Marshalls







Tackling modern slavery is in our DNA

Welcome to our Modern Slavery Statement for 2023

Having joined Marshalls as Chief Executive in March, I can confirm that tackling modern slavery remains a central priority and part of the DNA of the way we do business. It is embedded in our governance and fuelled by the motivation and collaboration of many departments.

Marshalls has been working on anti-slavery initiatives since 2005. We acknowledge the influential role that businesses must play in creating a fair and safe environment for workers at every level of the supply chain. But there are no simple solutions. Modern slavery is a complex global problem, fuelled by poverty, corruption, criminality, climate change, war, and oppression. While we continue to review and improve our approach, we still have much to learn and cannot act alone.

Mapping and visiting our supply chains has been critical to helping us build understanding of the challenges of our sector. We will continue to dig into the lower tiers, tracing back to raw materials wherever possible.

Last year we started a programme of independent audits in our solar supply chain. We will be expanding this approach to other products in 2024, as we evolve towards greater external verification of our processes.

This is the next step of our journey, but there is much more to do. We remain acutely aware of our duty to the people and the communities in which we operate and will continue to push for higher standards, safeguards for workers and respect for human rights wherever in the world we do business.



Highlights of 2023

Highlights for Marshalls Group

- Carried out human rights and environmental risk assessment on 20 sourcing countries
- Ceased sourcing from Egypt due to human rights concerns
- Made one intervention with a British subcontractor on real living wage
- Made one intervention with an international supplier on health and safety and working time violations
- Trained procurement teams on the UN Global Compact's Academy's Decent Work in Supply Chains module
- Piloted the Everyone's Business app
- Won the Innovation category at the Unseen Business Awards 2023, for our long-term efforts identifying and addressing modern slavery in supply chains

Highlights for traded items

- Visited and conducted audits for two new suppliers in high-risk regions
- Commissioned independent third-party audits for two prospective second tier suppliers
- Completed research on the effect of the Covid-19 pandemic on Vietnamese natural stone supply chains
- Supported Mine Labour Protection Campaign meetings in Brussels and online to improve health and safety standards in Indian factories, mines and quarries

Highlights for solar panels

- Started an audit programme for solar suppliers
- Visited tier three and four suppliers in China
- Mapped our solar supply chain to tier five
- Reached commercial agreements with suppliers, guaranteeing that they will only source from an approved list of locations
- Joined the steering committee of the Solar Stewardship Initiative
- Sponsored and contributed to Action Sustainability's procurement guidance: Addressing Modern Slavery and Labour Exploitation in Solar PV Supply Chains

What this statement covers

This statement covers the activities of the Marshalls group of companies (including Marshalls plc and its direct and indirect subsidiaries, referred to in this statement as "Marshalls") to identify, address, monitor and prevent risk of modern slavery entering its operations and supply chains between January and December 2023.

Marley Group plc joined Marshalls in 2022. Marley manufactures pitched roofing products including clay and concrete roof tiles, timber battens and integrated solar panels. Since then, work has been ongoing to align systems, policies and processes across the group.

Wherever possible, statements made in this document cover all businesses within the group. We will indicate instances where this has not yet been achieved.

How Marshalls does business

Marshalls is committed to: conducting business responsibly and with honesty and integrity; treating people with dignity and respect; and complying with applicable laws, regulations and treaties.

Marshalls is also committed to protecting and promoting human rights globally. Marshalls does not tolerate child labour, forced labour, including prison labour, or any use of force or other forms of coercion, fraud, deception, abuse of power or other means to achieve control over another person for the purpose of exploitation.

Marshalls respects international principles of human rights including, but not limited to, those expressed in the UN Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, United Nations Global Compact Principles, Children's Rights and Business Principles, Women's Empowerment Principles and those principles contained within the UK's Modern Slavery Act 2015.

