



Marshalls

## Interim Sustainability Update Report 2008



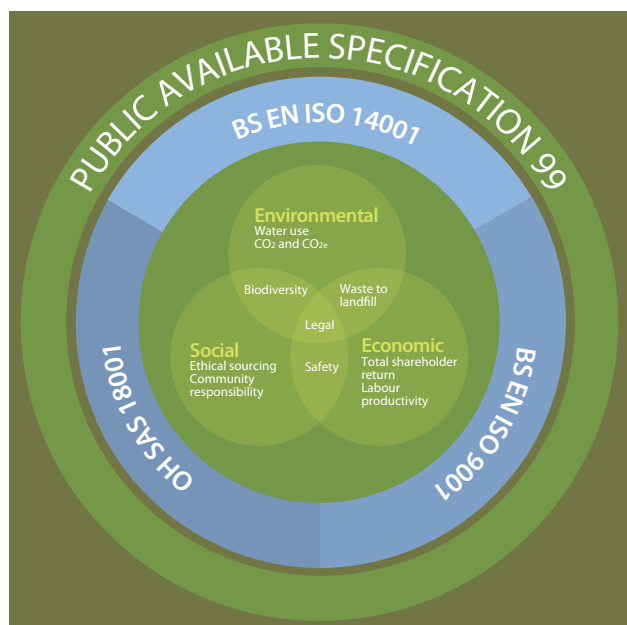


# Sustainability at Marshalls

**I am delighted to be able to introduce this update on Marshalls' sustainability activities during 2008.**

2008 saw Marshalls make a step change in its approach to sustainable business with the implementation of company wide programmes of carbon footprinting and environmental profiling. The depth of understanding of the impact of the business on its environment and communities increased significantly as did the levels of engagement in the UK and overseas.

This report provides an overview of the company's activities and updates the ongoing data reports on various environmental measures. This is the sixth year that Marshalls has reported data on environmental performance and we have a renewed focus on reducing our impacts. The chart below shows our overall scope for sustainable business impacts and activities.



## 2008 highlights include:

- The carbon footprinting of over 500 domestic concrete and natural stone products using PAS2050 and the use of the Carbon Trust's Carbon Reduction Label. We understand that this is the largest official carbon labelling activity in the world and it signals our commitment not only to understand our environmental impacts, but also to reduce them.
- The continued compliance with the ETI Base Code of our Indian Natural Sandstone supply chain and the further development of implementation plans in our supply chain for Chinese Granite.
- The opening of the fourth permanent school for the children of migrant quarry workers in Rajasthan, India. This is enabling over 200 children to access education, in many cases for the first time.
- The initial biodiversity audit for the Wildlife Trusts' Biodiversity Benchmark at our Stoke Hall quarry in Derbyshire.
- 85% of our transport fleet now uses Euro 5 diesel engines delivering both fuel efficiency and reduced greenhouse gas emissions. During 2008, we increased the use of our own fleet against contracted hauliers.
- The training of over 50 members of customer-facing staff by the Living Streets charity in the completion of Community Street Audits.

Marshalls has a commitment to transparency in its sustainability activities and to a holistic view of responsible business. For 2009, we will be producing a combined sustainability and CSR report covering all aspects of Corporate Responsibility. This will include data and reports on progress towards our stated key performance indicators (KPIs).

Chris Harrop  
Group Marketing Director



# Integrated Management Systems

**Marshalls believes that sustainability must be at the heart of its business. In essence, achieving a goal of sustainability involves judging the long term merits of business decisions against the triple bottom line.**

The company's Environmental Policy is reviewed at least annually and was last reviewed in February 2009.

## Environmental Policy

Marshalls is committed to achieving the highest standards of environmental performance, preventing pollution and minimising the impact of its operations. The company's aim is that no lasting environmental damage occurs as a result of its activities, and policies are developed to ensure that all its operations meet or exceed the requirements of legislation and applicable best practice.

