



Marshalls

Modern Slavery and Anti Human Trafficking Policy and Disclosure Statement

The Marshalls group of companies (which includes Marshalls plc and its direct and indirect subsidiaries, referred to in this Statement as “Marshalls”), wherever it operates around the world, is committed to conducting business with honesty and integrity; in treating all people with dignity and respect and in complying with applicable laws, regulations and treaties. Marshalls is also committed to protecting and promoting human rights globally. Marshalls does not tolerate child labour, forced labour, including prison labour, or any use of force or other forms of coercion, fraud, deception, abuse of power or other means to achieve control over another person for the purpose of exploitation.

Marshalls respects international principles of human rights including, but not limited to, those expressed in the UN Declaration of Human Rights, United Nations Global Compact Principles, Children's Rights and Business Principles, Women's Empowerment Principles and those principles contained within the UK's Modern Slavery Act 2015. These principles and commitments are now embodied in Marshalls' Supplier Code of Conduct; M-Way. This can be accessed via the information guides section of our publications library at www.marshalls.co.uk/sustainability/publications

Marshalls complies with the employment laws of every country in which it operates and expects those with whom it does business to do the same. Marshalls also complies with national and international laws governing issues of supply chain management and expects those with whom it does business to do the same. M-Way specifies supplier obligations regarding modern slavery and human trafficking.

During the past 12 months Marshalls has: (1) made all existing tier one suppliers aware of its Modern Slavery and Human Trafficking Policy and Disclosure Statement; (2) provided and promoted clear online supplier guidance regarding modern slavery in M-Way; (3) and incorporated clear instructions within M-Way regarding modern slavery and human trafficking to ensure that suppliers understand the standards that Marshalls applies. In addition we have published an internal version of M-Way for employees which constitutes Marshalls' Employee Code of Conduct and includes the same standards regarding modern slavery within our organisation as are required for suppliers.

The Modern Slavery Act 2015 requires Marshalls to disclose annually online, as a minimum, the following:

- I. The organisation's structure, its business and its supply chains;
- II. Its policies in relation to slavery and human trafficking;
- III. Its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
- IV. The parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;
- V. Its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate.
- VI. The training available to its staff involved in supply chain management and employees throughout the rest of the organisation.

I. The organisation's structure, its business and its supply chains:

Marshalls' sustainability business model incorporates the organisation's commitments as a United Nations Global Compact (UNGC) signatory. The three pillars of sustainability; **economic, environmental and social**, continue to provide the focus for our activity. These are underpinned by the UNGC principles of **human rights, labour, environment and anti-corruption**. Our brand values of **leadership, excellence, trust and sustainability** empower