Marshalls complies with employment laws and expects those with whom it does business to comply with all relevant local legislation. Our Code of Conduct specifies supplier obligations to align with our values, understand the risk in the areas that they operate and commit to putting things right when they have gone wrong.

Our anti-slavery strategy is guided by our commitment to the UN's Sustainable Development Goals (SDGs). The SDGs that we believe we can make the most positive contribution towards are:









In this statement, we frequently refer to tiers of our supply chain.

* Tier one suppliers have a direct commercial relationship with Marshalls * Tier two organisations supply to our tier one, and so on.

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Signatory to the United Nations Global Compact Since 2009



Superbrand Since 2010



Fair Tax Mark Since 2015



Marshalls is a UK-based manufacturer of hard landscaping products and pitched roofing systems. All manufacturing and processing sites for Marshalls and Marley branded products are located in the UK. The group also owns roofing contractor Marley Contract Services (MCS), based in Scotland and Viridian Solar, which supplies roof-integrated solar panels. Viridian is based in the UK and its manufacturing supply chain is in China.

Our UK locations

- 46 manufacturing sites and quarries
- 9 offices, administrative and sales or distribution centres

Our overseas locations

At the start of 2023 we had two overseas locations, a technical support office in China for our natural stone supply chain, and Marshalls NV, our joint venture in Belgium.

We sold the Belgian business in April 2023 to focus on the UK construction market. We also made the decision to close the China office in 2024 whilst restructuring our operations.

Our supply chains

The UK accounts for 85% of our supply chain spend with first tier suppliers. Our major overseas supply chains are for natural stone, timber, ceramics and solar panels. See section four for more details.

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On 31 December 2023, a total of 2726 people were directly employed across the Marshalls Group. As a real living wage employer, we ensure that all our employees, and those of our subcontractors in the UK, receive payment above minimum wage.

Contractors at Marshalls locations

We are accredited by the Living Wage Foundation and annually review all our UK service providers that meet the criteria, to ensure that they are paying real living wage to employees working on Marshalls sites. This includes monitoring and liaising with cleaning agencies, facilities management companies, vehicle maintenance and plant hire contractors.

When we find instances where wages have failed to meet the threshold, we work with suppliers to remedy the situation. In 2023, we made one intervention on real living wage. In 2024, we will introduce semi-automated processes to our supplier platform, to help with the monitoring and management of in-scope contractors.



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We know that temporary labour is commonly identified as a risk factor for exploitation in businesses. However, the proportion of temporary labour in our operations is low compared to other manufacturing sectors for the following reasons:

- Our manufacturing sites operate to high safety, quality and technical standards, requiring levels of skill and competence that cannot be easily filled by casual labour
- We don't experience the same seasonal fluctuations of demand for low skilled labour as other sectors, such as agriculture
- Our policy, where possible, is to convert temporary workers to permanent employment

Throughout 2023, a total of 248 individual agency staff were supplied across the Marshalls Group.

Of the temporary agencies supplying to Marshalls factories, approximately 85% (by spend) were vetted and monitored via a third-party platform, operated by Magnit. This was to better manage ethical risk, ensure right to work checks were made and wages met or exceeded our real living wage requirements.

Temporary migrant labour

We acknowledge that migrant workers are an added risk factor within the temporary labour category and hold our labour providers to high ethical standards when screening and taking on individuals from overseas.

However, our use of temporary migrant labour is low compared to other manufacturing sectors. Of the 248 agency workers engaged by Marshalls Group during 2023, only 7% were known to be foreign nationals. We were unable to retrospectively identify 8% of temporary labour due to supplier data collection issues. We plan to present a full data set in the next reporting cycle.

