



# Marshalls

*Creating Better Landscapes*

UNITED NATIONS GLOBAL COMPACT  
COMMUNICATION ON PROGRESS 2011







# Marshalls

*Creating Better Landscapes*



The United Nations Global Compact (UNGC) was launched in 2000 to harness the power of collective action in the promotion of responsible corporate citizenship. The Compact is a framework for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

As the world's largest global corporate citizenship initiative, the Global Compact is concerned with demonstrating and building the social legitimacy of business and markets. Marshalls plc became a signatory of the UNGC in January 2009 and a member of the UK Network later the same year.

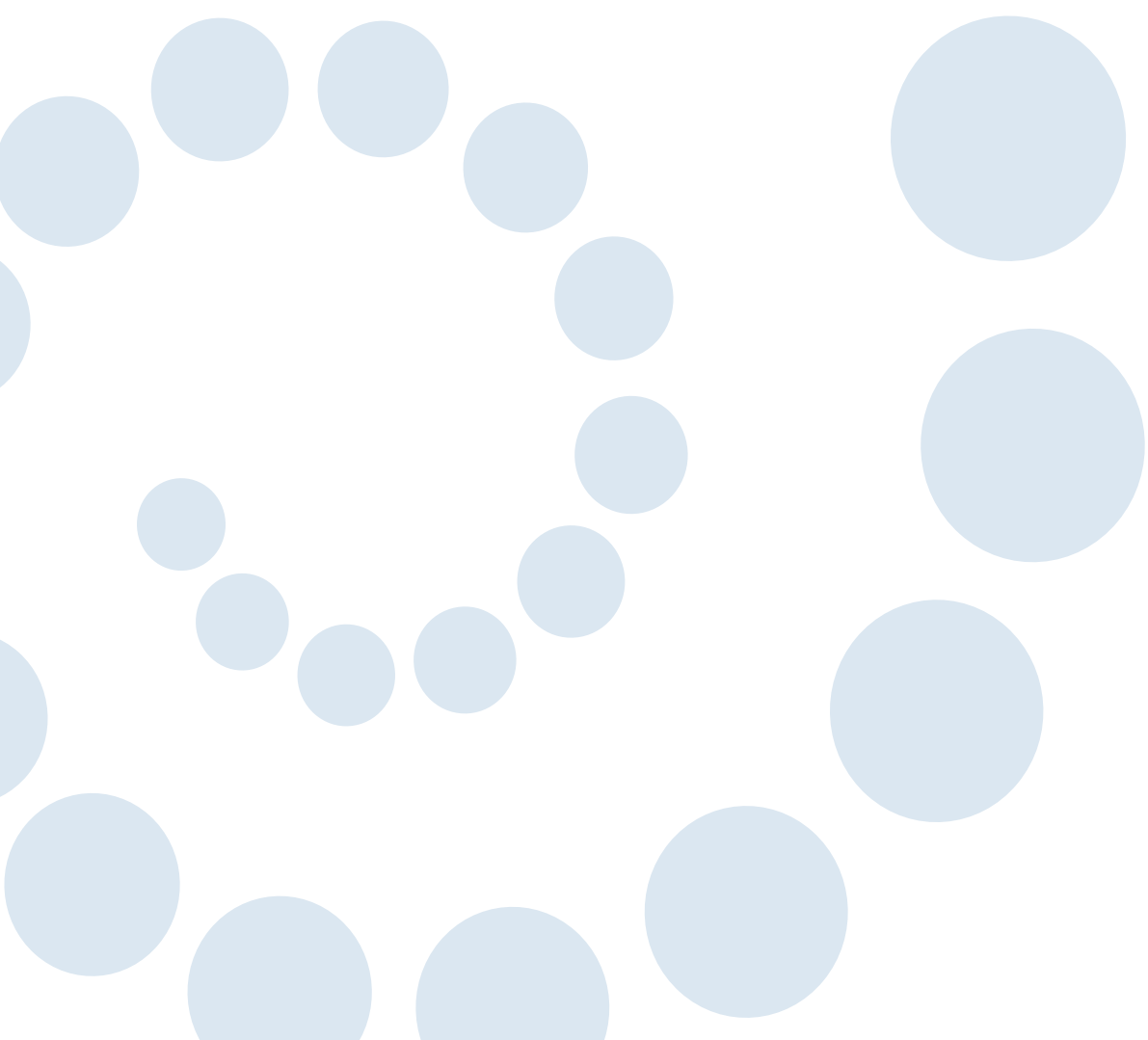
The Global Compact is a purely voluntary initiative with two objectives:

- 1 To mainstream the ten principles in business activities around the world;**
- 2 To catalyse action in support of broader UN objectives, such as the Millennium Development Goals.**

The UNGC is not a regulatory instrument, but rather a voluntary initiative that relies on public accountability, transparency and disclosure to complement regulation and to provide a space for innovation and collective action.

This is the Company's third Communication on Progress and outlines how Marshalls is aligned with the ten principles and how, throughout 2012, the plc intends to develop its activities in support of the framework laid out by the UNGC.





## UNGC TEN PRINCIPLES

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### Human Rights

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**Principle 1:**

Businesses should support and respect the protection of internationally proclaimed human rights;

**Principle 2:**

Make sure that they are not complicit in human rights abuses.

### Labour

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**Principle 3:**

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:**

The elimination of all forms of forced and compulsory labour;

**Principle 5:**

The effective abolition of child labour;

**Principle 6:**

The elimination of discrimination in respect of employment and occupation.

### Environment

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**Principle 7:**

Businesses should support a precautionary approach to environmental challenges;

**Principle 8:**

Undertake initiatives to promote greater environmental responsibility; and

**Principle 9:**

Encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

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**Principle 10:**

Businesses should work against all forms of corruption, including extortion and bribery.

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# STATEMENT OF SUPPORT FOR THE UNGC

## GRAHAM HOLDEN, MARSHALLS CEO



Graham Holden, Marshalls' CEO, Princes Ambassador, Chairman of The Yorkshire & Humber Regional Advisory Board of Business in the Community

The UNGC continues to be the key driver of corporate responsibility and sustainability and has become *the* international standard. Many organisations have long since grasped the importance of the ten principles, Marshalls among them. Throughout 2012 these principles will continue to act as a guide, an inspiration and an aspiration as business across the UK and across the globe assume their positions as agents for positive change in relation to all aspects of sustainability.

With a new congruence between the objectives of the international community and those of the business world there is a unique opportunity through Rio +20 in June 2012 to scale up the promising solutions that corporations have to offer. Marshalls is engaged in this process and wholly committed to common goals, such as building markets, combating corruption, safeguarding the environment and ensuring social inclusion.

As sustainable business operations, ethical corporate behaviour and 'moral capitalism' remain topics of discussion at all levels of society, Marshalls will continue to drive forward its commitment to the UNGC guided by its own longstanding values of trust, honesty and integrity.

This report outlines the strides that our business has made, the work that is underway and the long terms plans which are already in action. I look forward to updating you again next year regarding Marshalls' contribution to corporate sustainability in the world economy.

(March 2012)

# FOREWORD AND FOCUS FOR 2012

## CHRIS HARROP, MARSHALLS GROUP MARKETING DIRECTOR



Chris Harrop, Marshalls' Group Marketing Director, (Responsible for Sustainability), UNGC UK Network Advisory Committee, ETI Non-executive Director

A warm welcome to all readers of Marshalls' third Communication on Progress (COP) detailing work that has been done, lessons learned and the advances made during 2011.

It is important to state that the leadership, education, dialogue & learning, facilitation and specialised work streams offered by the UNGC UK Network continues to be a massively important aspect of UNGC membership for Marshalls. Of particular importance during 2011 was the joint supplier education initiative, the first of its kind in the UK, which saw a workshop event delivered to Marshalls top tier suppliers. This initiative also inspired a broader understanding and response from Marshalls' procurement team as it continues to develop its sustainable procurement approach. As we continue to implement the Leadership Blueprint programme embedding sustainability within our business continues to be an important and ongoing focus.

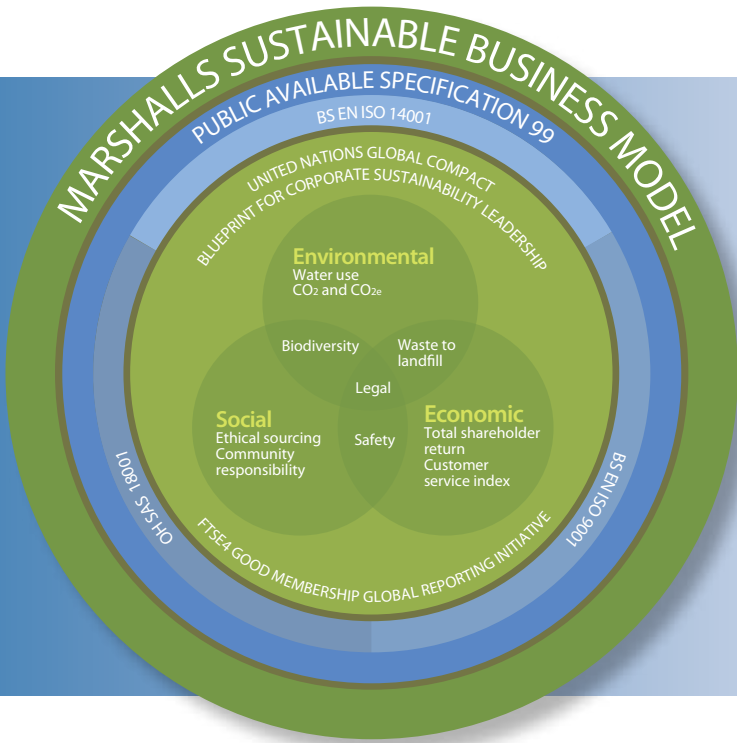
The UNGC UK Network provided excellent education, information and debate regarding anti-bribery and anti-corruption as this took centre stage during part of 2011. In response

Marshalls has worked to reiterate its stance in relation to these important matters communicating both internally and externally the expectations of the Company in this area. Marshalls' board also ratified an anti-corruption and anti-bribery policy.

Most of Marshalls' employees are aware of our involvement in the UNGC and the businesses commitment to sustainable business practice. There is an increasing understanding of how this relates to all areas of the business as the Leadership Blueprint is rolled out.

Each year many employees participate in a range of initiatives and activities during the year aimed at achieving our collective goals and commitments. This year was no exception and included a wide range of projects such as the establishment of a senior leadership group regarding sustainability, a series of educational roadshows across the business, the updating of employee ambassadors and our 60 energy champions, as well as the training of some employees as bee keepers.

# FOCUS FOR 2012 CONTINUED



Championed by Chief Executive, Graham Holden and Chief Operating Officer, David Sarti, Marshall's Sustainability Model, which may be familiar to regular readers of our COP's, incorporates our membership of the UNGC and FTSE4GOOD, and our continued commitment to Integrated Management Systems. It also reflects our active engagement in and response to the Blueprint for Corporate Sustainability Leadership. Driven by myself, Group Marketing Director, and embraced by all employees, it continues to be integral to how Marshall's harnesses its values of trust, honesty and integrity in the name of business. It is now quite simply 'how we do business'.

The three pillars of sustainability; economic, environmental and social provide focus for activity. Marshall's aims to be a successful and profitable business whilst minimising our impact on the environment and looking after the people and communities we work with, both in the UK and overseas.

An increasing number of employees throughout the business have become involved during 2011; Andy Ackroyd (Commercial Controller), Richard Capper (Energy Management Engineer), Neil Davidson (Group Corporate Social Responsibility Manager), Graham Holden (Chief Executive), Kevin Hull (Human Resources Director), Jon Isherwood (Group Procurement Director), Ian Manley (Group Environmental Conservation Adviser), David Morrell (Group Head of Sustainability), Christine Morris (Environmental Manager), David Sarti (Chief Operating Officer), Pete Stevens (Group Carbon & Energy Manager), Steve Swanik is Systems Manager, Rachel Waugh Group Brand Manager.

The increasing involvement of key individuals is fundamental to Marshall's engagement in the Blueprint process.

In alphabetical order:



Andy Ackroyd  
Commercial Controller



Richard Capper  
Energy Management Engineer



Neil Davidson  
Group Corporate Social Responsibility Manager



Graham Holden  
Chief Executive



Kevin Hull  
Human Resources Director



Jon Isherwood  
Group Procurement Director



Ian Manley  
Group Environmental Conservation Adviser



David Morrell  
Group Head of Sustainability



Christine Morris  
Environmental Manager



David Sarti  
Chief Operating Officer



Pete Stevens  
Group Carbon & Energy Manager



Rachel Waugh  
Group Brand Manager

These employees work alongside those with special responsibilities including; Group Head of Sustainability, David Morrell, Group Corporate Social Responsibility Manager, Neil Davidson and Group Procurement Director Jon Isherwood.

Marshall's progress is monitored thoroughly and on an ongoing basis against both internal and external measures. As a matter of course Marshall's seeks verification from third party organisations which include non-governmental organisations and independent auditors. These include The Carbon Trust, BSI, Wild Life Trust, ETI & BITC. We also work particularly closely with Indra Saxena regarding social issues in India and Sterling Smith of Just Solutions Ltd.

During 2012 we have committed to an internal education programme which will allow us to implement the Global Reporting Initiative (GRI) moving forward. GRI is the preferred

reporting methodology for UNGC participants and will allow Marshall's to chart its progress and benchmark against other international organisations. It will also provide even greater transparency regarding the Company's activities.

I'm thrilled to be able to report that during 2011 Marshall's retained its Superbrand status for the third year running, a feat which we are particularly proud of given the challenging climate.

Throughout this, our third Communication on Progress, we want to share with you the strides that we have made to uphold the UNGC principles during 2011 and our enduring commitment as we move throughout 2012 and what promises to be another challenging year.



# FOCUS FOR 2012 CONTINUED

As you read through this report you will see that we have set targets for each area of activity in relation to the UNGC principles. I wanted to draw your attention here to four exciting programme areas for further development during 2012. The CEO Water Mandate, GRI, Procurement for Sustainability and Children's Rights & Business Principles, each of which is featured later in this COP.

It is also important to acknowledge here the importance of the United Nations Conference on Sustainability.

## The CEO Water Mandate

Marshalls is working towards becoming a signatory of this UNGC special project, The CEO Water Mandate. This is an initiative by business leaders in partnership with the international community and its structure covers six key areas in a comprehensive approach to water management. Commitment to The CEO Water Mandate will assist in the development of Marshalls' current water management approach to flooding, water quality and drought throughout 2012.



