

United Nations Global Compact Communication on Progress and Sustainability Report 2019



Marshall's

Creating Better Spaces



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Martyn Coffey
Marshalls CEO

Statement of Support for the UNGC from Martyn Coffey, Marshalls' CEO

2020 has already served to fiercely focus the mind. All quarters of society, and all parts of the world, are reeling from the havoc wrought by the COVID 19 pandemic. We are acutely aware, but perhaps now in more visceral and eye-opening ways, of the intrinsically interconnected nature of our everyday lives. This is a global public health emergency on a scale not seen for a century, and with economic and social repercussions that stretch far into the future.

This testing year also marks 20 years of the UNGC and 75 years of the United Nations, and while much has been achieved UN Secretary-General António Guterres has added urgency to his call for acceleration toward the realisation of the sustainable development goals, naming the coming ten years the 'Decade of Action.' He also noted in his recent report 'COVID-19 and Human Rights: We are all in this Together', that, '... our ability to learn from this pandemic will determine not only our success in responding to future pandemics but also other global challenges, of which the most pressing is undoubtedly climate change.'

In her open letter * to UNGC signatories at the beginning of this year, UNGC CEO and Executive Director, Lise Kingo, shared her fears, hopes and great expectations' citing the very evident climate crisis; heatwaves, wildfires, storms, droughts, floods and rising sea levels. We have seen and experienced this close to home in Yorkshire, where our headquarters are based; floods have devastated families, ravaged communities, and levelled businesses. We have also witnessed the impacts in our global supply chains upon the workers, families and communities that are part of our extended community. It is a fact that 2019 was the hottest year on record, concluding the hottest decade on record. And this trend is set to continue.

Ms Kingo puts huge emphasis and hope in private sector leadership saying that 2019 was also the year where business leaders stepped up to the plate and took a visible stand for a 1.5°C future — because it is our only future. By December at COP 25, 177 companies had committed to set highly ambitious emissions reduction targets aligned

with a 1.5°C future. Collectively these companies represent over 5.8 million employees, spanning 36 sectors and with headquarters in 36 countries. With a combined market capitalisation of over US\$ 2.8 trillion, and representing annual direct emissions equivalent to the annual total CO2 emissions of France, their commitments offer a real tipping point.

I am proud to say that Marshalls is one of these companies having committed to the Science Based Targets initiative. We have set our greenhouse gas emissions targets to be consistent with the ambitious aims of the Paris Agreement, to limit average global warming by the end of the century, compared to pre-industrial temperatures.

For our part we continue enthusiastically and relentlessly to use our leverage wherever we can towards contributing to achieving the Sustainable Development Goals (SDGs). Through our unwavering and active support of UNGC, using the pillars of human rights, labour, environment and anti-corruption as our guide, and by adhering to the ten principles we endeavour to behave responsibly. I know that increasing numbers of our people are actively engaged in the UNGC Action Platforms and the excellent work of the Global Compact Network UK; as part of the advisory group and members of the working groups on modern slavery, child labour and diversity & inclusion. As a business we will also continue to put our efforts into researching, developing and producing products which help us all to deal with the effects of climate change.

Our focus on business and human rights remains as strong and bright as ever and the intersection between human rights and environmental degradation is stark; 'we know that hidden crimes of slavery and environmental destruction are not just inextricably linked but mutually reinforcing and reach around the planet. We understand that to save our planet we have to fight slavery, and that to end slavery we have to protect our environment.' (1) Our continued action in this space is also sharply focused by the pandemic, and we understand that whilst protecting people's lives is the priority, protecting livelihoods will help us to do it.

I am hopeful that history will record that 2019 became the year where the world woke up to the climate emergency. Armed with scientific facts, activist Greta Thunberg spurred millions of people to demand climate action from the world's leaders. I am clear too that these leaders include those in the private sector. The business leaders of today who must do all that they can to ensure that they leave a legacy worth handing over to the leaders of tomorrow.

It will take action from everyone in our society to overcome the challenges presented by the pandemic and the private sector has an unprecedented opportunity to ensure that it builds better futures for everyone, and indeed that it is dedicated to building back better. I can assure you that Marshalls is.

Statement from Chris Harrop OBE, Marshalls' Group Sustainability Director

As called for by the UN Secretary General and acknowledged by our CEO, Martyn Coffey, in his statement of support for the UNGC, the 'Decade of Action' does indeed mark a shift. The clear and urgent message to business is to kick-start this 'Decade of Action' by increasing ambition and embedding the 10 Principles and the SDGs into business strategy.

I can say with certainty that Marshalls is doing just that. Having been a signatory for over ten years, we have worked tirelessly to embed UNGC principles throughout our business operations and supply chains. For us this is an ongoing process as we grow by acquisition and seek to engage our new colleagues and demonstrate to them the benefits of UNGC engagement; both for us as a business, and for our planet.

I remain as committed and passionate to UNGC as ever and drive our strategy to ensure that we are using our leverage at every possible opportunity to contribute to achieving the SDGs. I understand acutely that our planetary window for doing 'business as usual' is closing rapidly. I have seen for myself, vividly, the environmental degradation which is a result of climate change. Back in April 2017, I travelled to the North Pole to help me make sense of the statistics that I was reading. To see the open water which at that time of the year should have been thick ice, to see the thin layers of ice which should have been metres thick and to truly understand the scale of the melting ice caps is indelibly etched into my memory.

Marshalls remains wholly committed to the UNGC, its pillars and principles, and is committed to sharing how we're contributing towards the SDGs. In early 2020 we will take part in the new UNGC Communication on Progress test; this will help us to communicate with all of our stakeholders in more detail regarding our SDG contribution. I personally look forward to a 'Decade of Action'.

Chris Harrop OBE, Marshalls' Group Sustainability Director, Non-Executive Director of the Ethical Trading Initiative and Chair of Made in Britain



* <https://www.unglobalcompact.org/news/4515-01-13-2020>

1 Kevin Bales, Blood & Earth: Modern Slavery, Ecocide and the Secret to Saving the World, p 242.

Covid-19 Impact & Response

Though this document is reporting on Marshalls' sustainability activities in 2019, it has been produced in 2020 and we cannot ignore the global situation at this time. Our Communication on Progress has been delayed due to the Covid-19 pandemic, and though there will be more detail in next year's report, we have given a snapshot here of some of the ways Marshalls has responded during the first half of 2020.

Shortly after the World Health Organisation characterised Covid-19 as a pandemic, Marshalls introduced a range of measures to support national and global efforts to help tackle the spread of the virus and to ease its impact upon business critical suppliers.

As a responsible business, we put our people first and our teams worked hard to put in place robust health and safety measures to keep Marshalls employees safe. We also knew that communication would be key at a time of uncertainty. Clear and consistent messages using home addresses and social media ensured we could communicate directly with our people about the fast-changing impacts and implications of the pandemic.

Throughout the pandemic, we have been able to fulfil orders and, following UK Government guidelines, we continued to deliver safely to our customers. We delivered face shields to social care workers at Calderdale Council, along with a donation of our own PPE to Calderdale Royal Hospital and 100 tonnes of screed for the Manchester Nightingale Hospital.

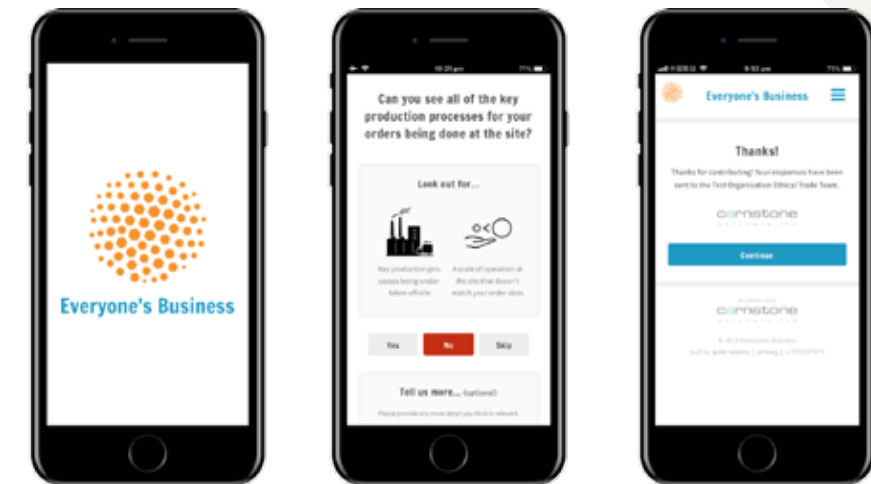
Outside the UK, Marshalls has stayed connected with our key suppliers to understand the impact of the crisis upon their operations. We have shared our health and hygiene messaging with our overseas supply chain, maintained order levels and importantly continued to pay suppliers – in some cases in advance to ease the immediate financial impact upon them.

Traffik Analysis Hub

Marshalls has just committed to being the first in the construction sector, and one of the first globally, to be a private sector participant in Traffik Analysis Hub. Traffik Analysis Hub is a true collaboration across multiple sectors – law enforcement, third sector, finance, private sector, governments – all united by a common goal to prevent human trafficking and the harm that it does; to individuals, communities, regions, countries, commerce and to humanity. We absolutely recognise that technology has a unique role to play in disrupting human trafficking and that we can only increase transparency by sharing any information that we have, working with a wide range of stakeholders and by developing a deep understanding of the context in which our supply chains sit. Private sector must be at this table not only to gain greater insight into the context in which its business operations and supply chains take place, but also to contribute to the data in order to increase transparency. The recent Operation Fort Report*, launched recently by the IASC office highlights the need for an intelligence led collaborative response. It's time to gear up, shake up the approach, collaborate, share and learn in new and superfast ways. We're leading the charge from the construction sector, leveraging our extensive network and engaging with our sector and encouraging them to come to this table.

Everyone's Business App

Marshalls is accelerating the introduction of an innovative tech solution – **Everyone's Business** – to enable all employees to speedily flag any concerns regarding modern slavery, health & safety, ethical sourcing and the environment. The Everyone's Business app is concise and easy to use with quick read information on the local context with prompts on how to spot potential risk. The wealth of information generated from both our own UK operations and our suppliers and supply chains can be viewed in real time and acted upon promptly. Whilst there is an ongoing programme of activity devoted to helping suppliers provide decent working conditions and respect human rights, in addition many staff visit suppliers' sites and our own network of UK operational sites frequently. Everyone's Business captures their valuable views and perceptions.



Safecall

We are extending the use of the whistleblowing hotline **Safecall** to supplier operations in India, China, Vietnam & Brazil. This will enable workers and other local stakeholders to report issues relating to the working environment and operations in a safe and secure way via phone and web. Marshalls already has Safecall in place in the UK giving employees, contractors, suppliers and other stakeholders a voice; helping to enhance a culture of openness, demonstrating that malpractice is taken seriously and dealt with at the highest level. This additional overseas service will ensure that those within our supply chains have a voice and will provide yet additional information upon which we can act decisively.



*Source: <http://www.antislaverycommissioner.co.uk/news-insights/launch-iasc-review-on-operation-fort/>

Marshalls Brand Manifesto

We all need places that make us feel happier, safer and more sociable.

At Marshalls we believe that it's our responsibility to help shape these places - creating spaces that give people the freedom to work, play, create and grow. Spaces that enhance people's lives - because the better our environment, the better we can be.

Everything we do is intended to make the world around us a better place to live in. Our team not only takes pride in choosing the best, most ethically sourced materials, we also believe we have a duty to behave as sustainably and as socially responsibly as possible: consciously doing good for the society, environment and planet that we share.

It's not enough that every product is designed, manufactured and tested to market-leading standards. If we are to truly care about the impact we have on society, we have to make the conscious choice to always do the right things, for the right reasons, in the right way. We call this The Marshalls Way.

