

SUSTAINABILITY

Added value solutions for a better world

Issues such as geopolitical instability, extreme weather events, an uncertain macroeconomic environment and rising costs of living have all affected our businesses, stakeholders and society over the last year.



Taking action on climate change

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Providing tailored solutions

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Responsible supply chains

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Investing in a diverse workforce

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James Pitcher
Group Head of Sustainability

Despite the issues faced by our businesses, stakeholders and society this year, our focus and commitment to sustainability remains unchanged. It is firmly embedded in how we do business at Bunzl and our businesses have continued to reduce their impact on the environment, address social inequalities and drive the transition towards a more circular economy.

Although our operating companies' contributions to sustainability are individual and centred around the challenges their respective customers face (which in turn reflect the different sustainability opportunities and challenges present in their regions and markets), it is their collective efforts that help us to achieve our Group wide goals.

They have played a crucial role in ensuring our near term science-based carbon reduction targets remain well ahead of plan, increasing the coverage of our industry-leading ethical auditing programme and driving the success of our sustainability value proposition; providing customers with the data, expertise and tailored product solutions they need to meet their targets.

As well as describing the progress we have made across our four key pillars, this sustainability report also gives examples of how our businesses are taking action (both in their own operations and with their customers) and introduces new aspects of our programme and focus areas for next year.



Read more about our disciplined approach to sustainability

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Double materiality

Reflecting how quickly the world around us can change and to prepare for future reporting legislation, we have repeated our materiality assessment first conducted in 2020 to ensure our activities continue to focus on the right areas and identify any emerging issues we need to consider.

This process was more comprehensive and complex than our first materiality assessment which focused only on one side of materiality; how our organisation impacted people and the environment. Our new approach, a double-materiality assessment aligned with the European Sustainability Reporting Standards ('ESRS'), goes beyond what is known as 'impact materiality' and also identifies how the different sustainability matters impact Bunzl's business financially; known as 'financial materiality'.

During the assessment we sought insights on the potentially material impacts, risks and opportunities from stakeholders across our value chain, including our biggest suppliers of key commodities (e.g. paper & pulp, plastics and chemicals), large customers from across all of our business areas, key investors and internal stakeholders such as members of the Bunzl finance, procurement and sales teams.

The assessment demonstrated that the themes identified in our existing strategy remain key to our stakeholders, with climate change and our work to lead the transition to a more circular economy the top priorities. Our last assessment positioned the circular economy and action on single-use plastics as the single most important issue, but this has now been superseded by climate change with all stakeholders recognising the importance of the issue. The protection of workers in our value chain and the promotion of diversity, equity and inclusion across our organisation were also identified as important topics that will continue to be key focus areas for the Group. The order of this sustainability report follows the results of our materiality assessment, with our most important issue (climate change) covered first, followed by our other key topics.

Double materiality methodology

Our approach consisted of four stages:

Assessment stage	1. Defining the boundaries and business context	2. Identification of potentially material topics, impacts, risks and opportunities	3. Engagement with relevant stakeholders	4. Determining materiality using a defined scoring methodology and thresholds
Activities completed	<ul style="list-style-type: none"> • Consideration of the actual and potential ESG impacts present across the entire value chain. • Both positive and negative impacts identified with consideration given to impacted stakeholders at each stage (even though Bunzl's role is limited to connecting one with another). • Assessment has been designed in a disaggregated way to consider the impacts that might relate to individual geographies and market sectors. 	<ul style="list-style-type: none"> • ESRS list of sustainability topics, sub-topics and sub-sub-topics used as a starting point for our assessment. • This list was supplemented with information from our previous materiality work, SASB standards, legal requirements, peer benchmarking and feedback from key stakeholders. • Final list of potentially material impacts developed and peer reviewed prior to engagement with stakeholders. 	<ul style="list-style-type: none"> • Gathered insights from suppliers, customers, investors and other key stakeholders across the Group. • Assigned relevant sustainability topics to each stakeholder group and tailored the questions to match those who were expected to be impacted by a sustainability issue or were in a position to provide unique insight on a particular topic. 	<ul style="list-style-type: none"> • Developed a quantitative approach and scoring criteria, aligned to Bunzl's risk assessment process, to determine whether an impact, risk or opportunity is material for Bunzl. • Impact materiality has been assessed based on two factors: severity and likelihood. Financial materiality has been assessed by reviewing potential magnitude of financial effects and likelihood.

[Read more on page 211](#)

1. We have followed the ESRS guidance to align our assessment with future reporting legislation requirements (e.g. the European Corporate Sustainability Reporting Directive 'CSRD').

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Emerging topics

Supply chain emissions

Our suppliers, customers and investors all recognised that failing to take action on climate change within our supply chain would result in negative impacts to the local ecosystems and biodiversity in the regions we source products from. In extreme situations, this in turn could affect the availability of raw materials, thus impeding our ability to meet customer requirements.

We recognise that reducing our supply chain emissions is imperative to achieving our net zero goal and have set science-based targets, implemented a new software solution to effectively engage key suppliers and introduced new governance to support our work in this important area (see page 52 and 62 for more information).

In 2024 we will be commissioning a supply chain risk assessment exercise to review the climate risks present in our sourcing regions in more detail (expanding the scope of our climate risk assessment work to date, see page 54 for more details) and to understand the other ESG risks we need to consider.

Healthcare and PPE products

The provision of quality-assured Personal Protective Equipment 'PPE' and healthcare products that support the well-being and safety of end users emerged as a positive ESG impact for the business. As one of the world's largest suppliers of PPE, our customers recognised the expertise and knowledge provided by our specialist safety businesses and also appreciated the role of our Global Supply Chain Solutions Team in respect to their PPE testing and inspection work.

Details of Bunzl's Health & Safety performance can be found on page 217 in the ESG Appendix.

Regional impacts

Lastly, there were some regional impacts raised by our customers relating to the individual geographies in which we operate. These impacts are not material when aggregated at a central level but the following examples show how Bunzl have been working to address the points that were of interest to our regional stakeholders.

In Asia Pacific, customers were keen to understand how Bunzl is respecting, promoting and honouring Indigenous Peoples and their rights, cultural heritage and knowledge. Bunzl Asia Pacific is actively promoting reconciliation by developing an Innovate Reconciliation Action Plan 'RAP'. This plan stands as a firm commitment to narrowing the gap between Indigenous and non-Indigenous people in Australia, through economic development and increased participation. Bunzl's RAP is accredited by Reconciliation Australia, highlighting the Company's dedication. The RAP offers assurance to customers eager to understand how Bunzl respects, promotes, and honours Indigenous Peoples, their rights, cultural heritage, and knowledge.

Bunzl Asia Pacific and its Australian-based operating companies actively participate in initiatives including creating employment opportunities and providing substantial support for the growth of businesses owned by First Nations. In our supply chain, we champion diversity and inclusion, fostering partnerships with Aboriginal and Torres Strait Islander businesses. Our RAP can be viewed here [🔗](#)

In the UK & Ireland, our stakeholders were keen for Bunzl to support social value through day to day business activities focused on the well-being of individuals and communities, social capital and the local environment. Employees at Bunzl Cleaning & Hygiene Solutions ('BCHS') in the UK took part in 142 days of volunteering in 2023 and supported initiatives like painting, redecorating and gardening for Emmaus Communities across the UK and sorting donations at Carlisle Food Bank and London Outreach, driving over £19,000¹ of social value. With social value becoming a more important issue in local Government tenders, two of our UK businesses have joined the Social Value Portal² to help them measure, report and calculate the financial value of their social activities in a more effective and streamlined way.



