



WE SUPPORT



Marshalls
plc

UNGC UK Network & Marshalls plc
UNGC Key Suppliers Briefing

Background

Marshalls is jointly hosting a series of United Nations Global Compact (UNGC) supplier event in collaboration with the UNGC UK Network during autumn 2011 and throughout 2012. This first event took place on the 3rd of October at Marshalls site in Huddersfield, Yorkshire.

The event brought together enable Marshalls' first tier suppliers, both from the UK and overseas, to enable them to gain a greater understanding of the UNGC and the ten principles which drive signatories' actions regarding human rights, labour, environment and anti-corruption. Suppliers will also heard first-hand from the groups CEO, marketing director and procurement director, about Marshalls' work in each of these areas and in particular how the plc's approach regarding anti-corruption and human rights, together with the Leadership Blueprint programme, is further shaping the company's procurement processes moving forward.

Group marketing director, Chris Harrop, commented, "This is an important event for Marshalls as we seek to further engage an increasing number of our key suppliers in supporting the work of the UNGC and its guiding principles. It also offers a great platform for us to share the excellent progress that we have made by working with suppliers on challenging issues such as the environment, human rights and children's rights."

Steve Kenzie from the UNGC UK Network said that collaboration on the event represented an excellent opportunity to educate and engage suppliers and to get direct feedback from participants regarding this kind of educational forum. He went on to commend the commitment demonstrated by Marshalls, applauding the plc's positive impact, and encourage other companies to emulate this fine example of corporate citizenship.

Steve Kenzie added, "Since becoming a UN Global Compact signatory in 2009, Marshalls has engaged fully with the UNGC and UNGC UK Network. Marshalls' exemplary work in India was acknowledged at the UNGC's Leaders Summit in New York last June and was also included in a report on best practice produced by the UK Network. Marshalls was also recognised for excellence in reporting, receiving a notable status from both peer reviewers and the Global Compact Office for its first Communication on Progress. I look forward to engaging with Marshalls and its suppliers on this series of exciting events which are the first of its kind in the UK."

This paper summarises the key points covered and raised at this event.

Marshalls plc, Birkby Grange,
Huddersfield, Yorkshire.
3rd October 2011

Speakers:

Graham Holden,
CEO, Marshalls plc

Chris Harrop,
Group Marketing Director,
Marshalls plc

Steve Kenzie,
UNGC UK Network Secretariat

Jon Isherwood,
Group Procurement Director,
Marshalls plc

Participants:

30 individuals representing 15 of Marshalls' first tier suppliers from both the UK and overseas.

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Marshalls' 2010 Communication on Progress which documents the plc's activities regarding its UNGC participation is available to view at <http://www.marshalls.co.uk/sustainability/publications/pdfs/Marshalls%20UNGC%202010.pdf>

Welcome and Introductions



Graham Holden, Marshalls CEO, welcomed participants to the event jointly hosted with the UNGC UK Network. He indicated that this was intended as the first of a series of educational and exploratory events that would allow those involved to understand more fully Marshalls' commitment to the UNGC and its principles. He went on to say that the global focus upon anti-corruption throughout 2011 provided a backdrop for the work being done by the procurement team within Marshalls and that he welcomed the opportunity for Marshalls' approach to sustainable procurement to be presented, discussed and further developed.

Presentation 1:

THE CHALLENGES WE FACE

Chris Harrop, Group Marketing Director, Marshalls plc

Chris Harrop began by outlining the purpose of the first supplier education event:

- To share with Marshalls' key suppliers the organisations commitment to the UNGC.
- To provide key suppliers with the opportunity to hear about the UNGC directly from the UK network representative.
- To share with Marshalls' key suppliers the actions that the organisation is taking.
- To seek to engage suppliers in Marshalls UNGC activities moving forward.

Regarding Marshalls' sustainable approach Chris reaffirmed that the organisations commitment to a sustainable, ethical and environmental strategy is a key strength for the organisation as reflected back by its range of customers, both domestic and commercial. He stressed that this was a key competitive advantage for Marshalls and one which will only grow in importance moving forward. He indicated that this sustainable approach was underpinned by; (a) strong management systems, (b) a deep understanding of the issues, (c) a forward view, (d) credibility with stakeholders, and (e) assuming a thought leadership position within the sector.

