threaten the core of urban social and political life - from the physical barricading of space to the social barricading of democratic activity - that rising levels of security in cities will reduce the public use of public space".*

And we'd agree: what societal purpose would a fortified public space serve if it made the public feel more fearful and less social?

As terrorists have re-thought their tactics, we considered it important to re-think the way in which cities protect themselves from the growing threat of vehicular attack.

How can security be more subtly integrated in the design of our public spaces? Unobtrusive, unthreatening -

effectively hiding in plain sight.

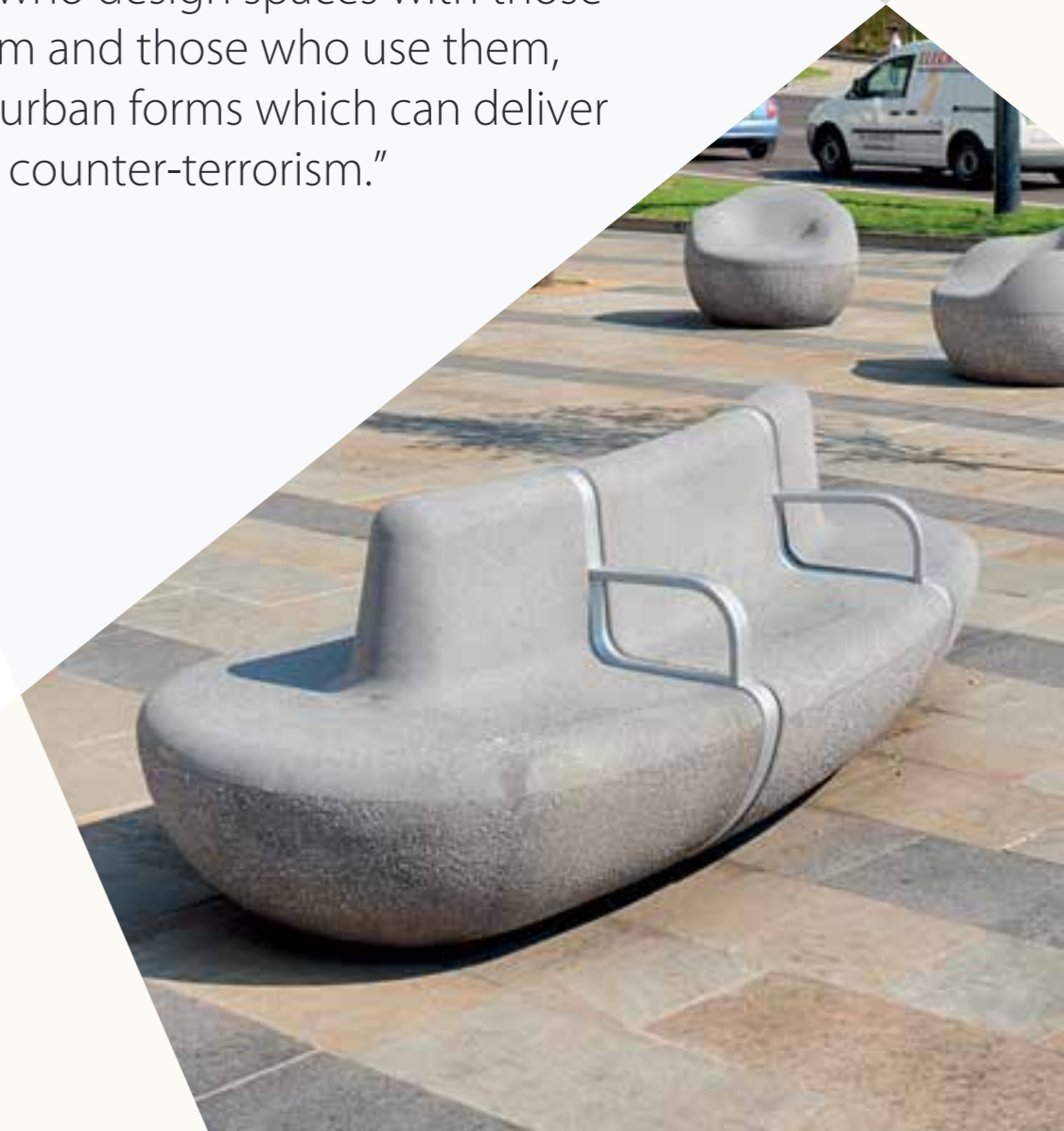
That's a subtle, but vital observation: that it's really the people within our urban landscapes that require protection, not merely the architecture and the infrastructure.

And we placed that at the heart of our new approach to creating safer urban spaces.

* 'Invisible Security: The impact of counterterrorism on the built environment' - Rachel Briggs - 2005

"Achieving a positive relationship between counter-terrorism and the built environment will rest on our ability to find ways of bringing together those who design spaces with those who secure them and those who use them, to explore new urban forms which can deliver people-centred counter-terrorism."

Rachel Briggs





Product Innovation: Surface Performance Technology

SPT® covers all products that have something unique about them. Elements that provide a premium **Surface**, extraordinary **Performance** or innovative **Technology**.

- Engineered for performance
- Distinctive colour options
- Premium textures
- A wide variety of sizes
- 20 year product guarantee available

Our Commitment

Marshalls is committed to providing high performance product solutions and uses exceptional expertise in hard landscaping to introduce advanced options.

By choosing products with the SPT® stamp, you can have total confidence that you have chosen a high quality product.

We have doubled the product guarantee on SPT® products up to 20 years for peace of mind.



http://www.wrap.org.uk/sites/files/wrap/Rules_of_Thumb1.pdf

Product Innovation: Marshalls Renaissance Paving

Designed to help promote long-term economic and environmental benefits, Marshalls' Renaissance Paving is a lightly textured paving solution created using 80% recycled content and non-virgin aggregates.

The product was developed according to the Waste & Resource Action Programme (WRAP) 'Rule of Thumb' guidelines on recycled or recovered materials in construction projects, making it an ideal choice if sustainable design is a consideration. Manufacture of the paving makes efficient use of materials, reusing water resource sustainably.

Construction clients and planning authorities are increasingly setting requirements to encourage greater use of recovered materials within

construction projects. WRAP has been promoting and facilitating this trend as one contribution to waste reduction, reuse and recycling. The aim of the 'Rules of Thumb' guide is for the calculation and declaration of recycled content in construction products. The guide has been developed for WRAP by BRE in consultation with product manufacturers and their trade associations.

WRAP works in partnership to encourage and enable businesses and consumers to be more efficient in their use of materials and recycle more things more often. This helps to minimise landfill, reduce carbon emissions and improve our environment.



Sustainable Development Goals & How Marshalls is Contributing

The Sustainable Development Goals are unique in that they call for action by all countries, poor, rich and middle-income to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.



How Marshalls is Contributing to the Sustainable Development Goals

By being a UNGC signatory Marshalls is already contributing to the implementation of the SDGs. The UN Global Compact together with UN partners hosts a number of global issue platforms many of which Marshalls is involved in; the CEO Water Mandate, the Women's Empowerment Principles, Children's Rights & Business Principles and Business for Peace.

SDG1	Living Wage, Elimination of Child Labour, Elimination and Prevention of Modern Slavery.
SDG2	Living Wage, Global Living Wage Alliance Benchmarking Engagement, ETI Base Code Implementation.
SDG3	UK Employee Wellbeing Programme, Mind Charity of the Year Support.
SDG4	Children's Rights & Business Principles Top 10 Priorities Implementation, UN Women Women's Empowerment Principles Engagement, Business in the Community Business Class Engagement.
SDG5	UN Women Women's Empowerment Principles Engagement, Marshalls Women 'Step it Up' Network.
SDG6	UN CEO Water Mandate, Piora Product Innovation, New Product Research & Development Programme, Marshalls Operations Water Management Programme.
SDG7	Marshalls use of solar power within its own business operations, product innovation in embedding solar technology discretely into the fabric of structures and buildings.
SDG8	Fair Tax Mark, Ethical & Sustainable Supplier Code of Conduct, Apprentice Training Programme, Living Wage, UN Women Women's Empowerment Principles Engagement.
SDG9	New Product Research & Development Programme, New Product Innovation such as; Solar Technology Embedded Products, Anti-Terrorist Street Furniture, M-Live Technology Embedded Products.
SDG10	ETI Base Code Implementation, UN Women Women's Empowerment Principles Engagement, Children's Rights & Business Principles Top 10 Priorities Implementation, Fair Tax Mark, Living Wage Accreditation, Ethical & Sustainable Procurement Supplier Code of Conduct.
SDG11	Future Spaces Research, New Product Development, eg. M-Live, ETI Base Code Implementation.
SDG12	Ethical & Sustainable Procurement Supplier Code of Conduct, Fairstone, Product Carbon Footprint, ETI Base Code Implementation.
SDG13	Product Carbon Footprints, Marshalls Environmental KPIs, New Product Research, Development & Innovation Programme.
SDG14	Water quality improvement from permeable paving sub bases preventing river pollution preventing sea pollution, ask Chris G
SDG15	FSC Policy, Product Innovation; Bioverse, Grassguard.
SDG16	Fair Tax, Anti-Bribery & Corruption Policy & Training, Modern Slavery Act Implementation & Engagement.
SDG17	Fairtax Accreditation, UNICEF Research, IPEC Engagement, UNGC, UN Women Women's Empowerment Principles Engagement.

SDG8: Decent Work & Economic Growth – Focus on ILO Child Labour Platform Engagement

Marshalls continued active engagement in the ILO Child Labour Platform regarding the ongoing issue of child labour in the Indian sandstone sector and the root cause of bonded labour. Since 2005 when our business engaged in shining a light on these issues Marshalls has worked tirelessly in various ways with a wide range of actors – including IGOs, NGOs, state and local government – to get traction on these issues which prevent decent work and economic growth. Marshalls has been heavily involved in the ILO Child Labour Platforms ongoing work in the area and remains absolutely committed.

SDG 16: Focus on the Fair Tax Mark

The Fair Tax Mark is the label for good taxpayers. Wherever you see the Fair Tax Mark you can be sure that a company is open and transparent about its tax affairs and seeks to pay the right amount of corporation tax at the right time in the right place. It sets a new standards in responsible tax practice.

SDG13: Climate Action – Focus on Science Based Targets

Marshalls commitment to the Science Based Targets Initiative will ensure that we continue to innovate and play our part to limit average global warming. Our engagement will enable us to set greenhouse gas emissions reduction targets consistent with the most ambitious aims of the Paris Agreement to limit average global warming to 1.5oC by the end of the century compared to pre-industrial temperatures.

SDG 8: Focus on Modern Slavery

Delivering against our Modern Slavery KPIs means that Marshalls is operating beyond compliance on this fundamental issue. Our work extends to both our UK operations and overseas supply chains and involves active collaboration with our peers and meaningful engagement with UK and overseas governments.

During 2018 Marshalls took part in BITC's Forerunners Responsible Business Tracker process.



Responsible Business Tracker® - Helping businesses to measure how responsible they are

What is the Responsible Business Tracker®?

The Responsible Business Tracker® is a measurement tool designed to enable a business to measure their performance as a responsible business.

The Tracker is aligned with the Global Goals (the United Nations Sustainable Development Goals) that underpin the Business in the Community Responsible Business Map. The Tracker enables a business to navigate and contribute to the realisation of the goals by identifying the key issues that need to be addressed to ensure long-term financial value, enabling both society and the planet to thrive.

What areas of business does the Responsible Business Tracker® cover?

The Tracker covers the whole responsible business agenda, aligns with the Global Goals, caters for medium and large businesses in all sectors, and is suitable for both listed and unlisted businesses. It offers not just a gap analysis but also benchmarking and recognition.

How often will the Responsible Business Tracker® cycle run?

The Tracker is a biennial tool. A biennial cycle enables organisations to focus and work on the feedback received from their Corporate Adviser in a timely fashion before embarking on the next cycle.

Can my business participate in the Responsible Business Tracker®?

Business in the Community is now piloting the Responsible Business Tracker® with 82 forerunner member companies from 26 sectors. Participating companies will trial the survey tool between September and December 2018. After completing the survey, they will receive practical tips and examples of good practice, as well as tailored advice and an action plan from a Business in the Community Corporate Adviser. The first public cycle will open in 2019.