CASE STUDY:

Supporting the well-being of end users and the environment

Obex Medical in New Zealand supplies pumps to prevent Deep Vein Thrombosis ('DVT') during surgery and recovery. These are worn on patients' legs and have air pumped into them to improve blood flow. Obex work closely with a New Zealand owned company, Medsalv, to arrange for the DVT Sleeves to be remanufactured after every use. The used sleeves are collected from hospitals by Medsalv who clean the garment, test for contamination and function before repackaging. The devices are packaged in large reusable storage bins further reducing packaging waste. This form of remanufacturing allows for the reuse of these medical devices and prevents them from being sent to landfill after only one use. Obex supplies both the remanufactured DVT Sleeves alongside new ones from the original manufacturer.

1. Calculated using the UK National Themes, Outcomes and Measures ('TOMs') system value for volunteering of £16.93 an hour, which reflects the replacement cost of the individual volunteering based on the Office for National Statistics ('ONS') hourly value of volunteering.
2. www.socialvalueportal.com

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We have identified 20 risks and opportunities that are important from a stakeholder and business perspective. All stakeholders reached consensus on 8 impacts (impacts 1 to 8) and these all relate to climate change and the circular economy. These can be considered our top priorities and we will continue to monitor these issues closely.

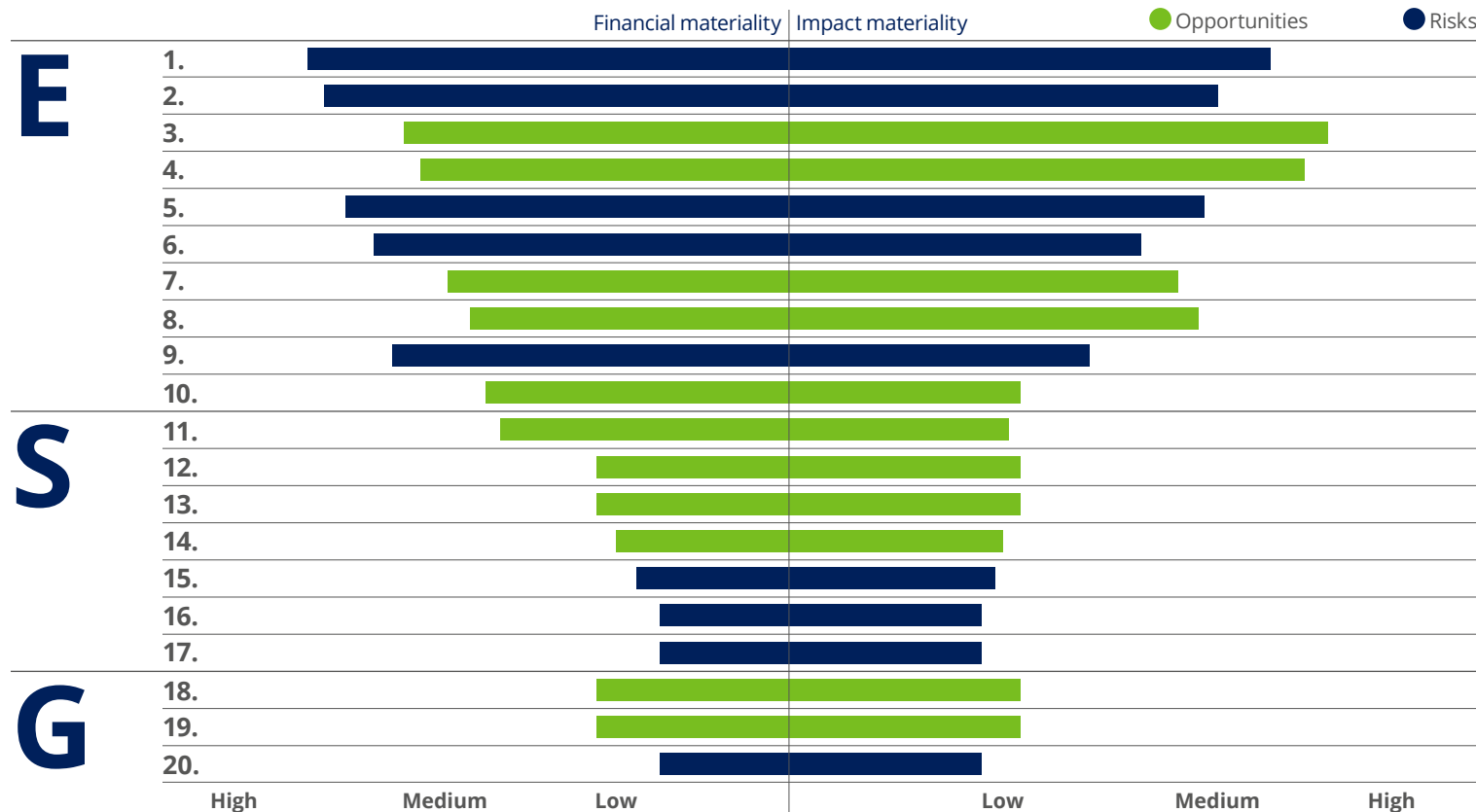
The risks with the highest financial materiality score (relating to climate change and the circular economy) align to those identified in our principal risks and uncertainties assessment (sustainability driven market changes and climate change risk). See page 68 for more details.

We know that our materiality assessment needs to be dynamic in order to reflect changes in the external world and our businesses. We will therefore monitor emerging topics and reporting legislation and repeat our assessments on a regular basis to take account of and be in alignment with these.

Environmental

- 1. Operational and supply chain impact on climate change
- 2. Failure to transition customers to alternative materials
- 3. Minimising our emissions and aligning with science-based targets
- 4. Transitioning products to alternative materials
- 5. Extreme weather events disrupt our supply chain
- 6. Extreme weather events disrupt our operations
- 7. Supporting customers with reusable packaging solutions
- 8. Offering low carbon solutions across our product ranges
- 9. Stringent packaging legislation affects sales volumes
- 10. Investing in low carbon and renewable technology

Our double materiality assessment



Social

- 11. Quality assured PPE and healthcare products supports the well-being of end users
- 12. Talent development and training programmes to develop new skills
- 13. Valuing and improving diversity
- 14. A comprehensive ethical assessment and auditing programme

- 15. Harmful practices in the supply chain
- 16. Increased employee turnover
- 17. Lack of safety management causes the number of workplace injuries to increase

Governance

- 18. High-quality, ESG-related corporate governance policies and standards
- 19. High standard corporate governance practices aligned with investor ESG metrics
- 20. Deterioration of investor perception due to a lack of diversity in leadership teams

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Taking action on climate change



During 2023, the world has again witnessed real, observable changes in the climate with flooding, droughts and severe heat waves continuing to affect the ecosystems and communities least able to withstand them.

18%

reduction in absolute emissions since 2019 with a 4% reduction in 2023

Our roadmap to net zero

The severity, rate and unpredictability of extreme weather events have been increasing as a result of climate change and given the increased frequency and magnitude, it is forecast that the economic costs of extreme weather events could nearly double this decade¹.

The planet's glaciers and oceans have also experienced changes; our ice caps are melting, sea levels are rising and oceans are warming and becoming more acidic. All of these changes and extreme weather events can be attributed to anthropogenic global warming and as these become more pronounced in the coming decades, without concerted and ambitious action from companies and governments, they will present significant challenges to our society and our environment.

At Bunzl we know that our direct operations, distribution activities and supply chains are all part of the challenge and in addition to assessing the long term risks climate change presents to the business we have continued to deliver against our near term carbon reduction targets that were approved by the Science Based Targets initiative ('SBTi') in November 2022.