We are guided in this by our values of leadership, excellence, trust and by being sustainable in everything we do. In staying true to our beliefs we can meet both the high standards we set ourselves - and the highest expectations of our customers, our industry, our business peers and society as a whole.

Yes, our technical expertise, manufacturing capabilities and creative vision help us fulfil the ambitions of architects, town planners, civil engineers, merchants, installers and homeowners across the world. But our intent and our actions will define us as a business, as a brand and as individuals. Working together, we can influence the design of the places our products transform and the spaces we share, making communities safer, more sustainable, more resilient - and adding real social value.

That is our commitment. That is what sets us apart.



Our Values

DEMONSTRATING LEADERSHIP

We have driven the market forward for over 130 years and we believe in leading by example. We aim to set the standard for our industry in everything we do from innovation, product quality and service to sustainability, integrity and social responsibility.

DELIVERING EXCELLENCE

We have high standards. And they begin with the choices we make - as people and as a business. We adhere to a set of principles created to guide every action we take and they ensure that our conduct is as exemplary as the quality we're renowned for at every stage of the project lifecycle.

BUILDING TRUST

Everyone at Marshalls believes in doing business the right way. People trust us to do the right thing not only for their home, their business and their town, but also for society and the planet we share. It's a responsibility we take seriously. Which is why we treat customers and their projects with the utmost care and respect.

BEING SUSTAINABLE

We source our products from around the world. As such, we have a duty to consider the impact of every one of our actions. Being sustainable is a conscious choice we make. Part of our commitment is to improving people's quality of life, combating injustice and exploitation, protecting the planet and its resources and making a positive impact on society.



Superbrands

Marshalls has been voted a Business Superbrand every year since 2010.

Superbrands is an annual initiative to identify and celebrate Britain's strongest consumer and business-to-business brands. Brands are judged against the three core factors inherent in a Superbrand: quality, reliability and distinction.

"Being a Superbrand is a fantastic achievement for Marshalls. Our brand is one of our biggest assets and a lot of work goes in to make sure it remains synonymous with quality, innovation and trust. We are delighted to be named as a 2019 Superbrand, and it is testament to the hard work and commitment from our people."

Chris Harrop OBE, Marshalls' Group Sustainability Director



Better Futures

For over 130 years, Marshalls has been creating better spaces and in the last 15 years, we've been focused on leading the way in ethical and sustainable operations – pledging to always do the right thing in the right way for the right reasons.

We've gone beyond our legal obligations, proactively creating our own principles and initiatives to ensure best practice and promote more sustainable business. These principles are more important than ever. Building on our commitment as signatories of the UNGC since 2009 and supporters of its sustainable development goals, we've decided to reinforce and consolidate these principles into a single framework for more sustainable business – **Better Futures**.

A key part of our Better Futures commitment is clearly setting out what we've already done, what we're doing now and what we're going to do to achieve our goals.

Better Futures for People

We will always value and protect the rights of people, wherever they are in the world.

We pledge to:

- *Pay and support the adoption of a living wage throughout our supply chain*
- *Protect and promote human and employee rights*
- *Eradicate modern slavery and child exploitation*
- *Encourage and empower women in the workplace*

We commit to always treat people fairly.

Better Futures for the Planet

The future of our planet depends on all of our actions to protect it and fight climate change now. This issue has been central to our values for a long time, and always will be.

We pledge to:

- *Combat climate change*
- *Improve energy efficiency across our operations*
- *Use renewable energy wherever possible*
- *Manage our water usage sustainably*
- *Protect biodiversity*

We commit to developing products that help protect our planet.

Better Futures for Society

We have an opportunity to help combat corruption, fight injustice, drive innovation and create spaces that people will love to be in for years to come.

We pledge to:

- *Eliminate corruption and bribery from our industry and elsewhere*
- *Pay our share of taxes and encourage others to do the same*
- *Stimulate and drive innovations and industry*
- *Positively impact communities in which we operate*
- *Create products and spaces that promote the wellbeing of society*

We commit to ensuring our impact on society is a powerful and positive one.

Better Futures for Supply Chain Partners

The Marshalls Ethical Risk Index (ERI) is the next step on the journey toward full supply chain transparency in the Natural Stone sector. Using a bespoke, independently reviewed scoring framework, customers are given a genuine insight into the multi-dimensional ethical challenges facing stone procurers.



A unified vision and framework for how we can create a better future for people, the planet and society.

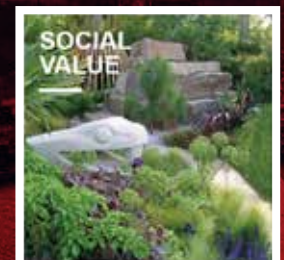
A commitment to not only set the highest standards in our industry, but to also set an example as an organisation that puts ethics and sustainability at its very heart.

Making our business' legacy a positive and powerful one that lasts for years to come.

An active and real commitment to continually take steps towards a brighter and better future for everybody.

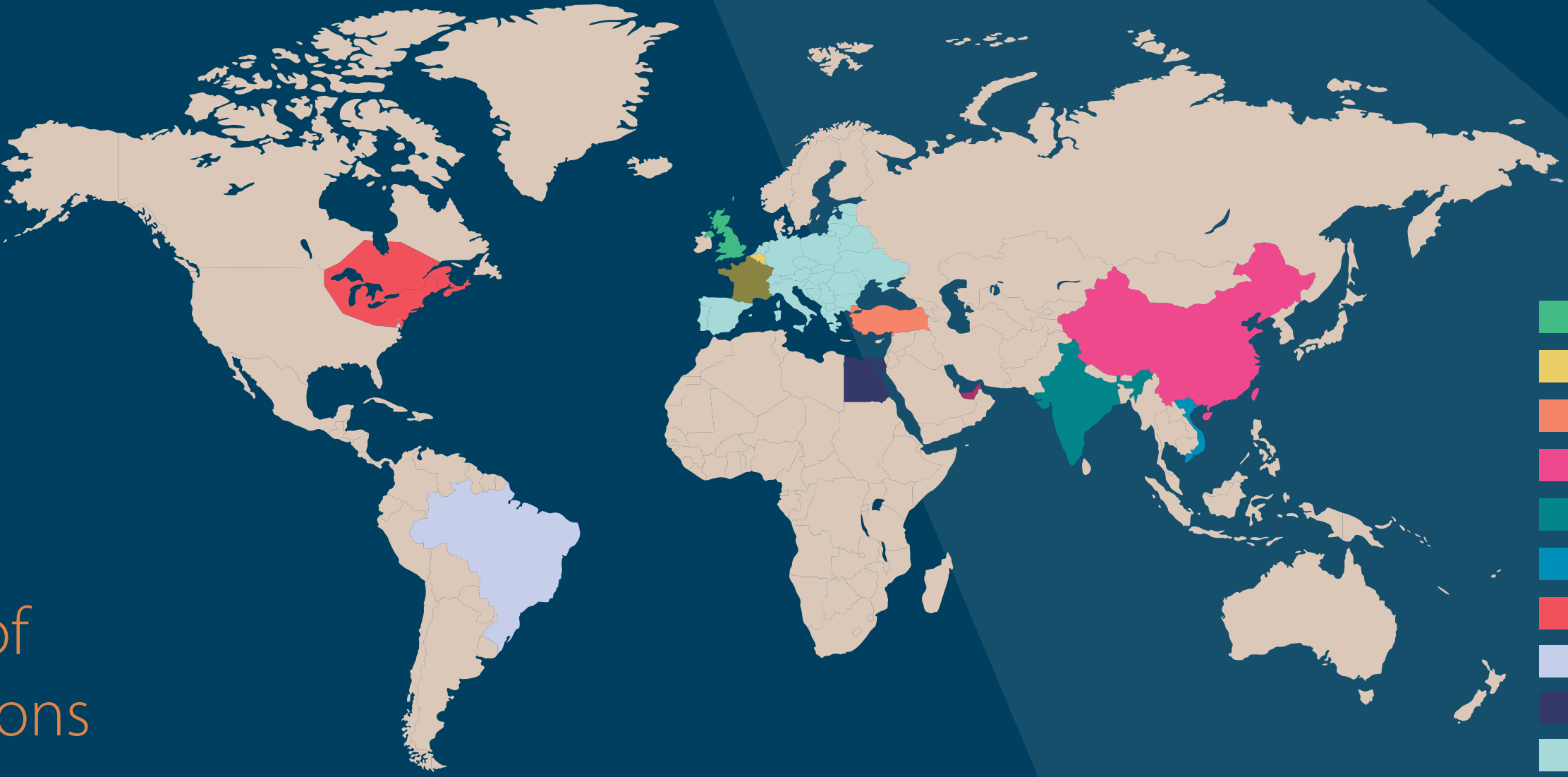
Our Priorities

We'll be focusing on the following priority projects as part of our mission to create better futures.





Scope of Operations



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



Achievement Indicators and Materiality



Since Marshalls started producing Communications on Progress as part of the UN Global Compact, we have included a self assessment indicator which represents what we believe we are achieving in relation to each of the principles. Each indicator is broken down in percentage terms, which allows any progress made to be identified with ease.

Marshalls initially developed its own indicators for its reporting rather than use an existing one. Next year, we will carry out a review of this process in order to communicate our progress clearly.

It is important to Marshalls to align its sustainability strategy to materiality issues – the issues that matter most to our business, our

industry and our stakeholders. Taking guidance from the Sustainability Accounting Standards Board (construction materials) and our own stakeholder analysis, we have ensured that the materiality issues that are key to Marshalls form the basis for our reporting.

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 reports.

UNGC Ten Principles

WE SUPPORT



Marshalls is a signatory to the United Nations Global Compact (UNGC) which is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals.

This sustainability report is our Communication on Progress to the UNGC to inform our stakeholders on the progress we have made in implementing the 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;

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.

Responsible Business

Greater transparency leads to increased trust. This in turn provides the solid foundations required for sustainable growth. We are committed to making our environmental, social and governance data transparent so our customers can trust the Marshalls brand, our investors can quantify our sustainability credentials and our people can be proud of where they work.

We assume responsibility towards the communities and environments in which we operate, towards our employees, business partners and society in general.

- We do business with the highest degree of integrity and ethics.
- We comply with all legal requirements of the countries where we do business.
- We respect the United Nations Universal Declaration of Human Rights and recognise our responsibility to observe those rights towards our employees and the communities in which we operate.

Responsible Business Tracker

Following up on last year's pilot, Marshalls continues to take part in Business in the Community's Responsible Business Tracker. The tracker is a measurement tool designed to enable a business to measure its performance as a responsible business and is underpinned by the Sustainable Development Goals.

2019 ACHIEVEMENTS

- Development of Marshalls' Code of Conduct
- Re-accreditation of Fair Tax and Living Wage
- Launch of RhinoGuard® Steel GateKeeper®
- Superbrand status

2020 PRIORITIES

- Re-accreditation of Fair Tax and Living Wage
- Set up of ESG Committee
- Code of Conduct launch and training programme
- Reaccreditation of BES 6001 for Responsible Sourcing

Code of Conduct

We've worked hard to put together a Code of Conduct that clearly lays out what we expect of our people, our suppliers, our partners and our stakeholders when it comes to doing business in the right way. It also brings together our company policies, and the laws and regulations that apply to our business. 2020 will see the launch and a full business training programme for the Code of Conduct.

“Creating better spaces and futures for everyone is about much more than the products we offer... it's our promise that we'll do what's right for the people we work with, the communities we work in, and the countries where we operate. I want there to be no doubt about how we work at Marshalls. The Code of Conduct makes it absolutely clear what we expect of our colleagues and our suppliers, partners and stakeholders. We all have a responsibility to ensure we do business in the right way.