Company Performance Assessments for Marshalls

Strength 1	Marshalls demonstrates a strong approach to tackling modern slavery, well above compliance and audits. BITC was particularly impressed by the efforts to undertake undercover human rights investigations in India and awareness raising activities in Vietnam, to prevent human trafficking.
Strength 2	Marshalls engages customers in environmental issues. Working with the Carbon Trust, the company undertook life cycle greenhouse gas emissions assessments of their products. The online carbon calculator empowers customers to make purchasing decisions based on the environmental impacts of goods and services.
Strength 3	Marshalls has a strategy for resource productivity and for healthy ecosystems (water, land management and biodiversity), underpinned by KPIs and targets.



End Modern Slavery: Time to Act

My business experience over a lifetime has shown me that there is no sharp line between the moral imperative and the business one and sustainable business depends on a sustainable world. Where modern slavery and child labour persist, decent work simply cannot exist. It undermines a sustainable future for all of us.

Since our early human rights work in 2005 we know that forced labour, modern slavery and child labour are complex problems associated with poverty, governance failures and inequalities in the global labour market. Individual businesses cannot simply go-it-alone to solve issues; we know this from experience in trying to push out in our sector, shine a light on issues of child labour, and gain traction. Tackling these issues requires a massive international effort, involving governments, businesses, civil society organizations, trade unions and international bodies.

All businesses everywhere, regardless of size or sector have a responsibility to respect human rights, as recognised by the UN Guiding Principles on Business & Human Rights. We believe this, we know this and we are working in a plethora of ways throughout our business operations and supply chains to do all that we can, and more.

As UNGC signatories we subscribe to the view that businesses must take 5 steps to help eliminate slavery*; get commitment and resources; assess actual and potential labour rights risks; identify corporate leverage, responsibility and actions; remedy, mitigate and prevent harm to workers; and report, monitor, review and improve. I hope that you can see within this document that we're working hard in all of these areas.

Working to eradicate slavery and uphold human rights for us is not about compliance or risk mitigation, but about building strong and fair business strategies which help us achieve our core mission of 'Better Futures', for everyone including our communities overseas and the victims and survivors of modern slavery.

For Marshalls, human rights is proving to be a platform for business innovation, galvanising collective action, moral fortitude, meaningful collaborations with new business partners and long term sustainability; making sure we're a company that young people want to work for, investors want to invest in and governments want to partner with.

Martyn Coffey, Marshalls CEO

* https://www.unglobalcompact.org/docs/publications/Its_Time_To_Act.pdf





End Modern Slavery: Giving Workers Voice, Choice & Remedy

Modern slavery, including forced labour and child labour, are more prevalent in some countries and economic sectors, but absolutely none are immune to these abuses. Our own modern slavery risk mapping and country profiling analysis^(a) confirms that the risks exist everywhere but just to a greater or lesser extent based on various drivers, such as the rule of law, labour rights, gender equality, government efforts to combat trafficking, the protection of children from exploitation, access to banking, and education, health and standards of living.

The statistics look daunting; 25M people estimated to be in forced labour, 152M children estimated to be victims of child labour – 73M of these in hazardous work, \$150BN estimated to be made in illegal profits from forced labour. Add to this the 77% of companies who believe there is a high likelihood of modern slavery occurring in their supply chain and you have a challenge of gargantuan proportions. It can be bewildering for businesses and difficult to know where to start.

One of the central pillars to all of our work to uphold human rights and eradicate modern slavery remains the implementation of the ETI Base Code^(b) throughout our business operations and supply chains worldwide. Through this work we seek to give workers a choice, a voice and access to remedy. Marshalls has just redefined its ETI Strategic Plan 2018 – 2020 objectives. These have been developed to support, strengthen and maximise our existing business & human rights programme and the commitments made in our Modern Slavery Statement^(c). They honour our continued commitment to ETI Base Code implementation, take inspiration from the ETI's Human Rights Due Diligence Framework, and will ultimately further embed and integrate ethical trade into our business activities and decision making, and seek to improve conditions for workers, their family and communities. It will also enable us to further identify risks in relation to modern slavery and to develop existing and new ways in which we can address both remediation and offer additional appropriate support to vulnerable individuals and the communities most affected.

Chris Harrop OBE, Group Marketing and Sustainability Director, Marshalls plc

(a) Marshalls Country Profiling: Modern Slavery Risk <https://www.marshalls.co.uk/documents/presentations/modern%20slavery%20country%20profiling%202018.pdf>
 (b) ETI Base Code: https://ethicaltrade.org/sites/default/files/shared_resources/base_code_poster_1_english.pdf
 (c) Marshalls 2018 Modern Slavery Statement: <https://www.marshalls.co.uk/documents/policies/modern-slavery-and-anti-human-trafficking-policy.pdf>

25M

people are estimated to be in forced labour. According to the ILO, 16 million of these women and men work in the private economy.¹

152M

children are estimated to be victims of child labour. Almost half of them — 73 million — are in hazardous work.

\$150BN

estimated to be made per year in illegal profits from forced labour.²

77%

of companies believe there is a high likelihood of modern slavery occurring in their supply chains, according to one survey.³

1 Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, Alliance 8.7, 2017

2 Profits and Poverty: The Economics of Forced Labour, ILO, 2014

3 Corporate Leadership on Modern Slavery, The Ethical Trading Initiative (ETI) and Hult International Business School, 2016



End Modern Slavery: Disrupt and Dismantle

Business has a stark choice. It can act with immediacy to disrupt and dismantle the criminal organisation exploiting and abusing vulnerable individuals – men, women and children whether in forced labour, domestic servitude, being sexually exploited or a combination of these and more besides – or it can stand by and see its own operations and existing commercial landscape disrupted and dismantled before its eyes by criminals whose ingenuity, adaptability, disregard and cruelty knows no bounds. They do not have to get 'sign off' from boards, develop complex strategies or sit in endless meetings before making the most of opportunities. They simply take them and in the process disrupt and dismantle your operations.

According to a very recent report by the Chartered Institute of Building, Construction & the Modern Slavery Act: Tackling Exploitation in the UK*, many within the construction sector have done little or nothing in response to the Modern Slavery Act. I honestly have to wonder why. Many bemoan the short comings of the Act saying it doesn't have teeth. We'll have to wait and see. But why wait for the Act to bear its teeth? Why not just do the right thing? For us the Modern Slavery Act has proved a massively powerful platform and driver for engaging and empowering people throughout our business operations, for starting new and challenging conversations with our suppliers, helping us to identify a new and fresh range of partners with which to collaborate, providing the push to have difficult conversations about complex issues with key stakeholders, and also to improve further our own business thinking in response. It has added huge value to our business & human rights programme and in terms of added value it has also delivered commercial advantage.

I have heard reference in the last 12 months to the 'corporate witness' who pretty much knows modern slavery is in its operations and supply chains but thinks that if it doesn't know for sure that it can't be held accountable; the 'corporate perpetrator' who actively reaps the benefits from modern day slaves having decided that they will deal with 'issues' as they occur in fire-fighting mode; and finally the 'corporate victim', the organisation that is doing its utmost to combat modern slavery but is still, despite its best efforts, infiltrated by modern slavery. I know for sure into which camp Marshalls falls.

The extent of modern slavery in the UK shows little sign of stopping or slowing, but why would it when it is so attractive to traffickers to exploit people here. Although modern slavery is considered to be more prevalent in poorer nations, advanced economies provide lucrative incentives for traffickers. In Africa, the ILO estimates that a trafficked person may generate US\$3,900 in profits. In the Asia Pacific region, the annual profit per victim is \$5,000. But in wealthier nations such as the UK, each victim could generate \$34,800 a year.* It remains lucrative and prevalent and will do so until many, including the private sector act.

So, the construction sector, and business at large, must choose. Disrupt and dismantle, or take a seat and watch your business operations be disrupted and dismantled.

Elaine Mitchel-Hill, Business & Human Rights Lead, Marshalls plc



* CIOB Construction & the Modern Slavery Act: Tackling Exploitation in the UK
https://www.ciob.org/sites/default/files/CIOB%20Report%20on%20UK%20Construction%20and%20the%20Modern%20Slavery%20Act_0.pdf

End Modern Slavery: Implementation Timeline

KEY
 MS: Modern Slavery
 BRE: British Research Establishment
 ELS: Ethical Labour Standard
 UNGC: United Nations Global Compact
 GLAA: Gangmasters Labour Abuse Authority
 ABC: Anti-Bribery & Corruption
 BHRL: Business & Human Rights Lead
 CLP: Child Labour Platform
 WYATN: West Yorkshire Anti-Trafficking Network

May 2016
 1st MSA Statement published. Connects with local Crime Commissioner & local law enforcement.

November 2016
 BRE ELS 6002 audit takes place. MS risk mapping and awareness raising supply chain overseas field visits. Co-host Indian Sandstone Stewardship event, Delhi, India.

October 2016
 Developed pilot education programme with our temporary labour provider; delivered Jan/Mch/Jn 2017.

September 2016
 Face-to-face meeting with key customers to share approach to MS and discuss collaborations.

August 2016
 Joined UNGC UK Modern Slavery Working Group.

July 2016
 Development of internal protocols regarding MS in UK business operations. Internal online MS training launched.

June 2016
 Launch of MS internal awareness campaign.

December 2016
 Development of M-Way Supplier/Employee Code of Conduct.

January 2017
 Global partnership with Hope for Justice announced. Field visits to Vietnam; meetings with British Embassy & NGO's. Intensive training for procurement team. Training and appointment of 1st MS Ambassador. Training and appointment of 2nd MS Ambassador. MS Ambassador delivers MS training to Marshalls Registered Installers.

February 2017
 Appointment of Business & Human Rights Intern. GLAA training at Derby University for Business & Human Rights Lead; Investigating Modern Slavery. Marshalls becomes first organisation worldwide to be BRE Ethical Labour Standard 6002 Accredited.

March 2017
 Ethical auditing & modern slavery risk assessment visit to India with anti-slavery partner and independent auditor. Invited to join the West Yorkshire Anti-Trafficking & Modern Slavery Network. Development of Business & Human Rights Yammer Platform internally.

April 2017
 Development of supply chain modern slavery risk mapping process. M-Way Employees Code of Conduct published internally.

May 2017
 2nd MSA Statement Published. M-Way Supplier Code of Conduct published externally. Launch of Marshalls independent IT platform; MS and ABC training for all suppliers.

November 2017
 BHRL & anti-slavery partner visit to Vietnam supply chain & meetings with multi-stakeholders. Shortlisted for Thomson Reuters Foundation Stop Slavery Award.

October 2017
 Marshalls one of first to commit to GLAA Construction Industry Protocol. IPEC CPL meeting Geneva.

September 2017
 WYATN quarterly meeting. 3rd MSA Ambassador Appointed: Commercial.

August 2017
 Filming with Supply Chain School to share ethical & MS journey.

July 2017
 Publication of Marshalls first MS Risk Mapping Country Profiling. Launch of Ethical Risk Index.

June 2017
 Publication of Marshalls first End Modern Slavery Report.

December 2017
 BHRL & anti-slavery partner visit to Indian supply chain & meeting with multi-stakeholders.

January 2018
 Belgian business operations briefed on MS by BHR Lead & Group Procurement Director. Presentation with anti-slavery partner to UNGC MS Working Group to share progress & challenges.

February 2018
 Marshalls achieves BRE Ethical Labour Standard 6002 Accreditation for the second year running.

March 2018
 ILO IPEC Child Labour Platform meeting in Paris; development of collaborative initiative with global brands.

April 2018
 Development of Power of Logistics initiative. ETI Strategic Report Objectives 2018 – 2020 confirmed.

May 2018
 Changing the Narrative for Ethical Specification Event with Baroness Young. 3rd MSA Statement Published. 4th & 5th MSA Ambassador: HR & Logistics Appointed. Marshalls becomes Bright Future Business Partner. MS risk mapping undertaken and shared transparently.

End Modern Slavery: Focus on the UK

Undercover Human Rights Observations & Investigations Activity

For the past 6 months Marshalls has been working with its anti-slavery partner Hope for Justice and the NGO's network of contacts in India to undertake detailed undercover human rights observations and investigations. Only two people within Marshalls knew of this activity which has allowed it to be carried out completely undercover. This activity focused upon both Marshalls' own supply chain and the wider sector in both Kota and the surrounding quarrying areas. The findings and recommendation from this report will be forthcoming in the autumn and will inform Marshalls' programme of activity in India moving forward.

Chris Harrop, Group Marketing Director, says, "It's important to be smart and utilise a wide range of approaches to monitor both supply chain activity and to understand the detail of the entire sector more broadly. Whilst ethical audits, human rights impact assessments, modern slavery risk assessments & walking the supply chain regularly all form part of our monitoring activity, this undercover human rights observation and investigation brings another important dimension to our understanding."