- 85% were British
- 2% were EU nationals
- 5% were non-EU nationals
- 8% unidentified due to supplier data issues



In 2023 we have

Made one intervention with a labour supplier to ensure that real living wage was being paid



In 2024 we will

Automate how we manage real living wage monitoring with our service providers

The UK Modern Slavery Act 2015 requires Marshalls to annually disclose the following:

- The organisation's structure, its business and its supply chains page 4-5
- page 6-7
- Its due diligence processes in relation to slavery and human trafficking in its business and

supply chains where there is

a risk of slavery and human trafficking taking place, and the steps it has taken to assess page 14-15 and manage that risk

Its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate page 16-17

The training available to its staff involved in supply chain management and employees throughout the rest of the

page 18-19

page 8-13

Two

Our policies in relation to modern slavery and human trafficking

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Marshalls employees are, under the terms of their employment, expected to follow all laws of the countries in which they operate and all of the organisation's policies, including the Code of Conduct. Employees that violate laws or policies are subject to disciplinary action which in certain cases can lead to dismissal.

Compliance with our Code of Conduct is an essential factor in our decision whether to enter into, continue or extend existing business relationships with a supplier or contractor.

Marshalls reserves its contractual right to terminate relationships with contractors who fail to comply with law and/or whose contractual non-compliance is not addressed in a timely manner

When Marley joined the group in April 2022, Marshalls started a policy integration programme to ensure that both businesses are operationally and ethically aligned. This programme is ongoing.



In 2023 we have

Trained 92% of employees across the Marshalls Group in our updated Code of Conduct

Ensured that 60% of targeted suppliers had read and signed it



In 2024 we will

Continue to promote the Code of Conduct with employees

Be proactively working to reach and inform more suppliers

Several of our policies and codes underpin our commitment to the anti-slavery agenda. They are are annually reviewed by the Board and signed off by our Chief Executive.

Human Rights Polic

Incorporates anti-slavery considerations

Children's Rights Policy

Addresses child labour concerns

Serious Concerns Policy

Provides information and guidance for employees and other stakeholders, including details of our independent, third-party administered, whistleblowing reporting platform

Corporate Responsibility and Social Value Policy

Shows how we make a positive and sustainable contribution to the communities where we do business

Anti-bribery Code

Reinforces our anti-corruption message



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Supplier

improvement

programmes

Regional risk

assesments

Three



Managing modern slavery risk at Marshalls

In 2023 we changed our reporting structures to ensure that human rights concerns remain central to, and embedded within, day-to-day operations.

Our Group Business and Human Rights Lead is responsible for anti-slavery strategy. She reports directly to the Chief Operating Officer (COO) and is also part of the ESG Delivery Team, working closely with procurement, learning and development, communications and other departments as required.

The ESG Steering Committee meets six times a year to monitor the Team's objectives, goals, strategies and measures (OGSM), and ensure that they continue to support delivery of the group's wider strategic objectives. Members include the Chief Executive, COO, Chief Financial Officer, General Counsel and Group Trading Director.

Overall strategy is overseen by the ESG Board Committee, which was formed in October 2023 and will meet three times a year.

ESG governance

ESG Board Committee Oversight of ESG strategy for the Marshalls Group **ESG Steering Committee** Scrutinises ESG strategy implementation **ESG Delivery Team** Delivery of ESG strategy and led by KPIs/metrics Overtly tied to overall business objectives and informs internal updates/reporting

Due diligence

We tailor our due diligence to the nature of the risk, geography and supplier history. At a basic level suppliers must answer screening questions during the onboarding process. For high-risk categories and regions, the Business and Human Rights Lead works closely with the procurement team in appointing new commercial partners and monitoring supplier performance. This could be through a combination of desk-based risk analysis, virtual interviews, supplier visits, training and third-party audits.

We also periodically consult with our network of governmental, academic and NGO contacts including the International Labour Organization (ILO), the International Organization for Migration (IOM) and the UN Global Compact Network UK to provide additional insights and knowledge, or contribute to bespoke anti-slavery initiatives, when necessary.