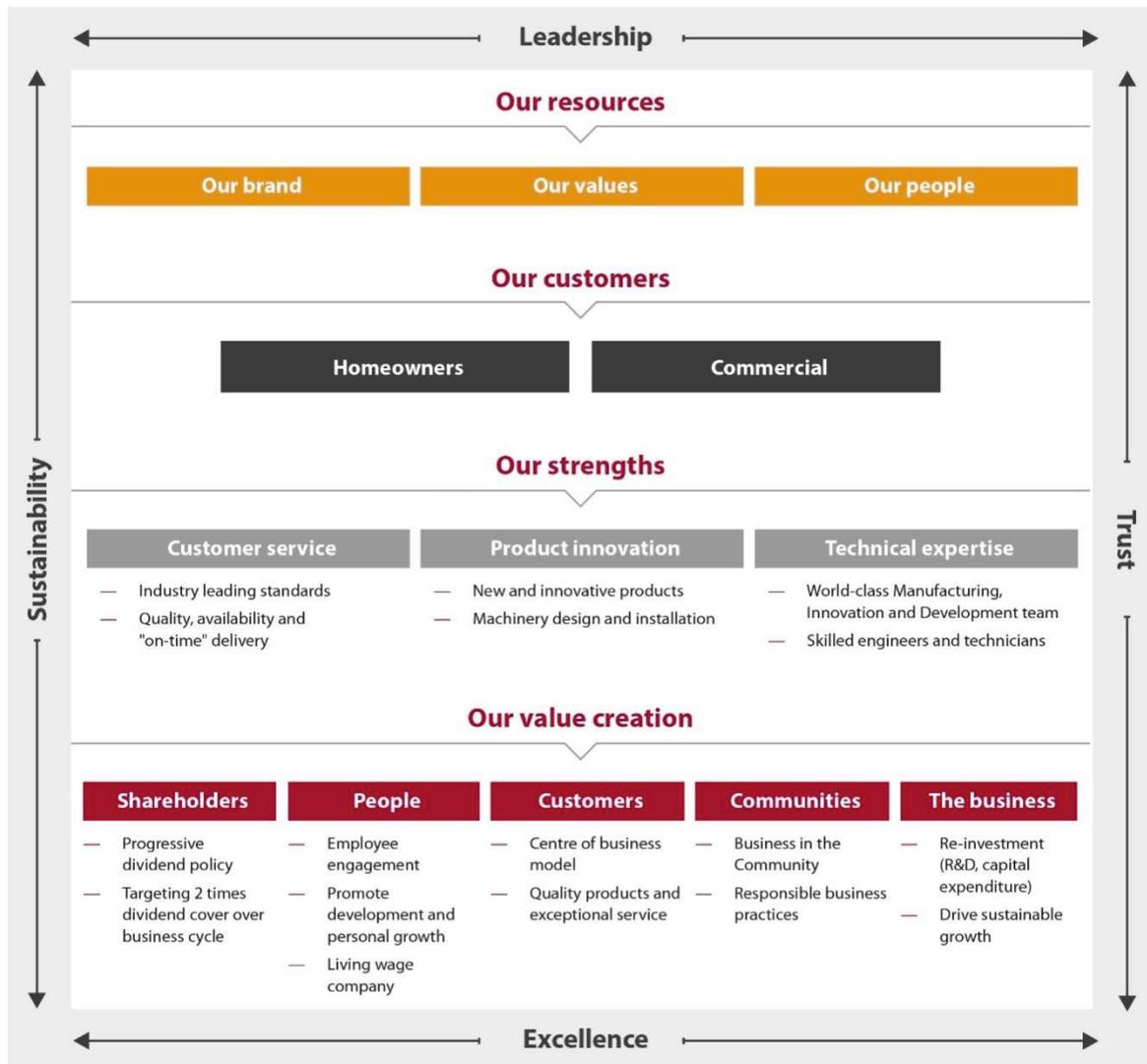
employees to 'do the right thing' by leveraging sustainability to drive competitive advantage for our business.

The organisation's ongoing inclusion, for over eleven years, in the FTSE4Good Index, designed to measure the performance of companies demonstrating strong environmental, social and governance practices, is vindication of Marshalls' continual efforts to meet and seek to exceed globally recognised corporate responsibility standards.

The following illustrates how we operate:



The following shows how we seek to add value:

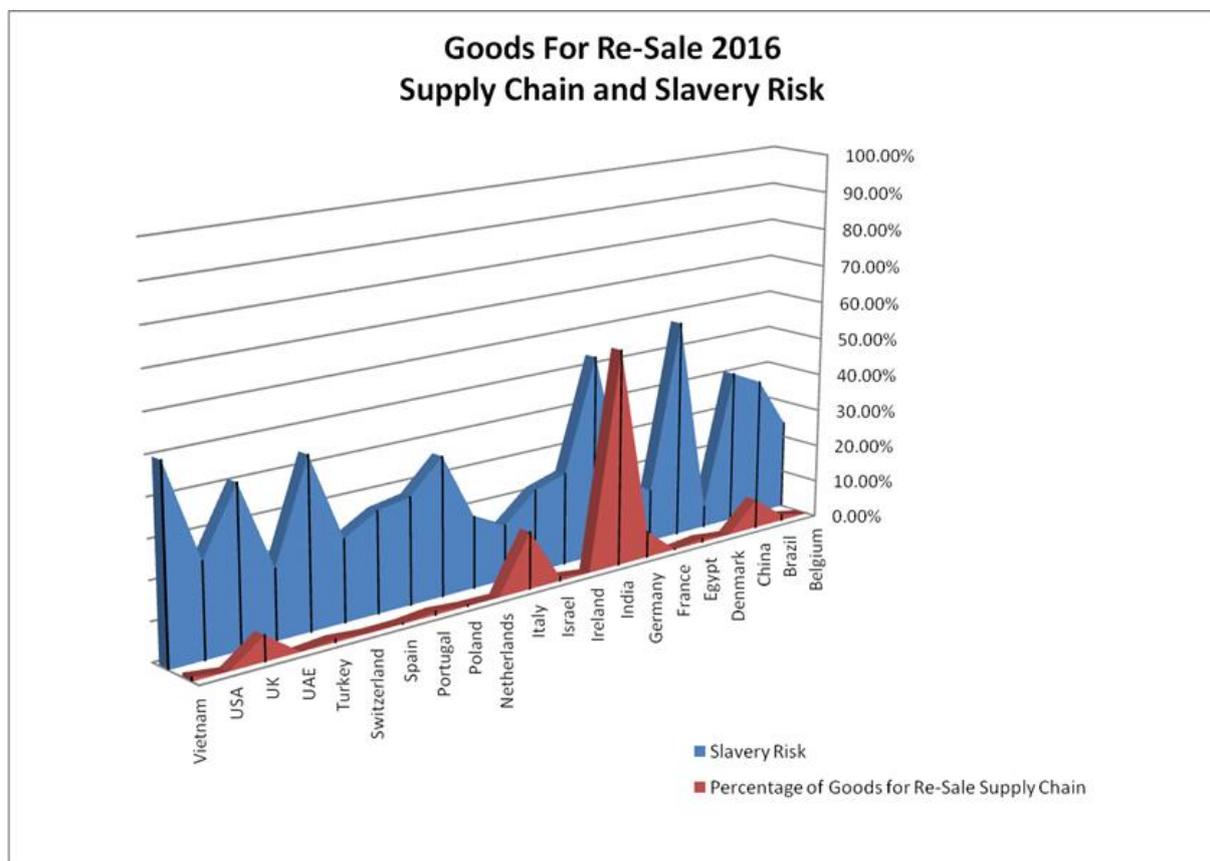


Marshalls classifies its suppliers in the following manner:

- 1) Goods for resale, e.g. natural stone.
- 2) Direct materials, e.g. aggregates, sand and cement.
- 3) Indirect purchases; consumables and services, e.g. engineering supplies, canteen, and cleaning services.

Since 2005 Marshalls has had a programme of ongoing assessment regarding areas of high risk related to its supply chain. Internal processes and procedures allow us to clearly identify high risk supply chains and/or areas within our supply chains where there is an increased risk of modern slavery. Our primary area of focus continues to be **Goods for Resale** specifically from India, Vietnam, China and Europe.

The chart below shows modern slavery country risk mapping alongside percentage of Marshalls 'goods for resale' and assists us in identifying high risk supply chains.



Stage 1: Initial Desk-based Due Diligence & Modern Slavery Risk Mapping referencing published data from sources including, but not limited to: International Peace Index Global Observatory, Human Rights Watch Global Report, Human Rights Monitor, Universal Human Rights Index Database, Amnesty International Annual Report, Transparency International's Corruption Index, Children's Rights and Business Atlas, Gender Inequality Index, Inequality-Adjusted Human Development Index, Social Institutions and Gender Index, The Global Slavery Index, Financial Inclusion Data/Global Findex, ITUC Global Rights Index, International Labour Organisation, Trafficking in Persons Report and World Bank World Governance Indicators, specifically Corruption, Government Effectiveness and Rule of Law Indicators.