World leaders will convene at the UN Conference on Sustainability - known as Rio +20, in Brazil on the 20 – 22 June 2012 – to build consensus on a more sustainable course for our world. The private sector has a critical role to play in this endeavour through progressive and promising work which is already underway and by making significant and lasting solutions. This unique focus for 2012 serves to strengthen Marshalls' committed to achieving corporate sustainability.

<http://www.uncsd2012.org/rio20/index.html>

## Embracing & Embedding Global Reporting Initiative (GRI)

In early 2012 Marshalls committed to Global Reporting Initiative monitoring and reporting. Reporting covers economic, environmental, social, human rights, society & product responsibility. It will complement current monitoring and reporting methodology and procedures, is transparent and will further assist stakeholders in assessing Marshalls performance.



## Procurement for Sustainability

The further development and embedding of Marshalls' Sustainable Procurement Strategy is of key importance for 2012. This process has built upon Marshalls existing procurement policy which clearly defines the organisations position regarding issues of responsible sourcing, ETI Base Code, UNGC principles, anti-corruption and anti bribery.



## Children's Rights & Business Principles

Following the recent launch of The Children's Rights & Business Principles by Save the Children, UNGC and UNICEF, Marshalls is committed to embedding the principles and utilising the comprehensive framework for understanding and addressing the impact of its business on the rights and well-being of children. Working with business and NGO partners in the UK and overseas, and building upon its Human Rights Impact Assessment process, the organisation will review its impact on children in terms of the market place, work place, community and environment.

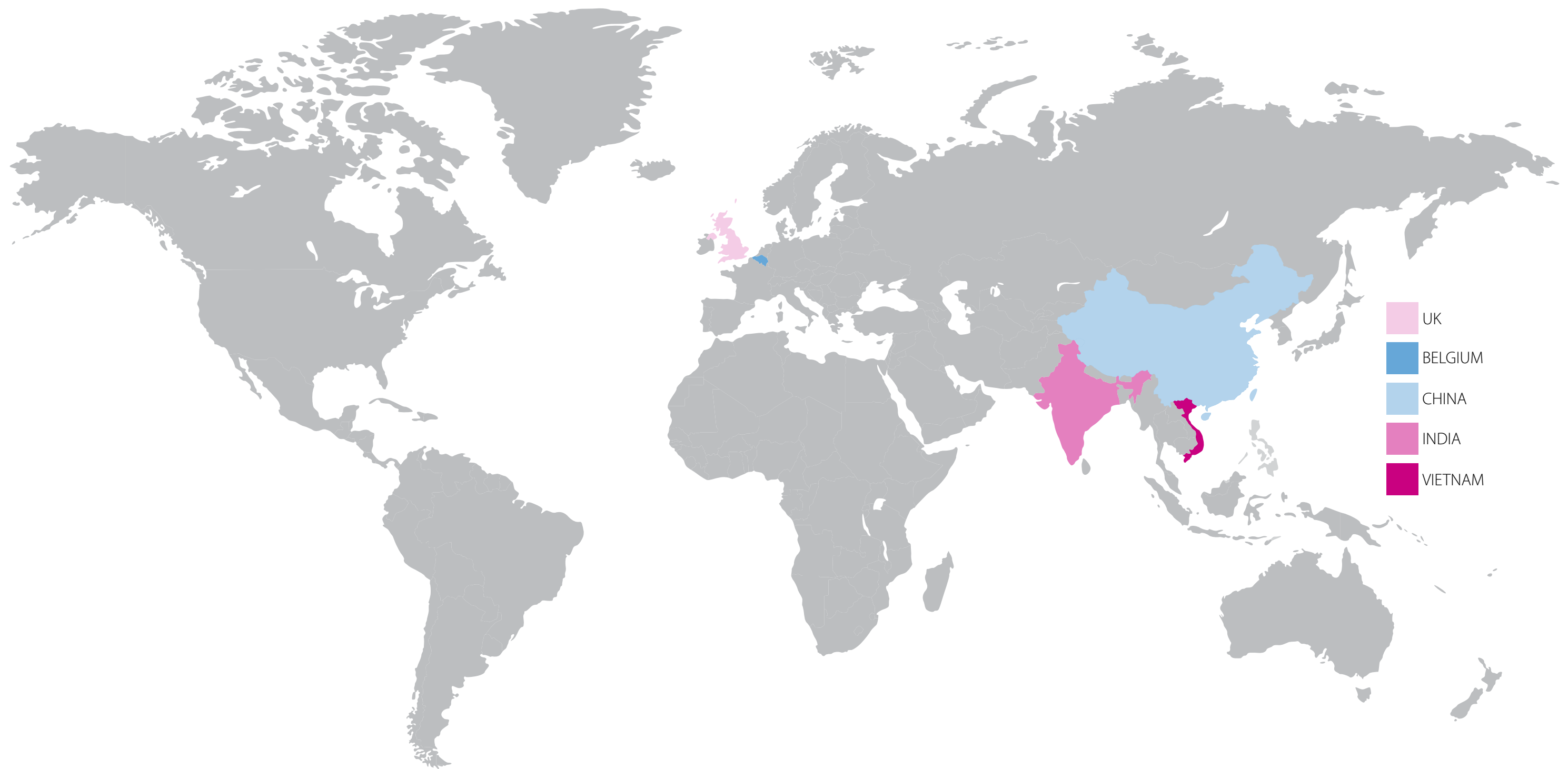


  
(March 2012)

Chris Harrop,  
Group Marketing Director,  
Marshalls plc

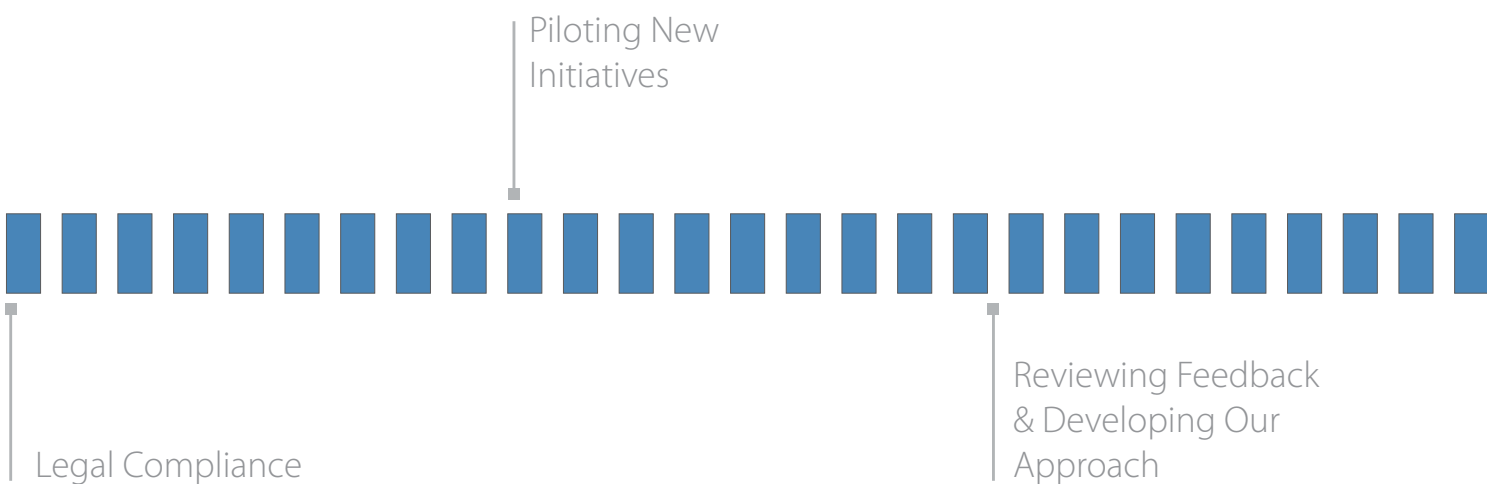
# SCOPE OF OPERATIONS

WORLDWIDE





# ACHIEVEMENT INDICATORS



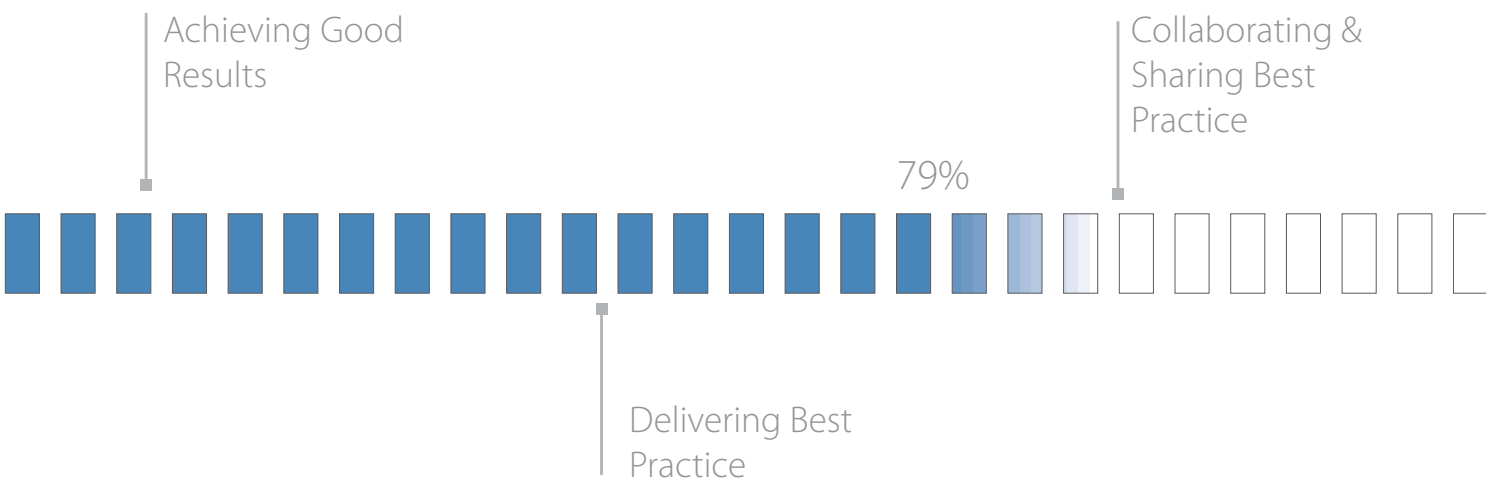
- Collaborating & Sharing Best Practice
- Delivering Best Practice
- Achieving Good Results
- Reviewing Feedback & Developing Our Approach
- Piloting New Initiatives
- Legal Compliance

Throughout this and all previous Marshalls Communication on Progress you will find a self assessment indication which represents what Marshalls believes it is achieving in relation to each of the principles. Marshalls will strive to improve its achievements year-on-year.

Marshalls initially developed its own indicators for its COP reporting rather than use an existing one, such as the Ethos Indicators and Global Reporting Initiative (GRI) methodology. Whilst it is Marshalls intention to introduce GRI methodology in subsequent COP reports it has left its own indicators in place for this 2011 report.

Each indicator is broken down in percentage terms, which allows any progress made to be identified by all readers of this report with ease. It is also intended to make any year-on-year comparisons clear, uncomplicated and informative.

Marshalls constantly monitors best practice in its sector, as well as in the field of corporate responsibility and sustainability reporting. Any informative developments and advancements in this area will be introduced into subsequent COP reports.



## Global Reporting Initiative (GRI)



The GRI is a framework for reporting on an organisations economic, environmental and social performance

The goal of sustainable development is to 'meet the needs of the present without compromising the ability of future generations to meet their own needs.' (1) As key forces in society, organisations of all kinds have an important role to play in achieving this goal.

*'The urgency and magnitude of the risks and threats to our collective sustainability, alongside increasing choice and opportunities, will make transparency about economic, environmental, and social impacts a fundamental component in effective stakeholder relations, investment decision, and other market relations. To support this expectation, and to communicate clearly and*

*openly about sustainability, a globally shared framework of concepts, consistent language, and metrics is required. It is the GRI's mission to fulfil this need by providing a trusted and credible framework for sustainability reporting that can be used by organisations of any size, sector, or location.'* (2)

Key executives, managers and individuals have undergone GRI accredited training and have formed a working party responsible for the delivery of GRI monitoring and reporting moving forward. Marshalls 2012 COP will contain GRI disclosures regarding economic, environmental, social – labour practices and decent work – human rights, society and product responsibility.

(1) World Commission on Environment and Development. Our Common Future. Oxford: Oxford University Press, 1987, p.43

(2) GRI Sustainability Reporting Guidelines, 2011, p.2

# THIRD PARTY ASSURANCES

Once this report is submitted to the UNGC and published online, it will be volunteered for peer-review by a randomly selected group of corporate members and observers of the UK Network of the UNGC. Any suggested changes will be made and the report will be re-submitted, if required, to the UNCG following the peer review process.

As indicated in the 2010 COP Marshalls has sought to extend stakeholder engagement in the COP process by inviting feedback from employees, customers, suppliers, partners, NGOs, third parties and peers.

Marshalls looks forward to receiving comments from its wide range of stakeholders. Details of where to submit feedback via a dedicated survey can be found at the end of this report.

# BRAND MANIFESTO

## The Marshalls Brand Manifesto.

We are all influenced by our environments and the better our environment the better we can be.

Marshalls believe that we all need places that make us feel safer, happier and more sociable. Places to be ourselves, where we can live, play, create and grow. That belief drives us to be the best we can be. To design and produce new products which are better than anything else available. To make them from the best materials we can source and to care about the impact that our company and its products have on our society.

Above all, **our belief fuels the passion on which Marshalls is built.**

To architects, town planners, civil engineers, builders merchants, paving installers and home owners, we pledge a passion to bring to life all that you can imagine. A passion that will enable you to breathe new life into those corners of the landscape where potential lies unfulfilled and unchallenged.

**Our passion pervades everything we do.** We use our expertise to create integrated landscapes which promote wellbeing to the benefit of everyone. So, whether it's through fairly traded stone, providing products which alleviate flood risks, enabling our business partners to share in our success or creating innovative street furniture that protects us from attack, we proudly strive **to make our world a better place.** One stone, patio, pavement, town square or car park at a time.

 **Marshalls. Imagine Better**



During 2010 Marshalls underwent a process of brand development and evolution. A key element of this involved the emergence of a brand manifesto which reflects our strategy of maximising benefits and clearly states to all of the organisation's stakeholders the collective mission, beliefs and drivers.

The 2010 brand evolution firmly captures the organisation's desire to engage in creating and sustaining better landscapes by engaging in creative and innovative solutions to some of society's most pressing issues.