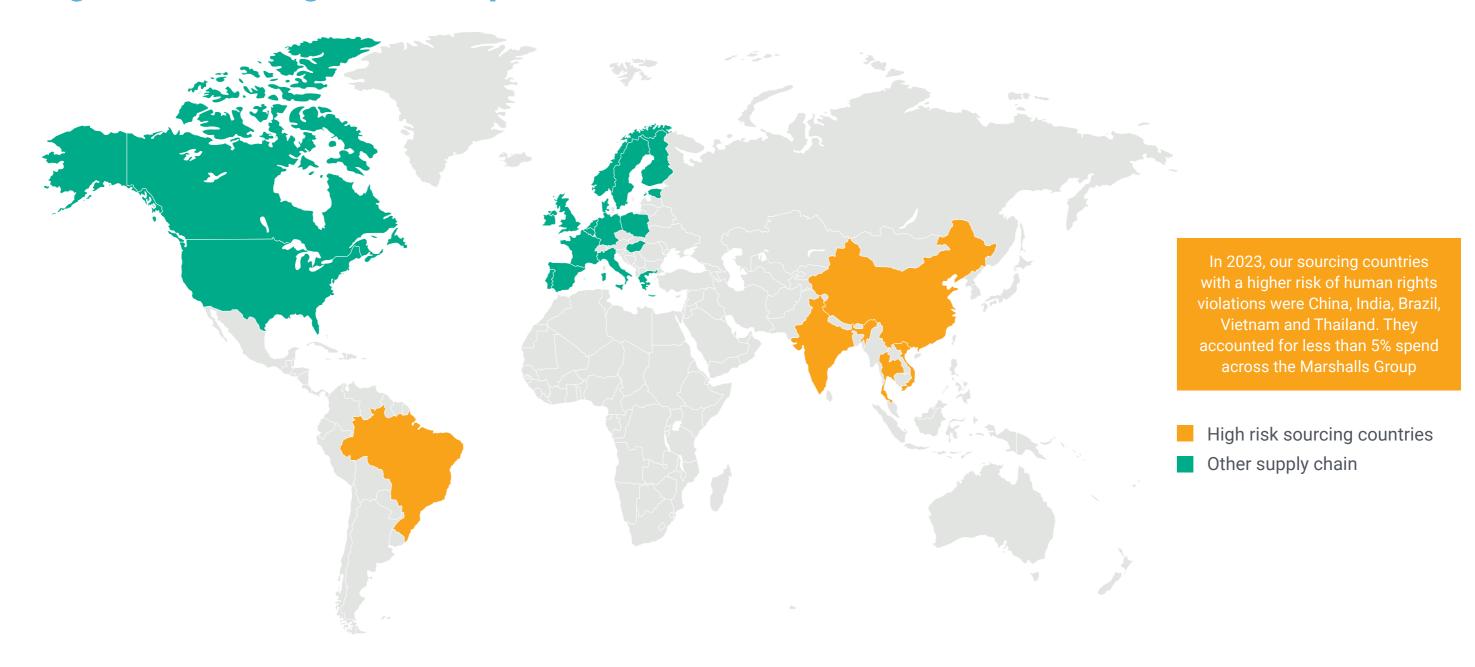


All Suppliers

Suppliers in higher risk categories/regions

Three

Our global human rights risk map



Our due diligence framework



Onboarding filter for high-risk regions/sector



Global supply chain risk mapping



Tracing supply chains back to raw materials



Live monitoring with Everyone's Business



Second and third-party audits



Special projects with agencies and partners



Employee and supplier training

Three

Existing and new suppliers

Businesses must meet a minimum set of ethical criteria before Marshalls will trade with them. This includes having an up-to-date modern slavery policy, or a statement if they are in scope of the UK Modern Slavery Act.

As part of our integration drive, this requirement now covers much of Marley's supply chain. In 2023, procurement of major items, including timber, PPE, aggregates and packaging, was consolidated into one centralised function.

We introduced a digital platform for managing first tier suppliers in 2021. This is strengthening our engagement on ethical matters, including ensuring that critical documentation, such as modern slavery statements and policies, are up to date.