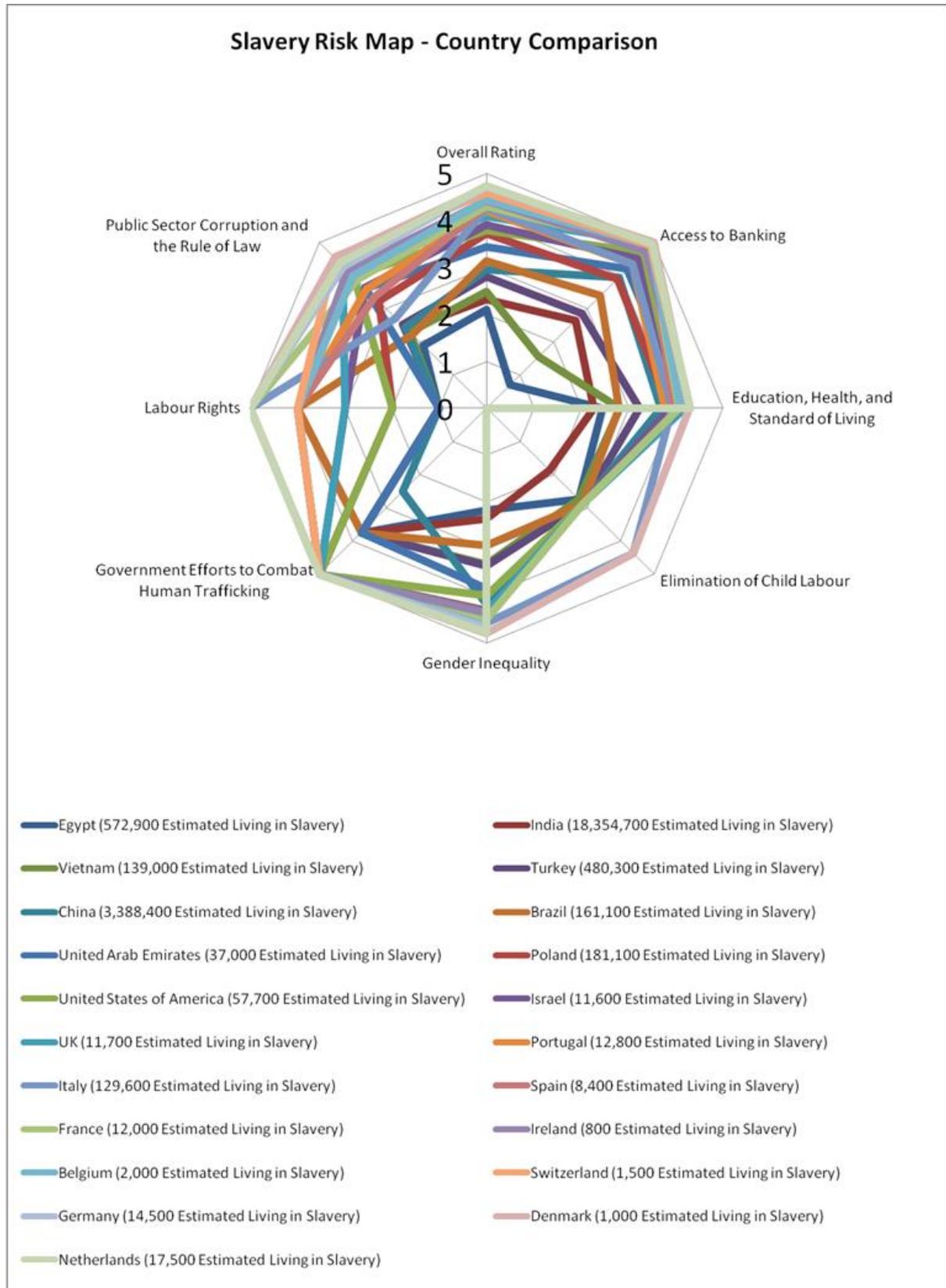
Stage 2: Initial Supplier Visit and Audit against United Nations Global Compact Principles – Human Rights; Labour; Environment; Anti-Corruption; <https://www.unglobalcompact.org/what-is-gc/mission/principles> – and the Ethical Trading Initiative Base Code; <http://www.ethicaltrade.org/resources/eti-base-code>.

Stage 3: Third Party Auditing & Modern Slavery Risk Mapping resulting in a clear corrective action plan if necessary.

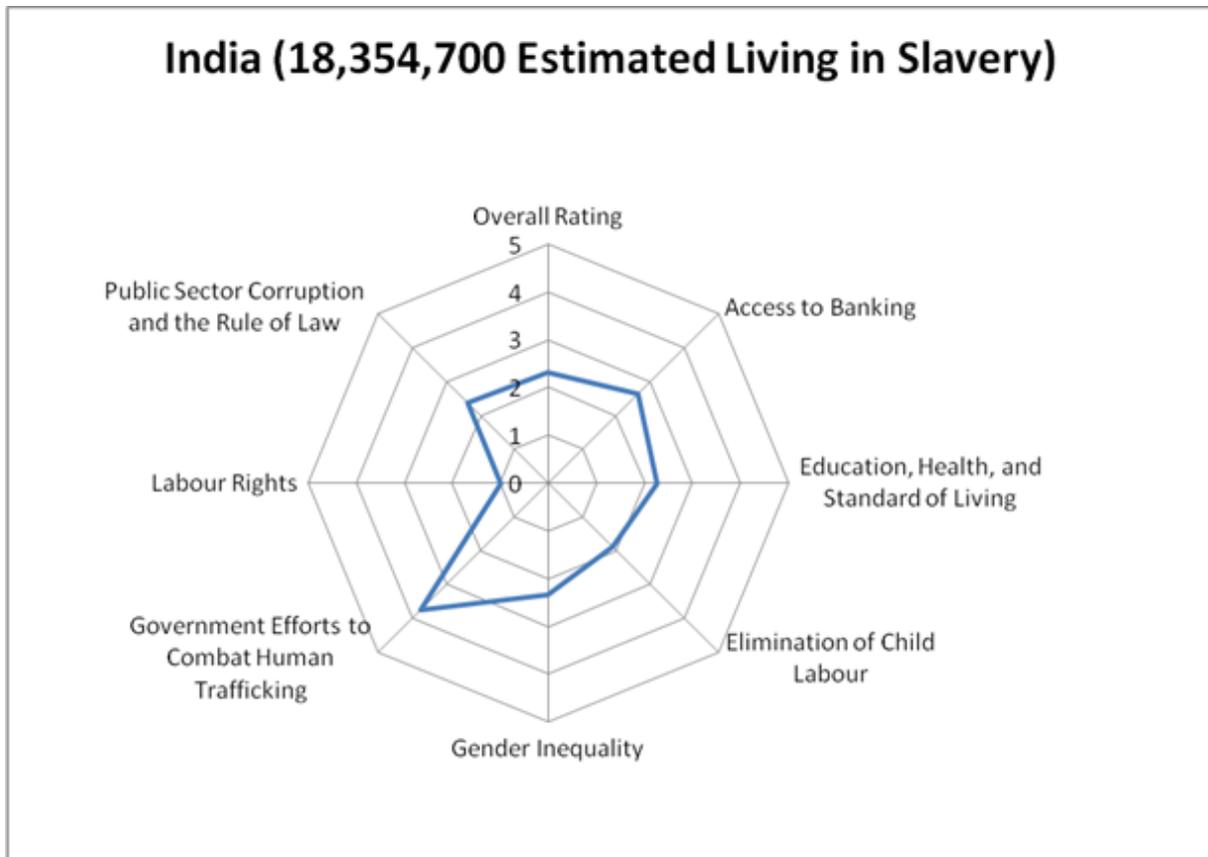
Stage 4: Detailed Human Rights Impact Assessment monitoring and reporting which is then incorporated into decision making, ongoing updates, internal briefings, and corrective action plans, etc.