Business & Human Rights Lead, Elaine Mitchel-Hill, added, "Our planned modern slavery training programme for our suppliers in India is of key importance in terms of grass roots activity. This will be complemented at a strategic level by our engagement in an initiative by ILO IPEC Child Labour Platform, together with a number of global brands, to drive change more widely in terms of modern slavery. It's important for us to be working at all levels to play our part in driving the necessary change."

* CIOB Construction & the Modern Slavery Act: Tackling Exploitation in the UK
https://www.ciob.org/sites/default/files/CIOB%20Report%20on%20UK%20Construction%20and%20the%20Modern%20Slavery%20Act_0.pdf



End Modern Slavery: Focus on India

Changing the Narrative for Ethical Specification in Construction

Mike Plaster is Commercial Product Manager at Marshalls. He is also one of Marshalls strategically recruited Modern Slavery Ambassadors: Commercial. It was Mike, together with Abigale Brown, Marketing Manager: Minerals Products, who developed and facilitated an important event together with 'Future Constructor & Architect Magazine' to kick-start a new conversation in the construction sector.

Mike says, "The driver was to raise key questions which aren't yet being asked in relation to modern slavery and the specifying and procuring of construction materials. We aimed to start a wider discussion about the future of ethical specification and procurement in construction and to engage specifiers, architects, procurement specialists and others to better understand their own impact on modern slavery within the sector, and their influence and responsibility."

The UK construction sector displays a raft of highly undesirable factors which increase the risk of exploitation of people throughout supply chains; both in the UK and overseas. With major contractor profit margins below 1%, SME's making up 99% of the industry, multiple tiers where money is withheld at each level, low cost tendering, late payment and abuse of retentions, the highest insolvency rates of any industry and ethical players priced out of the market*, this is the backdrop against which today's construction specifiers and procurement specialists make their decisions. So, the question was posed, how do you weigh and measure all of the information that you have before making your decisions? Decisions which reverberate throughout the full length of the sectors supply chains.



End Modern Slavery: Focus on Vietnam

Rural Community Awareness Raising programme: Preventing Human Trafficking

Business & Human Rights Lead, Elaine Mitchel-Hill, says, "Work has continued by our anti-slavery partner, Hope for Justice, on the delivery of preventative human trafficking and modern slavery information to communities in Vietnam. There are a number of strong drivers for us to do this. Firstly and quite simply preventing the exploitation, abuse and heart ache of vulnerable individuals who are very often coerced into thinking they are leaving Vietnam for a better life in the UK. We are also working in support of the Anti-Slavery Commissioners Office* to stem the flow of those trafficked to the UK from Vietnam through preventative measures. This kind of community engagement also helps us to manage medium term risks for our business – should people be trafficked out of the rural areas where stone is quarried, this leaves a vacuum into which others could potential be trafficked thereby increasing the likelihood of victims of trafficking and forced labour being in supply chains. We will look to extend this activity into 2019."

Multi-Stakeholder Collaboration

Marshalls has continued its dialogue with a range of stakeholders in Vietnam including the British Embassy, Vietnamese Chamber of Commerce & Industry and the International Office for Migration Vietnam with a view to beginning a multi-stakeholder collaboration in the second half of 2018. This programme will seek to engage Marshalls' suppliers in Vietnam in a pilot programme addressing modern slavery through the lens of forced labour. Once trialled and tested the programme can then be rolled out to the wider stone sector.

Meanwhile, Hope for Justice, has continued its drive to make the necessary connection in order to be given the license to operate in Vietnam. This will allow Marshalls to develop in conjunction with Hope for Justice a restoration and remediation programme for any victims of forced labour, modern slavery and human trafficking identified as a result of the programme. Neil Wain, International Programme Director, commented, "It's absolutely right that we develop an appropriate and high quality remediation pathway for any victims identified either during the multi-stakeholder programme or the community outreach work. Marshalls' victim-focused approach has meant that both the programmes and remediation & support for victims has had to be developed simultaneously. This is most definitely the right approach as this is not just about mitigating risk, but about restoring lives and communities."

"With a growing labour force and expanding export-oriented economy, Viet Nam is experiencing increasing rates of labour mobility from rural to urban centres, to industrial centres and abroad. Migrant workers always strive for better futures but also remain a group that is highly vulnerable to modern slavery. Addressing the roots causes of modern slavery for migrant workers and other vulnerable groups can be very challenging for a single actor. IOM, the UN migration agency, therefore places strong emphasis on bringing the right actors together and working in close partnerships to tackle this issue.

"It is clear to IOM, that businesses have emerged as a key driver for the elimination of modern slavery. Once genuinely committed, business has the ability of creating sustainable solutions within their own operations and supply chains, but can also show leadership to inspire other stakeholders to take similar action. Marshalls initiative in Vietnam involving communities, government, local organizations, and international partners to counter human trafficking risks in rural communities can form such an example. We believe that IOM's Corporate Responsibility in Eliminating Slavery and Trafficking (CREST) Programme aligns well with Marshalls objectives and we stand ready to provide our close support to this important initiative."

David Knight, Chief of Mission for Viet Nam Regional Coordinator for Vietnam, Cambodia and Lao PDR

* CIOB Construction & the Modern Slavery Act: Tackling Exploitation in the UK
https://www.ciob.org/sites/default/files/CIOB%20Report%20on%20UK%20Construction%20and%20the%20Modern%20Slavery%20Act_0.pdf



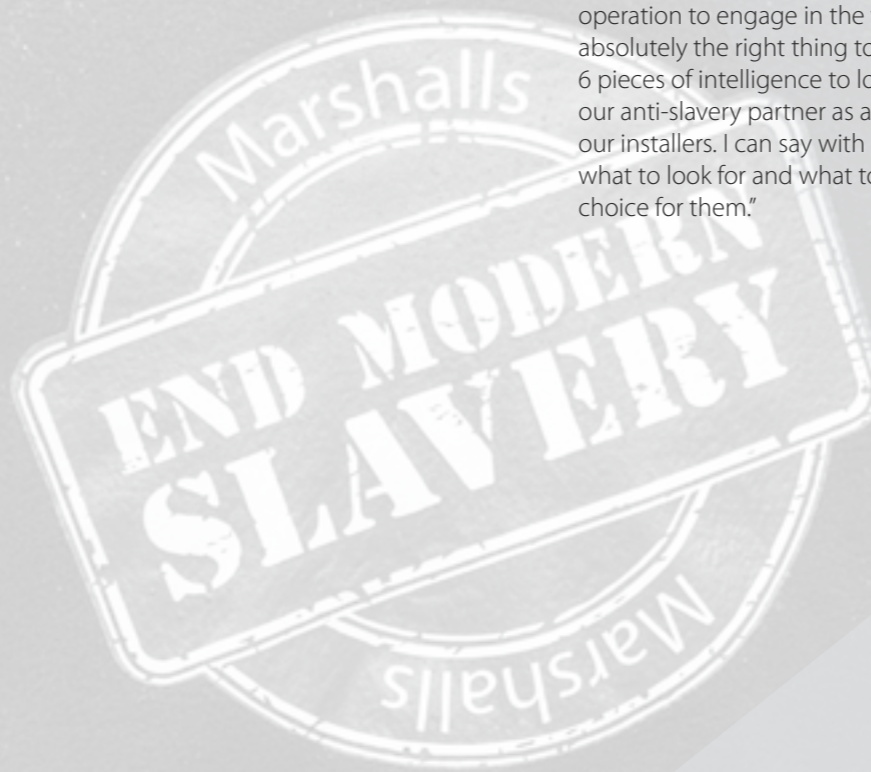
Marshall's

End Modern Slavery: The Power of Logistics

Building on the success of the creating awareness and understanding of modern slavery with Marshall's Installer Register, a UK-wide register of Marshall's certified patio and drive way installers, the organisation is nearing the point where it will launch a UK-wide modern slavery initiative driven by its logistics team and newly appointed Modern Slavery Ambassador: Logistics.

The programme will build upon the modern slavery training of the 20+ logistics team managers, and their direct reports. Paul Battison, Head of Fleet and Logistics, says, "We will soon have an entire army of logistics personnel across the country who know how to spot the signs of modern slavery and how to report it safely. They will be powerful eyes and ears not only in our own business operations but also when making deliveries to merchants and construction sites across the UK."

Dave Jessop, Marshall's Register Manager & Modern Slavery Ambassador: Installer, commented, "Empowering our logistics operation to engage in the fight against modern slavery is absolutely the right thing to do. We have been able to pass on 6 pieces of intelligence to local law enforcement, the GLAA and our anti-slavery partner as a result of raising awareness with our installers. I can say with certainty that once people know what to look for and what to do it's a very clear and unequivocal choice for them."





End Modern Slavery: Bright Future – Offering Employment to Survivors of Modern Slavery.

As this report goes to publication, Marshalls has announced its engagement with the Co-op's Bright Future programme which offers the opportunity of a paid work placement and a job for those who have been rescued from modern slavery in the UK. Marshalls is the first in the construction sector to join Bright Future and is announcing its support and becoming a Bright Future Business Partner.

The Co-op launched this job creation programme in April 2017 which was developed in partnership with anti-slavery charity City Hearts. Bright Future is a new approach, and is a UK first in terms of major businesses offering work placements to survivors of modern slavery.

With the support of City Hearts, a northern-based charity dedicated to supporting modern slavery victims, the Co-op is creating a national matching system that will enable other companies to work with other local charities to create jobs for victims of modern slavery and human trafficking.

As a Bright Future Business Partners, Marshalls will provide survivors with a four-week paid work placement leading to a non-competitive interview. If this is successful and there is a position available, the candidate will be offered a job within the business.

Paul Gerrard, Policy and Campaigns Director at the Co-op says, "Marshalls has set the standard in so many ways about what a responsible business should do when it comes to addressing slavery. The Co-op are, therefore, delighted that Marshalls have chosen to commit to being a Bright Future Business Partner and offer employment opportunities to victims of modern slavery through the National Matching System. We're looking forward to working with them to change the lives of some of the most vulnerable in our society"

Elaine Mitchel-Hill, Business & Human Rights Lead at Marshalls says, "Survivors of modern slavery have been through terrible ordeals and we want to make sure that as a business we can assist them in a positive way. With 50+ sites across the UK Marshalls is in a great position to assist. Bright Future makes sense for the survivor, for communities and for our business."


Marshalls
Creating Better Spaces


cityhearts


CO
OP



End Modern Slavery: Committing to the GLAA Construction Protocol

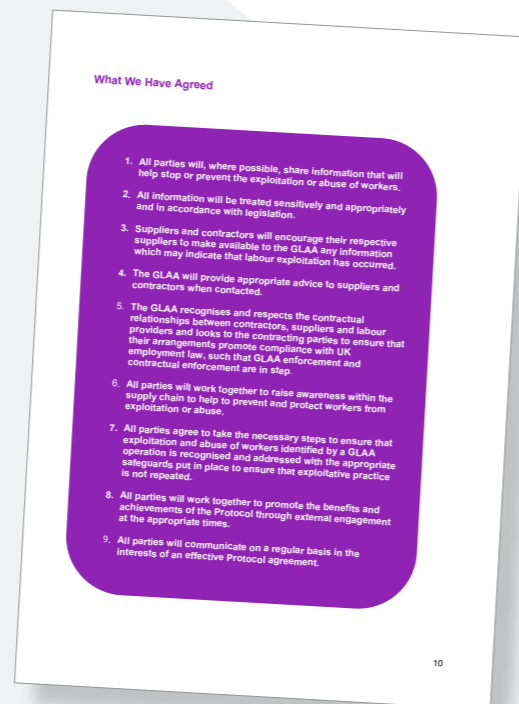
Marshalls became a signatory of the GLAA Construction Protocol in October 2017. This Protocol is a commitment to work in partnership to protect vulnerable and exploited workers, agreement to the sharing of information to help stop or prevent exploitation and a pledge to raise awareness of slavery through supply chains within the construction sector.

Martyn Coffey, Marshalls CEO, commented, "We are working hard and smart to make sure that Marshalls' business operations and supply chains worldwide are as toxic as possible to the organised criminals who seek to exploit vulnerable individuals and corporations. I welcome the GLAA Construction Protocol and its call for industry collaboration."

Paul Broadbent, chief executive of the GLAA, at the time said: "There are huge profits to be made for those unscrupulous enough to exploit people and trade them as commodities. The signing of this protocol is a significant moment in our commitment to eradicate modern slavery and labour exploitation in the UK. It sends out a message that legitimate businesses are not prepared to sit back and allow themselves to be infiltrated those who abuse and exploit vulnerable workers. The GLAA is the enemy of illegitimate working practices and criminality, and a friend to legitimate businesses targeted by those who commit exploitation."