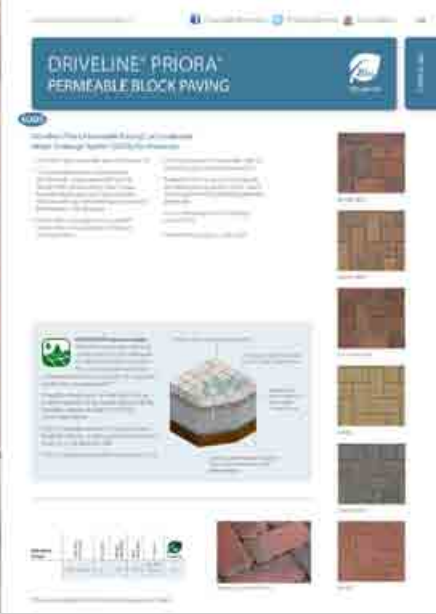
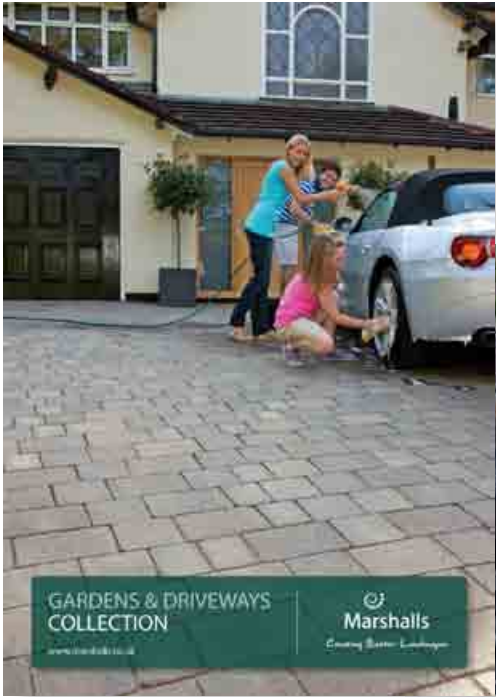
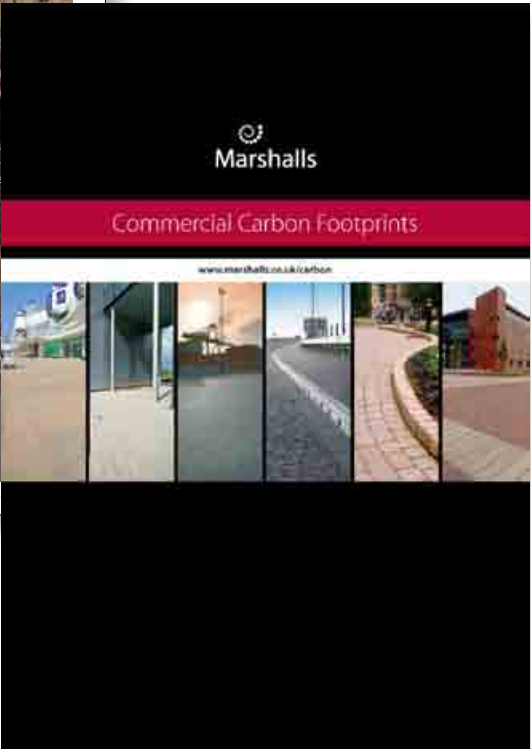
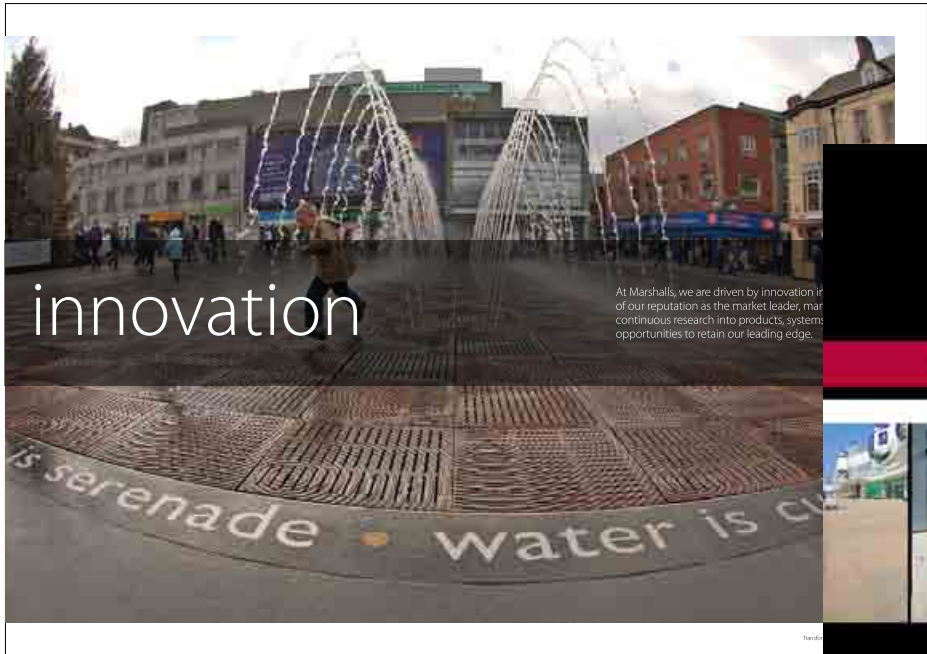


# MARSHALLS THE SUPERBRAND

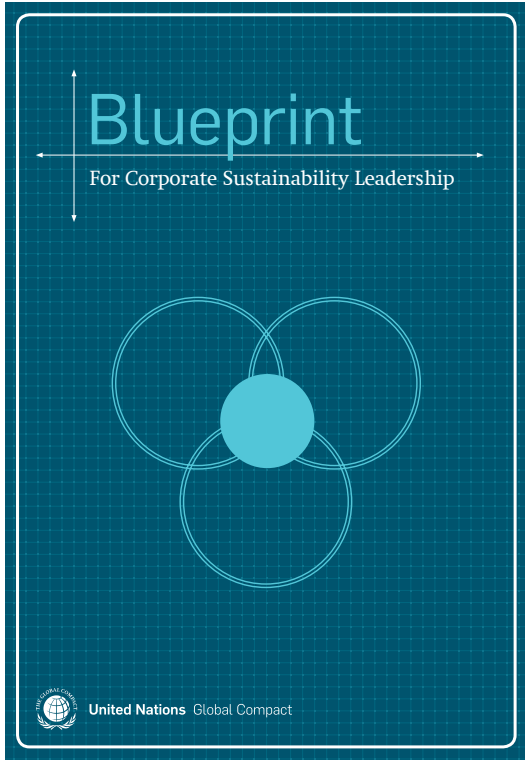
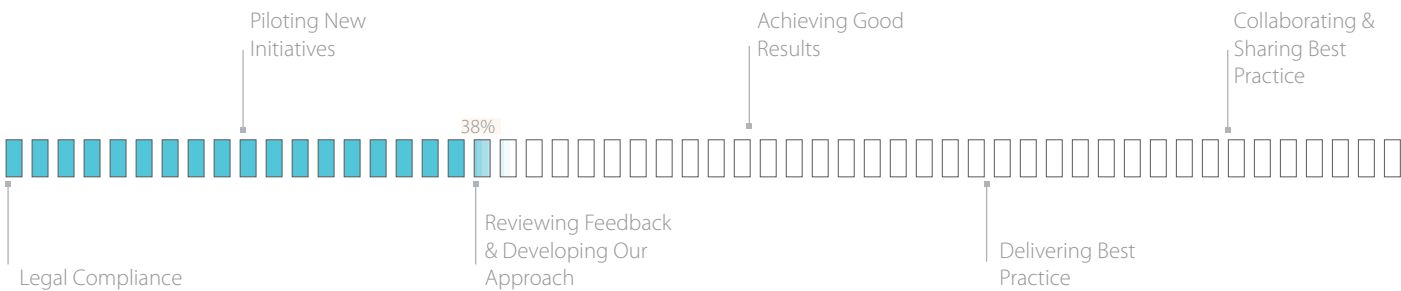
Marshalls is proud to have retained its Superbrand status during 2012. Published annually since 1995 the Superbrands Annual documents some of the strongest consumer and business-to-business brands in Britain today. The book establishes how Superbrands manage to achieve outstanding success.

For clarity it is worth stating that brands can not apply or pay to be considered for Superbrand status. Only following a rigorous and independent selection process is the accolade awarded on an annual basis.

The 2012 Superbrand book provides insights into Marshalls' branding strategy and business success. Further information can be found at [www.superbrand.uk.com](http://www.superbrand.uk.com)



# LEADERSHIP BLUEPRINT



The UNGC Blueprint for Corporate Sustainability Leadership document can be found at [http://www.unglobalcompact.org/docs/news\\_events/8.1/Blueprint.pdf](http://www.unglobalcompact.org/docs/news_events/8.1/Blueprint.pdf)

Marshalls continues to demonstrate that it is a leader in its field and stated in 2010 that it recognised that Blueprint for Corporate Sustainability Leadership offered a model for achieving even higher levels of performance and generating enhanced value through the UNGC.

The 2010 COP detailed the elements of the Blueprint together with why and how Marshalls has engaged. Please see last years' COP for more detailed information ([www.marshalls.co.uk/sustainability/publications](http://www.marshalls.co.uk/sustainability/publications)) and also the UNGC's own Blueprint document: [http://www.unglobalcompact.org/docs/news\\_events/8.1/Blueprint.pdf](http://www.unglobalcompact.org/docs/news_events/8.1/Blueprint.pdf)

Engaging in the Blueprint process has allowed Marshalls to effectively assess progress with respect to its commitment, strategy, implementation and communications as the organisation ascends the learning performance curve.

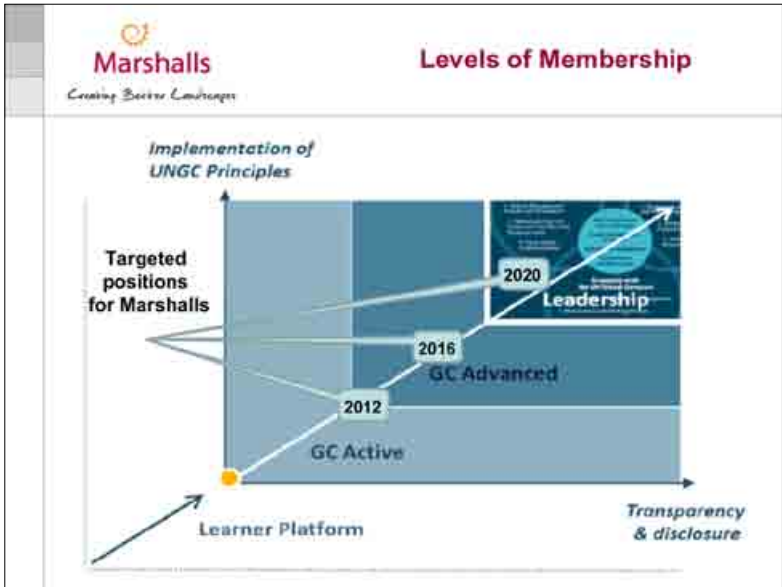
**The Blueprint has been developed:**

- To challenge and inspire companies to achieve higher levels of sustainability performance within the UNGC; and
- To evolve the UNGC and its engagement opportunities to deliver more value to leading participants.

Marshalls will continue to work towards realising the elements within the Blueprint as identified in the targets for 2012. The organisation remains realistic that this will be a long term commitment.



Key Dimensions and Components of Leadership – taken from the UNGC Blueprint document.



Marshalls target position to 2020 and beyond demonstrates the long term nature of its commitment.



# LEADERSHIP BLUEPRINT

Moving forward Marshalls will work towards realising elements within the Blueprint as identified in the targets for 2012. The organisation is realistic that this will mean a long term commitment.

In order that readers have a full understanding of this commitment we have reproduced here the Corporate Action Plan from within the UNGC Blueprint for Corporate Sustainability Leadership.

## Realising the Blueprint: Corporate Action Plan

### Implementing the Ten Principles into Strategies and Operations

#### Full Coverage and Integration Across Principles

- Implement all the ten UN Global Compact principles into strategies and operations.
- Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs.
- Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts.

#### Robust Management Policies and Procedures

- Assess risks and opportunities on an ongoing basis at both enterprise and product level and undertake due diligence to ensure that the company identifies any negative impacts caused by its operations and activities.
- Develop strategies and policies specific to the company's operating context – as well as scenarios for the future - and establish measurable short, medium, and long term goals.
- Engage and educate employees through

training activities, the development and adjustment of business processes, and sound incentive schemes.

- Implement a system to track and measure performance based on standardized performance metrics.

#### Mainstreaming into Corporate Functions and Business Units

- Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) and ensure that no function is operating in conflict with sustainability commitments and objectives of the company.
- Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.
- Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.

#### Value Chain Implementation

- Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.
- Communicate policies and expectations to

suppliers and other relevant business partners.

- Implement monitoring and assurance mechanisms within the company's sphere of influence.
- Undertake awareness-raising, training and other types of capability building with suppliers and other business partners.

### Taking Action in Support of Broader UN Goals and Issues

#### Core Business Contributions to UN Goals and Issues

- Align core business strategy with one or more relevant UN goals / issues\*.
- Develop relevant products and services or design business models that contribute to UN goals / issues.
- Adopt and modify operating procedures to maximize contribution to UN goals / issues.

#### Strategic Social Investments and Philanthropy

- Pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy.
- Coordinate efforts with other organizations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.
- Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.

#### Advocacy and Public Policy Engagement

- Publicly advocate the importance of action in relation to one or more UN goals / issues.
- Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals / issues.

### Partnerships and Collective Action

- Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.
- Join industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives that extend the company's positive impact on its value chain.

### Engaging with the UN Global Compact

#### Local Networks and Subsidiary Engagement

- Contribute to the building and operating of at least one UN Global Compact Local Network and help elevate performance of other companies through training, mentoring, COP peer review, etc.
- Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.
- Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.

#### Global and Local Working Groups

- Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.
- Take active part in defining scope and objectives of new working groups when relevant.

#### Issue-Based and Sector Initiatives

- Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights.
- Spearhead need-driven development of new issue-based or sector initiatives within the UN Global Compact and the wider United Nations.



### Promotion and Support of the UN Global Compact

- Advocate the UN Global Compact to business partners, peers and the general public.
- Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative.
- Participate in activities to further develop and strengthen the UN Global Compact.

### The Cross-Cutting Components

#### CEO Commitment and Leadership

- CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.
- CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards.
- CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation.
- Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.

