





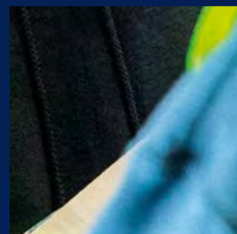

We deliver added value

Bunzl plc
Annual Report 2023

WELCOME

We are the largest value-added distributor in the world in our market sectors…

A focused and successful specialist international distribution and services group with operations across the Americas, Europe, Asia Pacific and UK & Ireland.

Our purpose is to deliver essential business solutions around the world and create long term sustainable value for the benefit of all our stakeholders.

Our customers expect us to deliver the innovative products, solutions and insights that add value to their operations. We invest in our people to add value to their experience and foster a customer-focused and inclusive culture. We return value to our investors through sustainable dividend growth.

That's why we never stop adding value.

www.bunzl.com
Read more on our website

Navigating our interactive document

This report is interactive, so simply click on the section you would like to go to. The same applies to the smaller contents pages at the beginning of each section. The tools described below can be used to move through our report and return to the contents page.

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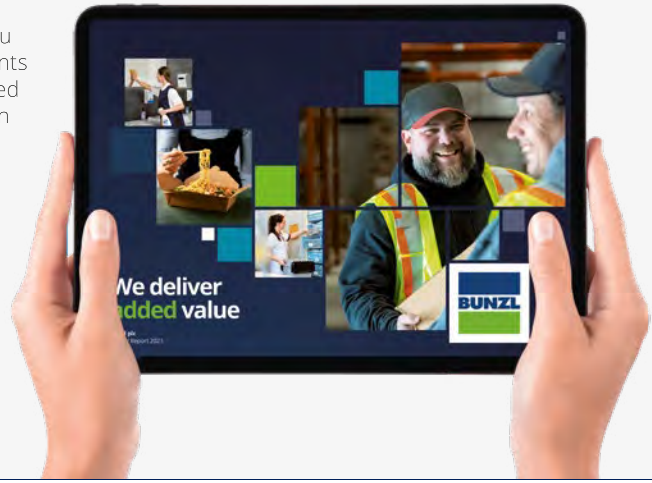


Going digital
As we move further and further into a digital world, help us to reach our carbon emissions target and create a more sustainable world by opting out of the printed edition of our report for next year.

Strategic report

Directors' report

Financial statements

Additional information

KEY THEMES FOR 2023

Always adding value

At Bunzl we never stop adding value for our stakeholders. Delivering the innovative products, solutions and insights that help our customers run their businesses more efficiently and sustainably.

Creating and innovating

Growing our strong exclusive own brand portfolio supports our value proposition and improves customer stickiness.

c.25%
Group revenue generated through own brand sales

Read more on page 20

Developing and improving

Our people are our most important asset, and we are continuously focusing on investing in and supporting their learning and development.

24,528
Total number of employees around the world

Read more on page 32

Enhancing and sustaining

Our depth of expert advice, own brand ranges, extensive product data, and proprietary tools help our customers navigate the complex transition to new products and sustainable solutions.

85%
Group revenue attributable to non-packaging products or packaging products better suited to a circular economy

Read more on page 42

A YEAR IN REVIEW

Resilient results following strong performance in recent years

Bunzl has a compounding growth strategy that consistently delivers, with sustainability a vital part of the equation.

Reconciliation of alternative performance measures to statutory measures for the year ended 31 December 2023

Year ended 31 December 2023	Alternative performance measures £m	Adjusting items: Customer relationships, brands and technology amortisation £m	Adjusting items: Acquisition related items £m	Statutory measures £m	
Adjusted operating profit	944.2	(135.6)	(19.5)	789.1	**Operating profit**
Finance income	60.4			60.4	Finance income
Finance expense	(150.9)			(150.9)	Finance expense
Adjusted profit before income tax	853.7	(135.6)	(19.5)	698.6	**Profit before income tax**
Tax on adjusted profit	(213.4)	36.7	4.3	(172.4)	Income tax
Adjusted profit for the year	640.3	(98.9)	(15.2)	526.2	**Profit for the year**
Adjusted earnings per share	191.1p	(29.5)p	(4.5)p	157.1p	**Basic earnings per share**

This review refers to alternative performance measures which exclude charges for customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and the profit or loss on disposal of businesses and any associated tax, where relevant. None of these items relate to the trading performance of the business. Accordingly, these items are not taken into account by management when assessing the results of the business and they are removed in calculating the profitability measures by which management assesses the performance of the Group. Further details of these alternative performance measures can be found in Note 3 to the consolidated financial statements on page 160.

Growth at constant exchange rates is calculated by comparing the 2023 results to the results for 2022 retranslated at the average exchange rates used for 2023.

* Alternative performance measure (see Note 3 to the consolidated financial statements on page 160).
** At average exchange rates and based on historical accounting standards, in accordance with the Group's external debt covenants.
† At constant exchange rates.

Financial performance highlights

Revenue
£11.8bn
(2022: £12.0bn)
(1.9)%†
Change at actual exchange rates (2.0)%

Adjusted operating profit*
£944.2m
(2022: £885.9m)
+6.2%†
Growth at actual exchange rates 6.6%

Basic earnings per share
157.1p
(2022: 141.7p)
Growth at actual exchange rates 10.9%

Adjusted earnings per share*
191.1p
(2022: 184.3p)
+2.7%†
Growth at actual exchange rates 3.7%

Operating profit
£789.1m
(2022: £701.6m)
Growth at actual exchange rates 12.5%

Net debt : EBITDA**
1.1x
(2022: 1.2x)

Cash conversion*
96%
(2022: 107%)

Committed acquisition spend
£468m

Dividend per share
68.3p
(2022: 62.7p)
+8.9%

31st year
of consecutive annual dividend increases

A YEAR IN REVIEW continued

Sustainability performance highlights

Responsible supply chains

81%
of our spend in high risk regions from assessed and compliant suppliers
(2022: 78%)

1,022
ethical audits completed
(2022: 930)

c.96%
of our purchasing spend today is either in low risk regions, with assessed or compliant suppliers in high risk regions, or on other non-product related costs

Investing in a diverse workforce

22%
senior leadership* roles filled by women

+2%
compared to the same population in 2022

* Senior leadership defined as the 506 leaders who receive share awards as part of their remuneration

Taking action on climate change

18%
reduction in absolute emissions since 2019
(2022: 15%)

30%
more carbon efficient since 2019
(2022: 24%)

750
largest suppliers engaged in 2023 over setting their own science- based emissions reductions targets

Providing sustainable solutions

2%
of Group revenue generated from consumables that are facing regulation

85%
of Group revenue attributable to non-packaging products and packaging products made from alternative materials that are well suited to a circular economy

Backed by a proven financial track record, we are committed to further accelerating our focus on sustainability for tomorrow and beyond.

Read more on page 44

BUNZL AT A GLANCE

Supporting businesses globally with essential products and services

We provide a one-stop-shop, on-time and in-full specialist distribution service across 33 countries, supplying a broad range of internationally and responsibly sourced non-food products to a variety of market sectors.

Our business regions

Adjusted operating profit*
£944.2m

North America
£528.0m

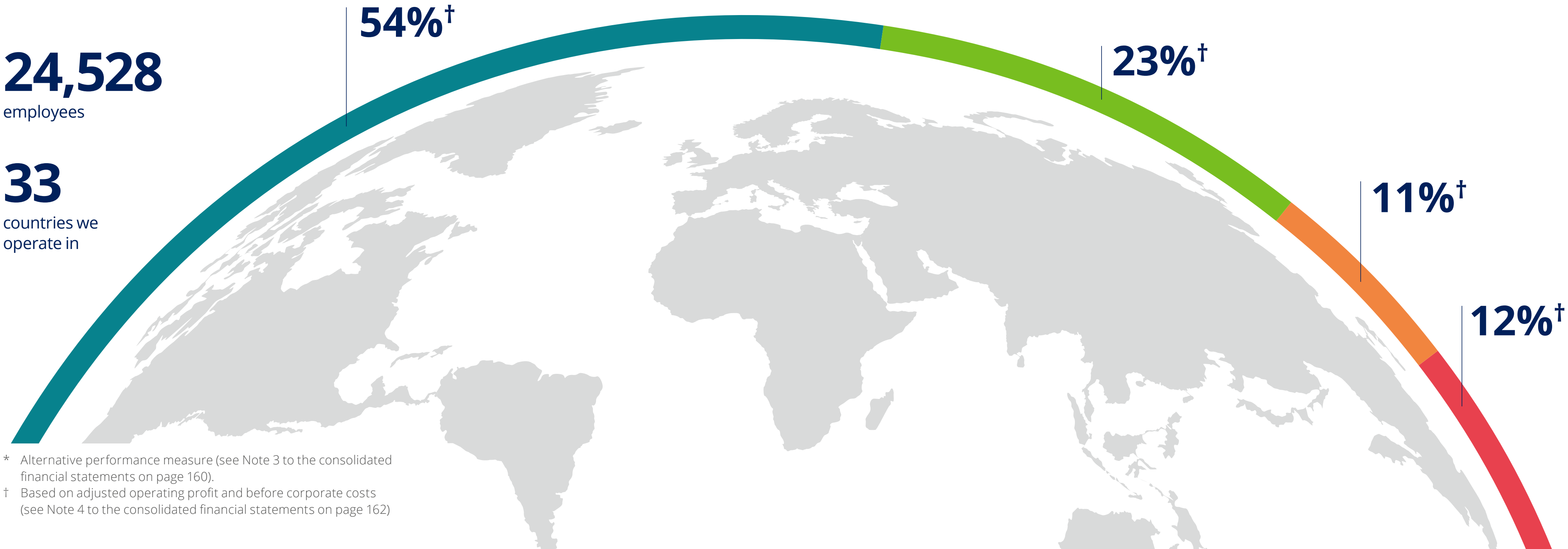
Continental Europe
£224.7m

UK & Ireland
£103.4m

Rest of the world
£119.6m

24,528
employees

33
countries we operate in



* Alternative performance measure (see Note 3 to the consolidated financial statements on page 160).
† Based on adjusted operating profit and before corporate costs (see Note 4 to the consolidated financial statements on page 162)

BUNZL AT A GLANCE continued

Our market sectors

Grocery
Goods-not-for-resale, including food packaging, films, labels, cleaning & hygiene supplies and personal protection equipment to grocery stores, supermarkets and convenience stores.

Cleaning & Hygiene
Cleaning & hygiene materials, including chemicals and hygiene paper, to cleaning and facilities management companies and industrial and public sector customers.

Foodservice
Non-food consumables, including food packaging, disposable tableware, guest amenities, catering equipment, agricultural supplies, cleaning & hygiene products and safety items, to hotels, restaurants, contract caterers, food processors, commercial growers and the leisure sector.

Retail
Goods-not-for-resale, including packaging and other store supplies and a full range of cleaning & hygiene products, to retail chains, boutiques, department stores, home improvement chains, office supply companies and related e-commerce sales channels.

Safety
Personal protection and safety equipment, including gloves, boots, hard hats, ear and eye protection and other workwear, as well as cleaning & hygiene supplies and asset protection products to industrial, construction and e-commerce sectors.

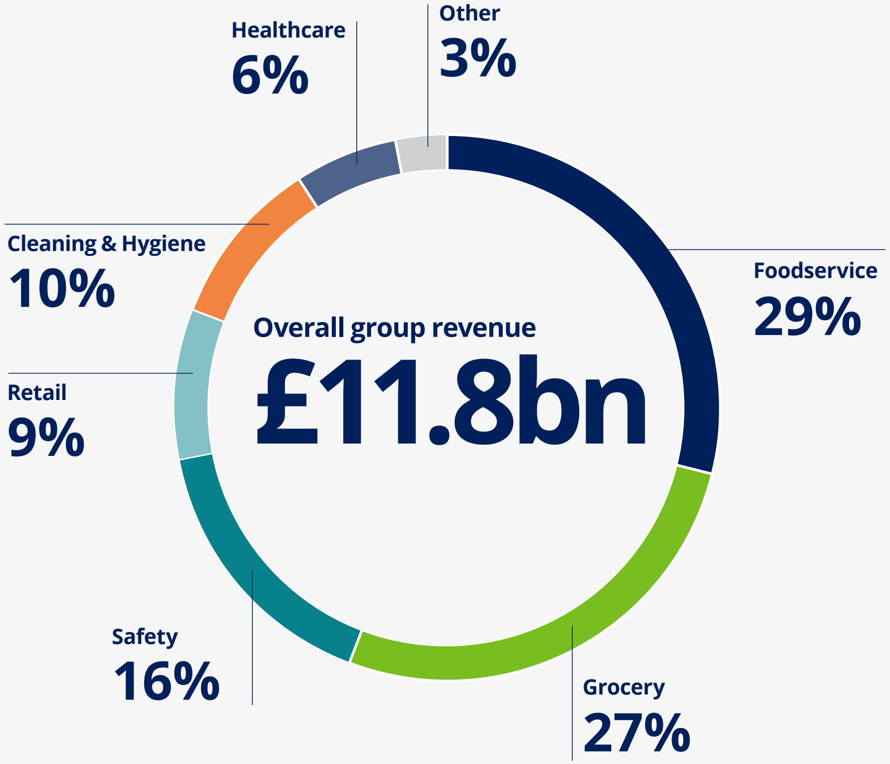
Healthcare
Healthcare consumables, including gloves, masks, swabs, gowns, bandages and other healthcare related equipment, as well as cleaning & hygiene products and healthcare devices to hospitals, care homes and other facilities serving the healthcare sector.

Other
A variety of product ranges to other end user markets.

Read more about our market segments in the market dynamics section of our Annual Report.

Read more on page 22

Sector revenue split



Peter Ventress
Chairman

Our people have driven us to achieve another successful year of strategic progress

c.75%

of our operating companies participating in our 'Great Place to Work' scheme in 2023 were accredited

Read more about our people on page 34

Bunzl has had another successful year, delivering good adjusted operating profit growth and making further strategic progress across the business, including surpassing the milestone of £5 billion of committed acquisition spend since 2004, and extending its track record of consecutive annual dividend growth to 31 years.

At constant exchange rates, revenue in 2023 declined by 1.9% (2.0% at actual exchange rates) and declined by 0.4% compared to the prior year excluding the disposal of the UK healthcare business. Adjusted operating profit grew by 6.2% at constant exchange rates (6.6% at actual exchange rates), with 7.6% growth excluding the disposal. An operating margin of 8.0% was supported by good margin management, including increasing penetration of own brands, higher margin acquisitions, operational efficiencies and inventory driven one-off benefits in the second half of 2023. At constant exchange rates, adjusted operating profit was 46.3% higher than the comparable period in 2019, and is equivalent to a c.10% Compound Annual Growth Rate ('CAGR') over that period. This performance gives me continued confidence in the Group's ability to continue to deliver long term growth, supported by the agility of our people, the diversification of our portfolio, the strength of our culture and our dedication to customer service.

CHAIRMAN'S STATEMENT continued

Strategic priorities

We continue to pursue a strategy of developing the business through a combination of organic growth, operational improvements and acquisition-led growth. The Group agreed 19 acquisitions in the year, across 11 countries and five sectors, highlighting the breadth of Bunzl's consolidation opportunities. This included the Group's first acquisition in Poland, Safety First, one of the country's largest distributors of personal protection equipment ('PPE'). This anchor acquisition provides a good platform from which to develop Bunzl's operations in this attractive market. Total committed spend for the year was £468 million, resulting in a total committed spend of £1.7 billion over the last four years. Bunzl's acquisition momentum has continued into 2024, with the announcement of two new acquisitions today, Nisbets and Pamark Group. Nisbets is a well-established, high quality and own brand focused omnichannel distributor of catering equipment and consumables that operates in the UK and Ireland, Northern Europe, and Australasia. The second acquisition is our anchor acquisition in Finland, a leading distributor called Pamark. This takes the number of countries in which we operate to 33. Bunzl's depth of opportunity is significant and further consolidation of the Group's fragmented end markets is a key growth opportunity. The continued sector and geographic expansion further enhances our available acquisition opportunities.

Bunzl's operating companies have continued to develop their value-added services to customers, supporting organic growth, customer retention, and margin opportunities. Alongside our sustainability and digital capabilities, developing innovative, own brand ranges is an area that continues to strengthen Bunzl's competitive advantage, with penetration today at c.25% of Group revenue. We also continue to collaborate with our strategic third-party branded suppliers, to provide unparalleled choice for our customers. The proportion of total Group revenue attributable to non-packaging products or packaging made from alternative materials remained high at 85%, while 72% of customer orders were received digitally. The Group also continues to drive operational efficiencies, including further warehouse relocations and consolidations which partially offsets property cost inflation, as well as making further investments into automation. Bunzl ended the year with a net debt to EBITDA of 1.1 times, providing substantial headroom for further self-funded acquisitions and other capital allocation options.

People and culture

Bunzl's most important asset is its people, who remain committed to providing customers with a reliable and value-added service. People continue to find Bunzl a fulfilling place to work, as demonstrated by the results from the Group's participation in the external 'Great Place to Work' scheme in 2023. After an initial trial in Continental Europe in 2022, the Group opened up the scheme more broadly in 2023. Around 75% of our operating companies that participated were accredited by the 'Great Place to Work' programme. We also continued to accelerate our diversity and inclusion agenda to ensure that we have a working environment which supports individual well-being, growth and career progression. In 2023, the percentage of women within our senior leadership team of 506 leaders (defined as those receiving long term incentives) was 22%. This is an increase of two percentage points compared to the equivalent population in 2022.

Shareholder returns

The Board is recommending a final dividend of 50.1p, 10.4% higher than the prior year, resulting in a full year dividend of 68.3p. This represents an 8.9% increase in the total dividend compared to 2022 and is Bunzl's 31st consecutive year of annual dividend growth. The Group remains committed to ensuring sustainable dividend growth.

Since 2004, Bunzl has returned £2.2 billion to shareholders through dividends and has committed over £5 billion to self-funded acquisitions to support a growth strategy that has delivered an adjusted earnings per share CAGR of c.10% over that period and achieved a return on invested capital of 15.5% in 2023.

Governance

Vanda Murray joined the Board in February 2015 and is currently the Chair of the Remuneration Committee and the Senior Independent Director. She has served on the Board for just over nine years and her term of office will end after the 2024 AGM. Vanda's independent advice and significant contribution to the Board's deliberations over the years have been greatly appreciated and she will leave with our best wishes. A robust recruitment process for a new non-executive director is now underway and an announcement will be released in due course, once a suitable candidate has been identified.

On the 1st of March 2023, Jacky Simmonds was appointed as a non-executive director of the Group. She has significant knowledge and experience of working in international and listed companies, and across all aspects of HR, with particular expertise in employee engagement, talent and succession planning. The proportion of female directors on the Board is now 44%, while representation on our Executive Committee remains at 40%.

Vanda will be succeeded as Chair of the Remuneration Committee by Jacky, and Pam Kirby will succeed her as the Board's new Senior Independent Director. The timing of the changes allows for a meaningful handover period with Vanda as part of a planned succession.

Peter Ventress
Chairman
26 February 2024

Bunzl's most important asset is its people, who remain committed to providing customers with a reliable and value-added service."

Key takeaways

- Total committed spend on acquisitions for the year was £468 million, resulting in a total committed spend of £1.7 billion over the last four years
- Strong return on invested capital of 15.5%
- Extending our track record of sustainable annual dividend growth for the 31st year

INVESTMENT CASE

A strong track record for delivering growth and returns to shareholders

Bunzl has a compounding growth strategy that consistently delivers, with sustainability a vital part of the equation.

- A diversified, balanced and resilient business
- Consistent compounding growth strategy with strong track record
- Significant opportunities for future growth
- Sustainable and equitable growth
- Highly cash generative and strong financial discipline

A diversified, balanced and resilient business

- Value-added service around essential products
- Operating in fragmented markets
- Low customer and supplier concentration
- Long term customer and supplier relationships

33
countries globally in which Bunzl is present

6
customer focused market sectors

>20 years
average length of partnership with top 40 North America customers

Consistent compounding growth strategy with strong track record

- Growth driven by profitable organic growth, operating model improvements, and self-funded acquisitions
- Strong track record of growth in revenue, adjusted operating profit and adjusted earnings per share
- Long term dividend growth and total shareholder return

214
acquisitions since 2004, driving organic growth

9%
Adjusted operating profit[1] CAGR since 2004

191.1p
Adjusted earnings per share[1], growing from 31.7p in 2004

31 years
of consecutive annual dividend growth

1. Alternative performance measure (see Note 3 to the consolidated financial statements on page 160).

INVESTMENT CASE continued

Significant opportunities for future growth

- Significant opportunities for growth in existing countries and markets
- Scope for further geographic and new sector expansion
- Strong balance sheet to support acquisition opportunities

£5.2bn
Self-funded committed acquisition spend from 2004 to 2023

1.1x
Net debt to EBITDA[1,2] provides substantial capacity for further self-funded acquisitions

Sustainable and equitable growth

- Industry-leading ethical supplier audits
- Carbon efficiency through consolidation and customer collaboration
- Proactive leader in the transition to alternative material products
- Decentralised business model supports people and customer focus

c.96%
purchasing spend[3] in low risk regions or assessed or compliant suppliers in high risk regions

18%
reduction in scope 1 and 2 emissions since 2019

10%
of Group revenue generated by consumables with an opportunity to transition

>40%
of female members in Board and Executive Committee combined

Highly cash generative and strong financial discipline

- Consistently strong cash conversion
- Efficient capital allocation
- Strong returns achieved

96%
Cash conversion[1]

15.5%
Return on invested capital[1]

46.1%
Return on average operating capital[1]

The performance of our business year on year always delivers returns for stakeholders. However, none of this would be possible without the hard work and dedication of our international teams, who work tirelessly across the world to deliver the best service possible for each and every one of our customers.

1. Alternative performance measure (see Note 3 to the consolidated financial statements on page 160) .
2. On a covenant basis – at average exchange rates and based on historical accounting standards, in accordance with Group's external debt covenants.
3. c.96% of our purchasing spend today is either in low risk regions, with assessed or compliant suppliers in high risk regions, or on other non-product related costs which include freight, duties and FX related costs.

CHIEF EXECUTIVE OFFICER'S REVIEW

Frank van Zanten
Chief Executive Officer

A year of resilience, delivering growth and margin improvement

Overview

The Group delivered a strong operating margin in 2023, despite revenue performance being impacted by a reducing benefit from inflation, volume loss in the North America foodservice redistribution business and some post-pandemic related normalisation trends. I am proud of the success our teams have had with margin management initiatives which have contributed to the margin performance, such as increasing the penetration of our own brand products, and continued strategic focus on operational efficiencies.

We have achieved overall good outcomes from the elevated number of customer tenders we have seen following a period of reduced activity, which is a testament to the strong value proposition we provide our customers, supported by the strength of our supply chain. While the Group's financial strength had enabled our teams to invest in inventory during the supply chain disruption over the last few years, as this has eased, our teams have also demonstrated a strong commitment to operational discipline, delivering a meaningful reduction in inventory days towards 2019 levels, particularly in the first half of the year. I am also very pleased with the continued success of our acquisition strategy, including surpassing the milestone of £5 billion of committed spend since 2004.

Our performance in 2023 continues to highlight the strength of Bunzl's compounding growth strategy and this strengthens my confidence in

Robust performance

8.0%
Operating margin[1]

7.6%
Adjusted operating profit[1,2] growth, excluding the disposal of the UK healthcare business

£468m
committed spend on acquisitions

1.1x
Net debt to EBITDA[1,3]

£644m
free cash flow[1]

8.9%
dividend per share growth

1. Alternative performance measure (see Note 3 to the consolidated financial statements on page 160).
2. At constant exchange rates.
3. On a covenant basis – at average exchange rates and based on historical accounting standards, in accordance with the Group's external debt covenants.

CHIEF EXECUTIVE OFFICER'S REVIEW continued

the Group's medium term outlook. Our organic revenue growth will continue to be supported by investments in our value-added proposition, and a net inflationary environment is potentially a further medium term support. Furthermore, we continue to see substantial opportunities for consolidation of our fragmented markets, and the Group has achieved a step-change in the level of committed acquisition spend in recent years. The expansion of our footprint resulting from acquisitions continues to enhance the number of future opportunities available through our locally driven approach to sourcing acquisitions.

Operating performance

With approximately 90% of adjusted operating profit generated outside the UK, profits and earnings were positively impacted between 0% and 3% by currency translation in 2023. The commentary below is stated at constant exchange rates unless otherwise highlighted. Performance in 2023 also reflects the disposal of our UK healthcare business in December 2022, which had revenue of £176 million in 2022.

Over 2023, revenue declined by 1.9% (2.0% at actual exchange rates) to £11,797.1 million. Within this, acquisition growth of 2.5% was offset by underlying revenue decline of 2.9% and the impact of the UK healthcare business disposal in December 2022 which impacted revenue by 1.5%. Within the underlying revenue decline of 2.9%, the decline in Covid-19 related sales impacted underlying revenue by 1.4%, with Covid-19 related sales now broadly in line with 2019 levels. The base business contributed 1.5% of the decline, driven by volume loss in the North America foodservice redistribution business due to deflationary pressure increasing price competition, post-pandemic normalisation trends, as well as a reducing benefit from inflation. Furthermore, volumes were impacted by planned strategic actions in the North America retail business to focus on more profitable customers and the decision to transition ownership of customer specific inventory to certain customers, as well as some volume weakness in Continental Europe and UK & Ireland.

In recent years, the Group has managed inflation on paper, plastics and chemicals well, and successfully implemented product cost driven selling price increases. Over the year, the benefit of inflation continued to reduce, with some deflation in the final quarter, particularly in North America, which was no longer fully offset by inflation benefit elsewhere. While other regions saw lagged inflation compared to North America, all regions experienced a reducing benefit over the course of the year. During the year, we achieved good overall outcomes from the elevated number of customer tenders, following reduced activity during the pandemic. We saw moderating operating cost inflation in North America with wage inflation back to more typical levels. Property cost inflation linked to lease renewals remained high, but was partially offset by fuel and freight rates declining meaningfully. Wage inflation in UK & Ireland and Continental Europe increased over the year but was manageable.

The foodservice and retail businesses combined saw underlying revenue decline by 8% compared to the prior year. There was volume weakness in North America foodservice due to deflationary pressure increasing price competition, which alongside process changes in the business to drive more own brand penetration, resulted in lower volumes. We also saw an impact to volumes from post-pandemic normalisation trends, driven by a reduction in takeaway packaging sales as dining habits have continued to shift following the pandemic, and customer destocking activity early in the first half. The retail sector saw a decline in revenues, mainly in North America, as a result of planned strategic actions to focus on more profitable customers and transitioning ownership of customer specific inventory to certain customers. In addition, there was a reduction in Covid-19 related sales in most business areas. Total underlying revenue in the grocery and other sectors grew by 2%, driven by further year-on-year inflation benefit. Overall, total underlying revenue in the healthcare, safety and cleaning & hygiene sectors declined by 1% year-on-year, with an impact from lower Covid-19 related sales.

> **We saw good outcomes of tendering activity in the year, supported by our continued demonstration of our value-added services and the strength of our own brand proposition."**

Our safety base businesses have seen a slight decline, with continued recovery in some business areas offset by normalising Covid-19 related sales. Increased infrastructure spend in North America is a potential medium term support for our safety business. The cleaning & hygiene sector saw some growth over the year, mainly due to acquisitions and inflation benefits in UK & Ireland and Continental Europe.

Adjusted operating profit was £944.2 million, an increase of 6.2% (6.6% at actual exchange rates), and operating margin increased to 8.0% compared to 7.4% in the prior year. The Group's operating margin was supported by good margin management, including increasing penetration of own brands, higher margin acquisitions, operational efficiencies, and inventory driven one-off benefits in the second half of 2023. Operating margins remain substantially higher compared with the 6.9% achieved in 2019, at constant exchange rates. Of the 110bps increase, around half is driven by margins attributable to acquisitions made over that period. Excluding the UK healthcare disposal, adjusted operating profit grew by 7.6%. Reported operating profit was £789.1 million, an increase of 11.0% (12.5% at actual exchange rates), reflecting the 6.2% increase in adjusted operating profit (at constant exchange rates) and a reduction in customer relationships, brands and technology amortisation and acquisition related items compared to the prior year.

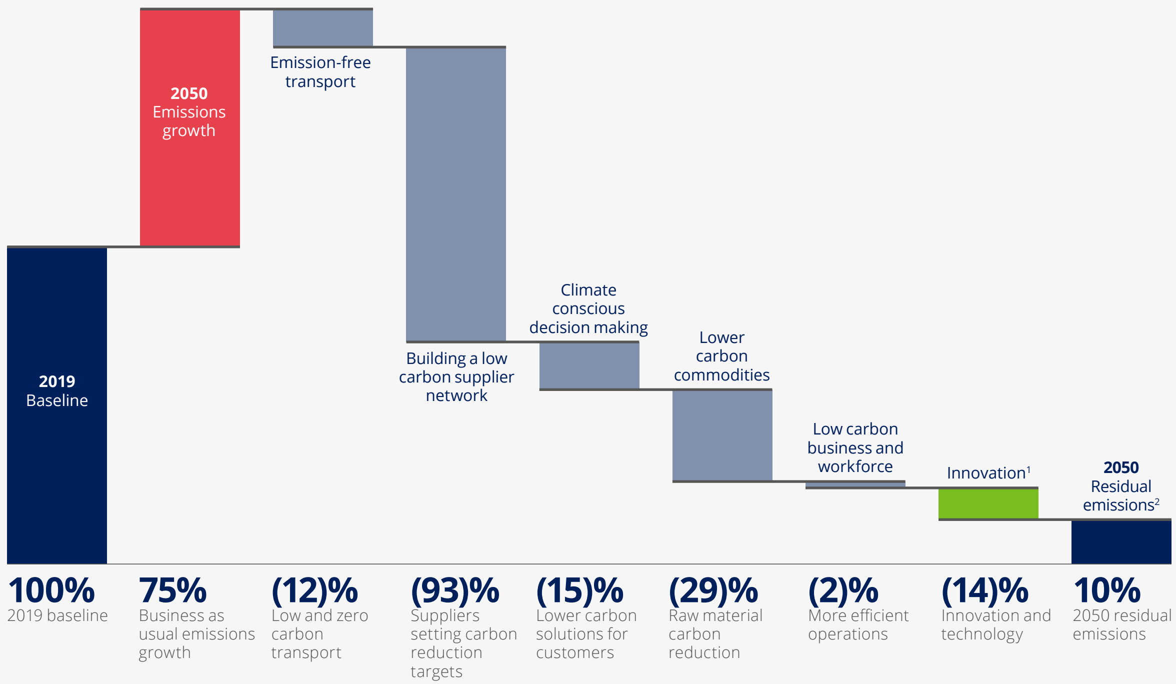
Key takeaways

- Operating margin of 8.0%
- Continued acquisition success, with 19 agreed in 2023, including first acquisition in Poland
- Overall good outcomes of tendering activity, supported by demonstration of value-add and strength of own brand proposition
- Continuing to drive operating efficiency through 24 warehouse relocations and consolidations
- Increased digital order percentage to 72%, further improving efficiency and our ability to retain customers
- Continued development of sustainability offering to support customers' transition to alternative products and reduce carbon emissions

CHIEF EXECUTIVE OFFICER'S REVIEW continued

Decarbonisation impact by lever (2050)

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.



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 neutralising any residual emissions at the net-zero target year.

Our decarbonisation levers

- **Emission-free transport**
- **Building a low carbon supplier network**
- **Climate conscious decision making**
- **Lower carbon commodities**
- **Low carbon business and workforce**

Read more about our levers on page 50

Adjusted profit before income tax was £853.7 million, an increase of 3.4% (4.4% increase at actual exchange rates). Adjusted profit before income tax was impacted by a £27.2 million increase in net finance expense, at constant exchange rates, to £90.5 million, driven by increases in interest rates and fair value movements on interest rate derivatives, partly offset by lower average debt during the year. Reported profit before income tax was £698.6 million, an increase of 7.8% (10.1% at actual exchange rates).

The effective tax rate of 25.0% was higher than the 24.6% in the prior year, reflecting the UK corporate tax increase. This will also have a further impact next year, so the effective tax rate is expected to be around 26% in 2024.

Adjusted earnings per share were 191.1p, an increase of 2.7% (3.7% at actual exchange rates). Reported basic earnings per share were 157.1p, an increase of 8.2% (10.9% at actual exchange rates).

The Group's cash generation continues to be strong, with 96% cash conversion (operating cash flow as a percentage of lease adjusted operating profit) ahead of our 90% target, and £643.5 million free cash flow generated. The level of cash generated remains strong, but a higher cash outflow relating to income tax and interest paid resulted in free cash flow declining 8.8% at actual exchange rates compared to 2022. The strength of our underlying free cash flow generation continues to enable our investment in the business, progressive dividends and acquisitions.

The Group ended the year with net debt, excluding lease liabilities, of £1,085.5 million compared to £1,160.1 million in December 2022. Net debt to EBITDA, calculated at average exchange rates and in accordance with the Group's external debt covenants, which are based on historical accounting standards, was 1.1 times compared to 1.2 times at the end of 2022. This provides the Group with substantial capacity to fund further acquisitions and to consider other potential capital allocation options.

The structure of recent acquisitions, with increasing earn outs and options to be exercised to buy out minorities in future years, gives rise to both deferred consideration payable and future contingent consideration. At the end of the year, a deferred consideration payable of £175.6 million was held on our balance sheet compared to £139.9 million at the end of 2022; deferred consideration is not included within the Group's external debt covenant definition. The total amount of deferred and contingent consideration relating to acquisitions was £258.8 million at the end of the year compared to £216.2 million at the end of 2022. The incremental leverage from deferred and contingent consideration expected to be paid was c.0.2 times.

Return on average operating capital increased moderately to 46.1% compared to 43.0% at 31 December 2022, mainly due to higher returns in the underlying business driven by an increase in operating margin. Return on invested capital was 15.5% compared to 15.0% at 31 December 2022, similarly due to higher returns in the underlying business driven by an increase in operating profit.

CHIEF EXECUTIVE OFFICER'S REVIEW continued

Organic growth and operational efficiency

We remain committed to delivering growth through our consistent compounding strategy, which focuses on organic growth, operational efficiency and acquisitions. Our colleagues have continued to focus on increasing digital sales, which accounted for 72% of orders over 2023 compared to 69% in 2022. We also continue to provide our customers with innovative products and services, including those within our strong sustainability offering, which enhance our competitive advantage supporting the overall good outcome of recent tenders.

Our continued focus on operational efficiencies included the consolidation of 13 warehouses and the relocation of 11 warehouses, as well as continuing to implement new technologies and automation that drive more efficient processes.

Acquisitions

Over the year, Bunzl agreed 19 acquisitions with a total committed spend of £468 million, adding estimated annualised revenue of £325 million. These acquisitions, which span 11 countries and five sectors, further expanding our customer reach, strategic capabilities, geographic and sector diversification and highlight the breadth of our consolidation opportunities. We are pleased with the acquisition of Safety First, one of the largest distributors of PPE in Poland. This is our first acquisition in Poland, providing access to a potential market of more than 38 million people. Following this acquisition, there are significant opportunities for Bunzl to grow in this market. Bunzl continued to expand its digital capabilities with the acquisitions of specialist online distributors in Germany (Arbeitsschutz-Express) and the Netherlands (EcoTools.nl). Bunzl also completed three acquisitions in Brazil, adding a further c.£124 million of annualised revenue in a country in which we have grown revenue CAGR by 17% since 2019, with plenty of further opportunities for growth.

Acquisition*	Completion	Description
Capital Paper	January 2023	Distributor of foodservice packaging and consumables, cleaning & hygiene supplies, and industrial packaging products in Canada, with revenue of CAD 26 million (c.£16 million) in 2022
Arbeitsschutz-Express	April 2023	Online distributor of workwear and PPE in Germany, which generated EUR 41 million (c.£35 million) of revenue in 2022
Dimasa	April 2023	Distributor of cleaning & hygiene products in the Andalusia region of Spain, with revenue of EUR 4 million (c.£3 million) in 2022
Irudek Group	April 2023	Distributor of safety and PPE in Spain, specialising in fall protection equipment, with revenue of EUR 17 million (c.£15 million) in 2022
EHM	June 2023	Distributor of a wide range of PPE products in the UK, with revenue in 2022 of £18 million
La Cartuja Complementos Hostelería	June 2023	Foodservice and hospitality equipment provider in Spain, with revenue of EUR 5 million (c.£4 million) in 2022
EcoTools.nl	July 2023	High growth Netherlands based specialist online distributor of tool accessories and industrial consumables to customers across the Benelux region. In 2022, the business generated revenue of EUR 20 million (c.£17 million) with very high double digit margins
Leal Equipamentos de Proteção	August 2023	A specialised high margin safety distributor in Brazil with a strong own brand portfolio, which generated revenue of BRL 216 million (c.£34 million) in 2022
Groveko	August 2023	Distributor of cleaning & hygiene products in the Netherlands with both a traditional cleaning & hygiene product offering, as well as robotic and smart cleaning solutions. The business generated revenue of EUR 23 million (c.£20 million) in 2022
PackPro	August 2023	Distributor of packaging solutions to a diverse customer base, including food processor and industrial customers in Canada. In 2022 the business generated revenue of CAD 33 million (c.£20 million)
Pittman Traffic & Safety Equipment**	August 2023	Distributor of safety and asset protection solutions in Ireland and the UK, such as bollards, speed bumps and workplace barriers, with revenue in 2022 of EUR 7 million (c.£6 million)
FlexPost	October 2023	A higher margin distributor of flexible signposts and bollards in North America with a strong own brand portfolio. FlexPost generated revenue of USD 4 million (c.£3 million) in 2022 and follows other recent acquisitions focused on asset protection solutions
Safety First	November 2023	One of the largest distributors of PPE in Poland to a range of end markets. This is Bunzl's anchor acquisition into Poland, with revenue generated in 2022 of PLN 121 million (c.£22 million)
Grupo Lanlimp	November 2023	A market leading distributor of cleaning & hygiene products in Brazil, with revenue of BRL 210 million (c.£33 million) in 2022
Melbourne Cleaning Supplies	November 2023	A distributor of cleaning & hygiene supplies in Australia. This acquisition expands our customer proposition and complements our existing businesses. In 2022, the business generated revenue of AUD 18 million (c.£10 million)
Miracle Sanitation Supply	December 2023	A cleaning & hygiene distributor in the Canadian province of Manitoba, which strengthens Bunzl's presence in the region. The business generated CAD 11 million revenue in 2022 (c.£7 million)
CT Group	December 2023	A higher margin distributor of surgical and medical devices and provider of value-added logistics services to health providers in Brazil, with revenue of BRL 269 million (c.£42 million) in 2022

* In addition to the above acquisitions, two small acquisitions were agreed in 2023 with a combined revenue of c.£4 million in 2022.
** The acquisition supports the expansion of our North America based McCue business and is therefore reported as part of the North America business area.

CHIEF EXECUTIVE OFFICER'S REVIEW continued

Overall, acquisitions made during the year have enhanced the Group's digital capabilities and expanded our geographic coverage, own brand ranges and expertise.

The strength of the Group's cash conversion and balance sheet continues to enable the Group to fund further acquisitions, largely through cash generated in the year. This ongoing strength has supported the self-funding of one of Bunzl's most successful acquisition periods. Over the last four years combined committed spend on acquisitions was approximately £1.7 billion.

Bunzl ended 2023 with net debt to EBITDA of 1.1 times, providing the Group with substantial capacity to self-fund further acquisitions. Our pipeline is active, and we see significant opportunities for continued acquisition growth in our existing markets where we have opportunity to increase our presence, as well as potential to expand into new markets.

Today, Bunzl announces the acquisitions of Nisbets and Pamark Group. Nisbets is a leading omnichannel distributor of catering equipment and consumables in the UK and Ireland, Northern Europe, and Australasia. This is a high quality business that will complement the Group's existing businesses in the catering distribution sector. Their extensive range of own brand products are a good addition to our portfolio and their digital marketing and sales capabilities will complement other online-focused businesses within the Group. Pamark is Bunzl's first acquisition in Finland, bringing the Group's operations to a total of 33 countries. It is a leading distributor that provides us with opportunities to expand in multiple end markets, including cleaning & hygiene, healthcare, foodservice and safety.

15.5%
Return on invested capital[1]

46.1%
Return on average operating capital[1]

1. Alternative performance measure (see Note 3 to the consolidated financial statements on page 160)

Capital allocation

Our capital allocation priorities remain unchanged and focused on the following: to reinvest our cash into the business to support organic growth and operational efficiencies; to pay a progressive dividend; to self-fund value accretive acquisitions; and to distribute excess cash. Our framework favours the first three methods of investment, with £2.2 billion of cash distributed to shareholders through dividends and £5.2 billion committed acquisition spend between 2004 and 2023, while maintaining a good return on invested capital of 15.5% (2022: 15.0%). With the strength of Bunzl's performance in recent years resulting in a comfortable leverage position compared to a net debt to EBITDA target of 2.0 to 2.5 times, there is significant financial headroom remaining to commit to self-funded value accretive acquisitions in our active pipeline of attractive opportunities. The Board is committed to an efficient balance sheet which supports investment into the business and maintains flexibility for value accretive acquisitions, and also continually assesses the appropriateness of the return of excess capital to shareholders.

Equitable and sustainable growth

Sustainability remains a key strategic priority, and the Group is committed to helping lead the transition to a more sustainable and equitable future by continuing to direct our efforts into the four key areas where we believe we can make the greatest positive contribution: providing alternative packaging solutions; ensuring responsible supply chains; investing in our people; and taking action on climate change.

The Group remains focused on transitioning customers to packaging that is better suited to a circular economy, with revenue from packaging made from alternative materials accounting for 55% of the Group's total packaging sales. The proportion of total Group revenue attributable to non-packaging products or packaging made from alternative materials remained high at 85%, with a further 10% of the Group's revenue attributable to single-use plastic consumables which are likely to transition to products made from alternative materials. We continue to increase our competitive advantage by sourcing innovative products, including from within our own brand portfolio, as well as with our expert advice, data tools and investments in our supplier auditing programme.

We have made good progress towards our 2030 scope 1 and 2 carbon emissions reduction targets that were approved by the Science Based Targets initiative ('SBTi') in 2022. Currently we are progressing well to achieve our target of a 27.5% absolute emissions reduction and becoming 50% more carbon efficient by 2030, having reduced absolute emissions by 18% and become 30% more carbon efficient against a 2019 baseline. We continue to aim to be net zero by 2050 at the latest, inclusive of scope 3 emissions. 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, which details how we will achieve our 2050 net zero commitment. As with our near term carbon reduction targets, we have submitted our net zero transition plan for approval with the SBTi.