Dr Shamir Ghumra, Director for the Centre for Sustainable Products, BRE, and co-chair of the Modern Slavery in Construction Coalition, said: "We welcome the GLAA protocol which we hope will ultimately work towards the eradication in our industry of this most heinous of crimes."

Marshalls, and other signatories, have all agreed to raise awareness within supply chains to help to prevent and protect workers from exploitation or abuse and take necessary steps to ensure that exploitation and abuse of workers is recognised and addressed with appropriate safeguards put in place to ensure that exploitative practice is not repeated.



End Modern Slavery: Modern Slavery Ambassador Profiles

Dave Jessop

Marshalls Register Manager
Modern Slavery Ambassador: Installers



- ✓ Raising and maintaining awareness of modern slavery with Marshalls UK-wide approved installers register.
- ✓ Liaising with Marshalls' anti-slavery partner/local law enforcement regarding intelligence provided.
- ✓ Delivering training sessions from a private sector perspective for West Yorkshire Police force on Business & Modern Slavery Act Implementation.

Karen Preiss

Category Manager Indirect Purchases
Modern Slavery Ambassador: Procurement



- ✓ Working with Marshalls' temporary labour provider on modern slavery training programme.
- ✓ Keeping the procurement team updated regarding developments in terms of modern slavery and sustainable procurement.

Mike Plaster

Commercial Product Manager
Modern Slavery Ambassador: Commercial



- ✓ Raising awareness of modern slavery with specifiers, contractors, architects and others in the UK construction sector.

Kirsty Simpson

Group Human Resources Advisor
Modern Slavery Ambassador: Human Resources



- ✓ Keeping HR colleagues informed and updated on modern slavery trends, data and issues.
- ✓ Facilitating Marshalls' engagement in Bright Future job placement initiative for victims of modern slavery.

Paul Battison

Head of Logistics
Modern Slavery Ambassador: Logistics



- ✓ Facilitating the training of the logistics team within Marshalls UK operations.
- ✓ Facilitating the delivery of the 'Power of Logistics' modern slavery programme.

James Eastwood

Marshalls, Driver



- ✓ Raising awareness of modern slavery issues with colleagues at the sharp end.
- ✓ Keeping logistics colleagues informed and updated on Marshalls Power of Logistics initiative.
- ✓ Practical delivery of Power of Logistics initiative.

Ryan Darcy

Marshalls, Driver



- ✓ Raising awareness of modern slavery issues with colleagues at the sharp end.
- ✓ Keeping logistics colleagues informed and updated on Marshalls Power of Logistics initiative.
- ✓ Practical delivery of Power of Logistics initiative.



Modern Slavery Risk Mapping & Country Profiling

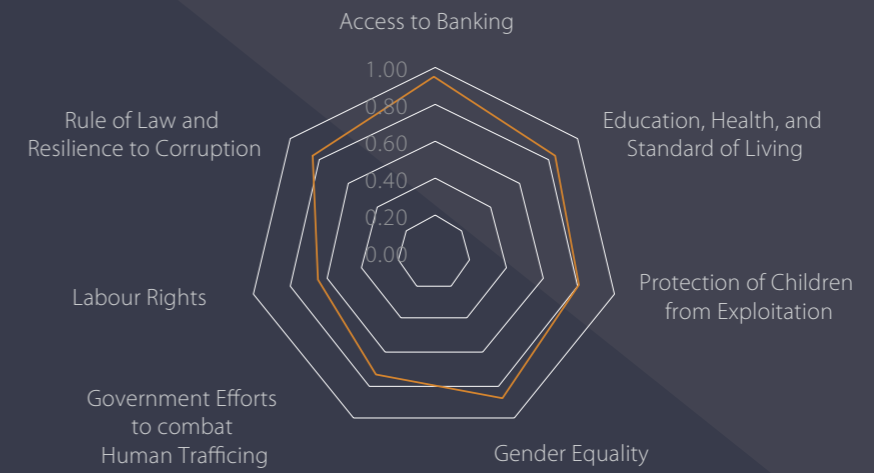
We've undertaken, and published online, extensive modern slavery risk mapping for all of our existing sourcing countries. This process is also part of our due diligence when we consider new suppliers and sourcing countries. We analyse this modern slavery risk mapping information alongside our internal data; we have developed a comprehensive commodities risk index which included goods for resales, indirect goods & raw materials. This enables us to clearly identify areas of risk and set clear priorities.

<https://www.marshalls.co.uk/documents/reports/modern-slavery-country-profiling-2018.pdf>

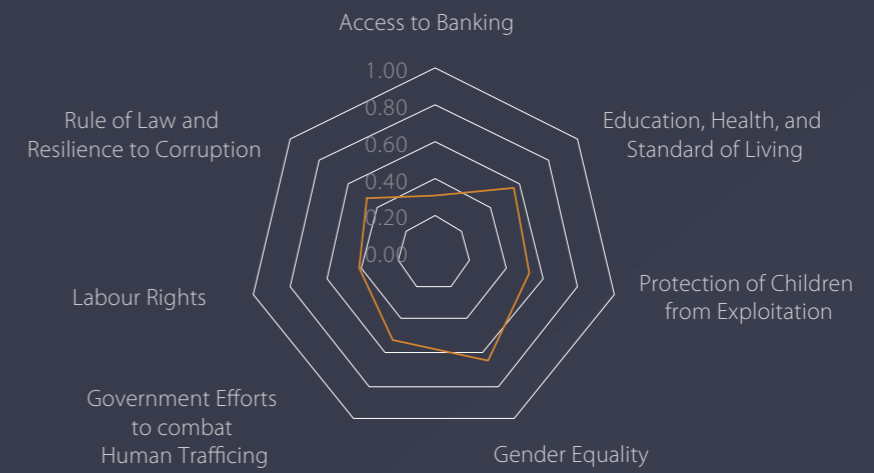
Countries Above 0.4 Risk Rating



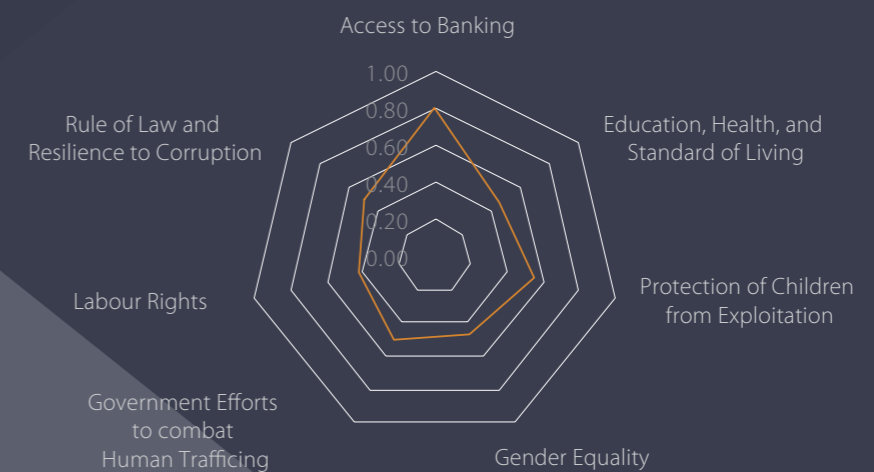
United Kingdom 0 (Low Scoring): 1 (High Scoring)



Vietnam 0 (Low Scoring): 1 (High Scoring)



India 0 (Low Scoring): 1 (High Scoring)



Human Rights



“All businesses everywhere, regardless of size or sector have a responsibility to respect human rights, as recognised by the UN Guiding Principles on Business & Human Rights. We believe this, we know this and we are working in a plethora of ways throughout our business operations and supply chains to do all that we can, and more.”

Martyn Coffey, CEO Marshalls.

In order to deliver on our mission of ‘creating better spaces’ we are empowered from a human rights perspective to seek out where we might be unintentionally doing harm and to work hard to put this right, but also to go beyond and to look at how by doing better we can create a net positive impact; so, not just mitigate and remediate, but aim to make a positive contribution. While this aspirational goal is very much work in progress it guides and shapes our approach to modern slavery demanding that we drive for creative and collaborative solutions. Different solutions call for different thinking & different action and this can be uncomfortable and create turbulence; a necessary by-product of change.

Our focus for the next twelve months will very much be on looking at our high risk supply chains overseas and working with our anti-slavery partner, procurement and human resources teams, and others, to ensure that where we find slavery we are well placed to offer support and remediation to victims which is above all appropriate for the situation, but which also seeks to be part of any longer term solution. Here in the UK, we aim to increase preventative and educational work in collaboration with the UN, Hope for Justice, law enforcement agencies, local anti-slavery networks, customers, suppliers, employees, Modern Slavery Ambassadors and partners. We will continue to draw on data from within our operations to help drill down further, alongside the country risk mapping that we have undertaken.

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 diligently in all respects to support and uphold the United Nations Guiding Principles on Business and Human Rights. The organisation has a dedicated human rights programme including; human rights due diligence procurement process, ongoing human rights impact assessments, country specific human rights monitoring, social auditing, independent supply chain auditing, employee and supplier training programme, internal human rights awareness programme, Children’s Rights and Business Principles auditing, Women’s Empowerment Principles implementation and human rights monitoring and reporting.

Marshalls is committed to working to eliminate modern slavery and makes an annual Modern Slavery & Human Trafficking Disclosure Statement as required by law.

As part of this process our Human Rights Policy is reviewed on an annual basis.

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, elected employee representatives, 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.

January 2017

“Marshalls has a strong and innovative human rights programme. Doing the right thing is part of the DNA of this organisation. Our public commitment to UNGC principles make our choices very clear to us. Our entire team is engaged and motivated. They know human rights are everyone’s business.”

Elaine Mitchel-Hill, Marshalls Business & Human Rights Lead.

Fairstone Principles

We know through our comprehensive auditing and risk mapping processes that we face different challenges in different countries. Our country profiling allows us to put emphasis in the right place, engage with our supply chains on a journey of continuous improvement and to engage with our own and other governments to push for greater change when our own leverage just isn't enough. These Fairstone Principles are part of how we do business and help to ensure that workers, their rights, family and community remain at the heart of our supply chain endeavours.

Marshalls Fairstone Principles



Marshalls had been shining a light on ethical issues, including labour rights, workers health & safety and children's rights, since 2005. We were the first to bring our India Fairstone product to market in 2009 where we worked hard to drive improvements not only in our supply chain but across the sandstone sector as a whole. Since then we've found that the principles upon which Fairstone was founded are sound, more relevant than ever and apply to all of our natural stone supply chains. We've therefore developed Marshalls Fairstone Principles which we apply across all of our natural stone supply chains. We know through our comprehensive auditing and risk mapping processes that we face different challenges in different countries. Our country profiling allows us to put emphasis in the right place, engage with our supply chains on a journey of continuous improvement and to engage with our own and other governments to push for greater change when our own leverage just isn't enough. These Fairstone Principles are part of how we do business and help to ensure that workers, their rights, family and community remain at the heart of our supply chain endeavours.

Implementation of the ETI Base Code

We work to uphold the ETI Base Code in all of its forms.

Implementation of Modern Slavery Commitments

We work to deliver on the promises we make within our Modern Slavery Statement.

Rigorous Human Rights Due Diligence

We are thorough in our human rights due diligence and make good business decisions based on this.

Children's Rights & Business Principles

We put children and families at the heart of our brand and our business; wherever they are in the world.

IPEC

Marshalls remains an active member of IPEC ILO Child Labour Platform and as such continues its efforts to eradicate child labour in the sandstone sector in India. The CLP's aims are to identify the obstacles to the implementation of the ILO Conventions in supply chains and surrounding communities, identify practical ways of overcoming these obstacles, and catalyse collective action.



Marshalls is currently engaged in IPEC CLP multi-stakeholder programme in India, together with other big global brands from different sectors who source heavily from the country, and will be able to report back on this later in 2018/19. Chris Harrop said "In addition we are undertaking our third Children's Rights & Business Principles framework audit to re-assess the impact of our business and supply chain operations on children and to assess this in relation to modern slavery."

Children's Rights & Business Principles

During 2019 we will complete our third Children's Rights and Business Principles Audit. This will allow us to refresh our top 10 CRBP priorities and to plan our work in this area accordingly. We are also ensuring that the links between other programmes already underway with the ILO Child Labour Platform and the IOM Vietnam Programme are feeding into this process.