Assessment for **Goods for Resale** is therefore undertaken in stages resulting in a 'go/no-go' protocol. It is based primarily upon adherence to the UNGC Principles, implementation of the Ethical Trading Initiative Base Code, a clear Human Rights Impact Assessment and Modern Slavery Risk Mapping.

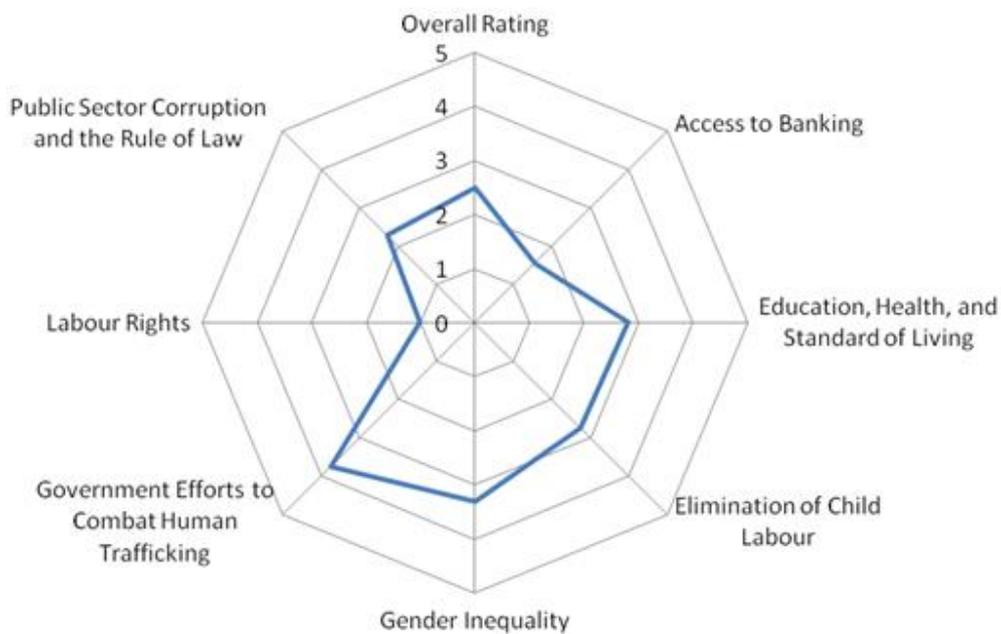
Marshalls Modern Slavery Risk Mapping processes assists us in identifying the risks of modern slavery within the countries from where we source goods.



