



## **Modern Slavery and Anti Human Trafficking Policy and Disclosure Statement**

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

Marshalls respects international principles of human rights including, but not limited to, those expressed in the UN Declaration of Human Rights, United Nations Global Compact Principles, Children's Rights and Business Principles, Women's Empowerment Principles and those principles contained within the UK Government Modern Slavery Act 2015. These principles and commitments will be embodied in Marshalls' Procurement Code of Conduct.

Marshalls complies with the employment laws of every country in which it operates and expects those with whom it does business to do the same. Marshalls also complies with national and international laws governing supply chain management and expects those with whom it does business to do the same.

Marshalls' Procurement Code of Conduct specifies supplier obligations regarding modern slavery and human trafficking. In 2016 Marshalls will: make all existing tier one suppliers aware of its Modern Slavery and Human Trafficking Policy and Disclosure Statement; provide and promote clear online supplier guidance in its 'Modern Slavery and Human Trafficking; Marshalls Procurement Code of Conduct' booklet; and incorporate clear instructions within its' Procurement Code of Conduct regarding modern slavery and human trafficking to ensure that suppliers understand the standards that the organisation applies.

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

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

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

Marshalls' sustainability business model incorporates the organisation's commitments as a United Nations Global Compact (UNGC) signatory and engagement in the *Blueprint for Corporate Sustainability Leadership* laid out by the UNGC. The three pillars of sustainability; **economic, environmental and social**, continue to provide the focus for our activity. These are underpinned by the UNGC principles of **human rights, labour, environment and anti-corruption**. Our brand values of **leadership, excellence, trust and sustainability** empower employees to 'do the right thing' by leveraging sustainability to drive competitive advantage for our business.

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

The following illustrates how we operate:

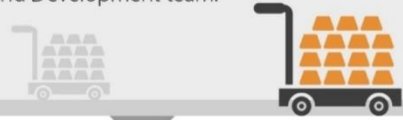
## Sourcing

The Group's main raw materials are cement, sand, aggregates, pigments, fuel oil and utilities. We use the best materials we can source. **Supply chain relationships** include the ethical sourcing of natural stone from India, China and Vietnam. The Group also has extensive reserves of UK natural stone.



## Manufacture

The Group **manufactures and supplies** landscape, driveway and garden products from a range of materials, being principally concrete and natural stone. Marshalls has a world-class Manufacturing, Innovation and Development team.



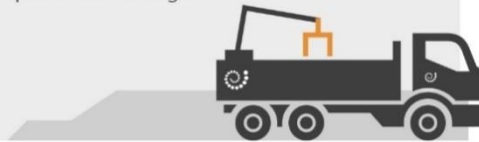
## Setting the standards

**Marshalls is a benchmark for excellence**, and continues to be widely regarded as a leader in its field. Marshalls is proud of its status as market leader, and is dedicated to retaining and consolidating its position and being the supplier of choice for hard landscaping materials for Public Sector and Commercial and Domestic customers.



## Distribution

Due to the scale of our operations, and our network of regional centres, **97 per cent of our customers are less than 2 hours away**. This continues to be a key competitive advantage.



## Quality and service

We set industry leading standards of product quality, availability and "on-time" delivery. We are committed to producing **new products that better any existing market offering**.