<p>Training of employees and supply chain regarding children's rights.</p>	<p>Safe and respectful consultations with children as stakeholders.</p>	<p>Development and implementation of Marshalls' Elimination of Child Labour Protocol (India) Standard Operating Procedure.</p>	<p>Incorporation of CRBP specific due diligence processes within the HRIA programme.</p>	<p>ILO-IPEC engagement as a platform for learning and collaborating on these issues.</p>
<p>Build in a child focus to the due diligence process regarding existing and new sites/geographies/operations.</p>	<p>Develop safeguarding guidance in relation to children in each of the geographical locations where Marshalls does business.</p>	<p>Undertake a review involving human resources and procurement processes regarding CRBP.</p>	<p>Undertake an audit against the Women's Empowerment Principles and consider the findings in relation to CRBP.</p>	<p>Assess our impact upon children in the quarrying communities where we operate.</p>

Human Rights: Targets

ACHIEVEMENTS 2018

Work to deliver the new 2020 ETI strategy thereby upholding the ETI Basecode throughout our operations
Further improve and develop the reporting process for social auditors and any associated corrective action plans.
Further develop our human rights monitoring and evaluation programme in conjunction with our anti-slavery partner, Hope for Justice.
Development of our ethical auditing and Modern Slavery Risk Assessment processes and procedures
Further work on the process of embedding human rights within the organisation; working closely with human resources and procurement teams; modern slavery ambassadors and delivering the appropriate internal training regarding human rights & business, especially in relation to modern slavery.
Complete our CRBP Audit and revise as appropriate our CRBP top ten priorities Continue to implement our CRBP top 10 priorities.
Deliver our third Modern Slavery Act Disclosure Statement and continue to work with 'critical friends' to further develop our KPIs.

TARGETS 2019

Work to deliver the new 2020 ETI strategy thereby upholding the ETI Basecode throughout our operations
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Deliver our fourth Modern Slavery Act Disclosure Statement and continue to work with 'critical friends' to further develop our KPIs.
Delivery of the IOM Vietnam programme



Labour

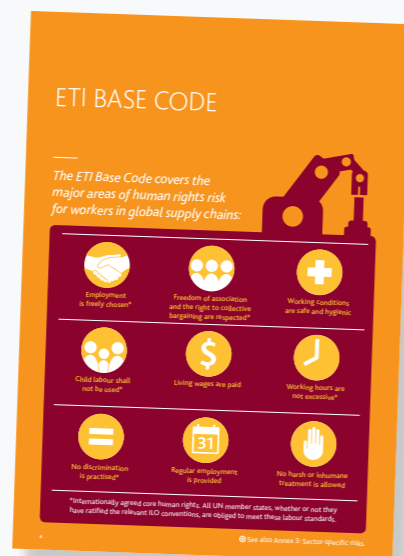


Marshalls' ETI Strategic Plan 2018 – 2020 now firmly sits within the broader context of the organisations' commitments as a UNGC signatory and within the businesses overall marketing strategy. As such our new ETI strategic commitments and the progress made each year will be documented here within Marshalls annual UNGC Communication of Progress Report. In addition we will also report back to the ETI via the online strategic reporting platform.

Objectives have been developed to support, strengthen and maximise Marshalls existing business & human rights programme and the commitments made in the organisations Modern Slavery Disclosure Statement. They honour Marshalls' commitment to ETI Base Code implementation, take inspiration from the ETI's Human Rights Due Diligence Framework, and will ultimately further embed and integrate ethical trade into business activities and decision making, and seek to improve conditions for workers, their families and communities.

Implementing the ETI Base Code

Implementing the ETI Base Code across all of our global supply chain operations is managed and overseen by our Head of Sustainability, David Morrell and Natural Stone Director, Rory Kendrick. Working closely with our in-country social auditors, our independent auditors, Business & Human Rights Lead, Elaine Mitchel-Hill and our Head of Procurement, Richard Beale, the organisation works hard to ensure that customer demands do not impact negatively upon workers.



There are four objectives which Marshalls will seek to deliver between 2018 and 2020:

ONE

Develop and embed internal processes and procedures which allow Marshalls to effectively assess actual and potential human rights risks and the effectiveness of ETI Base Code implementation in its business operations and global supply chain.

TWO

Collaborate with suppliers, agents, ILO, IPEC, anti-slavery partners, the Anti-Slavery Commissioners Office, governments and other actors to identify, prevent and mitigate human rights abuses in Marshalls own business operations and supply chains, and in the wider construction sector.

THREE

Develop and implement a forced labour/modern slavery identification and remediation processes in Marshalls UK business operations, and in supply chains in India, Vietnam & Europe.

FOUR

Develop and implement human rights monitoring, reviewing and reporting processes; report transparently on all efforts to respects human rights and prevent forced labour/modern slavery and utilise to inform business decision making, due diligence processes and improve conditions for workers.

Human Rights Due Diligence Framework

Human rights due diligence is the action taken by a company to both identify and act upon actual and potential risks for workers in its operations, supply chains and the services it uses.

Moving forward Marshalls will use the ETI's approach to human rights due diligence which is based on multi-stakeholder engagement and processes that include:

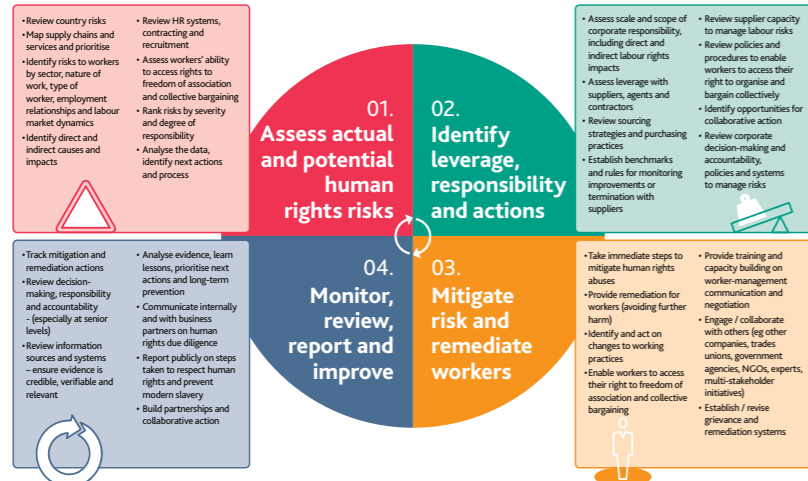
- Assessment of actual and potential human rights risks
- Mitigation of risk and remediation for workers impacted by human rights violations
- Identification of corporate leverage and responsibility, decision-making and actions needed
- Monitoring, review, reporting and continuous improvement

ETI's experience has demonstrated that this is the most effective form of due diligence and the most likely way to bring about lasting change.



ETI HUMAN RIGHTS DUE DILIGENCE FRAMEWORK

Key steps that companies should take to prevent, manage and mitigate human rights abuses in their own operations and supply chains.



* <https://www.ethicaltrade.org/resources/human-rights-due-diligence-framework>



Labour: Living Wage

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.

“ 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”

Labour: Living Wage

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.



1/ 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.

2/ 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.

3/ 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 £9.00 an hour
- The current London Living Wage is £10.55 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

Labour: Targets

ACHIEVEMENTS 2018

Maintain accreditation to IMS.
Maintain accreditation to BRE ELS 6002.
Maintain a programme of auditing against the ETI Base Code
Work to further improve the social auditor reporting process; and any associated correct action plan processes and procedures.
Work with the procurement and human resources team to further develop systems and procedures which help to ensure that no modern slavery takes place within our operations.
Maintain Living Wage accreditation.
Work with ILO IPEC Child Labour Platform to contribute further to the eradication of child labour.
Work to deliver the new 2020 ETI strategy thereby upholding the ETI Basecode throughout our operations

TARGETS 2019

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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.

Environmental Policy – Key Features

Target – To operate within the relevant legal frameworks and comply with appropriate legislation.

- The Group has a commitment to achieving the highest standards of environmental performance, preventing pollution and minimising the impact of its operations.
- All operations should meet or exceed the requirements of legislation and applicable best practice. Where no legislation exists, best practice will remain an integral part of Marshalls' business strategy.
- The Group is committed to considering the environmental impacts associated with its products throughout their life cycle.
- Policy is supported by monitoring and measuring environmental performance using appropriate external guidelines wherever practicable. Operating sites have assessed the environmental aspects of their activities, and objectives and targets aimed at improving the overall environmental impact of those activities have been set. These are reviewed on at least an annual basis.
- Marshalls will continue to raise environmental awareness within the Group through the development and training of its 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 its landholdings where possible. The Group also recognises the need for sympathetic restoration and after-use of quarry and other operational sites.
- Marshalls considers the character of the local environment and the concerns of the local community and other stakeholders in relation to its activities.

Marshalls
Environmental Policy Statement

Marshalls understands the potential impacts of our operations, products and services. The Group is committed to achieving the highest standards of environmental performance to protect the environment and prevent pollution from our operation and to identify, understand and minimise our significant environmental impacts where appropriate. We operate to an established environmental management system ("EMS") to ensure that all our operations meet or exceed the requirements of legislation and applicable best practice as an integral part of our business strategy.

Marshalls is committed to monitoring, measuring and reporting of our environmental performance, using appropriate external guidelines wherever practicable. The Group assesses the environmental aspects, impacts, risks and opportunities of its activities setting appropriate objectives and targets.

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

- Determine, understand and implement relevant environmental legislation to fulfil our legal compliance obligations.
- Develop adaptation and mitigation strategies against internal and external factors which could have adverse impacts on the environment or the Group.
- Set Group wide objectives and targets appropriate to the nature and scale of our activities.
- Maintain and continually improve the EMS across the Group improving awareness and training in relation to environmental protection and performance.
- Continually improve environmental performance by monitoring and measuring improvement initiatives particularly in relation to water resources through recycling, capture and discharge and waste generated and that sent to landfill.
- To protect and enhance the natural environment both within our landholdings and the wider corridor where possible.
- To 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.
- To consider the environmental impacts associated with our products throughout their life cycle by efficient resource use.
- Consider, engage and communicate with all interested parties appropriately.
- Review the Group's targets and Policy annually against business objectives and commitments given to industry initiatives and wider stakeholders.

In conjunction with this policy there is a framework of supporting policies relevant to achieving Group Sustainability objectives.

Signed by:

Martyn Coffey, Chief Executive
April 2018

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. Volatile energy costs for us and in our supply chain, growing concerns over the security of supply and climate change mean that the importance of controlling our energy use 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.

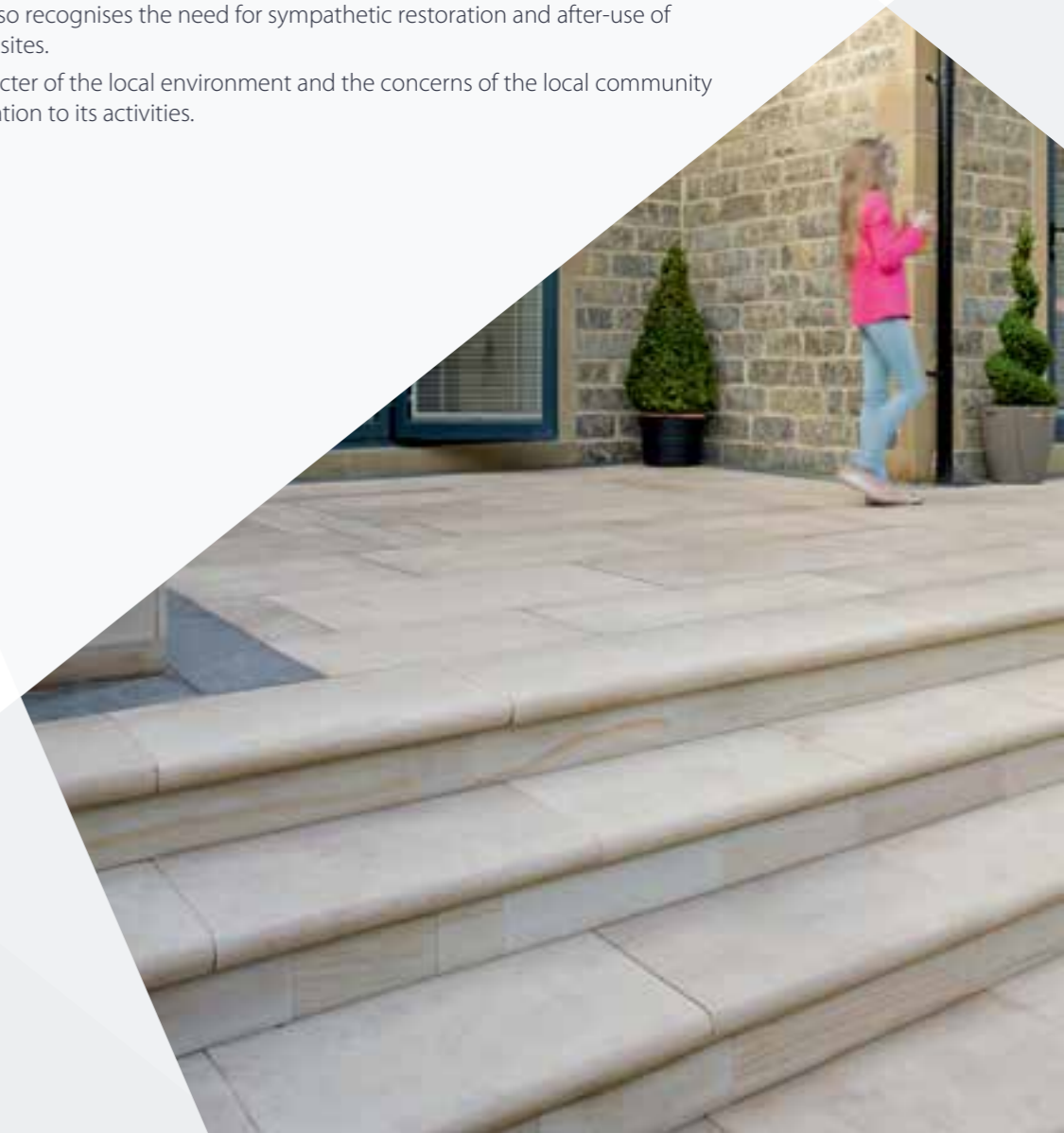
Marshalls recognises that sound energy management is vital to the future of our business and it must be fully integrated into our management and operational procedures so that it is an everyday part of what we all do. Marshalls' commits to ensuring that appropriate energy management systems, are developed, maintained, and that sufficient resources are made available to achieve the objectives of this policy in a sustainable manner also that they are in line with continual improvement principles. All UK operations are certified under BS EN 50001. This policy applies to all Marshalls' businesses and requires Marshalls to:

- Track, understand and implement all relevant legislation and other requirements related to energy use, consumption and efficiency.
- Set group wide KPI's and targets, appropriate to the nature and scale of our operations, for energy efficiency and emission reduction. Ensure all fuels are effectively monitored, measured and analysed to target energy efficiency opportunities.
- Conduct energy reviews to identify opportunities for efficiency improvements and implement appropriate action plans.
- Ensure energy efficiency is designed into capital projects that have a significant impact on energy consumption.
- Ensure contractors and suppliers that have a significant impact on energy support Marshalls' energy performance improvement. Ensure Marshalls' staff are trained and aware of their responsibilities in relation to energy efficiency.
- Develop on-site generation or direct connections to renewable power where financially and operationally viable.
- Develop resilience strategies for climate change and fossil fuel depletion.
- Report progress in relation to this policy to internal and external stakeholders.

This policy, will be reviewed annually as part of the management review process.

Signed by:

Martyn Coffey, Chief Executive
April 2018



Science Based Targets initiative announces major updates following IPCC Special Report on 1.5°C

Science Based Targets initiative (SBTi) will introduce major new updates to enable companies to set greenhouse gas emissions reduction targets consistent with the most ambitious aim of the Paris Agreement, to limit average global warming to 1.5°C by the end of the century compared to pre-industrial temperatures.

New technical resources and an updated set of target validation criteria will be available to companies in April 2019, and will reflect the latest science from the Intergovernmental Panel on Climate Change's (IPCC) Special Report on Global Warming of 1.5°C, published in October 2018.

The SBTi will also release new resources enabling companies to set targets aligned with a well-below 2°C pathway, which under the SBTi's new criteria will become the minimum level of ambition accepted by the initiative.

The IPCC report warned of severe consequences of a failure to prevent global warming exceeding 1.5°C, and presented a number of new emissions scenarios that would keep temperatures within the thresholds laid out in the Paris Agreement.

Experts from the SBTi, in consultation with a Scientific Advisory Group consisting of leading climate scientists from around the world, are using the new scenarios to model emissions reduction pathways that can be applied by companies to align their strategies with the latest science.



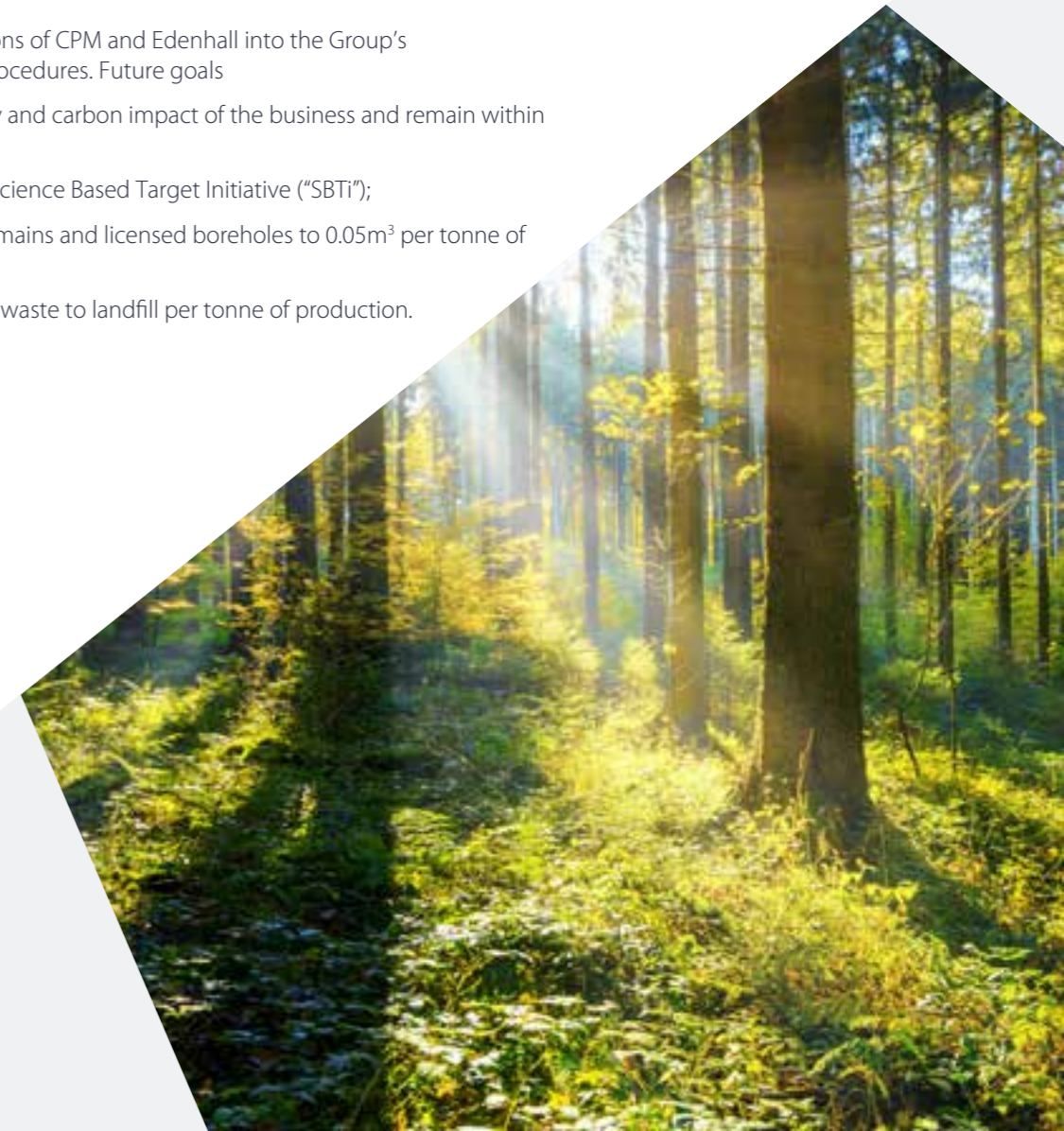
Environment: Commitment to Science Based Targets

We are delighted to report that Marshalls has committed to the Science Based Targets Initiative (SBTi). As such throughout the coming year we will be working to establish and set our greenhouse gas emissions reduction targets. These will be consistent with the most ambitious aim of the Paris Agreement, to limit average global warming to 1.5°C by the end of the century compared to pre-industrial temperatures.

We have made commitments to achieve the highest standards of environmental performance, preventing pollution and minimising the impact of its operations. Our aim is to operate within the relevant legal frameworks and meet, or exceed, appropriate legislation and applicable best practice. During 2018 we have redefined our Sustainability Policies to align with our business strategy.

Marshalls has clear environmental, energy and climate change policies and a sustainable business plan with set KPIs. Marshalls is committed to reducing the energy and carbon impact of the business and is in line with the UK Government targets for 2020 and 2050. 2019 priorities

- To target 95 per cent of Group production to be manufactured at sites operating an integrated management system in accordance with Publicly Available Specification 99:2006 ("PAS 99"); and
- To fully integrate the acquisitions of CPM and Edenhall into the Group's environmental systems and procedures. Future goals
- Continue to reduce the energy and carbon impact of the business and remain within UK Government targets;
- Progress commitment to our Science Based Target Initiative ("SBTi");
- Reduce the use of water from mains and licensed boreholes to 0.05m³ per tonne of production; and
- Reduce by 3 per cent the total waste to landfill per tonne of production.





CEO Water Mandate

From Martyn Coffey, Marshalls CEO

We are facing a global water crisis. 2.6 billion people (or 42% of the world population) lack access to basic sanitation. [other global stats]. More locally, in the UK, we lurch annually from drought-induced hosepipe bans to devastating floods caused by increasingly heavy downpours. At any given time it seems that we either have too much water, or not enough. The causes of these problems are complex, but the solutions are frequently simple.

At Marshalls, we are fully aware of the water crisis, and we understand how our business can affect it in two distinct ways:

- Firstly, in the way our sites and operations (and those of our suppliers and partners all over the world) impact the water situation in their local area
- Secondly, in the way that the products we develop, manufacture and sell can further affect the water situation in the landscapes in which they're installed

The CEO Water Mandate is a global initiative developed with the United Nations Global Compact. It is a voluntary code which aims to focus companies all over the world on the problems of water scarcity and sanitation. It unites businesses under the common goal of taking meaningful, bold steps to address the water challenge.

Marshalls has joined the CEO Water Mandate and is committed to reducing any negative impact its sites, products or operations may have on water scarcity or sanitation. We already employ a wide range of measures to use less, harvest more and recycle what water we do use – but we also strive to find new ways to improve our performance and share our understanding with everyone we come into contact with.

Direct Operations & Supply Chain

For example, in our production operations, we set ourselves a target to reduce the mains water used in the production of our concrete products to less than 0.05m³ per tonne. This was achieved in 2012 through a combination of shrewd engineering and by ensuring that all of our concrete manufacturing sites harvest and recycle rainwater. In addition, any water left over following processing is filtered; the solids are passed back into the manufacturing process while the water is treated to ensure it stays in balance with the watercourse it is carefully released into.

But have gone beyond our manufacturing processes to ensure that our colleagues are aware of the water challenge at all levels within the business. For example, via our procurement process, any capital expenditure of more than £1,000 requires an energy, waste and water assessment. Quite simply, if a purchase isn't water efficient, it doesn't go ahead. We work with our suppliers to ensure that they follow a similar approach, and encourage them to share their goals and challenges in this area.

Collective Action & Public Policy

But we know we can't achieve what we need to on our own. We work with a wide variety of stakeholders to debate the complex issues surrounding water, and to establish solutions which are beneficial to all parties. Marshalls is represented on a wide range of groups and committees including BiTC, the Flood Protection Association and Interpave, who all work either exclusively or in part to drive water issues onto the agenda of businesses and local government. We undertake

our own research to encourage our customers to adopt more sustainable water practises, and we regularly lobby DEFRA and other government agencies to impress the importance of good water management.

We sit on the BiTC Water Taskforce, sharing best practise with other stakeholders including water companies, engineers, landscapers and government bodies.

We sit on the CIRIA Council to better understand SuDS and wider water management issues. We contribute to CIRIA's SuSDrain committee to promote best SuDS practise

Community Engagement

We strive to make a positive impact on the communities in which our operational sites are based. We have improved sanitation and provided clean drinking water for everyone who works at our Natural Stone suppliers in India; we have created forest classrooms with living water features for a school near our Eaglescliffe plant in the North East of England. When Hebden Bridge flooded, just 15 miles down the road from our head office in West Yorkshire, we took the UK's leading flood consultant Mary Dhonau to the town to help the residents understand how to cope in the aftermath.