In October 2021 Bunzl joined the United Nations 'UN' Race to Zero initiative and we committed to achieve net zero emissions, including scope 3, by 2050 at the latest. As more companies set similar ambitions, we recognise that the importance of having tangible net zero transition plans that follow a robust, recognised methodology, include all sources of emissions and transparently report on progress is increasing.

We believe that long term net zero targets need to be aligned with climate science and as such we have followed the SBTi's Net Zero Standard to develop our transition plan during 2023. As with our near term carbon reduction targets, we have submitted our net zero transition plan for approval with the SBTi.

Achieving net zero represents an opportunity for Bunzl to build a more resilient business and our transition plan is a key part of our purpose-led strategy; to deliver essential business solutions around the world and create long term sustainable value for the benefit of all our stakeholders. Reaching net zero represents a significant challenge; we will not only need to assess and change our own operations but collaborate with hundreds of customers and suppliers to achieve the deep emissions reductions required to meet the goals of the UN Framework Convention on Climate Change ('UNFCCC') Paris Agreement. We will continue to leverage our position in the supply chain to drive change and use our influence where we can to bring other businesses on the journey.

1. www.weforum.org/agenda/2023/01/extreme-weather-economic-cost-wef23/.

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Emissions in scope

The baseline year for our net zero roadmap is 2019 and we will report our progress against the total emissions from that year. We recalculate the emissions in the baseline year to take into account the impact associated with acquisitions and disposals after 2019. More detail on our scope 1, 2 and 3 emissions can be found on pages 215 and 216. All of our climate change targets (near term, long term and net zero) have been created by following SBTi criteria:

Near term:
27.5%

reduction in absolute scope 1 and 2 emissions by 2030

79%

of suppliers by emissions will have science-based targets by 2027

Long term:
90%

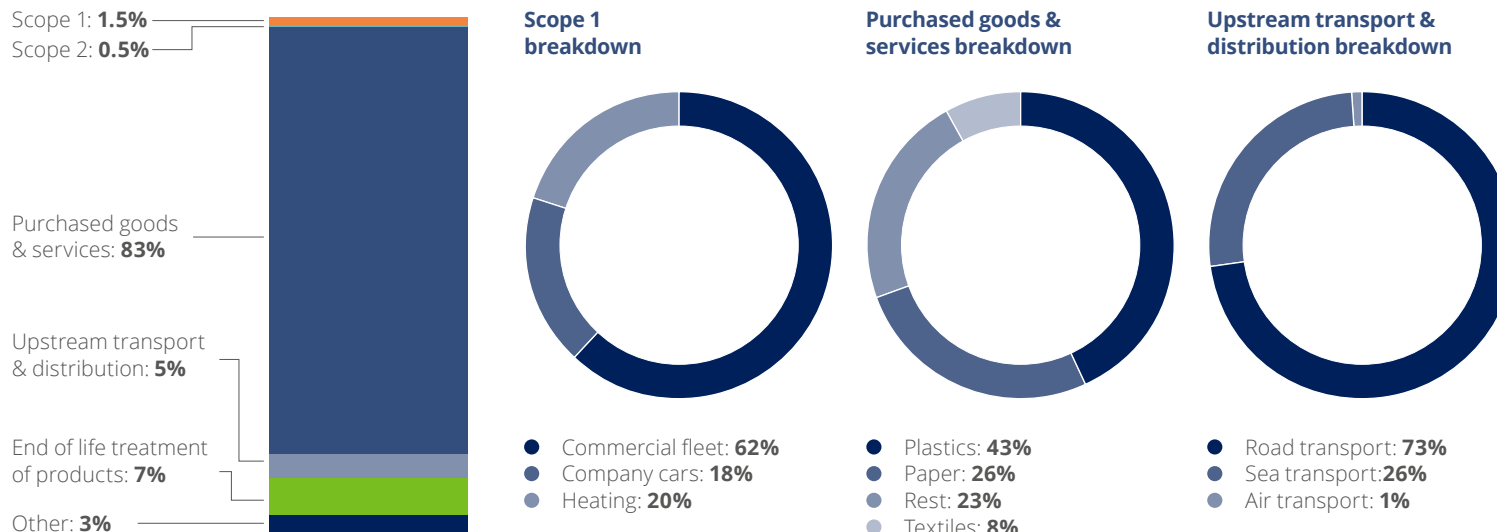
reduction in absolute scope 1, 2 and 3 emissions by 2050¹

Net zero

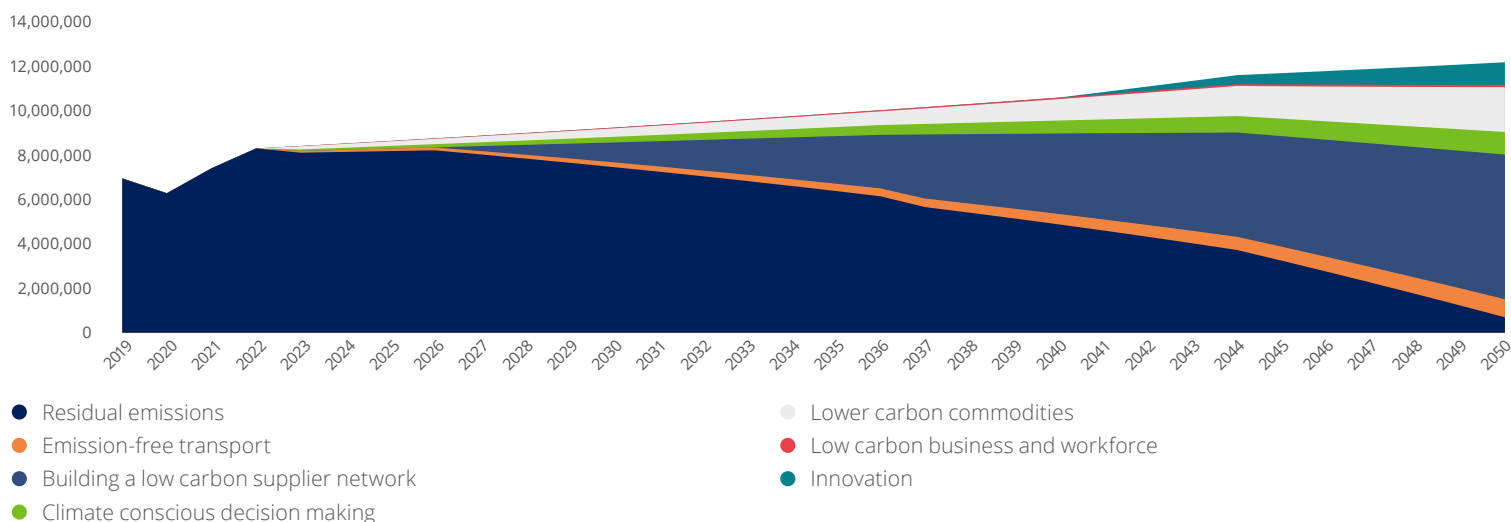
emissions across our value chain by 2050

1. We will neutralise the remaining 10% residual emissions in accordance with the SBTi Net-Zero Standard.

Bunzl's emissions breakdown (2019 baseline)



Total emissions reductions by decarbonisation lever





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Decarbonisation levers

We have identified five decarbonisation levers that we will use to reduce both near and long term emissions in line with climate science to achieve net zero. Activities and projects relating to many of these levers are already underway and their respective impacts on emissions are shown in the table to the right.