Marshalls regards compliance with relevant environmental laws, and the adoption of responsible standards where no legislation exists, as an integral part of its business strategy and is committed to considering the environmental impacts associated with its products throughout their life cycle. Particular focus is applied to the management of greenhouse gas emissions through implementation of a Climate Change Policy, and, in addition to this, the carbon footprint of product families is also seen as an important aspect of Marshalls' management in this area.

Marshalls is committed to monitoring and measuring its environmental performance, using external guidelines where appropriate. Each of its operating sites has assessed the environmental aspects of the activities carried on at that site, and objectives and targets have been set with a view to improving the overall environmental impact of those activities. These will be reviewed on at least an annual basis.

Marshalls will continue to raise environmental awareness through the development and training of its employees and will communicate openly and consult with customers, suppliers and other stakeholders on relevant environmental matters.

Marshalls strives to conserve natural habitats and create additional areas of biodiversity value, and is currently making progress in benchmarking biodiversity at suitable operational sites. Marshalls also recognises the need for sympathetic restoration and after-use of quarry and other operational sites and considers the character of the local environment and the concerns of the local community and other stakeholders when planning such matters.

## Environmental Management

During 2008, Marshalls continued to roll out Integrated Management Systems (IMS). 16 sites previously operating IMS were upgraded to comply with Publicly Available Specification 99:2006 (PAS99), representing 42% of manufacturing output. A further 10 sites, representing 35% of manufacturing output, are now operating IMS and are expected to upgrade to PAS99 in the future.

Marshalls plans for all its operational sites, owned at the beginning of 2009, to obtain a minimum of IMS by the end of 2010.

36 (2007: 32) sites had ISO 9000:2000 Quality Management Systems in place representing 83% of manufacturing output (2007: 74%)

27 (2007: 24) sites had OHSAS 18001:1999 for Health and Safety Management Systems in place representing 81% of manufacturing output (2007: 72%)

26 (2007: 22) sites had ISO 14001:2004 for Environmental Management Systems in place representing 78% of manufacturing output (2007: 68%)



## Carbon Impact and Biodiversity

Marshalls maintains its policy of producing products intended for a long life with low maintenance. The product range carries a very low risk of pollution. In the majority of cases, products can be easily recycled at the end of their useful life, either as a primary product in the case of most paving or, after crushing, as a secondary aggregate or other form of recycled material.

Marshalls continued to work with the Carbon Trust in 2008 to apply standard methodology to its domestic product range. As a result, Marshalls is now able to publish the carbon footprint of each product in its domestic product brochure. This is calculated based on the total CO<sub>2</sub> and other greenhouse gases emitted during the product's life including production, use and disposal.

Marshalls is also working with the Building Research Establishment to develop Environmental Profiles and give Ecopoint scores for its commercial product range. Results are due later in 2009.

### Carbon Disclosure

Marshalls' energy requirement is in excess of 6,000MWh and this will result in being included in the Carbon Reduction Commitment (CRC) introduced by The Department for Energy and Climate Change (DECC). The current activity is to understand the requirements of the scheme and prepare for the proposed starting date of April 2010. Marshalls has also voluntarily joined Carbon Action Yorkshire, a think tank and learning group for CRC.

Marshalls discloses information on its greenhouse gas emissions, risks, opportunities and plans via the Carbon Disclosure Project, The Prince's May Day Network and FTSE4Good index.

### Recognition for Achievements in Sustainability



Marshalls received a Big Tick in the Climate Change category of this year's Business in the Community

Awards for Excellence. Marshalls was also re-accredited in the Supply Chain category for its work on ethics in supply chain management and in the Eco-Efficiency category for its environmental management.

Marshalls won the highly coveted Sustain Magazine Gold Award for Sustainability, Business and the Built Environment as well as the Award for International Trade for its work on supply chain management in India and the Award for Governance for its work on carbon labelling.

Marshalls was also proud to have won the Achievement in Sustainability Award at the 2009 PLC Awards and has been shortlisted by the Contract Journal Construction Industry Awards in the Environmental Leadership category.