#### Board Adoption and Oversight

- Board of Directors (or equivalent\*\*) assumes responsibility and oversight for long term corporate sustainability strategy and performance.
- Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability.
- Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).

### Stakeholder Engagement

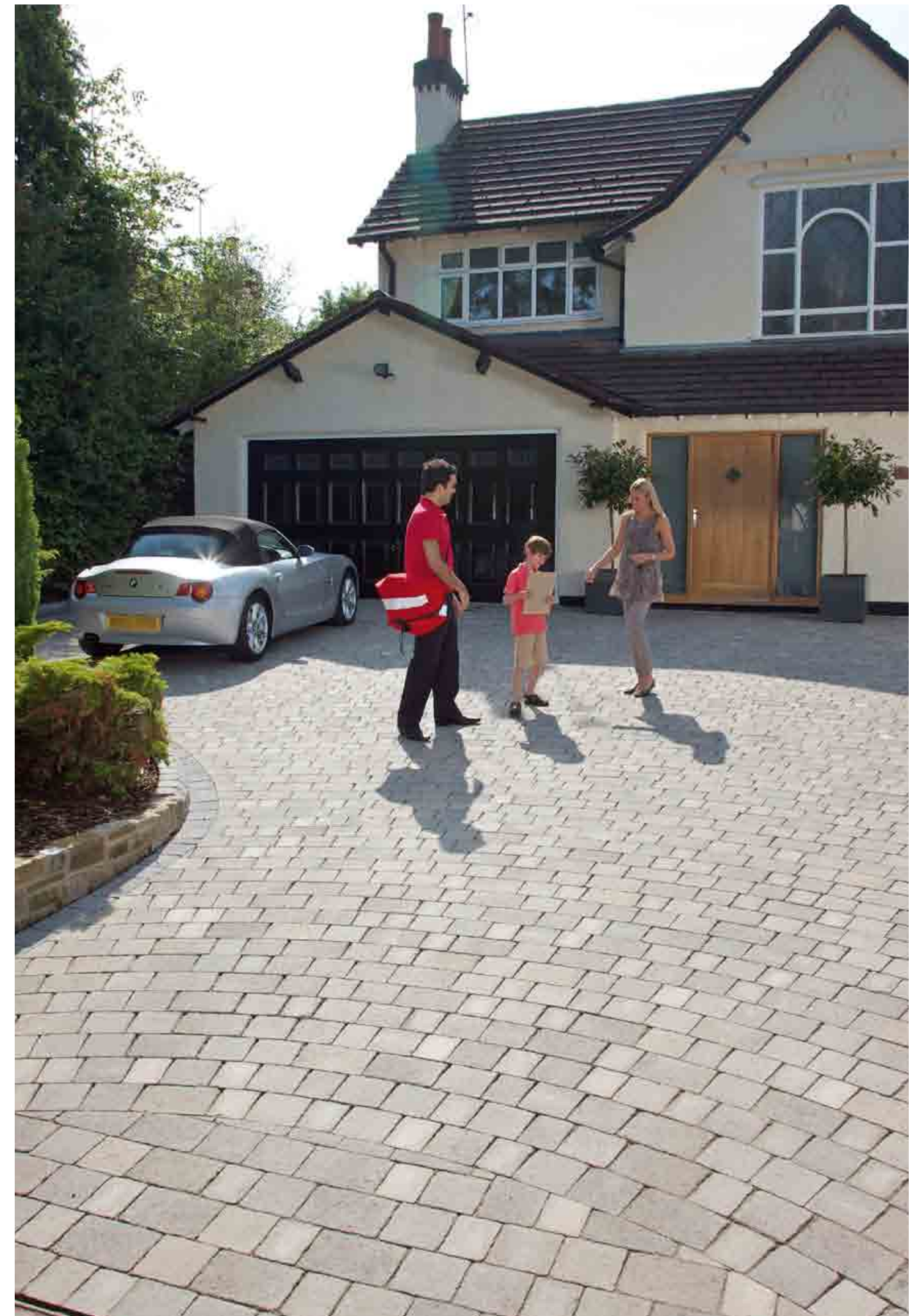
- Publicly recognize responsibility for the company's impacts on internal and external stakeholders.
- Define sustainability strategies, goals and policies in consultation with key stakeholders.
- Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.
- Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'.

### Transparency and Disclosure

- Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns.
- Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilize, where appropriate, the Global Reporting Initiative framework.
- Integrate Communication on Progress into annual financial report or publish them together.
- Secure external verification of Communication on Progress or seek other methods for legitimization by external stakeholders.

\*\* For companies without a formal Board, other governance or ownership body assumes these responsibilities

**NOTE:** Reproduced from the UNGC Blueprint document [http://www.unglobalcompact.org/docs/news\\_events/8.1/Blueprint.pdf](http://www.unglobalcompact.org/docs/news_events/8.1/Blueprint.pdf)





LEADERSHIP BLUEPRINT TARGETS 2012

Achievements 2011	Targets 2012
<b>Core Business Contribution to UN Goals and issues:</b> Aligning core business strategy with one or more relevant UN goals/issues. Developing relevant products and services that contribute to UN goals/issues. ✓	<b>Core Business Contribution to UN Goals and issues:</b> Continue to align core business strategy with one or more relevant UN goals/issues. Continue to develop relevant products and services that contribute to UN goals/issues. Adopt and modify operating procedures to maximize contributions to UN goals/issues..
<b>Strategic Social Investments &amp; Philanthropy:</b> Pursuing social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy. Taking responsibility for the intentional and unintentional effects of funding and having due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups. ✓	<b>Strategic Social Investments &amp; Philanthropy:</b> Continue to pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy. Continue to take responsibility for the intentional and unintentional effect for funding and having due regard for local customs, traditions, religions and priorities of pertinent individuals or groups. Co-ordinate efforts with other organisations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.
<b>Advocacy and Public Policy Engagement;</b> Publically advocating the importance of action in relation to one or more UN goals/issues. Committing company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goal/issue. ✓	<b>Advocacy and Public Policy Engagement;</b> Continue to publicly advocate the importance of action in relation to one or more of the UN goals/issues. Continue to commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues.
<b>Partnerships and Collective Action;</b> Developing and implementation partnership projects with public or private sector organisations on core business, social investments and/or advocacy. Joining industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with emphasis on initiatives that extend the company's positive impact on its value chain. ✓	<b>Partnerships and Collective Action;</b> Continue to develop and implement partnership projects with public or private sector organisation on core business, social investments and/or advocacy. Continue to join with industry peers, UN entities and/or the stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with emphasis on initiatives that extend the company's positive impact on its value chain.
<b>Local Networks &amp; Subsidiary Engagement:</b> Active participation in events and activities. Encourage subsidiary to engage with Un Global Compact Local Networks and to participate actively in events and initiatives. Actively participate in events and activities ✓	<b>Local Networks &amp; Subsidiary Engagement:</b> Active participation in events and activities. Encourage subsidiary to engage with UNGC Local Networks and to participate in actively in events and initiatives. Contribute to the building and operating of at least one local network and help elevate performance of other companies through training, mentoring, COP peer review, etc.

Achievements 2011	Targets 2012
<b>Global &amp; Local Working Groups;</b> Participate in relevant global or local working groups and share experiences, networks, tools and good practice with other UNGC participants. Take active part in defining scope and objectives of new working groups when relevant. ✓	<b>Global &amp; Local Working Groups;</b> Continue to anticipate in relevant global or local working works and share experiences, networks, tools and good practice with other UNGC participants. Continue to take active part in defining scope and objectives of new working groups when relevant.
<b>Issues-Based and Sector Initiatives;</b> Join and help advance one or more existing UNGC initiative; e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiatives on Human Rights. ✓	<b>Issues-Based and Sector Initiatives;</b> Advance one or more existing UNGC initiative – CEO Water Mandate, Women's Empowerment Principles.
<b>Promotion and Support of the UNGC;</b> Advocate the UNGC to business partners, peers and the general public. Encourage suppliers and other business partners to join the UNGC, and take on mentoring role on issues related to the initiative. ✓	<b>Promotion and Support of the UNGC;</b> Advocate the UNGC to business partners, peers and the general public. Encourage suppliers and other business partners to join the UNGC, and take on mentoring role on issues related to the initiative. Participate in activities to further develop and strengthen the UNGC.
<b>Stakeholder Engagement;</b> Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect whistle blowing. ✓	<b>Stakeholder Engagement;</b> Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect whistle blowing.
<b>Transparency and Disclosure;</b> Integrate the COP within the financial reporting or publish then together. ✓	<b>Transparency and Disclosure;</b> Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns. Ensure that COP covers all aspects of the Leadership Blueprint and utilize, where appropriate, the Global Reporting Initiative framework. Integrate the COP within the financial reporting or publish them together.
	<b>CEO Commitment and Leadership:</b> CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UNGC.
	<b>Board Adoptions and Oversight:</b> Board approves formal reporting on corporate sustainability.

# MILLENNIUM DEVELOPMENT GOALS

## HOW MARSHALLS IS CONTRIBUTING

The Millennium Development Goals (MDG's) are a set of time-bound targets, by which progress in reducing income poverty, hunger, disease, lack of adequate shelter and exclusion — while promoting gender equality, health, education and environmental sustainability — is being measured. They embody basic human rights — the rights of each person on the planet to health, education, shelter and security. The MDG's are ambitious and together with the

comprehensive United Nations development agenda, set the course for the world's efforts to alleviate extreme poverty by 2015.



### GOAL 1: Eradicate Extreme Poverty & Hunger

- Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day.
- Achieve full and productive employment and decent work for all, including women and young people.
- Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

### GOAL 2: Achieve Universal Primary Education

- Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

### GOAL 3: Promote Gender Equality and Empower Women

- Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

### GOAL 4: Reduce Child Mortality

- Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.

### GOAL 5: Improve Maternal Health

- Reduce by three quarters the maternal mortality ratio.
- Achieve universal access to reproductive health.

### GOAL 6: Combat HIV/AIDS, Malaria and Other Diseases

- Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
- Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it.
- Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

### GOAL 7: Ensure Environmental Sustainability

- Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
- Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.
- Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation.
- By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

### GOAL 8: Develop a Global Partnership for Development

- Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
- Address the special needs of least developed countries.
- Address the special needs of landlocked developing countries and small island developing States.
- Deal comprehensively with the debt problems of developing countries.
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- In cooperation with the private sector, make available benefits of new technologies, especially information and communications.

Marshall's position is one of actively engaging and maximising benefit; both in terms of business performance, upholding the ten UNGC principles and supporting the delivery of the MDG's. Marshall's is working in international partnerships in India & China to tackle issues of labour rights,

human rights, child labour, child education, women's empowerment and health. Marshall's will actively seek to make a positive contribution towards achieving the MDG's operating within its areas of influence to maximise impact.

### GOAL 1: Eradicate Extreme Poverty & Hunger

- Workers rights education in India.
- Fairstone® product.
- Community school development in India.
- Collaboration and education of quarry owners in India.

### GOAL 2: Achieve Universal Primary Education

- Foundation and ongoing funding for five community schools and three street schools.
- School serve x number of children.
- % girls, % boys.

### GOAL 3: Promote Gender Equality and Empower Women

- Schools in India giving % girls the opportunity for primary education % of girls moving on to further education.
- Introduction of a women's empowerment project in India in collaboration with NGO in 2012.

### GOAL 4: Reduce Child Mortality

- Vaccination programmes for children in India.

### GOAL 5: Improve Maternal Health

- Maternal health camps in India.

### GOAL 6: Combat Hiv/Aids, Malaria and Other Diseases

- AIDS/HIV education programme as part of health camps in India.

### GOAL 7: Ensure Environmental Sustainability

- CEO Water Mandate.
- Biodiversity benchmark activity.
- Water management programme.

### GOAL 8: Develop a Global Partnership for Development

- Product development
- Extending Fairstone® to China and Vietnam.



# MARSHALLS FAIRSTONE® - A VEHICLE FOR UNGC PRINCIPLE DELIVERY



Marshalls Fairstone® is an ethically sourced range of Natural Stone that has been quarried and produced in-line with a clear set of ethical values and commitments.

## FAIRSTONE® INDIA DEFINED



Marshalls Fairstone® is an ethically sourced range of Natural Stone.

Fairstone® means that Marshalls knows where its quarried Indian stone comes from, how it is manufactured and that it has been produced in accordance with a clear and unequivocal set of ethical values and commitments;

- ✓ No child labour is used
- ✓ Indian workers receive living wages
- ✓ Health & safety practices are in place

Marshalls employ a full time, field-based, Social Auditor in India who works with quarry owners and workers on a daily basis to ensure the ongoing implementation of the Ethical Trading Initiative Base Code and to monitor and report on progress. Daily contact, weekly reporting, annual third party auditing, regular quarry inspections and a third party whistle blowing procedure allow Marshalls to ensure that Fairstone® commitments are upheld.

Since 2007 Marshalls has fully funded a local NGO to provide free education to the children of quarry works and the migrant community (6 permanent schools and 6 street schools), run monthly health camps, dedicated maternal health camps and provide free medicine, undertake labour rights education, offer social security provision and to deliver women's empowerment projects.

Working in collaboration with the NGO, and consulting with the local community, Marshalls has worked to deliver a programme which has touched the lives of over 35,000 to-date. These people previously had no access to health care, schools and education.

## FAIRSTONE® CHINA DEFINED



Marshalls Fairstone® is an ethically sourced range of Natural Stone.

Fairstone® means that Marshalls knows where its quarried Chinese stone comes from, how it is manufactured and that it has been produced in accordance with a clear and unequivocal set of ethical values and commitments;

- ✓ Living Wages are paid for a normal working period
- ✓ Working hours are not forced economically or physically
- ✓ Health & safety practices are in place

Marshalls employ a full time, field-based, Fairstone® Manager in China who works, from a local office in Xiamen, with quarry owners and workers on a daily basis to ensure the ongoing implementation of the Ethical Trading Initiative Base Code and to monitor and report on progress. Daily contact, weekly reporting, annual third party auditing, regular quarry inspections and grievance procedure allow Marshalls to ensure that Fairstone® commitments are upheld.

The Fairstone® Manager takes the lead on all ethical supply chain matters and the co-ordination of the in-field Quality Controllers who play a critical role in monitoring and improving worker conditions.

Marshalls works with a small number of suppliers in China and is committed to building relationships which promote shared learning, best practice and the continuous improvement of conditions throughout the supply chain for workers.

Marshalls is working to ensure that every quarry and production facility in its supply chain has the appropriate first aid kit and has funded the training of a nominated worker in first aid practices.