The Group continues to carry out ethical and quality audits of its suppliers. In 2023, 1,022 of these audits were completed through our Shanghai based Global Supply Chain Solutions team. The majority took place in Asia, as this is the most significant high risk sourcing market for Bunzl by spend, but audits were also performed in other high risk regions. In total, c.96% of our overall purchasing spend today is either purchases from low risk regions or with assessed or compliant suppliers in high risk regions, or on other non-product related costs.

Our people strategy also continues to drive strong engagement, as indicated by 75% of our operating companies that participated in the 'Great Place to Work' programme becoming accredited. We continue to see encouraging retention levels across the Group and good progress was made on our diversity plans.

Prospects

We are maintaining our 2024 profit guidance published in our pre-close statement[1].

Following a slower than expected start to the year in North America, we now expect to deliver slight revenue growth in 2024, at constant exchange rates, driven by acquisitions announced in 2023; with underlying revenue, which is organic revenue adjusted for trading days, declining slightly. Group operating margin is now expected to be slightly below 2023.

Looking ahead, the Group's longer term prospects remain attractive, with the Group committed to its proven and consistent strategy which supports Bunzl's continued track record of value creation. Organic growth, is supported by new business opportunities, continual product innovation, sustainability expertise, and the Group's daily focus on becoming more efficient. Our acquisition growth is driven by our position as the leading operator of scale in highly fragmented markets, with a strong balance sheet and demonstrable track record of our ability to consolidate. We believe the merits of joining the Bunzl family have only been strengthened as a result of the pandemic and supply chain disruptions, and this is reflected in our recent acquisition success. We have an active pipeline of acquisition opportunities in our existing markets, supplemented by potential acquisitions in new geographies and adjacent sectors. Our capital allocation and portfolio optimisation discipline ensures we are investing to drive a strong return.

Frank van Zanten
Chief Executive Officer
26 February 2024

1. The guidance does not include the acquisitions announced today.

Our leadership team

Leaders from across the Group meet regularly to review performance, discuss trends affecting our businesses and seek further opportunities for growth and competitive advantage.

Frank van Zanten
Chief Executive Officer

Richard Howes
Chief Financial Officer

Diana Breeze
Director of Group Human Resources

Andrew Mooney
Director of Corporate Development

Suzanne Jefferies
General Counsel and Company Secretary

Jim McCool
Chief Executive Officer, North America

Alberto Grau
Managing Director, Continental Europe

Andrew Tedbury
Managing Director, UK & Ireland

Jonathan Taylor
Managing Director, Latin America

Scott Mayne
Managing Director, Asia Pacific

Mark Jordan
Group Chief Information Officer

Board of Directors page 90

OPERATING REVIEW

North America

Jim McCool
Chief Executive Officer, North America

> Our strong operating margin increase was primarily driven by good margin management initiatives and growth in own brands."

Overview

In North America, revenue declined 5.3% to £6,973.5 million, with underlying revenue declining by 5.6%. The benefit of a significant new business win in our processor segment in the second half of 2022 and modest growth from current year acquisitions was more than offset by volume loss in the foodservice redistribution business. In retail, revenue was also impacted by planned strategic actions to focus on more profitable customers and transitioning ownership of customer specific inventory to certain customers. Finally, we saw a further decline in Covid-19 related product sales, driven by the return to historical price levels of disposable glove categories. Despite the revenue decline, adjusted operating profit improved by 2.9%, to £528.0 million with operating margin increasing to 7.6%, up from 6.9% in the prior year. This was primarily driven by margin management initiatives and strong growth in own brands, particularly in our grocery and foodservice segments, which more than offset moderating operating cost inflation, driven by wage inflation being at a more typical level. Property cost inflation linked to lease renewals remained high, but was partially offset by fuel and freight rates declining meaningfully.

Our business which supports the US grocery sector, declined modestly as we experienced reducing inflation benefit and some price deflation towards the end of the year, primarily driven by the carrier bag and disposable glove categories. Strong margin management, as well as strong growth in own brands, drove overall improvement in operating margin and adjusted operating profit. Our convenience store sector declined moderately.

Our foodservice redistribution business declined. Deflationary pressure increased price competition, which alongside process changes in the business, to drive more own brand penetration, resulted in lower volumes. We also saw an impact on volumes from post-pandemic normalisation trends, as a result of a reduction in takeaway packaging sales as dining habits have continued to shift following the pandemic and customer destocking activity early in the first half. Our food processor sector grew modestly, as the favourable impact of a large customer win in Q3 2022 more than offset continued temporary market weakness in the segment. Our businesses serving the agriculture sector saw revenues decline significantly due to the flooding in California in the first half of 2023 and year-on-year price deflation as a result of the normalisation of supply chains.

Our cleaning & hygiene business declined moderately, as year-on-year product costs reduced, along with Covid-19 related sales and the impact from continued high levels of remote working.

Revenue in our retail supplies business declined following planned strategic actions taken to focus on more profitable customers, transitioning ownership of customer specific inventory to certain customers, and some lost business. However, adjusted operating profit declined only modestly, amidst a favourable mix shift toward higher margin packaging and value added services, increased own brands and well-controlled operating costs.

Our safety business revenue declined, due to a reduction in Covid-19 related sales, although operating margins and operating profit improved as a result of good margin management as supply chains stabilised and strong growth in our asset protection business.

Finally, our business in Canada experienced slight revenue growth, with Covid-19 related sales decreases offset by growth driven by the 2023 acquisitions of Capital Paper and PackPro, with operating profit improved due to increased product margins and well controlled operating costs.

Regional highlights

Percentage of Group adjusted operating profit*†

54%

Revenue 2023

£6,974m

(2022: £7,366m)

Growth at constant exchange rates*

(5.3)%

Underlying growth*

(5.6)%

Adjusted operating profit*

£528.0m

(2022: £511.5m)

Growth at constant exchange rates*

2.9%

Operating margin*

7.6%

(2022: 6.9%)

* Alternative performance measure (see Note 3 to the consolidated financial statements on page 160)
† Based on adjusted operating profit and before corporate costs (see Note 4 to the consolidated financial statements on page 162)

OPERATING REVIEW continued

Continental Europe

Alberto Grau
Managing Director,
Continental Europe

Our overall revenue and adjusted operating profit growth were mainly driven by the positive contributions from acquisitions made in 2022 and throughout 2023."

Overview

Revenue in Continental Europe grew by 8.4% to £2,354.9 million, primarily driven by the benefit of acquisitions. Underlying revenue grew by 1.0%, with the support of product cost inflation partially offset by volume weakness in most markets and the decline in Covid-19 related sales.

Adjusted operating profit increased by 14.1% to £224.7 million, with operating margin increasing from 9.0% to 9.5% driven by good margin management, and a focus on improving our businesses in Turkey to drive profitability in a hyperinflationary environment. Overall revenue and adjusted operating profit growth were mainly driven by the positive contributions from acquisitions made in 2022 and throughout 2023 and good margin management.

In France, there was some revenue growth in our cleaning & hygiene businesses. Good growth with foodservice and healthcare customers and a benefit from product inflation was largely offset by the expected decline in Covid-19 related sales and reduced activity with public sector customers. Our safety business saw a significant reduction in sales of Covid-19 related products, as well as an impact from reduced public sector activity, but successfully moved to a new IT platform enabling more efficient digital tools to be used to support its operations. The foodservice specific businesses have grown sales, supported by inflation.

In the Netherlands, there was very strong growth in our foodservice business, driven by hotel, travel and leisure customers, and also in our non-food retail business, where we had a number of new business wins. We saw some volume weakness in other sectors, with the prior year benefitting very strongly from the reduction in Covid-19 restrictions and deflation impacting our e-commerce fulfilment businesses. Our grocery and e-commerce fulfilment businesses successfully consolidated a number of warehouses into a new facility in the second half of the year. In Belgium, our cleaning & hygiene businesses have grown moderately with contract cleaning and catering customers. In Germany, growth has been driven by our foodservice business, which has grown significantly across all sectors but with hotel customers in particular, and has also launched a new web platform targeting smaller customers.

In Denmark, we have seen a slight decline in our foodservice business as inflation benefits were more than offset by a reduction in Covid-19 related product sales. Revenues in our safety business have grown very strongly due to increased activities from customers in the renewable energy and pharmaceutical sectors.

Sales in Spain saw very strong growth, driven by an acquisition and good organic growth despite a reduction in Covid-19 related sales and reduced activities with industrial packaging customers. Our safety end user and redistribution businesses were impacted by the reduction of Covid-19 related sales but still delivered growth overall with increased volumes in the base business. Our online healthcare business has grown strongly on the back of improved pricing management and better inventory availability.

In Turkey, volumes have declined as we focus on business that can be profitable in a hyperinflationary environment, while in Israel, where we have two small businesses, sales have declined significantly since the start of the Gaza conflict.

In all other countries we have seen a decline in foodservice aided by inflation and volume growth but partially offset by lower Covid-19 related sales. We have continued to increase the percentage of digital orders from customers and have launched a number of new webshops, supporting improved customer retention and enhancing the efficiency of our business. Our digital capabilities have also been enhanced through recent acquisitions (Arbeitsschutz-Express and EcoTools.nl) and the introduction of digital and demand management tools.

Regional highlights

Percentage of Group adjusted operating profit*†

23%

Revenue 2023

£2,355m

(2022: £2,173m)

Growth at constant exchange rates*

8.4%

Underlying growth*

1.0%

Adjusted operating profit*

£224.7m

(2022: £195.1m)

Growth at constant exchange rates*

14.1%

Operating margin*

9.5%

(2022: 9.0%)

* Alternative performance measure (see Note 3 to the consolidated financial statements on page 160)
† Based on adjusted operating profit and before corporate costs (see Note 4 to the consolidated financial statements on page 162)

OPERATING REVIEW continued

UK & Ireland

Andrew Tedbury
Managing Director,
UK & Ireland

Our underlying revenue growth is driven by strong product cost inflation, alongside continued recovery in certain markets, in particular grocery, foodservice and cleaning & hygiene."

Overview

In UK & Ireland, revenue declined by 5.4% as a result of the disposal of the UK healthcare business. Excluding the impact of acquisitions and last year's disposal of the UK healthcare business, underlying revenue increased by 6.1%. This growth was driven by strong product cost inflation, alongside continued recovery in certain markets, in particular grocery, foodservice and cleaning & hygiene. This positive sales growth, supported by a continual focus on developing own brands and good margin management, delivered a significant increase in operating margin which improved from 6.6% to 7.6%, with adjusted operating profit increasing by 8.4% to £103.4 million, and by 21.2% excluding acquisitions and the UK healthcare disposal.

Our cleaning & hygiene and care businesses continued to grow with the full year effect of new customer wins and category additions. The benefit of inflation reduced in the second half of the year, reflecting the timing of price increases in the equivalent period last year. Our carbon forecasting tools alongside the introduction of many environmentally friendly products have enabled our customers to further improve upon their own climate targets. The launch of some new labour-saving cleaning technologies has also allowed our customers to invest for the future. Within our care businesses we have also seen growth with the onboarding of some large exclusive supplier contracts that launched in the second half of the year.

Our safety businesses grew despite a reduction in government infrastructure spending and the slowdown in house building, as a result of new wins in the transport and building materials sectors. Work continues in developing a strong sustainable range of own brand products as demand in this area grows. The business has continued to invest in new operationally efficient locations to deliver outstanding levels of service to customers alongside an increasing shift towards buying online.

Our grocery and non-food retail businesses saw slight growth from more business with existing customers and the securing of a large new category from an existing grocery customer. We continued to invest in improving our sourcing credentials and expanded our work with sister companies to provide pick and pack services in-house to enhance the levels of service available. We saw some new customer wins in our national online packaging business leveraging our ability to source globally delivered cost-effective solutions. Our other packaging businesses achieved good outcomes on customer tenders to secure long term contracts with many existing customers, despite the deflationary environment.

Our foodservice businesses saw a softening of demand as the cost-of-living issues coincided with high cost inflation in both food supplies and labour. Despite this trend, these businesses delivered strong growth as a result of good customer tender retention and new customer wins, with customers impressed with our sustainability offering, including our ability to provide sustainable product alternatives. The quality of our data has also allowed us to work closely with customers as they seek to reduce their impact on the climate and their emissions. Increased focus on developing more cost-effective and sustainable own brands is also making an impact as sales of these products continued to improve.

Our businesses in Ireland continued to see good growth, driven by increasing business with existing customers and by securing new customers. We have continued to invest in developing our operations with the introduction of new warehouse management systems, which have further enhanced our service following the recent launch of innovative inventory management technology. Data provides us with valuable insights into our customers' purchasing habits, which allows us to recommend valuable and sustainable delivery solutions to support a growing need to reduce carbon emissions. The launch of several new own brand and sustainable product ranges has landed well with customers seeking stronger environmental solutions for the future.

Regional highlights

Percentage of Group adjusted operating profit*†

11%

Revenue 2023

£1,366m

(2022: £1,443m)

Growth at constant exchange rates*

(5.4)%

Underlying growth*

6.1%

Adjusted operating profit*

£103.4m

(2022: £95.3m)

Growth at constant exchange rates*

8.4%

Operating margin*

7.6%

(2022: 6.6%)

* Alternative performance measure (see Note 3 to the consolidated financial statements on page 160)
† Based on adjusted operating profit and before corporate costs (see Note 4 to the consolidated financial statements on page 162)

OPERATING REVIEW continued

Rest of the World

Jonathan Taylor
Managing Director,
Latin America

Scott Mayne
Managing Director,
Asia Pacific

Overview

In Rest of the World, revenue increased by 5.7% to £1,103.2 million, driven by acquisitions, with underlying revenue declining by 3.2%, caused by further normalisation of Covid-19 related product sales, largely in Asia Pacific, reflecting the non-repeat of some large orders that were fulfilled in the prior year. The Latin America businesses were also impacted by lower selling prices resulting from reduced inbound freight costs and currency movements over the year. Overall, the Rest of the World's adjusted operating profit increased by 7.5% to £119.6 million with operating margin increasing from 10.6% to 10.8%, driven by acquisitions.

In Brazil, our safety businesses experienced some organic sales growth and strong margins as market conditions remained stable. Our healthcare businesses had mixed results with difficult trading in our private label import business as prices post-pandemic continued to normalise, contrasting with strong performances from our more technical branded medical distributors. Our hygiene and foodservice businesses saw lower sales due to increased competitive pressure, but in both cases margins increased. Our safety, hygiene and healthcare presence in Brazil has been significantly bolstered by three new acquisitions completed during the year.

In Chile, our safety businesses saw mixed results. Our full-range PPE business experienced good organic growth and improved margins while our specialty footwear business saw more difficult trading due to weaker demand in the retail channel. Our foodservice business also declined due to weaker consumer demand across the country and higher competition, although profitability is still well ahead of 2019.

Our largest business in Asia Pacific, Bunzl Australia and New Zealand, experienced a temporary decline in healthcare revenue in the first half of the year as both the government and private sectors utilised excess Covid-19 related inventory. However, the business experienced very strong growth in cleaning & hygiene and has continued developing specialisation in its core market sectors, which has resulted in a strong pipeline of new business. The acquisition of Melbourne Cleaning Supplies in November 2023 further strengthened our cleaning & hygiene businesses.

Our Australian speciality healthcare business was impacted by reduced government and private spending, as these customers continue to utilise inventory procured during the pandemic, but remained focused on delivering improvements in its supply chain and continued exploring potential new opportunities.

Our Australian safety business realised sales growth in its underlying business, benefitting from several new business wins in its direct to end user division. However, this was offset by a reduction in Covid-19 related product sales and customers reducing their inventory holdings in our redistribution division. Our emergency services business had a very strong finish to the year, securing several key government orders in the fire and rescue segment.

In New Zealand, our MedTech and specialist healthcare businesses had strong results for the year as demand returned in the public health sector. Both businesses benefitted from improved supply chains and a strong portfolio of brands that are well supported in our specialist segments.

Regional highlights

Percentage of Group adjusted operating profit*†

12%

Revenue 2023

£1,103m

(2022: £1,058m)

Growth at constant exchange rates*

5.7%

Underlying growth*

(3.2)%

Adjusted operating profit*

£119.6m

(2022: £111.7m)

Growth at constant exchange rates*

7.5%

Operating margin*

10.8%

(2022: 10.6%)

* Alternative performance measure (see Note 3 to the consolidated financial statements on page 160)

† Based on adjusted operating profit and before corporate costs (see Note 4 to the consolidated financial statements on page 162)

CREATING AND INNOVATING

CREATING and INNOVATING

Growing our strong exclusive own brand portfolio supports our value proposition, and improves customer stickiness.

We offer a variety of different own brand solutions to meet specific customer needs:

- Innovative exclusive own brands that meet the highest quality standards
- Commodity and unbranded products – cost-effective alternatives that meet a tailored need

c.25%
Group revenue generated through own brand sales

Our Tillman own brand gloves provide industry leading standards of comfort and protection to get the job done

CREATING and INNOVATING ...IN ACTION

CASE STUDY:

Safety – A consistent leader in the market

Bunzl's safety businesses have own brand penetrations that are much higher than the Group's average level, with most of our safety businesses having over 80% penetration. Our products span the full spectrum of both value and premium positioning, covering full head-to-toe protection, as well as expanding into attractive adjacencies like asset protection.

Our own brand focused safety businesses occupy a position higher up in the value chain, as brand owners. We design products and own the intellectual property and licenses for leading proprietary fabrics. The manufacturing is then outsourced to third-party suppliers, on contracts which are highly flexible.

Our products and brands are known for their high levels of compliance, quality and reliability.

Some of our brands include:

MCR Safety
PPE provider established over 50 years ago, currently offering over 5,000 SKUs

Tillman
Established 90 years ago. Exceptionally strong position in welding PPE, with over 1,000 SKUs

Kishigo
Over 50 years of experience specialising in top quality high visibility clothing

Tingley
Established 1896, specialists in rubber footwear and clothing

CASE STUDY:

Cleanline – Own brand focus to enhance our customer proposition

Cleanline is Bunzl's own brand range of highly specialised workplace and industrial cleaning solutions sold throughout the UK & Ireland. Prior to 2019, the brand was viewed as a cost-effective alternative to third-party branded suppliers.

Over the last five years, Bunzl has strategically focused on innovating the products and brands, such as Cleanline, across our own brand portfolio in order to compete more effectively across the entire value spectrum and thereby improve our overall proposition for customers.

Results:

>100%
Revenue growth since 2019

48
Innovative SKUs developed

Q&A:

Amy McLauchlan, Exclusive Brand Manager, Bunzl UK & Ireland

Q. What have been the key factors in the successful growth of Cleanline during the last few years?

We noticed that the products Cleanline competes with are manufactured internationally, so they are not really tailored to the UK market. We were able to be more agile with our product development and focused on adapting and improving our existing products competing in this market, increasing their effectiveness and compliance. This ranged from bringing in innovations, such as adding QR codes to labels which linked users through to dedicated product microsites showing how to use our products safely, to switching manufacturers, allowing us to upgrade the performance and specifications of our products.

Q. How do you find and develop product innovations to maintain your competitive edge?

We rely on the expertise of our purchasing and sales managers to identify potential opportunities in the market for product development. They have close relationships with our customers, and understand the problems that they face, and we are able to use our deep network of suppliers to source and offer solutions.

Q. What role does sustainability play in continuing growth?

Increasingly, we are developing more sustainable solutions to incorporate into our offering. For example, we have introduced new concentrate ranges, which reduce waste from the packaging, transport, and storage of products. We have rich sources of customer and product data which we input into our sustainability calculators to show customers the impact of switching to a more sustainable solution. We are increasingly finding that when customers want to reduce their plastic waste, they come to us to find them a solution.

MARKET DYNAMICS

Focusing on attractive end markets with structural growth

Our GDP plus underlying growth model is supported by activity within our attractive mix of end markets and further supported by structural growth opportunities across these end markets.

Safety

Revenue opportunity in the medium term: ↑↑

Trends
- Increasing levels of safety standards and compliance
- Greater employee well-being focus
- Potential increased spending through Infrastructure Investment and Jobs Act

Cleaning & hygiene

Revenue opportunity in the medium term: ↑↑

Trends
- Enhanced cleaning protocols
- Technology to improve cleaning efficiency
- Increasing return to office working
- Opportunity to support customers with innovative sustainable solutions

Healthcare

Revenue opportunity in the medium term: ↑↑

Trends
- Growth of care at home and ageing population
- Increased focus on preventative healthcare

Grocery

Revenue opportunity in the medium term: ↑

Trends
- Willingness to outsource non-food essentials
- Sustainable packaging growth with transition to alternative products
- Omnichannel strategy supports broadening of product range

Foodservice

Revenue opportunity in the medium term: ↑

Trends
- Eating away from home
- Home delivery
- Sustainable packaging growth with transition to alternative products

Retail

Revenue opportunity in the medium term: →

Trends
- Bricks and mortar retail under pressure
- Omnichannel strategy offsets this; online retail is a growth area
- Sustainable packaging growth with transition to alternative products

MARKET DYNAMICS continued

2023 sector developments

Bunzl's diversification across sectors and geographies is key to its resilience, with Bunzl also benefitting from structural end market drivers.

Sector	2023 sector commentary	2023 revenue as % of Group total	Underlying revenue[1] 2023 vs 2019	Underlying revenue[1] 2023 vs 2022
Healthcare	• Healthcare declined in Rest of the World, driven by normalising Covid-19 related sales in Asia Pacific and continued deflation in Latin America, which offset growth in the other business areas	32% vs 31% in 2022	6%↑	(1)%↓
Safety	• There was a slight decline in safety, with continued recovery in some business areas offset by normalising Covid-19 related sales. Infrastructure spend in North America is a potential medium term support			
Cleaning & Hygiene	• Continued recovery across most business areas, particularly in UK & Ireland and Rest of the World			
Grocery[2]	• Continued support from inflation in Continental Europe and UK & Ireland	30% vs 29% in 2022	23%↑	2%↑
Foodservice	• Volume weakness in North America foodservice due to deflationary pressure increasing price competition, which alongside process changes to drive more own brand penetration, resulted in lower volumes. In addition, there was a reduction from post-pandemic normalisation trends. Partially offset by strong growth in UK & Ireland, driven by inflation	38% vs 40% in 2022	11%↑	(8)%↓
Retail	• Retail was impacted by the planned strategic actions in North America to focus on more profitable customers and the decision to transition ownership of customer specific inventory to certain customers			

1. Alternative performance measure (see Note 3 to the consolidated financial statements on page 160).
2. Also includes the 'Other' sector.

Inflation dynamics

Reducing inflation benefit over the year:

Product cost driven selling price inflation

- Remained supportive, but with a reducing benefit over the year
- Inflation in North America fully annualised in H2 with price deflation towards the end of the year
- Inflation that lagged in Europe and UK & Ireland continues to annualise
- Overall good tender outcomes from elevated activity in 2023, following reduced activity during the pandemic

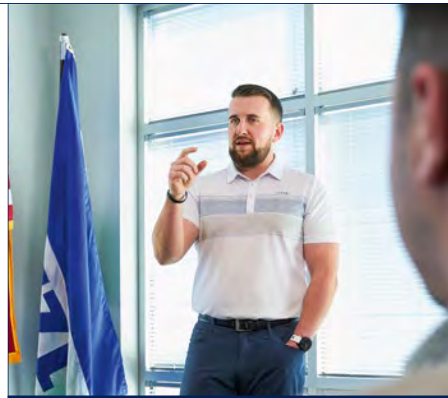
Operating cost inflation

North America

- Moderating operating cost inflation driven by wage inflation back to more normal levels
- Property inflation remains high, but fuel and freight rates declined meaningfully

UK & Ireland and Continental Europe

- Higher wage inflation, as expected, but manageable



Bunzl 2023 operating margin drivers:

- Good margin management (including increased own brand penetration)
- Focus on acquiring businesses which have higher margins than Group average
- Continued strategic focus on operational efficiencies
- One-off benefits in the second half of the year

OUR BUSINESS MODEL

We provide essential, tailored, business solutions

A one-stop-shop

We provide our customers with essential items that are necessary for their businesses to operate. We reliably source, consolidate and deliver these items through customised solutions, providing both efficiency and value-added benefits.

We source

- Sourcing experts and category specialists
- Global supplier relationships
- Own brand portfolio
- Innovative product sourcing, including those well suited to the circular economy
- Customer-specific products
- Competitive prices

We consolidate

- One-stop-shop for all products in a single delivery
- Customised digital solutions
- Integrated ordering systems
- Analytical support to improve efficiencies
- Carbon savings through consolidated deliveries

We deliver

- On-time, in-full delivery; received just-in-time
- Multiple delivery options that include direct to site, cross dock or warehouse replenishment
- Extensive distribution network with regional and national coverage

Our service and value proposition for our customers

By providing our customers with a broad range of essential items, readily available from stock, alongside specialist knowledge and expertise, we provide the reassurance our customers need for important items, which allows them to focus on their core businesses. The value of our service to our customers goes far beyond the cost of the products sourced.

Saving our customers product cost is just the tip of the iceberg

OUR BUSINESS MODEL continued

Our sources of competitive advantage

Tailored solutions and value-added services
Adding value to our customers' operations, ensuring products sourced meet our customers' needs and they receive their orders on-time and in-full.

Our people
Our c.6,500 sales experts and local customer service specialists provide detailed advice to customers on all product and service-related matters.

Global and ethical sourcing
Working with suppliers to give our customers access to the best products and solutions, with the reassurance that they have been ethically sourced.

Decentralised model
Comprising c.150 operating companies, with a decentralised operational structure, Bunzl's management teams focus on their customers' needs in their local markets and create an energised entrepreneurial environment.

Sustainable and responsible solutions
Our depth of expert advice, own brand ranges and priority data help our customers navigate the complex transition to new products and solutions.

International scale
With operations in 33 countries, our extensive distribution networks mean we can deliver to customers on a local, regional, national and international basis. We can show agility locally while being able to share expertise and knowledge across the Group.

Carbon efficient model
Our consolidation model achieves a reduced carbon footprint in comparison to competitors who process smaller, unconsolidated orders.

Acquisition track record
We have a strong track record of successfully integrating acquisitions, helping us to grow our geographic footprint while retaining the 'local' feel of our acquired businesses.

Digital capabilities
Our tailored digital solutions enhance the experience for our customers, supporting customer retention, while increasing the efficiency of our own operations.

Own brand portfolio
We have a growing portfolio of own brand solutions that meet specific customer needs.

Generating value for all our stakeholders

Customers
72%
of customer orders processed digitally
(2022: 69%)

Colleagues
c.75%
of our operating companies participating in our pilot scheme accredited by 'Great Place to Work'

Environment
18%
reduction in absolute scope 1 and 2 carbon emissions since 2019
(2022: 15%)

Shareholders
8.9%
dividend per share increase to 68.3p
(2022: 62.7p)

Suppliers
1,022
supplier audits conducted in 2023
(2022: 930)

Environment
30%
more carbon efficient since 2019
(2022: 24%)

Shareholders
31 years
of consecutive annual dividend growth at c.10% CAGR

Suppliers
750
largest suppliers engaged with in 2023 over setting their own science-based emissions reduction targets

Colleagues
22%
senior leadership roles filled by women
(2022: 20%)*

* 2% increase compared to the same population in 2022

OUR PURPOSE-LED STRATEGY

How we create long term sustainable value:

OUR PURPOSE

To deliver essential business solutions around the world and create long term sustainable value for the benefit of all our stakeholders.

Delivered through our values

Humility

Responsiveness

Reliability

Transparency

A COMPOUNDING STRATEGY THAT CONSISTENTLY DELIVERS

Our strategy is founded on organic growth, operating model improvements and growth through acquisition, with a commitment that growth is sustainable and equitable. Within these core pillars, our strategic priorities enable Bunzl to maintain and strengthen its competitive advantages.

1. Profitable organic growth

Use our competitive advantage to support the growth of our customers and to increase our market share.

Read more page 27

2. Operating model improvements

Daily focus on making our business more efficient.

Read more page 28

3. Acquisition growth

Use our strong balance sheet and excellent cash flow to consolidate our markets further.

Read more page 29

SUPPORTED BY INVESTMENTS IN SUSTAINABILITY AND DIGITAL

Sustainability

Sustainability is a vital part of the equation. Our depth of expert advice, own brand ranges and proprietary data helps our customers navigate the complex transition to new products and solutions.

Responsible supply chains
c.96% of our purchasing spend today is either in low risk regions, or with assessed and compliant suppliers in high risk regions.

Investing in a diverse workforce
Encouraging more women into leadership roles and continuing to build a truly inclusive culture across Bunzl.

Taking action on climate change
Reduce carbon footprint and get to net zero by 2050 at the latest.

Providing tailored solutions
Significantly increasing the amount of recyclable, compostable or reusable packaging supplied to our customers to help them meet their targets.

Digital capabilities
Our tailored digital solutions enhance the experience for our customers, supporting customer retention, while increasing the efficiency of our own operations.

STRATEGY IN ACTION

Profitable organic growth

We are constantly delivering organic growth, both by expanding and developing our business with existing customers and by gaining new business with additional customers.

This is driven by activity in our markets:

- Our commitment to continually enhance the value-added proposition we provide our customers supports our GDP plus organic revenue growth model
- We focus on attractive end markets with structural growth
- We continue to invest in solutions that support our offering, such as sustainability, digital and own brands. This drives new business wins and increases wallet share
- A net inflationary environment would support revenue growth in the medium term
- Supporting the growth of our customers through the essential products and services we provide fuels our own growth

ISS is a workplace experience and facility management company we have had a partnership with in Spain for the last seven years. We retained the contract with them following a 2023 retender process, which highlights the value of Bunzl's proposition and investments that drive 'stickiness'.

Elements of our value proposition which drove the successful retender:

- Network capabilities and reliability
- Carbon reduction tools and focus
- Own brands and digital capabilities
- Sustainable products and capabilities

Elements of our value proposition which drove the successful retender:

Network capabilities and reliability

- Our strong national network supports an average of >200 deliveries across their sites each working day
- Bunzl acquisitions in 2023 further enhanced our regional strength
- Strong supply chain and inventory management underpin our reliable fulfilment

Carbon reduction tools and focus

- Bunzl's proprietary carbon footprint tool supports carbon reduction through more efficient ordering patterns
- Tailored delivery options further support reduced last mile carbon emissions
- Our ability to support ISS's carbon reporting through reliability of our data

Own brands and digital capabilities

- Strong representation of Bunzl own brands within the portfolio of products delivered
- Our ability to host a customised digital platform
- Our investment into digitalised processes drives efficiency

Sustainable products and capabilities

- Ongoing projects and product developments are supporting the transition to solutions better suited to a circular economy
- Bunzl's credentials and commitments to sustainability, including Bunzl's Equality and Diversity policy

STRATEGY IN ACTION continued

Operating model improvements

We continually strive to improve the quality of our operations and to make our businesses more efficient and sustainable.

We continue to focus on strategic initiatives that drive operational efficiencies:

- Warehouse relocations and consolidations
- Investments in IT systems, digital solutions and delivery, routing and energy efficiencies
- Global purchasing synergies and inventory management

Group-wide warehouse relocations and consolidations

24

Route optimisation software in North America

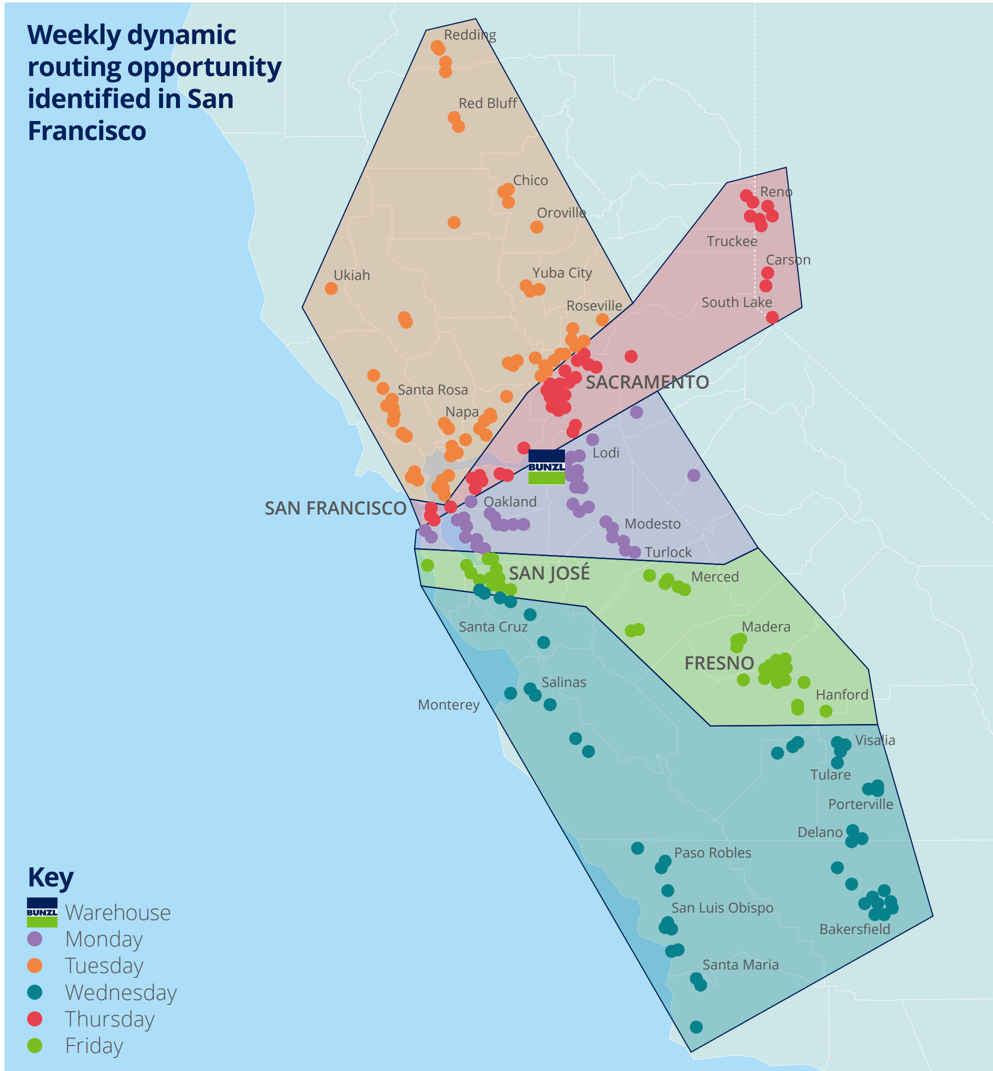
In 2023, we implemented improved route mapping software in our North American Distribution Division. The platform has improved route automation capabilities compared to our prior solution.

The platform fully automates daily routing to eliminate delivery miles, maximise product delivered per truck, and optimise the number of fleet trucks needed per day, resulting in cost savings and a reduction in both our own and our customers' carbon footprints.

Additionally, use of the platform identified opportunities in some locations within our network to further optimise our delivery routes on a weekly basis by maximising daily route density. This required working in collaboration with our customers to reorganise and agree new delivery schedules, which have enabled us to achieve even further cost savings at these locations (including carbon reductions). Further implementations are ongoing in collaboration with customers for 2024.

Results achieved since implementation:

- Average increase in cubic volume per route **6%**
- Average decrease in delivery cost as a % of sales in this area **0.4%**



STRATEGY IN ACTION continued

Acquisition growth

We seek out businesses that satisfy key criteria, including having good financial returns, while at the same time providing opportunities to extract further value as part of the Bunzl Group.

Our strong track record of acquiring businesses continued in 2023 with our total committed spend of £468 million exceeding our average of c.£425 million committed spend over the last three years. The opportunity for growth is significant because:

- our fragmented markets offer consolidation opportunities;
- strong potential for growth across our end markets;
- our disciplined capital allocation and commitment to portfolio optimisation; and
- our balance sheet is strong and we have significant financial headroom.

We continue to explore opportunities in new attractive end markets. Before entering into a new country we consider a number of different criteria, including a detailed analysis of our market sectors, the local macroeconomic indicators and the ease of doing business in, and the political risks and business practices.

11

Bunzl has made acquisitions across 11 countries

5

sectors highlights range of consolidation opportunities

● Bunzl has an existing presence
◉ Completed at least one acquisition in the sector since 2018
□ New country expansion since 2018

Country	Food-service	Grocery	Cleaning & Hygiene	Safety	Retail	Health-care
USA	◉	◉	●	◉	●	
Canada	◉	●	◉	●	●	
Mexico	●	●		●		
Puerto Rico	●	●			●	
UK	◉	●	◉	◉	●	◉
Ireland	●	●	●	◉	●	●
Germany	●		◉	◉		●
France	●		●	●		●
Italy				●	●	
Spain	◉		◉	◉	●	◉
Netherlands[1]	◉	●	◉	◉	●	●
Belgium	●	●	●		●	●
Denmark	◉	●	●	◉		
Norway	◉					
Finland	◉		◉	◉		◉
Switzerland	●	●	●	●	●	●
Austria	●					

Country	Food-service	Grocery	Cleaning & Hygiene	Safety	Retail	Health-care
Czech Republic		●		◉		
Hungary	●	●	●	●		
Romania		●	●	●		
Poland				◉		
Israel	●					
Turkey	●			●		
Brazil	●		◉	◉		◉
Chile	●			●		
Columbia				●		
Argentina				●		
Peru				●		
Uruguay				●		
Australia	●	●	◉	◉	●	◉
New Zealand	●		●	●		◉
China				●	●	
Singapore				●		●

1. EcoTools.nl was an acquisition in the 'other' category and is not reflected in the above table

2023 committed acquisition spend of
£468m

Announced acquisitions since 2004
214

Total committed spend over the last four years
£1.7bn

Total committed spend between 2004 and 2023
£5.2bn

STRATEGY IN ACTION continued

Rapid growth in Brazil with strong opportunities for further expansion

Brazil is one of the top 10 largest economies in the world, and is a highly attractive and fragmented market in which we see plenty of opportunities for both further organic and acquisition growth. Bunzl first entered this market in 2008 with the acquisition of Prot-Cap, since which we have completed a further 17 acquisitions to build a business which generated c.£400 million revenue in 2023.

Bunzl's growth in Brazil

18

acquisitions since 2008

2019 to 2023 revenue CAGR:

17%

2019 to 2023 adjusted operating profit CAGR:

29%

In 2023, we completed three new acquisitions in Brazil, adding a further c.£124 million annualised revenue which:

- further consolidate fragmented markets;
- enhance our presence and geographic coverage in the Brazilian market;
- expand our own brand offering; and
- provide further synergy opportunities.

LANLIMP

A market leading distributor of cleaning and hygiene products in Brazil, with revenue of BRL 210 million (c.£33 million) in 2022.

LEAL

A specialised high margin safety distributor in Brazil, with a strong own brand portfolio, which generated revenue of BRL 216 million (c.£34 million) in 2022.

CTGROUP

A distributor of surgical and medical devices and provider of value-added logistics services to health providers in Brazil, which, enhances Bunzl's national presence and expand our product offering. In 2022, this higher margin business generated revenue of BRL 269 million (c.£42 million).

Q&A:

With Groveko's Managing Director, Romke Romkes

Q. Can you give us an introduction to yourself and your company?

Groveko is an innovative and leading provider of cleaning & hygiene solutions based in the Netherlands. Alongside wholesale cleaning products, the company is also focused on innovative robotic and smart cleaning solutions. This focus on continuous innovation has fuelled the company's growth in the last few years, with increasing demand for robotics and smart solutions that reduce the manual labour on heavy cleaning tasks like scrubbing and vacuuming. We also have a digital solution that helps optimise customer inventory and eliminates manual ordering. I joined Groveko in October 2017 initially as Finance Director and became the Managing Director three years later, before selling to Bunzl in August 2023.

Q. Why did you choose to sell to Bunzl in particular?

The cultural and strategic match between Groveko and Bunzl was very important. Bunzl offers international knowledge and support on sustainability, digital innovation and IT, and also provides cross selling opportunities and purchasing synergies, but they leave us with enough commercial freedom to keep the Groveko label and our team's entrepreneurial spirit.

Q. What are your plans for the future now that you are a part of Bunzl?

We are very focused on achieving profitable growth as part of Bunzl. In the short term this means focusing on achieving purchasing synergies and implementing cross selling opportunities with other Bunzl businesses, some of which have already started looking at our cleaning robots. We will also leverage the expertise within Bunzl to improve our operating model and we are already discussing specific potential acquisition targets.

Digitalisation is also high on our radar and we are looking to increase the percentage of digital orders further. Being part of Bunzl is helping to provide a clear evolution in our processes and more structured approaches in many areas, such as health and safety, sustainability, IT and finance. This is helping us to grow the company in a sustainable way. On sustainability, we hope to become the front runner in our market, with knowledge of how to translate new laws and regulations into more sustainable commercial offers.

STRATEGY IN ACTION continued

Safety First acquisition

Our first acquisition in Poland, one of two new countries

In July, Bunzl signed an agreement to acquire Safety First, one of Poland's largest distributors of Personal Protective Equipment products to a range of end markets. This is Bunzl's anchor acquisition in Poland, achieving our first entry into the country, which has been a key target for expansion. Safety First generated PLN 121 million (c.£22 million) of revenue in 2022.

As a result of this acquisition, and the recently announced acquisition of Pamark Group, Bunzl's first in Finland, Bunzl now has operations in a total of 33 countries around the world. With many of our deals being sourced by local teams, each new market we enter opens up a wealth of new acquisition opportunities for Bunzl to further consolidate our fragmented markets.

The acquisition in Poland will provide us with access to a potential market of more than 38 million people. Following this anchor acquisition, there are significant opportunities for Bunzl to grow in this market.

33

Bunzl now has operations in 33 countries

38 million

providing access to a potential market of more than 38 million people

Bunzl's specialist online business

Quirumed
Workwear Express
Disposable Discounter
hygi.de
eXpress
EcoTools.nl
QUERALTÓ

Investing in fast growing, high margin specialist online distributors

Over the last few years, we have acquired a number of similar specialist digital businesses. Overall, they now account for around £260 million of annualised revenue, with a double digit margin.

These businesses are operating in especially fragmented markets, which gives them great growth potential. They are focused on targeting smaller B2B customers, who require the expert advice and specialist customer support that they can provide.

The digital specialists within these companies also contribute to the Group's overall development of its digital capabilities, generating opportunities for synergies, and helping to accelerate the growth of our other businesses.

DEVELOPING AND IMPROVING

Our people act as an extension of our customers' teams, with deep knowledge of their businesses acquired over the course of multi-year relationships.

DEVELOPING and IMPROVING

We are able to provide responsive and agile tailored specialist support for customers at a local level. With the backing of the resources and support, our teams are able to leverage Bunzl's global scale.

6,500
sales experts and local customer service specialists adding value for our customers

We are committed to providing comprehensive training and development opportunities that empower our people to excel in their roles

DEVELOPING AND IMPROVING continued

DEVELOPING and IMPROVING ...IN ACTION

CASE STUDY:

Acquisition integration training

During the year, a global team of experts from across the Group worked cross-collaboratively to share their experiences and best practices to create a training programme for ensuring the smooth onboarding of new acquisitions. The training has been rolled out across the Group, and has been used to help onboard recent acquisitions, such as Melbourne Cleaning Supplies (MCS) in Australia.