### Biodiversity

Marshalls understands that in tackling its own carbon impact, it needs to also look at ways to preserve local environments. At its Maltby site, Marshalls worked with the local community to compile a Biodiversity Action Plan, which looked at protecting flora and fauna in its surrounding area. The result was the Wildlife Trusts Biodiversity Benchmark for Land Management and Maltby becoming the first active manufacturing site in the UK to be accredited with the benchmark. Another Marshalls site, Stoke Hall, has registered with the Wildlife Trusts and had its first audit in March 2009.

After being awarded the National Gold Award at the International Green Apple Awards for Environmental Best Practice in 2007, Marshalls received the Green Hero Award in 2008 for sharing best practice on biodiversity.



# Environmental Impact

Marshalls continues to keep the environmental impact of its operations under review, and uses KPIs to measure the impact year on year. During 2008, and in previous financial years, KPIs used are those developed by the Construction Products Association (CPA).

## Energy

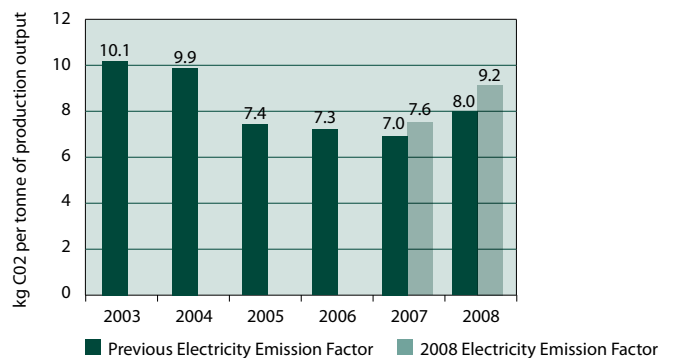
Following work with the Carbon Trust and the Building Research Establishment on categorizing the carbon content of Marshalls' product range, it was decided to standardise on previously used DEFRA conversion factors, including electricity. For comparison purposes, the KPIs for 2007 and 2008 have been calculated using both conversion factors.

Marshalls has committed to reduce emissions of greenhouse gases by 80% by 2050 in line with Government targets. The company's carbon reduction programme is at the heart of the business, incorporating carbon management, energy plans for every site and energy champions who promote the programme throughout the organisation. In 2009, the company aims to reach a target of saving 2,000 tonnes of CO2 on the previous year.

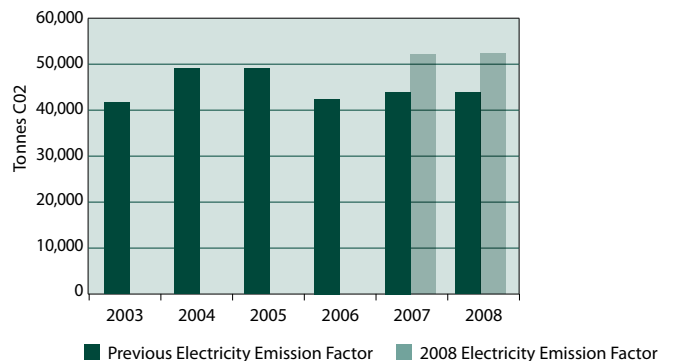
## Water Use

Marshalls has continued to invest in water recycling plants to reduce its dependence on mains and borehole water supplies, with investment at two further sites during 2008. Changes in product mix and demand have meant that water used per tonne of production output has increased. However Marshalls remains committed to improving the balance between recycled and externally supplied water at its main production sites, and in 2008 use of treated water from mains sources declined by 14.9% overall.