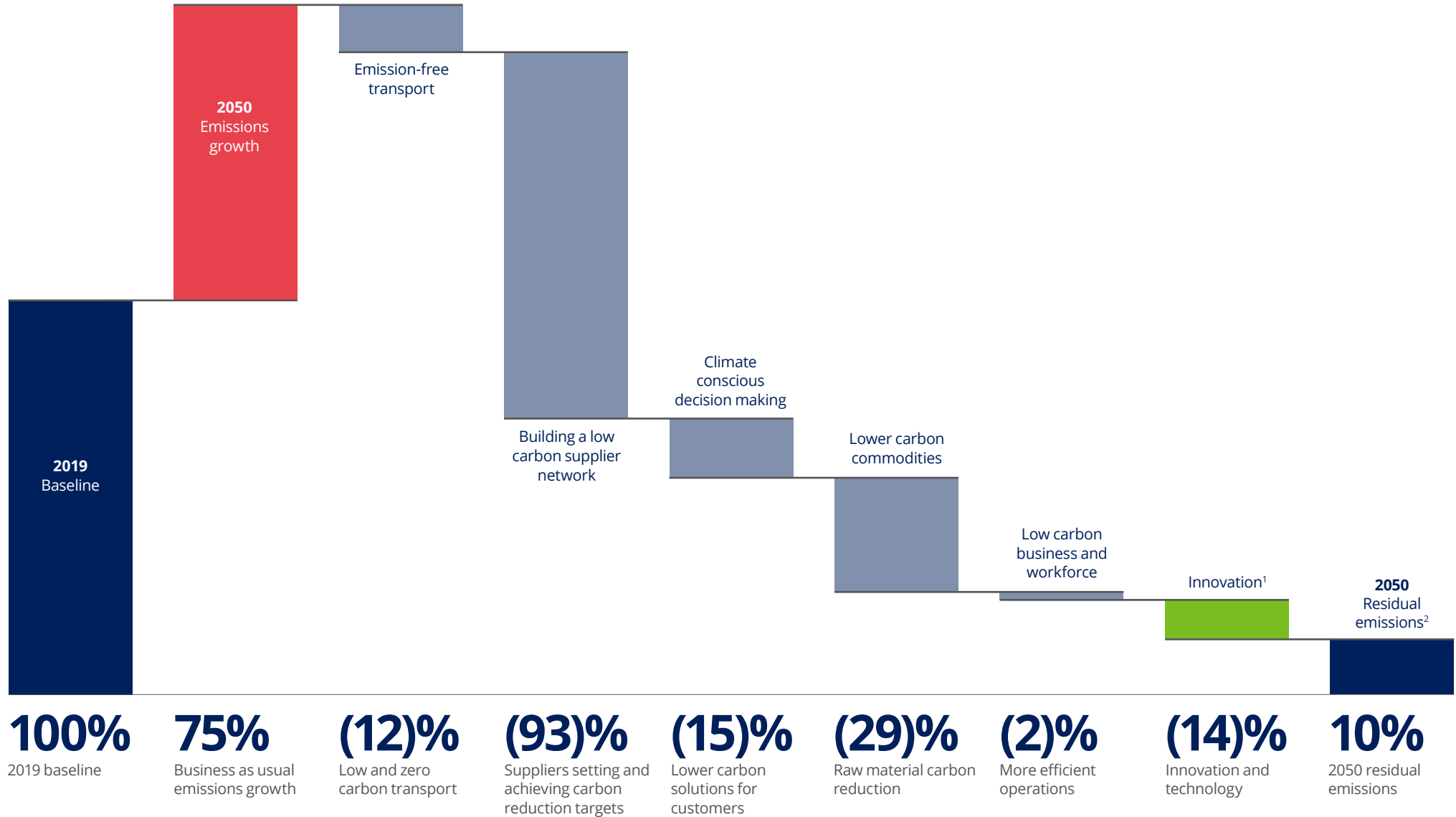
Our immediate focus is to deliver our near term carbon reduction targets and continue to take action where we can now. In the short term, to remain aligned to our net zero transition plan, we will focus our efforts on two key decarbonisation levers; empowering change and efficient operations.

Decarbonisation lever	Emission sources addressed	How reduction will be achieved	Overall impact on emissions ¹
 Emission-free transport: Low and zero carbon logistics	<ul style="list-style-type: none"> Commercial vehicles Company cars Upstream transportation and distribution Downstream transportation and distribution 	Transition to electric and other zero emission vehicles, prioritising logistics partners who have implemented similar levers	High
		Route optimisation, fuel efficiency monitoring software	Low
		Prioritising logistics partners who use a higher proportion of low emission fuels	Low
 Building a low carbon supplier network: Suppliers setting carbon reduction targets	<ul style="list-style-type: none"> Purchased goods and services 	79% of suppliers by emissions to set and deliver short term reduction targets between (2027 and 2037)	Very High
		Additional engagement after 2037 with a proportion of suppliers to set net zero targets	Very High
 Climate conscious decision making: Providing lower carbon solutions for customers	<ul style="list-style-type: none"> Purchased goods and services End of life treatment of sold products 	Customer engagement, education, data and knowledge sharing on the carbon impacts of various products can lead to an increased demand for lower emission solutions	Medium
		Customers setting net zero targets will cause a shift in the emissions associated with a product's end of life treatment due to increased recycling and reuse rates	High
		Expected improvements in country level waste management and increased recycling rates	Low
 Lower carbon commodities: Raw material carbon reduction	<ul style="list-style-type: none"> Purchased goods and services 	Long term decarbonisation of the plastics industry through actions such as: reuse schemes, mechanically and chemically recycled plastics, plastics from biomass, Carbon Capture & Utilisation ("CCU") plastics	Very High
		Long term decarbonisation of the paper industry through actions such as: heat pumps to reuse heat, increased pulp from recycled sources, low emission fuels, renewable energy	High
		Long term decarbonisation of the textiles industry through actions such as: improved materials mix (e.g. recycled and organic fibres), renewable energy, reduced fertilizer use, improved manufacturing efficiency	Low
 Low carbon business and workforce: More efficient operations	<ul style="list-style-type: none"> Electricity Travel and commuting 	Onsite electricity generation from solar panel installation and renewable energy procurement	Low
		LED lighting and other energy efficiency measures	Low
		Review of business travel practices and reduction in non-essential trips, employees to transition towards electric and other zero emission vehicles over time, decarbonisation of public transport	Low

1. Very High (>10% of total reduction), High (>5%), Medium (>2.5%), Low <2.5%

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Decarbonisation impact by lever (2050)



1. We anticipate that beyond the reductions associated with the five key decarbonisation levers, further innovation and technology improvements, particularly related to product design and technology, transportation solutions and waste treatment will result in additional emissions reduction.
 2. Residual emissions are those emissions that remain at the point of net zero, despite abatement efforts. We are committed to neutralizing any residual emissions at the net-zero target year.

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We have a vast supply chain comprised of over 10,000 suppliers with associated scope 3 emissions accounting for around 83% of our total emissions."



A low carbon business and workforce

Our scope 1 and 2 carbon emissions in 2023, 2022 and our baseline year (2019) are shown in the table to the right. We are well on track to meet our science-based reduction goals for 2030. Compared to 2019, our carbon efficiency has improved by 30% with absolute emissions reduced by 18%.

In 2023, our overall emissions reduced by 4% compared to 2022. This reduction was driven by a focus on operational efficiency which has decreased fuel consumption in our commercial vehicles and resulted in a 2% reduction of global emissions. Our natural gas consumption reduced by 10% which was primarily driven by a relatively mild winter.

Our emissions associated with electricity consumption decreased by 4%. This was driven by energy efficiency improvements and increased procurement of renewable energy (from 17% to 25%). This emission reduction was partially offset by a higher electricity consumption due to increased uptake of electric vehicles (particularly in UK & Ireland and Continental Europe) and an increase in the conversion factors that are applied to sites that are not yet procuring renewable energy.