The training series is very comprehensive and has six modules, Culture & People, Finance, Procurement, Sales, Operations, and Information Technology, that cover core focus areas, tools, and best practices of acquisition integration.

For example, the Culture & People module covers key points on managing changes in leadership and the importance of creating and delivering an effective communication strategy to engage with the new Bunzl team members.

In the case of MCS, besides being used to welcome our new colleagues to the Group, there has also been a specific focus on identifying initial purchasing synergies, to ensure supply chain continuity and early cost saving opportunities were prioritised.

The Procurement training module leads the teams through how to create a combined team based approach to achieve the potential synergies which had been identified during the acquisition process. The training is designed to help the category teams collect and review data to understand the acquired company's current supplier, product, and pricing information and how to negotiate terms and pricing improvements, keeping an eye out for both short term wins and longer term advantages.

Our comprehensive acquisition training programme supports a smooth and successful transition into Bunzl

The acquisition training has helped our team ensure that MCS has a smooth and successful transition into Bunzl. I especially liked the real life Case Studies used in the training to learn first hand from other Bunzl Leaders across the Group about their acquisition experiences."

Lance Ward
Managing Director
Bunzl Australia and New Zealand

Q&A:

Alastair McLaughlin, Managing Director, Bunzl Ireland

Q. Could you give us a bit of background to your role and how you joined Bunzl?

I joined our family hotel supply business, Thomas McLaughlin Ltd., in 1983 for a one-year project from university to computerise the business. I never returned to university! I continued to work with my father and brothers as we developed a successful and market leading business. Bunzl approached us and acquired the business in December 2002. I was appointed MD for Ireland in 2005. We have made six acquisitions and also achieved significant organic growth in Ireland since.

Q. What have you enjoyed most about your time at Bunzl?

I enjoy working in a business of Bunzl's scale and resources, however, the decentralised management structure has been key. Our local teams have grown successfully with the ability to tap into wider group knowledge and experiences as required.

Q. What has been the most useful lesson you have learned during your career at Bunzl?

Always provide great products and services, and employ great people to look after your customers. In turn those customers will remain loyal and continue to buy from us year after year.

Q. What have you been most proud of during your career with Bunzl?

Expansion of the Irish business – I now manage a business 12 times the size of our original family business, backed by the investment and development of the Bunzl infrastructure in Ireland. The continual development of our people and management teams throughout each of our five operating companies in Ireland has also been really fulfilling to see.

OUR PEOPLE

Investing in a diverse workforce is fundamental to our success

At Bunzl we believe that motivated people create happy customers. In 2023 we have continued our work on monitoring employee engagement and developing our employees to ensure that they are able to fulfil their full potential

Diana Breeze
Director of Group
Human Resources

Recognising the importance of employee voice is vital in facilitating prolonged and sustainable company growth. In 2023, we have continued to encourage an open, honest and transparent environment and believe that this helps us to make Bunzl a positive and productive workplace. Extending our use of the Great Place to Work survey has provided us with further data and insights into how it feels to work for Bunzl."

Following the successful pilot of the Great Place to Work survey in Continental Europe in 2022, we extended the survey to all regions. We surveyed 10,300 of our people, representing approximately 45% of our global population to give us a greater insight into their views on both what makes Bunzl a great place to work and how we can make improvements.

We plan to use the insight from this survey along with those from our 2022 communication pulse survey, to determine our approach to effectively measuring and analysing employee voice going forward.

OUR PEOPLE continued

Great Place to Work Survey

The Great Place to Work survey is a recognised tool for assessing employee's perception. The key principle of the survey is that it measures the level of trust that employees have in their company and its leadership.

The survey measures 5 key pillars of trust:

Credibility	Integrity, communication and competencies
Respect	Support, collaboration and consideration
Pride	In your job, team and company
Camaraderie	Feeling of welcoming and belonging
Fairness	Equality, impartiality & justice

Results are measured by two key metrics:

- Trust Index ('TI') – the average number of positive responses to the question; and
- Overall Perception ('OP') – positive answers to the question "Taking everything into account, I would say this is a great place to work".

84%
Participation rate

69%
Trust Index

70%
Overall Perception

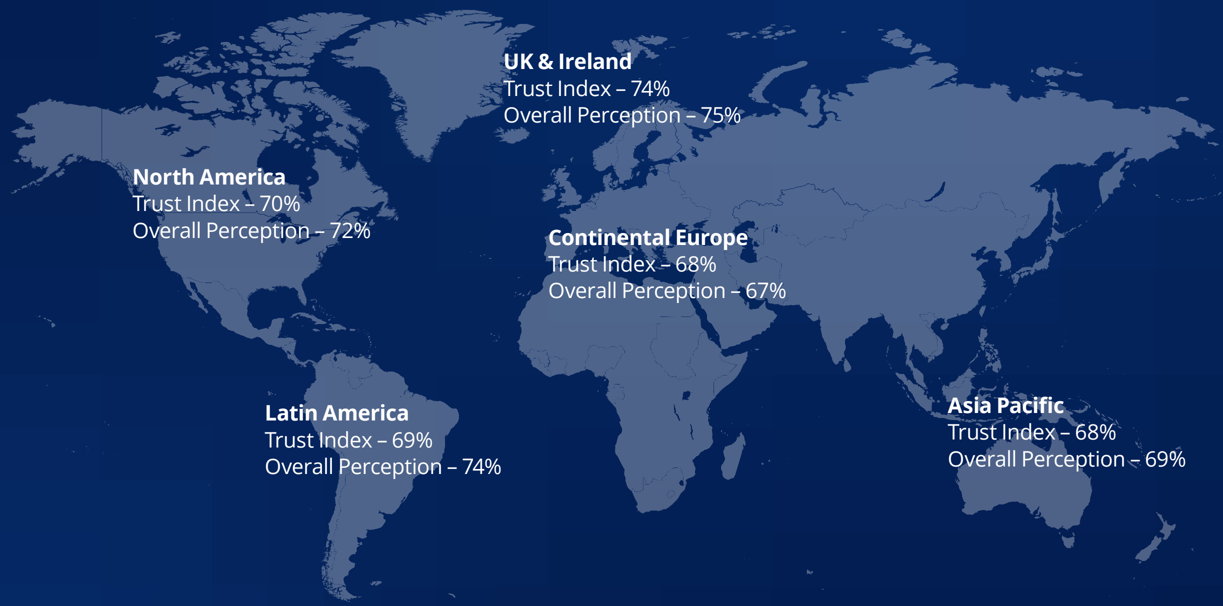
75%
Operating companies who took part were certified

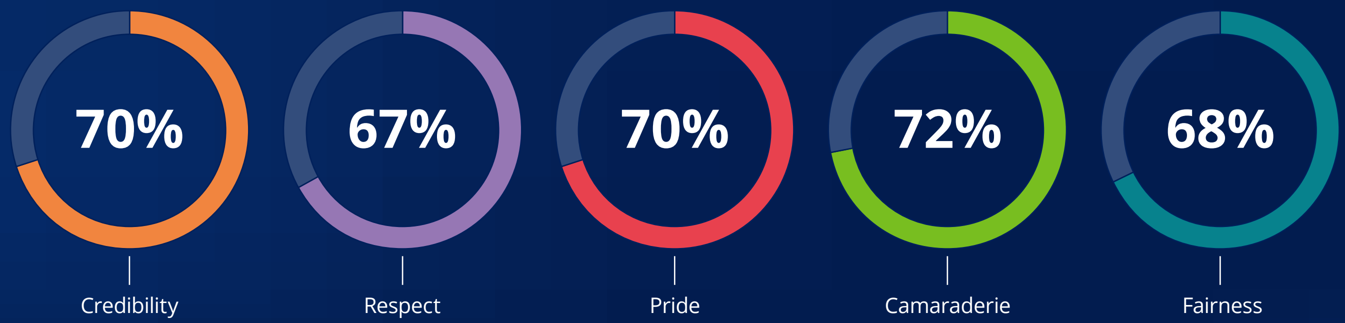
Global results

89%
This is a physically safe place to work

84%
When you join the Company, you are made to feel welcome

81%
Management is honest and ethical in its business practices





OUR PEOPLE continued

Great Place to Work in action in Bunzl Continental Europe

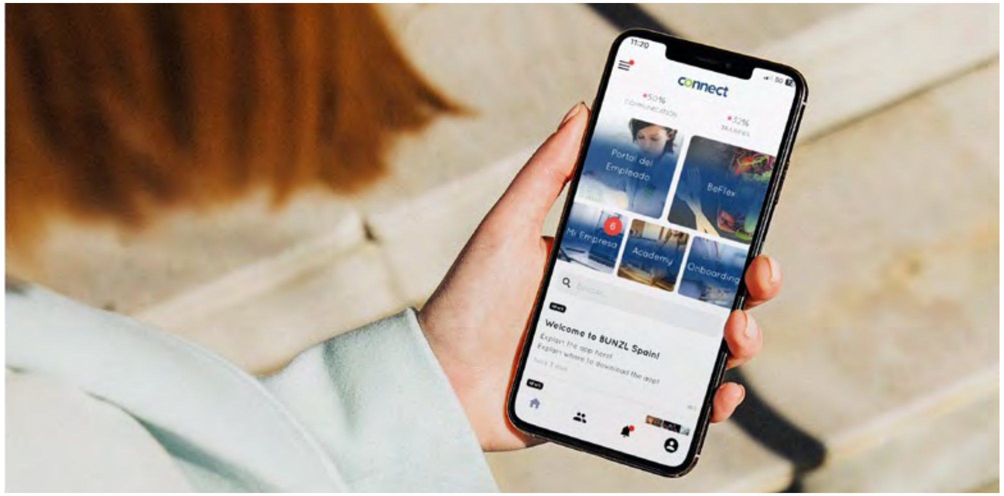
Following the first Great Place to Work survey in 2022, several initiatives and improvements were made which we believe helped the region further improve their scores in 2023. Some of the key initiatives and improvements are summarised here.

Communications

- Our digital tool Connect has become the essential tool for internal communications and training across the region.
- The average monthly activity usage rate is 74% with 6,600 activated accounts across 15 countries.
- It is used at regional level for communications, training and surveys and at local level for onboarding of new employees, sharing news, employee access to training academies and as a policy and benefits hub.

Leadership Development

- Continuing to develop leaders and future leaders through programmes such as BCE Leadership Programme, Grow Together in Central and Eastern Europe, Bunzl France Academy and Bunzl University in Spain.



Diversity, Equity & Inclusion

- Diversity, Equity & Inclusion training has been delivered to all Continental Europe employees.
- We have continued to run the successful Wings programme in Central & Eastern Europe. 46% of employees in this region are now female and the number of female leaders has increased to 42% from 30% in 2022. In Romania, 60% of our leadership population is now female.
- France and Spain have signed and committed to the European Commission's Diversity Charter to raise awareness of discrimination and encourage diverse representation.
- Bunzl France has teamed up with Nos Quartiers ont du Talent ("Our Neighbourhoods Have Talent") to support young graduates from disadvantaged social backgrounds. The individuals benefit from mentorship, coaching and networking opportunities.
- In France, Groupe Pierre le Goff have introduced a Disability Policy. They have held awareness sessions, assigned disability champions and introduced tools to monitor the implementation of the policy. They have also introduced some 'Open Our Eyes' sessions where prospective candidates are interviewed without CVs to ensure that recruitment is focused on their potential rather than past experience and have encouraged their employees to take time out of their work day to help with community projects, such as beach cleaning and distributing meals.

Our people are key to our success. Following the Great Place To Work survey in 2022, we initiated actions in all teams to further develop employee engagement, pride and belonging. We achieved our certificate in 2023 and can proudly say that 92% of our employees consider MultiLine as a great place to work."

Kim Pedersen
Managing Director,
MultiLine, Denmark

OUR PEOPLE continued

Developing talent across the world

For Bunzl to achieve its ambition to grow both organically and via acquisition, the approach to talent management needs to be both agile and strategic. We are constantly looking at the best ways of building the capabilities we need through the development of an effective employer brand, a proactive approach to recruitment and consistent investment in our own workforce.

We recognise that the employees of the future have different expectations of their employer. For example they seek more flexibility in their working lives, ongoing opportunities to develop their skills, a truly inclusive culture and a clear sense of organisational purpose. With this in mind, and given our decentralised model, we have worked hard to articulate Bunzl as an exciting place to build a career and experience a customer focused, transparent and inclusive culture.

We have also spent some time looking to the future and establishing the key capabilities which will underpin the delivery of Bunzl's 2030 Vision. These include deeper expertise around sustainability, data analytics, customer insights and transformational change delivery. We are making major strides forward in all of these areas, supported by the creation of collaborative networks, specific recruitment campaigns and further investment in learning and development.

Growing our capabilities for the future

Whilst there are some Global initiatives to build these capabilities, for example the creation of a Global Data forum to share knowledge and learning with over 500 Bunzl leaders, most are regional driven to fit their local situation and opportunities, some examples are:

- In Australasia new development products for sales leaders/managers have been introduced.
- Targeted recruitment of graduates and early career employees to join and be developed as sales professionals.
- The teams in the Nordics have been piloting new sales capability training.

- Establishing a Project Management Office in Continental Europe to ensure consistent methodology is used.
- Continental Europe have introduced a digital marketing bootcamp for all businesses.

- The Young Talent programme in Continental Europe established it's third cohort, expanding the geographic reach across the region.
- Early career recruitment and development schemes according to the needs of the division have been established in UK & Ireland region, including the Retail Management Academy.

- Increased the network of sustainability experts and ambassadors who work closely with our customers to help them achieve their targets.
- Identification of individuals who are passionate about sustainability who want to support the subject alongside their existing role.
- Development of training materials to engage the wider teams in their region.

OUR PEOPLE continued

CASE STUDY:

Building Capability in Action

Bunzl North America has significantly strengthened its analytical and project management capability during 2023. In recent years, the team has grown in size by nearly ten fold and is structured so that it has team members both embedded in the businesses for customised support and centrally focused where it is efficient to do so. In 2023 through collaborative events this team have delivered key projects on dynamic routing; site consolidations and sales opportunities.

OUR PEOPLE continued

Attracting and developing people in APAC

The team in our Asia Pacific region (APAC) are committed to attracting, retaining and upskilling employees through the actions they take at every stage of their career.

The formal learning programs targeted at different groups of employees are Spark, Ignite, and Accelerate. These are coupled with a diverse array of learning offerings through the Grow With Bunzl digital learning platform, empowering employees to invest in their professional growth.

Building the We Believe employer brand used in engaging recruitment videos and creating a vibrant LinkedIn presence , the APAC region have had great success in a competitive recruitment market. The increased recognition of the business in the region has enabled direct recruitment to senior positions and reduced the reliance on third parties to source candidates. Most recently the Graduate programme has demonstrated their ability to attract high-potential talent. In 2023 the programme received nearly 500 applicants and all successful applicants have now moved from the programme to permanent roles within the region.

Spark

Supply Chain and Business qualification for Customer Service and Warehousing employees to kick start their career. All new employees complete this tailored programme ensuring they are set up for success.

Ignite

Over 120 people have participated in face to face training for emerging leaders in Australia and New Zealand. This programme contains leadership theory and practical case study application.

Accelerate

60 senior leaders across the region have benefitted from this development programme. Accelerate prepares current leaders for the next step into General Management. It has a strong focus on delivering results and developing people.

CASE STUDY:
Scott Mayne – Journey at Bunzl

Scott Mayne was appointed in January 2023 to lead the APAC region in January, following an extensive selection process and a six month handover from Kim Hetherington. Kim, who had an impressive 33 years with Bunzl, continues to have oversight of the Global Sourcing operation and provides ongoing support to Scott and the region in an advisory capacity.

Scott's career with Bunzl began in 2016 when he joined the business as the Regional General Manager of Bunzl Australia and New Zealand (BANZ) New South Wales and was promoted to MD Bunzl Safety two years later. Scott has benefited from the Group's investment in development and completed the Senior Leadership Development Programme in 2023.

Scott found this development opportunity hugely beneficial for the transition he was making and has had the opportunity to apply the custom designed content to current opportunities and challenges.

In my first year as Managing Director of APAC the Senior Leadership Development Programme has provided me with a great opportunity to collaborate with other leaders from around the world. I will continue to benefit from this network and their experiences as we grow the APAC region."

KEY PERFORMANCE INDICATORS

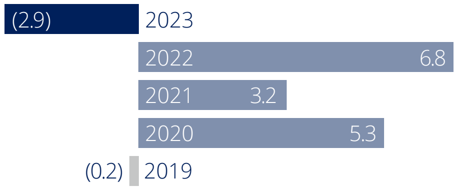
Measuring our strategic progress

We use the following key performance indicators ('KPIs') to measure our progress in delivering the successful implementation of our strategy and to monitor and drive performance.

These KPIs reflect our strategic priorities of developing the business through organic and acquisition-led growth and improving the efficiency of our operations as well as other financial and non-financial metrics.

Profitable organic growth

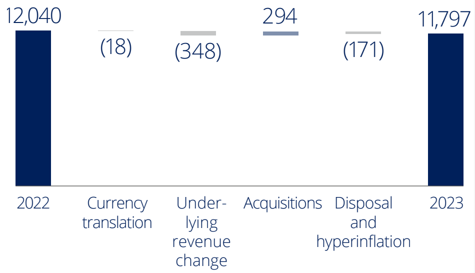
Organic revenue growth %



(Decrease)/increase in revenue for the year excluding the impact of currency translation, acquisitions during the first 12 months of ownership and disposals.

Organic revenue decline of 2.9% was driven by wider post-pandemic normalisation trends and volume weakness in certain markets.

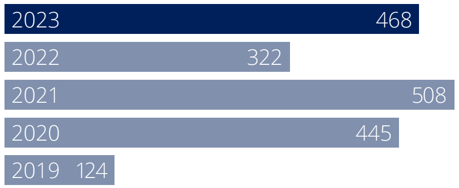
Reconciliation of revenue growth between 2022 and 2023 £m



Revenue down 2.0%, with a 1.9% decline at constant exchange rates driven by a decline in Covid-19 related sales, reductions in the base business, and the disposal of the UK healthcare business. This was partially offset by a 2.5% incremental impact of acquisitions in 2022 and 2023 and a small impact from excess growth in hyperinflationary economies.

Acquisition growth

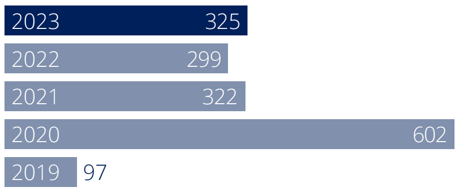
Acquisition spend £m



Consideration paid and payable, together with net debt/cash assumed, in respect of acquisitions agreed during the year.

Committed acquisition spend of £468 million across 19 acquisitions.

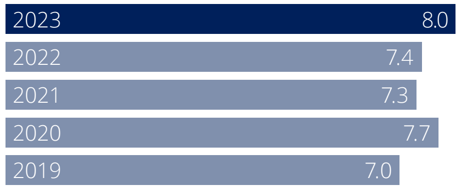
Annualised revenue from acquisitions £m



Estimated revenue which would have been contributed by acquisitions agreed during the year if such acquisitions had been completed at the beginning of the relevant year (see Note 9 on page 167).

Operating model improvements

Operating margin[1] %

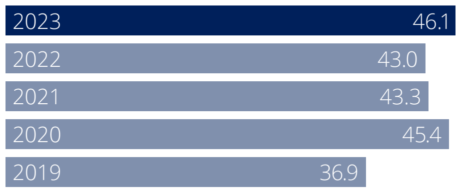


Ratio of adjusted operating profit[1] to revenue.

Operating margin of 8.0% compared to 7.4% in 2022.

Excluding the impact of acquisitions during the first 12 months of ownership, the 2023 operating margin was 7.9%, up from 7.4% in 2022 (restated at constant exchange rates).

Return on average operating capital[1] %



Ratio of adjusted operating profit[1] to the average of the month end operating capital employed (being property, plant and equipment, software, right-of-use assets, inventories and trade and other receivables less trade and other payables).

Return on average operating capital up from 43.0% in 2022 to 46.1% in 2023 driven by an increase in operating margin.

1. Alternative performance measure (see Note 3 to the consolidated financial statements on page 160).

KEY PERFORMANCE INDICATORS continued

Financial

Adjusted earnings per share[1] p

Year	p
2023	191.1
2022	184.3
2021	162.5
2020	164.9
2019	132.2

Adjusted profit for the year[1] divided by the weighted average number of ordinary shares in issue (see Note 8 on page 166).

At constant exchange rates, adjusted earnings per share up 2.7% driven by a 6.2% increase in adjusted operating profit[1], partially offset by an increase in net interest expense and a higher effective tax rate.

Cash conversion[1] %

Year	%
2023	96
2022	107
2021	102
2020	103
2019	101

Operating cash flow[1] as a percentage of lease adjusted operating profit[1] (see Consolidated cash flow statement on page 153).

Another strong year of cash generation with cash conversion of 96% in 2023.

Return on invested capital[1] %

Year	%
2023	15.5
2022	15.0
2021	15.1
2020	16.2
2019	13.6

Ratio of adjusted operating profit[1] to the average of the month end invested capital (being equity after adding back net debt, net defined benefit pension scheme liabilities, cumulative customer relationships, brands and technology amortisation, acquisition related items and amounts written off goodwill, net of the associated tax).

ROIC strong at 15.5% due to higher returns in the underlying business driven by an increase in adjusted operating profit.

Non-financial

Our commitments	Performance	What's next
Responsible supply chain		
90% of our spend on products from all high risk regions will be sourced from assessed and compliant suppliers by 2025.	81% of our spend in high risk regions was sourced from assessed and compliant suppliers. c.96% of our purchasing spend today is either in low risk regions, with assessed or compliant suppliers in high risk regions, or on other non-product related costs[2].	Continuing to take a proactive, risk based approach to responsible sourcing by assessing suppliers of high risk commodities who are based in lower risk sourcing countries.
Investing in a diverse workforce		
Encouraging more women into leadership roles through focused and targeted activities and continuing to build a truly inclusive culture across Bunzl.	22% women in our senior leadership population 2023: 22% 2022[3]: 20% Senior leadership group defined as the 506 leaders that receive share awards as part of their remuneration. Since 2016, the number of women in our senior leadership group has more than doubled.	Promote female role models through a focused programme of communications and extended networking events such as female leadership conferences.
Taking action on climate change		
Scope 1 and 2: 50% more carbon efficient (equivalent to a 27.5% absolute reduction) by 2030 (against a 2019 baseline). **Scope 3:** 79% of suppliers by emissions will have science-based targets by 2027. Net zero by 2050 at the latest.	**18% reduction in absolute emissions since 2019.** Absolute carbon emissions (tonnes CO_2e) 2023: 115,382[5] 2019: 141,320[4] **30% improvement in carbon efficiency since 2019.** Emission intensity (tonnes CO_2e per £m revenue) 2023: 9.7[5] 2019: 13.8[4]	Working with our key suppliers to deliver our new science-based scope 3 emissions target (engaging them on the requirement to set science-based targets by 2027). See page 52 for more information.
Providing sustainable solutions		
Significantly increasing the amount of recyclable, compostable or reusable packaging supplied to our customers to help them meet their targets.	55% of packaging made from alternative materials in 2023. 85% of Group revenue attributable to non-packaging products or packaging products better suited to a circular economy. 2% of revenue generated from consumables facing regulation.	Engaging our key customers in the retail, grocery and foodservice sectors using our material footprint tools and developing a new solution to effectively advise customers on the carbon impact of the products they source.

1. Alternative performance measure (see Note 3 on page 160).
2. Includes freight, duties and FX related costs.
3. Compared to the same population in 2022.
4. Emissions in our baseline year have been recalculated to reflect the impact of acquisitions. Emissions intensity has been recalculated using revenue at constant currency. This process has been agreed with the SBTi.
5. Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com.

ENHANCING AND SUSTAINING

Our depth of expert advice, own brand ranges and priority data help our customers navigate the complexities of transitioning to new products and sustainable solutions.

ENHANCING and SUSTAINING

Taking advantage of sustainability mega-trends, we have focused on developing sustainable own brand ranges to help our customers with the shift to alternative packaging materials and the transition to a more circular economy. Our approach to finding these sustainable solutions:

- We have designed various calculators to quantify the environmental benefit of transitioning from one product to another.
- We proactively work with customers to inform and educate them to support their transition towards more sustainable behaviours.
- We work closely with our supply chain to phase out banned products and identify more sustainable alternatives that meet both new legislative requirements and customer needs.

55%
of packaging made from alternative materials in 2023

Our own brand Sustain foodservice packaging, made from renewable resources, helping the planet

ENHANCING and SUSTAINING ...IN ACTION

CASE STUDY:

Unlocking potential: The power of own brands in our distribution landscape

Lauren Mooney
Bunzl's Head of European Brand Development

In today's competitive landscape, differentiation is key, and our answer lies in the strategic development of our own brands. Gone are the days when Bunzl's own brands merely competed on price alone; they now serve as a powerful avenue for us to offer higher quality goods and services, still at competitive prices. It is an opportunity for us to leverage our expertise to build market-focused solutions.

In the European foodservice market for example, we saw our customers' need for transparent advice in sustainable packaging and built Verive as the solution. We leverage our position in the supply chain, and we have the advantage of being material and solution agnostic, to be able to confidently advise our customers on a case by case basis on the optimal solution for them and the environment, whether this is one of our own brands or a product from one of our international branded supplier partners.

Creating our own brands means that we can offer our customers access to more affordable solutions in sustainability, while giving our operating companies the opportunity to drive organic sales growth. Owning our brands allows us to create enduring added value for customers, fostering strong relationships, resulting in long term loyalty.

Having an own brand strategy is our commitment to building resilient brands that transcend economic volatilities. Bunzl's unique position in the supply chain, coupled with our global knowledge on branding, marketing, legislation, sustainability, and supply chain, enables us to craft brands that not only serve our current customers better but also stand independently in the market, driving opportunities to capture new business. This strategic evolution is not just about products; it's about future-proofing our strength in the supply chain.

CASE STUDY:

WorldStar Winner: Sustain OzHarvest Collection

Sustain's OzHarvest Collection is a range of certified Australian compostable cups (made from FSC-certified wood-pulp paper) promoting sustainability through unique decoration and innovative production, which increases its recyclability potential.

Collaborating with OzHarvest, Bunzl has donated the equivalent of two meals to Australians in need with every carton sold, providing a quantifiable achievement and purposeful product delivering real change.

>6,800
Meals since launch

CASE STUDY:

Reducing carbon footprint for Aramark in Spain

- In Spain, Bunzl have partnered with Aramark to reduce the carbon footprint associated with delivering to their 2,400+ sites.
- Bunzl's proprietary Carbon Footprint calculator[1] was used to analyse routes in detail to calculate and simulate the carbon footprint of product deliveries.
- The data obtained identified opportunities to change ordering patterns to reduce the volume of small orders by 34%.
- We have also implemented a custom Last Mile Innovation project so that deliveries to Aramark centres in Barcelona are zero emission.

Reduction in Tonnes CO_2e from small orders
>30%

Tonnes CO_2e reduction equivalent to planting
>1,000 trees

1. Certified by AENOR based on the Greenhouse Gas Protocol.

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

Read more on page 48

Providing tailored solutions

Read more on page 56

Responsible supply chains

Read more on page 58

Investing in a diverse workforce

Read more on page 60

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.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

RACE TO ZERO

CDP
DISCLOSER
2023

WE MEAN BUSINESS
COALITION

Read more about our disciplined approach to sustainability

SUSTAINABILITY continued

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')[1], 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	• 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.	• 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.	• 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.	• 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').

SUSTAINABILITY continued

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 £19,000[1] 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 Portal[2] to help them measure, report and calculate the financial value of their social activities in a more effective and streamlined way.

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

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.

SUSTAINABILITY continued

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.

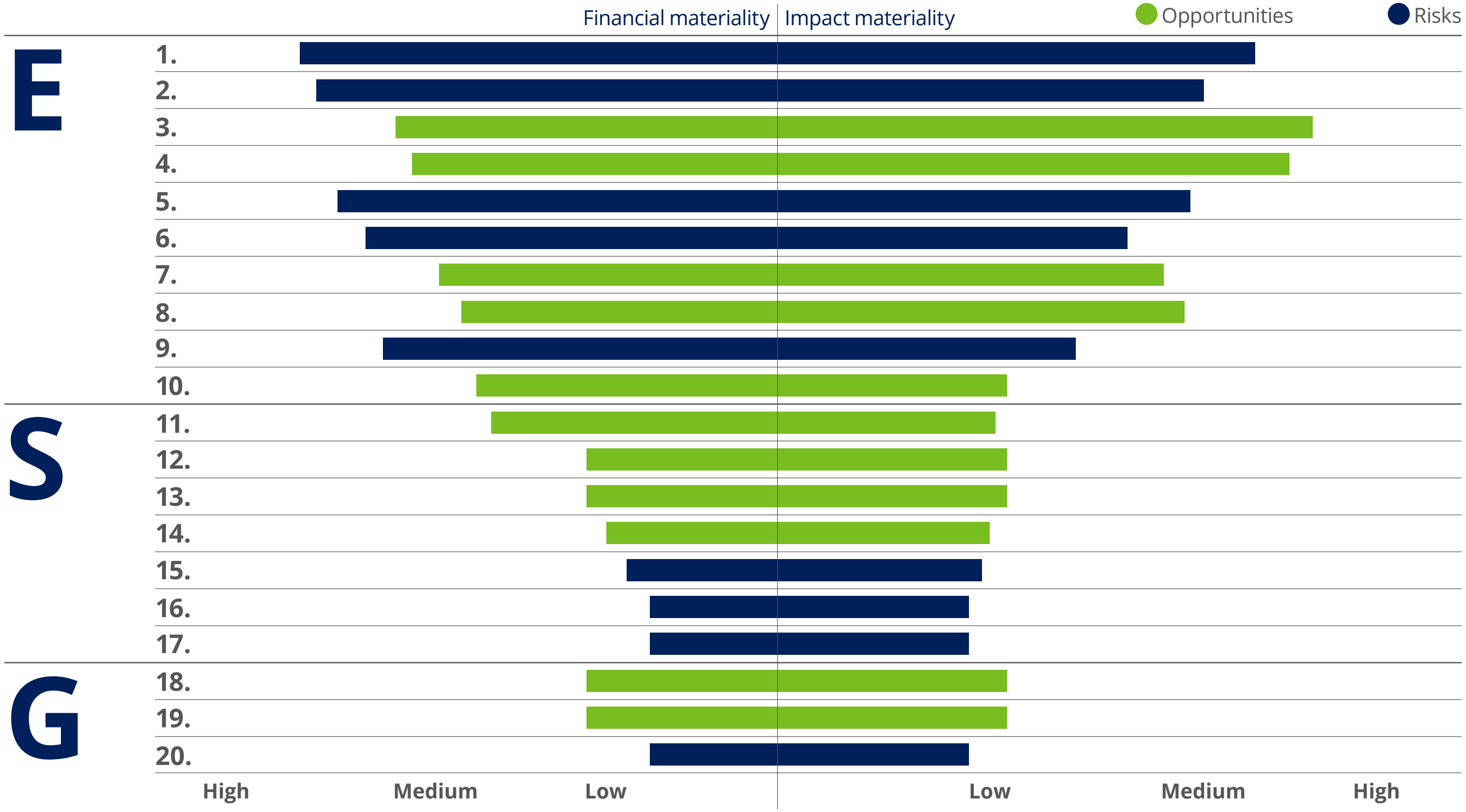
The risks with the highest financial materiality score (relating to climate change and the circular economy) align to those identified in our principal risks and uncertainties assessment (sustainability driven market changes and climate change risk). See page 68 for more details.

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

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 decade[1].

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/.

SUSTAINABILITY continued

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:

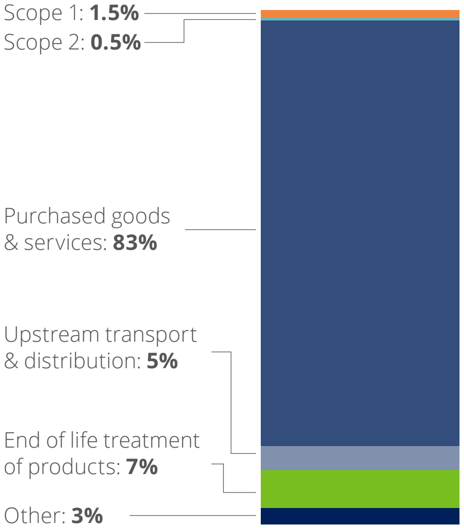
90%

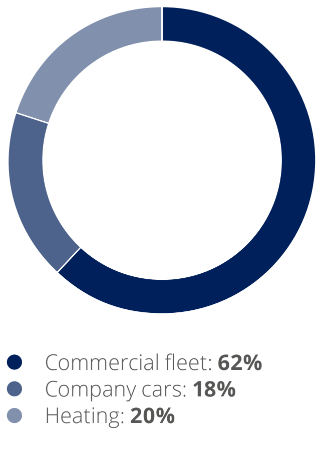
reduction in absolute scope 1, 2 and 3 emissions by 2050[1]

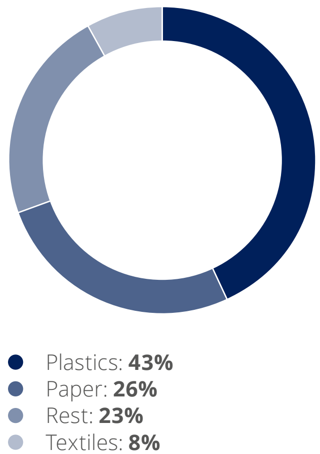
Net zero

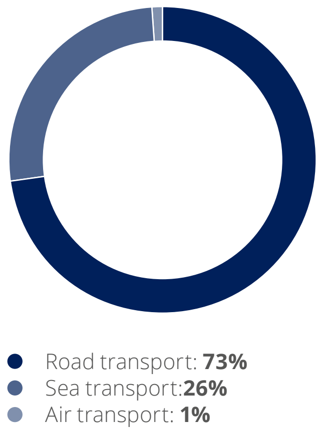
emissions across our value chain by 2050

Bunzl's emissions breakdown (2019 baseline)

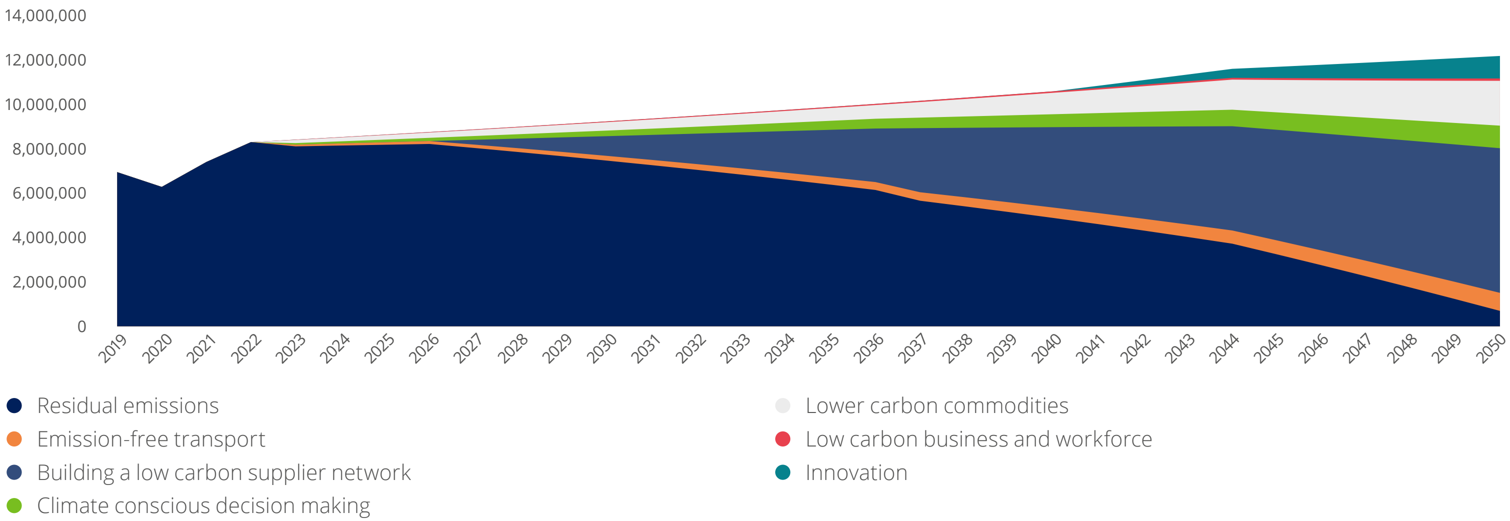








Total emissions reductions by decarbonisation lever



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

SUSTAINABILITY continued

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.

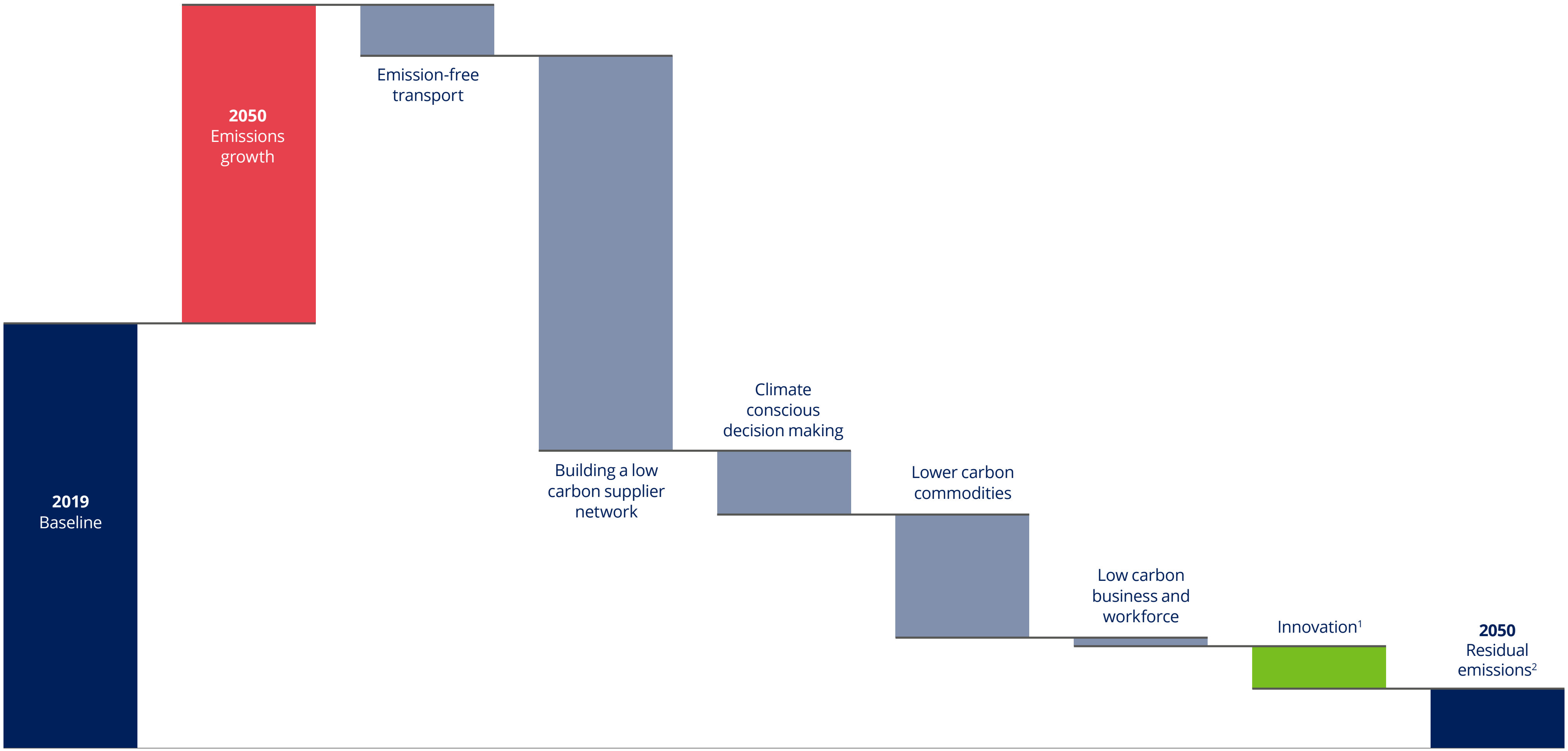
Our immediate focus is to deliver our near term carbon reduction targets and continue to take action where we can now. In the short term, to remain aligned to our net zero transition plan, we will focus our efforts on two key decarbonisation levers; empowering change and efficient operations.

Decarbonisation lever	Emission sources addressed	How reduction will be achieved	Overall impact on emissions[1]
Emission-free transport: Low and zero carbon logistics	• 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	• 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	• 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	• 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	• 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%

SUSTAINABILITY continued

Decarbonisation impact by lever (2050)



100%	75%	(12)%	(93)%	(15)%	(29)%	(2)%	(14)%	10%
2019 baseline	Business as usual emissions growth	Low and zero carbon transport	Suppliers setting and achieving carbon reduction targets	Lower carbon solutions for customers	Raw material carbon reduction	More efficient operations	Innovation and technology	2050 residual emissions

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.

SUSTAINABILITY continued

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_2e emissions (tonnes)	141,320[1]	120,742	**115,382**◊	18%
Emission intensity (tonnes CO_2e/£m revenue)	13.8[1]	10.5	**9.7**◊	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.

◊ 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 partners[2] 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).

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

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.

SUSTAINABILITY continued

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%	Ongoing fuel-efficiency improvements with targeted initiatives in North America (see page 28) reducing diesel consumption in commercial vehicles. Transition of small commercial vehicles to electric options is in progress with conversions completed at some companies in North America and UK & Ireland. 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. 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.	Behind plan but will recover to meet target
Company cars	12%	-28%	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.	On track
Electricity	22%	-29%	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. Our businesses continue to install electricity generating solar panels and the electricity generated by these installations represents 1% of our total energy consumption.	On track
Heating	16%	-15%	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%.	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 CO_2e 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.