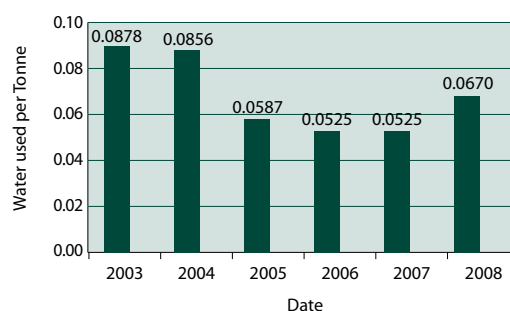
Amount of energy consumed (kg cq) at manufacturing sites per tonne of production output excluding transport fuels



CO2 emissions from operations transport (tonnes CO2)



Water used per tonne of production output





# Environmental Impact

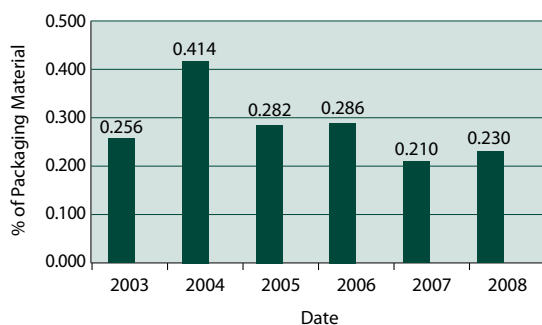
## Transport

Marshall's increased the proportion of journeys carried out using its own fleet during 2008 by investing in more modern vehicles. This was designed to reduce the overall environmental impact of distribution activity by allowing more efficient transport planning and replacing older sub-contracted vehicles that were in the main more polluting. Improved customer service has also led to fewer returns.

## Packaging

Marshall's 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. In 2008, 60% of the timber used by Marshall's came from UK sources, with most of the remainder coming from Latvia. There was a 15% year-on-year reduction in timber pallet and packaging use in 2008, resulting in a saving of over 1,250 tonnes of wood, and a reduction in polythene packaging of 11.2%. Marshall's is seeking to reduce the use of timber pallets by 5% and to reduce the tonnage of polythene packaging used by 5% in 2009.

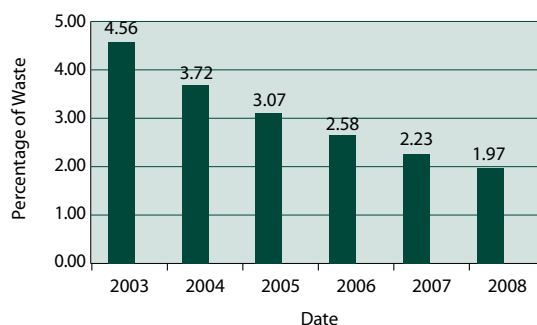
Percentage of packaging material bought as a percentage of total production output



## Waste Reduction

In 2008, 90% of Marshall's' waste was reused or recycled (2007: 82%) with only 10% going to landfill (2007: 18%). Marshall's' target for 2008 was to reduce the proportion of waste material going to landfill to under 15%, and Marshall's out-performed against this target, with only 10% of its waste material being sent to landfill. In 2009, Marshall's is aiming for a further 3% reduction.

Percentage of waste including material for recycling leaving site as a percentage of total production output



working with the Carbon Trust



for illustration purposes only





## Working Together

**Marshalls knows that operating in a sustainable manner means balancing all elements of the sustainability spectrum. Having been a socially responsible company for more than a century, Marshalls is committed to working with its staff, its communities in the UK and abroad, and within the market itself to raise awareness of key issues in the hard landscaping industry.**

### Energy Champions

Set up in 2008, the Energy Management Steering Group promotes Marshalls' carbon reduction policy throughout the organisation. Chaired by the Board Director who reports on sustainability, the group meets quarterly to:

- Identify current inefficiencies
- Advise on setting of company and site specific targets
- Oversee training practices relevant to energy
- Summarise progress for annual report and investors
- Review energy management procedures

From the group, ideas and projects get filtered through sites and corporate teams to energy champions who are based on site. Champions are either nominated or they volunteer, after which they attend a course (half theory, half practical) based on designing a yearly plan of action. Once the plan has been signed off by a senior manager, energy champions implement their plan, take part in energy reduction schemes and engage other employees in energy management.

### Living Streets

Marshalls started working with Living Streets recently to promote the need to look at our landscapes and public spaces and find ways to improve them. Living Streets is a national charity, formerly known as the Pedestrians

Association, working towards people friendly public spaces. Training employees to be Living Streets auditors means that Marshalls is looking to street users and communities to work together on creating better public spaces for everyone. Having undertaken the Living Streets training programme, Marshalls' employees are in a position to engage with customers and to comment on what they understand people want to see. They can use this knowledge to help communities come together to create better landscapes for all.