A summary of the progress we have made since our baseline year and the key initiatives carried out in 2023, are provided in the table on page 53. We also report on our climate change performance through our annual response to the Carbon Disclosure Project 'CDP'. In 2023, we received a B rating for our response which represents an improvement on last year.

Our near term carbon roadmap activities

Our short term scope 1 and 2 roadmaps primarily focus on technology that is currently available, but we also actively trial new technologies across the Group to support our longer term carbon reduction targets. As suitable new technologies develop, we will revisit our roadmaps accordingly to ensure our activities remain ambitious. The roadmap on page 53 relates to the near term

Scope 1 and 2 carbon emissions (market based)	2019	2022	2023	Change since baseline year
CO ₂ e emissions (tonnes)	141,320 ¹	120,742	115,382²	18%
Emission intensity (tonnes CO ₂ e/£m revenue)	13.8 ¹	10.5	9.7²	30%

1. Emissions in our baseline year have been recalculated in 2022 to reflect the impact of acquisitions. Emissions intensity has been recalculated using revenue at constant currency.
 2. Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com.

activities our business areas are working on to ensure we stay on track to achieve our scope 1 and 2 science-based reduction goals in 2030.

Building a low carbon supplier network










The scope 3 emissions associated with the goods and services we supply account for around 83% of our total emissions. Reducing these emissions is imperative to achieving our net zero goal and we have launched a new engagement programme with our key supply partners² supported by one of the largest Supply Chain Risk Management ('SCRM') platforms in the industry: Avetta One. This programme will allow us to assess where our key supply partners are on their carbon reduction journey, gather data and inform them of our policies, targets and other requirements.

As we improve our ability to identify and measure emissions across our supply chain, the data disclosed by our suppliers will improve and we will be able to measure and report the reductions in carbon that their targets, activities and programmes achieve, enhancing the transparency of our future disclosures. Our supplier engagement programme will also support another decarbonisation lever, as better quality data on carbon can be used to advise customers on the climate impact of the products they source from Bunzl and incentivise the sale of lower carbon options. This will also help to mitigate a climate-related transitional risk that we have identified when assessing climate change scenarios and their impact on our business; 'shifting customer expectations' (see page 213 for more information).

In late 2023, we communicated our requirement for key supply partners to set science-based targets. During 2024 we will onboard our key supply partners onto the Avetta One platform and issue our first climate change survey. This will be used to assess where our suppliers are on their decarbonisation journey and help prioritise our engagement with them. Once we understand the maturity levels in our supply chain, we will work to support suppliers who need more information, guidance, resources and tools as well as meeting our largest suppliers to discuss their plans, review their progress and identify opportunities to collaborate.

2. c.750 suppliers who account for c.79% scope 3 emissions.

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Scope 1 and 2 emissions source	KPI % of emissions in 2023	% change since 2019	Key initiatives and results in 2023	Progress
 Commercial vehicles	50%	-11%	<p>Ongoing fuel-efficiency improvements with targeted initiatives in North America (see page 28) reducing diesel consumption in commercial vehicles.</p> <p>Transition of small commercial vehicles to electric options is in progress with conversions completed at some companies in North America and UK & Ireland.</p> <p>Conversion of our large commercial vehicles is still at an early stage. Range limitations and impacts on operational efficiency still represent challenges for the large-scale transition of vehicles. Trialling of zero emission vehicles (where applicable technology exists) is taking place across the Group.</p> <p>Following a review of biofuel feasibility, we are planning additional transitions to Hydrotreated Vegetable Oil ('HVO') in 2024 and 2025 in the UK & Ireland and Continental Europe.</p>	 Behind plan but will recover to meet target
 Company cars	12%	-28%	<p>We have seen increasing electric vehicle adoption across fleets in the UK & Ireland and Continental Europe. Hybrid vehicles are also being introduced in North America and Asia Pacific. Approximately 10% of company cars are now fully electric.</p>	 On track
 Electricity	22%	-29%	<p>We continue to install energy efficient lighting in our buildings which typically reduces electricity consumption by 25% to 40%. The total percentage of renewable energy purchased has increased to 25% in 2023. A strong increase was achieved in Continental Europe where procurement has reached c.47% in 2023.</p> <p>Our businesses continue to install electricity generating solar panels and the electricity generated by these installations represents 1% of our total energy consumption.</p>	 On track
 Heating	16%	-15%	<p>When developing new sites we are reviewing options to install energy efficient heating systems such as heat pumps etc. This can result in natural gas savings of up to 70%.</p>	 On track
Total	100%	-18%	On track to meet our near term science based targets.	 On track

More information

- Detailed energy consumption and climate change data can be found in the ESG Appendix (see pages 215). Our climate change reporting procedures can be found in the EHS and Sustainability Reporting guidelines in the sustainability section of our website (www.bunzl.com/sustainability/sustainability-reporting/).
- The independent assurance for our scope 1 and scope 2 carbon emissions and emission intensity (tonnes of CO₂e per £m revenue) calculations can be found in the ESG Appendix of this report (see pages 215 and 217) and in the EHS data assurance statement in the sustainability section of our corporate website.

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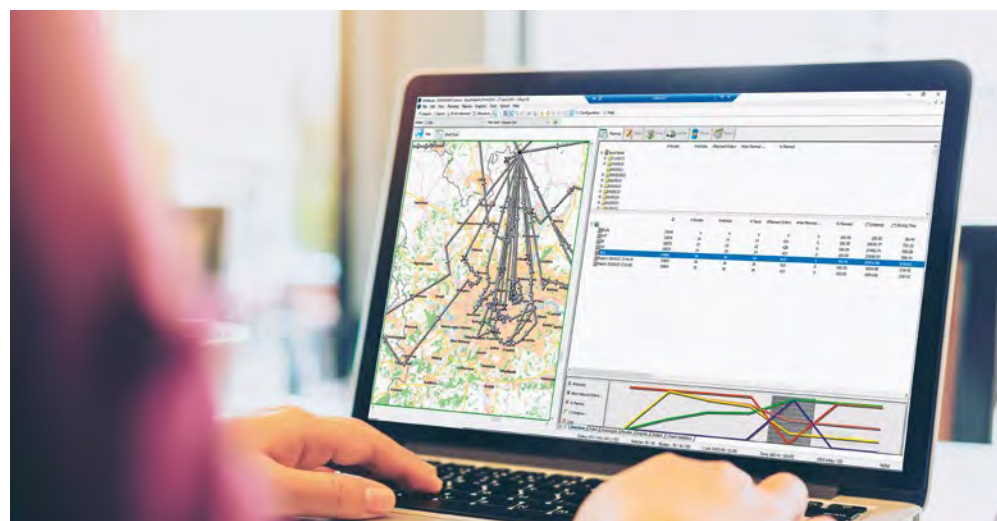
Reducing carbon emissions with efficient logistics

Commercial fleet accounts for 50% of Bunzl's total operational emissions. Integrating carbon efficiency into our logistics operations is imperative for our business to remain competitive in a rapidly changing landscape. The decarbonisation of our fleet will help meet the expectations of our customers who are increasingly aware of and demanding more sustainable supply chains. Bunzl's approach to consolidation has proven to be a vital tool when reducing our emissions. Initiatives to reduce our carbon emissions arising from our logistics operations include the use of intelligent transport management systems, route optimization programmes, and an increased proportion of modern, fuel-efficient vehicles.

