### 2019/20 KPIs

#### Develop strategic collaborations/partnerships/initiatives to identify, prevent and mitigate human rights abuses in Marshalls own business operations and supply chains, to build capacity/engagement/collaboration in the wider construction sector, and seek to make a societal net positive impact.

- Engage with governments and government agencies both in the UK and overseas to share knowledge, agree root causes, overcome challenges and raise awareness of international supply chain transparency standards, and engage in long term capacity building partnerships.
- Actively engage in the Bright Future programme to offer work placements to survivors of modern slavery.
- Delivery of multi-stakeholder pilot programme in Vietnam together with the UN IDOM, around Marshalls supply chains and the wider community.
- Continue to engage with ILO IPEC and through the Child Labour Platform further Marshalls part in a far reaching cross sectoral multi stakeholder programme.
- Actively seek the expansion of Marshalls Power of Logistics Programme by engaging other businesses with significant logistics operations.

#### Implement appropriate remediation and support programmes for victims of modern slavery identified within the organisations operations and supply chains.

- Have in place a sold and appropriate process of remediation and support for 65% of the supply chain identified as high risk by volume of product; from India and Vietnam.
- Continue to develop and implement a forced labour/modern slavery identification and remediation processes in Marshalls UK business operations, and in supply chains in India, Vietnam & Europe.

#### Overhaul and further improve the organisation’s supply chain due diligence, internal and external ethical auditing programme and modern slavery risk mapping assessment processes – using this process to embed human rights as ‘everybody’s business’ within Marshalls - in order that instances of modern slavery can be identified, remedial action undertaken, and the victims supported and that all of this is transparently reported.

- Continue to publish annually modern slavery country risk mapping profiles for 100% of sourcing countries.
- Enhance internal processes and procedures, for 50% of all supply chains (by volume) identified as high risk, 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.
- 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’

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#### Report, as appropriate, on our efforts and effectiveness in helping to ensure that modern slavery and human trafficking is not taking place in our business or supply chains including our due diligence processes.

- Continue to develop our supplier communication and verification programme which allows Marshalls to engage with suppliers on a deeper level regarding the implementation of its Modern Slavery Act commitments.

#### Maintain consistent delivery of a modern slavery & human trafficking awareness raising programme with key stakeholders.

- Ensure that 100% of employees in UK – including Marshalls CPM and Marshalls Edenhall - business operations are exposed to modern slavery training; how to spot the signs, how to report swiftly & safely, and Marshalls response to modern slavery.
- Commit Marshalls Belgian operation to the Dutch and Flemish TruStone responsible sourcing initiative and report on this moving forward beyond 2019.
- Continue to ensure that 100% of all inductions for temporary labour include modern slavery training.
- Commit to the Safe Jobs initiative.
- Review Marshalls temporary labour provider and commit to an organisation who is fully engaged with the Modern Slavery Act and can demonstrate robust processes and procedures.
- Increase the number of tactically placed Modern Slavery Ambassadors within business operations by 65% and support all Modern Slavery Ambassadors in their specific programme of activity.
- Ensure that the 350 key individuals involved in supply and demand chain management continue to receive additional training, human rights updates and notifications regarding modern slavery and human trafficking.
During the past 12 months Marshalls has:

- Ensured that 100% of its employees are exposed to modern slavery awareness raising, how to spot the signs, how to report and know what Marshalls response is to Modern Slavery.
- Increased the number of modern slavery ambassadors within the business by from 5 to 7.
- Ensured that 350 employees directly involved in supply and demand chain management receive ongoing updates and notification regarding business & human rights, and specifically modern slavery.
- Continued to roll-out supplier communication and verification platform to ensure that 95% of suppliers have confirmed acceptance of Marshalls Supplier Code of Conduct, including Modern Slavery.
- Continued to develop supplier education partnership opportunities with 50% of those identified as high risk through our modern slavery risk mapping activity.
- Engaged in proactive modern slavery education programmed with those suppliers who have raised issues or concerns.
- Have provided 7 pieces of direct intelligence to local law enforcement in the UK as a result of approved installer register modern slavery training.
- Played an active role in the development of a cross-sectoral India programme within the ILO IPEC Child Labour Platform.
- Actively engaged in the GLAA Construction Protocol Platform.
- Launched Marshalls Power of Logistics initiative and made this available to other organisations who wish to use it.
- Published modern slavery risk mapping for 100% of our business operations and supply chain.
- Undertaken supply chain mapping for 60% of the highest risk supply chains, by volume.
- Acted on an external ethical auditing and modern slavery risk mapping programme which covers 30% of the supply chain identified as high risk.
- Have in place a process of remediation and support for 50% of supply chains identified as high risk by volume of product.
- Actively engaged with UK and overseas governments to address root causes of modern slavery. All of this activity is documented in our End Modern Slavery Report 2018.