Approximately 80% (by spend) of our existing tier one suppliers have now moved to the platform, and all new suppliers will join it automatically. As suppliers join the platform, they must provide appropriate assurances regarding any risk of modern slavery in their businesses They also receive a risk score as part of the onboarding process. In 2024 we will be introducing a traffic lightstyle red, amber and green system for addressing noncompliances, and managing ethical labour concerns.

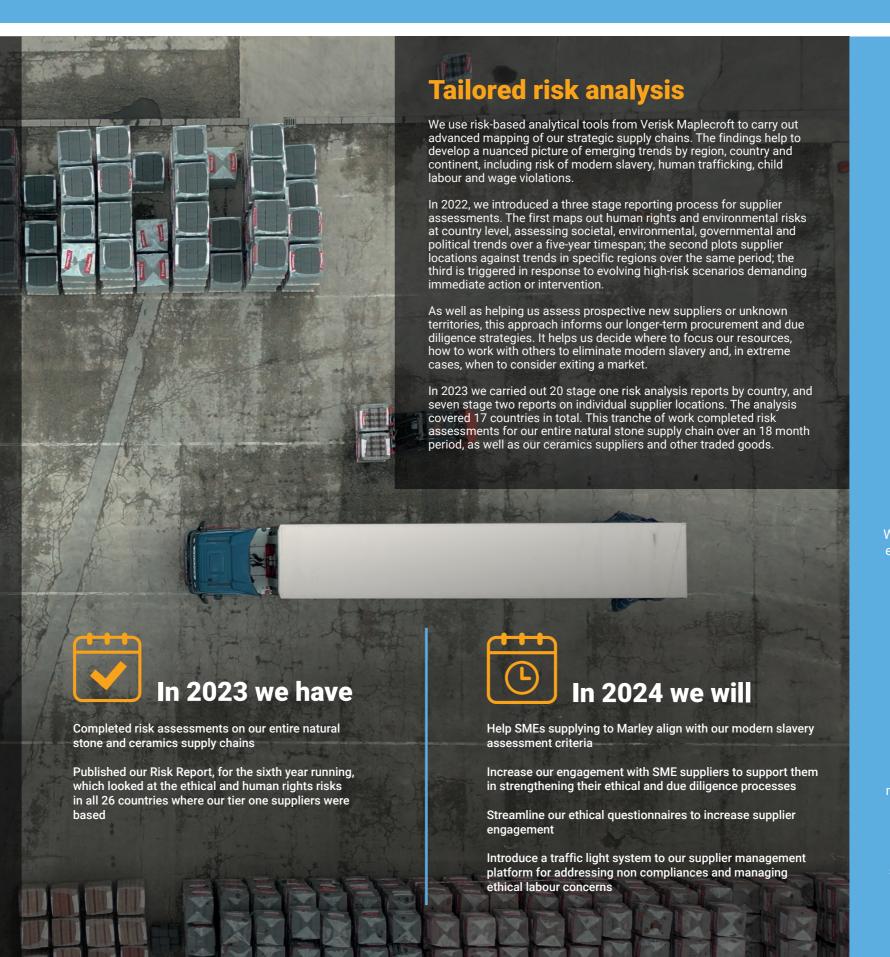
Some specialist SME suppliers that are not captured by the Modern Slavery Act continue to be managed separately by Marley. Although these suppliers will not be joining the digital platform, there are plans to add modern slavery criteria to these supplier assessments from 2024. Viridian Solar is running its own audit and monitoring programme, with the support of Marshalls.

Overseas supply chain and high-risk suppliers

All suppliers in high-risk geographies – or those that are considered to have a moderate to substantial risk, according to our internal scoring system - are required to undergo a deeper ethical assessment. The Business and Human Rights Lead is consulted before a new supplier is approved.