If any of our employees, suppliers, partners and stakeholders fall short of our commitments, we want to know about it. When it comes to challenging practices or behaviours that don't meet our high standards, our employees will always have our full support.”

Martyn Coffey, Chief Executive



Sustainable Development Goals

Through our engagement with the UN Global Compact, Marshalls aims to continue to make a rich contribution to the United Nations' Sustainable Development Goals by engaging with governments, collaborating with UN partners, developing innovative products which respond to environmental challenges, addressing modern slavery and transparency in our global supply chain and putting sustainability at the heart of what we do.

Responsible Business	       
Corporate Governance	   
Health & Safety	   
Human Rights	   
Labour	    
Climate Change	   
Pollution & Resources	     
Water Use	 
Anti-Corruption	

Living Wage



As part of our commitment to our people, Marshalls has again been awarded the Living Wage Employers Accreditation. The Living Wage is calculated according to the basic cost of living in the UK. The Living Wage, not to be confused with the 'National Living Wage' introduced and set by the UK government, is higher and employers choose to pay it voluntarily. Paying a Living Wage is without a doubt good for business, good for individuals and good for society. We know that having people who feel valued and properly rewarded allows us to deliver the best for our people, customers, partners and stakeholders.

Fair Tax



We're proud to say we pay our fair share of tax and to be Fair Tax accredited for the 5th consecutive year. The Fair Tax Mark is the label for good taxpayers. It indicates 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. It sets standards in responsible tax practice.

Sustainable Sourcing



We see sustainable sourcing as an essential part of how we work. It helps us to make properly informed and balanced decisions when purchasing products and services. It means getting best value for money while ensuring we take into account the environmental, social and ethical aspects over the whole product or service lifecycle.

We'll only do business with responsible suppliers and subcontractors who understand the nature of the products, materials and services they are supplying. And, only with those who recognise their responsibility to protect the environment and manage good relationships with their employees and local communities.

We expect all suppliers and subcontractors to manage the environmental and social impacts of their business operations. Suppliers and subcontractors should, where appropriate, adapt their business practices to ensure that they meet with our Code of Conduct. Our supply chain has our full support in working towards compliance.

Marshalls has achieved the **BES 6001** accreditation for the Responsible Sourcing of Construction Products and **BES 6002** for Ethical Labour Sourcing.

Suppliers and Partners: the commitments we make to each other in our business dealings

1. We are honest and transparent
2. We support diversity, human rights and treat everyone equally
3. We regularly, fairly and openly evaluate our own performance and the performance of others
4. We meet our obligations of corporate responsibility
5. We keep our promises and fulfil the commitments we make openly, honestly and when we say we will
6. We work to resolve any issues as quickly as they arise, and in-line with the Marshalls Code of Conduct
7. We communicate truthfully, clearly, regularly and on time



Health & Safety

Marshalls is committed to meeting the highest standards of Health & Safety to ensure the safety, health and wellbeing of its employees, visitors and contractors.

Anyone who works for or with Marshalls must ensure and promote a safe and proactive working environment at all time by:

- Putting physical and mental wellbeing of themselves and others firmly at the centre of everything they do
- Take the lead by challenging unsafe behaviour and promoting a proactive safe working culture for everyone to work in
- Support those who challenge these unsafe practices, and hold people to account
- Ensure that everyone is involved, informed and fully engaged in good Health & Safety practices
- Report potentially unsafe incidents, report all injuries, and support full investigations to learn lessons from any incidents or injuries
- Come to work in a fit condition to perform their job, free from the influence of alcohol or illegal drugs in line with our Drug and Alcohol policy. This policy applies to anyone who works for Marshalls, or is working on a Marshalls premises

13.7 % reduction in days lost resulting from all accidents frequency rate

15.9 % reduction in all incident frequency rate

48.2 % reduction in lost time incidents (LTIs) frequency rate

60.9 % reduction in incidents reportable to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR)

In 2019, the five year Health and Safety Strategy which was agreed in 2017 was reviewed to align with the business strategy with set objectives. This strategy clearly demonstrates the commitment of the business to take the safety and wellbeing of its employees to the highest level.

2019 ACHIEVEMENTS

- Completion of Safety, Health & Environmental (SHE) stage 3 training programme for all 128 senior managers within the business
- A total of 712 non-supervisory employees (equating to 50%) successfully passed the Marshalls SHE stage 1 training programme
- Integration of PD Edenhall into the Marshalls Health and Safety Management system
- Implementation of a Mental Health programme across the business, which included training for management teams and trained mental health first aiders deployed across the business, backed up by an external support network
- Health & Safety Award from the Minerals Product Association Awards for health and safety initiatives

2020 PRIORITIES

- Achieve an accident rate lower than the previous 3 year average
- Complete Marshalls SHE stage 1 training for the remaining 50% of non-supervisory employees
- The development and implementation of a full SHEQ digital integrated management system
- The introduction of the Marshalls SHE Observation initiative, which will promote employee engagement at all levels and be part of the wider behavioural safety programme within Marshalls.

All Marshalls sites have **BS EN ISO 45001:2018** for Health and Safety Management Systems in place. Any new companies acquired over the last two years are working towards ISO 45001. The ultimate goal is to have all sites accredited. The data used in this report has been independently verified by Marshalls' accreditation to ISO 45001.

In 2019, no health and safety incidents led to work related employee or contractor fatalities. Those health and safety incidents that led to injuries were reported to the HSE under RIDDOR (see table) and were investigated firstly by site, then by the Health & Safety Department who reports to Marshalls' Executive Board.

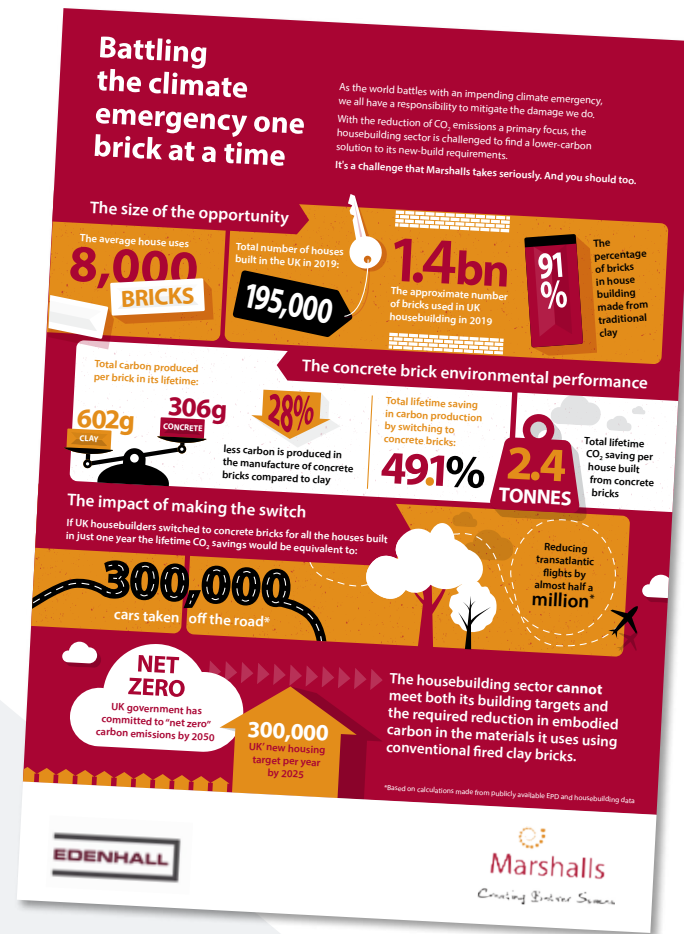
Marshalls is committed to employee involvement in health and safety improvements. All operational sites operate SHEQ meetings and the Health & Safety team have a quarterly review. Every month, a meeting between the Health, Safety & Environmental Director, CEO, CFO and Operations Director takes place to discuss health and safety data and improvements, review strategy, and discuss and monitor legislation changes. Trade Unions are also involved in the development of health and safety, with the Health, Safety & Environmental Director meeting with unions every six months as well as monthly discussions with the union convenor.

Product Innovation

If all of the bricks manufactured in the UK in 2018 were Marshalls Edenhall concrete brick rather than clay, we would save over 350 million kg of embodied CO₂ being emitted. Because concrete carbonates over time, if you were to measure that over the lifetime of the brick you would save closer to 770 million kg of embodied CO₂.

Marshalls has been manufacturing hard landscaping materials for over 130 years and has become the leading supplier of products that create our urban environment. We have achieved this status through progressive product innovation and by demonstrating outstanding service levels to our customers. This privileged position will be sustained by continuous investment in our brand, our products and our people.

Product innovation is key to our success and part of our response to climate change and wider environmental and social issues.



Concrete Bricks

In a sector where fired clay bricks dominate the landscape, concrete bricks have often been overlooked. But in our new low-carbon world they provide the only viable way of meeting our climate change obligations. Independent tests have shown not only that concrete bricks match clay bricks on performance, but that concrete bricks have significantly less embodied carbon than regular clay bricks - 28% less in manufacture and almost 50% less over their whole life.

The carbon savings from concrete bricks are significant. If our industry switched from clay bricks to concrete, it would produce the same CO₂ saving as removing over 300,000 cars from the road and save the CO₂ equivalent of almost half a million transatlantic flights.

Put simply if the housebuilding sector is to meet both its building targets and the required reduction in embodied carbon in the materials it uses, it cannot do that using conventional fired clay bricks.



Sustainable Drainage

We strive to create a better environment for everyone, and use our expertise and experience to create attractive, safe and sustainable spaces which promote wellbeing. Marshalls believes that flood alleviation products make an effective contribution to achieving this goal. Sustainable Drainage Systems (SuDS) provide an alternative approach to traditional piped systems. They mitigate many of the adverse impacts of storm water run-off on the environment in terms of both volume and pollutants.

Using the Four Pillars of SuDS, Marshalls looks at water quantity and quality as well as amenity and biodiversity to develop new products and technologies which provide real benefits to our environment in terms of both performance and aesthetics. Our approach enables us to create drainage systems that provide natural water quality treatment, encourage infiltration, reduce the impact of peak flows and minimise impact on the local habitats of both communities and wildlife.

As members of Ciria (Construction Industry Research and Information Association), Marshalls works collaboratively with other members to share knowledge and ideas and engage in discussion concerning the development of SuDS.

In the last 19 years we've sold enough Piora permeable paving to cover over 1,750 Premier League football pitches.



Landscape Protection

Safe, not scared – that's how people should feel in any public space. During recent years, the use of vehicles in terror attacks in crowded areas has far too often dominated news headlines across the globe, and now more so than ever, it seems that no place is safe from being a target.

Whilst security must always be paramount, this does not mean that areas need to be transformed into fortresses surrounding open spaces. It is imperative that our environment remains open and inviting to pedestrians, and any additional products are proportionate to the level of possible threat, and seamlessly integrated into the surroundings – from seating to planters, from cycle parking bollards to a litter bin.

Marshalls' Integrated Landscape Protection approach involves the application of creative thinking, using our engineering and design know-how to create spaces that are safer by design from the outset.

In 2019, Marshalls launched the RhinoGuard® Steel GateKeeper®. Crash tested to IWA14.1 standards, GateKeeper® is a temporary solution for protecting crowds of people gathering at events such as sporting fixtures or Christmas markets, against the threat of terrorist-borne vehicle attacks or accidental collisions.



People

At Marshalls, we recognise and appreciate the value that diverse backgrounds and perspectives bring to the workplace. We actively promote diversity in our hiring practices and we have updated our Diversity and Inclusion Policy.

Marshalls maintains strict compliance with all legal requirements regarding the equal treatment of all employees in the terms and conditions of employment.