Marshalls is also funding regular community events based around Cultural activities that include all workers, their families and members of the wider community.

## ETI BASE CODE



### Ethical Trading Initiative

Marshalls is committed to the principles of the ETI Base Code and the application of its elements throughout its supply chain. The implementation of the Base Code is a journey to which Marshalls is committed; (The ETI base code can be seen in full on page 44)

- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- There is freedom of association
- No-one should be forced to work
- Working conditions are safe & hygienic
- No harsh or inhumane treatment is allowed
- Regular employment is provided

## FAIRSTONE® INDIA

Marshalls has pioneered regarding the ethics of Indian sandstone since 2007. In 2009 the organisation launched its Fairstone® brand to enable consumers with a conscience to buy Indian sandstone which is clearly identified as ethically sourced.

*"We can clearly and confidently say that Fairstone® involves no child labour, that workers receive living wages and that health & safety practices are firmly in place. Our ongoing research, engagement with commitment to our Indian partner organisations has enabled us to achieve this landmark position."*  
Chris Harrop, Marshalls Group Marketing Director

*"Since early 2007 Marshalls has fully funded Hadoti to develop and run a number of schools, free to children of quarry workers and the wider local community, including the migrant community. Quite simply without these educational facilities children would not have the opportunity to receive any schooling at all. In addition health centres in the heart of the quarrying area in Bundhi allow access to information and free medication for workers and their families. We are also able to communicate the ETI Base Code and what this means in practice for workers. The posters which were recently produced by Marshalls and put up in the quarries tell workers what they should expect regarding pay and health & safety and what to do should this not be the case."* Mrs Joshi, Hadoti

"The development and co-ordination of the work to bring Fairstone® to market represents a great deal of work between Stone Shippers, Marshalls and Hadoti. It has meant a substantial commitment, not only in terms of money, but of time and effort. The progress made should be acknowledged as brave and forward looking. Marshalls pioneering work has often been met with resisted and disbelief by the sector both in the UK and in India. However, the benefits are clear to see and the launch of Fairstone® is wholly positive. Indian sandstone is among the best in the world and the fact that it can now be purchased with a clear conscience should bring peace of mind to those consumers in the UK who care enough to use their influence for the benefits of communities across the globe." Rajiv Bazaz, Managing Director, Stone Shippers



Marshalls has always communicated clearly the reality of the use of child labour in Indian sandstone quarries and the poor conditions endured by many workers. Its publication of 'The Truth About India Sandstone' in 2007 did much to raise awareness of the issue of child labour.



Marshalls also produced an information booklet 'Behaving Ethically – Marshalls in India'. The booklet tells the story of Marshalls' approach to ethical supply chains in India and highlights the company's journey in working on the ground with a local NGO and striving to tackle issues of social importance.





## FAIRSTONE® INDIA



*"Marshalls has been getting more recognition of its leading campaign against child labour in the production of Indian Sandstone. The more profile the issue gets, even at this time of recession, the more it validates the good work the company has put into taking a lead on challenging the silence over one of the most dangerous and dirty forms of child labour. The company has had an uphill struggle to take a stand, and to get the benefits when some competitors turn a blind eye."*

**Mallen Baker, Member of the Ethical Corporation Advisory Board (July 2009)**

*"Marshalls is a true example of a company which has innovated to ensure sustainability runs through its whole business, providing products that really address the sustainability needs of its customers."*

**Todd Stitzer, former CEO of Cadbury and chair of the judges at the Business in the Community Awards 2010 – Marshalls received a Big Tick for its International work regarding the delivery of the Millennium Development Goals.**

Marshalls' commitment to Fairstone® has never wavered, even in the difficult economic climate of recent years, and the organisation remains at the forefront pushing boundaries and tackling important issues. For example, as part of a long-term investigation into the status and conditions of migrant workers in the India stone supply chain, in 2011 Marshalls commissioned Just Solutions Network (JSN), a trade union based organisation, to assign an investigator to research the employment position of the migrant workers.



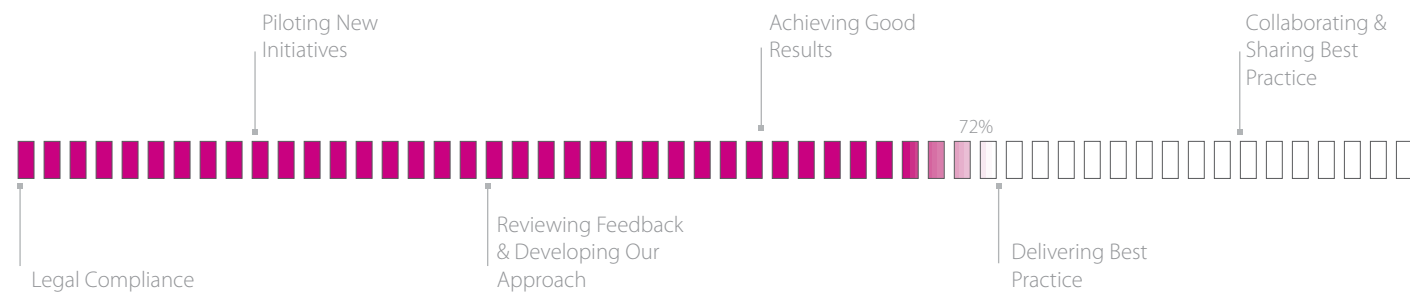
## FAIRSTONE® CHINA

During 2012 Marshalls will launch its Fairstone China range. Marshall has established an office in China, has employed a team including the Fairstone China manager and has been working with its suppliers in China for a number of months; implementing the ETI Base Code, undertaking supplier education, undertaking a series of audits, establishing links with the local community and developing relationships with quarry & factory owners and workers. Laying the foundations for an ethical supply chain has been the focus of activity.





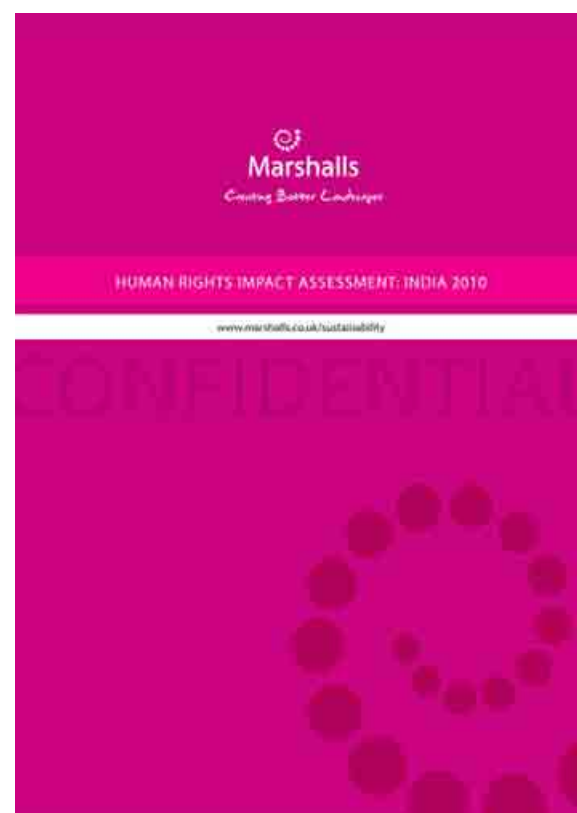
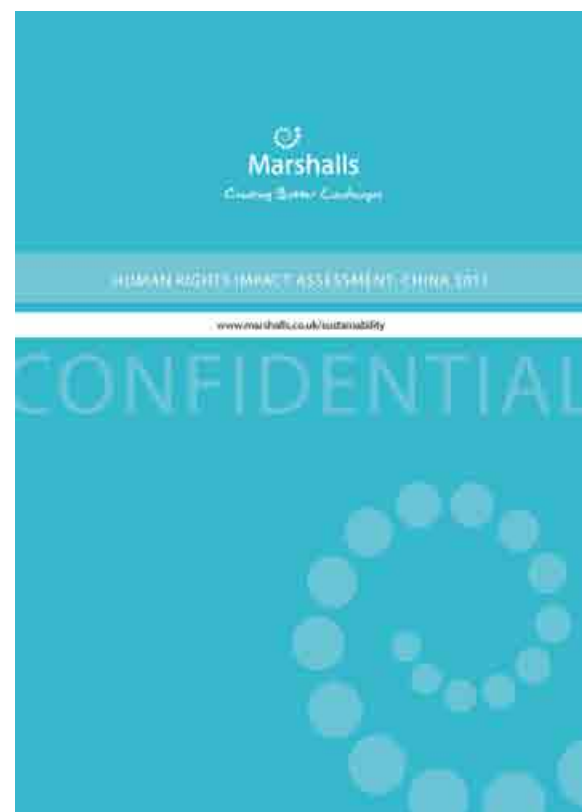
# HUMAN RIGHTS



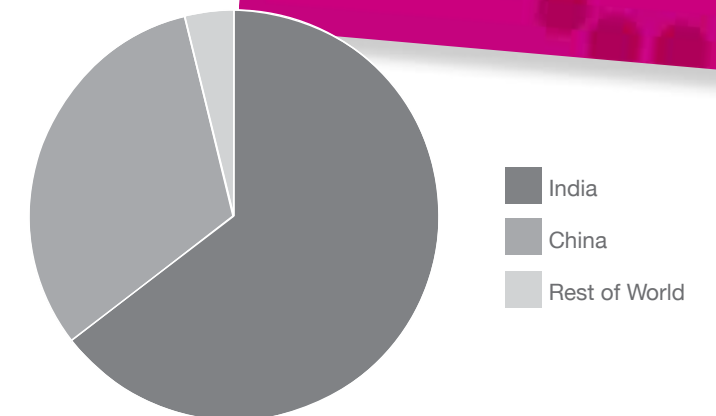
Marshall's continues to deliver on its commitment to a four year Human Rights Impact Assessment (HRIA) programme. Efforts during 2011 were focused upon undertaking a HRIA in the factories in China from where the organisation purchases goods. An executive summary is available online.

In addition the HRIA India undertaken in 2010 has been reviewed and an update published.

HRIA executive summaries and information can be found at [www.marshall's.co.uk/sustainability/publications](http://www.marshall's.co.uk/sustainability/publications)



In 2012 HRIA activity will focus upon Marshall's supply chain in Vietnam. The following year will see a HRIA undertaken in the UK. The order of these impact assessments has been influenced by the percentage of product imported by Marshall's.



## MARSHALLS POLICY ON HUMAN RIGHTS

As a consequence of the HRIA process, Marshall's has developed a policy regarding its approach to human rights;

*Marshall's supports human rights consistent with the Universal Declaration of Human Rights. In conducting its business activities across the globe Marshall's respects these rights and seeks to uphold, preserve and promote them.*

*Marshall's works to ensure that its presence cultivates fair and sustainable relationships.*

*Marshall's respects and values the dignity, well being and rights of employees, their families and the wider community. The Company actively works and collaborates with employees, elected employee representatives, communities, non-governmental and other appropriate stakeholders to uphold and promote these rights.*

*Where human rights are under threat Marshall's works to uphold local laws, promote international standards and strives to have international standards upheld by the appropriate governments, institutions and agencies.*

*Marshall's embraces opportunities to promote a broader understanding of human rights values working within its sphere of influence.*

*Marshall's actively seeks to collaborate with appropriate organisations to promote respect for human rights in a manner which is consistent with the role of business.*

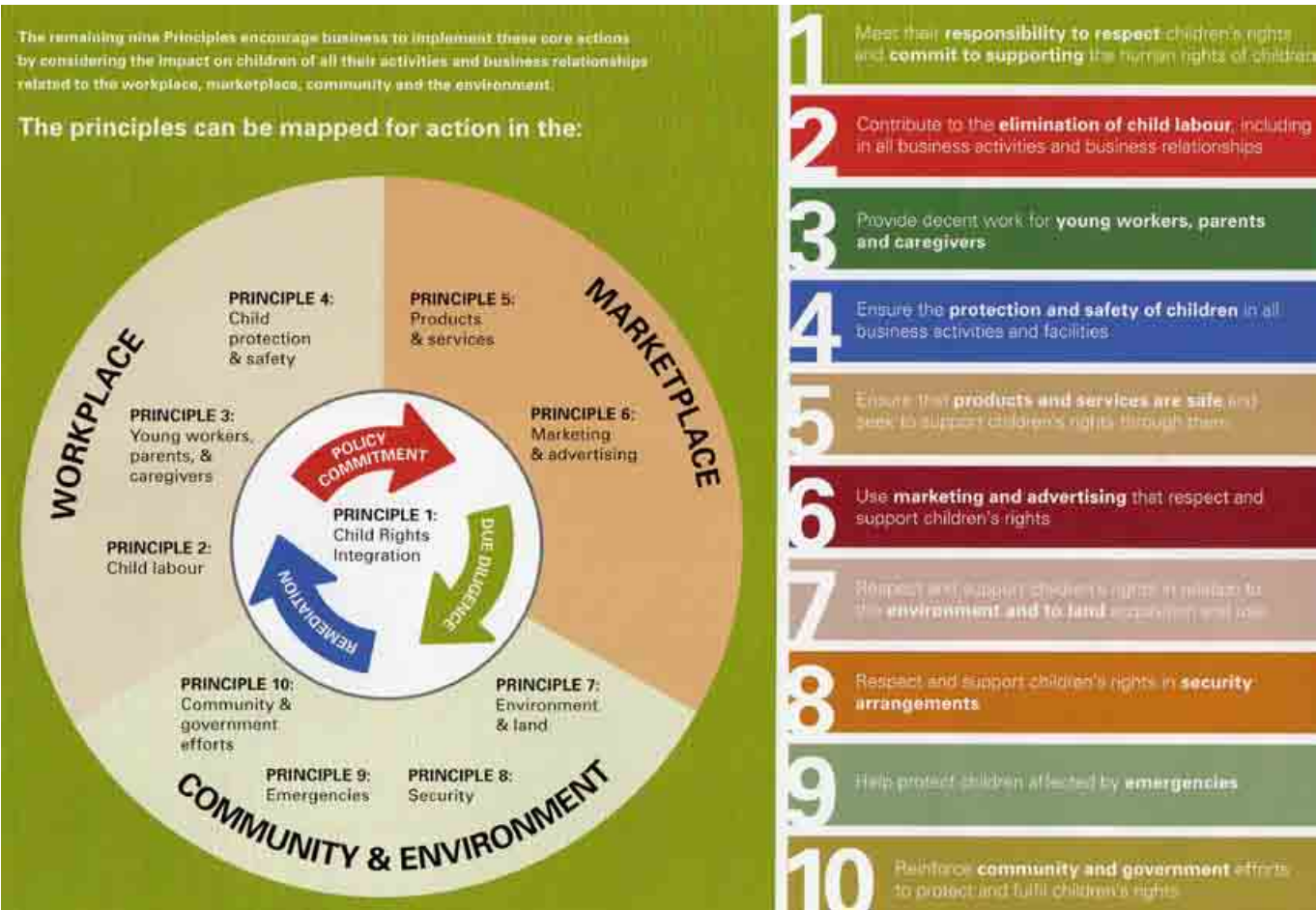
# HUMAN RIGHTS

## Children's Rights & Business Principles

During 2011 Marshalls took part in a consultation process with Save the Children, UNGC and UNICEF regarding the development of principles and a framework to ensure that a business' actions both respect and support children's rights; synonymous with the 'human rights of children'.