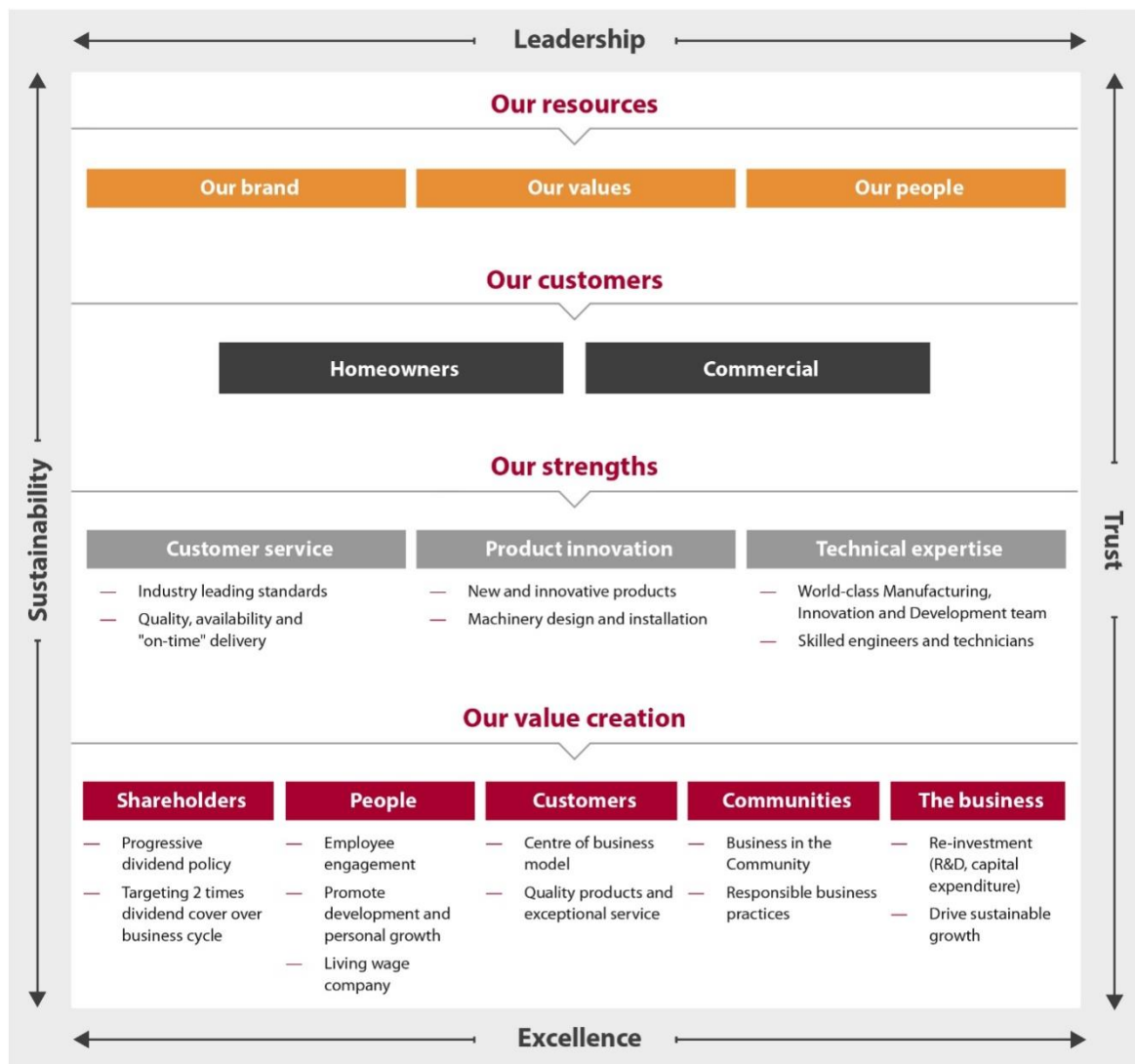


## Customers

Our customers range from Domestic homeowners to Public Sector and Commercial. We seek to **exceed the expectations** of customers in all our markets.



The following shows how we seek to add value:



Marshalls classifies its suppliers in the following manner:

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

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

**Stage 1: Initial Desk-based Due Diligence Report** referencing published data from sources including, but not limited to: International Peace Index Global Observatory, Human Rights Watch Global Report, Human Rights Monitor, Universal Human Rights Index Database, Amnesty International Annual Report, Transparency International's Corruption Index, Children's Rights and Business Atlas, Gender Inequality Index, Social Institutions and Gender Index, The Global Slavery Index, ITUC Global Rights Index and the International Labour Organisation.

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

**Stage 3: Third Party Auditing Visit and Report** resulting in a clear corrective action plan if necessary.

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

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

As previously mentioned, the organisation's current focus is upon Goods for Resale from India, China and Vietnam. Further planned activity will also look in detail at 'Goods for Resale' in both Europe and the UK, as well as goods classified as Direct Materials and Indirect Purchases. All and any areas identified as high risk in the meantime will be treated as a priority by the organisation.

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

Marshalls has a process for the ongoing management/verification of its supply chains which seeks to evaluate and to address risks of human trafficking and slavery in all areas of procurement. These include: the organisation's Procurement Code of Conduct; regular audits - announced and unannounced - undertaken by third party organisations; regular - announced and unannounced - supply chain evaluation by Marshalls' sustainability team; human rights impact assessments programme; bi-annual children's rights and business principles audits; Human Rights Compliance Assessment checks; weekly social auditor reports from high risk supply chains; and NGO and IGO research on the supply chain and the wider sector.

## **II. Policies in relation to slavery and human trafficking;**

Marshalls already has audit rights in a many of its supply contracts, which permit the organisation to audit a supplier's compliance under the terms of the contract, and expects to extend this to encompass audits in relation to modern slavery. While Marshalls has certain contractual rights to audit its suppliers, and has conducted routine audits or assessments of supplier performance, those assessment methodologies do not currently include intentional assessments of human trafficking and slavery but will do by the end of 2017. Marshalls has reserved the right to investigate instances of non-compliance with our Procurement Code of Conduct, including instances of non-compliance with laws governing human trafficking and modern slavery.

All Marshalls' contracts with suppliers require suppliers to comply with all applicable laws. Marshalls' suppliers are also required to adhere to the Procurement Code of Conduct, which states the requirement of compliance with laws and ethical business conduct, including those laws and principles prohibiting involvement in human trafficking and slavery. When a supplier accepts our purchase order and/or enters into a contract with Marshalls, they are acknowledging and consenting to comply with all laws and with our Procurement Code of Conduct. Other than these contractual obligations with suppliers and Marshalls' reservation of right to investigate, Marshalls does not have a formal supplier certification process.

The following policies, statements and codes of conduct should be read in conjunction with this Modern Slavery and Human Trafficking Statement and area available online at <http://www.marshalls.co.uk/our-policies> : Anti-Bribery Policy; Human Rights Policy; Children's Rights Policy; Social Investment Policy.