We've signed the Social Mobility Pledge which represents our commitment to go further and commit to partnering with schools and colleges to provide coaching, mentoring, structured work experience and apprenticeships to people from a disadvantaged background or circumstances, as well as adopting open recruitment practices, which promote a level playing field for all people regardless of their background.



Marshalls raises £34,000 for MacMillan in 26 mile sponsored walk

We partner with Bright Future and their charity partners to provide a pathway to employment for survivors of modern slavery and we have engaged with SAFERjobs in their aim to support job seekers and agency workers with any suspected fraud, malpractice, breach of legislation, or poor experience they may encounter. By working with partners, we strive to ensure that all aspects of our recruitment supply chain are transparent and that job seekers are protected from exploitation. We also developed a business wide development programme, Team Talks, which is a two way staff engagement and development initiative. A year-long culture change programme, Team Talks is aimed at connecting our people to our strategy.

At regional level, Marshalls colleagues have engaged in fundraising activities and working within their local communities. In 2019, we supported local schools by giving aspirational career talks and providing work experience for GCSE students. We also welcomed primary school visits and took part in forest school activities and road safety programmes.



Louise Furness
Group HR Director

Group HR Director Louise Furness on Diversity and Talent

"All diversity and talent is important. Without our people, and the diversity they bring, Marshalls would not be the successful business it is. To support our diversity ambitions, we've started work on a number of different initiatives.

Diversity begins with recruitment, so we've made changes to how we recruit and we now directly source 95% of new people into our business. This allows us to ensure control of really key people processes and apply the standard we've set for the business when it comes to diversity and inclusion. This has been a big success for us.

Also in the recruitment space, we've started to build strong links to our local communities across the UK. This has helped us to raise the profile of our business and of what we stand for when it comes to The Marshalls Way.

We're investing in colleague development to ensure Marshalls is a place where everyone has the chance to progress and develop their career. We've already managed to fill 33% of roles through internal moves and promotions.

The Marshalls' Women's Network is one of the ways we're investing in colleague development. It's a self-managing network with executive time and support. The Marshalls' Women's Network group come together to discuss, learn and practice new skills in a safe environment. The sessions are led and directed by the group and have proven to be a great networking opportunity.

Our plan is develop more of these types of diverse groups throughout the business to build on our diversity and inclusion plans."

The Marshalls Way in 2019

- Creation of the Marshalls Way and working with over 100 colleagues to develop our leadership behaviours
- Launch of new careers website
- 50 active apprentices across all areas of the business
- 60 colleagues trained and available to support others as Mental Health First Aiders.
- 25 Engagement Champions in the Employee Voice Group
- 7 modern slavery ambassadors
- 20 female colleagues in the Marshalls Women's Talent Network
- £49,500 raised for MacMillan, which is match funded by Marshalls
- Over 60 face to face roadshows, in 48 locations, carried out by our Executive Team to give every Marshalls colleague the opportunity to talk about the business' strategy and vision
- Introduction of Team Talks
- Regional community engagement through fundraising and education initiatives



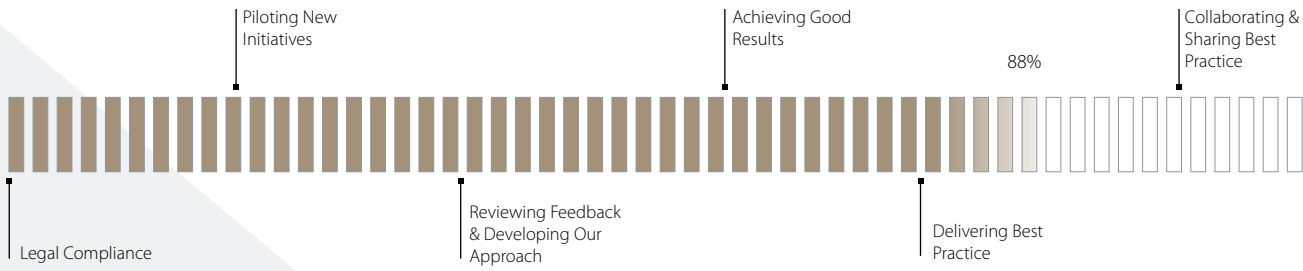
Marshalls' Xiamen office in China

Our culture is built on strong foundations of passion and pride. We are proud of our depth of experience, but we are humble enough never to stop learning. We do the right things, for the right reasons, in the right way. Because this is **The Marshalls Way of doing business**, which has enabled us to become the UK's leading hard landscaping manufacturer.

Our teams understand what The Marshalls Way means day to day and we work together to demonstrate this in all we do. We all know that when we **Act with Courage** and **Inspire with Purpose** then we can help **Shape the Future** so that we **Win Together**.



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.

Marshalls supports human rights as laid out in the Universal Declaration of Human Rights and we work diligently in all respects to support and uphold the UN Guiding Principles on Business & Human Rights. One of the central pillars to all of our work to uphold human rights and eradicate modern slavery remains the implementation of the Ethical Trading Initiative (ETI) Base Code throughout our business operations and supply chains worldwide. Marshalls’ ETI Strategic Plan honours our continued commitment to the implementation of the ETI Base Code and takes inspiration from the ETI’s Human Rights Due Diligence Framework.

2019 ACHIEVEMENTS

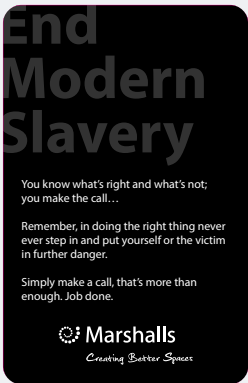
- 10 years of being a UNGC signatory
- Launch of Power of Logistics ‘Spot the Signs & Report’ Initiative
- Modern slavery awareness raising for all Marshalls employees
- Published modern slavery risk mapping for 100% of our business operations and supply chain

2020 PRIORITIES

- Reaccreditation of BRE Ethical Labour Standard 6002
- Introduction of Everyone’s Business app to both UK business operations and overseas suppliers
- Engagement with Traffik Analysis Hub
- Further development of our human rights due diligence processes and procedures.



Ways to Report Modern Slavery Seeking Assistance	
If you see someone in danger	
Call the Police	999
If you want to report an instance of modern slavery	
Call the National Modern Slavery Helpline	08000 121 700 or report online @ www.modernslaveryhelpline.org/report
Call the Gangmasters Labour Abuse Authority	0800 432 0804
If you have seen something which makes you uncomfortable but you are unsure	
Call Hope for Justice	0300 008 8000
Speak to one of Marshalls Modern Slavery Ambassadors	01422 312 000
Speak to Marshalls Business & Human Rights Lead	07966 508 975
If you have seen something which makes you uncomfortable or is a red flag for you at any time	
Speak to Marshalls Business & Human Rights Lead	07966 508 975



How to spot the signs of Modern Slavery, and ways to report and seek assistance. Information and wallet-sized cards held by all Marshalls employees

Modern Slavery

Marshalls publishes a Slavery and Anti-Human Trafficking Policy and Disclosure Statement as well as a Modern Slavery Report (both of which are available on the Marshalls website) which outlines the steps we have taken to ensure that slavery and human trafficking is not taking place in any of our supply chains or businesses. The report details the comprehensive programme of work Marshalls and its partners have developed to eradicate slavery and uphold human rights.

Marshalls’ long-running human rights programme is in place to ensure that we are not infringing upon the rights of others. To help us make good business choices, we regularly analyse a wide range of global human rights data and information, which informs our dedicated human rights programme.

Working with a wide range of partners including UN agencies such as the International Organisation for Migration and the International Labour Organization (ILO), as well as the Gangmasters & Labour Abuse Authority (GLAA), has enabled Marshalls to put in place a comprehensive programme of work aimed at addressing the issues of modern slavery and human trafficking. As members of the UNGC UK Modern Slavery Working Group, we continue to work hard with our suppliers, employees, UK and overseas governments, partners and communities to take action against the growing problem of modern slavery.

Collaborations

UK Government Engagement

- Active participation in the consultation process regarding the review of the Modern Slavery Act
- Ongoing support and participation in the All Party Parliamentary Group on Sport & Modern Slavery
- Engagement with the Commonwealth Parliamentary Association education and information gathering regarding modern slavery legislation
- Participation in the Home Office consultations with the construction sector

In 2019, Marshalls remained actively committed to the Gangmasters Labour Abuse Authority Construction Protocol. Marshalls was one of just six initial members in 2017 – the Protocol now has over 100 construction sector members. Construction is the 4th most reported sector to the GLAA.



Cross Sectoral Collaboration in India

Marshalls remains an active member of the International Programme on the Elimination of Child Labour (IPEC) ILO Child Labour Platform (CLP) 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 engaged in IPEC CLP’s multi-stakeholder programme in India, together with other big global brands from different sectors who source heavily from the country. The cross-sectoral work in India that we have been engaged in through our membership of the ILO Child Labour Platform continued throughout 2019.

Multi Stakeholder Programme in Vietnam

During May 2019, the UN International Organisation for Migration (IOM) began a first phase three month project in Vietnam. The project sought to understand the modern slavery and human trafficking risk in the natural stone sector. The focus was upon assessing modern slavery and human trafficking risks in Marshalls’ Vietnam supply chain and also within the wider sector. The assessment findings will inform the design and implementation of an action programme to prevent and eliminate modern slavery and human trafficking, contributing to enhancing Marshalls’ global commitment to address the issues.

Marshalls was an original member of the UNGC UK Modern Slavery Working Group and continues to actively engage, sharing learnings and challenges, and bringing insights from other related activities to the table for dissection and feedback.

Marshalls continues to engage with the Social Responsibility Alliance (SRA), with involvement on the Slavery & Trafficking Risk Template (STRT) Development Committee and the Membership Committee in order to build socially responsible supply chains through the collection of responsible sourcing data.

BRE Ethical Labour Standard Verification 6002



Marshalls achieved **BRE ELS 6002** independent verification for the fourth year running in early 2019. This ethical labour sourcing standard was developed by BRE in response to the Modern Slavery Act to assist organisations seeking continuous improvement in their human rights due diligence and ethical approaches to supply chain management.

The assessment framework comprises criteria for evaluating the maturity of organisational performance against twelve issues including management systems, procurement practices, supply chain management and reporting.

Power of Logistics

Marshalls has engaged the power of its nationwide logistics operation to help eradicate modern slavery. The entire logistics management team has been trained by anti-slavery organisation Hope for Justice, and a bespoke training film, in-house training programme and supporting material has been cascaded throughout logistics operations.

The initiative was officially launched in March 2019 with the backing of West Yorkshire PCC and the Association of Police and Crime Commissioners (APCC) lead on Modern Slavery, Mark Burns-Williamson, and with the support of the Gangmasters Labour Abuse Authority (GLAA).



“Businesses and their supply chains have a key role in putting an end to modern slavery. They are invaluable partners and well placed to help in the detection and prevention of these horrific crimes and abuses. This is a great commitment by Marshalls plc. A West Yorkshire-based landscaping and construction materials company, and with a national and global reach. Marshalls’ stance on this is already making a real difference. I hope and believe this is something that other businesses will definitely look to replicate and get involved in. Raising awareness and providing training among frontline workers is key in helping eradicate such abhorrent practices.”

*Mark Burns-Williamson,
West Yorkshire Police and Crime Commissioner*



Ambassador Programme in 2019

Dave Jessop Marshalls Register Manager Modern Slavery Ambassador: Installers		<ul style="list-style-type: none">• 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.
Karen Preiss Category Manager Indirect Purchases Modern Slavery Ambassador: Procurement		<ul style="list-style-type: none">• 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		<ul style="list-style-type: none">• 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		<ul style="list-style-type: none">• 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		<ul style="list-style-type: none">• 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		<ul style="list-style-type: none">• 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		<ul style="list-style-type: none">• 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.