Following the recent launch of The Children's Rights & Business Principles by Save the Children, UNGC and UNICEF, Marshalls is committed to embedding the principles and utilising the comprehensive framework for understanding and addressing the impact of business on the rights and well-being of children. Working with business and NGO partners in the UK and overseas, and building upon its Human Rights Impact Assessment process, the organisation will review its impact on children in terms of the market place, work place, community and environment.

Marshalls is committed to upholding these principles and will work throughout 2012 to integrate them into its business as appropriate. This process will include making a policy commitment and binding principles into its existing HRIA process.



## Supply Chain Research – Issues of Bonded Labour

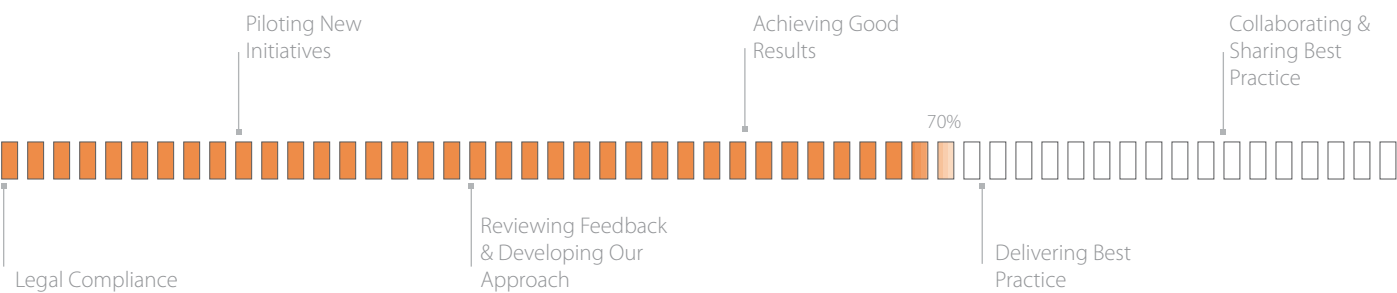
In 2011 Marshalls commissioned detailed and long term research to investigate the extent of slave/bonded labour with the quarrying region of Kota and particularly those supplying Marshalls sole supplier, Stone Shippers India. A high percentage of the workforce in quarries supplying Stone Shippers are migrant workers either from other parts of Rajasthan or from Madhya Pradesh. Periodically there is conflicting information given regarding slave/bonded labour and Marshalls wished to be fully informed regarding this issue.

Marshalls is committed to the welfare of these workers and their rights in accordance with the ETI Base Code. Investigation into the status and conditions of these workers will be overseen by Just Solutions who assigned an investigator to work alongside the social auditor to research the employment situations of these migrant workers.

Targets 2011	Targets 2012
<ul style="list-style-type: none"><li>Continue to ensure that ETI base code is adhered to and that no child is employed in the supply chain. ✓</li></ul>	<ul style="list-style-type: none"><li>Continue to ensure that ETI base code is adhered to and that no child is employed in the supply chain.</li></ul>
<ul style="list-style-type: none"><li>Continue to gather weekly reports from the social auditor in India. ✓</li><li>Develop, together with Chinese partners, a suitable reporting process which seeks to uphold human rights in the ✓</li></ul>	<ul style="list-style-type: none"><li>Develop the reporting process undertaken by the social auditor in India.</li><li>Continue to receive social auditor reporting from China.</li></ul>
<ul style="list-style-type: none"><li>Continue to receive monthly reports from NGO in Kota. ✓</li></ul>	<ul style="list-style-type: none"><li>Develop the reporting and monitoring provided by the NGO in India.</li><li>Develop a cultural activities reporting process.</li></ul>
<ul style="list-style-type: none"><li>Ongoing monitoring and evaluation of HR in India. ✓</li><li>Undertake HRIA in China in relation to the manufacturing process. ✓</li></ul>	<ul style="list-style-type: none"><li>Ongoing monitoring and evaluation of HR in India.</li><li>Annual review of HRIA India.</li><li>Ongoing monitoring and evaluation of HR in China.</li><li>Annual review of HRIA China.</li><li>Undertake HRIA for Vietnam in relation to Marshalls activities.</li></ul>
<ul style="list-style-type: none"><li>Process of embedding human rights within the organisation; achieving the goals set out within the HRGD. ✓</li></ul>	<ul style="list-style-type: none"><li>Further develop the process of embedding human rights within the organisations; achieving the goals set out within the HRGD.</li></ul>
<ul style="list-style-type: none"><li>Undertake a report which clarifies Chinese laws regarding employment, human rights and environmental rights. ✓</li></ul>	<ul style="list-style-type: none"><li>Embed children's rights and business principles throughout operations</li><li>Seek engagement with UNICEF</li></ul>



LABOUR



Marshalls’ approach to labour rights remains driven by the Ethical Trading Initiative (ETI) Base Code, the UNGC Labour principles and the organisations commitment to sustainable business.

Social Auditors

Marshalls now employs a Social Auditor in India and a Fairstone® manager in China. They work on a daily basis with quarry owners, factory owners, managers and workers to ensure the ongoing implementation of the ETI Base Code. Marshalls head office has daily contact with the social auditor and manager. Both provide weekly reporting on all aspects of the ETI Base Code; for example the amount workers are paid, the hours that they work, the conditions they work in, health and safety measures that no child labour is used and that there is no harsh or inhumane treatment of workers.

2011

M/S SHREE CHARBUJA STONE

AUDITED BY  
SIDHARTH SOOD  
12/24/2011

Audit team & Auditee's Representatives

Name of Company	M/S SHREE CHARBUJA STONE	ST
Auditee	MR. JUHAR SINGH	Auditor: M
Observers		

**AUDIT REPORT**

It is not always what we know or analyzed before we make a decision that makes it a great decision. It is what we do after we make the decision to implement and execute it that makes it a good decision.

From previous visits we have understood the working conditions & also have tried to implement the ETI Base codes.

Again a visit of a mine was carried out from where one of our suppliers procures blocks of Rajpura for M/s. Stone Shippers Limited. This mine is situated in Rajpura village of Bundi District. As we knew it from our previous visit that this mine is registered in the name of Dalpat Singh S/o Gordan Singh.

As we entered into the mine site, we found the same workers with whom we met during our previous visit and observed that strength was almost the same. Workers also recognised us and gave a big smile.

We did find neither Owner nor supervisor at the site. So we interacted with the workers and asked them about their well being. Interaction was done with the following workers:

1. Mukesh Kumar
2. Kalu Banjara
3. Pyara Banjara
4. Shiv Singh
5. Gokul
6. Ganpat
7. Narayan
8. Kishan Singh

They said they are happy and feeling better after our previous visit. Further they told us that they have started maintaining their own records of daily work done as well as advances being taken by them from the owners and it helps them during taking full and final payments. By maintaining these records, they are able to plan for some savings.

Owner has provided drinking water facility at site as well as shed for taking lunch and rest by the workers. Also we observed that First Aid Box provided by M/s. Stone Shippers Ltd. is being maintained by mine owner on regular basis.

No recommendation was given this time and we left the site after shaking hands with the workers.





## BENEFICIARIES IN INDIA OF THE MARSHALLS FUNDED PROGRAMME

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### Health

- The total number of beneficiaries of the health programme reached 35,226 in 2011.
- Improvements to the monitoring and reporting process have been implemented in the last 12 months allowing Marshalls to monitor for the needs of the community in relation to HIV & AID's screening, support and education.
- A dedicated maternal health clinic programme is now firmly established as part of the ongoing programme with 1,418 women receiving treatment during 2011.
- 8,133 people received treatment at monthly health camps during 2011.
- 12,181 people received treatments on a door-to-door basis during 2011.
- 482 people received specialist treatments, i.e. paediatrician, skin specialist, etc, during 2011

### Insurance

- Since 2007, Marshalls has enabled Hadoti to provide insurance to over 4000 workers.
- The number of beneficiaries is still increasing year-on-year as labourers fully understand the value of having insurance cover.
- After communicating and lobbying local government together with Hadoti since 2006, Marshalls is delighted that the Local government in Kota has ordered compulsory social security insurance for mining labourers.

### Education

- In 2011 346 children attended 5 regular schools and 5 street schools operating in Gararda, Gawar, Bewadia, Kewadia, Kanwarpura, Palka, Loicha and Golput.
- Summer education camps were also held in 2011.

- Winter education camps were also held in 2011.
- School students also received a medical health check-up during school hours in 2011.

### Women's Empowerment Programme

- Marshalls financial commitment in the area of social security can now be phased out and costs will be met by Government. In response to local community consultations Marshalls funds are being re-directed into a women's empowerment project.
- A pilot women's literacy project is already underway at each of the Marshalls funded schools.
- The schools are firmly established as an important part of the community.
- Literacy is of key importance if women in the community are to be empowered and encouraged to participate fully in the running of their communities.

*"Baili Luhar attended the Marshalls funded primary school in Gararda village. She was a very bright student and was admitted to a Government school in the year 2011 in Class 4. She said that this would not have been possible without the help and support she had received at the Marshalls' funded school. Teachers there had helped to prepare her for admission tests for the Government school. Baili says all of her brothers and sisters are studying at the Marshalls school".*

Mrs Joshi, programme co-ordinator at Hadoti reporting on one of the children who received primary education at Marshalls funded schools.





# THE ETI BASE CODE STATES THAT:

## 1. Employment is freely chosen

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge “deposits” or their identity papers with their employer and are free to leave their employer after reasonable notice.

## 2. Freedom of association and the right to collective bargaining are respected.

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

## 3. Working conditions are safe and hygienic.

- 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

## 4. Child labour shall not be used.

- 4.1 There shall be no new recruitment of child labour.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; “child” and “child labour” being defined in the appendices.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

## 5. Living wages are paid.

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards,

whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

- 5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

## 6. Working hours are not excessive

- 6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- 6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

## 7. No discrimination is practiced.

- 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

## 8. Regular employment is provided.

- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, subcontracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

## 9. No harsh or inhumane treatment is allowed

- 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this code are expected to comply with national and other applicable law and, where the provisions of law and this Base Code address the same subject, to apply that provision which affords the greater protection.

# SUPPLIER EDUCATION, DIALOGUE AND COLLABORATION

Marshalls jointly hosted a supplier event in collaboration with the UNGC UK Network during autumn 2011. The event brought together Marshalls’ first tier suppliers, both from the UK and overseas, to enable them to gain a greater understanding of Marshalls approach to sustainability and commitment to human rights, labour, environment and anti-corruption.

Suppliers also heard first-hand from the Groups’ CEO, Marketing Director and Procurement Director, about Marshalls’ work in each of these areas and in particular how the plc’s approach regarding anti-corruption and human rights is shaping the Company’s approach towards working within its area of influence to contribute to the MDG’s. The event resulted in opportunities for collaboration and development.

“Collaboration on this supplier event represented an excellent opportunity to educate and engage suppliers and to get direct feedback from participants on matters of sustainability. I look forward to engaging with Marshalls and its suppliers on this series of exciting events which are the first of its kind in the UK.”

Steve Kenzie, UNGC UK Network Secretariat





# STONE SECTOR COLLABORATION IN INDIA

During 2011, and after many months of approaching the wider quarry owning fraternity in Kota, Marshalls together with the ETI met with local quarry owners to present and discuss the benefits of ETI Base Code implementation. This meeting represented an enormous step forward in terms of improving the labour

standards and working conditions of the many people employed in this industry in the Kota region. This meeting was the result of Marshalls' engagement with the ETI, the Company's central role in the formation of the ETI Stone Group and ongoing dialogue with the local community in Kota.



Quarry Owners Meeting in Kota – Martin Cooke (left) from the ETI and David Morrel (right), Chair of the ETI Stone group and Marshalls Head of Sustainability.

# 2012 TARGETS - LABOUR

## Targets 2011

- Maintain accreditation to Integrated Management Systems. ✓
- Continue researching, reporting and embedding relevant information regarding labour laws and their implications; both in India & China. ✓

### India

- Maintain funding for NGO in India.
- Further develop and enhance the weekly reporting process regarding social auditing.
- Continue to deliver workers' rights education camps.
- Continue education on health & safety practices. ✓

### China

- Put in place a social auditing process in China ✓

## Targets 2012

- Maintain accreditation to IMS.
- Continue researching, reporting and embedding relevant information regarding labour laws and their implications; both in India & China.

### India

- Maintain funding for NGO.
- Develop the NGO monthly reporting process.
- Continue schools programme and seek collaborative partners.
- Continue workers rights education.
- Continue the community health camps with a sharp focus on maternal health.
- Develop the women's empowerment project in Kota.
- Undertake research regarding slave/bonded labour.

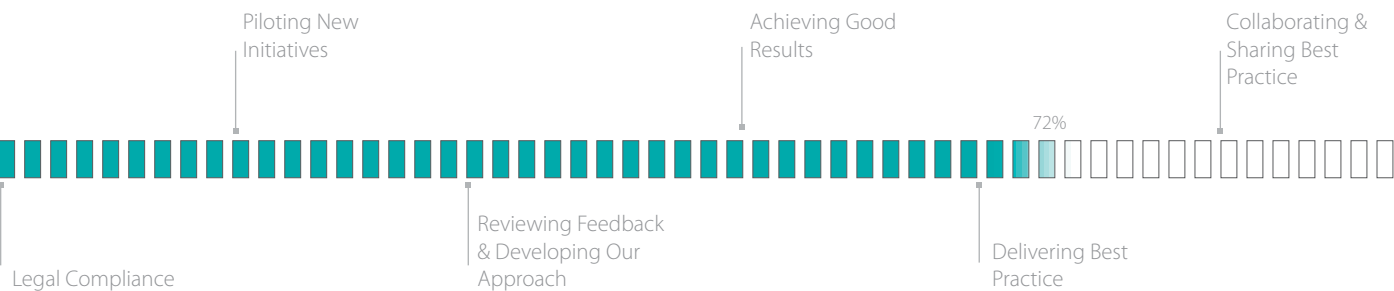
### China

- Maintain social auditing.
- Launch Fairstone® China.
- Implement the cultural programme of activity.