SUSTAINABILITY continued

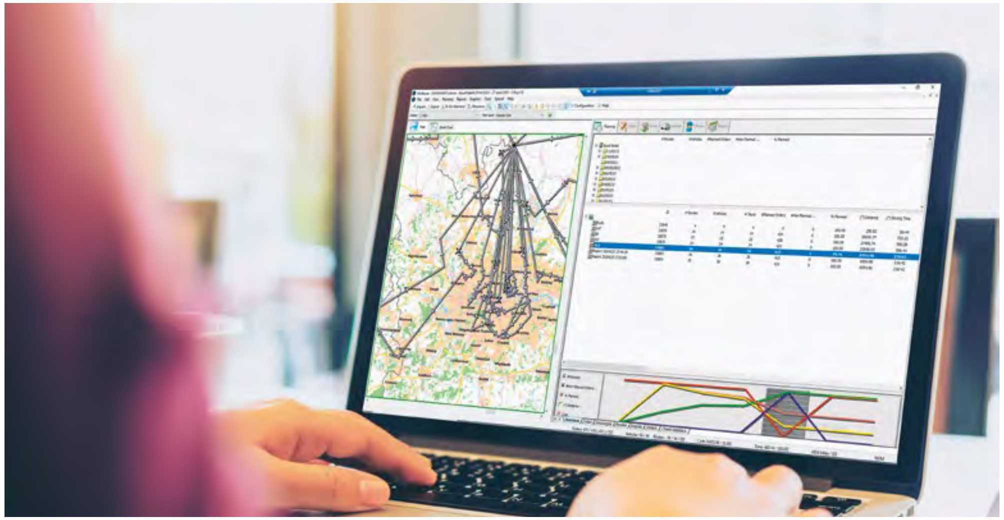
Reducing carbon emissions with efficient logistics

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.

Climate-related potential business impacts

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).

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
Responsibly sourced 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.	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.
Future-proof 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.	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.
Accessible information 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.	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.
Exceptional quality Our cost competitive options are rigorously quality checked before distribution and are designed to include the latest innovations in packaging sustainability.	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.

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 costs[2]	c.96%	c.96%

An estimated 28 million people are in forced labour conditions[1] 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.unseenuk.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 disproportionally 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.

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 leadership[1] 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 population[3]

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

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TCFD index

The Task Force on Climate-related Financial Disclosures ('TCFD') has developed a climate-related financial risk disclosure framework for companies to provide information to investors, lenders, insurers and other stakeholders.

Our climate-related disclosures are consistent with the TCFD recommendations and recommended disclosures as set out in the TCFD framework published in June 2017 and the updated 'Annex' published in 2021. The index table to the right provides a reference to where these disclosures can be found throughout our Annual Report.

Topic	Disclosure summary	Disclosure	Bunzl response
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	Governance report: pages 92-93, 96-97, 100, 103-105 Principal risks: pages 68-70, 76 Sustainability report: page 62
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	Governance report: pages 92-93, 96-97, 100, 103-105 Principal risks: pages 68-70, 76 Sustainability report: page 62 EGS appendix 213-215
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Principal risks: page 76 EGS appendix 213-215
		b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Principal risks: page 76 Sustainability report 54-55 EGS appendix 213-215
		c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower temperature scenario.	Principal risks: page 76 Sustainability report 54-55 EGS appendix 213-215
Risk management	Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Principal risks: pages 68-70, 76 Sustainability report 54-55 EGS appendix 213-215
		b) Describe the organisation's processes for managing climate-related risks.	Principal risks: pages 68-70, 76 Sustainability report 54-55 EGS appendix 213-215
		c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Principal risks: pages 68-70, 76 Sustainability report 54-55 EGS appendix 213-215
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	ESG Appendix: pages 215-216 Key Performance indicators: page 41 Sustainability report: pages 48-54
		b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas ('GHG') emissions and the related risks.	ESG Appendix: pages 215-216 Key Performance indicators: page 41 Sustainability report: pages 48-54
		c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	ESG Appendix: pages 216 Key Performance indicators: page 41 Sustainability report: pages 48-54

SECTION 172 STATEMENT

Delivering long term sustainable value for all our stakeholders

Proactively engaging with all our stakeholders is critical to our long term success. We encourage ongoing, open and honest dialogue all year to help us make better business decisions for the benefit of all our stakeholders.

Maintaining two-way relationships with our key stakeholder groups, which are identified on pages 65 to 67, enables us to understand their views and objectives. With this understanding, the Board is able to factor the potential impact of decisions on each stakeholder group into the Company's strategic decision-making and consider their needs and interests in line with section 172 of the Companies Act 2006.

Engagement with stakeholders takes place through a range of mechanisms, key examples of which are set out on the following pages. These mechanisms are kept under review and the Board is satisfied that they remained effective throughout 2023.

Engagement is carried out primarily at operational level and is reported to the Board by senior management on a regular basis. Direct engagement by the Board takes place when appropriate and on pertinent matters.

When considering stakeholders in its deliberations, there are occasions when the Board must weigh the competing interests of certain stakeholder groups against each other. In such cases, the Board always seeks to ensure that those impacted are treated fairly.

Section 172

The Board of directors of Bunzl plc promotes the success of the Company for the benefit of its members as a whole, having sufficient regard to:

The likely consequences of any decision in the long term

- Company purpose: page 26
- Acquisitions: page 29
- Our business model: page 24
- Our strategy: page 26
- Shareholder returns: page 7

The impact of the Company's operations on the community and the environment

- Sustainability: pages 44 to 62
- TCFD disclosures: page 63
- Carbon emissions: pages 215 and 216
- Community investment: page 220
- Non-financial information statement: page 89

The interests of the Company's employees

- Employment policies: page 148
- Employee engagement statement: page 101
- Diversity, equity and inclusion: page 60
- Succession planning: page 108
- Our people: pages 34 to 39

The desirability of the Company maintaining a reputation for high standards of business conduct

- Audit Committee report: pages 112 to 121
- Independent auditors' report: pages 196 to 201
- Whistleblowing: page 218
- Culture and values: page 100
- Non-financial information statement: page 89

The need to foster the Company's business relationships with suppliers, customers and others

See our 'Policy hub' at www.bunzl.com to access:

- Business Code of Conduct Policy
- Bunzl Anti-Bribery and Corruption Policy
- Bunzl Ethical Sourcing Policy
- Modern Slavery Statement
- Supplier Code of Conduct

The need to act fairly as between members of the Company

- Shareholder engagement: page 102
- The Company's Annual General Meeting: page 147

SECTION 172 STATEMENT continued

Customers

Relevance to strategy

Customers are central to Bunzl's purpose of providing essential business solutions around the world, and Bunzl's strategy is formed to achieve this purpose while creating long term value for the benefit of stakeholders as a whole. A key tenet of our strategy is organic growth; expanding by developing our business with current customers and gaining new business with additional customers.

Concerns and interests

- Customised digital solutions
- Sustainable product expertise, support and sourcing
- Innovative product solutions
- Competitive prices
- On-time and in-full delivery
- Access to customer service and sales
- Enhanced operational efficiency

How we engage

Our customer relationships are akin to partnerships. We maintain frequent two-way dialogue with customers to enhance our understanding of their business needs and ambitions, which enables us to provide them with a truly tailored service. By running dedicated innovation sessions with large customers, proactively seeking feedback and having discussions about customer insights at Board level, we are able to place the needs of customers at the heart of our business and adapt our strategy accordingly.

Outcomes of engagement

Recent engagement has highlighted the importance of digital solutions to our customers. In response to this, we have continued to expand our digital capabilities throughout 2023 by investing in a number of fast growing, high margin specialist online distributors to provide expert advice and specialist support to our customers, see page 31. This digital focus has also informed the Board's strategic agenda in relation to acquisitions and market expansion, which are outlined on page 13.

72%
of customer orders processed digitally

c.25%
of group revenue generated through own brand sales

Employees

Relevance to strategy

Bunzl has 24,528 employees worldwide. Bunzl's employees represent our biggest opportunity and are the focus of the business. Recruiting, retaining and developing the best talent is key to Bunzl's strategy as it shapes our culture and ensures that every person pulls in the same direction to achieve Bunzl's purpose.

Concerns and interests

- Fair remuneration
- Talent development and career progression
- A safe and inclusive working environment
- Good communications
- Sharing in the Company's success
- Fair policies and practices
- Having a positive impact on the community and the environment

How we engage

The Board carried out direct engagement with employees during 2023 through site visits, meetings with young talent groups and CEO and non-executive director listening sessions. In addition, indirect engagement took place through regular team briefings and Board consideration of our 2023 Great Place to Work Survey.

Outcomes of engagement

See the employee engagement statement on page 101 for the Company's responses to engagement with employees during the year. The outcome of Bunzl's 2023 Great Place to Work survey is detailed on page 35.

24,528
employees

70%
overall perception score in our Great Place to Work survey

SECTION 172 STATEMENT continued

Shareholders

Relevance to strategy

Maintaining shareholder support by building meaningful relationships is key to Bunzl's strategy, as our shareholders influence the long term direction and governance framework of the Company. Frequent dialogue keeps the Company informed as to the concerns and interests of our investors and allows the Company to respond, grow and perform better.

Concerns and interests

- Financial performance
- Resilience
- Environmental, social and governance matters
- Executive remuneration
- Shareholder returns
- Strategic priorities
- Leadership and succession planning

How we engage

Committee Chairs proactively seek engagement with major shareholders on pertinent matters within their responsibility and major shareholders are routinely invited to meet with the Chairman. To read more about direct engagement between the Board and shareholders see page 102. Bunzl engages in dialogue with major shareholders throughout the year at regular meetings and investor roadshows, the outcomes of which are reported to the Board. More broadly, Bunzl updates shareholders on trading performance six times a year, encourages attendance at the Annual General Meeting ('AGM') and, in June 2023, hosted an Insight Day in North America for investors and analysts, details of which can be found on page 102.

Outcomes of engagement

The outcomes of all of our 2023 shareholder meetings were positive, with no specific matters of concern being raised. In addition, Bunzl gathered feedback from 22 investors who met with the Company following the announcement of its half-year results. The outcome of this was positive, with Bunzl obtaining a net confidence score of 89%.

c.210
meetings with investors

89%
investor net confidence score

Suppliers

Relevance to strategy

Building strong and trusted partnerships with suppliers is fundamental to our business model. Our suppliers are our partners, and collaboration enables Bunzl to maintain resilient supply chains, drive ambitious business solutions and provide customers access to products that meet their individual needs with the reassurance that they have been ethically sourced.

Concerns and interests

- Ethical supply chains
- Reliable partnerships
- On-time payment
- Mutual trust
- Improving environmental impacts

How we engage

Engagement with suppliers takes place primarily at operational level, with management providing frequent updates on our supplier engagement programme to the Board Sustainability Committee, who subsequently reports to the Board. One area of focus in 2023 was engaging suppliers on the requirement to set science-based emissions targets by 2027. In addition, we operate a rigorous onboarding and audit operation in line with Bunzl's Supplier Code of Conduct and compliance with this is monitored by our Global Supply Chain Solutions team. For more information on our responsible sourcing process, see page 218.

Outcomes of engagement

We are on track to achieve our scope 3 emissions target and 79% of our suppliers will have science-based targets by 2027, aligned to the SBTi. To read about our work to build a low carbon supplier network, see page 52. Further outcomes of engagement with Bunzl's suppliers and the results of supplier audits undertaken during the year can be found on page 209.

1,022
supplier audits conducted in 2023

750
of our largest suppliers engaged with in 2023 regarding setting their own science-based emissions targets

SECTION 172 STATEMENT continued

Environment and community

Relevance to strategy

Sustainability is core to Bunzl's strategy and long term success. Our culture of continuous improvement drives the determination to set and meet ambitious climate-related targets. Bunzl's decentralised business relies on local suppliers, recruiting local talent and championing local businesses. Giving back to the community is core to Bunzl's values and the Company participated in a range of community initiatives throughout the year.

Concerns and interests

- Ambitious climate targets
- Science-backed commitments
- Clear roadmap to net zero
- Ethical supply chains
- Local support
- Community investment
- Cost of living crisis
- Inclusive working practices
- Employing local talent
- Sourcing local products

How we engage

Supported by the Board Sustainability Committee, the Board defines the Company's sustainability strategy and oversees its implementation by way of updates from management. The Company maintains dialogue with environmental agencies and educates customers, employees and suppliers on sustainable practices in line with best practice and local laws. To benefit the wider community, Bunzl supports the communities where our employees live and work and encourage fundraising activities which are championed by our businesses and their employees locally. More information detailing our charitable contributions during the year can be found on page 220.

Outcomes of engagement

During 2023, we made good progress across our four core sustainability themes; taking action on climate change, providing tailored solutions, responsible supply chains and investing in a diverse workforce. To read more, see our non-financial Key Performance Indicators on page 41. Group wide, Bunzl donated a total of c. £1.8m to charitable causes during 2023.

30%
more carbon efficient since 2019

£1.8m
donated to charitable causes Group-wide during 2023

CASE STUDY:
EcoTools.nl

Decision
In 2023, the Board considered the acquisition of EcoTools.nl, a Netherlands based specialist online distributor of tool accessories and industrial consumables to customers across the Benelux region.

Considerations
Potential acquisitions are scrutinised by the Board to ensure the Company is making disciplined investments within our key acquisition criteria, including businesses selling goods-not-for-resale to a fragmented customer base, with attractive financial returns and the opportunity to enhance our 'own label' offering. In deciding whether to approve the proposal, the Board also considered how the proposed acquisition would affect the Company's key stakeholders, including:

- Shareholders: the Board evaluated the impact of the acquisition on shareholder value including consideration of the Group's capital allocation and the financial performance of Ecotools.nl. The Board also considered the portfolio optimisation of the Group recognising that Ecotools.nl complements other online-focused businesses within the Group's portfolio and further strengthens the Group's digital capabilities;
- Employees: the Board was mindful of cultural fit to maintain our high standards of responsible business conduct and to ensure alignment between the values of the management teams and people at EcoTools.nl and the Group;
- Customers: the Board considered the consequences of the acquisition on our customers noting that the acquisition would increase the Group's exposure to fast-growing, specialist online distributors which will enhance the experience of our customers and increase the efficiency of our business; and
- Suppliers: the Board discussed the environmental, social and governance implications of the proposed acquisition and were cognisant of EcoTools.nl's own-brand product range which is complementary to our sustainability agenda.

Outcome
After careful consideration of the above criteria, along with the results of our thorough due diligence, the Board concluded the acquisition of Ecotools.nl to be in the best long term commercial interest of the Company and for the benefit of stakeholders as a whole.

PRINCIPAL RISKS AND UNCERTAINTIES

A robust approach to risk management

Bunzl operates in six core market sectors in 33 countries which exposes it to risks and uncertainties. The Group sees the management of risk, both positive and negative, as critical to achieving its strategic objectives.

Risk assessment

STEP 1: **Risk identification**	• Every business, business area, the Executive Committee and the Board consider, identify and document risks in a consistent way within the categories of strategic, operational and financial risks. • This includes current risks as well as emerging risks which also need to be assessed and carefully monitored.
STEP 2: **Inherent risk assessment**	• The inherent impact and probability of risks are evaluated before considering the effect of any mitigating activities: • impact is assessed based on a defined range of business continuity, health & safety, environmental, regulatory, reputational and financial criteria; and • probability is assessed as remote, unlikely, possible or probable.
STEP 3: **Risk response and residual risk assessment**	• The relevant mitigating activities and controls are evaluated for each risk. • The residual risk is assessed assuming that the mitigating actions and internal controls operate as intended in an effective way. • If necessary, to bring the residual risk within Bunzl's risk appetite, enhancements to risk mitigation activities and controls are considered until the residual risk is reduced to an acceptable level.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Risk management process

To deliver the Group's strategic objectives successfully, and provide value for shareholders and other stakeholders, it is critical that Bunzl maintains an effective process for the management of risk. The Company has a risk management policy which ensures that a consistent process is followed by every business and business area as well as the Executive Committee and ultimately the Board, firstly to assess and then subsequently to manage both current and emerging risks. These interrelated aspects of the Group's risk management policy are explained below*. Additional details are also provided on the key risk management activities undertaken during 2023.

* The 'Risk management and internal control' section of the Corporate governance report on pages 104 to 105 includes further information on the specific procedures designed to identify, manage and mitigate risks which could have a material impact on the Group's business, financial condition or results of operations and for monitoring the Company's risk management and internal control systems.

Risk management

The Board

Establishes the nature and extent of risk the Group is willing to accept (its 'risk appetite') in pursuit of Bunzl's strategic objectives.

Performs a robust assessment of the Group's risks through a biannual review of the Group's risk register, focusing on the evolving risk landscape, emerging risks and those risks considered to be significant by management and the Executive Committee.

Continuously monitors and oversees the Group's risk management and internal controls processes and procedures.

The Audit Committee

Reviews the process for the management of risk, including the risk assessment and risk response, and its effectiveness.

Directs and oversees internal audit's activities and reviews the results of assurance over controls and risk mitigation activities.

Executive Committee

Holds regular meetings with business area management to discuss strategic, operational and financial issues and ensures policies and procedures are in place to identify and manage the principal risks affecting each of the Group's businesses. Business area management present risk assessments to the Executive Committee annually, focusing on the key risks in their region, processes they have in place to identify risk and any areas of heightened concern or any emerging risks for the future.

Considers the evolving risk landscape, including reviewing the results of the risk assessment process and assessing the sufficiency of risk mitigation activities for current risks as well as the threats and opportunities from emerging risks.

Business area management

The Group's decentralised management structure allows for the establishment of clear ownership of risk identification and management at the business area level within the framework of Bunzl's risk management policy.

Business management

Businesses, with the support of business area management, implement and monitor the effectiveness of controls, policies and procedures designed to manage risk.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Principal risks and uncertainties

The Group operates in six core market sectors in 33 countries which exposes it to risks and uncertainties, many of which are not fully within the Group's control. The risks summarised below represent the principal risks and uncertainties faced by the Group, being those which are material to the development, performance, position or future prospects of the Group, and the steps taken to mitigate such risks. However, these risks do not comprise all of the risks that the Group may face and accordingly this summary is not intended to be exhaustive.

In addition, the Group's financial performance is partially dependent on general global economic conditions, the deterioration of which could have an adverse effect on the Group's business and results of operations. Although this is not considered by the Board to be a specific principal risk in its own right, many of the risks referred to below could themselves be impacted by the economic environment prevailing in the Group's markets from time to time.

The risks are presented by category of risk (Strategic, Operational and Financial) and are not presented in order of probability or impact. The relevant component of the Group's strategy that each risk impacts is also noted:

- Organic growth
- Acquisition growth
- Operating model improvements
- Sustainability

The nature and type of the principal risks and uncertainties affecting the Group are considered to be unchanged compared to the 2022 Annual Report.

Monitoring risks

The Board reviews each risk and assesses the gross impact, applying the hypothetical assumption that there are no mitigating controls in place, the net impact after mitigating controls and the probability to set the Group's mitigation priorities. The register of principal risks and uncertainties was updated following review by the Executive Committee and approval by the Board.

Emerging risks

In addition to the principal risks faced by the Group, there are risks which are more uncertain in nature and difficult to assess or that have the potential to develop and increase in severity over time.

One such risk is that due to ongoing and new geopolitical conflicts arising in 2023, market shortages or other adverse events in the supply chain impacting the sourcing and delivery of our products emerged as a risk that may impact Bunzl's operations. Failure to supply and deliver the required volumes could adversely impact revenue, profit, and customer relationships. Management will continue to monitor this risk and the impact on operations and any other uncertainties that may impact Bunzl's operations.

As part of the ongoing risk management processes, the Board closely monitors all emerging risks that have the potential to increase in significance and affect the performance of the Group and its ability to meet its strategic objectives.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth · Acquisition growth · Operating model improvements · Sustainability

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2023
Strategic risks			
1. Competitive pressures Revenue and profits are reduced as the Group loses a customer or lowers prices due to competitive pressures **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• The Group operates in highly competitive markets and faces price competition from international, national, regional and local companies in the countries and markets in which it operates. • Unforeseen changes in the competitive landscape could also occur, such as an existing competitor or new market entrant introducing disruptive technologies or changes in routes to market. • Customers, especially large or growing customers, could exert pressure on the Group's selling prices, thereby reducing its margins, switch to a competitor or ultimately choose to deal directly with suppliers. • Any of these competitive pressures could lead to a loss of market share and a reduction in the Group's revenue and profits.	• The Group's geographic and market sector diversification allow it to withstand shifts in demand, while this global scale across many markets also enables the Group to provide the broadest possible range of customer specific solutions to suit their exacting needs. • The Group maintains high service levels and close contact with its customers to ensure that their needs are being met satisfactorily. This includes continuing to invest in e-commerce and digital platforms to enhance further its service offering to customers. • The Group maintains strong relationships with a variety of different suppliers, thereby enabling the Group to offer a broad range of products to its customers, including own brand products, in a consolidated one-stop-shop offering at competitive prices.	• The Group's large sales force connected with customers to help them understand the range of products available to meet their needs. • The Group continued to invest in technology to streamline customers' experience. • The Group continued to develop its sustainable product assortment and tools to assist customers in meeting their sustainability goals.
2. Financial collapse of either a large customer and/or a significant number of small customers Revenue and profits are reduced as the Group loses customers **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• An unexpected insolvency of either a large customer or a significant number of small customers, particularly within the retail and foodservice sectors, could lead to a sudden reduction in revenue and profits, including the cost of impairing any irrecoverable receivables balances, as well as operating margin erosion due to under-used capacity. • The Group's revenue and profits may be affected as well as receivables and inventory (if customer specific inventory is held).	• The Group monitors significant developments in relationships with key customers, including credit checks and limits set for each customer. • Delegation of authority limits mean that there is oversight of all material customer contracts at business area and local level.	• In 2023, the Group did not encounter material insolvencies of either a large customer or a significant number of smaller customers. However, this remains a significant risk given the potential for global economic downturn. • In 2023, provisions relating to the Group's credit exposure from customers remained broadly unchanged.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth | Acquisition growth | Operating model improvements | Sustainability

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2023
Strategic risks continued			
3. Product cost deflation Revenue and profits are reduced due to the Group's need to pass on cost price reductions **Risk owner:** CEO and Business Area Heads **Change to risk level:** ↗ **Included in viability statement:** Yes	• In the event of a reduction in the cost of products bought by the Group, due to suppliers passing on lower commodity prices (such as plastic or paper) or other price reductions, lower trade tariffs and/or foreign currency fluctuations, coupled with actions of competitors or customers, indexed or cost plus contracts may require the Group to pass on such cost reductions to customers, resulting in a reduction in the Group's revenue and profits. • Operating profits may also be lower due to the above factors if operating costs are not reduced commensurate with the reduction in revenue.	• The Group uses its considerable experience in sourcing and selling products to manage prices during periods of deflation in order to minimise the impact on profits. • Focus on the Group's own brand products, together with the reinforcement of the Group's service and product offering to customers, helps to minimise the impact of price deflation. • The Group continually looks at ways to improve productivity and implement other efficiency measures to manage and, where possible, reduce its operating costs.	• In 2023, the Group experienced a higher level of price volatility compared to recent years. During the second half of 2023, the Group began experiencing product cost deflation, particularly in North America. The outlook for product costs, however, remains uncertain
4. Cost inflation Profits are reduced due to the Group's inability to pass on product or operating cost increases **Risk owner:** CEO and Business Area Heads **Change to risk level:** ↘ **Included in viability statement:** Yes	• Significant or unexpected cost increases by suppliers, due to the pass through of higher commodity prices (such as plastic or paper) or other price increases, higher trade tariffs and/or foreign currency fluctuations, could adversely impact profits if the Group is unable to pass on such product cost increases to customers. • Operating profits may also be lower due to the above factors if selling prices are not increased commensurate with the increases in operating costs.	• The Group sources its products from a number of different suppliers based in different countries so that it is not dependent on any one source of supply for any particular product, or overly exposed to a particular country changing trade tariffs, and can purchase products at the most competitive prices. • The majority of the Group's transactions are carried out in the functional currencies of the Group's operations, but for foreign currency transactions some forward purchasing of foreign currencies is used to reduce the impact of short term currency volatility. • The Group will, where possible, pass on price increases from its suppliers to its customers. • The Group continually looks at ways to improve productivity and implement other efficiency measures to manage and, where possible, reduce its operating costs.	• The Group experienced significant product cost inflation in recent years. Selling prices to customers were continually evaluated and updated to ensure that profitability levels were at least maintained. • The Group's ongoing focus on own brand product development was an important part of the discussion with customers about price increases. • Overall, the Group was very successful in passing on product cost inflation, which has eased considerably during 2023. • Inflation in operating costs remained elevated in 2023, but has started to normalise during the year. • To mitigate the operating costs increases the Group drives efficiencies by consolidating facilities and implementing IT systems and solutions to improve productivity.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth | Acquisition growth | Operating model improvements | Sustainability

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2023
Strategic risks continued			
5. Inability to make further acquisitions Profit growth is reduced from the Group's inability to acquire new companies **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• Acquisitions are a key component of the Group's growth strategy and one of the key sources of the Group's competitive advantage, having announced 214 acquisitions since 2004. • Insufficient acquisition opportunities, through a lack of availability of suitable companies to acquire or an unwillingness of business owners to sell their companies to Bunzl, could adversely impact future profit growth.	• The Group maintains a large acquisition database which continues to grow with targets identified by managers of current Bunzl businesses, research undertaken by the Group's dedicated and experienced in-house corporate development team and information received from banking and corporate finance contacts. • The Group has a strong track record of successfully making acquisitions. At the same time, the Group maintains a decentralised management structure which facilitates a strong entrepreneurial culture and encourages former owners to remain within the Group after acquisition, which in turn encourages other companies to consider selling to Bunzl.	• The acquisition pipeline is closely monitored with continued research of any available opportunities for investment • During 2023, the Group's committed acquisition spend was £468 million and the pipeline remains active
6. Unsuccessful acquisition Profits are reduced, including by an impairment charge, due to an unsuccessful acquisition or acquisition integration **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• Inadequate pre-acquisition due diligence related to a target company and its market, or an economic decline shortly after an acquisition, could lead to the Group paying more for a company than its fair value. • Furthermore, the loss of key people or customers, exaggerated by inadequate post-acquisition integration of the business, could in turn result in underperformance of the acquired company compared to pre-acquisition expectations which could lead to lower profits as well as a need to record an impairment charge against any associated intangible assets.	• The Group has established processes and procedures for detailed pre-acquisition due diligence related to acquisition targets and the post-acquisition integration thereof. • The Group's acquisition strategy is to focus on those businesses which operate in sectors where it has or can develop competitive advantage and which have good growth opportunities. • The Group endeavours to maximise the performance of its acquisitions through the recruitment and retention of high quality and appropriately incentivised management combined with effective strategic planning, investment in resources and infrastructure and regular reviews of performance by both business area and Group management.	• The acquisition pipeline is reviewed by Exco, and for any new acquisitions that are proposed, the Board reviews the potential acquisition in detail • The CEO and CFO review the performance of all acquisitions with business area management teams on a quarterly basis. • Internal Audit reviews acquisitions within 12 to 18 months of the sale. • The Board reviews performance of recent acquisitions annually. In 2023, the Board reviewed the principal acquisitions made in 2021 and noted that performance was in line with expectations.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth | Acquisition growth | Operating model improvements | Sustainability

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2023
Strategic risks continued			
7. Sustainability driven market changes Revenue and profits are reduced from the Group's inability to offer sustainable products in response to changes in legislation, consumer preferences or the competitive environment **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• New legislation introduced outside Europe and the UK in countries where Bunzl operates mirrors (and in some cases goes further than) the legislation previously introduced in Europe and the UK. The scope of new legislation tends to cover a wider range of products than that previously introduced. Legislation related to packaging still remains extremely fragmented across different regions. • Some legislation seeking to restrict the use of plastics has been challenged and overturned in court. However, it can be expected that the legislation will be reintroduced in some form and as such it is not anticipated that there will be a widespread removal of the legislative measures already in place across the Group. • Consumer sentiment and customer targets are likely to lead to a reduction in demand for single-use plastic-based products that the Group sells, whilst simultaneously increasing demand for renewable, recyclable, or reusable alternatives. • The Group's revenue and profits could be reduced if it is unable to offer packaging and products made from alternative materials that will replace products that cannot be sold due to legislation, or products where demand is lower due to changes in consumer preferences, for example a move to more reusable packaging.	• Bunzl is well positioned to support its customers with the legislative complexity thanks to its material agnostic position and network strength that allowing it to deliver the right products across large multi-site customer operations. • Bunzl's scale and unique position at the centre of the supply chain, supported by expert sustainability managers, gives the Group an opportunity to provide customers with advice about alternative products which are recyclable, compostable, biodegradable or reusable. • The Group has access to an extensive supply chain of product and packaging manufacturers who are innovating the range of products they produce to satisfy the increased focus on sustainability. This means the Group can offer the broadest possible range of products whether in response to legislative changes, consumer preference driven changes or a desire to offer market-leading products to the Group's customers. • The Group has access to the proprietary data on the packaging and products our customers need. That coupled with the Group's detailed product knowledge and data on customer product usage, ensures that the Group is well-positioned to be able to support its customers in shaping and achieving their sustainability strategies.	• The majority of the Group's businesses in the retail, foodservice and grocery sectors now employ material footprint tools that explain how legislation will impact the products and packaging a customer uses, while promoting the alternatives we have in our ranges. • In response to a larger number of customers setting increasingly ambitious targets for their packaging, the Group has continued to strengthen its expert sustainability teams who train customers on incoming legislation, hold customer forums where they showcase the latest products and support customers to report effectively against their goals and participation in industry-leading external schemes such as the New Plastics Economy and B-Corp certification. • The Group continued to expand and introduced new ranges of own brand products made from alternative materials.
Operational risks			
8. Cyber security failure Revenue and profits are reduced as the Group is unable to operate and serve its customers' needs due to being impacted by a cyber-attack **Risk owner:** CIO **Change to risk level:** → **Included in viability statement:** Yes	• The frequency, sophistication and impact of cyber-attacks on businesses are rising at the same time as Bunzl is increasing its connectivity with third parties and its digital footprint through acquisition and investment in e-commerce platforms and efficiency enhancing IT systems. • Weak cyber defences, both now and in the future, through a failure to keep up with increasing cyber risks and insufficient IT disaster recovery planning and testing, could increase the likelihood and severity of a cyber-attack leading to business disruption, reputational damage and loss of customers and/or a fine under applicable data protection legislation.	• Concurrent with the Group's IT investments, the Group is continuing to improve information security policies and controls to improve its ability to monitor, prevent, detect and respond to cyber threats. • Cyber security awareness campaigns have been deployed across all regions to enhance the knowledge of Bunzl personnel and their resilience to phishing attacks. • IT disaster recovery and incident management plans, which would be implemented in the event of any such failure, are in place and periodically tested. The Group Chief Information Officer and Chief Information Security Officer coordinate activity in this area.	• The Group continued to improve cyber security and data privacy governance, architecture, and controls, along with increasing awareness of both cyber security and data privacy across the Group. • Investments were made in modern cyber security technologies that address current and emerging threats while improving operational processes and procedures. • The Group focused on improving cyber security and data privacy due diligence processes during the acquisition process, along with improving security posture for acquired companies.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth Acquisition growth Operating model improvements Sustainability

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2023
Financial risks			
9. Availability of funding Insufficient liquidity in financial markets leading to insolvency **Risk owner:** CFO **Change to risk level:** → **Included in viability statement:** Yes	• Insufficient liquidity in financial markets could lead to banks and institutions being unwilling to lend to the Group, resulting in the Group being unable to obtain necessary funds when required to repay maturing borrowings, thereby reducing the cash available to meet its trading obligations, make acquisitions and pay dividends.	• The Group arranges a mixture of borrowings from different sources and continually monitors net debt and forecast cash flows to ensure that it will be able to meet its financial obligations as they fall due and that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term.	• The availability of funding to the Group remains strong. • During 2023, £365m of bank facilities were signed with maturities between 2026 to 2028. The Group expects to extend and finance additional bank facilities during 2024. There is £130m of debt maturing in the next 12 months which can be repaid from free cash flow. The Group maintains a BBB+ rating from S&P and therefore access to the Eurobond public market.
Financial risks			
10. Currency translation Significant change in foreign exchange rates leading to a reduction in reported results and/or a breach of banking covenants **Risk owner:** CFO **Change to risk level:** → **Included in viability statement:** No	• The majority of the Group's revenue and profits are earned in currencies other than sterling, the Group's presentation currency. • As a result, a significant strengthening of sterling against the US dollar and the euro in particular could have a material translation impact on the Group's reported results and/or lead to a breach of net debt to EBITDA banking covenants.	• The Group does not hedge the impact of exchange rate movements arising on translation of earnings into sterling at average exchange rates. The Board believes that the benefits of its geographical spread outweigh the risks. • The Group's borrowings are denominated in US dollars, sterling and euros in similar proportions to the relative profit contribution of each of these currencies to the Group's EBITDA. This reduces the volatility of the ratio of net debt to EBITDA from foreign exchange movements. In addition, net debt for the purposes of covenant calculations in the Group's financing documents is calculated using average rather than closing exchange rates. Consequently, any significant movement in exchange rates towards the end of an accounting period should not materially affect the ratio of net debt to EBITDA. Both these factors minimise the risk that banking covenants will be breached as a result of foreign currency fluctuations.	• In 2023, currency translation had a small positive impact on the Group's reported profits, increasing the reported profit growth rates by between 0% and 3%. • The Group's results are reviewed at constant exchange rates to show the underlying performance of the Group excluding the currency translation impact.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth · Acquisition growth · Operating model improvements · Sustainability

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2023
Financial risks continued			
11. Climate change Change in temperature and climate conditions that causes business disruption and economic loss for the Group. **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** No	• Certain markets and regions are increasingly affected by extreme weather (e.g. suppliers and customers in areas impacted by wildfires and flooding) which could impact our commercial strategy. • Failing to align with our customers' ambitions could lead to reputational damage and loss of sales. • The Group may face increased indirect costs from carbon intensive products where carbon prices increase and no suitable substitute materials exist.	• Bunzl's supply chain flexibility and lack of fixed manufacturing assets provide operational resilience to the physical impacts of climate change. Our established business continuity planning has helped to ensure continued service to customers in case of weather-related disruptions, such as hurricanes in North America and the Australian wildfires. • Setting emissions reduction targets to decarbonise our operations and those of the supply chain helps to ensure our activities meet or exceed customer expectations. • The ability to pass through any increased costs of products in our supply chain (for example, due to carbon pricing mechanisms) to our customers. • Bunzl assesses and monitors the impact of climate change on GDP at the regional level, the impact of carbon pricing on total supply chain carbon dioxide emissions, and the trajectory of the reduction of carbon emissions over time based on data from the Network for Greening the Financial System (NGFS).	• The Group's modelling of the impact of climate change has been updated to include the latest data available from the Network for Greening the Financial System (NGFS). • The Group has re-evaluated the different transition scenarios in light of COP27 and other commitments by leading nations and has concluded that there should be no changes made to the likelihood of the scenarios.

VIABILITY STATEMENT

Assessment of the prospects of the Company and its viability statement

In accordance with provision 31 of the Corporate Governance Code, the directors set out below how they have assessed the prospects of the Company, over what period the prospects have been assessed and the Company's formal viability statement.

The context for and period over which the prospects of the Company have been assessed

To consider the prospects of the Company and determine an appropriate time frame for the purpose of making a statement on the Company's longer term viability, the directors have taken into account various factors including the nature of the Company's business, its business model and strategy and the existing planning periods.

In particular:

- Bunzl has a geographically balanced and diversified business portfolio operating in more than 33 countries;
- the Company operates across six core, fragmented market sectors, many of which are growing and resilient to challenging economic conditions; and
- the business model and strategy minimise the volatility of the Company's results, enabling Bunzl to deliver consistently good results with high returns on capital and cash conversion.

With regard to the time frame specifically, the directors considered the above factors as well as the Group's strategic planning process. Comprehensive budgets are prepared annually by the business areas and approved by the Board. Strategic plans focusing on two years beyond the forecast for the current year are also prepared annually and reviewed by the Board. While the directors have no reason to believe the Company will not be viable over a longer period, given the inherent uncertainty involved, the period over which the directors consider it possible to form a reasonable expectation as to the Group's longer-term viability is the three year period to 31 December 2026.

How the prospects of the Company and its longer term viability have been assessed

In making a viability statement, the directors are required to consider the Company's ability to meet its liabilities as they fall due, taking into account the Company's current position and principal risks. The Company has significant financial resources including committed and uncommitted banking facilities, US private placement notes and senior bonds, further details of which are set out in Note 18 to the consolidated financial statements. As a result, the directors believe that the Company is well placed to manage its business risks successfully.

The resilience of the Group to a range of possible scenarios, in particular the impact on key financial ratios and its ongoing compliance with financial covenants, was factored into the directors' considerations through stress testing current financial projections. These stress tests included the following:

- the impact of the crystallisation of the principal strategic and operational risks to the Group's organic growth resulting in a 25% reduction in adjusted operating profit and a 20% increase in working capital; and
- the impact of the crystallisation of the principal strategic and operational risks to the Group's organic growth as above, together with the impact of the crystallisation of the principal risks to the Group's acquisition growth, without mitigating actions.

In addition, the Group has carried out reverse stress tests against the base case financial projections to determine the conditions that would result in a breach of financial covenants. In order for a breach of covenants to occur during the three year assessment period the Group would need to experience a reduction in EBITDA of over 60% compared to the base case or an increase in net debt of over 340% .

In all scenarios it has been assumed, based on past experience and all current indicators, that the Company will be able to refinance its banking facilities and US private placement notes as and when they mature. In the first two stress tests it was found that the Group was resilient and in particular it remained in compliance with the relevant financial covenants. The conditions required to create the reverse stress test scenario were so severe that they were considered to be implausible.

The directors consider that the stress testing based assessment of the Company's prospects, building on the results of the robust assessment of the principal risks to the business and the financial implications of them materialising, confirms the resilience of the Group to severe but plausible scenarios and provides a reasonable basis on which to conclude on its longer term viability.

Confirmation of longer term viability

In accordance with the provisions of the Corporate Governance Code, the directors have taken account of the Group's current position and principal risks and uncertainties referred to above in assessing the prospects of the Company and they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2026.

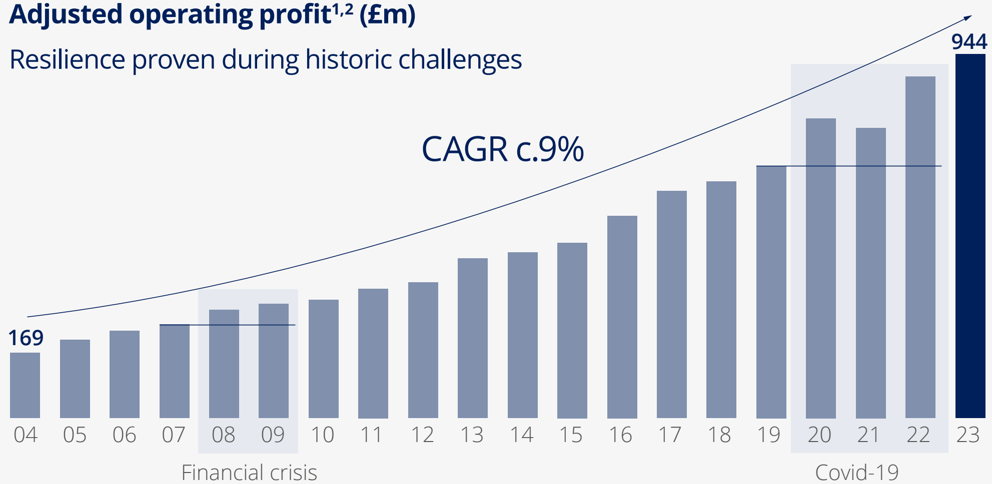
RESILIENCE AND GROWTH

Resilient business model and portfolio

Bunzl's resilience and consistency is a key strength. This has allowed the Group to not only perform well during challenging periods, but emerge from them even stronger than before. This success is driven by a range of factors that contribute to the Group's overall resilience.

Adjusted operating profit[1,2] (£m)

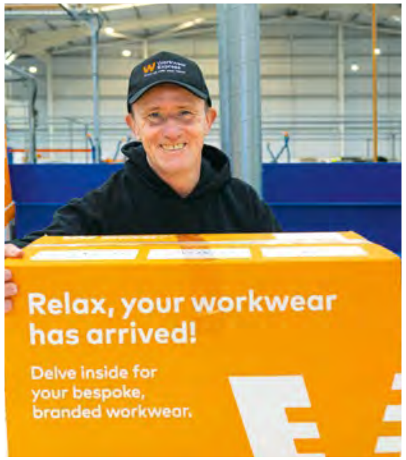
Resilience proven during historic challenges



1. Alternative performance measure (see Note 3 to the consolidated financial statements on page 160).
2. At actual exchange rates.

Operational resilience

- Agile decentralised model, allows us to respond quickly to changing conditions at a local level
- Global scale and depth of supply chain
- Strong culture of operational efficiency

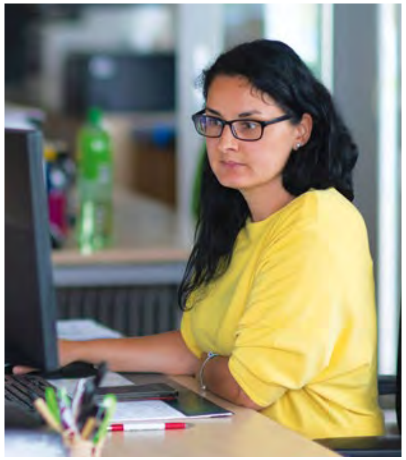


Portfolio resilience

- Diversified portfolio of essential products and solutions across sectors and geographies
- c.75% of revenue through more resilient sectors: cleaning & hygiene, grocery, foodservice and healthcare

Compounding growth resilience

- Resilience leads to new business opportunities – particularly evidenced during the Covid-19 pandemic
- Advantages of joining Bunzl Group become more apparent during difficult times



Financial resilience

- Strong operating margin in 2023
- Consistently high cash generation
- Strong balance sheet

We have proven our resilience over time with our track record of consistently growing returns, even during historically challenging periods, and ability to generate better returns after emerging from these periods.

RESILIENCE AND GROWTH continued

The consistency of Bunzl's returns have been delivered through the ongoing successful execution of the Group's compounding growth model:

Organic growth

Driven by activity in our markets

- Attractive end markets with structural growth
- New business wins and increased service of existing customers
- Innovative services and product ranges
- Daily focus on making our business more efficient

c.1/3

of revenue growth[1]

Acquisitions

Fragmented industry and strong record

- Fragmented markets offer consolidation opportunities
- Strong potential in end markets
- Disciplined capital allocation and portfolio optimisation
- Strong balance sheet with significant financial headroom

c.2/3

of revenue growth[1]

1. Based on a long term 10-year average growth rate, at constant exchange rates.

Progressive dividend:

Consistent execution of our strategy, supported by the Group's inherent resilience, has enabled Bunzl to achieve 31 years of consecutive annual dividend increases.