Higher risk suppliers must answer an extra set of questions through the Slavery and Trafficking Risk Template (STRT) as part of their onboarding process. The STRT has been developed by international not-for-profit organisation the Social Responsibility Alliance (SRA). Existing suppliers in high-risk categories are also required to complete the STRT questionnaire as they are moved onto our digital platform.

These everyday activities are complemented with desk-based research, audits carried out by Marshalls staff and independent experts as required. Details of our due diligence strategy are discussed and reviewed with the Chief Operating Officer and the ESG Steering Committee.



Special projects in 2023



Supply chain deep dives

We completed a deep dive of Viridian Solar's supply chain, mapping out the first two tiers against regional and national environmental and human rights risks. We supplemented our findings with an extensive review of NGO, academic and media reports. This research fed into our longer-term strategy for China.



Ethical risk analysis in timber supply chain

We commissioned an independent analysis of ethical risks in our timber supply chain, which primarily supports Marley roofing products. The research featured interviews with more than 15 organisations, including timber suppliers, sawmills, agents and experts, as well as a pallet company.



Everyone's Business app

We piloted the Everyone's Business app in China. This app has been designed to help non-specialist colleagues perform light touch assessments of ethical, environmental and health and safety standards during supplier visits. Our colleagues used Everyone's Business for visits to our natural stone and solar supply chains in the region. As a result of the successful pilot, Viridian Solar will continue to use Everyone's Business for supplier visits in 2024.

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Our due diligence processes on most at-risk parts of the supply chain

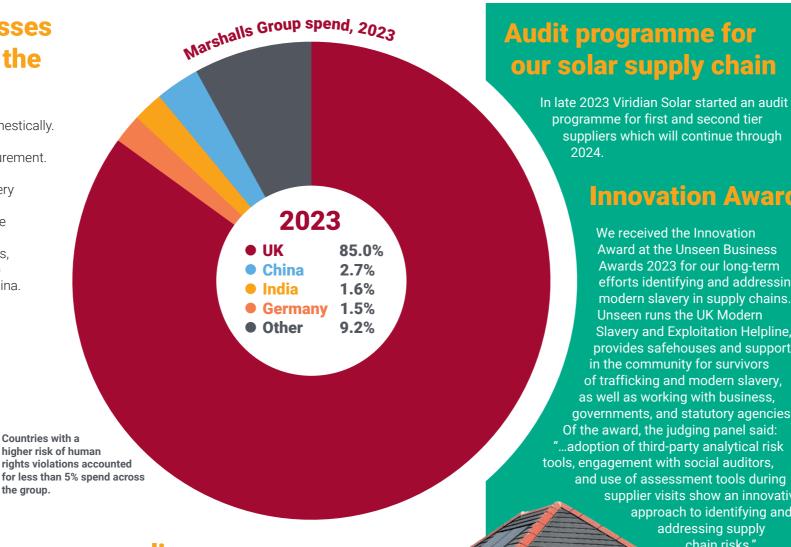
We source the bulk of our goods and services domestically. UK suppliers account for 85% of spend across the Marshalls Group, for both direct and indirect procurement.

Recognising that our greatest risk of modern slavery is in our overseas supply chain, we focus much of our time and resource on regions that require more enhanced due diligence. Our traded items from overseas include natural stone, timber, solar panels, ceramics and street furniture. In 2023, our top two international sourcing locations were India and China.

Salient risks

We have identified the most salient risks in our overseas supply chains as:

- Child labour
- **Bonded labour**
- **Excessive working hours**
- **Health and safety violations**
- Prison labour



Plans for 2024: **Natural stone**

We acknowledge that the wider risks in the natural stone sector include child labour and forced labour, as well as occupational health and safety, payment and working time violations.

We have traditionally used a combination of methods to assess and address risk in our natural stone supply chain, including on the ground supply chain mapping by third parties, engagement with specialist organisations such as the ILO Child Labour Platform, and assessments carried out by an in-house auditor.