In additions readers should look at the [Annual Report 2015](#) and the [UNGC Communication on Progress Report 2015](#).

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

Marshalls' suppliers are subject to the terms of all contracts with the organisation, including obligations to comply with the Procurement Code of Conduct. Marshalls reserves its contractual rights to terminate relationships with suppliers who fail to comply with law and/or whose contractual noncompliance is not addressed in a timely manner. A supplier's compliance with the Procurement Code of Conduct is an essential factor in Marshalls' decision whether to enter into, continue or extend existing business relationships with that supplier.

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

Due diligence processes regarding modern slavery and human trafficking are embedded throughout our procurement due diligence process;

*Stage 1:* Initial Desk-based Due Diligence Report

*Stage 2:* Initial Supplier Visit and Audit

*Stage 3:* Third Party Auditing Visit and Reporting

*Stage 4:* Detailed Human Rights Impact Assessment and Ongoing Human Rights Programme

In 2017 Marshalls will report back, within its disclosure statement, against each of these stages in relation to all of the countries from which it sources. This will include all of its procedures and processes regarding supply chain management.

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

As previously stated, Marshalls classifies its suppliers as follows:

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

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

During 2016/17 Marshalls will map its activities in relation to these three classification areas; further identify high risk areas within its business and supply chain; communicate developments in procedures; together with appropriate third parties develop a protocol which responds to the needs of victims of modern slavery, and report transparently on any and all instances of modern slavery identified within its business and supply chains.

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

Marshalls is working to support the Independent Anti-Slavery Commissioner's efforts to identify and eradicate modern slavery and human trafficking in order to ensure that individuals do not suffer as victims and that Marshalls does not become a corporate victim of modern slavery and human trafficking. The organisation is doing this by;

- Undertaking an internal awareness campaign throughout the organisation involving all employees regarding modern slavery; what it is, who it affects and why it matters to Marshalls.
- Ensuring that all relevant employees involved directly in supply chains and procurement undertake training regarding modern slavery.
- Ensuring that all suppliers have received and understood Marshalls' position regarding modern slavery via an independent auditing process.
- Actively developing its due diligence, human rights programme and external auditing process in relation to identified high risk areas within its supply chain.



- Engaging appropriately with a wide range of stakeholders to help ensure that we can further refine and develop our activity in this area; for example, third sector partners, the UN, government, customers, civil society, and young people.
- Monitoring of all related activity using UNGC Principles and the ETI Base Code.
- Revising its Procurement Code of Conduct.

Marshalls will report against all of these activities in its 2017 disclosure statement.

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

All suppliers, both existing and new, are required to undertake Marshalls' online training module regarding issues of legal compliance, including modern slavery and human trafficking. Additional supplier education activity has been extended to include modern slavery and human trafficking and will be fully developed and implemented during 2016. This activity will include: education workshops; online training; face-to-face meetings; newsletters; road shows; conferences; emails; social media; public relations and communications activity.

Existing and new employees directly involved in procurement, human resources and the supply chain will be required to undertake training regarding issues of legal compliance, including modern slavery and human trafficking. Marshalls regularly trains its employees in the standards of ethical behaviour, human rights, children's rights, child labour, modern slavery and human trafficking, related policies, procedures and legal requirements. All of this is done within a framework of our **brand values of leadership, excellence, trust and sustainability** which ensures that the organisation clearly establishes the manner in which we conduct business. All employees will be trained at induction about our policies regarding modern slavery and trafficking within a sustainability, ethical business and human rights context.

Marshalls is in the process of developing, in conjunction with the Global Compact Network UK, a *Certificate in Sustainability* which will be open to all employees as part of their Continuous Professional and Personal Development programme. This Certificate includes human rights and specifically addresses modern slavery and human trafficking, children's rights, child labour and gender issues, with respect to mitigating risks within the supply chain.

During 2016, and periodically thereafter, Marshalls will undertake an internal awareness campaign regarding modern slavery and communicating the messages referenced in the Home Office campaign 'Slavery is Closer Than You Think'. This internal awareness campaign will include posters throughout the organisation's UK-based operations, board briefings, briefing of the marketing team, briefing of the procurement team, briefing of works/facilities managers, face-to-face meetings with key individuals, specific human resources and procurement team training, modern slavery online courses available to all employees and a Modern Slavery app on all company mobile phones.

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

Marshalls' current annual UNGC Communication on Progress should also be viewed together with this statement. Marshalls will update and publish this Modern Slavery and Human Trafficking Statement annually.

Signed by:



---

Martyn Coffey, Chief Executive, Marshalls plc  
27<sup>th</sup> May 2016

The following areas of activity will be developed into specific measurable KPI's over the coming months as we make progress in implementing and embedding the activity outlined in the above statement:

### Modern Slavery KPI's for 2016/17



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



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



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



Report on its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains including the due diligence processes outlined in Marshalls Modern Slavery Policy & Disclosure Statement.



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



Develop, in conjunction with appropriate partners, a process of remediation and support for victims of modern slavery identified within the organisations operations and supply chains.