ENVIRONMENT



Due to Marshalls' plc status the environmental key performance indicators will be published alongside the annual report. This will be available online in due course.

All environmental targets have strategic plans driven by board executives and implemented by a large internal resource. Significant investments have been made in systems which allow the real time monitoring of energy consumption and relates this to carbon reduction measures.

At the heart of Marshalls' sustainable business model, shown on page 10 of this report, is an approach which combines key business issues and KPIs with third party verification, legislation and industry standards including ISO14001 for environmental management. Key environmental targets and drivers for our business are determined by legislative requirement and also the Company's commitment to sustainability, cost efficiency and shareholder value. Marshalls Environmental Policy Statement and Energy & Climate Change Policy Document show in key performance indicators - see page 49.

The key environmental issues for Marshalls are climate change, water and biodiversity. These are particularly significant because Marshalls is aware of its contributions to man-made climate change (as detailed by the Inter-Government Panel on Climate Change) and as such is committed to helping reduce it.

Water as a resource is becoming scarce and Marshalls has identified clean water shortage as one of the biggest challenges of the future. Biodiversity is also key because of the activities Marshalls carries out – extracting material has an impact on the environment and it is only by working with the land that we can manage our impact on the land.

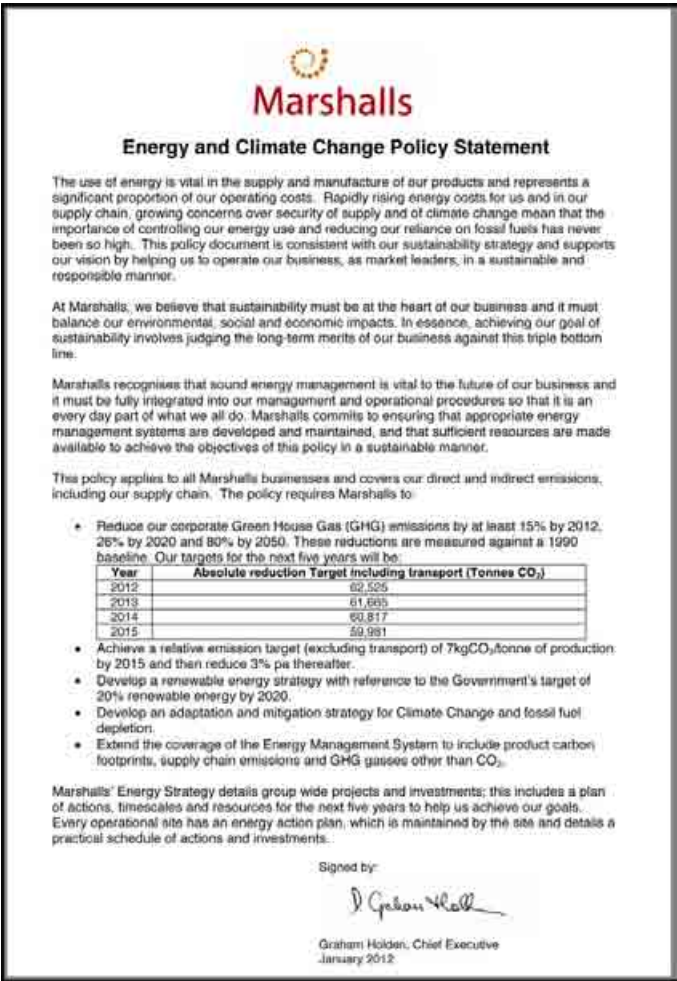
Marshalls attended the UNGC Leaders Summit in New York in 2010 which proved provocative and invaluable in terms of the evident thought leadership. The subsequent sharing and processing of this led to a strategic shift in thinking away from a position of simply minimising harm to one of actively engaging and maximising benefits as the slide below demonstrates.



Marshalls strategic position: Actively engaging and maximising benefits.



The key environmental issues for Marshalls are climate change, water and biodiversity.





# ENVIRONMENT

## Carbon Reduction

Marshalls has already demonstrated good energy management by achieving The Carbon Trust Standard and is now well equipped for the Government’s Carbon Reduction Commitment Energy Efficiency Scheme (CRC), which was launched in April 2010. Marshalls already voluntarily discloses information on its greenhouse gas emissions, risks, opportunities and plans via the Carbon Disclosure Project and The Prince’s May Day Network. The Company is also addressing alternatives such as renewables, as well as committing to reducing consumption through a number of energy management programmes.

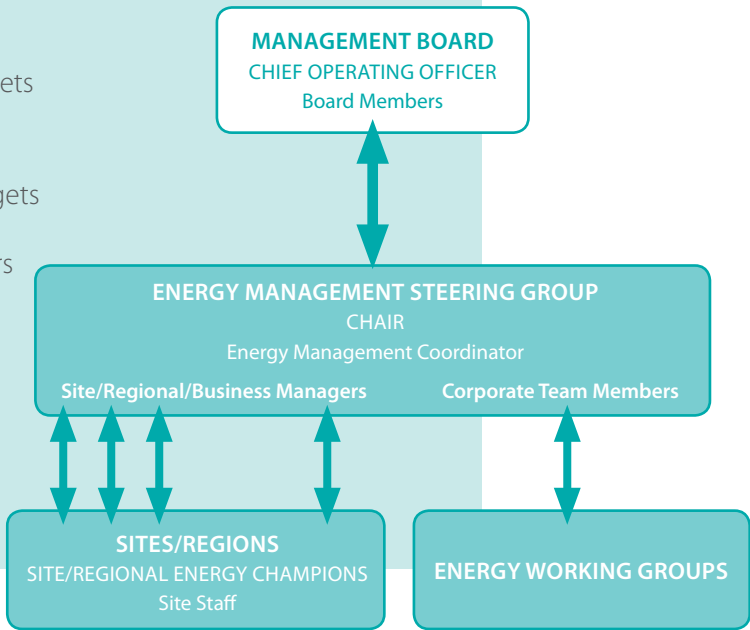
## Energy

Climate change is one of Marshalls’ KPIs from the sustainable business model. Marshalls has made a commitment to reduce emission of greenhouse gases by 80% by 2050 by employing energy management systems, reviewing processes and keeping abreast of new technologies, reporting progress, and developing carbon tools to allow our customers to measure their impact. In 2009, Marshalls announced carbon footprints for all its commercial products, bringing the total carbon labelled products to over 2,000 commercial and domestic hard landscaping products – the most of any company in the world at the time. Since then, Marshalls has continued to work to reduce those product footprints further.

Now in its fifth year, 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 a team of 60+ energy champions who are based on site.



## Water

Marshalls is on track to reduce its water consumption to 0.053m3 per tonne of product by 2012.

In 2012 Marshalls will commit to The CEO Water Mandate, an initiative by business leaders in partnership with the international community. Its structure covers six key areas in a comprehensive approach to water management and will help develop Marshalls current water management approach to flooding, water quality and drought:

- Direct Operations
- Supply Chain
- Watershed Management
- Collective Action
- Public Policy Community Engagement
- Transparency



## THE CEO WATER MANDATE

An initiative by business leaders in partnership with the international community



The CEO Water Mandate



# ENVIRONMENT

## Biodiversity

Marshalls has drafted a biodiversity strategy, in consultation with external stakeholders, documenting a systematic approach to legal, protection and enhancement commitments to the biodiversity on its sites. This strategy includes a priority approach to defining appropriate sites together with evaluation of the biodiversity ecosystem services delivered. Marshalls is on plan to deliver its Biodiversity Action Plan (BAP) target by the end of 2012.



Working in partnership with the RSPB Marshalls is implementing a project during 2012 at three sites regarding the suitability of urban industrial zones as habitats for birds; the context being birds as a measure of a changing climate. The initial project will run for three years and involves putting up bird boxes on industrial buildings and monitoring nesting habits.

## Waste Reduction & Packaging

During 2011 Marshalls continued to measure the amount of waste leaving site and is on track to achieve its aim of reducing waste by 3% per annum averaged over a three year period. The target for packaging is to reduce by 2% per annum over a three year period. The Company continues to carefully monitor the sourcing of timber by pallet suppliers having worked with them to achieve Forestry Stewardship Counsel accreditation at the end of 2009.

## Sustainable Procurement

Marshalls sustainable procurement approach and its procurement policy and procedures guard against the organisation procuring from suppliers that 'willfully and avoidably damage the environment'. Though its sustainable procurement journey Marshalls is engaging and collaborating with suppliers on environmental issues, expectations, shared learning and the potential for innovation.

**Marshalls procurement policy covers 9 main areas; procurement objectives; legality; ethical, social, environmental & responsible sourcing; code of conduct for procurement – covering conflict of interests, anti competitive behaviour and serious concerns; structure & authority; payment; intellectual property and commercial information; information and reporting, and finally compliance. Here you will find excerpts and information about Marshalls purchasing policy. A copy of the policy can be downloaded at [www.marshalls.co.uk/sustainability](http://www.marshalls.co.uk/sustainability)**

### Procurement Objectives

'Our procurement activity always aims to deliver the best possible value for our customers, at the lowest possible overall cost. Value includes the quality and reliability of the goods or services we procure and the punctuality and reliability of their delivery.'

'Value also consists of our ability to meet the needs of the internal or external customer.'

'Both the goods and services we buy and the methods by which we procure them must as a minimum comply with existing laws and conform to the highest ethical, social and environmental standards. Marshalls has its own obligation to meet as members of both the Ethical Trading Initiative (ETI) and UN Global Compact and as a signatory to industry commitments such as the Strategic Forum for Construction's responsible sourcing targets.'

'Cost is considered over the lifespan of the goods or service (e.g. financing, depreciation, maintenance, energy consumption etc) and is not merely limited to the initial price or acquisition expense.'

'To improve all these facets, we strive to work with our suppliers, all of whom are considered an integral part of our business. Where possible we shall establish long-term relationships based on mutual trust. We try to create and foster relationships within which we can learn how to make it easier for our suppliers to meet our requirements and they can be encouraged to invest in improving their products, prices, quality and service. We, our suppliers, customers and stakeholders all benefit from this. We support the company's core values of honesty, trust and integrity and expect our suppliers to uphold similar values themselves.'

## Strategic Forum for Construction (SFC)

Marshalls is a member of the SFC a unique forum in which members can share best practice and learning's with peers and where findings and knowledge can be shared and ultimately fed into a continuous improvement process.

The SFC has developed a series of Construction Commitments, which Marshalls has committed to. They bring together six key areas vital to delivering construction projects on time, safely and to budget. They represent the principles which it is intended will underpin all construction projects in order to achieve a better industry and exceed current best practice. In support of this the Strategic Forum has set a number of key targets which will demonstrate the improvements that the industry is making as a result of the adoption of these commitments, these include environmental considerations:



## SFC Construction Commitments: Sustainability

*Sustainability lies at the heart of design and construction. A sustainable approach will bring full and lasting environmental, social and economic benefits.*

- The overarching government and industry Strategy for Sustainable Construction provides the framework for future construction projects.
- Each project will develop a specific Sustainability Action Plan which will address environmental, social and economic aspects and aim to exceed the highest levels within relevant standards and include all aspects of the supply chain.
- Targets, including the business case, will be set within all contracts and performance will be monitored and appraised regularly.
- Projects will incorporate best practice approaches to resource use, waste minimisation, low-carbon performance, employment, training and community engagement.
- Development plans will seek to enhance, create and protect the local natural environment.
- Projects will actively aim to enhance the vitality and viability of local communities.

Source: SF Commitments [www.strategicforum.com](http://www.strategicforum.com)



# ENVIRONMENT

## Employee Engagement

Marshalls' employees regularly contribute their time, ideas and innovative approach to a more environmentally sustainable way of working, by taking part in a number of different activities:

- Engaging in energy saving programmes (Energy Saving Week)
- Taking part in biodiversity events (Biodiversity Open Days and Events)
- Becoming Energy Champions
- Promoting sustainability outside the business
- Volunteering and getting involved in partner events (Walk to Work, Living Streets audits, RHS Campaign for School Gardening)

## Energy Posters

During 2011 Marshalls undertook an internal communications programme to raise awareness of climate change issues and the targets and commitments made by the business. These posters were placed across Marshalls UK operations:



## Bee Keeping Initiative

During the last 12 months and inspired by employees, Marshalls had a number of beehives placed on site at the head office location in Elland. Eight employees are now fully trained bee keepers. In the first year the hives produced 125 jars of honey which have been sold to raise money for local charities.

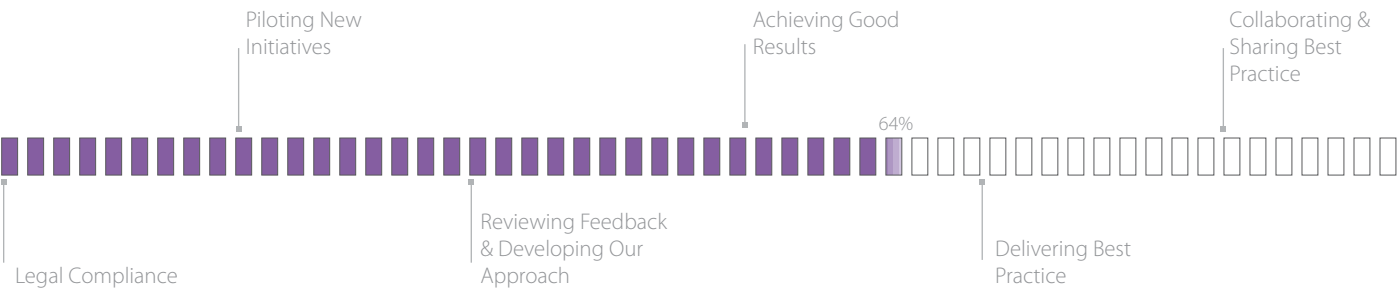


# 2012 TARGETS - ENVIRONMENT

Targets 2011	Targets 2012
To reduce emissions of CO2 in line with Government targets; 80% by 2050 and 34% by 2020. ✓	To reduce emissions of CO2 in line with Government targets; 80% by 2050 and 34% by 2020.
Carbon footprinting of 500 consumer products and 1565 commercial paving products ✓	Carbon footprinting of 500 consumer products and 1565 commercial paving products
Uphold the BITC May Day Network pledges ✓	Uphold the BITC May Day Network pledges
Marshalls Energy Savings Week ✓	Marshalls Energy Savings Week
Reduce use of water from mains and licensed boreholes to 0.05m3 per tonne of production by 2015 ✓	Reduce use of water from mains and licensed boreholes to 0.05m3 per tonne of production by 2015
Develop biodiversity plans for all appropriate sites by 2012 ✓	Develop biodiversity plans for all appropriate sites by 2012
Reduce by 3% the total waste-to-landfill per production output per annum on 3 year rolling average. Reduce by 2% per tonne of production output per annum over a 3 year cycle to a level where pack and product safety is not compromised. ✓	Reduce by 3% the total waste-to-landfill per production output per annum on 3 year rolling average. Reduce by 2% per tonne of production output per annum over a 3 year cycle to a level where pack and product safety is not compromised.