Recognising the increasing need for external verification, combined with an ongoing requirement for specialist expertise, we will be developing a new strategy of independent audits for our Indian natural stone supply chain in 2024.

Enhanced assessments on new suppliers

In 2023, we assessed four suppliers in high-risk regions before commercial agreements were signed.

Procurement audits – traded items

Our procurement team visited two prospective suppliers and carried out human rights and risk assessments in late 2023. Criteria such as wages, working hours, freedom of association, accommodation, health and safety and environmental protection were assessed against the ETI Base Code.

An independent third-party audit will be commissioned in late 2024, if the trading relationship continues.

Independent audits – traded items

In 2023, we commissioned two independent audits

on prospective suppliers in the second tier of our supply chain. Although Marshalls does not have a direct commercial relationship with these suppliers, we decided that the supply chain risk merited enhanced assessment. To facilitate, we worked in collaboration with our first tier supplier.

Following a detailed audit over two locations, we rejected one supplier on ethical grounds. Our independent audit partner has outlined an improvement plan for the other business, pending commercial agreement.

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programme for first and second tier

2024.

suppliers which will continue through

We received the Innovation

Award at the Unseen Business

Awards 2023 for our long-term

efforts identifying and addressing

modern slavery in supply chains.

Slavery and Exploitation Helpline,

provides safehouses and support

Unseen runs the UK Modern

in the community for survivors

of trafficking and modern slavery,

as well as working with business,

governments, and statutory agencies.

Of the award, the judging panel said:

"...adoption of third-party analytical risk

Innovation Award

Measuring our effectiveness: our goals and progress

Measuring effectiveness in ensuring that modern slavery and human trafficking are not taking place in operations or supply chains is a significant challenge for any business. In 2024, we will be working on data collection strategies and key performance indicators to try to capture more accurately the activities and impact that Marshalls has and hopes to have in its most critical regions and product categories.

However, measurement of the social elements of ESG remains an undeveloped area, and we would welcome an industry standard and international consensus on methodology to enable us to benchmark our progress against our sector, peers and other industries.

We also acknowledge that one company cannot affect lasting change by operating alone. For this reason we continue to participate in industry groups and work with NGO stakeholders and governments to promote better labour standards globally.

In 2023, risk areas that we identified in our supply chain during audits and visits included health and safety non-compliances; working time violations and payment issues. These are being addressed through supplier engagement, follow up audits and improvement plans.



Taken action to stop buying from Egypt due to acute human rights concerns. This was a last resort option. After a detailed in-house assessment of in-country risks, we concluded that political and socio-economic conditions were making it impossible for us to engage safely with suppliers or effect meaningful change

Addressed the issue of working hours and health and safety with one of our suppliers as part of our rolling audit programme. Progress is being monitored in follow up audits and supplier visits in 2024

Carried out pre-contractual assessment of four suppliers in high-risk regions, which influenced our commercial strategy

Mapped our solar supply chain to tier five, to ensure that we were not engaging with any businesses located in the Xinjiang Uyghur Autonomous Region (XUAR) where human rights abuses have been documented



Visit our North Indian natural stone supply chain and form a baseline assessment of worker conditions post-Covid

Continue our independent audit programme in the first two tiers of our photovoltaic supply chain

Continue to engage with external agencies, experts and stakeholders to review and improve our approach to ethical management of our supply chains

Collaboration and stakeholder engagement

2023 saw the completion of a multi-year collaboration between Marshalls and the International Organization for Migration (IOM) in Vietnam. The final phase of the project looked at the impact of Covid-19 on labour conditions in the Vietnamese natural stone sector.

The findings, which underlined the importance of a more rigorous ethical approach from international clients, were shared at meetings with the Home Office, Foreign Commonwealth and Development Office, and industry groups in the UK. They were also presented at supplier meetings in Vietnam, supported by Vietnamese Chambers of Commerce and the IOM.

