

A message from Martyn Coffey – proposed changes across the business

Dear all,

I've shared with you the impact Coronavirus (COVID-19) has had on our business, and the wider industry. We have seen a significant drop in demand for products, just like all other companies in our sector. The UK economy is expected to see a recession after the pandemic is over, with many businesses already irrevocably impacted.

Coronavirus (COVID-19), and the impact it has had, presents us with an extremely difficult situation. We have to be realistic about what Marshalls will look like in a post-coronavirus economy. The demand for our products in 2020 and 2021 is projected to be lower than the demand we saw in 2019.

To deal with the effects of this pandemic, we have managed the business by making real time decisions to meet short-term requirements. As you know, our priority has been to ensure the health and safety of our people while protecting the sustainability of Marshalls, at the same time as meeting customer and shareholder demands. We have always taken what we believe to be the right course of action throughout. These actions have helped us manage this very intense short-term period. However, we need to move away from managing the short-term and look towards the future and the challenges that we have to be ready for. Unfortunately, this means the shape and size of Marshalls must change so that the business is more sustainable in a market where it is predicted there will be a much lower level of activity than we had originally planned for before COVID-19.

We have therefore started consultations on a series of proposals that have an impact on many areas of the business. I cannot give you the full and complete details as we need to brief the affected employees and teams first. We will always manage this type of process professionally and with as much clarity and support as possible.

The key headlines of the current proposed changes:

- MLP Falkirk site is proposed to close
- Edenhall Llan site is proposed to close
- Proposed closures and consolidation of work at some sites in Marshalls Premier Mortars and Screeds
- Proposed shift changes and the closure of assets at some sites
- Proposed changes in the structure of the Logistics function
- Proposed changes in the structure and size of the supporting MLP functions
- Proposed changes within the Emerging Businesses; Marshalls Civils and Drainage, Edenhall, Marshalls Landscape Protection
- Proposed changes to the Trading and Marketing teams
- Proposed changes to the size and structure of the core supporting functions for the Marshalls Group

What happens next?

Where we have proposed a full site closure, the impacted individuals who are currently on Furlough will be brought back from Furlough Leave and put back onto 100% pay. You will not be working, and will still be on leave, unless notified otherwise. We're doing this because we do not believe that keeping

potentially redundant roles on Furlough Leave and the Coronavirus Job Retention Scheme is the right thing to do. If this applies to you it will be confirmed during your consultations.

We started consultations with union representatives earlier this week. For the areas of the business represented by the unions, we have also started to brief the affected individuals. Each person will be briefed on the changes specific to them and the process they can expect to go through.

For the impacted areas where there is no union representation, we need volunteers to come forward and be representatives. We will need several people to take part in this activity. Early next week we will confirm where we need colleagues to act as representatives. At the same time we will also provide details of the skills needed, clarity on what the role will cover, as well as the training and support that will be given to fulfil this role.

Closing statement

I know this is a difficult message. I understand it will create uncertainty for everyone, particularly those people who are in the affected areas. We will get to outcomes and decisions as soon as we can, but we have to follow the correct legal processes and activities. We want to manage this change, like we do with all change, in the right way. We will treat everyone impacted fairly and with dignity and respect. We will keep you informed on the progress of the proposed changes. These actions are being taken to ensure Marshalls comes through this challenge.

Thank you for your ongoing support.

Martyn Coffey
CEO