# ANTI-CORRUPTION



The tenth principle commits UNGC signatories not only to actively avoid bribery, extortion and other forms of corruption but to develop policies and concrete programmes to address corruption and related risks.

The UK Bribery Act 2010 came into force on the 1st of July 2011. It amends and reforms UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally.

The Bribery Act creates the following offences:

- Active bribery: promising or giving a financial or other advantage.
- Passive bribery: agreeing to receive or accepting a financial or other advantage.
- Bribery of foreign public officials.
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence).

Marshalls understands that bribery is not a victimless crime and that it discourages developmentally effective trade and siphons off funds away from projects designed to help the most disadvantaged. It tarnishes reputations, drains corporate motivation and distorts competition. Marshalls has an anti-bribery policy in place and also addresses anti-bribery and corruption in its procurement policy: 'Certain types of anti-competitive agreements and conduct are illegal under UK competition laws and have severe consequences, including the voidness and unenforceability of agreements and the possibility of fines and liability to third parties. In addition, some forms

of agreement and conduct may lead to criminal sanctions for the individuals involved and/or the disqualification of directors of the companies involved.'

'It is our policy at all times to comply with all applicable laws, including competition laws and we must consider them when we are dealing with our suppliers.'

'We may come across agreements or conduct on the part of suppliers, such that they may infringe UK competition laws, such as:-

- Cooperation between suppliers to fix prices, limit production or divide up markets;
- Refusals to supply on the part of a dominant supplier;
- Unfair pricing policies on the part of a dominant supplier;
- Unfair discrimination between customers on the part of a dominant supplier.

We will not collude with, or participate in, any form of anti-competitive behaviour. Any suspicions of any such conduct or any similar conduct on the part of suppliers which might give rise to competition issues (on the part of any person, whether within Marshalls or on the part of our suppliers, competitors or customers, and whether or not this has any impact on our business) should be reported immediately to the Group Procurement Director.'

'In addition, some forms of cooperation between buyers, or conduct on the part of buyers may infringe UK competition laws. This could arise in the context of cooperation between buyers, for example, where this may eliminate suppliers, or

have effects on downstream markets. Buyers should consult with the Group Procurement Director before discussions over the possibility of joint procurement arrangements. Any agreements, arrangements or conduct that may infringe UK competition laws, and put Marshalls' interests at risk, will be regarded with the utmost seriousness and should be reported immediately to the Group Procurement Director.'

Bribery is not a victimless crime; it discourages developmentally effective trade, siphons off funds away from projects designed to help the most disadvantaged. It tarnishes reputations, drains corporate motivation and distorts competition.

At the 1998 Organisation for Economic Co-operation & Development (OECD) Convention on Bribery international consensus was gained with regard to the following:

1. Governments must have effective laws and enforcement capacity in place.
2. Governments must take action against the cultures of bribery that exist in certain sectors in certain parts of the world.
3. Businesses must be pro-active in adopting anti-bribery measures.

It is likely that April 2011 will see the commencement of the Bribery Act in the UK. The UK Bribery Act will protect companies that are committed to conducting business in a lawful and ethical manner.

During 2010, Marshalls has further developed its Procurement Policy Statement which covers; procurement objectives; legality, ethical, social and responsible sourcing; code of conduct for procurement; conflict of interests' anti-competitive behaviour; serious concerns; structure and authority; payment; intellectual property and commercial information; information & reporting; and compliance. This policy can be viewed at [www.marshalls.co.uk/sustainability](http://www.marshalls.co.uk/sustainability)

Throughout 2010 a plan of activity has been developed which further supports Marshalls' stance in this area. The key performance indicators regarding this plan are reflected within the targets for Anti-Bribery for 2011.

ANTI BRIBARY CODE

- 1. In this Code, "Marshalls" means Marshalls plc and its subsidiary companies.
- 2. Marshalls is committed to conducting its business with the utmost integrity and in accordance with the principles set out in the UK Bribery Act 2010.

Marshalls plc is a signatory of the UN Global Compact, which informs and governs the way in which we do business. Marshalls expects its employees and business partners to respect and support our core values of trust, honesty and integrity and to recognise and implement this Code.

- 3. Marshalls does not tolerate the offering, giving, requesting, receiving or acceptance of bribes in any form.

A bribe is a financial payment or other form of reward that is intended to induce or influence an individual, company or public body to perform their functions improperly. This may include showing partiality, acting in bad faith or acting in a way that is inconsistent with a position of trust.

Bribes, for the purpose of this Policy, include facilitation payments, kickbacks and any other reward, favour or payment designed to induce or influence the recipient to perform his or her functions improperly.

In the case of a foreign public official, it is not permitted to offer a payment or other reward to a foreign public official that may influence that official to give an advantage to our business, whether or not intended to induce improper performance.

Hospitality designed to improve business relations which is proportionate to the circumstances and which is not for an improper purpose is not usually regarded as a bribe. Further guidance can be found in the Procurement Policy Statement and the Hospitality Guidelines.

No employee, agent, consultant or business intermediary acting for Marshalls may offer, give, request, receive or accept any bribes, whether directly or indirectly.

What does this mean for me?

- Any alleged or suspected incident of bribery will result in a formal investigation, and may result in disciplinary action for any employee involved. Any activity or

behaviour by an employee that is unlawful or prohibited by this Code will constitute gross misconduct and may result in dismissal. Employees may be suspended while investigations are carried out.

- Employees who engage or do business with third parties who act on behalf of Marshalls or represent Marshalls should ensure that this Code is drawn to their attention. Marshalls expects such third parties to comply with this Code and with the applicable law relating to bribery.
- Marshalls reserves the right to terminate immediately any contract or business relationship with any agent, consultant, or other business intermediary where bribery has occurred.

4. Our Policies and Procedures

Marshalls has adopted policies and procedures intended to address the potential risk of bribery and corruption. These include:-

- The Group Procurement Policy Statement;
- The Code of Ethics;
- Guidance on hospitality and gifts, and the maintenance of a hospitality and gifts register;
- The Serious Concerns Policy.

These are regularly reviewed and updated, and should be read together with this Code. This Code and these policies can be accessed via the Marshalls intranet. The hospitality and gifts register is maintained at Birkby Grange (contact Gillian Harley/Jill Bedford).

Among our procedures to mitigate risk are the following:-

- Supplier and customer risk assessments;
- Training for employees and those working for Marshalls or representing Marshalls in a business capacity ;
- Written commitments from those we work with to engage with the principles in this Code.

- 5. Marshalls will work with its business partners worldwide to develop and improve good practice and to seek to eliminate bribery and corruption. It will select

business partners who have adopted similar policies and objectives and will avoid doing business with those who act unlawfully or in a way that is not consistent with ethical business principles.

6. Monitoring and Compliance

- The Board of Marshalls plc has approved this Anti-Bribery Code and will set standards in relation to its principles and their application across the Marshalls Group.
- The Audit Committee of the Board will review procedures across the Group and will monitor their effectiveness.
- Designated individuals within each business area, together with the Company Secretary (who oversees day to day compliance) have responsibility for the implementation and development of such procedures.
- All employees have an obligation to comply with this Code and support and promote its principles in their business function.

7. Any employee having a question or concern in relation to this Code, the administration of Marshalls policies and procedures designed to prevent bribery, or any issue where guidance is sought on a particular set of circumstances may raise it with their line manager or the Company Secretary (Cathy Baxandall, Birkby Grange, Birkby Hall Road, Huddersfield HD2 2YA: Tel: 01484 438930: email cathy.baxandall@marshalls.co.uk)

8. Any employee who suspects that bribery has occurred or that there has been any other breach of this Code should report it in accordance with the procedure in the Serious Concerns Policy so that it can be formally investigated.

Adopted by the Board on 5 October 2011.  
Graham Holden  
Chief Executive Chairman

2012 TARGETS - HUMAN RIGHTS

Targets 2011	Targets 2012
Make the Procurement Policy Statement available online	Finalise and publish the sustainable procurement strategy.
Brief the procurement department on the UNGC and specifically the Anti-Corruption principles.	Brief procurement team on further UNGC developments.
Engage procurement personnel in UNGC activities.	Further engage the procurement team in appropriate UNGC UK Network events & activities.
Produce an Anti-Corruption Guidance Document for multiple stakeholders.	Undertake further supplier engagement and education activity.
Make the Anti-Corruption Guidance Document available online.	Undertake further supplier engagement and education activity.
Ensure the Anti-Corruption Guidance Document is part of the procurement policy process.	
Communicate with all existing suppliers regarding the Anti-Corruption Guidance Document.	
Identify key overseas partners/suppliers and undertake face-to-face briefing/working sessions to identify areas of risk and to develop appropriate plans.	
Review and develop anti corruption processes and procedures	



# THIRD PARTY RECOGNITION & AWARDS



Graham Holden receives ambassador certificate from Stephen Howard



Chris Harrop receives the Big Tick award

Independent third party scrutiny and verification is a key component to Marshalls’ approach to business, as is award recognition from external bodies. It is of great importance to Marshalls that the awards entered both showcase and challenge the company’s pioneering approach.

Marshalls has included this table of awards from 2010 and 2011 to highlight the third party recognition of its achievements.

# MARSHALLS AWARDS – 2010 TO 2011

DATE	AWARDING BODY	CATEGORY	RESULT
June 2011	Business in the Community Awards	Sustainable Marketing	BIG TICK NATIONAL EXAMPLE OF EXCELLENCE
June 2011	Business in the Community Awards	Coffee International	BIG TICK NATIONAL EXAMPLE OF EXCELLENCE SHORTLISTED
June 2010	Business in the Community Awards	Skills in the Workplace	RE-ACCREDITED
May 2011	British Precast Concrete Federations	Biomass Trials	HIGHLY COMMENDED
May 2011	British Precast Concrete Federations	Sustain ability	RUNNER UP
April 2011	Ethical Corp	Best Collaboration	WINNER
April 2011	Natural Stone	Sustainability Awareness	WINNER
April 2011	Wildlife Trust	Biodiversity Benchmark	AWARDED
February 2011	PLC Awards	Sustainability	WINNER
October 2010	Construction Marketing Awards	Digital Communications Award	SHORTLISTED
August 2010	Sustainability Awards	Manufacturer of the Year	SHORTLISTED
July 2010	Business in the Community Awards	Regional Work Experience	HIGHLY COMMENDED
June 2010	Business in the Community Awards	Sustainable Marketing	BIG TICK NATIONAL EXAMPLE OF EXCELLENCE

# THIRD PARTY RECOGNITION & AWARDS

## Auditing

In the past, Marshalls has worked with generally recognised auditors for its work in India. Whilst working in India however, Marshalls found it really needed to work with auditors with specialist knowledge of trade unions and ILO (International Labour Organisation) standards. The auditing process for Marshalls is not just about hitting the baseline and doing the minimum, it's about going the extra mile and ensuring the process is as thorough and rigorous as possible.

Marshalls' supply chain strategy follows the ETI Base Code, which is based on the International Labour Organisations conventions.

In embedding the Base Code in the supply chain, Marshalls has put in several processes to ensure compliance and improvement.

In 2010, Marshalls took auditing to a new level. Having already independently audited sole Indian Sandstone supplier Stoneshippers and verified working practices by regular Marshalls visits, the Company took the bold step of employing a full time social auditor in India.

Working on the ground alongside Stoneshippers and Hadoti, the auditor ensures all areas of the ETI Base Code are upheld.

Likewise in 2011 a Fairstone China manager was appointed who is responsible for ethics in the supply chain.

## Independent Auditing

Marshalls works with Just Solutions in order to gain a consistent approach to auditing its supplier network and ensure supply chains remain ethical and best practice is shared where possible. Led by expert supply chain auditing specialist Stirling Smith, Just Solutions is an SAI listed consultant who works to develop and extend the SA8000 standard and the ETI Base Code. The company relies upon the hard core of convinced companies to engage stakeholders and professionals together in an agreed programme.

Audits are carried out at least annually, by a two-person team over two days. Also, a qualified Marshalls assessor goes out to India five to six times a year to audit informally. If non-compliance is found, an action plan is agreed to ensure rectification takes place and this is followed up by an external audit.

## Accreditation

Marshalls only works with reputable and reliable suppliers that meet its own stringent requirements and those within the industry. With Marshalls' help, Stoneshippers India achieved the internationally recognised integrated management system that Marshalls has in the UK, incorporating ISO 9001, ISO 14001 and OHSAS 18001.

## Ongoing Stakeholder Consultation and Feedback

As a valued stakeholder Marshalls would very much appreciate your feedback and comments on its 2011 Communication on Progress (COP). You may be aware that Marshalls became a signatory of the UNGC in January 2009. Our commitment to the UNGC requires that we submit an annual COP to the UN office in New York. This 2011 COP is our third. Both 2009 and 2010 COP's can be found on our website at [www.marshalls.co.uk/sustainability/publications](http://www.marshalls.co.uk/sustainability/publications).

Our 2009 COP received a 'notable' status from the UNGC, an acknowledgement made to only a small percentage of signatories. We will make this 2011 COP's available for UNGC UK Network peer review again this year.

We are particularly keen to gain frank feedback from a range of our stakeholders as we further engage in a drive for corporate sustainability leadership throughout 2012 and beyond. The link below allows you to give feedback on each of the areas of activity. It also includes a section for any other comments that you'd like to share.

You are also invited to email directly - [elaine@marshalls.co.uk](mailto:elaine@marshalls.co.uk)

<http://www.surveymonkey.com/s/PTH6P7F>





# Marshalls

*Creating Better Landscapes*

For more information on Marshalls, visit  
[www.marshalls.co.uk/sustainability](http://www.marshalls.co.uk/sustainability)

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