Marshalls also produces **Modern Slavery Country Profiles** as part of our risk mapping and due diligence processes. These profiles map modern slavery drivers such as; public sector corruption and the rule of law; labour rights; government efforts to combat human trafficking; gender equality; elimination of child labour; education, health and standard of living; and access to banking. This section of our statement shows profiles for India and Vietnam. The full range of country snapshots and data sources information can be found online at <https://www.marshalls.co.uk/sustainability/human-rights#>



Vietnam (139,000 Estimated Living in Slavery)



Given the complexities of addressing the issues of modern slavery in supply chains much of our focus during 2016/17 has been on India and Vietnam. We plan to continue to develop our work in India and Vietnam during 2017, expand this to include Europe during the same period, and to address China during 2018. All and any areas identified as high risk in the meantime will be treated as a priority by the organisation.

Marshalls complies with all applicable trade laws. M-Way, clearly communicates the requirement that suppliers must comply with laws governing human trafficking and slavery and reserves Marshalls' right to immediately investigate any discovered instances of non-compliance with M-Way.

Marshalls has a process for the ongoing management/verification of its supply chains which seeks to evaluate and address risks of human trafficking and slavery in all areas of procurement. These now include: the organisation's supplier code of conduct, M-Way; a regular programme of announced ethical audits undertaken by third party organisations; a

programme of modern slavery risk mapping – announced and investigative/undercover - for high risk supply chains; regular - announced and unannounced - supply chain evaluation by Marshalls' sustainability and procurement teams; human rights impact assessments programme; bi-annual children's rights and business principles audits; weekly in-country social auditor reports from high risk supply chains; and NGO and IGO research on the supply chain and the wider sector.

II. Policies in relation to slavery and human trafficking;

Marshalls has audit rights in many of its supply contracts, which permit the organisation to audit a supplier's compliance under the terms of the contract. This now extends to encompass modern slavery. Under Marshalls' contractual rights to audit its suppliers, we conduct routine audits or assessments of supplier performance. All of Marshalls' procurement team have undergone intensive modern slavery training, delivered by our anti-slavery partner Hope for Justice, and our assessment methodologies now include assessments of human trafficking and slavery risks and indicators. In addition Marshalls' external independent ethical auditor and our anti-slavery partner have undertaken a simultaneous supply chain visit in India. As a result a cohesive and rigorous programme of ethical auditing and modern slavery risk mapping is being developed for high risk supply chains.

Marshalls has reserved the right to investigate instances of non-compliance with M-Way, including instances of non-compliance with laws governing human trafficking and modern slavery.

All Marshalls' contracts with suppliers require suppliers to comply with all applicable laws. Marshalls' suppliers are also required to adhere to M-Way, which states the requirement of compliance with laws and ethical business conduct, including those laws and principles prohibiting involvement in human trafficking and slavery. When a supplier accepts our purchase order and/or enters into a contract with Marshalls, they are acknowledging and consenting to comply with all laws and with our supplier code of conduct. Other than these

contractual obligations with suppliers and Marshalls' reservation of right to investigate. Marshalls does not have a formal supplier certification process.

The following policies should be read in conjunction with this Modern Slavery and Anti Human Trafficking & Policy Statement and are available online at

<http://www.marshalls.co.uk/our-policies> : Anti-Bribery Policy; Human Rights Policy; Children's Rights Policy; Social Investment Policy.

In additions readers should look at the Marshalls Annual Report 2016 -

<https://www.marshalls.co.uk/documents/reports/2016-full-annual-report.pdf> - and the

UNGC Communication on Progress Report 2016 -

<https://www.marshalls.co.uk/documents/reference/ungccopreport2016.pdf>

Internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking: Marshalls' employees are, under the terms of their employment, expected to follow all laws of the countries in which they operate and all of the organisation's policies, including the Marshalls Employee Code of Conduct. Employees who violate laws or policies are subject to disciplinary action which in certain cases can lead to dismissal.

Marshalls' contractors are subject to the terms of all contracts with the organisation, including obligations to comply with M-Way. Marshalls reserves its contractual rights to terminate relationships with contractors who fail to comply with law and/or whose contractual noncompliance is not addressed in a timely manner. Compliance with M-Way is an essential factor in Marshalls' decision whether to enter into, continue or extend existing business relationships with a supplier or contractor.

III. Due diligence processes in relation to slavery and human trafficking in its business and supply chains;

Due diligence processes regarding modern slavery and human trafficking are embedded throughout our procurement due diligence process. In our 2016 statement we committed to reporting back against each of these stages in relation to all of the countries from where we source, including all of our procedures and processes regarding supply chain management.

Stage 1: Initial Desk-based Due Diligence & Modern Slavery Risk Mapping –

<https://www.marshalls.co.uk/sustainability/human-rights#> - Marshalls has now undertaken desk-based due diligence and modern slavery risk mapping for all sourcing countries and has analysed the percentage of goods for resale procured. This has enabled us to identifying high risk supply chains and to prioritise our activity regarding modern slavery.