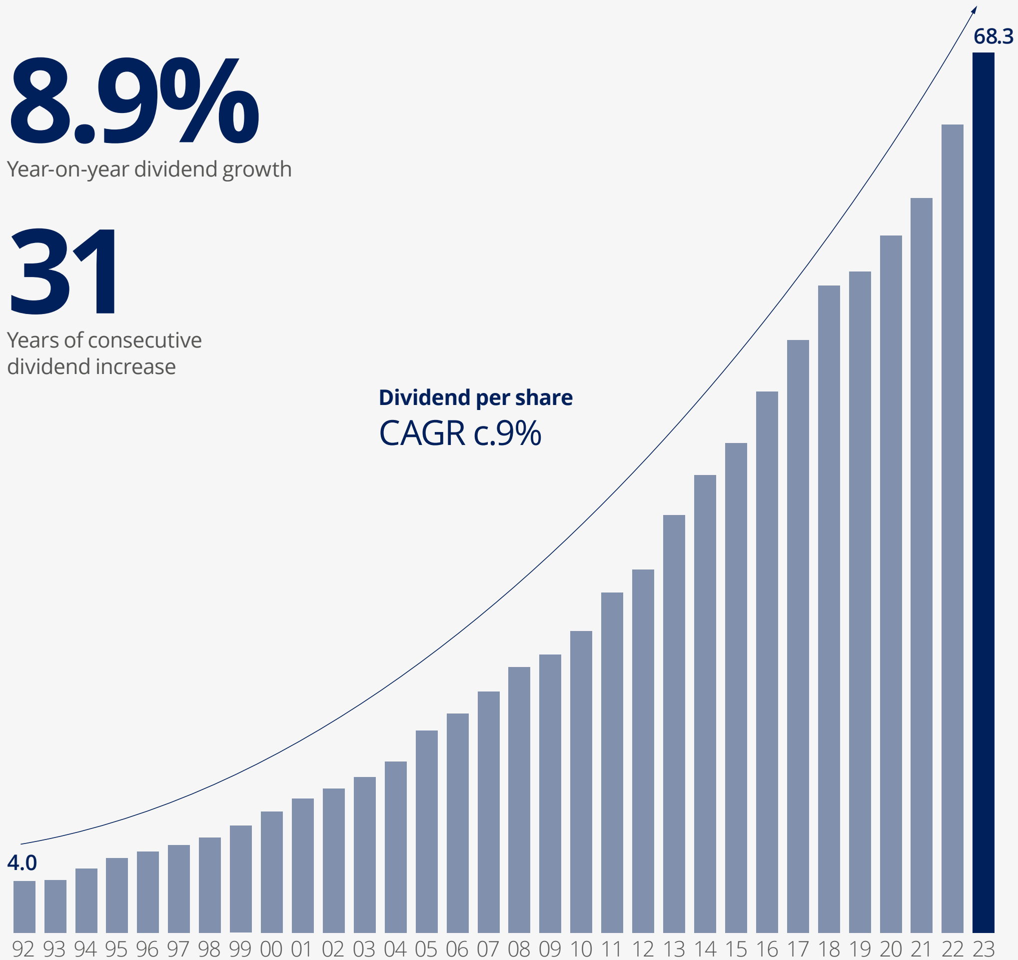
Since 2004, we have returned a total of £2.2 billion of cash to shareholders through our progressive dividend policy. We remain committed to sustainable annual dividend increases.

8.9%

Year-on-year dividend growth

31

Years of consecutive dividend increase



FINANCIAL REVIEW

Richard Howes
Chief Financial Officer

Bunzl's resilience, strong cash generation, and successful compounding growth strategy supports our ability to deliver sustainable dividend increases

Revenue 2023
down 2.0% at actual exchange rates
£11.8bn
(2022: £12.0bn)
(1.9)%†

Operating profit
Up 12.5% at actual exchange rates
£789.1m
(2022: £701.6m)
+11.0%†

Adjusted operating profit*
Up 6.6% at actual exchange rates
£944.2m
(2022: £885.9m)
+6.2%†

Adjusted earnings per share*
Up 3.7% at actual exchange rates
191.1p
(2022: 184.3p)
+2.7%†

Cash conversion*
Continued strong cash conversion
96%
(2022: 107%)

Dividend per share
Long track record of dividend growth continues
68.3p
(2022: 62.7p)
+8.9%

FINANCIAL REVIEW continued

	2023 £m	2022 £m	Growth as reported	Growth at constant exchange
Financial results				
Revenue	**11,797.1**	12,039.5	(2.0)%	(1.9)%
Adjusted operating profit*	**944.2**	885.9	6.6%	6.2%
Adjusted profit before income tax*	**853.7**	818.0	4.4%	3.4%
Adjusted earnings per share*	**191.1p**	184.3p	3.7%	2.7%
Dividend for the year	**68.3p**	62.7p	8.9%	
Statutory results				
Operating profit	**789.1**	701.6	12.5%	11.0%
Profit before income tax	**698.6**	634.6	10.1%	7.8%
Basic earnings per share	**157.1p**	141.7p	10.9%	8.2%
Balance sheet and Cash flow				
Return on average operating capital %*	**46.1%**	43.0%		
Return on invested capital %*	**15.5%**	15.0%		
Cash conversion %*	**96%**	107%		

† At constant exchange rates.
* Alternative performance measure (see Note 3 on page 160).

As in previous years this review refers to a number of alternative performance measures which management uses to assess the performance of the Group. Details of the Group's alternative performance measures are set out in Note 3 to the consolidated financial statements on page 160.

Currency translation

Currency translation has had a positive impact on the Group's reported profits, increasing the reported profit growth rates by between 0% and 3%. This positive exchange impact to profit is primarily due to the weakening of sterling against the euro and Brazilian real, partly offset by the strengthening of sterling against the Australian dollar and Canadian dollar. The US dollar average exchange rate remained in line with last year.

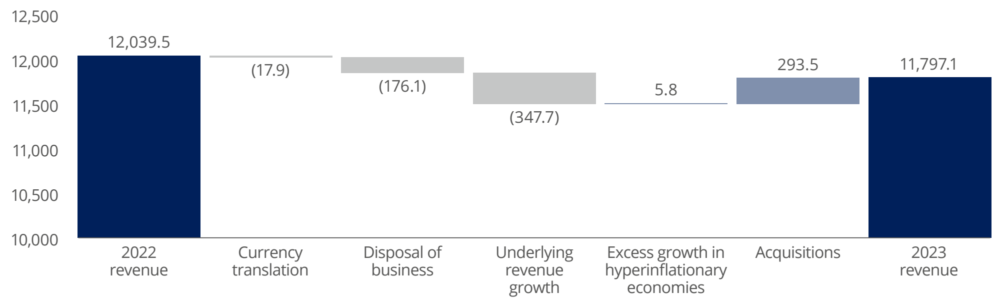
Average exchange rates	2023	2022
US$	**1.24**	1.24
Euro	**1.15**	1.17
Canadian$	**1.68**	1.61
Brazilian real	**6.21**	6.38
Australian$	**1.87**	1.78

Closing exchange rates	2023	2022
US$	**1.27**	1.20
Euro	**1.15**	1.13
Canadian$	**1.68**	1.63
Brazilian real	**6.19**	6.35
Australian$	**1.87**	1.77

Revenue

Revenue decreased to £11,797.1 million (2022: £12,039.5 million), a decrease of 1.9% at constant exchange rates and 2.0% at actual exchange rates, due to underlying decline of 2.9% and impact from the disposal of the UK Healthcare business at the end of 2022 reducing revenue by 1.5% partly offset by acquisitions adding 2.5%. The underlying decline was impacted by a decline in Covid-19 related sales, which are now broadly in line with 2019 levels, volume loss in North America foodservice sector driven by increased price related competitive pressure and post-pandemic normalisation trends, as well as a reducing benefit from inflation. Furthermore, volumes were impacted by planned strategic actions in the North America retail business to focus on more profitable customers and the decision to transition ownership of customer specific packaging to certain customers, as well as some volume weakness in Continental Europe and UK & Ireland.

Movement in revenue (£m)



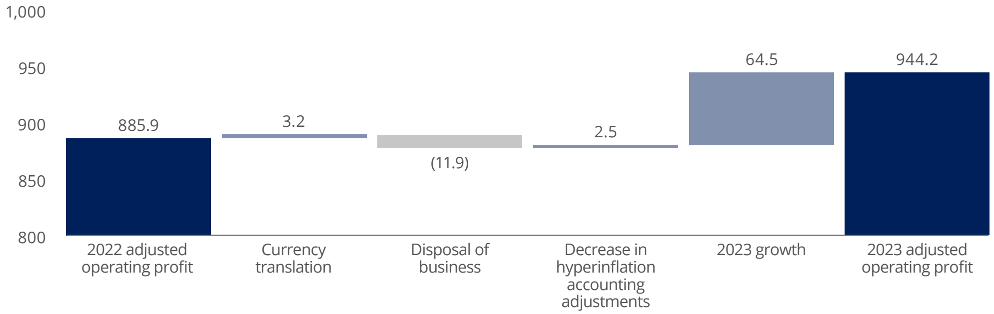
Operating profit

Adjusted operating profit was £944.2 million (2022: £885.9 million), an increase of 6.2% at constant exchange rates and 6.6% at actual exchange rates. At both constant and actual exchange rates operating margin increased to 8.0% from 7.4% in 2022. The operating margin of 8.0% was supported by good margin management, including increasing penetration of own brands, higher margin acquisitions made, operational efficiencies and inventory driven one-off benefits in the second half of 2023.

During 2023, the Group has seen a net utilisation of approximately £25 million in trade receivables and slow moving inventory provisions. Usage of these provisions, including some releases to profit, exceeded net charges to increase the provisions. In addition, the Group has seen some utilisation of the residual provisions set up in prior years as a result of market price movements on certain Covid-19 products; the remaining market price risk on these products is no longer significant.

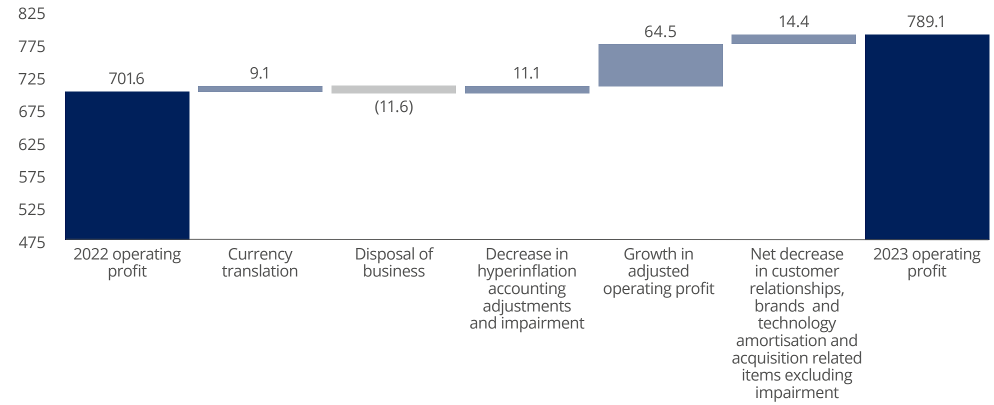
FINANCIAL REVIEW continued

Movement in adjusted operating profit (£m)



Operating profit was £789.1 million (2022: £701.6 million), an increase of 11.0% at constant exchange rates and 12.5% at actual exchange rates.

Movement in operating profit (£m)



Customer relationships, brands and technology amortisation and acquisition related items are excluded from the calculation of adjusted operating profit as they do not relate to the trading performance of the business. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating adjusted operating profit and other alternative performance measures by which management assess the performance of the Group.

Net finance expense

The net finance expense for the year was £90.5 million, an increase of £27.2 million at constant exchange rates (up £22.6 million at actual exchange rates), mainly due to increases in interest rates and fair value movements on interest rate derivatives, partly offset by lower average debt during the year.

Profit before income tax

Adjusted profit before income tax was £853.7 million (2022: £818.0 million), up 3.4% at constant exchange rates (up 4.4% at actual exchange rates), due to the growth in adjusted operating profit partly offset by the increase in net finance expense. Profit before income tax was £698.6 million (2022: £634.6 million), an increase of 7.8% at constant exchange rates (up 10.1% at actual exchange rates).

Taxation

The Group's tax strategy is to comply with tax laws in all countries in which it operates and to balance its responsibilities for controlling the tax costs with its responsibilities to pay the appropriate level of tax where it does business. No companies are established in tax havens or other countries for tax purposes where the Group does not have an operational presence and the Group's de-centralised operational structure means that the level of intragroup trading transactions is very low. The Group does not use intragroup transfer prices to shift profit into low tax jurisdictions. The Group's tax strategy has been approved by the Board and tax risks are reviewed by the Audit Committee. In accordance with UK legislation, the strategy is published on the Bunzl plc website within the Corporate governance section.

The effective tax rate (being the tax rate on adjusted profit before income tax) for the year was 25.0% (2022: 24.6%) and the reported tax rate on statutory profit was 24.7% (2022: 25.2%). The effective tax rate for 2023 is higher than for 2022 primarily due to the increase in the UK statutory tax rate from 19% to 25% from April 2023. The Group's effective tax rate is expected to increase to be around 26% in 2024.

The Group is within the scope of the OECD Pillar Two model rules which take effect from 1 January 2024. Most countries in which the Group operates are expected to report an effective tax rate in excess of 15% and therefore to qualify for a safe harbour exemption such that no top-up tax should apply. In countries where this is not the case there is the potential for Pillar Two taxes to apply, but these are not expected to be material.

Earnings per share

Profit after tax increased to £526.2 million (2022: £474.4 million), up 8.2% and an increase of £40.1 million at constant exchange rates (up 10.9% at actual exchange rates), due to a £50.3 million increase in profit before income tax, partly offset by a £10.2 million increase in the tax charge at constant exchange rates. Profit after tax for the year bears an £11.0 million adverse impact from hyperinflation accounting adjustments (2022: £21.2 million adverse impact and a £13.0 million hyperinflation accounting related impairment charge to the customer relationships assets in the Group's businesses in Turkey partly offset by a tax credit of £2.5 million related to the impairment charge).

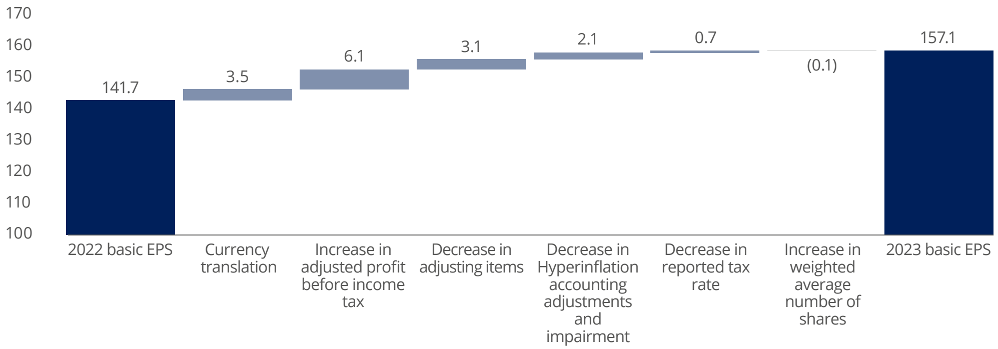
Adjusted profit after tax was £640.3 million (2022: £616.8 million), up 2.8% and an increase of £17.6 million at constant exchange rates (up 3.8% at actual exchange rates), due to a £27.9 million increase in adjusted profit before income tax, partly offset by a £10.3 million increase in the tax on adjusted profit before income tax at constant exchange rates. Adjusted profit before income tax for the year bears an £11.0 million adverse impact from hyperinflation accounting adjustments (2022: £19.4 million adverse impact).

The weighted average number of shares in issue increased to 335.0 million from 334.7 million in 2022 due to employee share option exercises partly offset by share purchases into the employee benefit trust.

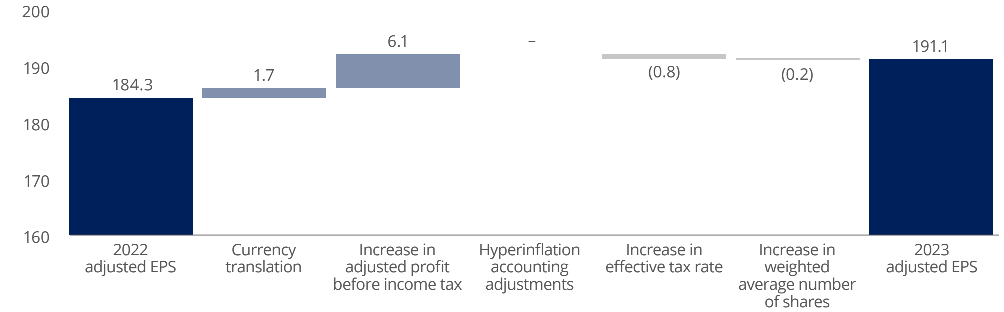
FINANCIAL REVIEW continued

Basic earnings per share were 157.1p (2022: 141.7p), up 8.2% at constant exchange rates (up 10.9% at actual exchange rates). Adjusted earnings per share were 191.1p (2022: 184.3p), an increase of 2.7% at constant exchange rates (up 3.7% at actual exchange rates).

Movement in basic eps (p)



Movement in adjusted eps (p)



Dividends

An analysis of dividends per share for the years to which they relate is shown below:

	2023	2022	Growth
Interim dividend (p)	**18.2**	17.3	5.2%
Final dividend (p)	**50.1**	45.4	10.4%
Total dividend (p)	**68.3**	62.7	8.9%
Dividend cover (times)	**2.8**	2.9	

The Company's practice is to pay a progressive dividend, delivering year-on-year increases. The Board is proposing a 2023 final dividend of 50.1p, an increase of 10.4% on the amount paid in relation to the 2022 final dividend. The 2023 total dividend of 68.3p is 8.9% higher than the 2022 total dividend.

Before approving any dividends, the Board considers the level of borrowings of the Group by reference to the ratio of net debt to EBITDA, the ability of the Group to continue to generate cash and the amount required to invest in the business, in particular into future acquisitions. The Group's long term track record of strong cash generation, coupled with the Group's substantial borrowing facilities, provides the Company with the financial flexibility to fund a growing dividend. After the further growth in 2023, Bunzl has sustained 31 years of consecutive annual dividend growth to shareholders.

The risks and constraints to maintaining a growing dividend are principally those linked to the Group's trading performance and liquidity, as described in the Principal risks and uncertainties on pages 68 to 76. The Group has substantial distributable reserves within Bunzl plc and there is a robust process of distributing profits generated by subsidiary undertakings up through the Group to Bunzl plc. At 31 December 2023 Bunzl plc had sufficient distributable reserves to cover more than six years of dividends at the levels of those delivered in 2023, which is expected to be approximately £230 million.

Acquisitions

The Group completed 20 acquisitions during the year ended 31 December 2023 with a total committed spend of £470.3 million. Excluding the acquisition of GRC, which was agreed in 2022 but completed on 1 January 2023, total committed spend on acquisitions agreed and completed during the year was £467.5 million. The estimated annualised revenue and adjusted operating profit of the acquisitions agreed during the year were £325 million and £51 million, respectively.

A summary of the effect of acquisitions is as follows:

	£m
Fair value of net assets acquired	**281.9**
Goodwill	**130.6**
Consideration	**412.5**
Satisfied by:	
cash consideration	**343.0**
deferred consideration	**69.5**
	412.5
Contingent payments relating to retention of former owners	**59.5**
Net cash acquired	**(19.8)**
Transaction costs and expenses	**18.1**
Total committed spend in respect of acquisitions completed in the current year	**470.3**
Spend on acquisitions committed at prior year end but completed in the current year	**(2.8)**
Total committed spend in respect of acquisitions agreed in the current year	**467.5**

The net cash outflow in the year in respect of acquisitions comprised:

	£m
Cash consideration	343.0
Net cash acquired	(19.8)
Deferred consideration payments	14.5
Net cash outflow on purchase of businesses	337.7
Cash outflow from acquisition related items*	36.9
Total cash outflow in respect of acquisitions	374.6

* Acquisition related items comprise £18.1 million of transaction costs and expenses paid and £18.8 million of payments relating to the retention of former owners.

Cash flow

A summary of the cash flow for the year is shown below:

	2023 £m	2022 £m
Cash generated from operations†	**1,129.5**	1,145.8
Payment of lease liabilities	**(188.0)**	(175.1)
Net capital expenditure	**(56.2)**	(45.7)
Operating cash flow†	**885.3**	925.0
Net interest paid excluding interest on lease liabilities	**(53.2)**	(45.7)
Income tax paid	**(188.6)**	(173.6)
Free cash flow	**643.5**	705.7
Dividends paid	**(209.7)**	(190.5)
Net payments relating to employee share schemes	**(23.7)**	(31.9)
Net cash inflow before acquisitions and disposals	**410.1**	483.3
Acquisitions◊	**(374.6)**	(264.2)
Disposals	**–**	49.9
Net cash inflow on net debt excluding lease liabilities	**35.5**	269.0

† Before acquisition related items.
◊ Including acquisition related items.

The Group's free cash flow of £643.5 million was £62.2 million lower than in 2022, primarily due to the decrease in operating cash flow of £39.7million, a £15.0 million higher cash outflow relating to tax, and an increase in net interest paid excluding interest on lease liabilities of £7.5 million. The Group's free cash flow was used to finance an acquisition cash outflow of £374.6 million (2022: £264.2 million), dividend payments of £209.7 million in respect of 2022 (2022: £190.5 million in respect of 2021) and net payments of £23.7 million (2022: net payments of £31.9 million) relating to employee share schemes. Cash conversion (being the ratio of operating cash flow as a percentage of lease adjusted operating profit) was 96% (2022: 107%).

	2023 £m	2022 £m
Operating cash flow	**885.3**	925.0
Adjusted operating profit	**944.2**	885.9
Add back depreciation of right-of-use assets	**166.1**	151.1
Deduct payment of lease liabilities	**(188.0)**	(175.1)
Lease adjusted operating profit	**922.3**	861.9
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)	**96%**	107%

FINANCIAL REVIEW continued

Net debt

Net debt excluding lease liabilities decreased by £74.6 million during the year to £1,085.5 million (2022: £1,160.1 million), due to a net cash inflow of £35.5 million, a £38.4 million decrease due to currency translation and a non-cash decrease in debt of £0.7 million. Net debt including lease liabilities was £1,750.0 million (2022: £1,730.0 million).

Net debt to EBITDA calculated at average exchange rates and based on historical accounting standards, in accordance with the Group's external debt covenants, was 1.1 times (2022: 1.2 times). Net debt to EBITDA calculated at average exchange rates including lease liabilities was 1.5 times (2022: 1.5 times).

Balance sheet

Summary balance sheet at 31 December:

	2023 £m	2022 £m
Intangible assets	**3,242.1**	3,093.9
Right-of-use assets	**616.3**	529.6
Property, plant and equipment	**159.4**	137.2
Working capital	**1,158.1**	1,096.6
Deferred consideration	**(175.6)**	(139.9)
Other net liabilities	**(333.4)**	(306.4)
	4,666.9	4,411.0
Net pension surplus	**49.4**	39.9
Net debt excluding lease liabilities	**(1,085.5)**	(1,160.1)
Lease liabilities	**(664.5)**	(569.9)
Equity	**2,966.3**	2,720.9
Return on average operating capital	**46.1%**	43.0%
Return on invested capital	**15.5%**	15.0%

Return on average operating capital increased to 46.1% from 43.0% in 2022 mainly due to higher returns in the underlying business driven by an increase in operating margin. Return on invested capital was 15.5% compared to 15.0% in 2022, similarly due to higher returns in the underlying business driven by an increase in operating profit.

Intangible assets increased by £148.2 million to £3,242.1 million due to intangible assets arising on acquisitions in the year of £372.0 million, a net increase from hyperinflation adjustments of £8.8 million and software additions of £15.5 million, partly offset by an amortisation charge of £145.0 million and a decrease from currency translation of £103.1 million.

Right-of-use assets increased by £86.7 million to £616.3 million due to additional right-of-use assets from new leases during the year of £136.7 million, an increase from remeasurement adjustments of £119.8 million and an increase from acquisitions of £16.2 million, partly offset by a depreciation charge of £166.1 million and a decrease from currency translation of £19.9 million.

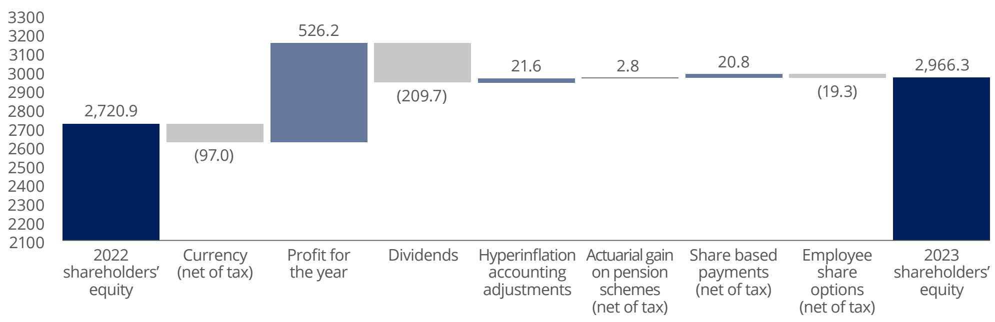
Working capital increased from the prior year end by £61.5 million to £1,158.1 million driven by an increase of £61.2 million from acquisitions and an underlying increase of £28.4 million as shown in the cash flow statement, partly offset by a decrease from currency translation of £43.9 million.

Deferred consideration increased by £35.7 million to £175.6 million due to £69.5 million of deferred consideration recognised on current year acquisitions, partly offset by deferred consideration and retention payments of £30.0 million, a credit from adjustments to previously estimated earn outs net of charges relating to the retention of former owners of £1.4 million and a decrease from currency translation of £2.4 million. Including expected future payments which are contingent on the continued retention of former owners of businesses acquired of £83.2 million, total deferred and contingent consideration at 31 December 2023 was £258.8 million (2022: £216.2 million).

The Group's net pension surplus of £49.4 million at 31 December 2023 has increased by £9.5 million from the net pension surplus of £39.9 million at 31 December 2022, largely due to cash contributions of £6.9 million.

Shareholders' equity increased by £245.4 million during the year to £2,966.3 million.

Movement in shareholders' equity (£m)



FINANCIAL REVIEW continued

Capital management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group funds its operations through a mixture of shareholders' equity and bank and capital market borrowings. The Group's funding strategy is to maintain an investment grade credit rating and the Company's current credit rating with Standard & Poor's is BBB+. All borrowings are managed by a central treasury function and funds raised are lent onward to operating subsidiaries as required. The overall objective is to manage the funding to ensure the borrowings have a range of maturities, are competitively priced and meet the demands of the business over time. There were no changes to the Group's approach to capital management during the year and the Group is not subject to any externally imposed capital requirements.

Treasury policies and controls

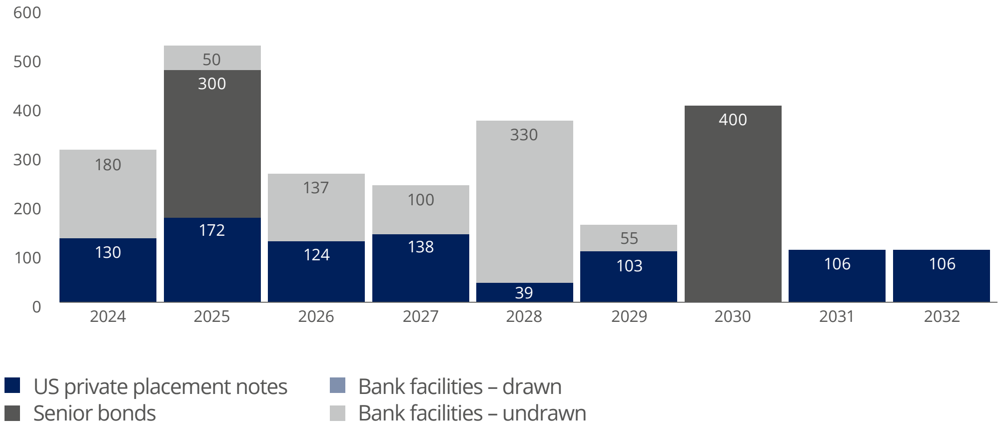
The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are periodically reviewed by the Board. Controls over exposure changes and transaction authenticity are in place.

During the year, the Group's USD interest rate swaps and committed USD bank facility, which previously referenced the discontinued USD LIBOR, have been renegotiated to reference SOFR, the new USD benchmark. This has not had an impact on the financial results for the year ended 31 December 2023.

The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges borrowings from a variety of sources. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis and formally tested at 30 June and 31 December. The principal financial covenant limits are net debt, calculated at average exchange rates, to EBITDA of no more than 3.5 times and interest cover of no less than 3.0 times. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. During the year ended 31 December 2023 all covenants were complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. Debt covenants are based on historical accounting standards. The US private placement notes ('USPPs') issued in March 2022 contain a clause whereby upon maturity of the previously issued USPPs, the latest maturity being in 2028, the principal financial covenants referred to above will no longer apply. In addition, the principle financial covenants were removed from the Group's committed bank facilities in 2022.

The Group has substantial funding available comprising multi-currency credit facilities from the Group's banks, US private placement notes and senior bonds. At 31 December 2023 the nominal value of US private placement notes outstanding was £917.5 million (2022: £1,126.4 million) with maturities ranging from 2024 to 2032. At 31 December 2023 the available committed bank facilities totalled £852.6 million (2022: £963.6 million) of which none (2022: none) was drawn down, providing headroom of £852.6 million (2022: £963.6 million). During 2023, £365 million of bank facilities were signed with maturities between 2026 to 2028. The Group expects to make repayments in the 18 month period from the date of these financial statements to the end of 30 June 2025 of approximately £302 million relating to maturing USPPs. In addition, the current intention is that the £300 million Senior Bond maturing in 2025 will be refinanced in the capital markets before maturity.

Committed facilities maturity profile by year (£m)



Further details of the Group's capital management and treasury policies and controls are set out in Note 18 on pages 174 to 179.

Going concern

The directors, having reassessed the principal risks and uncertainties, consider it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. In reaching this conclusion, the directors noted the Group's strong cash performance in the year, the substantial funding available to the Group as described above and the resilience of the Group to a range of severe but plausible downside scenarios. Further details are set out in Note 1 on page 154.

Richard Howes
Chief Financial Officer
26 February 2024

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

In accordance with sections 414CA and 414CB of the Companies Act 2006, including the amendments made by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, the information below sets out how we comply with each reporting requirement and where further information can be found.

A description of our business model can be found on pages 24 to 25.

Where principal risks have been identified in relation to any of the matters listed, these can be found on pages 68 to 76.

Our non-financial key performance indicators are set out on page 41.

Find out more in our policy hub on our website, www.bunzl.com.

Reporting requirement	Description	Relevant policies and standards	Further information
Social matters	**Developing responsible supply chains**	Our Supplier Code of Conduct, Global Supply Chain Solutions team and partnership with leading NGO, Stop the Traffik, are some of the measures we take to ensure that products are sourced responsibly and that adequate standards are maintained throughout our supply chains.	Read more on pages 58 to 59
	Promoting a healthy corporate culture	Our values underly the way we conduct our business and ensure that all of our colleagues are working towards the common goal of creating long term sustainable value for the benefit of all stakeholders.	Read more on page 100
	Business standards of behaviour	Our Business Code of Conduct and Code of Conduct Policy ensure that all business is conducted according to rigorous ethical, professional and legal standards.	Read more on page 218
Employees	**Encouraging employees to raise matters of concern**	Where employees have concerns relating to failures to adhere to standards, they can report such concerns on a confidential and anonymous basis using our 'Speak Up' Policy.	Read more on page 218
	Investing in our people and a diverse workforce	Our Equality and Diversity Policy was reviewed in 2023 and ensures that employees are treated fairly and equally and that diversity is embraced. We also offer extensive learning and development opportunities to equip employees with the skills and experience they need to succeed and grow in their roles.	Read more on pages 60 to 61
	Providing our employees with a safe working environment	The Bunzl Health & Safety Policy ensures that high standards of health & safety are maintained throughout the business. Incidents are monitored and reported to the Board periodically, which enables the Board to take action when necessary.	Read more on page 217
Human rights, anti-corruption and anti-bribery	**Prevention of bribery, corruption and fraud**	Our Anti-Bribery and Corruption Policy outlines the behaviour and principles required of employees to prevent any form of bribery or corruption. Additionally, we have a Fraud Policy in place, we conduct a rigorous Fraud Risk Assessment annually and the Board regularly receives and considers whistle blowing updates.	Read more on page 104
	Promoting ethical supply chains	Our Supplier Code of Conduct defines the principles and standards that we expect suppliers to understand and adhere to. This is supported by our industry-leading sourcing and auditing operation in Shanghai, which works in partnership with suppliers in high risk regions to ensure the highest standards of product quality and respect for human rights in our supply chain.	Read more on pages 58 to 59
	Approach to human rights and modern slavery	Revised by the Board this year, our Modern Slavery Statement sets out the steps that we take to ensure, as far as possible, that slavery and human trafficking do not exist in our supply chain or any part of our business.	Read more on page 210
Environmental matters	**Taking action on climate change**	We are supporting the recommendations made by the Task Force on Climate-related Financial Disclosures and have joined the UN Race to Zero campaign by formally committing to the Business Ambition for 1.5°C.	Read more on pages 48 to 55
	Reducing our impact on the environment	Our Environment Policy promotes the efficient use of resources and energy in our supply chain and ensures a Group wide commitment to continual improvement and compliance with environmental legislation and regulations.	Read more on pages 48 to 55
	Providing sustainable solutions	Our material footprint tools help customers understand the carbon impact of the products they source, helping us to work with them to find sustainable solutions that are better suited to a more circular economy.	Read more on pages 56 to 57
	Environmental risks and opportunities	Our sustainability governance structure enables the Company to identify, assess and manage climate-related risks and opportunities, and to disclose against the TCFD recommendations.	Read more on page 63

CHAIRMAN'S INTRODUCTION

Introduction from Peter Ventress, Chairman of the Board

Peter Ventress
Chairman

The Board welcomes developments in corporate governance practice, which aim to enhance trust and transparency in our disclosures."

On behalf of the Board, I am pleased to present the Corporate governance report for the year ended 31 December 2023. This report, in conjunction with the Nomination, Board Sustainability, Audit and Remuneration Committee reports, outlines Bunzl's approach to governance: prudent risk management, transparency, open engagement with stakeholders and compliance with the principles and provisions of the 2018 UK Corporate Governance Code (the 'Code').

I am delighted to welcome Jacky Simmonds, who joined the Board on 1 March 2023, as a non-executive director. Through her executive and non-executive roles, she brings a wealth of international and listed company experience, which, coupled with Jacky's extensive HR expertise, will enhance and strengthen the capabilities of the Board further. Following Jacky's appointment, the proportion of female directors on the Board is 44%, exceeding the Financial Conduct Authority's new 40% board gender diversity target. More information on Jacky's experience and induction process can be found on pages 91 and 99, respectively.

As announced on 26 February 2024, Vanda Murray, Senior Independent Director and Chair of the Remuneration Committee, has informed the Board of her intention to step down as a director at the conclusion of the Company's Annual General Meeting ('AGM') on 24 April 2024. Her independent advice and valued contribution to the Board's deliberations over the years have been greatly appreciated and she leaves with the Company's thanks and best wishes. A robust recruitment process for a new non-executive director is now underway and an announcement will be released in due course, once a suitable candidate has been identified. Full details of the recruitment process will also be included in next year's Annual Report.

Vanda will be succeeded as Chair of the Remuneration Committee by Jacky and Pam Kirby will succeed her as the Board's new Senior Independent Director. The timing of the changes allows for a meaningful handover period with Vanda as part of a planned succession. Further information concerning the Board and Committee changes, and succession planning more generally, can be found in our Nomination Committee report on pages 106 to 109.

In line with recognised best practice, Bunzl undertakes Board reviews on an annual basis to further increase Board effectiveness and to identify areas for improvement. Bunzl engaged Lintstock Ltd in 2023 to conduct an external review of the performance of the Board and its Committees. Additional evaluations of my performance as Chairman, as well as the performance of each individual director, were also undertaken. A wide variety of performance areas were assessed, with key strengths and potential priorities for 2024 identified to drive future discussions. The results of the evaluation were positive and identified that the Board demonstrates an appropriate mix of cohesion and challenge, has a transparent relationship with management, strong clarity of Bunzl's operating model and of the Board's role in driving the Group's strategic outcomes. For additional information on the Board evaluation process and outcomes, see page 103.

Sustainability was highlighted as one of the 2023 priority areas for the Board. Direct oversight of sustainability-related risks and opportunities is key to the continued strengthening of Bunzl's sustainability strategy. In 2022, the Board established a new Board Sustainability Committee ('BSC'), reflecting the importance Bunzl places on the consideration of Environmental, Social and Governance ('ESG') matters. The BSC comprises all of the non-executive directors and invitations to attend the meetings are regularly extended to the Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO'), Director of Group HR and Head of Sustainability. More information about the work undertaken by the BSC during the year, as well as its priorities for 2024, can be found in the BSC report on pages 110 to 111.

CHAIRMAN'S INTRODUCTION continued

Acquisition growth is a key pillar of Bunzl's compounding growth strategy and remained an area of focus for the Board in 2023. During the year, the Board maintained close oversight of the acquisition pipeline and received regular presentations from senior managers, covering financial, operational and ESG factors, including cultural fit. The Board is mindful of the need to consider the interests of the Company's stakeholders when making decisions, and a case study demonstrating how the Board has had regard to stakeholder interests during the acquisition process can be found on page 67.

The Board welcomes developments in corporate governance practice, which aim to enhance trust and transparency in our disclosures. We are aware that revisions to the Code were published by the Financial Reporting Council ('FRC') in January 2024 and the Board will be giving further consideration to these during the year. We will report formally against the new Code in the Company's future Annual Reports, as the requirements come into effect in 2025 and 2026.

I am pleased to report that, for the year ended 31 December 2023, the Company has complied in full with the provisions of the 2018 version of the Code that is currently in force.

As a Board, we are committed to ensuring that Bunzl's robust governance structure enables sustainable and resilient growth, for the benefit of all of our stakeholders. We hope that you find the following report to be a useful overview of Bunzl's approach to governance and look forward to welcoming you at the Company's forthcoming AGM.

Peter Ventress
Chairman
26 February 2024

On the Board's mind in 2023

Focusing on management succession planning and enhancing the Group's organisational structure, talent management, and diversity and inclusion processes

The Board is committed to ensuring that it is balanced, diverse and representative of the markets in which it operates. During the year, Jacky Simmonds was appointed to the Board and brings with her valuable knowledge and experience, particularly in people-related matters.

Succession planning for executives remained high on the agenda and formal Board sessions were held to focus on the topic of talent and leadership succession. These sessions involved the review of succession plans for the senior leadership team, leadership talent within the business areas and young talent initiatives, in the context of fostering diversity. Examples of the diversity and inclusion initiatives that are in place include reverse mentoring, annual leadership conferences and the Bunzl Women in Leadership engagement programmes, which are now present in all business areas.

More information on succession planning, talent management and diversity and inclusion can be found in the Nomination committee report.

More on page 109

Continuing Bunzl's focus on sustainability and building this into customer relationships

The Board continued to develop the Company's sustainability strategy and oversee its implementation throughout the year. The establishment of the Board Sustainability Committee in 2022 has allowed for more detailed consideration of sustainability-related risks and opportunities, with one of the focal points of Bunzl's 2023 sustainability objectives being products and packaging. Approaching this objective with a focus on responsible sourcing has enabled the Group to develop deep and meaningful customer relationships whereby customers are supported with tailored solutions and innovative products better suited to a circular economy.

Further information on Bunzl's tailored solutions can be found in the Sustainability report.

More on page 56

Supporting management in acquisition and organic growth strategies

In line with the Company's acquisition growth strategy, the Board approved the acquisition of 19 businesses in 2023. The Board drives and monitors the success of acquisitions through:

- Bunzl's decentralised model, which allows previous company owners to retain an entrepreneurial culture and drive further success;
- providing management with training;
- providing acquired companies with support, resources and operational excellence; and
- frequently reviewing the performance of acquired companies against projections.

Further information regarding Bunzl's acquisition strategy can be found in the Strategic report.

More on page 29

Continued Board oversight of strategic priorities and the execution of Bunzl's strategic plans

During the year, the Board continued to focus on Bunzl's strategic pillars of profitable organic growth, operating model improvements and acquisition growth. The Board received frequent updates on business area performance, acquisition reviews and supplier performance, which enhanced its ability to oversee Bunzl's strategic priorities and have meaningful discussions with regard to future plans.

Further information regarding Bunzl's strategic priorities can be found in the Strategic report.

More on page 26

Defining strategic success over the short/medium term for Bunzl:

Growth	See page 22
ESG success	See page 213
Technology	See page 26
Financial performance	See page 150
People and talent	See page 34

BOARD OF DIRECTORS

The right balance of skills and experience

Our experienced Board is committed to leading by example to demonstrate Bunzl's strong corporate values and culture, and to promoting the long term sustainable success of the Company for the benefit of all of its stakeholders.

For Committee membership key, see next page.

1. Peter Ventress
Chairman

Appointment: Chairman of the Board since April 2020, having been appointed Chairman designate in June 2019. Chair of the Nomination Committee and Board Sustainability Committee.

Experience: He was formerly Chairman of Galliford Try Holdings plc and a non-executive director of Premier Farnell plc, Staples Solutions NV and Softcat plc. He was Chief Executive Officer of Berendsen plc from 2010 to 2016, prior to which he held several senior executive roles, including International President of Staples Inc and Chief Executive Officer of Corporate Express NV, a Dutch quoted company which was subsequently acquired by Staples. Peter is currently Chairman of Howden Joinery Group plc.

Skills and contribution to the Board: Peter has a strong track record as both an executive and non-executive director of numerous international distribution businesses, bringing valuable knowledge and experience to the Board. His leadership ability, gained through previous experience as the Chairman of other similarly complex businesses, cultivates a culture of constructive debate and challenge on the Board.

Committees:

2. Frank van Zanten
Chief Executive Officer

Appointment: Chief Executive Officer since April 2016, having been appointed as an executive director in February 2016.

Experience: He joined Bunzl in 1994, when Bunzl acquired his family owned business in the Netherlands and he subsequently assumed responsibility for a number of businesses in other countries. In 2002, he became Chief Executive Officer of PontMeyer NV, a listed company in the Netherlands, before rejoining Bunzl in 2005 as the Managing Director of the Continental Europe business area. He is a member of the Supervisory Board of Koninklijke Ahold Delhaize NV.

Skills and contribution to the Board: Frank has extensive knowledge and experience of our business, acquired over years of dedicated commitment to the Company. He has an outstanding track record of implementing the Company's purpose-led strategy, fostering growth by developing and expanding the Group, both organically and through acquisitions.