We actively support Slow the Flow Calderdale, a local group of engineers, landscapers and enthusiasts who are committed to reducing flood risk in the Calder Valley. In addition to supporting their events and helping them to win awards, the Marshalls marketing team spent a couple of days working on their Natural Flood Management systems on a local National Trust site.

We support the Calderdale Watermark Fund, a charity set up to support flood victims in the area.

Transparency

Most importantly, we're honest and open about the ways we can affect the global water situation. We know that the products we manufacture aren't the only way to sustainably drain our landscapes, and that on their own they're not going to stop flooding. We know that the work we do to educate our overseas suppliers isn't going to eradicate poor health completely. But we fully accept everything we do is part of the solution, and we will continue to share our strategies, successes and challenges in the hope that, together, we can be fully prepared for the water crises of the future.

Summary

Of course, most of these steps make sound business sense; many of these measures reduce costs and help us to maintain the sound business model we've developed over more than 100 years. However, as the global water crisis continues, we're increasingly conscious of the importance of this vital resource, and aware that its scarcity could have a very dramatic and very real impact on our ability to take our business confidently through the next 100 years. After all, as David Brower famously pointed out, there's no business to be done on a dead planet. We still have plenty of work to do to, but we believe that by taking the right steps, the better landscapes we create now can make a better world for us all to live in for generations to come.





Carbon

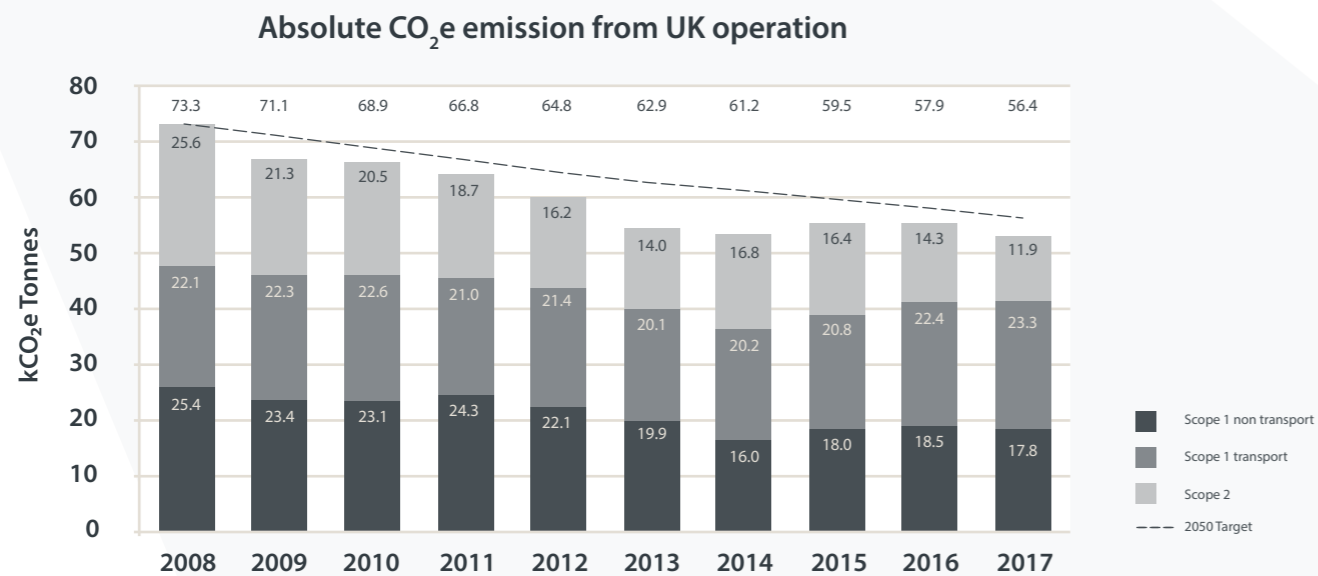
Target – to reduce our absolute CO₂e consumption in line with UK Government targets (34 per cent by 2020 and 80 per cent by 2050 from a 1990 baseline).

Marshalls' Energy and Climate Change Policy approved by the Board during the year confirms the Group's commitment to reducing the Energy and Carbon impact of its business activities. The current reduction is in line with the 2020 and 2050 targets.



The Group complied with its legal obligation in the Government's Carbon Reduction Commitment Energy Efficiency Scheme ("CRC") by submitting its Annual Report and surrender of Carbon allowances for the period April 2014 to March 2015 within the time limit imposed by the legislation. The Group is certified to the Carbon Trust Standard and is re-certified up to December 2016 demonstrating ongoing commitment to carbon reductions.

The chart below illustrates the Group's absolute CO₂e emissions in tonnes, including transport activities, between 2008 and 2016.



Water

Target – reduce use of water from mains and licensed boreholes to 0.05m³ per tonne of production.

Marshalls understands the future value of water and is a signatory to the United Nations Global Compact CEO Water Mandate. The business has demonstrated a commitment to water harvesting and recycling on numerous sites and utilises quarry water where appropriate in its operations.

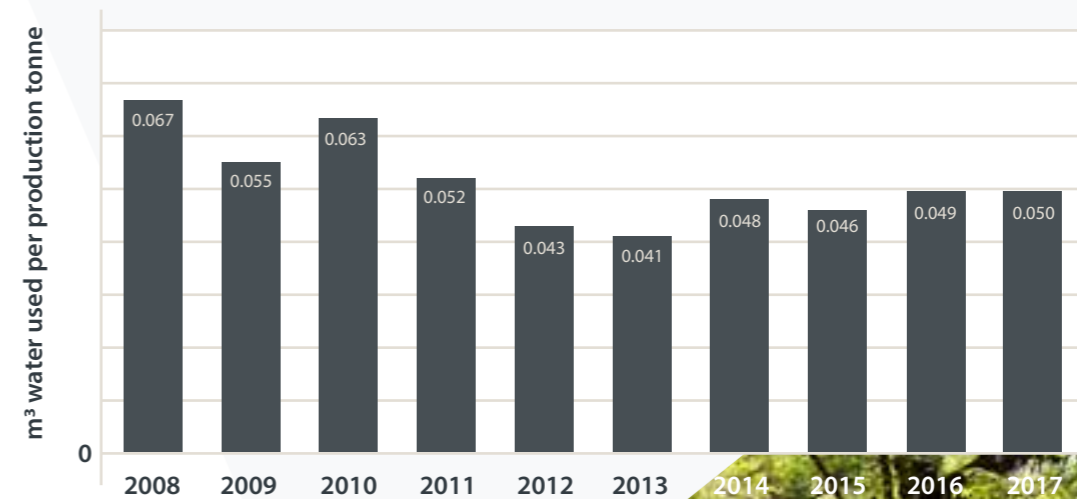
The Group particularly recognises the impacts and risk to the business in areas of "water stress". Working to the Government's 2013 classification, developed by the Environment Agency and Natural Resource Wales, two sites within the Group (Sandy ~ Anglian Water and Sittingbourne ~ Southern water) are located in areas of "serious stress". As is practiced across the Group, recycling of

water is employed on both of these sites and harvesting is undertaken at Sittingbourne further reducing the burden on licensed water extraction in these areas. The Group does not abstract water in "serious stress" areas.

Marshalls has consents in place, issued by the relevant regulatory bodies, to discharge trade effluent. Previous investment in water harvesting and recycling of its process water helps to reduce the overall discharge volumes of trade effluent by enabling re-use in its products.

The chart below illustrates the Group's water performance between 2008 and 2016

Main and licensed water used per tonne of production output



Transport

Target – to meet the challenge of reducing emissions whilst striving to maintain and improve upon customer service.

Marshalls operates its own fleet of Large Goods Vehicles (“LGV”) to service the majority of its deliveries to customers. As a consequence diesel fuel usage has a significant business impact on the Group’s GHG emissions reporting.

The Group is a voluntary member of the Freight Transport Association led Logistic Carbon Reduction Scheme (“LCRS”) which has a collective commitment to reduce the carbon dioxide emissions by eight per cent by 2015 (compared to 2010 levels). This initiative also demonstrates our commitment to recording, reporting and reducing carbon emissions while sharing best practice with like minded companies.

During the last three years the Group has invested in a new and increased fleet of 173 mechanical offload LGVs. This investment was partially justified by the fuel efficiency that might be achieved with the latest fuel efficient vehicles, these being a mix of Euro V and Euro VI compliant engines; initial results indicate an improvement in fuel usage of nearly 13 per cent on like for like vehicles.

Marshalls undertakes one-on-one driver training for its LGV fleet drivers, which has the added advantage of gaining a broader understanding of the problems being faced by the drivers, allowing management to address the issues. It is planned to double the resource on this agenda in 2016.

The Group uses rail for stock movement to reduce carbon emissions and will continue to look at different modes of transport whenever practicable.

The Group includes energy efficient cars on its car choice including hybrid and electric which together with personal taxation impacts has resulted in a average emission of 116 carbon dioxide grams per kilometre from its car fleet, a reduction from 120 in the last 12 months. An in-house automated report is available to all company car drivers to review their achieved efficiency (miles per gallon).



Environment: Targets

ACHIEVEMENTS 2018

Reduce our absolute CO2 consumption in line with UK Government targets (34 per cent by 2020 and 80 per cent by 2050 from a 1990 baseline).
Reduce use of water from mains and licensed boreholes to 0.05m ³ per tonne of production by 2015.
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.
Meet the challenge of reducing emissions whilst striving to maintain and improve upon customer service.

TARGETS 2019

Develop Science Based Targets
Reduce our absolute CO2 consumption in line with UK Government targets (34 per cent by 2020 and 80 per cent by 2050 from a 1990 baseline).
Reduce use of water from mains and licensed boreholes to 0.05m ³ per tonne of production by 2015.
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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.
Meet the challenge of reducing emissions whilst striving to maintain and improve upon customer service.

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

There has been ongoing 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 takes 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

Read the full policy here: <https://www.marshalls.co.uk/documents/policies/antibriberycode.pdf>

Anti-Corruption: Targets

ACHIEVEMENTS 2018

- Communicate Marshalls sustainability strategy which has anti-corruption measures woven throughout.
- Publish and communicate our Supplier Code of Conduct giving clear anti-corruption and anti-bribery information using the new IT-based platform.
- Ensure that this guidance is made publicly available for all stakeholders.
- Continue to undertake a series of face-to-face briefing and workshops with key suppliers.
- Continue to communicate Marshalls Anti-Bribery policy internally.
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- Continue to review and develop anti-bribery processes and procedures.

TARGETS 2019

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Proud to be Fair Tax Accredited and Pay Our Fair Share of Tax

The Fair Tax Mark is the label for good taxpayers. Wherever you see the Fair Tax Mark you can be sure that a company is open and transparent about its tax affairs and seeks to pay the right amount of corporation tax at the right time in the right place. It sets a new standards in responsible tax practice.

Marshalls' CEO, Martyn Coffey, said, "In recent years, we've seen multinational corporations that have chosen to use tax havens and artificial structures to avoid paying millions in tax. The results of this are inflated profits, the destruction of a level playing field which erodes fair competition as well as a depleted public purse. But not all businesses seek to avoid paying the tax that they owe, and as a responsible business Marshalls is proud to make it known that it pays its fair share of tax."

According to an estimation of the UK's tax gap, around £12 billion is lost to the public purse each year via corporate tax avoidance. This is more than the entire Home Office budget and half of the UK's housing and environment budget. (1)

Chris Harrop, Marshalls Group Marketing Director, responsible for sustainability, added, "Recent research has shown that 1 in 4 consumers want to boycott tax dodgers. It's time to make clear which businesses people can trust and to help them spend their money where it counts."

Fair Tax Mark commented, "We welcome Marshalls engagement and eagerness to speak out about this issue. A fair and transparent tax system is at the heart of any society. A fair tax system is essential to a vibrant mixed economy that works for the benefit of all who live in a country. It is also crucial to a healthy, functioning democracy. 'Fair' is a subjective term that is open to a wide range of interpretations. In our opinion when it comes to corporation tax 'fair tax' means that a business seeks to pay the right amount of tax, but no more, in the right place at the right time and can be held to account on its tax behaviour by the public based on the information it publishes."

Coffey, concluded by saying, "Marshalls has been a United Nations Global Compact signatory since 2009 and as such has made public commitments regarding human rights, labour environment and anti-corruption. The organisation is clear that adhering to the Fair Tax Mark criteria is all part-and-parcel of being a sustainable and responsible business."