In the UK & Ireland, Bunzl Catering Supplies ('BCS') have invested in a new integrated system of telematics software and dynamic routing planning. The telematics software provides an in-cab interactive experience for our drivers informing them about their performance on the road as well as useful information such as the emissions generated while idling or braking.

The dynamic route planning system provides drivers with information on the most efficient drop-off schedules, leading to a reduction in road miles and carbon emissions.

Bunzl Australasia's efforts to reduce electricity consumption at the Erskine Park distribution centre in Sydney represents a key milestone in their carbon reduction strategy. The project includes LED lighting upgrades, zoned heating, ventilation and cooling systems and rooftop solar panels. By collaborating with their landlord to promote an environmentally responsible partnership, the business not only successfully reduced electricity consumption and carbon emissions at the site but also solidified a strong commercial relationship. In the three years since the project commenced, electricity consumption and carbon emissions have reduced by over 65%. The project's learnings are now being applied to other facilities in the region as part of Bunzl's broader carbon reduction and sustainability efforts.

**Assessing climate change scenarios and their impact on our business**

The Board, Executive Committee and every business area and business in Bunzl identify and document risks in a consistent way within the categories of strategic, operational, and financial risks. Our process for identifying and assessing risks on an ongoing basis is detailed on page 68. These include current and emerging climate-related risks and opportunities and by doing so, we are ensuring that climate change is integrated into the Group's overall risk management.

Using climate scenarios to assess climate change risks

We follow a four-step process and use climate change scenarios to assess the impacts that climate change may have on Bunzl.

1. Evaluating risks and opportunities

Bunzl's climate-related risks and opportunities were determined by an internal consultation process that involved a wide range of internal stakeholders across all regions and markets, previous assessments and desk-based research. Our Company operates internationally and the impact on our business varies significantly depending on the market sector and the geographic location of our businesses, supply chains and our customers. These impacts could be direct (e.g. expenditure, revenue, assets) and/or indirect (e.g. delay in delivery, drop in demand, disruption of supply chains). It was determined that climate change could impact Bunzl in the following four thematic areas:

- shifting customer expectations (transitional risk);
- environmental impacts of technology (transitional risk);
- adaptation to extreme weather (physical risk); and
- changing market dynamics (transitional risk).

We have considered the following time horizons:

- short term (to 2025);
- medium term (to 2030); and
- long term (to 2050).

More information on the identified risk and opportunities can be found in page 214 of the ESG appendix.

2. Selecting climate change scenarios

The next step was to assess the impact of various climate change scenarios. We focused our assessment on three alternative climate scenarios up to 2050. The 'orderly' and 'disorderly' scenarios align with global warming trajectories of 1.5°C and 2°C by 2100 respectively but differ in the speed and extent of decarbonisation over the next 30 years. Our final scenario ('hothouse world') assessed the potential impacts of a world in which global warming exceeds 3°C by 2100. Our scenarios broadly align with the environmental and economic conditions represented in the Network for Greening the Financial System ('NGFS') scenario framework (www.ngfs.net/ngfs-scenarios-portal/explore) and more information can be found on page 213 of our ESG Appendix.

3. Evaluating the impact on our business

We have applied the three climate change scenarios to our four key risk areas (shifting customer expectations, environmental impacts of technology, adaptation to extreme weather and changing market dynamics) to understand the impact each scenario could have on Bunzl's business. We have then worked to calculate the financial impacts associated with the various scenarios.

4. Effectiveness of response measures

We will continue to evaluate (and when necessary accelerate) our existing response measures to ensure that our business continues to be resilient to the assessed risks and is able to capitalise on business opportunities that our response to climate change may offer.

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In order to assess the impact on our business we have considered a range of possible outcomes (best, mid, worst) across four key potential climate-related business impacts, under each of the three climate scenarios (Orderly, Disorderly and Hot House world). In line with last year and the views expressed by the NGFS we have used the following probabilities of the modelled scenarios; Orderly scenario: probable (greater than 50% probability), Disorderly scenario: possible (21 to 50% probability) and Hot House remains remote (less than 5% probability).

We have considered climate risk across five key potential business impacts.

1. Global GDP decline:

As a GDP+ business, Bunzl's revenue is to some extent correlated with the health and progress of the global economy. Economic damage from climate change could be caused by a number of outcomes, including shocks from extreme weather events, losses in agricultural productivity, temperature effects on labour productivity and human health, energy demands, and flows of tourism. All impacts are considered within our impact calculations.

2. Fleet transition:

Whilst the transition to low carbon vehicles has begun, the pace and breadth of change will depend upon the climate scenarios above. Consideration of the environment in which we may operate under each of the climate scenarios above and has been included in the financial impact assessment. It has led to the conclusion that we will be able to realise the opportunity to implement a fleet strategy that ensures a timely transition to alternative fuels at a cost that is comparable to the current cost, or that any increase in costs is market wide and therefore passed on to customers.

3. Not meeting emissions target expectations of large customers:

The timing of required emissions reductions varies significantly between the Orderly, Disorderly and Hot House scenarios. Many businesses have committed to dramatically reduce carbon emissions by 2050 with some committing to net zero. Consideration has been given to the potential impact of Bunzl not being able to meet the required level of climate action expected by key customers, resulting in the loss of those customers. We have already established a science-based emissions target in line with an Orderly scenario and ongoingly assess whether Bunzl's emissions trajectory meets customers' ambitions.

4. Carbon pricing:

Carbon pricing is a cost levied by governments to encourage polluters to reduce the amount of greenhouse gases they emit. Higher carbon prices may present challenges to Bunzl's competitiveness and profit margins if costs cannot be passed on to customers. We have considered the carbon pricing developments under the various scenarios.

5. Extreme weather conditions:

The business impact of extreme weather conditions is already included in our climate scenarios analysis model, as extreme weather is a driver of GDP decline and carbon pricing impacts within these scenarios. We monitor the impact of extreme weather on our direct operations separately to ensure we remain well prepared for worsening conditions in the future. We have considered the business impacts of extreme weather events, such as hurricanes, flooding and wildfires, in the business areas where these events occur most frequently (i.e. North America and Australasia).

Given our assessment of the likelihood and magnitude of impacts under the various scenarios including the impact of carbon pricing and other macroeconomic impacts from climate change, we have concluded that climate change remains a principal risk for Bunzl (see page 76 for more information).

SUSTAINABILITY continued

Providing tailored solutions



Consumer demand for packaging and products made from alternative materials continues to drive our commitment to lead the transition to products and solutions that support a low carbon and more circular economy.

85%

of Group revenue is non-packaging products or packaging products that are well suited to a circular economy

Only 2% of revenue generated from consumables facing regulation



Non-packaging products
£7.8bn (66%)

Packaging and products made from alternative materials
£2.2bn (19%)

Consumables likely to transition
£1.2bn (10%)

Packaging with an important purpose
£0.4bn (3%)

Consumables facing regulation
£0.2bn (2%)

- 55% of packaging made from alternative materials in 2023
- New legislation continues to drive sustainability growth opportunities
- Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure. We continue to exercise judgement to allocate the sales in 2023 to non-packaging products and the four packaging categories shown, which are taken at a point in time in the context of rapidly changing legislation and changes in product composition across a vast range of products. As a consequence, category adjustments are likely, and we have recognised one category adjustment this year that increases "products likely to transition" by £0.2bn, with a corresponding reduction in "packaging with an important purpose." More information on our packaging categories, and limitations with respect to the product data and related disclosures, are set out in the ESG Appendix on page 212.

Our materiality assessment showed our customers in the foodservice, grocery and retail sectors are responding to these consumer-driven trends and are increasingly requesting products which are more recyclable, reusable and climate friendly. These customers trust Bunzl to provide them with expert advice relating to packaging trends and legislation, the data they need to report effectively and make informed decisions, and the solutions they need to meet their sustainability objectives.