Committees: None

BOARD OF DIRECTORS continued

3. Richard Howes
Chief Financial Officer

Appointment: Chief Financial Officer and a member of the Board since January 2020, having been appointed Chief Financial Officer designate in September 2019.

Experience: He qualified as a Chartered Accountant with Ernst & Young before moving to the investment bank Dresdner Kleinwort Benson. During his career he has held a number of senior positions at Geest plc and Bakkavor Group plc, including that of Chief Financial Officer of Bakkavor Group. He was Chief Financial Officer of Coats Group plc between 2012 and 2016 and prior to joining Bunzl was Chief Financial Officer of Inchcape plc. He is currently a non-executive director of Smiths Group plc and chairs their Audit & Risk Committee.

Skills and contribution to the Board: Richard brings a wealth of experience to the Board, gained across several sectors, having led finance functions at a number of international public companies and having worked for multi-site businesses with substantial global footprints. He brings broad financial expertise and commercial skills which are invaluable to his role on the Board and in leading Bunzl's Finance, Tax, and Treasury functions.

Committees: None

4. Vanda Murray OBE
Senior Independent Director

Appointment: Non-executive director since February 2015, Senior Independent Director and Chair of the Remuneration Committee.

Experience: Formerly Chief Executive Officer of Blick plc from 2001 to 2004, she subsequently became UK Managing Director of Ultraframe plc from 2004 to 2006 and was appointed OBE in 2002 for Services to Industry and Export. She is currently Chair of Marshalls plc and a non-executive director of Howden Joinery Group plc.

Skills and contribution to the Board: Vanda brings over 25 years of senior management experience to the Board, across a range of industrial, manufacturing and support services sectors in Europe, the US and Asia. Her experience as a Chief Executive Officer and Chair makes her well suited to the role of Senior Independent Director and Chair of the Remuneration Committee.

Committees: ● ○ ● ● ●

5. Lloyd Pitchford
Non-executive director

Appointment: Non-executive director since March 2017 and Chair of the Audit Committee.

Experience: Having previously held a number of senior finance positions with BG Group plc, latterly as Group Financial Controller, he subsequently joined Intertek Group plc, where he was Chief Financial Officer from 2010 to 2014. He has been Chief Financial Officer of Experian plc since 2014.

Skills and contribution to the Board: Lloyd has extensive financial experience gained from his roles in listed companies, including his current role as Chief Financial Officer of Experian plc. His significant financial expertise has contributed greatly to the Board's and the Committees' discussions and makes him well suited for the Audit Committee Chair role.

Committees: ○ ● ● ● ●

6. Stephan Nanninga
Non-executive director

Appointment: Non-executive director since May 2017.

Experience: After holding a number of positions with Sonepar and Royal Dutch Shell, he subsequently became Managing Director, Distribution Europe of CRH plc in 1999. He then joined the Board of SHV Holdings NV in 2007, where he was initially responsible for the Makro and Dyas businesses, before becoming Chief Executive in 2014, a position he held until 2016. He is a member of the Supervisory Boards of CM.com and Cabka N.V. and a non-executive director of IMCD N.V.

Skills and contribution to the Board: The Board benefits from Stephan's extensive international experience, which he has gained across a range of businesses operating in the distribution and service sectors. He has solid executive experience which informs his contributions to the Remuneration, Audit and Nomination Committees.

Committees: ● ● ● ● ●

7. Vin Murria OBE
Non-executive director

Appointment: Non-executive director since June 2020.

Experience: Formerly Chief Executive Officer of Computer Software Group plc from 2002 until 2007, she subsequently founded and was Chief Executive Officer of Advanced Computer Software Group plc from 2008 until 2015. She was appointed OBE in 2018 for services to the digital economy. She is Chair of AdvancedAdvT Limited and a non-executive director of Softcat plc.

Skills and contribution to the Board: Vin has over 25 years of experience working in the digital and technology sectors, which is valuable given the Company is continually expanding and developing its digital and technological capabilities. Vin's background of developing highly successful growth strategies is especially pertinent to the Board.

Committees: ● ● ● ● ●

8. Pam Kirby
Non-executive director

Appointment: Non-executive director since August 2022.

Experience: Formerly Chief Executive Officer of Quintiles Transnational Corporation, having previously held senior executive positions at AstraZeneca plc and F. Hoffmann-La Roche Ltd. She was also previously a non-executive director of DCC plc and Hikma Pharmaceuticals plc, and Senior Independent Director of Victrex plc. She is presently a non-executive director of Reckitt Benckiser Group plc and a member of the Supervisory Board of AkzoNobel NV.

Skills and contribution to the Board: Pam has significant knowledge and expertise in global businesses, having worked in several international roles for over 30 years. Through her executive and non-executive roles, she brings a wealth of international distribution, strategic and UK listed company experience to the Board.

Committees: ● ● ● ● ●

9. Jacky Simmonds
Non-executive director

Appointment: Non-executive director since March 2023.

Experience: She was formerly Chief People Officer at VEON Ltd (a Nasdaq listed digital services company), prior to which she held a number of senior positions, including Group Director of People at easyJet plc and Chief Human Resources Officer of TUI Group, where she sat on the Supervisory Board of TUI Deutschland, GmbH. She was also a non-executive director of Ferguson plc from 2014 until 2022 and is presently Chief People Officer of Experian plc.

Skills and contribution to the Board: The Board benefits from Jacky's extensive knowledge and experience in human capital management, including employee engagement, transformational change, board and leadership succession planning, employee relations and talent management. Her international and listed company experience, coupled with her extensive HR acumen, enhances the capabilities of the Board and its Committees.

Committees: ● ● ● ● ●

Committee membership
- ● Member of the Audit Committee
- ● Member of the Remuneration Committee
- ● Member of the Nomination Committee
- ● Member of the Board Sustainability Committee
- ● Independent director
- ○ Denotes Chairman

CORPORATE GOVERNANCE REPORT

Governance overview

Board

Meetings

The table below sets out directors' attendance at the scheduled Board and Committee meetings held during 2023. Additional meetings of the Board were also held as and when circumstances required it to meet at short notice.

	Board (7)	Audit (4)	Nomination (4)	Remuneration (3)	Board Sustainability (3)
Chairman					
Peter Ventress	7		4		3
Executive directors					
Frank van Zanten	7				
Richard Howes	7				
Independent non-executive directors					
Vanda Murray OBE	7	4	4	3	3
Lloyd Pitchford	7	4	4	3	3
Stephan Nanninga	7	4	4	3	3
Vin Murria OBE	7	4	4	3	3
Pam Kirby	7	4	4	3	3
Jacky Simmonds*	5	3	2	2	3

* Jacky Simmonds was appointed as a director on 1 March 2023 and attended all Board and Committee meetings held between that date and the end of the year.

Skills held by each director	Frank van Zanten	Richard Howes	Peter Ventress	Vanda Murray OBE	Lloyd Pitchford	Stephan Nanninga	Vin Murria OBE	Pam Kirby	Jacky Simmonds
Core industry experience (logistics and distribution)	•	•	•	•		•		•	•
Digital/cyber security		•			•	•	•		
International	•	•	•	•	•	•	•	•	•
Sustainability	•		•	•	•		•	•	
M&A	•	•	•	•	•	•	•	•	•
Strategy	•	•	•	•	•	•	•	•	•
Remuneration/people	•	•	•	•	•	•	•	•	•
Finance		•	•		•	•	•	•	

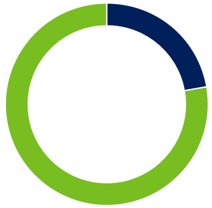
Legal: The Board has access to the services of the General Counsel and Company Secretary, who is a qualified solicitor.

Our Board by numbers

Tenure (non-executive directors, incl. Chairman)
(year ended 31 December 2023)

0 – 3 years	2
3 – 6 years	2
6+ years	3

Executive and non-executive directors
(year ended 31 December 2023)

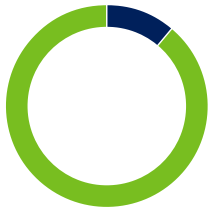


Executive	2
Non-executive (incl. Chairman)	7

Independent directors (excl. Chairman)
(year ended 31 December 2023)

Independent	6
Other	2

Ethnic diversity
(year ended 31 December 2023)



Director from minority ethnic group	1
Other	8

Board gender
(year ended 31 December 2023)

Male	5
Female	4

More on page 109

CORPORATE GOVERNANCE REPORT continued

Matters reserved for the Board

The topics outlined below include some of the matters which are required to be brought to the Board for consideration:

Shareholders
- Matters requiring shareholder approval
- Circulars and significant shareholder communications

Capital allocation and structure
- Significant capital expenditure/disposals
- Significant business acquisitions/disposals
- Material changes to the Group's capital structure
- Major property leases
- Material increases in borrowing and loan facilities

Policies and statements
- Material Group policies, statements and major changes thereto, for example:
  - Tax Strategy;
  - Treasury Policy;
  - Modern Slavery Statement;
  - Diversity, Equity and Inclusion Policy; and Risk Appetite.

People and leadership
- Appointment/removal of directors and Company Secretary
- Non-executive directors' remuneration
- Executive directors' remuneration
- Board Committee constitution and terms of reference

Strategy and management
- The Group's strategic aims and objectives
- Annual budget and strategic plan

Financial reporting, risk and controls
- Financial results and announcements relating thereto
- Final and interim dividends
- Auditor appointment/removal
- Risk management and internal controls

Knowledge sharing, upskilling and continual development

The Board understands the importance of knowledge sharing, upskilling and continual development; therefore, senior management, members of different corporate functions and external parties are frequently invited to attend meetings to present to the Board on their respective areas of expertise, aiding better decision making.

HR function
Employee engagement, health & safety, corporate responsibility, human rights, diversity, equity and inclusion and remuneration

Legal function and Company Secretariat
Legal, regulatory and governance

Corporate Development team
M&A, strategy and due diligence

External advisers
Legal, compliance, remuneration, shareholder engagement, investor relations, internal controls and IT security

Tax, Treasury and Finance functions
Tax, treasury and finance

The Board

Investor Relations and Communications team
Investor relations, stakeholder engagement and external/internal communications

IT and Information Security function
Information/cyber security, internal controls and digital strategy

Internal and External Audit functions and Internal Controls team
Audit, assurance, risk management and controls

Local management
Regional and commercial sectors, market knowledge, supply chains and stakeholder engagement

Sustainability department
Environmental, social and governance, regulatory knowledge, supply chains, product sourcing and corporate responsibility

Key activities and decisions of the Board in 2023

Q1

January
- Strategic plan proposal
- Presentation on acquisition pipeline
- Results of the 2022 employee pulse survey
- Presentation on feedback from employee listening groups
- Group risk assessment

February
- Results for the year ended 31 December 2022
- Risk management, internal controls and disclosure of information to auditors
- Re-appointment of auditors
- Presentation on acquisition pipeline
- Final dividend for the year ended 31 December 2022
- Fraud risk assessment
- Update on accident statistics

Q2

April
- Q1 trading update
- Revision of the Modern Slavery Statement
- Update on contract with major customer

June
- Pre-close trading statement
- Presentation on treasury policies and funding proposals
- Review of acquisitions made in 2021
- Update on corporate responsibility and supplier performance
- Update on whistleblowing reports
- Update on accident statistics
- Update on the FRC's Code consultation
- Site visits in Toronto

Q3

August
- Results for the half year ended 30 June 2023
- Interim dividend for the year ended 31 December 2023
- Update on information security
- Update on acquisitions
- Update on accident statistics
- Consideration of the Company's draft response to the FRC's Code consultation

Q4

October
- Q3 trading update
- Update on the Euro Medium Term Note programme
- Presentations on acquisition pipeline
- Approval of the Equality and Diversity Policy
- Site visits in Barcelona

December
- Pre-close trading statement
- Board performance evaluation
- 2024 budget
- Presentation on acquisition pipeline
- Anti-bribery and corruption training
- Update on accident statistics
- Group tax strategy statement and update
- Supplier audit statistics
- Board and Committee Diversity Policy
- Update on whistleblowing reports
- Review of Committee terms of reference and governance documents

UK Corporate Governance Code (the 'Code') compliance statement

For the year ended 31 December 2023, the Company has complied in full with the requirements of the Code.

Pursuant to DTR 7.2.6, information required to be disclosed on the Company's securities structure can be found on page 180. Information on our Board and Committee Diversity Policy, required to be disclosed pursuant to DTR 7.2.8A, can be found on pages 109 to 110. The full Board and Committee Diversity Policy can be found on the Company's website, www.bunzl.com.

Board leadership and company purpose	Relevant section of the Annual Report	Page(s)
Effective Board	Biographies of the Board of directors	90
Purpose, values and strategy	Our purpose, values and strategy	26 to 31
Culture	How the Board monitors culture	100
Prudent and effective controls	Risk management and internal controls	116 to 117
Engagement with shareholders	Section 172 statement	64 to 67
S.172 statement and engagement with other stakeholders	Section 172 statement	64 to 67
Engagement with employees	Employee engagement statement	101
Workforce policies and practices	Other statutory information	148
Division of responsibilities	**Relevant section of the Annual Report**	**Page(s)**
Division of responsibilities	Board roles and responsibilities	98
Board independence	Nomination Committee report	107 to 109
Board attendance and time commitments	Board attendance table	92
Composition, succession and evaluation	**Relevant section of the Annual Report**	**Page(s)**
Appointment procedure	Nomination Committee report	108
Succession plans	Nomination Committee report	108
Composition of the Board and its Committees	Biographies of the Board of directors	90 to 91
Tenure of directors	Board tenure chart	92
Evaluation	Board evaluation and priorities identified	103
Audit, risk and internal controls	**Relevant section of the Annual Report**	**Page(s)**
Audit Committee role	Audit Committee report	114
External audit	Audit Committee report	119 to 121
Fair, balanced, understandable report	Fair, balanced and understandable statement	195
Internal controls framework	Audit Committee report	117
Principal and emerging risks	Principal risks and uncertainties	68 to 76
Remuneration	**Relevant section of the Annual Report**	**Page(s)**
Remuneration policy and practices	Remuneration Committee report	122 to 146
Development of executive remuneration policy	Remuneration Committee report	122 to 146
Independent judgement and discretion	Remuneration Committee report	122 to 146

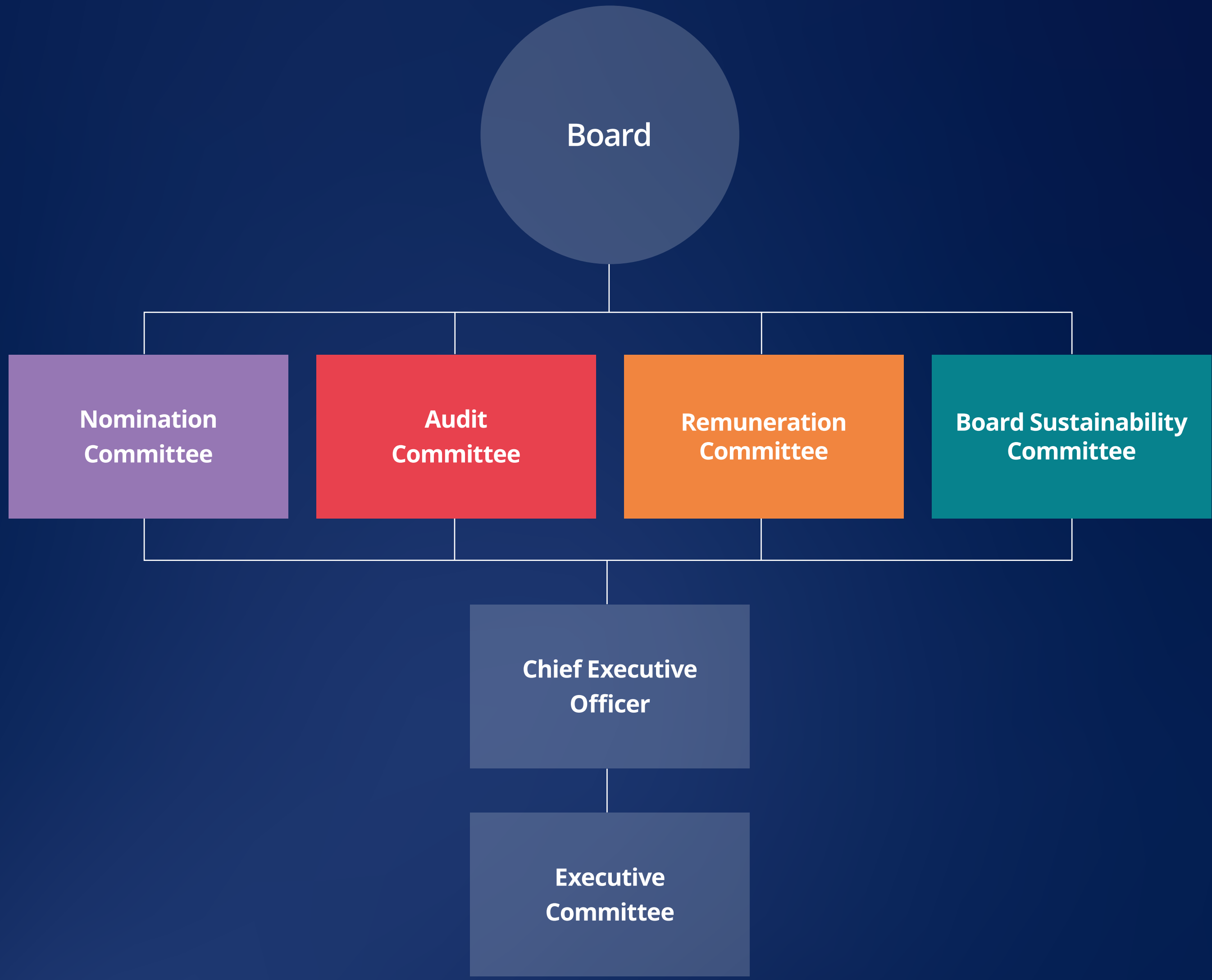
CORPORATE GOVERNANCE REPORT continued

Governance structure

The Board has ultimate responsibility for the overall leadership of the Group. To ensure the directors maintain overall control over strategic, financial, operational and compliance issues, the Board meets regularly throughout the year and has formally adopted a schedule of matters which are required to be brought to it for consideration. Further details of the matters reserved for the Board can be found on page 93.

The Board has established four Committees to which it delegates certain matters, all of which comply with the provisions of the Code and play an important governance role through the detailed work they carry out to fulfil the responsibilities delegated to them. The Board recognises the importance of evolving the governance structures of the Company in line with the development of the Company's strategy, and the Board Sustainability Committee was formed with a mandate to provide strategic advice to the Board on the principal objectives, targets and priorities of Bunzl's sustainability strategy. All Committees meet at least three times a year, with the exception of the Audit Committee which meets at least four times a year, and briefing papers are prepared and circulated to Committee members in advance of each meeting.

The terms of reference for each Committee can be found on the Company's website, www.bunzl.com.



Board composition

As at 31 December 2023, the Board was made up of nine members comprising a Chairman, a CEO, a CFO and six non-executive directors, including a Senior Independent Director.

Brief biographical details of the directors in office at the date of this report are given on pages 90 to 91 and further information on the Nomination Committee's approach to succession planning can be found in its report on page 108.

None of the Company's non-executive directors had any previous connection with the Company or its executive directors on appointment to the Board, with the exception of Jacky Simmonds, who is presently Chief People Officer at Experian plc. Lloyd Pitchford, another non-executive director at Bunzl, is the CFO of Experian plc. Notwithstanding this connection, all of Bunzl's non-executive directors, including Jacky, are considered by both the Board and the criteria set out in the Code to be independent. Further details concerning the determination of director independence can be found in the Nomination Committee report on pages 107 to 108.

Each of the non-executive directors is considered to have a breadth of strategic, management and financial experience gained in each of their own fields in a range of multinational businesses, further details of which can be found in the director skills matrix on page 92.

The Board is satisfied that each non-executive director dedicates appropriate time to their role, continues to contribute effectively to Board decision making and executes their responsibilities to challenge, monitor, advise and guide the Company to a high standard for the benefit of Bunzl's stakeholders as a whole. Further details relating to the time commitments of the directors can be found on page 99.

In accordance with the terms of the Code and Bunzl's Articles of Association, with the exception of Vanda Murray, each of the directors in office at the date of this Annual Report will be subject to re-election at the 2024 AGM and the reasons for each director's re-election will be set out in the forthcoming Notice of Meeting.

Board

Nomination Committee

Chair
Peter Ventress

Members
Vanda Murray
Lloyd Pitchford
Stephan Nanninga
Vin Murria
Pam Kirby
Jacky Simmonds

Key responsibilities
Reviews the structure, size and composition of the Board with regard to ensuring a balance of skills, knowledge and experience and diversity.

More on pages 106 to 109

Audit Committee

Chair
Lloyd Pitchford

Members
Vanda Murray
Stephan Nanninga
Vin Murria
Pam Kirby
Jacky Simmonds

Key responsibilities
Reviews and monitors the integrity of the Company's financial and narrative reporting, risk processes, internal controls and the effectiveness of the internal audit function and external auditors.

More on pages 112 to 121

Remuneration Committee

Chair
Vanda Murray

Members
Lloyd Pitchford
Stephan Nanninga
Vin Murria
Pam Kirby
Jacky Simmonds

Key responsibilities
Determines the policy for executive director remuneration and sets all elements of the remuneration and benefits of the Chairman, executive directors and senior management.

More on pages 122 to 146

Board Sustainability Committee

Chair
Peter Ventress

Members
Vanda Murray
Lloyd Pitchford
Stephan Nanninga
Vin Murria
Pam Kirby
Jacky Simmonds

Key responsibilities
Provides an oversight function to the Group Sustainability Committee and strategic advice to the Board on the principal objectives, targets and priorities of Bunzl's sustainability strategy.

More on pages 110 to 111

CORPORATE GOVERNANCE REPORT continued

Board roles and responsibilities

The following table summarises the role and responsibilities of the different members of the Board:

Role	Responsibilities
Chairman	The primary job of the Chairman is to be responsible for the leadership of the Board and to ensure its effectiveness in all aspects of its role. The Chairman: • takes overall responsibility for the composition and capability of the Board and its Committees; • organises the annual evaluation of the Board, its Committees and each individual director; • consults regularly with the Chief Executive Officer and is available on a flexible basis to provide advice, counsel and support to the Chief Executive Officer; and • ensures corporate governance is conducted in accordance with current best practice, as appropriate to the Group. The Chairman is also viewed by investors as the ultimate steward of the Group and the guardian of the interests of all the shareholders.
Chief Executive Officer	The Chief Executive Officer is responsible for the leadership and the operational and performance management of the Company within the strategy agreed by the Board. The Chief Executive Officer: • manages the CFO and the Group's management and day-to-day activities; • prepares and presents the strategy for growth in shareholder value to the Board; • sets the operating plans and budgets required to deliver the agreed strategy; • ensures that the Group has appropriate risk management and control mechanisms in place; and • communicates with the Company's shareholders on a day-to-day basis as necessary.
Chief Financial Officer	The Chief Financial Officer supports the Chief Executive Officer and is responsible for managing the Group's funding strategy, financial reporting, non-financial reporting, risk management and internal controls, investor relations programme and the leadership of the Finance, Tax and Treasury functions. The Chief Financial Officer communicates with the Company's analysts on a day-to-day basis as necessary.
Senior Independent Director	The Senior Independent Director is available to shareholders if they have concerns, which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or for which such contact is inappropriate. The Senior Independent Director is also available to the other directors should they have any concerns, which are not appropriate to raise with the Chairman or that have not been satisfactorily resolved by the Chairman.
Independent non-executive directors	The non-executive directors play an important role in corporate governance and accountability, through both their attendance at Board meetings and their membership of the various Board Committees. The non-executive directors bring a broad range of business and financial expertise and experience to the Board, which complements and supplements the experience of the executive directors. This enables them to offer strategic guidance, evaluate information provided and constructively challenge management's viewpoints, assumptions and performance.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer, which is set out in writing and has been agreed by the Board.

Board activity

The Board meets formally at least seven times a year, with two Board meetings held at or near Group locations around the world. During 2023, the Board held meetings in Spain and in Canada, which gave the directors the opportunity to meet with local employees and assess the culture of the Company.

At each Board meeting, Bunzl's operational and financial performance is discussed and presentations are made by the CEO and the CFO. The Business Area Heads attend certain meetings by invitation to present on key topics within their remit. The importance of bringing management into meetings to present on their respective area of expertise, share knowledge and provide updates on the performance of the business is well recognised by the Board. The Director of Corporate Development frequently presents to the Board on potential acquisitions and the Board receives regular updates from management on risk, health & safety, digital strategy, information security, environment, sustainability, governance and people matters.

Board agendas are set by the Chairman in consultation with the CEO and with the assistance of the Company Secretary, who maintains a rolling programme of items for discussion by the Board. This ensures that all matters reserved for the Board and other key issues are considered at the appropriate time.

Each Board meeting is structured to accommodate sufficient challenge and contribution by all participants. The Board is supplied with full and timely information to enable informed decision making. All directors have access to the advice and services of the Company Secretary who ensures that Board procedures are complied with, and the Board is fully briefed on relevant legislative, regulatory and corporate governance developments. Directors may also take independent professional advice at the Company's expense where they judge this to be necessary in the furtherance of their duties to discharge their responsibilities as directors.

Conflicts of interest

The directors are required to avoid situations in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit.

Directors are required to give notice of any potential situational and/or transactional conflicts, which are then considered by the Board and, if deemed appropriate, authorised accordingly. A director is not however permitted to participate in such considerations or to vote in relation to their own conflicts.

The Board has considered and authorised a number of potential situational conflicts, all of which relate to the holding of external directorships and have been entered on the Company's conflicts register. No actual conflicts have been identified during the year and the Board considers that these procedures operate effectively.

External appointments and time commitment of directors

The Board takes the time commitment of directors seriously and the time expected of directors is set out in their letters of appointment. Each director must notify the Chairman prior to accepting a new appointment, and the Chairman must notify the Board. During the year, the Board considered the external appointment of Vanda Murray as a non-executive director of Howden Joinery Group plc with effect from 1 February 2024. Additional information on how the Board assessed this external appointment is available on pages 107 to 108 of the Nomination Committee report.

The Board recognises the benefits in terms of director knowledge and experience that external appointments can bring to Board deliberations. In 2023, when considering Vanda's new appointment, the Board considered whether it would impact the time required for her to prepare for and attend meetings of the Company, engage with stakeholders, undertake any training or personal development and execute her duties to the Company effectively. In addition, the Board considered her current portfolio, whether there were any conflicts or potential conflicts, the time commitment required with the new appointment and whether the appointment would cause the number of directorships she held to exceed those set out in the Code or institutional investor and proxy adviser guidance.

The Board is satisfied that each director devotes sufficient time to their role at Bunzl and continues to discharge their duties effectively.

Induction

The Company Secretary assists the Chairman in designing and delivering a tailored induction programme for each new member of the Board. This takes into account each director's individual needs, aims to outline their roles, responsibilities and duties as a director of the Company and facilitate their understanding of the Group's business, people, processes, purpose, values and culture.

A typical induction programme normally includes:

- a detailed information pack that includes details of directors' duties and responsibilities, procedures for dealing in Bunzl plc's shares and other governance-related issues;
- one-to-one meetings with the other members of the Board and the Company Secretary;
- meetings with Committee Chairs, as appropriate;
- meetings with senior management;
- visits to some of the Group's locations;
- information on the main areas of the Group's business activity and risks; and
- information on the Company's approach to sustainability and stakeholder engagement.

INDUCTION:
Jacky Simmonds

"Meeting with members of senior management and employees in Bunzl's business areas has provided me with an understanding of the culture within the Company and an awareness of the views and priorities of employees throughout the Group. This knowledge allows me to consider the employee perspective in Board deliberations and is something that I look forward to developing further in 2024 and beyond."

June 2023 Canada tour

- Presentation on Bunzl's operations in Canada
- Site visit to Bunzl Canada
- Meeting with young talent group
- Bunzl Canada facility tour

October 2023 Barcelona tour

- Update on business performance in Continental Europe
- Presentation on growth in Southern Europe, the Middle East, and Central and Eastern Europe
- Site visit to Bunzl Distribution Spain
- Presentation on Spanish businesses
- Presentation on Bunzl's online business in Continental Europe

Training and development

The Board recognises the importance of continually developing existing directors and believes good decision making is enabled by a deep understanding of the Group's operations and people. During the course of the year, directors receive training and presentations to keep their knowledge current and enhance their experience. They are updated continually on the Group's businesses, their markets and changes to the competitive and regulatory environments in which they operate. In addition, the Board is kept informed of relevant legal, regulatory and financial developments or changes by the Company Secretary and the CFO. The Company's legal advisers and auditors give presentations and training to the Board on specific topics of interest.

Training and development needs of the Board are kept under review and directors attend external courses where it is considered appropriate for them to do so.

2023 training and development activities

- External adviser training on anti-bribery and corruption, including:
  - an overview of the offences under the UK Bribery Act 2010, the adequate procedures defence, the key risk areas for the Company; and
  - an update on the Economic Crime and Transparency Act 2023 and the forthcoming reforms.
- Internal sustainability updates, including on:
  - sustainability objectives for 2023 and net zero transition plan and targets;
  - KPIs and focus areas for business areas;
  - supplier engagement programme; and
  - UK sustainability reporting standards and preparations for the proposed EU mandatory sustainability reporting, including our proposed double materiality assessment.

Purpose, values and how we monitor culture

Bunzl's purpose is to deliver essential business solutions around the world and create long term sustainable value for the benefit of all stakeholders. It is the responsibility of the Board to set the purpose, values and strategy of the Company and ensure that these align with the desired culture. In order to achieve the Company's purpose, the Board recognises the importance of a healthy corporate culture where employees can reach their potential and everyone is working towards a common goal. Bunzl has a unique and valued entrepreneurial culture which is critical to delivering the Company's strategy and is enabled by its decentralised structure and a focus on developing local talent. The Board ensures that the culture of Bunzl is well communicated and embedded throughout the organisation, consistently measured and sustained.

Our championed values are at the centre of our corporate culture and underly the way we conduct our business. Bunzl's strong culture is a key source of competitive advantage and helps the Group to attract and retain the best talent.

The Company's values are at the centre of our culture and are reflected in the way we work and interact with stakeholders:

Reliability in action
Bunzl's network, digital capabilities, and sustainable products, enable us to become a reliable partner to our customers, driving long term customer relationships.

Read about our successful retender outcome with ISS on page 27.

Humility in action
Bunzl's corporate charity programme supports environmental projects related to recycling, litter prevention, clean-up and waste management infrastructure.

Read about our charitable initiatives on page 220.

Transparency in action
Bunzl's honest culture engenders confidence in the Company and Bunzl aims to be as transparent as possible in its reporting.

Read about our assurance framework on page 105.

Responsiveness in action
Bunzl's own and exclusive brand offering, expertise, and close customer relationships allow the Company to respond to specific customer needs.

Read about an example of our own and exclusive brand offering on pages 20 to 21.

Our values guide our culture and impact Company decision making:

Nomination Committee
Actively manages the composition of the Board and the pipeline of diverse talent, embracing a representative Board and inclusive culture for all employees to thrive.
See pages 106 to 109.

Audit Committee
Ensures the integrity and transparency of the Group's financial and narrative reporting and promotes the transparent risk-focused culture within which the Company operates.
See pages 112 to 121.

Board Sustainability Committee
Provides recommendations to the Board on the Group's sustainability strategy, endorsing a culture of continuous improvement.
See pages 110 to 111.

Remuneration Committee
Monitors executive remuneration, the gender pay gap and CEO pay ratio, to ensure that remuneration aligns with Bunzl's values and culture, and encourages the Company's desired behaviours.
See pages 122 to 146.

Human Resources team
Implements programmes to promote our values and monitors employee sentiment via surveys. Introduces compulsory training to upskill employees and reviews policies to protect Bunzl's culture.
See pages 34 to 39.

Our culture is...

...evidenced by what our people most value about life at Bunzl:
- Our working relationships
- Work-life balance for employees
- Respect and ethics
- The atmosphere on the ground
- Teamwork and support
- The skills of employees
- Development opportunities
- Our customer-focused attitude
- Empowerment of employees

...embedded through:
- Annual conferences and learning sessions
- Quarterly distribution of the Group Employee Magazine, which celebrates success stories, shares case studies and highlights mentoring initiatives
- Objective setting and development plans
- Group policies to guide employee behaviour
- Employee equity participation
- An acquisition strategy that retains former business owners, fostering an entrepreneurial mindset

...measured through our culture metrics:
- Employee voluntary turnover rate: 15.3%
- Great Place to Work Overall Perception score: 70%
- Non-executive director engagement meetings held: 5
- Number of material breaches of Code of Conduct: 4
- Accident/incident severity rate: 4% improvement versus 2022

...monitored through:
- Diversity, equity and inclusion activities
- Health & safety data
- Employee forums
- Dialogue with executives and senior management
- Employee survey results
- Regular Board reporting on people matters
- Non-executive director listening groups
- Site visits

CORPORATE GOVERNANCE REPORT continued

Employee engagement statement

In accordance with Provision 5 of the Code, the Board has decided to use alternative arrangements to engage with employees. Bunzl is a global, decentralised business with operations in multiple locations and our employees fulfil a broad range of roles with many different perspectives. It is therefore essential that our engagement methods suit the nature of our business, the culture of the Company and our workforce. This holistic approach to engagement is the most effective method and allows the Board to understand, monitor and assess employee sentiment.

Some of the mechanisms used to engage with employees during the year are described in the following section. Employees are also encouraged to get involved with the Company's performance through a variety of different means, including the operation of all employee share plans, bonus and commission schemes and other incentive arrangements. Our employee engagement mechanisms are discussed at Board meetings and kept under review to ensure that they remain appropriate and effective.

Site visits

In 2023, visits to operational sites gave the Board a chance to hear views from employees at all levels, providing a platform for meaningful engagement while enhancing their understanding of Bunzl's operations and culture. Additional information on the Board's site visits can be found on page 99.

Bunzl's CEO, Frank van Zanten, carried out additional site visits during the year including a five day trip to Latin America, where he met employees within the teams of 17 Bunzl businesses. This has bolstered his ability as an executive director to bring the employee voice into Board deliberations.

CEO listening session

In 2023, the CEO, alongside the Director of Group HR, held a third annual listening session with female employees, and employees from ethnically diverse backgrounds, across the Group. Bunzl's CEO listening sessions enable direct engagement between the CEO and employees, which is used to review progress against the Company's diversity objectives, inform future Board decisions and gain further insight into the results of the employee pulse survey.

Key themes were identified from the employee feedback provided in the 2023 CEO listening session, which have been compiled and used to inform decision making around Bunzl's diversity and inclusion initiatives in 2024.

Theme	Key point(s) raised
Role models	• The creation of strong role models is critical, as employees can find it motivating to see people from similar backgrounds in senior positions throughout the organisation • Success stories covering role models should be more widely publicised through internal communications channels
Targets	• Employees were pleased to see progress towards diversity targets in 2023 and appreciated the ambitious targets set for 2024 • Targets were considered crucial in demonstrating clear measures of success, ensuring that progress is not left to chance
Communications	• Different cultures, including faiths and nationalities, should continue to be celebrated through effective communications

Bunzl's CEO listening sessions have been a valuable engagement mechanism, facilitating the provision of feedback from employees of diverse backgrounds direct to Board level. Further information on our diversity and inclusion initiatives can be found on page 36.

Non-executive director listening sessions

To gain insight into the 2023 employee experience, Lloyd Pitchford and Vanda Murray held several non-executive director listening sessions, speaking directly with employees from the Continental Europe, North America and Asia Pacific business areas. These sessions are held to facilitate direct engagement between the non-executive directors and Bunzl employees across all levels of the Group, on topics such as the effectiveness of communications, the quality of IT resources, and the alignment of executive remuneration with wider company pay policy. The matters raised by employees are fed back to the Board and the Board uses this feedback to inform its decisions.

Theme	Key point(s) raised
Communications	• Employees considered that internal communications had improved, resulting in a greater feeling of connectedness • Increased communication around Group strategy was identified as being something that employees would welcome
Technology	• Employees were supportive of improvements to IT resources and systems in 2023 and encouraged continued investment
Surveys	• The Great Place to Work survey had been expanded to cover all regions in 2023 and this was positively received as an additional way for employees to have their voices heard across the Group
Reward	• The basis of reward for frontline staff, when compared with that of management, was considered to be consistent

DIVERSITY: READ MORE ABOUT OUR DIVERSITY TARGETS ON PAGE 109

MONITORING EMPLOYEE SENTIMENT: SEE THE RESULTS OF THE GREAT PLACE TO WORK SURVEY ON PAGE 35

CORPORATE GOVERNANCE REPORT continued

Engagement with customers, suppliers and other stakeholders

Understanding the views of the Company's stakeholders is a key priority for the Board and Bunzl as a whole. It helps to focus the Company's resources, engagement and reporting activities by addressing those issues that matter most to the Group's businesses and to the Company's wider stakeholders. Fostering strong business relationships is an intrinsic part of the Company's long established and successful compounding strategy and a key consideration in all decision making. More information about Bunzl's engagement with its suppliers, customers and wider stakeholder groups can be found on pages 64 to 67 and in the Sustainability report on pages 54 to 62.

More information on how we work with our customers and suppliers can be found in the Sustainability section of our website, www.bunzl.com

Bunzl Insight series

In 2022, Bunzl began hosting Insight events, designed to enhance communication and engagement with key stakeholders by providing more detailed and comprehensive information regarding the Group's international business operations. Given the intricate and expansive nature of Bunzl's decentralised operations, providing additional detail beyond that outlined in Bunzl's Annual Report, Capital Markets Days and other engagement activities allows stakeholders to gain a better insight into the Group's culture and operational activities.

With a focus on Bunzl's Continental Europe businesses in 2022, and North America in 2023, the Insight events were hosted by local senior leadership and focused on a wide variety of topics, including value-added solutions for customers, an overview of Bunzl's expanding acquisition model and highlights of our established platform for future growth. The Group aims to enhance its engagement with stakeholders by actively fostering interaction through discussion and feedback.

The Group's Insight events have been well received by stakeholders, with additional Insight events having been requested covering specific areas of the business.

Scan the QR code to find out more about bunzl's insight events, including links to our slides and webcast recordings

Shareholder meetings

The Board is committed to maintaining strong communications with our shareholders. Committee Chairs seek engagement with major shareholders on pertinent matters within their responsibility and, in 2023, the Chair of the Remuneration Committee sought engagement with major shareholders, regarding Bunzl's proposed 2024 director's remuneration policy, details of which can be found on pages 122 to 146.

Additionally, major shareholders are routinely invited to meet with the Chairman, Chair of the Audit Committee and Company Secretary to discuss governance at Bunzl. Some of the topics that were discussed during our 2023 shareholder meetings are outlined below. The outcomes of all of the meetings were positive, with no specific matters of concern being raised. The Board looks forward to continuing its engagement activity in the coming year.

Topics discussed in 2023 meetings	Outcome of meetings
• Outcomes of the 2023 Board evaluation and the Board's mechanism for tracking progress against those outcomes • Succession planning, skills on the Board and priorities for the recruitment of new directors • Talent management priorities and the Board's involvement in relation to talent management below Board level • The strategic oversight role of the Board with regard to capital allocation and the acquisition pipeline • Diversity of directors on the Board	The outcomes of all of the meetings were positive, and the Board will continue its engagement activity in the coming year.

CORPORATE GOVERNANCE REPORT continued

Board performance review

The Board believes that maintaining a trajectory of continual improvement of its performance is pivotal to its success. A formal and rigorous Board performance review, evaluating the Board, its Committees, the Chairman and each individual director is carried out annually and externally facilitated every three years, with a comprehensive external review having taken place during 2023. The process and outcomes of the 2023 performance review, along with actions taken to address the findings of the 2022 review, are outlined below.

1. Selection	The review was undertaken by Lintstock, an independent advisory firm that does not provide any other services to, or have any connection with, the Company. The Board, following the recommendation of the Nomination Committee, felt that engaging Lintstock was appropriate given their in-depth understanding of the Company. Such appointment would also ensure consistency and continuity in the presentation of results from year to year, allowing progress to be tracked effectively.
2. Planning	The objectives, scope and areas of focus of the review were agreed between the Chairman and the Company Secretary and discussed with Lintstock. It was agreed that the performance of the Board, its Committees, the Board Chairman, Committee Chairs and each individual director would be reviewed and that it would cover core aspects of governance such as information, composition and dynamics, as well as people, strategy and risk areas relevant to the performance of Bunzl.
3. Surveys and Questionnaires	With the agreed scope and objectives in mind, Lintstock invited each director to complete a survey, following which Lintstock held in-depth one-to-one interviews with each of them. The Company Secretary coordinated the process and provided Lintstock with the necessary support throughout.
4. Findings	Reports on the results of the reviews were presented to the Chairman and Company Secretary and subsequently discussed by the Board and its Committees. Reports on individual director performance were presented to the Chairman and a report on the Chairman was provided to the Senior Independent Director, who discussed the findings with the other non-executive directors. The contributions, independence and time commitment of each director were found to be effective.
5. Next steps	Having considered the findings of the review, the Board agreed on key priorities to further improve performance in 2024 and the follow up actions in relation thereto. These actions, further details of which are detailed below, have been built into the Board's agenda and activities for 2024.

Led by the Senior Independent Director, the non-executive directors meet without the Chairman present at least annually to appraise the Chairman's performance, including a review of his other commitments, to ensure that he is able to allocate sufficient time to the Company to discharge his responsibilities effectively. The Chairman also periodically holds meetings with the non-executive directors without the executive directors present. All of these processes were carried out satisfactorily during the year.

Details of progress made in respect of the key priorities identified in 2022, are set out below.

Key priorities identified during 2022	Progress made
1. Focusing on management succession planning and enhancing the Group's organisational structure, talent management, and diversity and inclusion processes. **2. Continuing Bunzl's focus on sustainability and building this into customer relationships.** **3. Supporting management in acquisition and organic growth strategies.** **4. Continued Board oversight of strategic priorities and the execution of Bunzl's strategic plans.**	The Board is satisfied that the priorities identified following the evaluation carried out in 2022 have been adequately addressed during 2023. See page 89 for further information.

Key priorities identified during 2023	Outcome of evaluation
1. Supporting the continuing evolution of the Board's composition. **2. Deepening the Board's understanding of key stakeholder developments, including customers.** **3. Monitoring management succession and development plans to build the long term talent pipeline.** **4. Continuing to monitor the external context, particularly in areas such as sustainability and technology.**	As a result of the external evaluation process carried out in 2023, the Board concluded that both it and its Committees are operating effectively.