- Marshalls joined a consortium of businesses and subject matter experts to sponsor Action Sustainability's procurement guidance: Addressing Modern Slavery and Labour Exploitation in Solar PV Supply Chains. This free resource has been designed to be used by businesses of all sizes and activity, including clients, manufacturers, solar farm operators and installers. It promotes responsible procurement behaviour across all parts of the supply chain.
- Viridian Solar joined the steering committee of the Solar Stewardship Initiative (SSI). Jointly launched by trade bodies Solar Power Europe and Solar Energy UK, the SSI's aim is to create more transparency in solar supply chains through joint collaboration, audits and standard setting.
- Marshalls continued to engage with the UN Global Compact Network modern slavery and child labour working groups. This gave us the opportunity to exchange information with likeminded businesses. We also used the modern slavery working group to peer review our 2022 Modern Slavery Statement.
- Marshalls attended a meeting in Brussels in January 2023, and a follow up online meeting with the Rajasthan government, organised by the Mine Labour Protection Campaign, to support the development of the Mine Workers Welfare Board in India. Marshalls participated in these initiatives with the aim of bringing more formalisation and worker protection to the sector.

Viridian Solar in China

Senior directors from Viridian Solar visit the first two tiers of the supply chain at least once a year, for informal engagement and fact finding with commercial partners.

In Summer 2023, these visits were expanded to cover ingot and wafer manufacturers in tiers three and four. Through this engagement, Viridian was able to map the supply chain to polysilicon purification at tier five.

Viridian has verified that all sourcing locations in the first five tiers of its supply chain are outside of the Xinjiang Uyghur Autonomous Region (XUAR), where serious human rights abuses have been documented.

Viridian has now reached commercial agreements with suppliers, guaranteeing that they will only source from an approved list of locations. This requirement is stipulated in every purchase order.

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Training



Training is essential for raising awareness and ensuring that our staff, associates and suppliers are confident and equipped to recognise any signs of modern slavery, exploitation or vulnerability in their daily operations or supply chains.

This is carried out online via the Marshalls Learning Zone, and face to face. We regularly review our online tools to ensure that they are suitable and up to date with legislation.

All connected staff (those that have a company email address and access to a laptop), receive induction awareness training on modern slavery, our Code of Conduct and anti-bribery training when they join the business, and undertake annual refresher modules in subsequent years.

To reach non-connected staff (those who do not have easy access to a computer as part of their job), online activity is periodically bolstered by education workshops, face-to-face meetings, newsletters, roadshows, social media and communications activity.

We provide specialised training for employees in influential departments, such as procurement, to make them aware of the pivotal role that they can play in monitoring and upholding ethical standards in our supply chains.

Other aspects of our drive to raise and maintain awareness internally include high level briefings to directors and the board; briefings to marketing and sales teams, works and facilities managers, as well as face-to-face meetings with key individuals.



In 2023 we have

Group
Continued our ongoing anti-slavery
awareness training, reaching 72% of
connected staff

Made preparations to expand our online modern slavery awareness training to connected staff in Marley. This was completed in the first quarter of 2024

Trained 92% of staff in our Code of Conduct

Procurement
Rolled out a module on Decent Work
in Supply Chains, developed by the
UN Global Compact Academy, to our
procurement teams

Business and Human Rights
Commissioned a bespoke two-day
introductory course in the internationally
recognised SA8000 social certification
programme for our Business and Human
Rights team

Suppliers
Promoted our refreshed Code of
Conduct to our major suppliers. By the
end of 2023, 160 of our major spend
suppliers had read and signed the code

Started the rollout of our training video on the ETI Base Code with our suppliers



In 2024 we will

Review our modern slavery compliance training tools to ensure that they are up to date and remain relevant for employees

Launch a modern slavery awareness raising campaign in our manufacturing sites and other locations Develop specialist training for commercial, marketing and other departments on our ethical approach

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