Stage 2: Initial Supplier Visit and Audit – supplier visits and audits are undertaken. This information is currently for internal consumption only but will be subject to an internal audit process by KPMG during June 2017.

Stage 3: Third Party Auditing & Modern Slavery Risk Mapping – we currently have an annual programme of ethical auditing and modern slavery risk mapping. This remains work-in-progress as we continue our modern slavery journey. Whilst this is currently for internal consumption it will be subject to an internal audit process by KPMG during June 2017.

Stage 4: Detailed Human Rights Impact Assessment and Associated Human Rights

Programme - following a comprehensive supply chain modern slavery mapping exercise we are working together with our anti-slavery partner to develop appropriate anti-slavery programmes in both India and Vietnam. In conjunction with our anti-slavery partner we are also developing appropriate awareness raising and prevention programmes aimed at the wider communities, and working with partners in India and Vietnam to develop enhanced access to remediation for victims. We will expect to detail this in future statements. This will be expanded to include Europe in 2017 and China in 2018.

IV. The parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;

As previously stated, Marshalls classifies its suppliers as follows:

- 1) Goods for resale, e.g. natural stone.
- 2) Direct materials, e.g. aggregates, sand and cement.
- 3) Indirect purchases; consumables and services, e.g. engineering supply, canteen, cleaning.

Internal processes and procedures allow us to clearly identify high risk supply chains and/or areas within our supply chains where there is an increased risk of modern slavery. It should be noted that Marshalls' default position is to source from suppliers where we are able to trace back to the raw material.

Since our 2016 statement Marshalls has; (1) mapped its activities in relation to these three classification areas; (2) further identified high risk areas within its business and supply chain; (3) communicated developments in procedures; (4) together with appropriate third parties developed protocols which respond to the needs of victims of modern slavery in the UK, and (4) committed to reporting transparently on any and all instances of modern slavery identified within its business and supply chains. Details of this activity will be documented in our 'End Modern Slavery' Report which will be published in June and made available in the reports section of our website - <https://www.marshalls.co.uk/sustainability/document-library> Additionally, readers can also view our modern slavery risk mapping rationale and country profiles at <https://www.marshalls.co.uk/sustainability/human-rights#>

V) Its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate.

Marshalls remains committed to supporting the Independent Anti-Slavery Commissioner's efforts to identify and eradicate modern slavery and human trafficking in order to ensure that individuals do not suffer as victims and that Marshalls does not become a corporate victim of the organised criminals engaged in modern slavery and human trafficking. Since our last statement the organisation has done this by;

- Undertaking an internal awareness campaign throughout UK business operations involving all employees regarding modern slavery; what it is, who it affects and why it matters to Marshalls. This has included a poster campaign, online & face-to-face training, the training and introduction of strategically placed Marshalls Modern Slavery Ambassadors and ongoing communications.
- Ensuring that all relevant employees involved directly in supply chains and procurement have undertaken training regarding modern slavery, or are in the process of doing so.
- Ensuring that all suppliers have received and understood Marshalls' position regarding modern slavery via an independently managed traceable process.
- Actively developing our due diligence, human rights programme and external auditing process in relation to identified high risk areas within our supply chain.
- Engaging appropriately with a wide range of stakeholders to help ensure that we can further refine and develop our activity in this area; for example, third sector partners, the UN, government, law enforcement agencies, customers, civil society, and young people.
- Monitoring of all related activity using UNGC Principles and the ETI Base Code.
- Revising our Supplier Code of Conduct – M-Way – which can be accessed in the information guides section at <https://www.marshalls.co.uk/sustainability/document-library>

Marshalls promised to report against all of these activities in 2017. Details of this activity will be documented in our 'End Modern Slavery' Report which will be published in June and made available in the reports section of our website -

<https://www.marshalls.co.uk/sustainability/document-library>

VI) The training available to its staff working in supply chain management, those in the rest of the organisation, and suppliers.

All suppliers, both existing and new, are now required to undertake Marshalls' online training module regarding issues of legal compliance, including modern slavery and human trafficking. Additional supplier education activity has been extended to include modern slavery and human trafficking and will be continue throughout 2017. This activity has included: education workshops; online training; face-to-face meetings; newsletters; road shows; conferences; emails; social media; public relations and communications activity.