Chris clearly communicated Marshalls' approach away from a position of simply minimising harm to one of actively engaging and maximising benefit.



He outlined some key facts to put the presentation into a broader context;

- There are 250 million child labourers worldwide.
- There are 27 million slave labourers.
- 1.7 billion people earn less than a \$1 a day.
- 3.7 billion people die from pollution each year.

He acknowledged the confusion around the issues of sustainability and identified key global sustainability drivers for 2011 and beyond;

- Terrorism.
- A growing population.
- Climate change.
- Water scarcity.
- Diminishing natural resources.

Chris communicated that there are now 433 eco-labels in 217 countries and in 25 industry sectors. He raised general questions regarding some of the accreditation processes. He pointed out the voluntary nature of UNGC participation highlighting this as a strength.

Chris made brief reference to:

- The role of social media and the impact upon stakeholders both in terms of communication and expectations.
- Consumer demands and expectations regarding service, quality and corporate responsibility.
- Demand for a global moral revolution after the financial crisis.
- Demand for increased transparency by all stakeholders.
- New legislation and laws in areas of human rights, biodiversity and anti-corruption.
- Continued strength of sales regarding ethical goods and services.

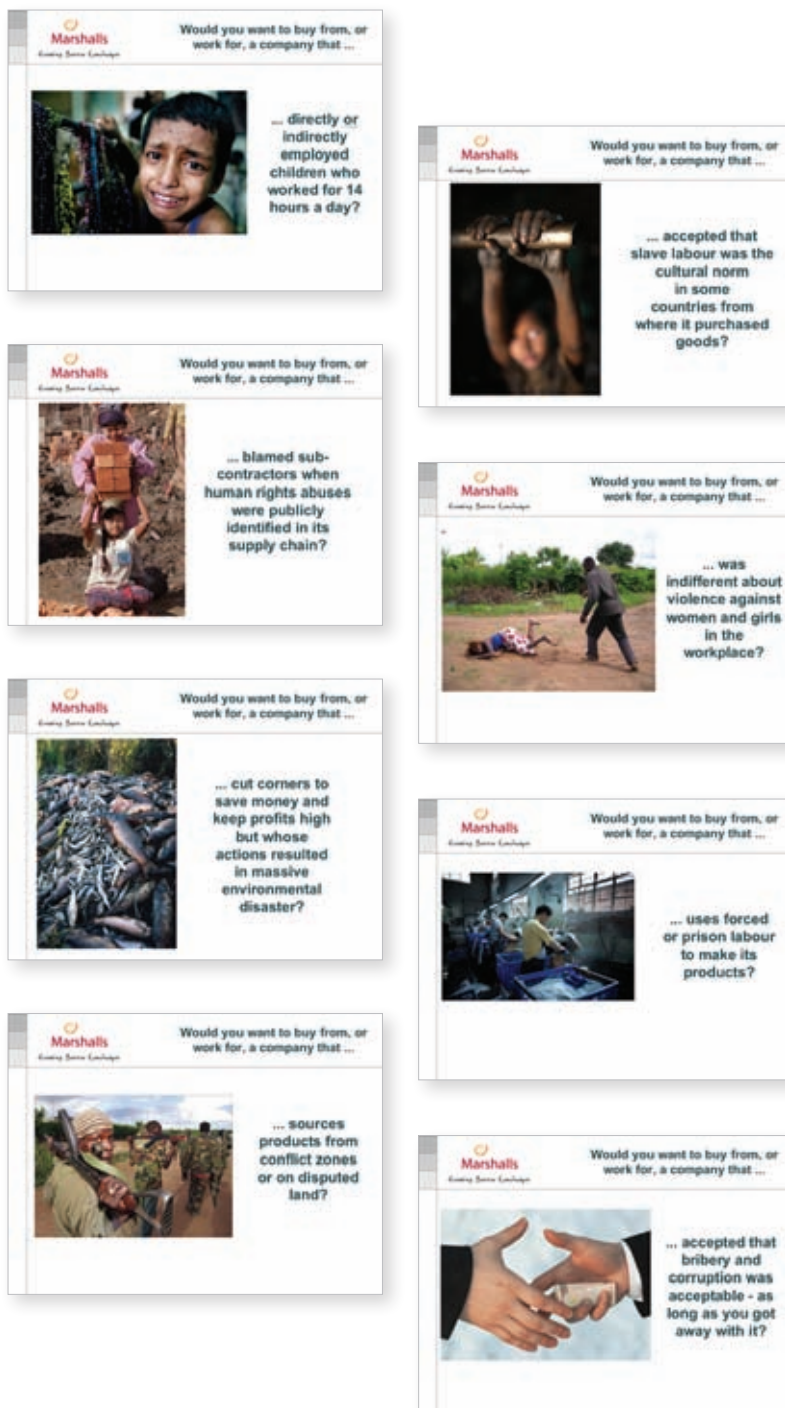
Chris finished this presentation by indicating the strengths of the framework offered by the Leadership Blueprint, a programme within the UNGC.