Our assessment also demonstrated that there is an increasing demand from our customers to understand the carbon footprint of the products we supply and where appropriate use lifecycle assessments to assess alternative options and find lower carbon solutions. During 2024 we will be building on the success of our proprietary material footprint tools and developing new approaches to bring this information to customers in a simple way.

SUSTAINABILITY continued

Some of our businesses have already started working with customers to understand the wider environmental impact of the products we supply; we have performed lifecycle assessments for customers in the Netherlands and started to assess the carbon footprint of top selling SKUs with retail customers in the UK.

Supporting customers to transition to alternative products

Our businesses have continued to help transition customers to packaging products made from alternative materials and these solutions account for 55% of total packaging sales across the Group. The introduction of new single-use plastics legislation and customers' efforts to meet their packaging targets are examples of drivers that have contributed to the proportion of alternative packaging sales.

The Group continues to have very limited exposure (2%) to single-use plastic consumables facing regulation where some volume reduction is expected and the proportion of total Group revenue attributable to non-packaging products or packaging made from alternative materials is high at 85%.

In the UK & Ireland our businesses have continued to develop a variety of innovative solutions to help customers reduce waste, minimise single-use plastic consumption and meet their sustainability goals. For example, Bunzl Retail Supplies have worked with the Co-op to introduce reusable cage shrouds in their stores which negate the need to wrap cages in single-use plastic stretch film. This initiative will save around 180 tonnes single-use plastic each year and reduce the customer's UK plastics tax liability.

Adding value with our own brand packaging

The unique feature of Bunzl's value proposition is that we not only add value for customers through providing the data and expertise they need to make informed decisions, meet the requirements of legislation and achieve their targets, but can also provide the products and other solutions they need to make this a reality.

Our innovative own brand solutions are helping to deliver value for our customers while supporting them to meet their sustainability goals. With many of our customers facing a combination of inflationary pressures and stricter packaging restrictions and associated legislation, our extensive range of own brand solutions across the Group have helped them transition to alternative materials at competitive prices while not compromising on sustainability credentials or product quality.

Four features of our sustainable own brand products

Feature	In action
<p>Responsibly sourced</p> <p>All own brand suppliers must meet the same internationally recognised human rights standards that we expect of our own business and are supported by our industry-leading ethical auditing function.</p>	<p>In North America, our rPET EcoSystems items are manufactured in one of the world's only vertically integrated facility produced from 100% post-consumer curbside collected PET. Made from Food and Drug Administration ('FDA') approved food grade material, the vertically integrated process significantly reduces the overall carbon footprint of the products when compared to virgin PET.</p>
<p>Future-proof</p> <p>Our ranges are always designed with the latest legislation in mind and are fully compliant with both existing and forthcoming regulations. We also keep track of the latest trends and extend our ranges to account for these.</p>	<p>Our European own brand Verive have launched their first range of around 100 reusable packaging products to present Bunzl as a distributor of both disposable and reusable food packaging solutions. This range is listed in nine European countries. Verive's reusables are being used across all Bunzl's sectors: from production facilities such as Volvo in Belgium to leisure parks in the Netherlands.</p>
<p>Accessible information</p> <p>Sustainability can often be an ambiguous, confusing, technical subject. Our own brands and expert sustainability teams are positioned to cut through any greenwashing and provide transparent, honest advice.</p>	<p>Bunzl Safety & Lifting in Australia have been supporting a major mining customer's mission to eliminate plastics from their supply chain with transparent information, a strategic approach and leading solutions. Our own brand Global Recycling Standard ('GRS') certified recycled-content polyester vests have clear recycling logos on the outer packaging and fully recyclable paper tags with cotton cord instead of plastic. On all other products the plastic garment bags have been completely removed or replaced with recyclable cardboard packing bands.</p>
<p>Exceptional quality</p> <p>Our cost competitive options are rigorously quality checked before distribution and are designed to include the latest innovations in packaging sustainability.</p>	<p>BEST Services, one of Canada's leading janitorial and maintenance service providers, specialises in high-traffic public facilities. BEST prides itself on its innovative approach and turned to Bunzl for a more cost-efficient, sustainable cleaning solution. We introduced our own brand REGARD chemistry line and converted c.600 cases of branded product. This line is opening many new opportunities by helping our customers achieve both sustainability and cost management objectives.</p>

SUSTAINABILITY continued

Responsible sourcing –
workers in the value chain

Bunzl has a zero tolerance policy to any unethical practices and is committed to respecting human rights across our own operations and in our supply chain.

90%

increase in the number of supplier assessments completed in high risk regions over the last six years, with the amount more than doubling since 2017

Measure	2022	2023
Number of suppliers assessed	930	1,022
% of spend in high risk regions that is with assessed and compliant suppliers	78%	81%
% of spend in low risk regions that is with assessed or compliant suppliers or on other non-product related costs²	c.96%	c.96%

An estimated 28 million people are in forced labour conditions¹ across the world and everyday more people are deceived, persuaded or pushed into highly exploitative situations that they are unable to refuse or leave. This is why Bunzl takes a proactive, direct and risk-based approach to ensure that our supply chain partners are complying with the high ethical standards demanded by our policies. We regularly review best practice to ensure that our controls are fit for purpose, refine our approach to address new issues and expand the coverage of our audit programme year on year.

In 2023, we increased the proportion of high risk spend covered by our assessment and auditing programme by 3% to 81%. We assessed 1,022 suppliers and 956 of these had no critical issues. If our audits identify any zero tolerance issues (for example, instances of forced labour or overtime or wage violations) we work to resolve these quickly through in-depth engagement with the supplier. Of the suppliers undertaking remediation efforts to bring them up to the required standard, 35 have completed their action plans to date with 21 still in progress. If resolution is not possible within a reasonable time frame (usually six months) then we terminate the relationship.

1. www.unseen.org/about-modern-slavery/facts-and-figures/.
2. Includes freight, duties and FX related costs.

In 2023, we terminated relationships with 10 suppliers who failed to make enough progress.

Most of our suppliers are based in countries with lower levels of social risk, with a small proportion of procurement spend with suppliers in higher-risk countries, such as China, India, Malaysia and Brazil. Over the last two years we have expanded our programme to assess suppliers in high risk countries outside of Asia and now also assess suppliers of high risk commodities who are based in lower risk sourcing countries. In addition to our Asia auditing programme in 2023, we performed 77 audits across suppliers in these categories with one zero tolerance issue identified. Once our responsible sourcing programme has worked to reduce the highest risks to acceptable levels, we will move on to lower risk areas.

Our materiality assessment demonstrated that this issue is still important to our stakeholders and with more individuals migrating now than at any point in the last fifty years due to conflict, natural disasters or to simply seek employment, the risk of exploitation is increasing and the most vulnerable (women, children and migrants) will be disproportionately affected. To take account of our materiality findings and in recognition of this situation, we will work with an expert, independent body to re-assess our supply chain risks during 2024 before making any necessary improvements to our already strong programme.

SUSTAINABILITY continued

Our responsible sourcing process in action

One of our recently acquired operating companies, Medcorp in Brazil followed our responsible sourcing process by identifying that a potential new supply partner was based in a high risk country and requesting our Global Supply Chain Solutions team to audit the supplier before commencing any trade with them.

A simplified overview of the audit process is shown here. The supplier passed the audit and Medcorp commenced trading in 2023.

As part of our review process, after the audit, we contacted an agreed percentage of our audited suppliers to check the audit was conducted in a fair and professional manner.