- Existing and new employees directly involved in procurement, human resources and the supply chain are required to undertake training regarding issues of legal compliance, including modern slavery and human trafficking. Marshalls also trains its employees in the standards of ethical behaviour, human rights, children's rights, child labour, modern slavery and human trafficking, related policies, procedures and legal requirements. This is currently done via our 'Group Learning Zone' and in person. In 2017 we will launch our internal Business & Human Rights Yammer platform which will focus upon modern slavery in relation to business operations. All of this is done within a framework of our **brand values of leadership, excellence, trust and sustainability** which ensures that the organisation clearly establishes the manner in which we conduct business. Further work will be done during 2017 to ensure that all employees and temporary workers will be trained at induction about our policies regarding modern slavery and trafficking within a sustainability, ethical business and human rights context.
- Marshalls remains in the process of developing, in conjunction with the Global Compact Network UK, a *Certificate in Sustainability* which will be open to all employees as part of their Continuous Professional and Personal Development programme. This will be launched during 2017. This Certificate includes human rights and specifically addresses modern slavery and human trafficking, children's rights, child labour and gender issues, with respect to mitigating risks within the supply chain.

During 2017 Marshalls will undertake a further internal awareness campaign regarding modern slavery. This internal awareness campaign will include posters throughout the organisation's UK-based operations, board briefings, briefing of the marketing team, briefing of the procurement team, briefing of works/facilities managers, face-to-face meetings with key individuals, specific human resources and procurement team training, modern slavery online courses available to all employees and a Modern Slavery app on all company mobile phones.

In addition supply chain and sourcing directors, managers and employees, departmental directors and board directors will receive high level briefings on human rights issues including modern slavery and human trafficking via the Business & Human Rights Yammer Platform. They are also required to undertake the training programme regarding modern slavery and human trafficking.

As promised in our last statement, Marshalls has developed a clear set of KPI's regarding modern slavery within each of our focus areas. You can find these below. We will report on each of these in next years' statement.

Marshalls will update and publish this Modern Slavery and Anti Human Trafficking Policy Statement annually.

Signed by:

A handwritten signature in black ink, appearing to read 'M. Coffey', written in a cursive style.

Martyn Coffey, CEO, Marshalls plc

31st May 2017

Modern Slavery KPI's for 2017/18



Deliver an internal awareness campaign throughout UK operations to all employees regarding modern slavery.

- Ensure that 100% employees are exposed to modern slavery awareness raising; how to spot the signs; how to report it; Marshalls response to Modern Slavery.
- Ensure that 100% of all inductions for temporary labour include modern slavery awareness.
- Increase the number of Modern Slavery Ambassadors within the business by 75% in 2017.



Modern Slavery Training for all employees involved directly in supply chains and procurement.

- Ensure that all 350 employees directly involved in supply chain management receive ongoing updates and notifications regarding business & human rights, and specifically modern slavery.



Supplier communication and verification programme which confirms that suppliers have received and understood Marshalls' position regarding modern slavery and are aware of Marshalls Modern slavery Policy & Disclosure Statement.

- Continue to roll-out supplier communication and verification platform to ensure that 95% of supplier have confirmed acceptance of Marshalls Supplier Code of Conduct, including Modern Slavery.
- Continue to develop supplier education partnerships with 50% of those identified as high risk through our modern slavery risk mapping activity.
- Engage in proactive modern slavery education programmes with those suppliers who have raised issues or concerns.



Report on our effectiveness in helping to ensure that slavery and human trafficking is not taking place in our business or supply chains including the due diligence process outlined in Marshalls Modern Slavery & Anti Trafficking Policy & Statement.

- Number of reported instances of modern slavery within our business operations and supply chain by country/supply chain.
- Number of pieces of intelligence shared with law enforcement, Gangmasters Labour Abuse Authority, Hope for Justice.
- Number of instances of modern slavery identified as a result of intelligence shared with law enforcement, Gangmasters Labour Abuse Authority, Hope for Justice.
- Number of effective partnerships & collaborations with the sole aim of preventing modern slavery in our business operations and supply chains.



Further development of the organisations supply chain due diligence, related human rights programme, external ethical auditing and modern slavery risk mapping processes in order that instances of modern slavery can be identified, remedial action undertaken, and the victims supported and that all of this is transparently reported.

- Publish supply chain moderns slavery risk mapping for 50% of the supply chain identified as high risk.
- Action an external ethical auditing and modern slavery risk mapping programme which cover 30% of supply chain identified as high risk.



Develop, in conjunction with our anti-slavery partner, a process of remediation and support for victims of modern slavery identified within the organisations operations and supply chains.

- Have in place a process of remediation and support for 50% of supply chain identified as high risk by volume of product.