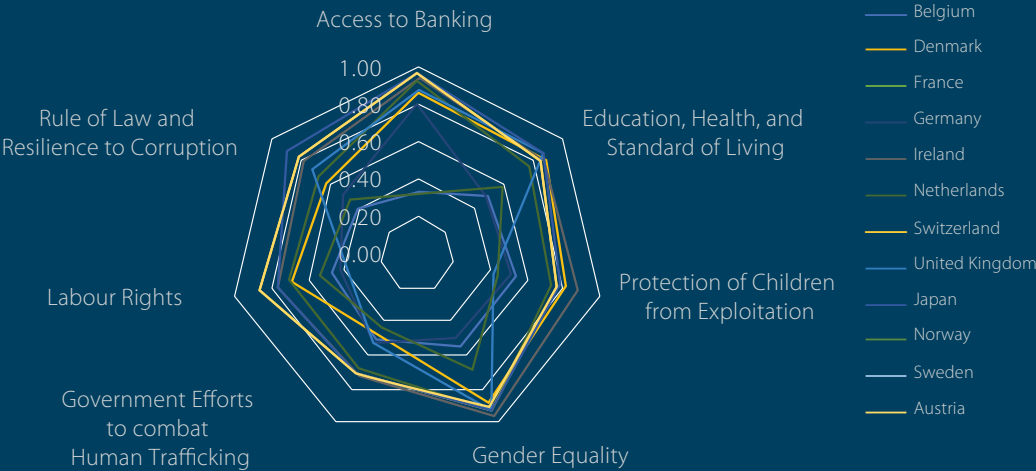


Modern Slavery Risk Mapping

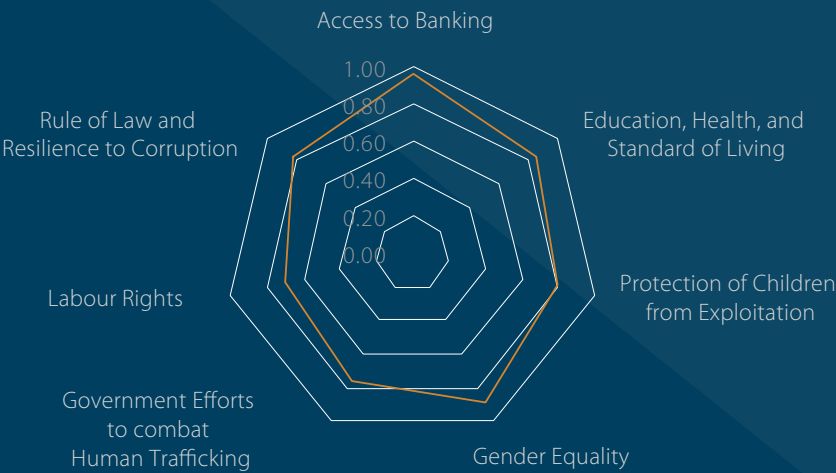
Marshalls undertakes annual modern slavery risk mapping for all countries where it has business operations, sources goods or has supply chains. Whilst we utilise this information as part of our due diligence process for new goods, materials or services, we also put it alongside internal data and information to help us better understand modern slavery and human trafficking risks, direct our efforts and resources most effectively, develop engagement programmes with key suppliers in high risk environments and to make plans with our anti-slavery partners regarding remediation for victims. It helps us to clearly identify areas of risk, set clear priorities and to have effective dialogues with a range of key actors regarding the wider systemic change which is necessary.

Marshalls publishes this information to be transparent about the countries from which it sources and also so that it might be easily referenced by others to help identify modern slavery and human trafficking risks.

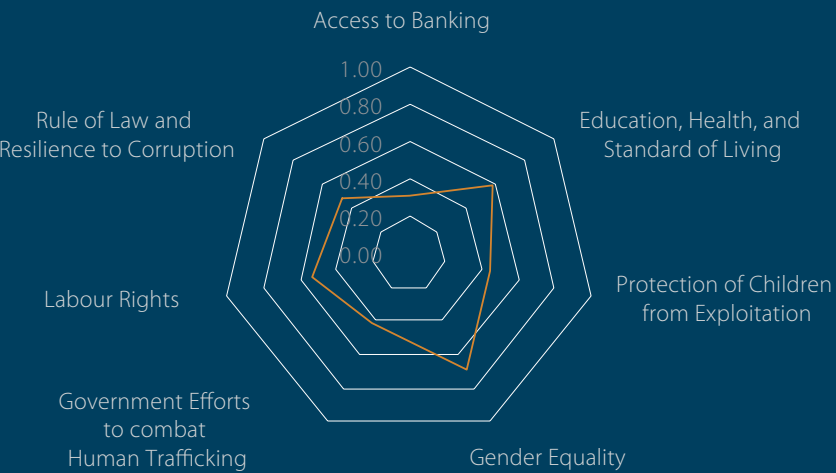
Drivers of Modern Slavery Comparison for Goods For Resale Supply Chain - Countries with Very Low Risk Rating (>0.8)



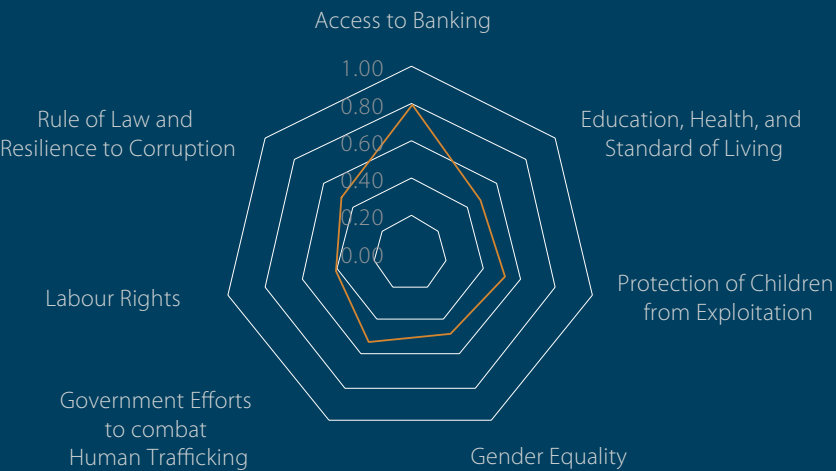
United Kingdom 0 (Low Scoring): 1 (High Scoring)



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



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



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

2019 ACHIEVEMENTS

- Implementation to ETI Base Code and auditing programme
- Comprehensive Equality & Diversity Policy
- Accreditation to BRE Ethical Labour Sourcing 6002
- Social Mobility Pledge signatories

2020 PRIORITIES

- Deliver on ETI Strategic Objectives 2018-2020
- Continue to engage with IPEC on elimination of child labour
- Implementation of whistleblowing hotline Safecall in supplier operations in India, China, Vietnam and Brazil.
- Engagement with employees through our Employee Voice Group

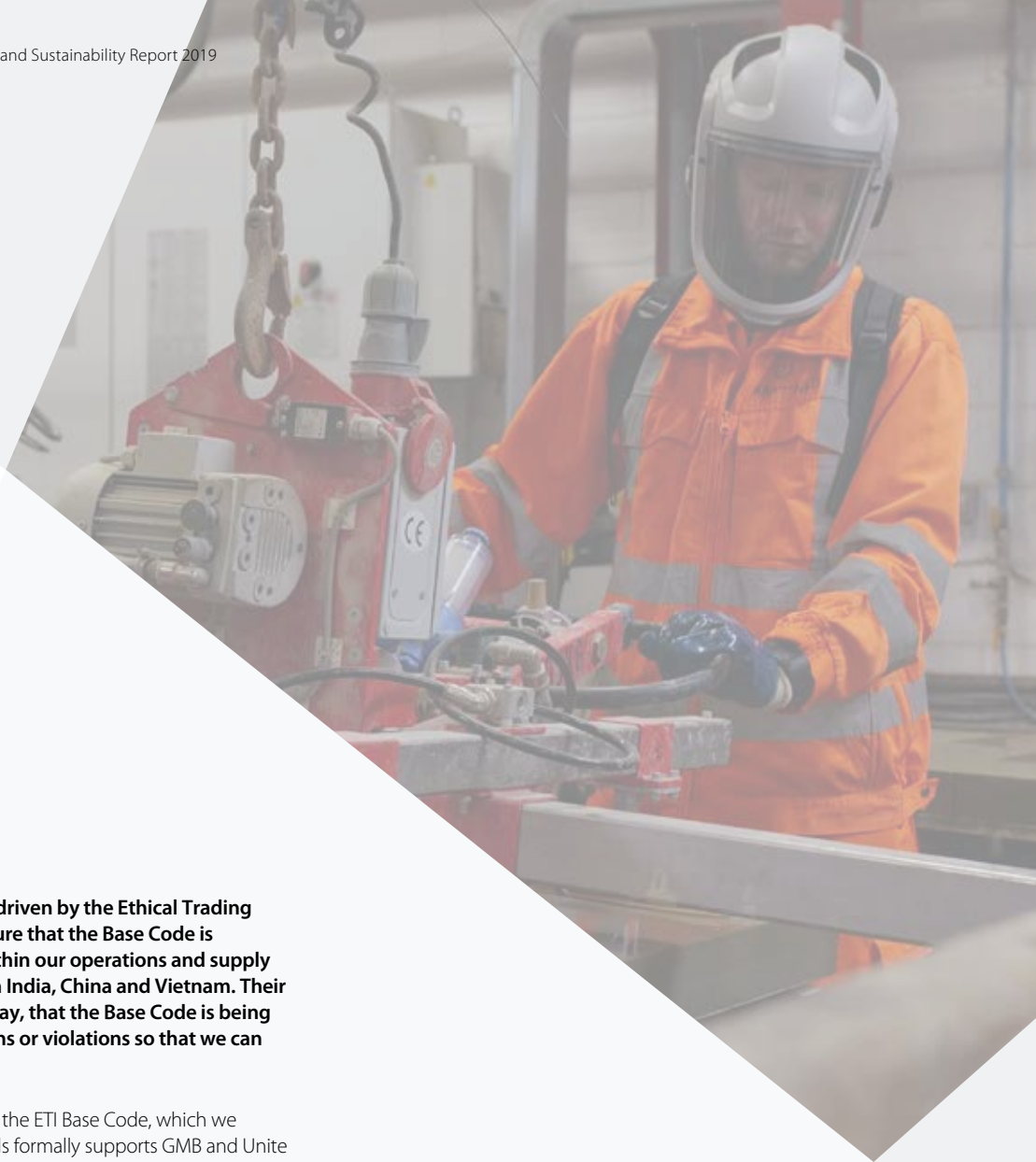


Our approach to labour rights is driven by the Ethical Trading Initiative (ETI) Base Code. To ensure that the Base Code is implemented and embedded within our operations and supply chains, we have social auditors in India, China and Vietnam. Their role is to check, each and every day, that the Base Code is being upheld and to report any concerns or violations so that we can take any necessary action.

Freedom of association is central to the ETI Base Code, which we adopted in 2007. In the UK, Marshalls formally supports GMB and Unite unions. In line with the Base Code, Marshalls’ staff have the right to join or form trade unions of their own choosing and to bargain collectively.

Marshalls ETI Strategic Objectives 2018 – 2020

1. 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.
2. 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.
3. Develop and implement a forced labour/modern slavery identification and remediation process in Marshalls’ UK business operations, and in supply chains in India, Vietnam & Europe.
4. 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.