### May Day Network

Marshalls is proud to be a member of The Prince's May Day Network and is committed to every one of its pledges:

- **PLEDGE 1:** Measure the business' carbon emissions
- **PLEDGE 2:** Report carbon emissions publicly or to Business in the Community
- **PLEDGE 3:** Set an absolute target and take action to reduce the business' carbon emissions
- **PLEDGE 4:** Encourage employees to reduce their carbon emissions at home and at work
- **PLEDGE 5:** Work in partnership with suppliers to reduce carbon emissions in the supply chain
- **PLEDGE 6:** Mobilise customers to take action on climate change





# Working with Our Communities

## Working in India

Marshalls continues to work closely with the Ethical Trading Initiative (ETI) to improve the lives of quarry workers and their families in India.

In India, Marshalls has helped its sandstone supplier with accreditation to internationally recognised standards, put in place a quarry restoration programme, shared best practice and funded local health and education camps through a specialist NGO, Hadoti Hast Shlip Sansthan, which helps to improve the lives of vulnerable families working in the quarries around Bhundi and Kota in Rajasthan.

Activities	2008
<b>Health:</b>	
a) Camps	12
b) Door to door visit	96
c) Counseling	✓
d) Medical distribution	✓
e) Immunization	4
f) Camps for prevention from seasonal disease	3
<b>Education:</b>	
a) Regular classes at the destination	12
b) Street schools	2
<b>Environment:</b>	
a) Plantation work	3 months
b) Awareness through environmentalists	6 camps
<b>Insurance</b>	✓
<b>Gender issue:</b>	
a) Awareness generation through camps	✓

## Highlights in 2008:

- Four insurance awareness camps for labourers organised at Dabi and Gararda.
- Two street schools were started at the mining area for the labourers' children – free of charge – attended by 52 students aged 6 -14 years.
- 2,356 workers benefitted from 12 regular health camps.
- 210 children were vaccinated at two vaccination camps on polio day.
- Door to door visits (consultancy and free medicine distribution) to 462 families at nine destinations (Gararda and Rajpura).

## United Nations Global Compact

In another industry first, Marshalls was recently accepted by the United Nations Global Compact – the world's largest voluntary corporate responsibility initiative.

By joining the Global Compact, Marshalls makes a commitment:

- to set in motion changes to business operations so that the Global Compact and its ten principles become part of strategy, culture and day-to-day operations;
- to publicly advocate the Global Compact and its principles via available communications channels; and
- to communicate annually and publicly on progress made in implementing the Global Compact principles.

This is a truly remarkable step for Marshalls as the Global Compact is the largest corporate citizenship and sustainability initiative in the world, with over 4,700 corporate participants and stakeholders from over 130 countries.





## Company History

Established in the late 1880s, Marshalls is a major plc and the UK's leading manufacturer of superior natural stone and innovative concrete hard landscaping products, supplying the construction, home improvement and landscape markets. We provide the product ranges, design services, technical expertise, ideas and inspiration to transform gardens, drives and public and commercial landscapes.

The Marshalls Group comprises a variety of specialist businesses, including: Stonemarket, The Compton Group, Classical Flagstones, Woodhouse & Woodhouse Projects, Stancliffe Stone and Premier Mortars.

Throughout all these operations, Marshalls is committed to quality in everything it does, including environmental best practice and continual improvement in health and safety performance for the benefit of its 2,500 strong workforce.



**Marshalls**



STONEMARKET

*Compton*

**CLASSICAL  
FLAGSTONES**

Internal Stone Flooring and Tiling

**Robinsons**  
Premier Aluminium  
**GREENHOUSES**



**WOODHØUSE**

WOODHØUSEPROJECTS

**Stancliffe Stone Company Ltd**  
Suppliers of Natural Stone



**Premier Mortars**



# Marshalls

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