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’s Modern Slavery Act 2015. These principles and commitments are now embodied in Marshalls’ Supplier Code of Conduct; M-Way. This can be accessed via the information guides section of our publications library at www.marshalls.co.uk/sustainability/publications

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 issues of supply chain management and expects those with whom it does business to do the same. M-Way specifies supplier obligations regarding modern slavery and human trafficking.

The 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:

Marshall's sustainability business model incorporates the organisation's commitments as a United Nations Global Compact (UNGC) signatory. 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 eleven years, in the FTSE4Good Index, designed to measure the performance of companies demonstrating strong environmental, social and governance practices, is vindication of Marshall's continual efforts to meet and seek to exceed globally recognised corporate responsibility standards.

“Marshalls’ fourth Modern Slavery Statement has full board approval and its wholehearted commitment to continue to lead the sector in demonstrating what can be done when an organisation fully engages with the spirit of the act and not just the letter of the law. Our entire business continues to work hard to make Marshall’s business operations and supply chains worldwide as toxic as possible to the organised criminals and those who seek to exploit vulnerable individuals, and also corporations. Our message remains strong; there is simply no place for modern slavery here.

Marshall’s entire team is engaged. We're well informed, well connected and unafraid to transparently report and share what we find. We believe firmly that human rights are everybody’s business; in fact we know it to be true, and we know that this means not just here in the UK where our business operations are, but overseas in our global supply chains. You will see from our raft of modern slavery information and our longstanding collaborative efforts and commitments that we're absolutely serious about knowing all that we can about where there are risks and to taking appropriate action. This Modern Slavery Statement is part of a suite of information, all published transparently online, about our activities to implement section 54 of the Modern Slavery Act; Marshalls End Modern Slavery Report 2019 and Marshalls Modern Slavery Risk Mapping 2019.”

Martyn Coffey, CEO, Marshalls plc
31st May 2019

Marshalls Modern Slavery Country Profiling 2019

Marshalls Modern Slavery Country Profiling 2019
How we do business

Marshalls is the UK’s leading hard landscaping manufacturer supplying superior natural stone and innovative concrete products to the construction, home improvement and landscape markets since the 1890s.

Our capital

Financial
We have a strong balance sheet and a conservative capital structure. An efficient portfolio of fixed facilities, with extended maturities, provides prudent headroom. We target a net debt to EBITDA ratio of 0 – 1 times over the business cycle.

Business
We have national coverage and sustainable operations across a national network of manufacturing sites. We have long standing relationships with customers and suppliers and a diverse product range covering a number of end markets.

Intelectual
We have an innovation built on transparency and long-standing core values. Marshalls is a Superbrand underpinned by efficient, well- invested plants with high skills and expertise. We focus on innovation and strong R&D and IP.

Natural resources
Marshalls has extensive reserves of UK natural stone. Strong supply chain relationships ensure the ethical sourcing of natural stone from India, China and Vietnam.

Human
The Group has an experienced workforce of 2,700 employees with specialist skills and a high level of engagement.

Technology
We are accelerating the development of our digital strategy to enhance service and the overall customer experience, and to improve operational efficiency and communication.

Social and relationships
We have strong stakeholder relationships through collaborative dialogue and recognises, industry bodies and regulators. Our stakeholder relationships are underpinned by a focus on responsible business which is a key part of the Marshalls culture.

Our business

Sourcing
The Group’s main raw materials are cement, sand, aggregates, pigments, fuel oil and utilities. We use the best materials we can source.

Related risks
• Micro-economic and political
• Security of raw material supply
• Cyber security risks
• Environmental
• Ethical

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

Related risks
• Competitive activity
• Threat from new technologies and business models
• IT infrastructure
• Legal and regulatory

What makes us different?

Sustainability
• Commitment to producing new quality products that are better than any existing market offering
• Development of a digital strategy

Innovation
• Benchmark for excellence, widely regarded as a leader in its field
• Marshalls is one of Britain’s strongest Superbrands
• Sustainability credentials

Customer service
World-class Manufacturing, Innovation and Development team
• Skilled engineers and technicians
• Broad range of products

Quality
• New and innovative products
• Patent protection
• Machinery design and installation

Our core values:

Leadership
• Looking ahead and setting the direction for others to follow
• Taking responsibility for our actions
• Taking collective responsibility for making things happen
• Being role models and acting with integrity at all times

Excellence
• Being ambitious and challenging complacency
• Making good on our commitments
• Being experts in what we do
• Seeking continual improvement and demanding high performance

Outcomes

Shareholders
Progressive dividend policy, targeting 2 times dividend cover supported by non-recurring and discretionary supplementary dividends.