Marshalls' Group Sustainability Director received his Order of the British Empire OBE for services to the prevention of modern slavery and exploitation at Buckingham Palace in early 2019. Chris was presented with his medal by Prince William, Duke of Cambridge.

“Marshalls was established in the 1880s and today it leads by example as one of the most progressive and responsible corporates in the UK. It takes an immense effort to do this on the part of each one of our people, every single day, who all live and breathe our principles. This award is recognition for everyone at Marshalls and their tireless work over the last 17 years as much as it is for me.”

Chris Harrop OBE
Marshalls' Group Sustainability Director



Marshalls respects and values the dignity, wellbeing and rights of employees, their families and the wider community. The company actively works and collaborates with employees, communities, non-governmental and other appropriate stakeholders to uphold and promote these rights. Wherever we operate around the world, we are 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.

We don't 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.

Collaborations

Marshall's Business and Human Rights Lead, Elaine Mitchel-Hill, chairs the private sector strategic advisory panel and leads discussion between the private sector and the PACE Consortium, formerly EAPEC, channelling private sector perspectives, experience, insights and knowledge, and opening up grass roots opportunities and private sector networks. This three year programme is focused on accelerating the change required to ensure that the rights of children are protected from the worst forms of child labour.

Marshalls respects UK and international principles of human rights including, but not limited to, those expressed in the UN Declaration of Human Rights, United Nations Global Compact (UNG) Principles, Children's Rights & Business Principles, Women's Empowerment Principles, ILO (International Labour Organization) IPEC (International Programme on the Elimination of Child Labour) Child Labour Platform, UK Government Modern Slavery Act and Ethical Trading Initiative (ETI) Human Rights Due Diligence Framework.

Marshalls has been engaged in the elimination of child labour in the Indian sandstone industry since 2005. We made a promise to support and uphold the rights of children through our participation in the UNGC and our commitment to Children's Rights & Business Principles. Our human rights, children's rights and child labour policy statements make our stance clear. What began as a goal to ensure the absence of child labour in our own supply chain and to eradicate child labour in the wider stone sector in India, has led to a deeper understanding of the wider issue of children's rights and more knowledgeable and extensive engagement through which we are now seeking long term systemic change for children. We are particularly excited to be increasing our engagement and consultation with children and young people in the UK and overseas as stakeholders in their own right.

Marshalls abides by the ETI Base Code, in the UK and in our overseas supply chains. This states that no discrimination is practiced and that there is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation. Our Code of Conduct makes it absolutely clear that we do not tolerate any kind of harassment, bullying or discrimination against anyone who works for us or with us. We are fully committed to creating a working environment in which everyone is respected and can flourish equally, without fear.

We recognise and appreciate the value that diverse backgrounds and perspectives bring to the workplace and we actively promote diversity in our hiring practices. Marshalls maintains strict compliance with all legal requirements regarding the equal treatment of all employees in the terms and conditions of employment and we recently updated our Equality & Diversity Policy. As signatories of the Social Mobility Pledge, Marshalls is committed to providing opportunities to people from a disadvantaged background, from coaching and mentoring to work experience and apprenticeships and our open recruitment practices.

In 2019, Marshall's Business and Human Rights Business Lead, Elaine Mitchel-Hill, was named one of the Top 100 Corporate Social Responsibility Influence Leaders globally. The list, independently researched on behalf of Assent Compliance, placed Elaine at number 28. Elaine was recognised for her human rights strategy and private sector response to international modern slavery and human trafficking legislation.



“The business and human rights space is extremely complex, fraught with difficulties and relentless, and so this ranking marks a good point at which to stop and take stock just for a moment and recognise, even though more still is required, that incremental progress is being made. I am thankful on a daily basis that I work for an organisation which is wholly committed to supporting and promoting human rights and to creating better futures for everyone throughout the value chain.”

Elaine Mitchel-Hill
Marshalls' Business & Human Rights Lead

Environment



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

The Group’s Finance Director, Jack Clarke, is the Director responsible for the Environmental Performance of the Group. The Group’s Environmental Policy and Energy & Climate Change Policy are approved by the Board and reviewed at least annually. The business has redefined its sustainability policies to align to its business strategy and to ensure they are relevant and appropriate to its stakeholders. We expect all our suppliers, sub-contractors, consultants and partners to identify and implement actions they can take to help us achieve our environmental targets.

It should be noted that further to acquisition in 2018, Edenhall is now included in all data provided in this report.



2019 ACHIEVEMENTS

- Commitment to science based targets
- Full integration of Edenhall into the Group’s environmental systems and procedures
- Re-certification of ISO50001 including the addition of CPM sites to the certificate
- Re-certification of Carbon Trust Standard

2020 PRIORITIES

- Upon approval from Science Based Targets initiative, implementation of science based targets for carbon and roll out of a programme of internal and external communications on de-carbonisation
- Set new targets for water and waste, in line with strategic priorities
- Development of a carbon literacy training programme for Marshalls staff
- Reduction of use of water from mains and licensed boreholes to 0.05m³ per tonne of production
- Re-baselining of relative targets in line with science based targets

Climate Change

Decarbonisation is a commitment that Marshalls takes seriously. By aligning greenhouse gas emission reduction targets, across all relevant scopes, with 1.5°C emissions scenarios, Marshalls is clear that positive action towards a net-zero future by 2050 makes business sense.

Marshalls has had its emissions reduction targets approved by the Science Based Targets initiative as consistent with levels required to meet the goals of the Paris Agreement. The targets covering greenhouse gas emissions from Marshalls’ operations (scopes 1 and 2) are consistent with reductions required to keep warming to well-below 2°C.

As part of the Group’s climate change strategy and commitment to science based targets, Marshalls’ priorities include supporting the Task Force on Climate-Related Financial Disclosures (TCFD) in line with the UK Government’s expectation that listed companies should disclose in line with the TCFD recommendations by 2022.

“The only future we have depends on our ability to successfully limit the worst impacts of climate change, focusing not only on mitigation, but on resilience and adaptation as well. Fortunately, we collectively have the innovation, tools, and expertise to rise to the challenge — what we need now is courageous leadership.”

Lise Kingo, CEO & Executive Director
UN Global Compact



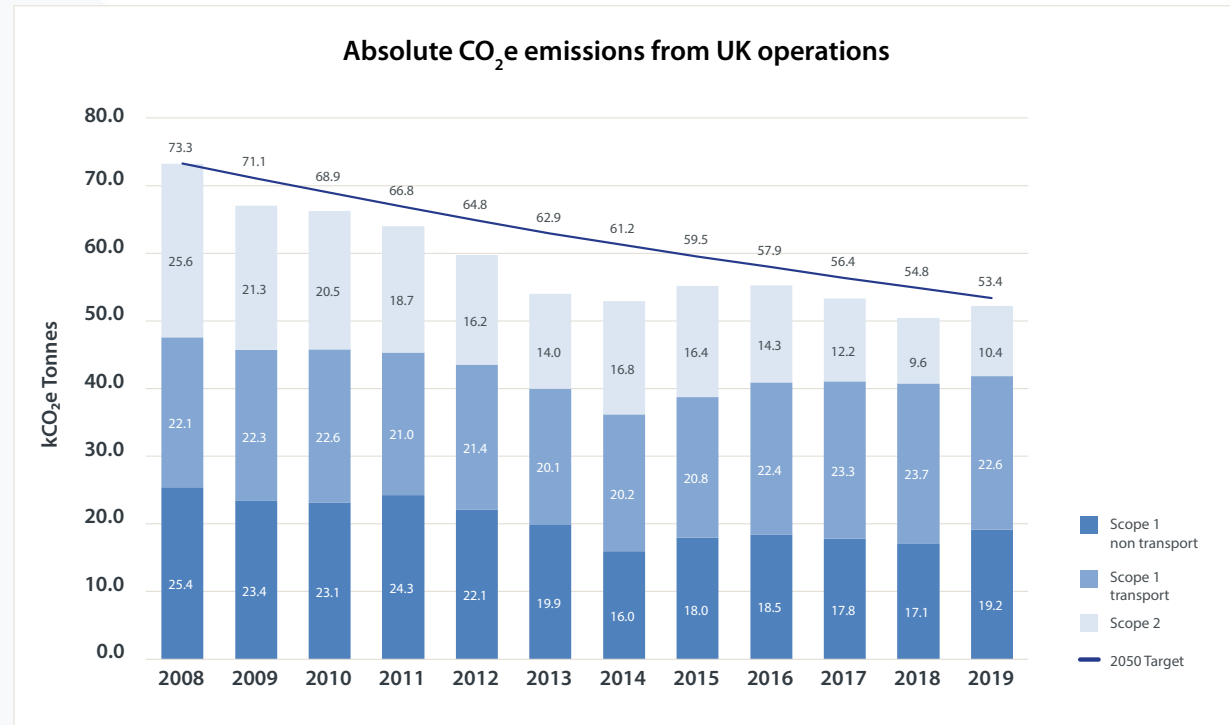
Environment and Climate Change Policy

- Set a greenhouse gas emission target (“carbon”) and gain approval from the Science Based Target initiative, in 2020
- Procure energy, products and services where possible that are zero or low carbon rated
- Track, understand and implement all relevant legislation and other requirements related to energy use, consumption and efficiency
- Set group wide KPIs 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
- Review the Group’s targets and policy annually as part of the management review process against business objectives, industry initiatives and wider stakeholders’ opinions

Carbon

Target: Reduce carbon emissions – 37% by 2020 and 80% by 2050, from a 1990 baseline.

Marshalls continues to report its global scope 1 and 2 GHG emissions for its UK operation and only CO2 emissions for Marshalls NV, its Belgium business. UK data is reported according to the UK Government’s Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. In 2020 however, the introduction of the Streamlined Energy and Carbon Reporting (SECR) framework will require Marshalls to also report underlying global energy use as well as the split between UK and offshore energy use in other countries.



Marshalls does not currently report its scope 3 emissions separately, however these are included in the ‘cradle-to-grave’ product carbon footprints certified to PAS2050 by the Carbon Trust and available on the Marshalls website. In 2020, and in line with science based targets, Marshalls will report on scope 3 emissions.

Group usage was down compared to 2018, even with the inclusion of Edenhall data which was purchased by Marshalls in December 2018. Due to a number of operational control projects, heating usage was down despite a slight increase in degree days measured compared to 2018. The Group has identified a close relationship between outside temperature, as expressed in heating degree days, and its reported energy use. Each of the Group’s operational sites and main buildings have an energy plan with monitoring and monthly reporting. The monthly reports highlight each site’s progress towards its energy and GHG emission reduction plan. The business can report a total reduction of 2,804,158 kilowatt hours during the year, and a further 20,308,675 kilowatt hours have been identified and are being investigated as opportunities.

The business continues to review the reliability of its energy data to enable better forecasting and management of its energy and carbon footprint. Marshalls manufactures a range of products each with a different carbon impact. The Group recognises that if production of low carbon products increases, its footprint will reduce accordingly.

The Group reports that it is responsible for the GHG emissions of Marshalls NV. The CO2 emission from Marshalls NV activities (using International Energy Association 2016 Emission Factors) in 2019 was 503 tonnes (absolute) and 10.91 kg per tonne production (intensity). The latest available emission factors have been used to calculate these numbers.