Presentation 2:

THE UNITED NATIONS GLOBAL COMPACT

Steve Kenzie, Secretariat, UNGC UK Network

Steve Kenzie began by posing the question on the following slides:



Steve said that the UNGC worked to address these and other related issues and that is was a strategic policy initiative for businesses committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

<http://www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html>

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights.
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- The Rio Declaration on Environment and Development.
- The United Nations Convention Against Corruption.

The UN Global Compact asks companys to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- 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; and
- 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 corruption in all its forms, including extortion and bribery.

Presentation 2:

Steve advised that the UNGC is the world's largest and most visible leadership platform for corporate responsibility and sustainability. It launched in 2000 and now has over 9000 signatories in over 135 countries. The UNGC is aiming for engagement with 20,000 signatories by 2020. He added that the UNGC represented an important platform for United Nations engagement with the private sector. He added that the UNGC has two main objectives:

- To mainstream UNGC principles into business activities around the world.
- To catalyse action in support of broader UN objectives such as the Millennium Development Goals.



Marshall's
Creating Better Landscapes

The Millennium Development Goals

- A United Nations set of targets that embody basic human rights; the rights of each person on the planet to health, education, shelter and security.

1 ERADICATE EXTREME POVERTY AND HUNGER	2 ACHIEVE UNIVERSAL PRIMARY EDUCATION	3 PROMOTE GENDER EQUALITY AND EMPOWER WOMEN	4 REDUCE CHILD MORTALITY
5 IMPROVE MATERNAL HEALTH	6 COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES	7 ENSURE ENVIRONMENTAL SUSTAINABILITY	8 GLOBAL PARTNERSHIP FOR DEVELOPMENT

United Nations © 2010

Steve also spoke here about UNGC governance, integrity measures, local network activities, memberships, fees and also UK signatories and observers.

Presentation 3:

MARSHALLS AND THE UNGC

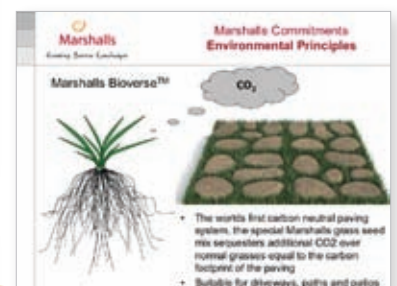
Chris Harrop, Group Marketing Director, Marshalls plc

Chris Harrop outlined the business case for Marshalls engagement with the UNGC highlighting the organisations' mission to 'create better landscapes', its listing on the FTSE4Good and its BES 6001 status.

He explained what Marshalls participation in the UNGC meant for the organisations and talked about;

- The annual Communication on Progress submitted to the UNGC office in New York.
- The Human Rights Guidance and Human Rights Policy which Marshalls had developed during 2011.
- The Company's work in the field of labour rights specifically in relation to the Indian Sandstone supply chain;
 - The provision of 8 schools for over 300 children in the Kota area of Rajasthan,
 - The fully funded health camps visited by over 1000 people each month,
 - The fully funded social insurance cover provided for over 3000 people in the Kota quarrying district.
- Marshalls environmental principles;
 - The product carbon footprints for over 2500 products.
 - The Heritage reconstituted concrete paving.
 - Product development, namely Marshalls Bioverse – the worlds first carbon neutral paving system.
 - The development of products which address climate change issues and MDG's – SuDs and permeable pavements.
 - Marshalls Noxer paving product which helps to reduce inner city pollution.