Risk management and internal controls overview

The Board has delegated to an Executive Committee, consisting of the CEO, CFO and other functional managers, the initial responsibility for identifying, evaluating, managing and mitigating the risks facing the Group and for deciding how these are best managed, as well as responsibility for establishing a system of internal controls appropriate to the business environments in which the Group operates. The principal features of this system include:

- a procedure for monitoring the effectiveness of the internal controls system through a tiered management structure with clearly defined lines of responsibility and delegation of authority;
- a second line of defence Internal Controls team to continually develop the Group's framework and approach to internal controls over financial reporting;
- formal standards of business conduct (including code of conduct, anti-bribery and corruption, fraud investigations and reporting, and whistleblowing policies) based on honesty, integrity, fair dealing and compliance with the local laws and regulations of the countries in which the Group operates;
- strategic plans and comprehensive budgets which are prepared annually by the business areas and approved by the Board;
- clearly defined authorisation procedures for capital investment and acquisitions;
- a well-established consolidation and reporting system for the statutory accounts and monthly management accounts;
- detailed manuals covering Group accounting policies, and policies and procedures for the Group's treasury operations supplemented by internal controls procedures at a business area level;
- periodic IT risk assessment aligned with the Group's IT security standard, as well as continual investment in IT systems and security to ensure the security of information systems and data, business continuity and the production of timely and accurate management information; and
- considering ESG and non-financial reporting and assurance.

Some of the procedures carried out in order to monitor the effectiveness of the internal controls system and to identify, manage and mitigate business risk are:

- central management holds regular meetings with business area management to discuss strategic, operational and financial issues, including a review of the principal risks affecting each of the business areas and the policies and procedures by which these risks are managed;
- the Executive Committee reviews the outcome of the discussions held at business area meetings on internal controls and risk management issues;
- the Board in turn reviews the outcome of the Executive Committee discussions on internal controls and risk management issues, which ensures a documented and auditable trail of accountability;
- each business area, the Executive Committee and the Board carry out an annual fraud risk assessment. Reporting protocols are in place to identify, analyse and respond to actual or potential fraud incidents;
- an annual self-assessment of the status of internal controls measured against a prescribed list of minimum standards is performed by every business and action plans are agreed where remedial action is required;
- actual results are reviewed monthly against budget, forecasts and the previous year and explanations are obtained for all significant variances;
- all treasury activities, including in relation to the management of foreign exchange exposures and Group borrowings, are reported and reviewed monthly. The Group's bank balances around the world are monitored on a weekly basis and significant movements are reviewed centrally;
- developments in tax, treasury and accounting are continually monitored by Group management in association with external advisers;
- regular meetings are held with insurance and risk advisers to assess the risks throughout the Group;
- systems are in place to monitor IT security incidents, analyse and remediate any identified weaknesses. Findings are used to continually improve defences across all Group companies;
- the Internal Audit function periodically performs business and risk-themed audit work, makes recommendations to improve processes and controls and follows up to ensure that management implements the recommendations made. The Internal Audit function's work is determined on a risk assessment basis and its findings are reported to Group and business area management as well as to the Audit Committee and the external auditors;
- the Audit Committee, which comprises all of the independent non-executive directors of the Company, meets regularly throughout the year. Further details of the work of the Committee, which includes a review of the effectiveness of the Company's internal financial controls and the assurance procedures relating to the Company's risk management system, are set out in the Audit Committee report on pages 112 to 121;
- management committees (known as the Group Sustainability Committee, the Environment & Climate Change Committee, the Health & Safety Committee, and the Supply Chain Committee) which oversee issues relating principally to environment, health & safety and business continuity planning matters, set relevant policies and practices and monitor their implementation; and
- health & safety risk assessments, safety audits and a regular review of progress against objectives established by each business area are periodically carried out.

CORPORATE GOVERNANCE REPORT continued

Risk management and internal controls

In accordance with the Code, the Board acknowledges that it has overall responsibility for identifying, evaluating, managing and mitigating the principal and emerging risks faced by the Group, and for monitoring the Group's risk management and internal controls systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with the Code and the related guidance, the Company has established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating, managing and mitigating the principal risks faced by the Group and for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives (its 'risk appetite'). The directors confirm that such procedures have been in place for the year ended 31 December 2023 and, up to the date of approval of these financial statements, that the Group's risk management and internal controls systems have been monitored during the year.

Further information about the Group's approach to risk management and the principal risks and uncertainties facing the Group can be found on pages 68 to 76.

Financial and business reporting

The responsibilities of the directors in respect of the preparation of the Group and parent company financial statements are set out on page 195 and the auditors' report on pages 196 to 201 includes a statement by the external auditors about their reporting responsibilities. In accordance with provision 30 of the Code and as set out on page 154, the directors are of the opinion that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The process of preparing the Annual Report has included the following:

- comprehensive reviews undertaken at different levels of the Group in order to ensure the accuracy, consistency and overall balance of the Annual Report; and
- procedures to verify the factual accuracy of the Annual Report.

Fair, balanced and understandable – Bunzl's assurance framework

In accordance with provision 27 of the Code, the Board confirms that taken as a whole, the 2023 Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. Considerations of the Board when reviewing whether the 2023 Annual Report, taken as a whole, is fair, balanced and understandable and provides sufficient information to enable the reader to assess the Group's position and performance, business model and strategy, are shown below:

1.

Independent review process
A review was carried out by a senior manager who was not involved in the preparation of the Annual Report.

2.

Senior executive management team
Members of the senior executive management team reviewed and challenged the content and messaging of the Annual Report.

3.

Internal audit
The Board considered the information and assurances provided by the ongoing work of the internal audit function.

4.

External audit
The Board considered reports from external auditors and any significant issues identified in relation to the Annual Report and financial statements.

5.

Audit Committee
The Board considered the work and recommendations of the Audit Committee in relation to its formal processes concerning the Annual Report and financial statements.

Assessment of the prospects of the Company and its viability statement

In accordance with provision 31 of the Code, details of how the directors have assessed the prospects of the Company, over what period the prospects have been assessed and the Company's formal viability statement are included in the Strategic report on page 77.

By order of the Board

Suzanne Jefferies
Secretary
26 February 2024

NOMINATION COMMITTEE REPORT

Peter Ventress
Chairman and Chair of the Nomination Committee

I am delighted to welcome Jacky Simmonds as a member of the Committee, following her appointment as a non-executive director.”

Introduction from Peter Ventress

On behalf of the Board, I am pleased to present the Nomination Committee's report for the financial year ended 31 December 2023, which outlines the Committee's role and responsibilities, as well as our activities and areas of focus during the year.

I am delighted to welcome Jacky Simmonds as a member of the Committee, following her appointment as a non-executive director on 1 March 2023. Jacky was appointed after an extensive search and selection process, considered in the context of the existing balance of skills and diversity on the Board. She has significant knowledge and experience across all aspects of HR, with particular expertise in employee engagement, transformational change, board and leadership succession planning, employee relations, and talent management. Additional information concerning the search and selection process for Jacky is included in the report that follows, and information concerning her skills and experience is set out on page 91. An overview of Jacky's induction process can be found on page 99.

As I mentioned in my introduction to the Corporate governance report, Vanda Murray, Senior Independent Director and Chair of the Remuneration Committee, has served as a director for over nine years and will therefore, in accordance with best practice and the Code, step down from the Board at the conclusion of the AGM on 24 April 2024. A recruitment process for a new non-executive director is now underway and an announcement will be released in due course, once a suitable candidate has been identified.

The Nomination Committee dedicated time during the year to succession planning for the roles of Senior Independent Director and Remuneration Committee Chair and an overview of the matters considered by the Committee as part of its deliberations can be found later in this report.

In 2023, the Committee has focused on the key priorities identified during the 2022 Board evaluation, which included management succession planning, enhancing the Group's organisational structure, talent management, and the diversity and inclusion process. Information on the Committee's progress in respect of these priorities can be found on pages 107 to 109.

The 2023 Board evaluation was externally facilitated and concluded that the Committee continues to operate effectively and benefits from strong internal and external support. Recommended areas of focus for 2024 included executive succession and talent development, as well as ongoing monitoring of the director skills matrix in the wider context of the Group's business and strategic needs. For a comprehensive summary of the Board evaluation process and outcomes, see page 103. An overview of the Committee's priorities for 2024 can be found on the following page.

The Board's composition is fully compliant with the requirements of the Parker Review on ethnic diversity and the gender diversity targets outlined in the Hampton-Alexander Review. I am also pleased to confirm that, following the appointment of Jacky, we exceed the Financial Conduct Authority's new board diversity targets implemented under Listing Rule 9.8.6. Further information concerning our performance against these targets can be found on page 109.

The Committee will continue to champion an inclusive and diverse approach to talent management and closely monitor Board and Committee performance against best practice.

Peter Ventress
Chairman and Chair of the Nomination Committee
26 February 2024

NOMINATION COMMITTEE REPORT continued

Composition

During 2023, the Nomination Committee comprised the Chairman of the Company, who chairs the Committee (unless the Committee is dealing with the matter of succession of the Chairman of the Company) and all of the independent non-executive directors. In accordance with the provisions of the UK Corporate Governance Code, all of the members are independent non-executive directors. The Secretary to the Committee is the Company Secretary.

Nomination Committee meetings

The Committee meets as necessary throughout the year to discharge its responsibilities.

The table below sets out directors' attendance at the four scheduled Committee meetings held during 2023.

	Meetings attended
Peter Ventress	4/4
Vanda Murray	4/4
Lloyd Pitchford	4/4
Stephan Nanninga	4/4
Vin Murria	4/4
Pam Kirby	4/4
Jacky Simmonds*	2/2

* Jacky Simmonds was appointed as a director on 1 March 2023 and attended all Committee meetings held between that date and the end of the year.

Key areas of focus in 2024

- Long term succession planning, with a particular focus on the skills matrix for the Board and senior executives
- Executive succession and talent development
- The balance of internal experience and external fresh perspectives on the Board
- Consideration of the Company's profile from a talent management perspective

Role and support

The Committee's principal role is to lead the process for appointments to the Board, whether to fill any vacancies that may arise or to change the number of Board members, ensure plans are in place for orderly succession to both the Board and senior management positions and oversee the development of a diverse pipeline for succession. The senior management succession plans take into account the views of all Board members to ensure the plans encompass the benefit of all their skills and experience. In the performance of its duties, the Committee has been authorised to enlist the services of external executive search firms to assist with the recruitment process, including the identification of potential candidates, to fill Board positions and vacancies.

It is the Committee's role to ensure that the Board and its Committees maintain the appropriate balance of skills, knowledge, experience and diversity to ensure their continued effectiveness. Information concerning the training and development activities undertaken by the directors during the year can be found on page 99.

The Committee meets as necessary throughout the year to discharge its responsibilities. The Committee's terms of reference are available on the Company's website, www.bunzl.com.

Performance evaluation

The Committee's performance and effectiveness are reviewed annually by both the Committee and as part of the Board performance evaluation. The Chair of the Committee also meets with each Committee member independently to ensure that their individual views about the operation of the Committee are taken into account. This year, the Board evaluation was externally facilitated by Lintstock. Additional information concerning the results of the 2023 performance evaluation is set out on page 103.

Principal responsibilities of the Committee

Board structure

- Reviewing the structure, size and composition of the Board with regard to maintaining a balance of skills, experience, knowledge and diversity

Succession

- Considering succession planning, taking into account the challenges and opportunities facing the Company and the skills and expertise required by the Board and senior management in the future
- Reviewing annually a succession planning presentation in relation to the Company's senior management

Appointments

- Identifying and nominating appropriate individuals to fill Board vacancies as they arise
- Approving the appointment of any senior executive who is to report directly to the Chief Executive Officer
- Making recommendations to the Board as to the continuation in office and/or reappointment of directors

Evaluation

- Considering the commitment required of non-executive directors and reviewing their performance

Activities

Evaluation and independence

When determining whether to recommend that the directors be reappointed at the 2024 AGM, the Committee considered a number of factors, including the output of the 2023 external Board evaluation. These factors were also considered, in 2023, when recommending that the Board approve additional three-year terms for Lloyd Pitchford, Stephan Nanninga and Vin Murria. Having served on the Board for more than six years, Lloyd Pitchford and Stephan Nanninga's continued objectivity and independence were subject to particularly rigorous review.

Further details concerning the Board evaluation process that was carried out during 2023, which identified that the Committee continues to operate effectively, can be found in the Corporate governance report on page 103. Examples of the priorities identified as part of the Committee's 2023 evaluation can be found under the Key areas of focus in 2024 section on this page.

The Committee also conducted a review of individual director conflict authorisations as recorded in the Conflicts of Interest register. The register is maintained by the Company Secretary and sets out any actual or potential conflict of interest situations which a director has disclosed to the Board in line with their statutory duties. To form a view of a director's independence, consideration was also given to other external appointments held by each director.

Jacky Simmonds is currently Chief People Officer at Experian plc and Lloyd Pitchford, another of Bunzl's non-executive directors is the Chief Financial Officer of Experian plc. The Board is mindful that the Code states that where a non-executive director holds cross-directorships or has significant links with other directors through involvement in other companies or bodies, this is likely to impair, or could appear to impair, a non-executive director's independence.

Prior to Jacky Simmonds' appointment to Bunzl, the Nomination Committee and the Board considered whether the appointment would impair the independence of either director.

NOMINATION COMMITTEE REPORT continued

The Committee and the Board were satisfied that there were no business conflicts between the two companies and both directors demonstrate independence of thought and will offer challenge, including of each other's views. Further, the Committee and the Board were satisfied that Jacky Simmonds has sufficient time to discharge her duties to the Board and Committees of Bunzl and that there were no other factors, which would impair either director's independence. Accordingly, the Board does not consider that Jacky Simmonds' and Lloyd Pitchford's positions as independent non-executive directors of the Company are adversely impacted by their roles at Experian plc and are satisfied that, notwithstanding these roles, they are to be regarded as independent.

Non-executive directors' independence of thought and judgement is vital to facilitating constructive and challenging debate in the boardroom and is essential to the operational effectiveness of the Board and its Committees. The Committee determines a non-executive director's independence in line with the relevant provisions of the Code and is satisfied that all of the non-executive directors meet the criteria for independence and that the Chairman of the Board met the criteria on appointment to that role.

Succession planning

As previously mentioned, Vanda Murray will retire from the Board and its Committees at the conclusion of the Company's upcoming AGM in April 2024. Having served on the Board for over nine years, Vanda's departure had been factored into the Committee's director succession plans.

Pam Kirby and Jacky Simmonds will be appointed to succeed Vanda in the Senior Independent Director and Remuneration Committee Chair roles, respectively. Pam is a seasoned director with extensive executive and non-executive experience in large, listed companies, and was a clear candidate for the Senior Independent Director role. Jacky has a strong background across all aspects of HR, including remuneration, and has previously served as Chair of the Remuneration Committee of Ferguson plc. She has also served as a member of Bunzl's Remuneration Committee since her appointment. She was therefore considered to be ideally suited to the role of Remuneration Committee Chair at Bunzl. The need to refresh the Board but at the same time maintain a knowledgeable and experienced team of non-executive directors is something that the Committee continued to address in succession planning discussions during 2023.

The Committee recognises that having the right directors and senior management, with the right capabilities, experience and Company and industry knowledge, is fundamental to the Group's long term, sustainable success. In furtherance of this, a key responsibility of the Committee is to satisfy itself that a robust and rigorous succession planning process is in place, over both the medium and long term, to ensure there is the right mix of skills and experience on the Board as the Company evolves. The Company's succession plans, together with the Board skills matrix and tenure tracker, are considered regularly. This allows the Committee to identify potential gaps, including in relation to director rotation and in respect of the skills needed to deliver the Group's strategic priorities. Effective and proactive succession planning and assessment also enable the Committee and the Board to ensure that changes to the Board are proactively planned and coordinated.

Enhancing the Committee's oversight of executive succession planning continued to be a key priority for the Committee in 2023 and one which will continue to be an area of focus in 2024. The Committee also plans to deepen its discussions concerning the Board skills matrix, and executive succession requirements in the context of longer term strategic business requirements.

Recruitment

Appointments to the Board are subject to rigorous and transparent procedures, and the Committee plays a key role in these. The Committee oversees and makes recommendations to the Board in respect of the identification, assessment and selection of candidates for appointment.

The Committee seeks to follow best practice in all the appointments it recommends, agreeing the criteria for each role and the most appropriate interview panel, before considering a comprehensive and diverse list of candidates. Shortlisted candidates are interviewed and assessed against the chosen criteria and due diligence is then undertaken before the Committee makes its final recommendation. Executive search firms are appointed based on their expertise relative to each role, with Russell Reynolds Associates being engaged in 2023. Russell Reynolds Associates do not provide any other services to, or have any connection with, the Company or its individual directors. Russell Reynolds Associates are a signatory to the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. An overview of the search and selection process undertaken in respect of the appointment of Jacky Simmonds can be found below.

Recruitment of Jacky Simmonds

Role specification	The Committee developed a role specification and list of preferred skills, experience and characteristics for the new non-executive director.
Election of external search firm	Following a final review of the role specification, Russell Reynolds Associates was engaged as the external search firm.
Collation of candidate list	Following consultation with the Chairman and the CEO, Russell Reynolds Associates prepared a longlist of potential candidates, which was subsequently reviewed by the Committee and a shortlist agreed.
Candidate interviews	Preliminary interviews with each of the shortlisted candidates were held by the Committee, following which the Committee agreed on the candidates that best met the role specification.
Final stage interviews	The preferred candidates attended additional meetings with the executive directors and members of the Executive Committee.
Candidate references	The Committee sought references for the preferred candidates and held virtual meetings with the associated referees.
Committee recommendation	The Committee held a debrief following the conclusion of all of the interviews and referee meetings and made a recommendation to the Board that Jacky Simmonds be appointed to the Board and its Committees with effect from 1 March 2023.
Board decision and announcement	The Board accepted the recommendation of the Committee and approved Jacky Simmonds' appointment, following which an announcement was made via the London Stock Exchange.

NOMINATION COMMITTEE REPORT continued

Talent

The Committee takes an active interest in the quality and development of the talent and capabilities within Bunzl, ensuring that appropriate opportunities are in place to develop high-performing individuals. As part of its remit, during 2023, the Committee continued to monitor the development of Bunzl's Executive Committee, which sits below the Board, to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience.

During the year, the Company completed annual talent and succession planning reviews with the Business Area Heads and HR Directors, a summary of which was discussed by the Committee. Additionally, the CEO presented his annual management succession plan to the Committee for its consideration. This included information on people review processes, functional talent development, specific emerging talent pipelines, diversity, equity and inclusion, and learning and development initiatives. This process ensures that high performing individuals within senior management can be developed and nurtured in order to strengthen the succession pipeline further, while at the same time increasing diversity in senior roles across the Group. The Committee also maintained regular interaction with senior management across the Group and within each business area. Such interaction enables the Committee to familiarise itself with the teams, thereby facilitating the identification of high performing talent and informing succession planning.

Inclusion and diversity

Boards with an appropriate mix of experience, backgrounds and perspectives are widely acknowledged to foster robust dialogue of differing views and be less susceptible to groupthink. The Committee strives to embed inclusion in everything that it does, and succession planning and the appointment process are key in promoting diversity in a way that is consistent with Bunzl's long term strategy.

The Committee embraces the importance of diversity and inclusion in all Board and senior management recruitment and challenges external search consultants where necessary to ensure that diversity of gender, social and ethnic backgrounds and cognitive and personal strengths is always considered in the selection of candidates. In addition, the Committee seeks to engage firms that are signatories to the Voluntary Code of Conduct of Executive Search Firms and encourages them to look further afield and access talent from wide and diverse pools.

While taking the important considerations of gender and diversity into account, the Committee will continue to recommend appointments to the Board based on merit and the individual skills and experience of each candidate. It is nevertheless clear that gender, ethnicity, race and other forms of diversity and inclusion must remain key parts of our succession planning discussions and are critical to the long term sustainable success of the business.

The Board and the Committee's approach to inclusion and diversity in respect of the Board and senior management is set out in the Board and Committee Diversity Policy, which is reviewed regularly and can be found on the Company's website at www.bunzl.com. The Board Sustainability Committee refreshed the Board and Committee Diversity Policy in 2023, increasing the explicitly mentioned diversity characteristics and adding tangible targets that the Board will seek to continue to meet in future. Additional information concerning diversity and inclusion in Bunzl can be found in the Sustainability report on pages 44 to 62 and in the Our People section on page 36.

Performance against targets under LR 9.8.6

The Company is pleased to announce that it already meets the following diversity targets, at the reference date of 31 December 2023:

I. at least 40% of the individuals on the Board of directors are women;

II. at least one of the following senior positions on the Board of directors is held by a woman:

A. the Chair;

B. the Chief Executive;

C. the Senior Independent Director; or

D. the Chief Financial Officer; and

III. at least one individual on the Board of directors is from a minority ethnic background.

There have been no changes to Board directorships that have affected attainment of the above targets between 31 December 2023 and 26 February 2024.

As at the reference date of 31 December 2023, the composition of the Board and Executive Management was as follows:

Gender (sex)	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management[1]	Percentage of Executive Management[1]
Men	5	56%	3	3	60%
Women	4	44%	1	2	40%
Not specified/prefer not to say					
Ethnic background					
White British or other White (including minority-white groups)	8	89%	4	5	100%
Mixed/Multiple Ethnic Groups					
Asian/Asian British	1	11%			
Black/African/Caribbean/ Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say					

1. Under the definition provided by the Listing Rules, for the purposes of this disclosure, the definition of Bunzl's Executive Management comprises members of the Company's Executive Committee, including the Company Secretary.

BOARD SUSTAINABILITY COMMITTEE REPORT

Peter Ventress
Chairman and Chair of the Board Sustainability Committee

Our commitment to sustainability is a source of competitive advantage, encouraging innovation and long term decision making, aligned with our purpose-led strategy."

Introduction from Peter Ventress

I am pleased to present the first report of the Board Sustainability Committee (the 'BSC') for the financial year ended 31 December 2023. This report provides an overview of the Committee's responsibilities and activities throughout the year, and demonstrates how our work contributes to sustainable value creation for the Company and its stakeholders.

Bunzl is on a journey with respect to sustainability, an area of critical strategic importance in which the Company aims to be an industry leader. Established in 2022, the Committee acts as an oversight function for the Group Sustainability Committee and provides strategic advice to the Board on the objectives, targets and priorities of the Group's sustainability strategy. While principal responsibility for determining the sustainability strategy and its implementation remain decisions for the Board, the Committee supplements its work in this area to allow for more detailed consideration of sustainability-related risks and opportunities. This reflects the centrality of sustainability to Bunzl's strategy and the Company's recognition of the increasing importance of sustainability matters globally.

This year, the Committee met three times and discussed a range of matters, details of which are set out later in this report. Our meetings are regularly attended by Bunzl's Head of Sustainability and Director of Group HR who, throughout the year have provided valuable insights into ESG-related matters, including deep dives on the Company's net zero transition plan, responsible sourcing at Bunzl, and the Company's double materiality assessment in 2023 and beyond. These sessions have bolstered the Committee's understanding of key sustainability issues at play within the Company, enabling the Committee to leverage its experience and expertise to have meaningful discussions and provide informed recommendations to the Board.

Bunzl's commitment to sustainability is a source of competitive advantage, encouraging innovation and long term decision making, aligned with our purpose-led strategy. During the year, the Committee helped the Company to deliver on this commitment by reviewing workstreams such as the proposed approach for Bunzl's supplier engagement programme, considering an update on the Science Based Target initiative's ('SBTi's') Net Zero Standard (which has formed the basis of the Company's net zero transition plan) and assessing performance against the Group's carbon reduction and other sustainability targets. The Committee recognises that accountability and transparency are key to building trust in the Company's sustainability efforts and endeavours to report effectively against sustainability-related targets. These disclosures and further information regarding Bunzl's approach to sustainability can be found in the Sustainability report on pages 44 to 62.

During the year, the Committee also reviewed and updated the Board and Committee Diversity Policy to widen the diversity characteristics explicitly outlined for consideration and to incorporate the Company's diversity targets, in relation to both Board and Committee appointments. A link to the Board and Committee Diversity Policy can be found on the Company's website, www.bunzl.com.

The 2023 Board evaluation concluded that the Committee has come together well since its formation and I look forward to sustainability becoming even further embedded in our governance framework going forward.

Peter Ventress
Chairman and Chair of the BSC
26 February 2024

BOARD SUSTAINABILITY COMMITTEE REPORT continued

Composition

During 2023, the BSC comprised the Chairman of the Company, who chairs the Committee, and all of the independent non-executive directors. The Secretary to the Committee is the Company Secretary. The CEO, CFO, Director of Group HR and Head of Sustainability are also usually invited to attend Committee meetings and other senior executives are invited to attend meetings as required.

BSC meetings

The Committee meets as necessary throughout the year to discharge its responsibilities.

The table below sets out directors' attendance at the three scheduled Committee meetings held during 2023.

	Meetings attended
Peter Ventress	3/3
Vanda Murray	3/3
Lloyd Pitchford	3/3
Stephan Nanninga	3/3
Vin Murria	3/3
Pam Kirby	3/3
Jacky Simmonds*	3/3

* Jacky Simmonds was appointed as a director on 1 March 2023 and attended all Committee meetings held between that date and the end of the year.

Principal responsibilities of the Committee

- Assist the Board in overseeing policies and programmes to ensure that the Company meets objectives, targets and priorities set out in the sustainability strategy
- Ensure that the Board is kept updated on key sustainability matters
- Provide recommendations to the Board on changes to Bunzl's governance framework and the sustainability strategy
- Make recommendations to the Board to mitigate any sustainability related risks identified by management
- Review the work of other Board level Committees to ensure that adequate consideration is afforded to sustainability objectives
- Provide recommendations to the Board on approval of any corporate communications with material sustainability content
- Assist the Board in its oversight of Bunzl's conduct with regard to its obligations as a corporate citizen

Activities of the Committee during 2023

- Received an update on Bunzl's 2023 double materiality assessment and discussed next steps
- Reviewed reports on Bunzl's Supplier Engagement Programme
- Received updates on Bunzl's net zero transition plan and the SBTi Net Zero Standard
- Reviewed the Company's sustainability objectives for 2023, with a focus on products and packaging, climate change and diversity and inclusion
- Discussed changes to the Group Diversity, Equity and Inclusion policy and recommended the reviewed policy to the Board for approval
- Participated in a deep dive into responsible sourcing at Bunzl, with a focus on standards and governance, risks, auditing and recent workstreams
- Recommended the 2023 Modern Slavery Statement to the Board for approval
- Submitted the Board and Committee Diversity Policy to the Board for approval

Q&A:

with James Pitcher, Group Head of Sustainability

Q. How has the formation of the BSC influenced Bunzl's governance of sustainability related issues?

Sustainability has always been a regular agenda item at Bunzl's Board meetings, but the creation of the BSC has allowed for more time to be dedicated to discussion of sustainability-related matters and more frequent updates to be provided to the Board on the progress of our key initiatives. This allows Board members to consider sustainability-related issues in more detail and ask more questions on particular topics, for example the development of our net zero transition plan.

The formation of the BSC has also facilitated deeper Board-level consideration of emerging issues, such as new sustainability reporting standards. The Committee's oversight of this area ensures that Bunzl delivers on its commitment to clear and transparent disclosures and enhances the Group's contribution to a more sustainable future.

Q. What level of engagement does your team have with the BSC?

As Group Head of Sustainability, I attend and present to the Board at Committee meetings, supported by other members of the team as necessary.

I then provide updates from meetings to our regional sustainability teams so they can understand and act on the Committee's feedback as appropriate.

Q. How does the BSC include stakeholder considerations in its discussions?

At Bunzl one of our key strengths is being able to offer our customers a tailored approach based on their individual needs. The local expertise and supply flexibility that our decentralised structure offers means we are perfectly placed to solve the individual problems our customers face rather than taking a 'one size fits all' approach to their sustainability challenges. For example, we can provide solutions to suit different types of regional or local packaging legislation that a customer with a national presence needs, and can tailor our deliveries to a customer's network of sites to reduce carbon emissions.

Since the formation of the BSC, we have been able to share feedback and examples from our customer's perspectives with the Board and, in doing so, give Board members a greater appreciation of the sustainability-related priorities of our customers and how any issues are addressed across Bunzl's decentralised business. The Board is then able to take these priorities and issues into consideration and make well-informed decisions with the interests of Bunzl's key stakeholders in mind.

AUDIT COMMITTEE REPORT

Lloyd Pitchford
Chair of the Audit Committee

> Assuring the reliability of our reporting is critical to the Group's long term success and to building trust with our stakeholders."

Introduction from Lloyd Pitchford

I am pleased to present our Audit Committee report for the year ended 31 December 2023 and welcome Jacky Simmonds, who was appointed on 1 March 2023, as a Committee member. The report provides an overview of the Committee's role and demonstrates how our work contributes to the achievement of the Group's purpose-led strategy, further information of which can be found on page 26.

Assuring the reliability of our reporting is critical to the Group's long term success and to building trust with our stakeholders. The Committee assists the Board in fulfilling its responsibilities in this regard by monitoring areas such as the integrity of financial and non-financial reporting and the effectiveness of the risk management framework and system of internal controls.

During 2023, the Committee made good progress on the key areas of focus that were identified as part of its 2022 evaluation, further details of which are set out in the report that follows. The Committee continues to keep its activities under review to ensure they remain appropriate, and insights into the Committee's priorities for the forthcoming year can be found on page 113.

External audit tender

In accordance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the 'CMA Order'), the Company is required to put its external audit contract out to tender every 10 years. As PricewaterhouseCoopers LLP ('PwC') were appointed as Bunzl's external auditors in 2014, it was decided that a formal and competitive tender process, overseen by the Committee, would be carried out in 2023.

The tender concluded with the Board accepting the Committee's recommendation that, subject to shareholder approval at the Company's 2024 AGM, PwC be reappointed as the Company's statutory auditors for the 2024 financial year. An overview of the tender process can be found on page 120.

Audit and corporate governance reforms

During 2023, the Committee monitored the draft Companies (Strategic Report and Directors' Report) (Amendment) Regulations 2023 and undertook preparatory work to ensure that the Company would be well positioned to implement the new requirements. While the statutory instrument has been withdrawn, the principle of increasing the effectiveness of the Company's risk management and internal controls systems remains a priority for the Committee.

In addition, the Audit Committees and the External Audit: Minimum Standard (the 'Minimum Standard') was issued by the Financial Reporting Council (the 'FRC') in 2023. Prior to its implementation, a gap analysis was undertaken to ensure that the Company's current practices are in line with the requirements set out therein. Although the Minimum Standard is not currently mandated, I am pleased to share that the Company complies with its provisions.

The Committee is also aware of the amendments to the UK Corporate Governance Code, which were published by the FRC in January 2024. As mentioned in the Corporate governance report, a full review of the new requirements will be undertaken in 2024 and the Committee will report formally against the relevant provisions as they are brought into effect in 2025 and 2026.

Risk management, internal controls, and fraud risk

Bunzl's internal controls environment is designed to protect the business from any material risks it faces. Overseen by the Committee, Bunzl's Internal Controls Essentials programme was implemented in 2022 to address the UK government's proposed reforms to the audit and corporate governance regime. Although some of the proposed reforms were withdrawn in October 2023, the programme was implemented with a 'no-regrets' approach and designed to support Bunzl's growing businesses with a clear global framework and guidance but localised design and implementation. As such, core programme objectives around financial controls remain and implementation work continues. Progress in respect of the work carried out under the programme was considered at each Committee meeting during 2023 and the Committee is pleased with the positive impact that the programme has had on the Group's risk and control environment. The Committee will review the Internal Controls Essentials programme approach and alignment with the relevant provisions of the revised Code in 2024, with a particular focus on non-financial controls.

The Internal Controls Essentials programme has also brought about more extensive and frequent reporting of fraud risk and, in 2023, the Committee evaluated a new cross-functional Fraud Response and Investigation Standard, developed in conjunction with a third party security firm. The standard was designed to supplement the Group Fraud Policy, which itself was refreshed in 2022, with the aim of advancing minimum standards and providing best practice guidelines on investigation activity. The impact of the new standard will be kept under review and risk management and internal controls will remain an area of focus for the Committee throughout 2024.

Additional information on our governance of risk management and internal controls can be found later in this report and in the Corporate governance report on pages 116 to 117.

Information and cyber security

Bunzl's information and cyber security programmes are vital to the sustainable success of the Group's operations. Ensuring that robust and adaptable governance processes are in place to detect and respond to ever-evolving cyber security risks remained a key focus of the Committee in 2023. During the year, the Committee received regular updates on the Group's information security internal controls framework from both the Group Chief Information Officer ('Group CIO') and the Group Chief Information Security Officer ('Group CISO'), including the output from an externally facilitated cyber incident simulation.

AUDIT COMMITTEE REPORT continued

Additional information on the Group's approach to information and cyber security is outlined later in this report on page 116.

Financial and non-financial reporting

During the year, the Finance function's remit was expanded to include responsibility for the Internal Controls team, as well as ESG and non-financial reporting. This is a welcome development, which I believe will streamline the Group's reporting processes and further enhance the quality of Bunzl's disclosures.

Monitoring the integrity of the Group's financial and narrative reporting and the significant judgements contained therein continued to be a key priority in 2023. The Committee received regular updates on legal and regulatory developments relating to ESG and non-financial reporting and considered existing processes in the context of these new requirements and emerging best practice. The Committee is aware of incoming legislation, such as the Corporate Sustainability Reporting Directive, and will monitor developments in this area closely to ensure that it is well positioned to oversee and, where necessary, challenge, the Company's plans and actions to comply therewith.

During the year, a letter was received from the Conduct Committee of the FRC relating to its limited scope review of the Company's Annual Report for the year ended 31 December 2022. Further information was requested in relation to two principal areas. However, following our letter of response, no substantive changes were required to the Company's disclosures.[1]

Internal Audit function

In accordance with the internal audit charter, the Company's Internal Audit function was subject to a rigorous external quality assessment ('EQA') process in 2023, facilitated by an independent third party. The Committee considered and discussed the results of the assessment and I am pleased to report that, since the previous EQA, all actions identified to mature the approach and role of the function have been taken. Further details concerning the 2023 EQA process can be found on page 119.

Performance evaluation

I am pleased to report that the 2023 Board evaluation demonstrated that we are performing our duties effectively and providing robust challenge and support to management. Further information concerning the evaluation can be found in the Corporate governance report on page 103.

Additional disclosures on the Committee's activities in 2023, and planned areas of focus in 2024, can be found later in this report. I hope that this report and the insights it provides on the Committee's activities assures you that we continue to approach our duties with rigour, integrity and transparency.

Lloyd Pitchford
Chair of the Audit Committee
26 February 2024

1. The FRC makes suggestions, where it believes the users of the accounts would benefit from improvements to the Company's existing disclosures. Each year, the Company considers any suggestions made by the FRC in preparing the Company's Annual Report. The Company recognises that the FRC's review was based on a review of its Annual Report for the year ended 31 December 2022 and did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC's review provides no assurance that the Company's Annual Report is correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Composition and experience

The Committee comprises all of the independent non-executive directors, who were appointed to the Committee by the Board following recommendations by the Nomination Committee. The Secretary to the Committee is the Company Secretary.

All members contribute to the work of the Committee and bring an appropriate balance of financial, risk management, commercial acumen and experience in multinational organisations, combined with a good understanding of the Company's business and are therefore considered by the Board to be collectively competent in the sector in which the Company operates.

As the serving Chief Financial Officer of Experian plc, the Chair of the Committee, Lloyd Pitchford, is considered by the Board to have recent and relevant financial experience. The Committee members are of an independent mindset and bring a diversity of perspectives, knowledge and experience to the Committee's deliberations, which in turn ensures that the Committee is able to provide an appropriate amount of scrutiny, challenge and support to management. Independent thinking is an essential aspect of the Committee's role and is crucial in assessing the work of management and the assurance provided by the internal and external audit functions. Further information concerning the directors' skills and experience can be found in the Corporate governance report on pages 90 to 92.

Audit Committee meetings

The table below sets out the Committee's composition and its members' attendance at the four scheduled Committee meetings held during 2023.

	Meetings attended*
Lloyd Pitchford	4/4
Vanda Murray	4/4
Stephan Nanninga	4/4
Vin Murria	4/4
Pam Kirby	4/4
Jacky Simmonds**	3/3

* While the Company Chairman and the executive directors are not members of the Committee, they normally attend Committee meetings by invitation, together with the Head of Internal Audit and Risk, the Group Financial Controller, representatives from the external auditors and other members of the Group finance team.

** Jacky Simmonds was appointed as a director on 1 March 2023 and attended all Committee meetings held between that date and the end of the year.

Key areas of focus in 2024

- Continuing to monitor financial reporting, the embedding of new control systems, the development of risk management as well as artificial intelligence and data protection
- Continuing to monitor and develop a response to proposed reforms to the UK governance and audit framework, including progress made to comply with relevant Code requirements relating to audit, risk and internal controls
- Reviewing progression of the Internal Controls Essentials programme
- Considering non-financial and ESG reporting and assurance
- Regular updates on Information Security, including progress implementing the agreed multi-year plan, and deep dive training sessions covering key risks and the Company's actions in response thereto

AUDIT COMMITTEE REPORT continued

Role and support

The role of the Audit Committee is to act independently of management to safeguard the interests of stakeholders in relation to the Company's financial reporting and internal controls arrangements. A fundamental part of this role is ensuring that the Company has effective governance over the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions and the management of the Group's systems of internal controls and business risk management and related compliance activities.

The Committee provides appropriate oversight, review and challenge of the decisions and approach taken by management in respect of the content and disclosures within the Company's financial reports, including considering whether such disclosures are set properly in context.

In the performance of its duties, the Committee has independent access to the services of the Company's internal audit function and to the external auditors and may obtain outside professional advice as necessary.

The Committee's terms of reference, which were reviewed by both the Committee and the Board in 2023, are available on the Company's website, www.bunzl.com.

Training and briefings

Throughout 2023, the Committee considered market updates and developments to ensure that it was fully cognisant of matters that may affect the Group and its operations. This included:

- Internal Controls Essentials programme and fraud updates at every Committee meeting;
- review of non-financial reporting and assurance;
- updates on the proposed UK corporate governance and audit reforms;
- information security updates;
- PwC Audit Committee training, including:
  - accounting update;
  - corporate reporting & governance update; and
  - regulatory and public policy matters.

Stakeholder engagement

Our relationship with our stakeholders is a fundamental driver of value creation and we place considerable importance on ensuring that we are aware of and understand their views and sentiments. The Committee Chair avails himself of all opportunities to engage with Bunzl's stakeholders when appropriate in order to obtain their feedback and discuss any concerns that they may have concerning the Committee's operations and oversight. In 2023, members of the Committee, including the Chair, proactively reached out to various institutional shareholders to solicit meetings to discuss the work of the Committee and to answer any questions that the shareholders may have concerning matters within the Committee's remit. Additional information on this engagement can be found of page 102.

While the results of the Company's proactive engagement with stakeholders during the year did not identify any concerns relating to the Group's risk profile and management thereof, or the Committee's discharge of its responsibilities, this is not taken for granted and the Committee will continue to monitor stakeholder sentiment closely and ensure that engagement is sought whenever it is needed. The Chair of the Committee will also be attending the Company's forthcoming AGM to answer any questions that shareholders may have. Further information concerning stakeholder engagement can be found on pages 64 to 67.

Principal responsibilities of the Committee

Financial and narrative reporting

- Monitoring and reviewing the integrity of the Group's financial and narrative reporting and the significant judgements contained therein
- Reviewing non-financial reporting measures, including non-financial KPIs, for inclusion in the Annual Report

Risk management and internal controls

- Reviewing:
  - the Group's risk management processes, procedures and controls;
  - the effectiveness of the Company's internal controls systems including operational, compliance and financial controls; and
  - the assurance activities relating to financial and non-financial reporting matters.

Internal audit

- Overseeing the Company's internal audit activities
- Monitoring and reviewing the effectiveness of the internal audit function

External audit

- Making recommendations to the Board in relation to the appointment/reappointment/removal of the external auditors
- Reviewing the Company's relationship with the external auditors and monitoring their independence and objectivity
- Agreeing the scope, terms of engagement and fees for the statutory audit
- Initiating and supervising a competitive tender process for the external audit as required from time to time
- Developing and implementing a policy on the engagement of the external auditors to supply non-audit services

Financial statements and significant accounting matters

During the year and prior to the publication of the Group's results for 2023, the Committee spent considerable time reviewing and scrutinising the 2023 half year financial report and related news release, the 2023 Annual Report (including the financial statements), the 2023 annual results news release and the reports from the external auditors on the outcomes of their half year review and their audit relating to 2023. Management was challenged, where appropriate, on matters such as the appropriateness of accounting policies, critical accounting judgements and key accounting estimates. The appropriateness of the Group's external reporting framework and use of alternative performance measures ('APMs') were also assessed, with the Committee concluding that it is satisfied that the APMs reviewed are consistent with market practice, and that disclosure and reconciliation to statutory measures is appropriate. In conjunction with the Board, the Committee reviewed the financial modelling and stress testing conducted for the going concern assessment, as well as the viability assessment process undertaken in support of the long term viability statement. The Committee also challenged the assumptions and scenarios, noting the effect they would have during the viability period, further details of which can be found on page 77.

As part of its work, the Committee considered a number of significant accounting matters in relation to the Company's financial statements, together with the adequacy of the associated disclosures. These significant accounting matters are summarised in the table below and further information can be found in the relevant notes to the consolidated financial statements. The Committee believes that the significant accounting matters have been properly recorded in the Company's books and records and accounted for appropriately, including relevant disclosure in the Annual Report.

Significant matters considered in relation to the financial statements

Matter	Review and conclusion
Accounting for business combinations	For business combinations, the Group has a long-standing process for the identification of the fair values of the assets acquired and liabilities assumed, including separate identification of intangible assets using external valuation specialists where required. The Committee reviewed this process and discussed with management and the external auditors the methodology and assumptions used to value the assets and liabilities of the acquisitions completed in 2023. The Committee concluded that it was satisfied with management's valuations of these assets and liabilities, including the degree to which such valuations are supported by professional advice from external advisers. For business combinations where less than 100% of the issued share capital of a subsidiary is acquired and the acquisition includes put and call options over the remaining share capital of the subsidiary, the Group has an established process to assess whether a non-controlling interest should be recognised. There were six such business combinations during the year. The Committee reviewed the Group's assessment of these si business combinations, noting that no non-controlling interest had been recognised. The Committee concurred with management's conclusion that the risks and rewards associated with the options to purchase the remaining shares had transferred to the Group on each acquisition. Details of the Company's approach to accounting for acquisitions are set out in Note 9 to the consolidated financial statements.
The carrying value of goodwill, customer relationships and brands intangible assets	Goodwill is allocated to cash generating units ('CGUs') and is tested annually for impairment. The Committee critically reviewed and discussed management's report on the impairment testing of the carrying value of goodwill of each of the Group's CGUs. The Committee also critically reviewed and discussed management's consideration of the impairment risk relating to customer relationships, brands and technology intangible assets. In both regards, the Committee considered the sensitivity of the outcome of impairment testing to the use of different assumptions and considered the external auditors' testing thereof. After due challenge and debate, the Committee concluded that it was satisfied with the assumptions and judgements applied in relation to the impairment testing and agreed that there was no impairment of goodwill or customer relationships, brands and technology intangible assets. Details of the key assumptions and judgements used are set out in Note 13 to the consolidated financial statements.
Defined benefit pension schemes	The Committee considered reports from management and the external auditors in relation to the valuation of the defined benefit pension schemes and reviewed the key actuarial assumptions used in calculating the defined benefit pension liabilities, especially in relation to discount rates, inflation rates and mortality/life expectancy. The Committee discussed the reasons for the movement in the net pension surplus and was satisfied that the assumptions used were appropriate and were supported by independent actuarial experts.
Inventory and receivable provisions	The Committee considered the analysis from management detailing the provision percentages and reconciliation of the provision balance from 31 December 2022 to 31 December 2023 and noted that, during the year, the Group had a net utilisation of approximately £25 million in trade receivables and slow-moving inventory provisions, with usage of these provisions exceeding net charges to increase the provisions. The Committee also noted that the Group had some utilisation of the additional provisions set up in the prior year as a result of market price movements on certain Covid-19 products.