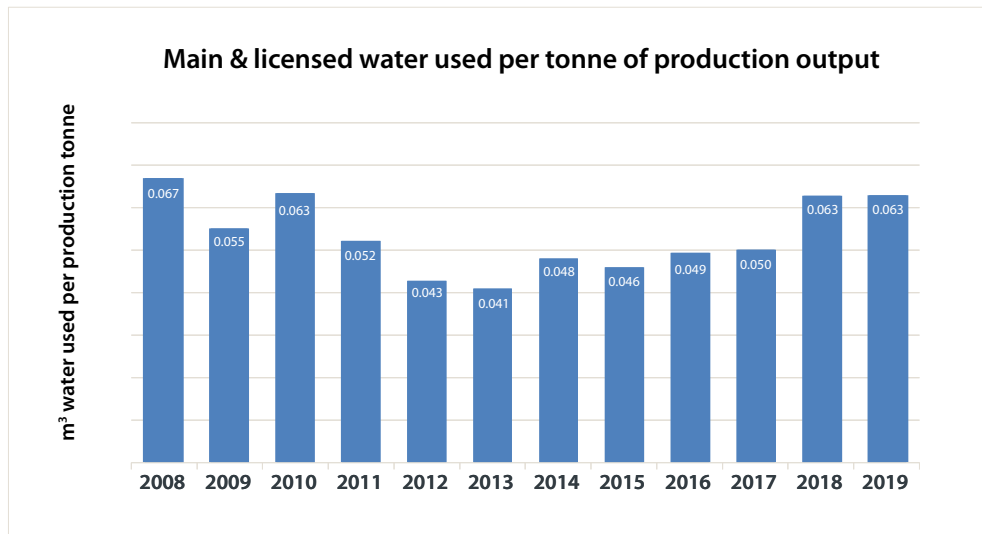
Water

Marshalls is a signatory to the United Nations Global Compact CEO Water Mandate, which commits us to advance water stewardship in six key areas:

- Direct operations
- Supply chain & watershed management
- Collective action
- Public policy
- Community engagement
- Transparency

The business has demonstrated a commitment to water harvesting and recycling on numerous sites and utilises quarry water where appropriate in its operations. During 2019, the Group has continued to further evaluate licenced water use in order to establish appropriate and relevant objectives to align with current and anticipated future water risks and opportunities, at both a regional and national level and in line with stakeholder expectations.

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 practised across the Group, recycling of water is employed on both of these sites and harvesting is undertaken at Sittingbourne, further reducing the burden on licenced water in these areas. The Group does not abstract water in ‘serious stress’ areas.



Marshalls has permits and 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 above chart shows that water use remained the same at 0.063 m³ per tonne of production in 2019 (0.063 m³ in 2018). The target of 0.050 m³ of licenced water per tonne of production has not been met. Marshalls continues to be committed to reducing water intensity and is helped by Marshalls’ previous and continued investment in water management projects, particularly the recycling of water and water harvesting. The UK rainfall, taken from Met Office data, in 2019 is provisionally 1240.0 mm (Y2018: 1064.0 mm) which is 107% of the 1981 to 2010 average. The mean temperature is provisionally 9.4°C (Y2018 9.5°C) which is 0.6°C above the 1981 to 2010 average. Whilst increased temperatures are considered to have a negative impact on our water intensity, the increase in water intensity is mostly as a result of changes in product mix, that is, an increase in production output from products with a greater water intensity.

Marshalls is continuing to roll out the installation of water automatic meter reading (AMR) across the Group. This allows Marshalls to improve the data accuracy and frequency of monitoring of its mains water use leading to identification of potential savings.

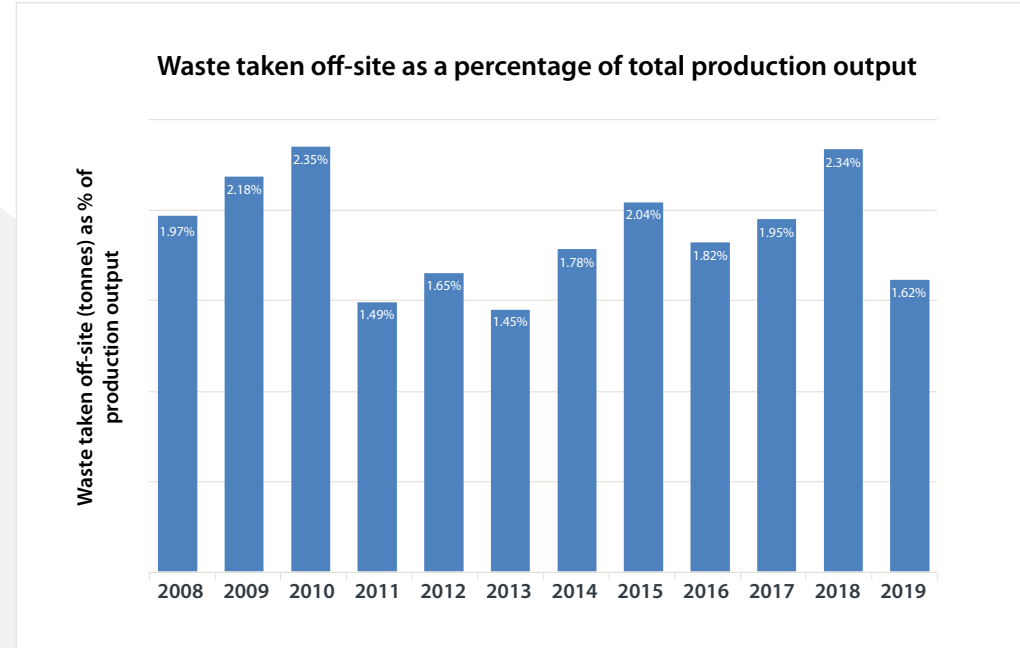
The Group Environmental Manager, who reports to the Health & Safety/Environmental Director, has managerial responsibility for water use. At site level, each site manager has responsibility for the site’s water management

Waste Reduction

Target – to reduce by 3% the total waste to landfill per tonne of production output per annum over a three year rolling average.

The Group has continued to measure the amount of waste, including material for recycling, leaving sites as a percentage of total production output. The business aims to eliminate waste and where it is generated it investigates the opportunity for reuse or recycling within the business.

This chart does not differentiate between waste leaving site for reuse/recycling and waste leaving site for landfill. In 2019 the absolute waste total for the year has reduced by 24% to 148,700 tonnes (2018: 196,925 tonnes). The reduction is due to a one off site crushing exercise undertaken in 2018 for sub base materials for site roadway improvements.



Due to continued engagement with our waste service providers, internal communication and focus, the Group has maintained a high recycling/recovery rate of 99.2% (2018: 99.4%). Therefore, the waste sent to landfill equates to 0.8% (2018: 0.6%) of the total waste generated.

In 2019 the Group used 195,385 tonnes of recycled materials within its products equating to 131% of the waste it generated. Of this recycled material 33% (2018:23%) was from its own waste with 67% (2018:77%) coming from other industries.

The generation of hazardous waste across the Group is generally limited to plant maintenance items such as used oils, filters and other components. The hazardous waste generated across the Group in 2019 was 211 tonnes (2018: 163) which equated to 0.1% (2018: 0.3%) of total waste generated.

Transport

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

Marshalls uses its own fleet of Large Goods Vehicles (LGV) and consequently, fuel consumption has a significant business impact on the Group's GHG emissions reporting. We have continued to place emphasis on replacing a large proportion of our fleet to ensure we remain fuel efficient.

In 2019, Marshalls acquired 93 new tractor units. The plan for 2020 is to add 24 new drawbar units and further additional 8 tractor units. These will mean that all our vehicles on our fleet will comply with Euro 6 standards, which limit exhaust of harmful pollutants and improve fuel economy.

As part of our commitment to carbon reduction, we have a rolling programme of driver training for Marshalls' LGV fleet drivers. The SAFED (Safe and Fuel Efficient Driving) programme is made up of classroom and on-the-job training and promotes safer driving and more efficient fuel consumption. Refresher training is also offered to our drivers, with a focus on avoiding accidents and anticipating risks on the road. The SAFED programme, which started in 2019, aims to train at least two thirds of drivers by the end of 2020, which equates to around 140 drivers.

2019 also saw all sites carrying out external transport compliance audits with CLM Fleet Management as well as the introduction of transport compliance training for 35 site logistics managers and their direct reports. The 2 day training will be followed up with further refresher training in 2020.



Packaging

Target - reduce by 2% per annum, over a three year rolling cycle, while ensuring that the pack and product safety is not compromised.

The Group reports packaging used which aligns with the duty to report under the Producer Responsibility Obligations (Packaging Waste) Regulations. The Group used 17,411 tonnes of packaging (2018: 17,393) in the reporting year which was an increase on the previous year's of 1%. The 2019 figures now include the PD Edenhall acquisition and their packaging obligations submissions. The intensity ratio of packaging used to production output is 0.23%; against an on-plan target of 0.23%.

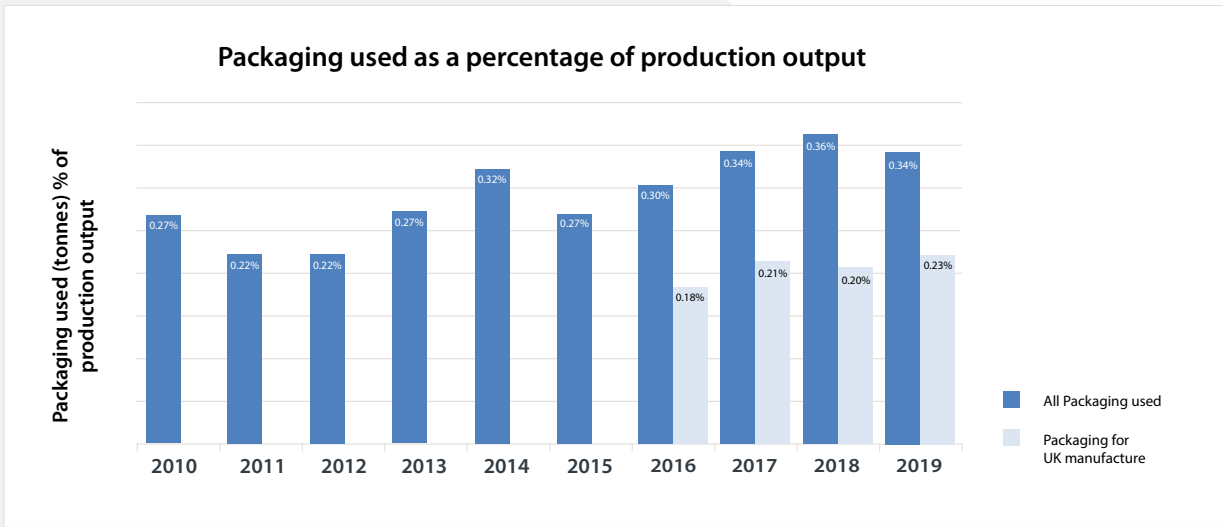
The Group uses packaging only to the extent appropriate, for example, to ensure safe handling, storage and transport of its products and to minimise damage to the product and hence waste. In addition, packaging may be used to provide health and safety information to prospective users of the products and instructions on installation and to comply with the Construction Product Regulations mandatory requirement for CE marking products covered by harmonised European standards. Packaging principally comprises timber pallets and polythene.

The Group continues to concentrate on the reduction of timber and plastic which represent 86% and 13% respectively of the reported packaging tonnage. This KPI is affected by product mix as the Group offers a wide range of landscaping products, each of which have their own unique packaging requirements. A significant impact in the reporting period is the packaging associated with the imported 'goods for resale'. This has increased significantly over

the years and now accounts for 38% of the Group's packaging impact. The business recognises that our current KPI needs to be reviewed to more accurately reflect the activity. In the calculation of the current KPI, the dividend includes the impact of the packaging from the 'goods for resale', however the divisor is taken as primary production tonnage only. That is, it excludes the tonnage of imported 'goods for resale', which then has a disproportionate impact on the KPI. The above chart now includes a second measure, back dated to 2016, to demonstrate the packaging intensity of the UK manufactured product.