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

Related risks
• Macro-economic and political
• Weather
• Cyber security risks
• Competition activity
• Legal and regulatory

Capital structure
We have a strong balance sheet and a conservative capital structure.

Dynamic business model
Our business model is constantly developing through collaboration with customers and feedback from stakeholders. Our customer-focused investment in digital technology is transforming the customer experience and advancing the business model.

Sustainability
• We have a reputation built on transparency and long-standing core values.

Our Strategic report

Strategic objectives

• Shareholder value
• Sustainable profitability
• Relationship building
• Organic expansion
• Brand development
• Effective capital structure and control framework

Risk Management and Principal Risks

• Stakeholder Engagement
• Growth Markets
• Our Strategy
• Key Performance Indicators
• Risk Management and Principal Risks

Annual Report and Accounts 2018

Marshalls Modern Slavery Country Profiling 2019
Marshalls classifies its suppliers in the following manner:

1) Goods for resale, e.g. natural stone.
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 – due diligence, ethical auditing, modern slavery risk assessments, supplier engagement, modern slavery and human trafficking risk mapping - 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.

Our primary area of focus continues to be Goods for Resale specifically from India, Vietnam, China and Europe. The chart below shows modern slavery country risk mapping alongside percentage of Marshalls goods for resale and assists us in identifying high risk supply chains.

**STAGE 1**

**STAGE 2**

**STAGE 3**
Third Party Auditing & Modern Slavery Risk Mapping resulting in a clear corrective action plan if necessary.

**STAGE 4**
Detailed Human Rights Impact Assessment monitoring and reporting which is then incorporated into decision making, 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, a clear Human Rights Impact Assessment and Modern Slavery Risk Mapping.

Marshalls Modern Slavery Risk Mapping processes assists us in identifying the risks of modern slavery within the countries from where we source goods.
Marshalls also undertake, produces and shares transparently Modern Slavery Country Risk Profiles for all of its sourcing countries as part of our risk mapping and due diligence processes. These profiles map modern slavery drivers as follows: rule of law and resilience to corruption; labour rights; government efforts to combat human trafficking; gender equality; protection of children from exploitation; education, health and standard of living; and access to banking. This section of our statement shows profiles for the UK, India, Vietnam & Turkey. The full range of Modern Slavery Country Profiles and Modern Slavery Risk Mapping regarding procurement categories accompanies Marshalls full suite of modern slavery and human trafficking documentation and can be found by clicking ‘Read More’ on our home page next to our Modern Slavery Statement.
Given the complexities of addressing the issues of modern slavery in supply chains much of our focus during 2018/19 has continued to be on India and Vietnam. We plan to continue to develop our work in India and Vietnam during 2019/20, expand this to include Europe during the same period, and to address China during 2019. 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. M-Way, 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 M-Way.

Marshalls has a process for the ongoing management/verification of its supply chains which seeks to evaluate and address risks of human trafficking and slavery in all areas of procurement. These now include: the organisation’s supplier code of conduct, M-Way; a regular programme of announced ethical audits undertaken by third party organisations; a programme of modern slavery risk mapping – announced and investigative/undercover - for high risk supply chains; regular - announced and unannounced - supply chain evaluation by Marshalls’ sustainability and procurement teams; human rights impact assessments programme; bi-annual children’s rights and business principles audits; weekly in-country 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 has audit rights in many of its supply contracts, which permit the organisation to audit a supplier’s compliance under the terms of the contract. This now extends to encompass modern slavery. Under Marshalls’ contractual rights to audit its suppliers, we conduct routine audits or assessments of supplier performance. All of Marshalls’ procurement team have undergone intensive modern slavery training, delivered by our anti-slavery partner Hope for Justice, and our assessment methodologies now include assessments of human trafficking and slavery risks and indicators. In addition Marshalls’ external independent ethical auditor and our anti-slavery partner have undertaken a simultaneous supply chain visit in India. As a result a cohesive and rigorous programme of ethical auditing and modern slavery risk mapping is being developed for high risk supply chains.

Marshalls has reserved the right to investigate instances of non-compliance with M-Way, 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 M-Way, 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 supplier 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 should be read in conjunction with this Modern Slavery and Anti Human Trafficking & Policy Statement and are available online at http://www.marshalls.co.uk/our-policies: Anti-Bribery Policy; Human Rights Policy; Children’s Rights Policy; Social Investment Policy.