Chris finished by raising the prominent issue of anti-corruption principles and the recent anti-bribery law which came into force in July 2011. He also added that the UNGC engagement and principles were now central to the way in which Marshalls was developing its business moving forward.



Presentation 4:

MARSHALLS' GROUP PROCUREMENT AND THE UNGC

Jon Isherwood, Group Procurement Director, Marshalls plc

Jon Isherwood began by outlining Marshalls' procurement objectives;

- To deliver the best possible value for our customers, at the lowest possible overall cost.
- He explained that 'value' measures included the quality and reliability of the goods or services procured, and the punctuality and reliability of their delivery.

He also said that 'cost' is considered over the lifespan of the goods or services and not merely limited to the initial price or acquisition expense.

Jon outlined Marshalls' procurement process;

- Analysis expenditure.
- Determining the requirements of the business.
- Market appraisal.
- Strategy development.
- Strategy agreement – with all stakeholders.
- Supplier selection, negotiation and supply agreements.
- Execute mitigation as appropriate.
- Manage supplier relationship and review strategy.

He went on to discuss supplier relationship management citing, (a) the importance of long term pro-active partnerships with key suppliers – committed to resolving any problems that may arise. (b) Providing the supplier with forecasts of requirements as being a key element of the supplier relationship process. (c) Securing the maximum possible value through the exercising of value engineering and value analysis was discussed. (d) The importance of underpinning the supplier relationship with clearly documented commercial agreements, objectives and key performance indicators was raised, as was (e) the challenging and re-appraising of all supply chains on an ongoing basis.

Jon outlined Marshalls' measures regarding anti-bribery and anti-corruption citing the UNGC as offering education and guidance alongside overseas laws and regulations and the UK Bribery Act itself. He clarified the new offences within the UK Bribery Act 2011 New Offences:

- Active bribery (offering or giving a bribe).
- Passive bribery (receiving or asking for a bribe).
- Bribing a foreign public official.
- Failure to prevent bribery (by a company).

He also presented Marshalls range of measures to deal with:

- New Anti-Bribery Policy (draft).
- Reviewing and updating policies.
- Reviewing risk areas.
- Reminding our people and those we deal with (e.g. requiring them to accept the principles in our policies).
- Training and induction.
- Ongoing monitoring.

He also advised that Marshalls was currently developing supplier guidance and a code of conduct regarding sustainable procurement which will cover the following:

- How Marshalls does business.
- What suppliers should expect from Marshalls.
- What Marshalls expects from its suppliers.
- Ethical, Social, Environmental expectations.
- The UNGC principles and implications for Marshalls' suppliers.

He said that increased supplier auditing was instrumental moving forward and would include:

- Organisational Management.
- Supply Chain Management.
- Health and Safety.
- Environmental and Social performance.
- Traceability of Supply.
- Quality Systems.
- Global Compact.
- ETI Base Code.

Jon summarised by offering a reality check;

- With the exception of the 20% of consumers who make buying decisions based on ethical factors, sustainability doesn't solely drive sales.
- Neither does it ordinarily produce enhanced margins.
- We are in a changing marketing place where sustainability is becoming increasingly important. And in many cases it is the price of entry.
- Businesses need to address issues of sustainability and use the efficiencies to keep prices competitive.

He concluded by advising suppliers that UNGC involvement and adherence to the ten principles would become fundamental to supplier engagement moving forward.



To Conclude

TO CONCLUDE

Chris Harrop, Group Marketing Director, Marshalls plc

- The UNGC is a key driver of corporate responsibility heavily supported by governments and is seen as THE international standard.
- Participation allows Marshalls to stay ahead of the game, get our house in order and communicate clearly and transparently when we choose to, or are required to by law.
- Membership, active participation and support will be a key driver of Competitive Advantage.
- To make more progress we need to work with our Key Suppliers.

TO FINISH

Graham Holden, Marshalls CEO, reiterated Marshalls' commercial imperative and the importance of the UNGC principles in delivering. He added that Marshalls had directly benefited commercially from its engagement with the UNGC and the organisations long standing and ongoing work and commitment in all aspects of sustainability. He invited participants to continue the discussion informally over coffee and drew the presentation element of the event to a close.



To Finish



THE DISCUSSION CONTINUED



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