Work continues on a number of initiatives to reduce packaging. These include the roll out of reduced film thickness of polythene shrink-wrap, which reduces material usage and energy due to the need to apply at lower temperatures, reduced gauge strapping in both width and thickness and the continuation of a trial to use sash wrapping. This initiative will save 242 tonnes of virgin plastic on a like for like basis, representing a decrease of 13.5% in the Group's UK manufactured product plastic packaging requirement.

The Group's Timber and Paper policy continues to support its commitment to obtain pallets from FSC certified suppliers where available. The Group continues to accept repatriation of pallets which reduces our timber impact. The number of pallets being repatriated in 2019 represents a saving of less than 1% of the Group's UK timber packaging.



Biodiversity

Target – to maintain legal compliance and work collaboratively with relevant bodies.

The Group's biodiversity approach is to focus on maintaining legal compliance and be receptive to opportunities that arise to work collaboratively with other interested parties on projects within or in close proximity to our operations.

Work continues to be undertaken at sites as part of planning conditions to plant, protect and maintain trees. As part of the Group's responsibility to control invasive non-native species, we continue to treat areas of Japanese Knotweed at our sites to avoid this spreading to any adjacent sites and protect nearby structures.

Marshalls has supported the work of the Royal Society for the Protection of Birds (RSPB) since 2007, following their involvement in the EU-wide 'Nature After Minerals' project aimed at boosting biodiversity when mineral extraction sites close.

This close working relationship led to Marshalls becoming corporate members in 2010 and then subsequently supporting the RSPB more directly within the company's main geographical base of Yorkshire. This has included support for the English Twite Recovery Project (ETRP), a joint RSPB/Natural England project aimed at reversing the decline of the last remaining viable English twite population in the south Pennines. Without the ongoing financial support from Marshalls, the project would have folded in 2016 and prevented further research and conservation interventions which it is hoped will ultimately stabilise and then reverse the decline of the twite.

The business is also working collaboratively with the RSPB, Police, Mineral Products Association (MPA) and local wildlife group to raise awareness of the crime associated with bird of prey persecution and bird and egg theft.



The twite occur around several of the company's Yorkshire quarries and on 'Delight Farm', a Marshalls-owned tenanted property which is sympathetically managed for the species.

Hilary McGuire, the out-going RSPB Twite Project Officer, was hugely grateful for Marshalls' support:

"Marshalls have helped me in so many ways and made a real difference to the project. I am sure my successor will enjoy working with them in the coming year."

Marshalls has also made a number of donations of product and materials to nature projects. The latest is RSPB Old Moor, near Barnsley, who benefitted from donations of stone for paths and car parks from our company quarries. Mike Harris, Corporate Partnerships Officer for RSPB England, said of Marshalls:

"This is the ninth year that I have been working with the company and I can't praise them enough for their openness and willingness to help whenever they can".



Accreditation & Verification

Marshalls is committed to the monitoring, measuring and reporting of our environmental and energy performance. We use appropriate external guidelines and third party accreditation standards wherever we can.

During 2019 the Group had:

- 52* (2018: 47) operational sites with BS EN ISO 9001:2015 Quality Management Systems in place
- 45* (2018: 47) operational sites with BS EN ISO 14001:2015 for Environmental Management Systems (EMS) in place
- 49* (2018: 47) operational sites with BS EN ISO 45001:2018 for Health and Safety Management Systems in place

The difference between 2018 and 2019 will take into consideration the dropping of EMS at Logistics sites, the closure of MPM Falkirk and Bridgwater sites, and the additions in 2019 of CPM sites to the three standards.

Marshalls is certified to the **Carbon Trust Standard** and the Group's approach to the Energy Savings Opportunity Scheme (ESOS) legislation was to define its energy management in compliance with the international standard for energy management ISO 50001.

The Group continues to voluntarily disclose data to the **Carbon Disclosure Project (CDP)**. This disclosure includes the wider carbon management performance over time and also provides an insight for shareholders regarding the Group's energy, carbon and climate change impact management programme.

As reported in 2018, the Group has taken the decision to cease with certification to PAS99, on the basis that the revisions to the Quality, Environment and Safety Management Standards are now of the same format making top level integration possible without the need for an 'umbrella' standard.

The Group maintains its policy of producing products intended for a long life with low maintenance. Marshalls became a world leader in terms of the number of its products (over 2,000) having a calculated carbon footprint (using the Publicly Available Specification 2050:2008, 'Specification for the assessment of the life cycle greenhouse gas emissions of goods and services'), all of which have been verified by the Carbon Trust. It is expected that the data obtained through this process will enable the business to focus on energy savings throughout its supply chain. The results are available online for our customers to use in their selection of most suitable product for their project. A project to recalculate carbon footprints of products using the updated methodology PAS2050:2011 has been completed and the results are available at <https://www.marshalls.co.uk/carbon-calculator>

During 2019, the Group maintained its certification to the Building Research Establishment Responsible Sourcing Standard BES6001 for its concrete paving and walling products and United Kingdom quarried natural stone paving and masonry. The products have all been rated as 'Very Good'.

The Group's products are considered to have low environmental risk and in the majority of cases are readily re-usable and recyclable at the end of their life.

The Group is working on initiatives, within its industry, whose aim is to reduce the environmental impact of its products. Through its membership of the Mineral Products Association British Precast it funded work on Environmental Product Declaration to BS EN 15804 and a Resource Efficiency Action Plan in association with WRAP. The Group gained its first FSC certification in 2016 and has maintained this for part of its Street Furniture range.

This Environmental KPI Report has been audited by a qualified verifier on behalf of BSI. On the basis of the work undertaken, it is considered to be a fair reflection of the environmental performance of the organisation during 2019 and contains no misleading information.

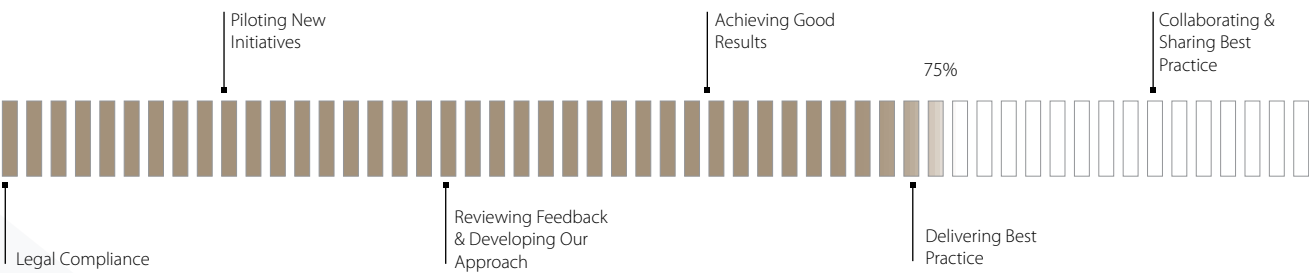
Memberships

Marshalls are founders and members of the **Sustainable Concrete Forum** and the Concrete Industry Sustainable Construction Strategy, which is a collaborative industry initiative aimed at reducing the environmental impacts of the industry. Further to taking part in a collaborative process to create the **Mineral Products Association** Resource Efficiency Action Plan, Marshalls continues to work on improving resource efficiency within the supply chain.



* Operational is defined as a site in the UK with production output during the reporting year.

Anti-Corruption



Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Marshalls does not tolerate the offering, giving, requesting, receiving, or acceptance of bribes in any form. The UK Bribery Act 2010 and our engagement with the UN Global Compact UK Network on Anti-Corruption form the basis of our position on anti corruption.

Marshalls’ Anti Bribery Code, which is approved by both our Chief Executive and Chair of the Board, sets out the policies and procedures intended to address the potential risk of bribery and corruption. These include:

- The Group’s Code of Conduct
- The Serious Concerns Policy
- The Group’s guidance on hospitality and gifts, supported by quarterly returns recorded in a hospitality and gifts register
- Regular training and testing of employees in sensitive positions.

Anti Bribery Code clearly sets out our definition of bribes and the different ways bribes can be evident in business.

A bribe is the giving or receiving of something of value with the intention of influencing an individual, company or public body to perform improperly. This may include showing favouritism, acting in bad faith or acting in a way that is inconsistent with a position of trust. Bribes include facilitation payments, kickbacks and any other reward, favour or payment.

In the case of a foreign public official, we do not allow any form of payment or other reward in order to influence them into giving an advantage to our business, whether or not it is intended to induce improper performance.

In order to mitigate risk, we carry out supplier and customer risk assessments, training for employees and those working for Marshalls, or representing Marshalls in a business capacity, and require written commitments from those we work with to engage with the principles in this Code.

Marshalls will work with its business partners worldwide to develop and improve good practice and to seek to eliminate bribery and corruption. It will select business partners who have adopted similar policies and objectives and will avoid doing business with those who act unlawfully or in a way that is not consistent with ethical business principles.

2019 saw the launch of Safecall, Marshalls’ independent whistleblowing service. Safecall enables any of our stakeholders, including employees and suppliers, to raise their concerns.



2019 ACHIEVEMENTS

- Launch of our independent external whistleblowing service – Safecall
- Development of Marshalls’ Code of Conduct

2020 PRIORITIES

- Code of Conduct launch and training programme
- Roll out of Safecall to the international supply chain

The poster is titled 'Speak Up' in large purple letters. Below the title are six colorful speech bubbles containing the words: Security (yellow), Corruption (teal), Health & Safety (red), Harassment (green), Fraud (purple), and Unethical Conduct (blue). Below the bubbles are six stylized human figures in corresponding colors. At the bottom, a purple banner contains the text: 'If you have a serious concern over wrongdoing at work: Report it to your line manager or HR, or speak to a senior manager, or contact Safecall.' To the right of this text is the phone number '0800 915 1571' and the website 'www.safecall.co.uk/report'. On the far right is the Safecall logo and the Marshalls logo with the tagline 'Creating Better Spaces'.

Auditing and Accreditation

Marshalls employs full time social auditors in both India and China (which covers Vietnam). Independent auditors inspect adherence to the ETI Base Code. If non-compliance is found, a corrective action plan is agreed to ensure rectification takes place and this is followed up by an external audit.

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. An appropriate Marshalls assessor goes to India and China five to six times a year to audit informally (Covid permitting). If non-compliance is found, an action plan is agreed to ensure rectification takes place and this is followed up by an external audit.

Marshalls only works with reputable and reliable suppliers in terms of accreditation. All data used in this report is correct at time of publication.

Statement from Cedrec Information Systems

Since 2014, Cedrec Information Systems have provided a range of specialist environmental legal services to Marshalls supporting their fulfilment of environmental legal obligations. At the centre of the support is a programme of on-site assessments and management system audits focussed on reviewing legal compliance in support of Marshalls' accreditation to Environmental Management System ISO14001:2015 and Environmental Management System ISO50001:2018. These compliance assessments consider both environmental aspects and control measures deployed by Marshalls to minimise and reduce identified impacts while maintaining legal compliance.

Cedrec assessments have consistently established that Marshalls' sites are managed robustly, with good levels of compliance with environmental permitting and legal requirements. Marshalls maintain a programme of risk management including carbon footprinting, groundwater and flood risk management, protected species habitat protection and waste to landfill reduction which reinforce legal compliance to deliver robust environmental management.

Over the duration of the audit programme, Cedrec have consistently observed environmental management and legal compliance processes which are delivering low risk outcomes, ensure good levels of control over environmental and pollution impacts, and demonstrate compliance with relevant environmental legislation.

Stakeholder Consultation

Marshalls would like to thank all of its stakeholders who had input into this Sustainability Report, namely Marshalls' employees, customers, suppliers, partners, peers and NGOs.

If you would like any information on where to find specific information or to give us some feedback, please contact: jo.holmes@marshalls.co.uk





Marshalls

Creating Better Spaces

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

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