Employee engagement and development

Our ambition is to recruit and retain the very best people with a wide range of talents, skills and experiences. We have a commitment to investing in employee development, progression and career success. We aim to operate without discrimination and to embrace diversity so that every employee should feel respected for their contribution.

With the advent of a refreshed People Strategy emphasis is on planning for more change in the area of employee engagement. We continue with our long-standing commitment of hosting annual roadshows at every site with the objective of meeting as many of our employees as possible face to face. This provides the Directors and senior management team with an unparalleled opportunity to explain to our employees how the business is performing, how our strategy is working, and what the priorities and objectives are.

We maintained our regular feedback channels and, in 2018, enlisted the support and assistance of an external strategic partner to help us form a detailed engagement plan for 2019. This will focus on employee communications, engaging leaders and staff wellbeing. We continue to be a Living Wage employer underpinning continued commitment to fairness and integrity towards our employees. We have maintained our focus on supporting charitable events across the business and our work with MIND will have raised an overall total of £200,000 over the last 2 years.

The Company's Sharesave employee share scheme (in which over 40 per cent of colleagues invested) delivered significant benefit to employees exercising their options on maturity in December 2018. The Company also operates a Share Purchase Plan to encourage employee participation in the Company's success.

We are focused on building a stronger work environment. Succession management is helping us identify individuals who can be developed to take on bigger or more challenging roles as well as identifying where we need to build new capabilities to meet our strategic goals.

As a business, we are committed to investing in our employees. The corporate intranet contains the Marshalls Learning Zone, which is accessible to all colleagues, and provides an easy route for learning to be accessed on general skills and capabilities. We continually refresh and add to the learning curriculum. We also continue to run 3 leadership development programmes aimed at the development of our emerging and more established leaders. We work with 3 strategic partners, University of Salford, Ashridge Business School and Cranfield School of Management, to ensure we access best practice and external perspectives.

Apprenticeships give employees on-the-job skills and training and help us secure a talent pipeline. We have developed our Apprenticeship Programmes in the last 12 months. During the year, we have also increased the number of employees who are now working towards an apprenticeship qualification to 70. We remain committed to growing these schemes as well as building other methods of increasing our talent pipelines and improving the diversity of our operation.

We continue to maintain strong community connections, particularly in locations near our offices and factories, and we continue to develop closer relations with local schools and colleges in order to encourage young people into the industry as well as the business.

Health & Safety

Marshalls is committed to meeting the highest safety standards for all its employees, reinforcing and developing its safety processes, and developing a competent workforce with a view to achieving long-term improvement gains. This remains a key priority for the business. In 2017, the Executive Board agreed a formal 5-year health and safety strategy with set objectives.

The 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 on pages 53 to 72.

The headline target for 2018 was to maintain days lost resulting from workplace incidents at a figure no higher than the 2015 actual result.

The actual results achieved were:

- 61 per cent reduction in days lost resulting from all accidents frequency rate;
- 46 per cent reduction in all incidents frequency rate;
- 56 per cent reduction in lost time incidents ("LTIs") frequency rate; and
- 5 per cent reduction in incidents reportable to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations ("RIDDOR").

The primary target for 2019 will be to achieve an accident rate for the year no higher than the 2015 actual result.

Accident frequency and severity rates (per 1 million hours worked)

	2013	2014	2015	2016	2017	2018
All accidents	65.6	59.1	48.8	49.2	43.4	26.4
All lost time accidents	12.2	7.2	5.1	5.6	4.1	2.2
All RIDDORs	3.6	3.3	1.6	2.3	1.4	1.7
All days lost	114.6	80.7	45.8	38.0	24.6	18.2
Average UK headcount	2,055	2,132	2,237	2,253	2,307	2,640

In 2018 the business successfully gained ISO 45001 accreditation across the UK businesses, being the first in the building products industry to achieve this standard. Other achievements are listed below.

- Integration of the recently acquired CPM business into the Marshalls health and safety management system.
- 100 per cent of all first line supervisors attended and passed the Marshalls health, safety and environmental stage 2 training course.
- Introduced a Mental Health Awareness strategy; this included the training of key individuals in the business to become Mental Health First Aiders to support our employees.
- Introduced and fully implemented across the business the SHE development tool.

In 2019 the main health and safety initiatives will include:

- a programme whereby all senior managers within the business will complete the Marshalls health, safety and environmental stage 3 training programme;
- 65 per cent of all non-supervisory employees will attend and successfully pass the Marshalls health, safety and environmental stage 1 training programme;
- the integration of PD Edenhall into the Marshalls health and safety management system and culture; and
- the development and implementation of a new digital integrated management system.

These initiatives will enhance the already high standard the Company demands in health and safety and take it to a completely new level.

Third Party Recognition & Awards

BRE Global Ethical Labour Sourcing Standard Verification for the Second Year Running

Marshalls was pleased to announce in March that having been the first organisation to achieve verification against BRE Global's newly launched Ethical Labour Sourcing Standard (BES 6002) in 2017, it achieved verification for the second year running.

Chris Harrop, Marshalls Marketing Director, responsible for sustainability, says "It is becoming commercially critical to have independent third party verification regarding ethical labour in business operations and supply chains. Marshalls is ahead-of-the-wave and achieving verification for the second year running and it is extremely satisfying, especially as the Ethical Labour Sourcing Standard process allows us to chart our progress from one year to the next; we can clearly see what we've achieved, set our course in terms of future actions and bind this into our wider human rights programme."

He added, "This independent, third-party verification distinguishes our products and services from those of our 'competitors', some of whom still continue to make spurious and unsubstantiated claims about the ethics of their global supply chains. Our valued customers, suppliers, shareholders, employees and partners can continue to be rightly confident about our ongoing commitment to ethical labour sourcing standards and our day-to-day actions on the ground dealing with the complexities."

Dr Shamir Ghumra, BRE's Director of Sustainable Products, presented the ELS verification certificate to Chris Harrop, and commented, "It is gratifying to see Marshalls achieving verification for the second year and to know that the ELS is adding great value to the organisations overall programme regarding ethical sourcing. The requirements of the Modern

Slavery Act puts the onus on businesses to demonstrate exactly how they are taking positive action to eliminate modern slavery within their operations and global supply chains; none more so than within the construction sector. ELS verification provides organisations with a framework to verify their systems and processes in relation to the Modern Slavery Act and continuously improve their ethical labour sourcing practices. Marshalls continues to lead the field in terms of ethical labour standards."

The ELS standard was developed throughout 2016 with a wide stakeholder group including clients, manufacturers, NGOs and contractors. The 150 strong stakeholder group helped to shape and scope the ELS standard to ensure that it would be relevant and drive positive change within industry. The verification approach will allow organisations to develop their ethical labour sourcing practices in a manner which is risk based and relevant to them. The ELS will support those who wish to demonstrate continual improvement.

Marshalls Business & Human Rights Lead, Elaine Mitchell-Hill, added, "This independent verification regarding ethical labour standards is an extremely important aspect in terms of delivering against our Modern Slavery Statement commitments."

bre

Marketing and Digital Team End 2018 on a High

As the year ends, the Marketing Team have picked up some industry awards and accolades against some very stiff competition.

Chris Harrop, Group Marketing and Sustainability Director, won the award for B2B Marketer of the year at the International B2B Marketing awards. The B2B Marketing Awards is widely regarded as the most competitive and prestigious in the B2B marketing industry. This year saw 500 submissions from 13 countries across Europe. Remarking on Chris' entry, the judges' said that he has, "turned the brand into a leader in its sector, with a strong focus on ethics, raising awareness of climate change and championing innovation."

Commenting on his win, Chris said, "This award is really about the hard work and effort that the whole of the marketing team put in to ensure Marshalls are always front of mind. Without each and every one of them this simply wouldn't have been possible."

To add to this success, Marco Maccio, Head of Digital Marketing, was also shortlisted in the top 10 for The Drum's MarTech Heroes Award. The Drum, a world-leading publisher and media platform covering Marketing and Advertising, created the award this year to recognise the very best talent

in the Marketing Technology (MarTech) space, demonstrating how they are creating value for their businesses. Entries came from across the world including Europe and the US.

Marco had this to say about the shortlisting, "To reach the top 10 is fantastic and a testament to the work that the Digital Team, have been doing over the last two years. I am proud of the things we have delivered and to have this recognised by a panel of marketing industry leaders is brilliant! Thanks go to everyone who has worked on the recent digital projects."



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.

Marshalls works with Stirling Smith, an expert in supply chain auditing, to develop and extend the SAA8000 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

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

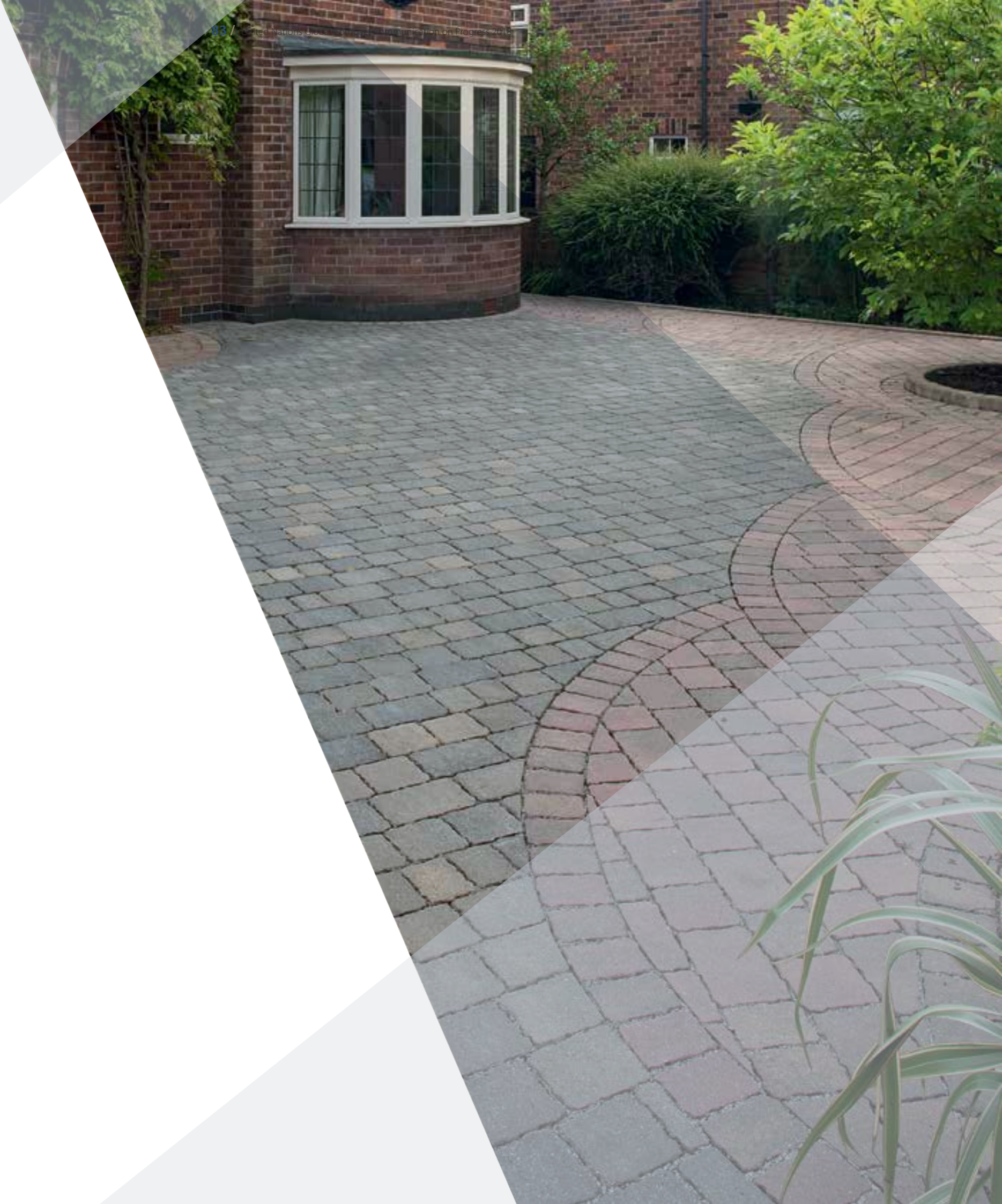
2018 COP Feedback Survey

As a valued stakeholder Marshalls would very much appreciate your feedback and comments on its 2016 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 2017 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 2016 and beyond.

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





Marshalls

Creating Better Spaces

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

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