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’ contractors are subject to the terms of all contracts with the organisation, including obligations to comply with M-Way. Marshalls reserves its contractual rights to terminate relationships with a supplier or contractor.

### 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 & MODERN SLAVERY COUNTRY RISK MAPPING**

Marshalls has again undertaken for the second time, and will do so annually, desk-based due diligence and modern slavery risk mapping for all sourcing countries and has analysed the percentage of goods for resale procured. This has enabled us to identify high risk supply chains and to prioritise our activity regarding modern slavery. You can see the full extent of our risk mapping in the reports section of our website.

**STAGE 2: INITIAL SUPPLIER VISIT AND AUDIT**

Supplier visits and audits are undertaken. This information is currently for internal consumption only but is subject to an internal audit process by KPMG annually and verification by BRE during the Ethical Labour Standards annual auditing process.

**STAGE 3: THIRD PARTY AUDITING & MODERN SLAVERY RISK ASSESSMENTS**

We currently have an annual programme of ethical auditing and modern slavery risk assessments. This remains work-in-progress as we continue our modern slavery journey. Again, whilst this is currently for internal consumption only it is subject to third party scrutiny by KPMG, BRE & ETI.

**STAGE 4: DETAILED HUMAN RIGHTS IMPACT ASSESSMENT AND ASSOCIATED HUMAN RIGHTS PROGRAMME**

Following a comprehensive supply chain modern slavery mapping exercise we are working together with our anti-slavery partner to develop appropriate anti-slavery programmes in both India and Vietnam. In conjunction with our anti-slavery partners we are also developing appropriate awareness raising and prevention programmes aimed at the wider communities, victims of slavery in the broadest sense, and working with multiple partners in India and Vietnam to develop expanded to include other high risk sourcing countries moving forward.

### 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.
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.

Since our 2017 statement Marshalls has continued to: (1) mapped its activities in relation to these classification areas; (2) further identified high risk areas within its business and supply chain; (3) communicated developments in procedures; (4) together with appropriate third parties developed protocols which respond to the needs of victims of modern slavery in the UK, and (4) committed to reporting transparently on any and all instances of modern slavery identified within its business and supply chains. Details of this activity are documented in our ‘End Modern Slavery Report 2019’ which will accompanies this Statement and is made available in the reports section of our website. Additionally, readers can also view our modern slavery risk mapping rationale and country profiles, aalso available on our website.

### 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 remains committed to supporting 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 the organised criminals engaged in modern slavery and human trafficking. Since our last statement the organisation has done this by:

- Continuing a programme of internal awareness throughout UK business operations involving all employees regarding modern slavery; what it is, who it affects and why it matters to Marshalls. This has included online & face-to-face training, the training and introduction
of strategically placed Marshalls Modern Slavery Ambassadors and ongoing communications.

- Ensuring that all relevant employees involved directly in supply chains and procurement have undertaken training regarding modern slavery.

- Ensuring that all suppliers have received and understood Marshalls’ position regarding modern slavery via an independently managed traceable process.

- Actively developing our due diligence, human rights programme and external auditing process in relation to identified high risk areas within our 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, law enforcement agencies, customers, civil society, and young people.

- Monitoring of all related activity using UNGC Principles and the ETI Base Code.

- Annually revising our Supplier Code of Conduct – M-Way – which can be accessed in the information guides section at https://www.marshalls.co.uk/sustainability/document-library

Marshalls promised to report against all of these activities in 2018. Details of this activity will be documented in our ‘End Modern Slavery’ Report which will be published in June and made available in the reports section of our website - https://www.marshalls.co.uk/sustainability/document-library

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 continue throughout 2019. This activity has included: 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 are required to undertake training regarding issues of legal compliance, including modern slavery and human trafficking. Marshalls also 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. This is currently done via our ‘Group Learning Zone’ and in person. In 2017 we launched our internal Business & Human Rights Yammer platform which focuses upon modern slavery in relation to business operations. 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. Further work will be done during 2018 to ensure that all employees and temporary workers will be trained at induction about our policies regarding modern slavery and trafficking within a sustainability, ethical business and human rights context.

During 2019 Marshalls will continue its internal awareness campaign regarding modern slavery. This 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, specific training for the logistics team, 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 continue to receive high level briefings on human rights issues including modern slavery and human trafficking via the Business & Human Rights Yammer Platform. They are also required to undertake the training programme regarding modern slavery and human trafficking.

Marshalls has further developed clear KPIs regarding modern slavery within each of six focus areas. You can find these below. We will report on each of these in next years’ statement.

Marshalls will update and publish this Modern Slavery and Anti Human Trafficking Policy Statement annually.