Additionally, several times a year, senior management will, unannounced, arrive to witness an audit, to ensure our professional standards are maintained.

**1. Policy review**

As soon as we arrive at a factory, we ensure both the supplier and our auditor sign our Anti Bribery & Corruption document prior to the audit taking place. We also review that the supplier has signed our Supplier Code of Conduct.

**2. Factory tour**

We then conduct a factory tour, gaining a good overview of the Quality Management and Employee Health, Safety & Environment Systems and to review some of our Social Accountability points, which are then covered further in both our employee interviews and document checks.

**3. Employee interviews**

We interview several employees, selected at random, as part of the Social Accountability section of our audit. We ask questions relating to their freedom of movement, salary, days and hours worked amongst other topics.

**4. Document review**

Lastly, we check a wide range of documents to ensure we fully understand a supplier's policies & procedures and to check that they are being followed. This will include reviewing details like employees working hours, salaries paid, etc., and allows us to investigate any potential modern slavery issues.

**CASE STUDY:****Forensic testing to enhance traceability**

One of Bunzl's Australian based businesses took part in a customer pilot, aiming to enhance traceability beyond traditional methods of labelling and certifications to provide material origin. In collaboration with a third party, the pilot used forensic testing technology to analyse organic trace elements in Bunzl-sourced products to determine the source origin. This innovative approach successfully identified the geographic origin of products, even when packaging or labelling was removed. The pilot focused on a product category typically sourced from known regions associated with a high risk of forced labour. The results of the testing were used to guide further investigation of the supply chain. Ongoing efforts involve Bunzl, their customer, and suppliers working collaboratively to co-design enhancements to existing risk management processes. Bunzl's sustainability and sourcing teams in Australia continue to apply the lessons learned from the pilot, extending the benefits to various aspects of the business.

SUSTAINABILITY continued

Investing in a diverse workforce



Diverse and inclusive workplaces are a key feature of sustainable business models and are even more important today given the other sustainability risks the world faces.

x2

doubled the percentage of women in senior leadership roles since 2016.

Established in the UK & Ireland in 2021, our Inspiring Women in Bunzl ('IWIB') programme focused on improving a common issue that faces many large organisations; the under-representation of women at a senior level. Over the last three years, other business areas in Bunzl have adopted their own IWIB programmes with Latin America holding their first annual conference in 2023 and our North American group doubling in size to include more than 100 female leaders in the region.

These programmes have started to deliver tangible results; in North America 36% of internal promotions in the leadership team were female in 2023 (up from 33% in 2022 and 14% in 2021), and 30% of our senior leadership team in the UK & Ireland are women. Results like these have combined to improve the proportion of women in Bunzl's senior leadership¹ population to 22% in 2023, compared to 20%² in 2022 and 16% in 2020.

We have continued to build development initiatives, including mentoring, for all high potential women in leadership roles. In Latin America more than 70 individuals have now completed a new programme designed in partnership with the Catholic University of Chile to develop leadership skills in women we have identified as high potential and part of the succession plans for our senior management roles.

Further information on our employee diversity data can be found on page 219.

1. Senior leadership group defined as the individuals that receive share awards as part of their remuneration.
2. The 2022 figure has been restated to 20% so that it is based on the same leadership population as used in calculating the 2023 ratio.

Great Place to Work survey (Justice section)

Our recent Great Place to Work results supported that those surveyed felt the people in their respective businesses are treated fairly regardless of their differences.

Positive responses from the survey population³

80%

People here are treated fairly regardless of their age

90%

People here are treated fairly regardless of their race

88%

People here are treated fairly regardless of their gender

92%

People here are treated fairly regardless of their sexual orientation

3. 45% of our total workforce.

SUSTAINABILITY continued

Building a truly inclusive culture is the key ambition of our diversity, equity, inclusion and belonging work at Bunzl. This is essential; a diverse group of people from different backgrounds and cultures provides us with the healthy balance of voices and diversity of thought that we need.

We believe that the creation of an inclusive culture is a leadership accountability and recognise that our leader's actions will shape how that culture evolves over time. During 2023, we have continued to provide training to our most senior teams and completed inclusive leadership and unconscious bias training with these groups. We also expanded the coverage of our employee listening forums to provide a voice for under-represented colleagues at all levels and get the feedback we need to ensure our programme continues to focus on the right areas.

Moving forwards, we will establish a consistent approach to the creation of similar listening groups in all regions and roll out a programme of reverse mentoring for all members of the Group leadership team. This will be supported by a drumbeat of internal communications on diversity-related themes, building on a higher frequency and quantity of internal communications seen across the Group in 2023.

For more information on our people-related activities and Great Place to Work survey results see page 35.

CASE STUDY:**Our sustainability value proposition in action****Adding value for new customers**

Our sustainability expertise and unique data and reporting capabilities are a real competitive advantage that we continue to build on.

Our sustainability value proposition is helping Bunzl operating companies to win new business and in 2023, Bunzl Cleaning & Hygiene Supplies in the UK were awarded a new multi-year contract with a leading cleaning and security services business, Excellerate Services UK. They operate in over 500 locations in the UK and our national footprint means we are able to service them completely.

Our Sustainability offering was critical to winning the contract with four solutions in particular that were essential for our new customer:

1. Carbon reporting.

Bunzl's ability to deliver high quality data on the carbon impact of our services set us apart from the competition.

2. Sustainable Product Award.

This allows our customers to make informed decisions on the sustainability attributes of the products they buy and drives positive change through our supply chain.

**3. Recycle Connect.**

A new initiative that provides customers with material recovery opportunities, ensuring that more of their cleaning & hygiene equipment is reused or recycled at the end of its useful life.

4. Own and exclusive brand products.

Bunzl own brand range Cleanline Eco enables compliance with current chemicals legislation in addition to providing a solution that contains environmentally friendly ingredients and is biodegradable.



Anna Edwards,
Sustainability Director at BCHS

SUSTAINABILITY continued

Governance

We have an established governance structure to oversee the delivery of our sustainability strategy and activities across the Bunzl Group. In 2022 we established a new Board Sustainability Committee ('BSC') to allow for more detailed strategic consideration of the opportunities and risks presented by sustainability and to educate and supplement the work of the Board in this area. Further information on the BSC can be found in the BSC report on pages 110 to 111.

Our Group Sustainability Committee is a cross-functional leadership committee that engages the management teams and operating companies across our business areas and provides oversight and strategic guidance for our programme. Chaired by our CEO and attended by members of our Executive team, the Committee meets quarterly to ensure Bunzl has an ambitious sustainability strategy, which is subject to effective governance. It sets targets and monitors progress while providing support for our business area sustainability teams.

To recognise the importance of climate change as a principal risk to the Company and effectively govern the progress of our regional carbon roadmaps, a new Environment & Climate Change Committee was established in 2023. Like our other governance meetings (e.g. the Supply Chain Committee), the group met four times a year and was represented by all business areas.

In 2023, the Environment & Climate Change Committee reviewed performance against our environmental objectives and tracked the progress of scope 1 and 2 emission reduction initiatives across the Group such as renewable energy procurement, alternative fuels and commercial vehicle transition.

The Supply Chain Committee is responsible for developing processes and procedures to assess opportunities and mitigate risks within our global supply chains, ensuring regulatory compliance as a minimum. In 2023 the Committee took responsibility for governing the work required to meet our scope 3 carbon reduction target and will regularly review the progress of our supplier engagement programme.

The Health & Safety Committee is responsible for assessing the key health and safety risks across Bunzl. They also develop, review and monitor appropriate policies, standards and regulations relating to health & safety management across the Group.

Our sustainability governance structure