Risk management

The Board approves the Group's risk management framework and sets the risk appetite, which in turn guides management to proactively identify, monitor, and manage the material and emerging risks that could impact Bunzl. During 2023, the Committee continued its regular review of risk reporting to ensure the balance between risk and opportunity remained in line with the Group's risk appetite and tolerance.

In 2023, the Committee reviewed the process by which significant current and emerging risks had been identified by management and the Board, the key controls and other processes designed to manage and mitigate such risks, including the assurance provided by the internal audit function, the external auditors and other oversight from management and the Board. The Committee uses a number of tools to review the Group's risk management processes, including the Group's Risk and Assurance Map. These tools are reviewed regularly to ensure that they remain fit for purpose and continue to meet the needs of the business. External assurance reviews, which are focused on the maturity of the Group's risk management procedures, are held every five years, with the latest taking place in 2022. In 2023, the Committee reviewed the output of annual internal reviews of the maturity of the Group's risk management procedures, which have been used to develop the Group's ERM framework further and set goals for the future.

Cyber risk

We have continued to strengthen our cyber security controls and governance in recent years in response to the increasing threat cyber risks pose to our businesses, including further developing our security policies, practices and training. We have remained focused on increasing the maturity of our cyber security capabilities and have invested heavily in the resources and initiatives necessary to maintain and improve our information security framework, including preventative technologies such as end point detection systems, user training and carrying out regular health checks and testing.

We believe that having an overlapping strategy based on security tools, people, and processes yields the most effective defences. Our layered approach to cyber security provides multiple opportunities for threats to be identified and addressed before they can cause significant harm.

Fundamental to the success of our digital security and strategy is our digital security culture, which is fostered and embedded through several channels. We recognise that a culture of security has to start at the top and the Board and Committees lead by example by dedicating considerable time and attention to the risks associated with cyber and information security. The Group CIO, Group CISO and the Head of Internal Audit and Risk are regularly invited to Committee meetings to give an assessment of cyber risk and provide updates on the measures being taken by management to mitigate the cyber and information security risks and other evolving threats faced by the business.

Making security a part of everyone's responsibilities is a key part of instilling Bunzl's security culture and seeing senior management embody the security culture through their words and actions has been an important part of this. Regular communications and presentations from the Group CIO and Group CISO also increase employees' awareness and understanding of cyber risks and reinforce the significance security has for the entire Group. Similar to many large companies, Bunzl is the subject of regular cyber threats and attacks, none of which were considered material and all of which were managed effectively by our Group Information Security teams in 2023.

In 2023, the Committee received reports on a cyber incident simulation exercise facilitated by a third party. A cross-functional group undertook the exercise, considering how they would address the simulated incident at each stage of the process. At the end of the simulation, key learnings and future actions were summarised with additional feedback provided by the third party to further improve each function's approach to addressing potential cyber security incidents.

The Committee also received updates on the Group's information security risk assessment process and an internal controls overview, supported by a detailed internal audit of the current information security internal controls framework. External assurance reviews of our information security systems are undertaken regularly, with the last review being carried out in 2022, and the next one scheduled for 2024.

We believe that having an overlapping strategy based on security tools, people, and processes yields the most effective defences. Our layered approach to cyber security provides multiple opportunities for threats to be identified and addressed before they can cause significant harm.

Cyber security at Bunzl

Identify Know what we have, what we do, and what's important	• Asset Management • Business Environment • Governance • Risk Assessment • Risk Management
Protect Stop the things we should and do the basics well	• Identity Management • Awareness and Training • Data Security • Information Protection
Detect Quickly, simply, and efficiently find what needs to be stopped	• Anomalies and Events • Detection Processes • Security Continuous Monitoring
Respond Implement processes to deal with events in real time	• Analysis • Mitigation • Improvements • Communications • Response Planning
Recover Return to known good state and focus on continuous improvement	• Disaster Recovery • Continuous Improvement • Communications

Internal controls

The Group has an internal controls environment designed to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls and the Committee has responsibility for ensuring the effectiveness of those controls. These controls and procedures are designed to manage, but not eliminate, the risk of failure of the Company to meet its business objectives and, as such, provide reasonable, but not absolute, assurance against material misstatement or loss.

The Committee monitored the effectiveness of the internal financial controls framework through reports from the Chief Financial Officer ('CFO'), the Group Financial Controller, the Head of Internal Audit and Risk and the external auditors. In particular, the Committee considered the scope and results of the work of internal audit, the findings of the external auditors in relation to the year end audit, management's assessment of fraud risk, the controls over the Company's financial consolidation and reporting process, treasury controls, tax risks and the process for monitoring the ongoing performance of the Company. It is the responsibility of management to provide confirmation that the controls and processes are being adhered to throughout the business and this is continually tested by the work of the internal audit function as part of its annual plan of work, which the Committee approves. Compliance with the internal controls system is monitored via an annual internal controls self-assessment with sign-off and review of key financial and non-financial controls for all businesses. Self-assessed responses are challenged locally by business area internal controls teams, reviewed centrally and audited on a sample basis by the internal audit function, and reported to the Committee.

The Committee also oversaw the Group's Internal Controls Essentials programme, which aims to further develop the Group's internal controls framework for financial reporting. As part of this programme, a Group Steering Committee works to further the strategy and monitor progress against key programme deliverables. In 2024, the Committee will review the Internal Controls Essentials programme to ensure it is aligned to the FRC's revised Code, including in respect of non-financial controls.

Having reviewed the process by which management assessed the control environment, in accordance with the requirements of the Guidance on Risk Management, Internal Controls and related Financial and Business Reporting published by the FRC, the Committee confirms that the system of internal controls operated effectively for the 2023 financial year. Where specific areas for improvement were identified, mitigating alternative controls and processes were in place. This allows us to provide positive assurance to the Board to help fulfil its obligations under the FRC's UK Corporate Governance Code.

Further information on internal controls and risk management is included in the Corporate governance report on pages 104 to 105. Additional information concerning the Group's approach to risk management and the principal risks and uncertainties that it faces can also be found on pages 68 to 76.

Meetings and activities

Committee meetings are generally scheduled close to Board meetings in order to facilitate an effective and timely reporting process.

The Committee has a structured, rolling, forward-looking planner which is developed with the Company Secretary and is designed to both ensure that the Committee's responsibilities are discharged in full during the year, and to facilitate more in-depth reviews of those topics which are of particular importance or pertinence. Items on the agenda are set with consideration of regulatory requirements, the Company's reporting timetable and after considering key issues identified by the CFO, management, the Head of Internal Audit and Risk and the external auditors.

The forward agenda planner is reviewed regularly and adapted, where necessary, to ensure that it meets the changing needs of the business.

The Chair of the Committee holds preparatory discussions with the Company's senior management, the Head of Internal Audit and Risk and the external auditors prior to Committee meetings to discuss the items to be considered at the meetings. The Committee Chair also meets individually throughout the year with Committee members to obtain their feedback on the areas of Committee focus. Separate discussions are held periodically during Committee meetings between the Committee and the Head of Internal Audit and Risk and the external auditors without management present.

Following each Committee meeting, any significant findings are reported to the Board and copies of the minutes of the Committee meetings are circulated to all directors and to the external auditors.

The Committee Chair attends the AGM to respond to any shareholder questions that might be raised concerning the Committee's activities.

A summary of the Committee's key activities in 2023 and its priorities for 2024 can be found on page 118 and page 113 respectively. The Committee will continue to keep its activities under review and adapt them wherever necessary in anticipation of, and in response to, developments within the business and changes in the financial reporting, regulatory and governance landscape.

Audit Committee meetings and activities

Financial reporting

- Receiving and, where appropriate, challenging reports from management and the external auditors in relation to the half year financial report and the annual financial statements
- Reviewing the half year financial report and the annual financial statements and the formal announcements relating thereto
- Considering the appropriateness of disclosures made in the half year financial report and annual financial statements
- Considering thematic reviews and guidance from the FRC concerning annual report disclosures

Risk management, internal controls and fraud risk

- Reviewing the effectiveness of the Company's internal financial controls and the assurance procedures relating to risk management systems, including receiving and considering a Risk and Assurance Map
- Considering ESG and non-financial reporting and assurance
- Reviewing the Company's annual controls self-assessment and fraud processes and related controls framework
- Reviewing the effectiveness of the Company's risk management processes
- Reviewing the Company's principal tax risks and the steps taken to manage such risks
- Considering updates from the Group Financial Controller on the Internal Controls Essentials programme and fraud updates
- Receiving updates on the Group's Information Security Policy and activities in 2023, including incidents encountered, threat monitoring, control priorities, focus areas and key performance indicators
- Receiving updates from the Head of Internal Audit and Risk on the Information Security Assurance Audit Plan and associated audit results, including progress on GDPR and data privacy, and the Group's risk-based security framework
- Considering the new Fraud and Investigation Standard

Audit matters

- Reviewing the effectiveness of both the external auditors and the internal audit function following completion of detailed questionnaires by both the Board and senior management within the Company
- Approving the tender of the external audit contract
- Making recommendations to the Board, based on considerations of the output of the external audit tender, concerning the reappointment of the external auditors
- Approving the remuneration and terms of engagement of the auditors, including the audit strategy
- Reviewing and approving the policy for the provision of non-audit services by the external auditors
- Reviewing and approving the level and nature of non-audit work which the external auditors performed during the year, including the fees paid for such work, and planning process for the current financial year
- Reviewing and approving the internal audit work programme for the coming year
- Considering a paper concerning the initiatives undertaken by the internal audit function to further develop the team and increase collaboration across the Group's businesses
- Receiving and considering reports from the Head of Internal Audit and Risk concerning the work undertaken by the internal audit function, including in relation to the function's ongoing quality assurance and improvement programme
- Receiving and considering the output of the External Quality Assurance review of the internal audit function
- Reviewing and approving the Company's internal audit charter

Governance and other

- Reviewing the Committee's effectiveness following an externally facilitated performance evaluation
- Reviewing the Committee's terms of reference
- Reviewing and approving the Group's Tax Strategy for the 2023 financial year
- Considering incoming regulatory reforms and the Company's proposed in response to the BEIS consultation 'Restoring trust in audit and corporate governance'
- Considering a letter from the FRC's Conduct Committee relating to its limited scope review of the Company's 2023 Annual Report
- Receiving training on proposed regulatory and governance changes, corporate reporting, and accounting

AUDIT COMMITTEE REPORT continued

Internal audit

The work of the internal audit function provides the Committee with a further means of monitoring the processes and actions to manage and mitigate those risks identified as posing the greatest threat to the Company.

The scope of work covers all systems and activities of the Group and work is prioritised according to the Company's risk profile. The internal audit plan is approved by the Committee annually and is reviewed regularly thereafter to ensure that it continues to be fit for purpose and to enable the Committee to assess how internal audit is delivering against the plan.

The quality and effectiveness of the internal audit function's work is monitored continually using a variety of formal and informal inputs, including discussions with management, reviews and assessments of the quality of testing results and reporting, questionnaires, and feedback from the external auditors. This year, an externally facilitated evaluation of the effectiveness of the internal audit function was undertaken by a third party.

The external audit partner and the Head of Internal Audit and Risk attend and table reports at each scheduled Audit Committee meeting, which ensures that the Committee members have the opportunity to provide real-time feedback and, where appropriate, challenge in relation to all audit related matters. The internal audit reports include details of the audit findings, the relevant management actions required in order to address any issues arising, as well as updates on management's progress in addressing any outstanding recommendations from previously reported findings. The reports also highlight any significant issues relating to the processes for controlling the activities of the Group and the adequacy and effectiveness of such processes.

A detailed questionnaire is circulated annually to gather feedback from a broad range of internal stakeholders, including directors and senior management at Group and business area levels who have regular contact with the internal audit function. In 2023, the questionnaire covered a total of 35 different aspects of the internal audit function, including: purpose, authority and responsibility; independence, objectivity and proficiency; quality assurance processes; adequacy of resources; auditors' skills and capabilities; and the quality of reporting. Taking all of these elements into account, the Committee concluded that the Internal Audit function continued to be effective, efficient and appropriately resourced.

The Head of Internal Audit and Risk has direct access to the Committee Chair, with whom a number of meetings were held during the year outside formal Committee meetings. The Chair of the Committee also liaises with the CFO as necessary to ensure robust oversight and challenge in relation to financial control and risk management and to ensure that the Committee is kept informed of any changes in response to new issues or changing circumstances.

In 2023, the Committee considered an external quality assessment report on the Internal Audit function. The findings of the report were positive, revealing that the function benefitted from support from the Board, had embedded quality assurance processes, and engaged effectively with the business while maintaining independence and objectivity. The report outlined actions to further strengthen and mature the Internal Audit function, all of which will be addressed as part of the function's future work programme. The Committee will carry out an internal effectiveness review of the Internal Audit function in 2024.

External auditors

An important part of the Committee's work consists of overseeing the Group's relationship with the external auditors. The Committee is responsible for ensuring that the three-way relationship between the Committee, the external auditors and the Company's management is appropriate and that the independence, quality, rigour, and challenge of the external audit process is maintained.

As part of its decision making process concerning whether to tender, offer, or continue an audit engagement, there are a number of key considerations that the Committee takes into account, the principal elements of which are set out below and on pages 120 to 121.

Conflicts of interest

In assessing the independence of the auditors from the Company, the Committee takes into account the information and assurances provided by the auditors confirming that all its partners and staff involved with the audit are independent of any links to the Company.

PwC confirmed during the year that all its partners and staff complied with its ethics and independence policies and procedures which are consistent with the FRC's Revised Ethical Standard (2019) and other relevant regulatory and professional requirements, including that none of its employees working on Bunzl's audit hold any shares in Bunzl plc. PwC is required to provide an independence confirmation letter at the completion stage of the audit, including any relationships that may reasonably be thought to have an impact on its independence and the integrity and objectivity of the audit engagement partner and the audit staff.

Non-audit services

Bunzl has a detailed policy relating to the provision of non-audit services by the external auditors which is overseen by the Committee. It is the Company's policy to assess the non-audit services to be performed by the Company's auditors on a case-by-case basis to ensure adherence to the prevailing ethical standards and regulations.

Principally, Bunzl uses other firms to provide non-audit services. However, if the provision of a service by the Company's auditors is permitted and adequate safeguards are in place, it is sometimes appropriate for this additional work to be carried out by the Company's auditors.

Details of the fees paid to the external auditors in 2023 in respect of the audit and for non-audit services are set out in Note 5 to the consolidated financial statements. The fees relating to non-audit services work in 2023 equated to 7.2% of the fees relating to audit services.

Tenure and effectiveness

The Committee takes into account the tenure of the auditors in addition to the results of its review of the effectiveness of the external auditors and considers whether there should be a full tender process, either as a result of that review or as may be required by the relevant regulations. As previously mentioned, a tender process for the external audit was undertaken in 2023 and an overview of this process can be found on the following page. There are no contractual obligations restricting the Committee's choice of external auditors. The Company confirms that it has complied with the provisions of the CMA Order for the 2023 financial year.

Given the continuing effectiveness of PwC in its role as external auditors, the Committee believes it is in the best interests of shareholders for PwC to remain in the role for the next year. Neil Grimes took over the position as audit partner with effect from 1 January 2019 and remained the audit partner throughout 2023. Having acted as audit partner to the Company for five years, Neil Grimes will rotate off as audit partner in 2024, being replaced by Simon Morley, in line with the Auditing Practices Board's Ethical Standards.

The Committee was satisfied with the results of its review of the external auditors' activities, and performance throughout the tender process, during the year. The Committee has therefore recommended to the Board, that a resolution proposing the reappointment of PwC as external auditors for the year ending 31 December 2024 be put to shareholders at the forthcoming AGM. Additional information on the 2023 external auditor effectiveness review can be found on page 121.

AUDIT COMMITTEE REPORT continued

External audit tender process

Scope

Bunzl is required to undertake an external audit tender every 10 years and rotate audit firms every 20 years. Given PwC was appointed in 2014, the Audit Committee initiated and supervised a competitive tender process for the Company's external audit. The Committee approved a project plan for the tender and the selection criteria that would be used.

A Selection Panel comprising the individuals listed below was established to facilitate the tender process:

Members	
Lloyd Pitchford	Chair of the Audit Committee
Peter Ventress	Chairman of the Board
Vin Murria OBE	Non-executive director
Pam Kirby	Non-executive director
Richard Howes	Chief Financial Officer
Ian Burrows	Group Financial Controller

The Selection Panel was responsible for identifying audit firms to potentially participate in the tender and subsequently evaluating participating firms' performance using transparent and non-discriminatory criteria. Committee members were involved throughout the tender process, with regular updates being provided by the Selection Panel. Participating firms were provided with an information pack covering key information about the Group and were provided access to discussions with senior managers at Group and local business level.

Evaluation

All members of the Selection Panel attended oral presentations by candidate firms held at the Bunzl plc registered office on 9 June 2023.

The resources that were available to the Selection Panel in the evaluation process included the proposal documents received from the three candidate firms, the feedback received from Bunzl management following the meetings with each firms' representatives, an extract from the FRC's published quality reviews of each firm and an analysis of the fees proposed by each firm in relation to proposed audit scopes.

The Selection Panel evaluated the proposals according to five non-financial criteria:

- audit firm capability and service delivery;
- audit team capability;
- understanding our business;
- audit approach and materiality; and
- audit quality.

The candidate firm fee proposals were also considered in the context of whether they were competitive and offered strong value to Bunzl, although the principal focus of the evaluation was on maximising future audit quality.

Decision

A report setting out the results of the evaluation was presented to the Committee by the Selection Panel.

Having considered the report, the Committee submitted two possible audit firm options to the Board, with PwC being the preferred candidate.

Key factors in the decision to recommend the reappointment of PwC included:

- strong performance against the evaluation criteria;
- continuity in the audit approach and experience of working with Bunzl;
- understanding of Bunzl's culture and decentralised business;
- a demonstrable desire to evolve and improve the existing audit approach; and
- detailed improvement proposals and recommendations to the non-financial audit approach.

The recommendation made by the Committee to the Board was free from third party influence and there were no contractual restrictions on the choice of auditor.

After due consideration, the Board approved the reappointment of PwC as the Company' statutory auditors for the 2024 financial year. The reappointment is subject to shareholder approval at the Company's 2024 AGM.

The Committee will continue to undertake annual effectiveness reviews of the external auditors' performance and consider the FRC's annual Audit Quality Inspection and Supervision reports.

Tender response requirements
The Audit Committee Chair reviewed and approved the invitation to tender letter and tender response requirements. Large and challenger firms were invited to participate in the tender process; however, due to the size and geographical spread of the Group, none of the challenger firms accepted the invitation. Participating firms were required to submit a draft audit plan and audit proposal.

Draft audit plan
- Demonstrates an understanding of Bunzl's business and risks
- Outlines a proposed audit approach, specifically considering the 2024 half year review and year end audit
- Includes an audit plan of the Company's non-financial data
- Outlines an approach to auditing specific business geographies including North America, Continental Europe and the UK

Audit proposal
- Demonstrates capability to serve clients of large and international scope of similar complexity to Bunzl
- Details the experience and technical capabilities of the service teams
- Demonstrates independence and quality, including the FRC audit quality record
- Outlines the firm's approach to resolving accounting and financial reporting issues
- Outlines the firm's available expertise relating to the reporting of sustainability and other non-financial information

The draft audit plans and the audit proposals were a key source of information outlining the capability of shortlisted firms and were used by the Committee and Selection Panel in the evaluation process.

Effectiveness of the statutory external audit process

PwC presented the Committee with its detailed audit plan for the forthcoming financial year, which outlined its audit scope, planning materiality and its assessment of key audit risks. The identification of key audit risks is critical in the overall effectiveness of the external audit process.

In assessing the adequacy of the audit plan, the Committee considers and, where necessary, challenges the auditors on how far the scope of the audit addresses the Board's assessment of risks.

The Committee was provided with updates on PwC's progress against the audit scope at subsequent Committee meetings, providing Committee members with the opportunity to challenge management and PwC and raise questions where necessary.

Regular dialogue between the Committee and the auditors ensures that any significant issues are identified, and the appropriate audit responses are discussed, at the earliest opportunity. The external auditors also have direct access to the Chair of the Committee who held a number of meetings with PwC during the year outside formal Committee meetings.

As part of the ongoing monitoring process, the Committee considers the results of any periodic reviews by the FRC's Audit Quality Review Team of PwC's audit of the Company, as well as the results of the FRC's reviews of PwC's audits more broadly, and challenges PwC to ensure continuous improvement.

During the year, private meetings were held between the Committee and PwC without management present to encourage open and honest feedback by both parties on any matters they wished to raise. This afforded the Committee the opportunity to obtain greater insight concerning the extent to which management's analysis and presentation of information had been challenged by the auditors.

Following the completion of the audit, those involved in the process were invited to provide feedback on PwC's performance. This involved the completion of a questionnaire by the Committee members, key members of senior management and those who regularly provide input into the Committee or have regular contact with the auditors.

The questionnaire covered a total of 24 different aspects of the external audit process, grouped under four separate headings: the robustness of the audit process; the quality of delivery; the quality of people and service; and the quality of reporting. The responses were collated and a summary was presented to the Committee for consideration.

Prior to the Board's approval of the annual financial statements, the Committee provided the Board with its views on the outcome of the statutory audit. Such feedback generally covers: the outcome of the auditors' assessment of key audit matters; management's key accounting issues and judgements; other areas of audit focus; and how the statutory audit has contributed to the integrity of the financial reporting process.

The Committee also discusses the outcome of any quality monitoring processes that may have been undertaken by the auditors' own firm, including any lessons learnt and the actions taken to address those areas identified for improvement.

Based on the feedback received and the results of the Committee's ongoing audit monitoring throughout the year, the Committee concluded that PwC had demonstrated appropriate focus and challenge on the primary areas of the audit and had applied robust challenge and scepticism throughout the process, with additional measures for further enhancement encouraged.

DIRECTORS' REMUNERATION REPORT

Vanda Murray OBE
Chair of the Remuneration Committee

Bunzl delivered a strong performance against a backdrop of ongoing post-Covid adjustments in the market. The 2023 outturns reflect this, and the proposed adjustments to our Policy support our continuing strategy of growth."

Introduction from Vanda Murray

I am pleased to present the Directors' remuneration report for the year ended 31 December 2023. As we are seeking shareholder approval of our directors' remuneration policy ('Policy') at the forthcoming AGM, it has been a particularly busy year for the Committee; we have undertaken an extensive and very helpful shareholder consultation exercise in addition to the usual business of setting pay and assessing performance. It has also been my last full year as chair of the Committee and I will be handing over Chair responsibilities to Jacky Simmonds following the 2024 AGM.

Context of remuneration

2023 continued to provide a challenging performance context for Bunzl. The Group has faced the dual headwinds of ongoing post-pandemic product deflation in some parts of the world and continuing high cost inflation in others. We have also been managing the impact of a continuing tight labour market and the pressures of a cost of living crisis which has impacted consumer demand for some products and therefore customer behaviour.

Amidst all these challenges Bunzl's business performance was strong. Although the pressure of deflation and the continuation of post-Covid normalisation meant that revenues were slightly down, disciplined cost management coupled with a strong focus on margin and working capital meant that we improved our adjusted operating profit by 6.2% at constant exchange.

We were also able to make significant progress with our strategic objectives. 19 acquisitions were completed during the year, and with the acquisition of Pamark in January 2024 we have added two more countries to our global presence. We continued our progress against our sustainability goals, including the expansion of our audit programme in high risk countries, the engagement of our key suppliers on the measurement of scope 3 carbon emissions, and the increase in leadership roles occupied by females.

In summary, the Group has delivered another strong set of all-round business results, and this has been reflected in the outturns for both the annual bonus, the final performance shares granted in 2020, and the first cycle of the Restricted Share Awards granted in April 2021.

Performance and reward for 2023

Annual bonus

Annual bonus payments were based on a combination of key financial measures (70%) comprising adjusted earnings per share ('eps'), return on average operating capital ('RAOC') and operating cash flow, with 20% based on personal objectives and 10% on ESG objectives. In setting our incentive targets, we have regard to the performance potential of the different parts of the business and of the whole Group. The on-target performance level for the financial elements of the bonus for 2023 was set at, or close to, the budgeted level of performance. The personal and ESG objectives selected are closely aligned to the strategic priorities for the business and are clearly measurable.

The Committee's evaluation of the annual bonus targets resulted in a payment of 89.8% of maximum for Frank van Zanten and 89.8% of maximum for Richard Howes. As outlined above, this was a strong all-round performance from the business and the leadership team and the Committee is confident that the variable pay awarded has been aligned with this performance. On the financial elements, no discretion was applied by the Committee to adjust the bonus outcomes, as overall payments reflected business performance. The Committee conducted a detailed review of the evidence to support the evaluation of the personal and ESG objectives. In line with the Policy, 50% of the annual bonuses will be delivered in shares, subject to a three year deferral period.

Long Term Incentive Plans ('LTIPs')

Under the previous 2020 Policy, our practice was to grant both market value share options (LTIP A) and performance shares (LTIP B). Performance shares were granted biannually with half the award subject to eps growth and half to relative Total Shareholder Return. The eps element of the awards granted in April and October 2020 concluded on 31 December 2022 and was reported in last year's report. The TSR element concluded in the 2023 financial year based on performance to 31 March and 30 September 2023. Bunzl's TSR of 68.7% and 30.2% respectively resulted in vestings of 100% (April 2020 award and 75.19% (October 2020 award). As noted last year, the Committee was also satisfied that there had been no 'windfall' gain in these awards as the original grants were made in both the spring and the autumn and the average grant prices during 2020 were less than 10% below 2019 prices.

The first Restricted Share Awards ('RSAs') were granted in 2021 and will vest in April 2024 based on satisfaction of the performance underpin (as worded in the 2021 policy) relating to the period 1 January 2021 to 31 December 2023. Having reviewed the wide range of financial and non-financial metrics in the underpin and having identified no material underperformance, risk issues or regulatory failures, I can confirm that the Committee has determined that these shares should vest in full. Specific factors considered in assessing the underpin for this award included:

- Financial health of the business (revenue, profitability, cashflow, returns)
- Delivery of strategic priorities
- Stakeholder experience
- Progress towards ESG goals

More detail can be found on page 140

Shareholders should note that reporting requirements mean that both the 2020 LTIP B awards and the 2021 restricted share awards are included in the Single Figure table for 2023 in this report. This means that the total remuneration shown for both directors is artificially high this year. This will be normalised in 2024's report.

Review of the directors' remuneration policy

Background

Frank van Zanten was appointed as CEO in 2016 and, under his tenure, he has built a very capable leadership team containing broad experience and significant market and sector expertise. The consistent and proven compounding strategy based on growing organically (by expanding and developing business with existing customers and gaining new revenue with additional ones), continuously making operating model improvements and applying strong discipline in selecting the right acquisitions has driven geographic and market expansion and significantly increased the size and scale of the Group. Specifically:

- Bunzl now has a presence in 33 countries, in six core market sectors with approximately 150 operating companies and thousands of suppliers globally. Almost 60% of revenue is generated in North America.
- The Group has made over 200 acquisitions since 2004 with the annual spend reaching £468m in 2023. There have been 114 high quality acquisitions and a total committed acquisition spend of over £3.1bn since 2015. The pipeline remains active and the consistent quality of our cash generation and our strong balance sheet provide us with headroom for further acquisitions and wider capital allocation options.
- Since 2015, revenue and adjusted operating profit increased by more than 80% and annual dividend growth has been maintained for 31 years. Market value has increased by over 70% and shareholder return by almost 80%
- The Group has also made significant progress towards its objectives on sustainability, centred around some clear public commitments. This includes diversity and inclusion, with a significant improvement in the proportion of leadership roles occupied by females, which is now over 22%.

Changes to Policy proposed for 2024

The Committee has reviewed directors' remuneration ahead of the binding shareholder vote at the 2024 AGM. We sought views from our largest shareholders and the major proxy agencies and are grateful for the feedback received which has helped revise and shape our proposals.

In overall terms, the Committee has concluded that the policy framework introduced in 2021 remains appropriate, and specifically that Restricted Share Awards, which were first introduced then, continue to be instrumental in ensuring that the leaders of the business focus on actions that deliver long-term growth in an unpredictable market context. They have created greater simplicity, clarity and predictability of outcome and, importantly, they help to discourage any actions which unduly focus on short-term impacts but instead encourage a mindset which is aligned to the longer-term shareholder experience through value creation.

The Committee also concluded that the triennial Policy review should provide the opportunity to assess whether the quantum remains sufficiently competitive against the market, particularly given the requirement to attract and retain first class talent in a global context. We have proposed changes in quantum for the annual bonus and Restricted Share Award levels for both the Chief Executive Officer and Chief Financial Officer in order to reflect the increasing scale, complexity and performance of the business, and to align them with the market. Alongside this, a more robust underpin for the RSAs will apply from 2024 so that it is clearer how the awards have been assessed.

The policy review was concluded at a time when there has been much discussion regarding whether the current state of executive remuneration for UK-listed companies, and in particular, those with significant US influence and exposure such as ours, needs a reset. This includes various calls from stakeholders for UK pay to become more flexible in terms of both quantum and structure. In this regard, a number of our investors raised with us whether a hybrid structure (granting both performance shares and restricted shares) had been considered. While a hybrid structure provides the benefits of both performance assessment and stewardship, it adds complexity and, at the current time, remains rare in the UK. After some consideration, the Committee decided that such an approach was not preferred for Bunzl at this time but we will continue to monitor progress and market practice in this area with interest.

I set out below more detail on the proposed changes alongside views received from shareholders during the consultation exercise.

1. Incentive quantum increases

The Committee considered the strong performance of the business as set out above, the individual performance of members of the leadership team, the pipeline of succession talent and Bunzl's ability to recruit in a highly competitive international labour market when undertaking the current review.

Our review showed that a significant gap had developed between the Company and the wider market with regards to total remuneration. In particular, the value of the key elements of variable pay are seen as trailing the market. As such, the Committee proposes the following policy adjustments:

	Current Annual Bonus maximum	**Proposed Annual Bonus maximum**	Current RSA maximum	**Proposed RSA maximum**
CEO	180%	**200%**	125%	**175%**
CFO	160%	**175%**	100%	**125%**

External benchmarking data was used to help provide various reference points to assist the Committee with determining the competitiveness of the current packages of the executive directors. Despite being a truly global business with the majority of our revenue and profit coming from the US and the need to compete for US talent at all levels (where incentive quantum is significantly higher than in the UK), the Board recognises that Bunzl is headquartered and listed in the UK and therefore comparison with other global FTSE companies remains appropriate. In this context, the Committee considered other FTSE 11-100 companies (excluding financial services) with significant international and US presence (i.e. based on those companies with more than 20% of revenue generated from North America). At the time of the review Bunzl was ranked at c.40 in the FTSE 100 and has circa 60% of revenue coming from North America. The proposed incentive levels are in line with the median of our chosen benchmarking peer group.

The gap in incentive quantum currently partly reflects the increased size and scale of Bunzl since the last Policy was approved but also the approach to setting quantum when RSAs were first introduced in 2021. At the time, Restricted Shares replaced dual grants of performance shares and share options and a conservative approach was taken which resulted in a relatively modest restricted share award exchange. For the CEO, this involved replacing share options (175% of salary) and performance shares (225% of salary) with a single 125% of salary restricted share grant. Since 2017, the performance shares have on average vested at 62% and share options at 99%. The Committee is satisfied that the proposed Policy incentive levels reflect a more appropriate exchange and are in line with market norms.

While Restricted Shares provide greater certainty, we consider them to be variable rather than fixed in nature as quantum can be scaled back either at grant or at vesting (including to zero) through testing of the underpin. Furthermore, Restricted Shares are long term in nature (value delivered after five years) and their value mirrors the rise and fall in share price, thereby providing long-term shareholder alignment.

Reflecting the comments received from a small minority of shareholders, the Committee has decided, for 2024, not to operate at the proposed Policy levels in respect of the Annual Bonus, but to instead retain the bonus maxima at 180% of salary for the Chief Executive Officer and 160% of salary for the Chief Financial Officer, with an increase to the maxima expected to apply from 2025.

DIRECTORS' REMUNERATION REPORT continued

2. A more robust performance underpin

For the first awards to be granted under the 2024 Policy, the performance underpin will be reorganised so that a formal framework is established upfront which will set out clearly for each award the key elements which will need to be assessed for the award to vest. As is current policy, the Committee will review specific indicators to help form a view of 'in the round' performance. In addition, the Committee has the discretion to scale back awards (including to zero) if it concludes there is material underperformance over the course of the vesting period.

	Factors to be considered (not limited to)
Financial health of the business, considering key financial indicators	• Revenue growth • Operating margin • Adjusted earnings per share • Return on capital (RAOC/ROIC) • Cash conversion • Balance sheet strength
Strategic priorities	Delivery of key strategic objectives over the vesting period including operational and individual performance
Stakeholder experience	Consideration of our key stakeholders including employees, customers, suppliers and shareholders
ESG progress	Progress towards key achievement of ESG objectives including climate change ambitions, ethical supply, investing in our people and diversity

The new framework provides the Committee with a better defined and more rigorous process when assessing vesting levels, and more clarity to participants and investors. The framework provides the same broad focus on overarching performance but now focuses more explicitly on the key indicators reflecting financial health (including return on capital), strategic priorities, stakeholder experience and ESG progress.

In assessing the stakeholder experience, the Committee will also consider the return to shareholders in the form of the dividend policy for a particular year.

3. Higher shareholding guidelines

Reflecting on the proposed increase to the RSA grant level, the Committee has agreed to increase the in-employment shareholding guideline from 300% to 350% of salary for the Chief Executive Officer and from 200% to 250% of salary for the Chief Financial Officer The new guidelines are double the proposed restricted share award grant levels. This will provide further alignment between executives and shareholders. The post-cessation guideline of 300% and 200% of salary shall remain unchanged.

Employee Pay

The Committee always considers the broader context of employee pay across the Group when reviewing and implementing the policy for directors. It closely monitors base pay increases, bonus awards and other pay elements, including "one off" awards such as the cost of living payments made in 2022. In the broader context, it is worth noting that almost 8,500 employees across the Group will receive a bonus for 2023. In addition, some of the increases in quantum proposed for the Executive Directors in the new policy will also apply to other members of the senior leadership team. As required by the Regulations we have again disclosed in this year's Directors' remuneration report the ratio between the Chief Executive Officer's remuneration and the median, lower quartile and upper quartile of UK employees.

Implementing the policy for the 2024 financial year

Base salary

The base salaries for the executive directors, Frank van Zanten and Richard Howes, have been increased by 4%, effective from 1 January 2024. Both these increases are lower than those budgeted for the Bunzl plc head office and UK leadership team which were 5%. The average pay awards for the Group leadership team ranged from 3.5% to 5.7% excluding market adjustments.

Annual bonus

For the 2024 financial year, as stated above, the Committee has elected not to implement the policy maximum awards, and the maximum annual bonus opportunity will remain unchanged at 180% of base salary for the Chief Executive Officer and 160% for the Chief Financial Officer, with on-target bonus at 50% of the maximum.

The annual bonus performance measures continue to be a balanced scorecard of key financial metrics – adjusted eps, RAOC and operating cash flow. For 2024, following shareholder feedback, the Committee has slightly increased the weighting given to RAOC. 20% of the bonus opportunity will be dependent on personal performance linked to certain specified strategic non-financial goals and again, 10% of the opportunity for both directors will be dependent on the achievement of specific ESG objectives, based on the four key pillars of the transition to Alternative Products, Climate Change, Ethical Sourcing, and Diversity. The objectives agreed for 2024 are a clear build on those used for the 2023 targets and reflect the long-term nature of the roadmap.

50% of any bonus awarded will be deferred into shares for a period of three years.

LTIP

Subject to the approval of the Policy, the Committee expects to make further grants of Restricted Shares to the executive directors and other participants. These will vest in 2027, subject to continued employment and the assessment of the underpin. Vested awards will be subject to a two-year holding period. The Committee may scale back the awards (including to zero) if it is not satisfied that the underpin has been met.

Priorities for 2024

I am confident that if the proposed revisions to our Policy are approved, then the right reward framework will be in place to support the next phase of growth for Bunzl, delivered by a motivated and incentivised leadership team which is focused on taking the right longer-term decisions. Whilst the geo-political and economic outlook is still uncertain, Bunzl is well positioned to take advantage of growth opportunities as they arise, across the full range of our geographies and market sectors. The Committee will also continue to monitor external market trends and developments in executive pay with interest.

Conclusions

Despite the market headwinds, this has been another strong year of performance and we see significant opportunities for further growth moving forward. The Committee's focus has been to incentivise leadership appropriately to recognise significant performance and growth of the business but also focus them on long term value creation for shareholders. In my last year as committee chair I look forward to handing over to Jacky Simmonds at a point where the reward framework and strategy is in good health. I would like to thank shareholders for all their support and feedback on this and previous policy reviews; it has been very much appreciated.

In the following pages you will find details of:

- The proposed directors' remuneration policy for 2024
- the 'at a glance' guide to executive directors' remuneration for 2023; and
- the annual report on directors' remuneration for 2023, including our approach to the application of the remuneration policy in 2024.

I hope that you will find this report to be clear and helpful in understanding our remuneration policy and practices.

Vanda Murray OBE
Chair of the Remuneration Committee
26 February 2024

The responsibilities and operation of the Committee

Committee membership role and remit

The Committee comprises all of the independent non-executive directors of the Company. While neither the Chairman nor the Chief Executive Officer are members of the Committee, they attend meetings by invitation. The Director of Group Human Resources also attends meetings. The Committee's terms of reference, which were reviewed by both the Committee and the Board in 2023, but remain unchanged, are available on the Company's website, www.bunzl.com.

No director plays any part in determining his or her remuneration. During the year ended 31 December 2023, both the Chief Executive Officer and the Chairman were consulted and invited to attend meetings of the Committee but were not present during any part of the meeting when their own remuneration was under consideration.

The independent non-executive directors who were members of the Committee during 2023 are listed opposite.

The primary role of the Committee is to determine the framework and broad policy for the remuneration of the Chairman, the executive directors of the Board and the senior management group directly below Board level. The Committee proposes the directors' remuneration policy for shareholder approval at least every three years. It also governs the implementation of the policy, ensuring that the remuneration of the executive directors and senior management supports the sustainable performance of the business and that it is aligned with the Company's shareholders' interests. The Committee considers market practice, shareholders' views and the Group's broader remuneration arrangements when setting the Group's performance-related incentives and ensures compliance with UK corporate governance good practice.

The key responsibilities of the Committee include:

- ensuring that executive directors and senior executives are properly incentivised to attract, retain and fairly reward them for their individual contribution to the Company, having due regard to the policies and practices applied to the rest of the employees within the Group;
- determining the framework and broad policy for the remuneration of the Chairman and the executive directors of the Board;
- ensuring that remuneration is aligned with and supports the Company's strategy and performance, having due regard to the interests of the shareholders and to the financial and commercial health of the Company, while at the same time not encouraging undue risk taking;
- communicating and discussing any remuneration issues with the Company's stakeholders as and when appropriate;
- setting and reviewing the executive directors' remuneration and benefits including, but not limited to, base salary, bonus, long term incentive plans and retirement benefits;
- ensuring that all remuneration paid to the executive directors is in accordance with the Company's previously approved remuneration policy;
- ensuring all contractual terms on termination, and any payments made, are fair to the individual and the Company;
- monitoring the policies and practices applied in respect of the remuneration of senior executives directly below Board level and making recommendations as appropriate;
- overseeing the Company's long term incentive plans for all employees; and
- ensuring that provisions relating to disclosure of remuneration as set out in the relevant legislation, the Financial Conduct Authority's Listing Rules and the Code are fulfilled.

Committee membership

	Date of appointment to the Committee
Vanda Murray	1 February 2015
Lloyd Pitchford	1 March 2017
Stephan Nanninga	1 May 2017
Vin Murria	1 June 2020
Pam Kirby	1 August 2022
Jacky Simmonds	1 March 2023

Meetings

	Meetings eligible to attend	Meetings attended
Vanda Murray	4	4/4
Lloyd Pitchford	4	4/4
Stephan Nanninga	4	4/4
Vin Murria	4	4/4
Pam Kirby	4	4/4
Jacky Simmonds*	3	3/3

* Jacky Simmonds was appointed to the Board on 1 March 2023.

Compliance statement

This report has been prepared on behalf of, and has been approved by the Board. It complies with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the 'Regulations'), the Code and the Financial Conduct Authority's Listing Rules and takes into account the accompanying Directors' Remuneration Reporting Guidance and the relevant policies of shareholder representative bodies.

In accordance with the Regulations, at the 2024 AGM the Company will be asking shareholders to put forward an advisory vote on the Directors' remuneration report and a binding vote on the directors' remuneration policy, as set out on pages 126 to 134.

Directors' remuneration policy

The 2021 shareholder-approved policy requires renewal at the 2024 AGM. A new Policy will be put to a binding vote at the 2024 meeting and will be effective from the date of approval. It is expected to remain in place until its normal renewal which will be the 2027 AGM at the latest.

Objectives of the Policy

The objectives of the new proposed Policy remain unchanged from the current one and are as follows:

- Clarity: maintain transparency, clear alignment with shareholder value and promotion of longer term, sustained performance. For example, the restricted share plan encourages a focus on the longer term success of the business;
- Predictability: continue to ensure that targets are stretching (but realistic), the quantum of reward reflects both Company and individual performance and there are appropriate award caps and Committee discretions in place. For example, the underpin is broad and encourages the Committee to focus on 'in the round' performance;
- Support for the Company's business strategy: for example, aligning the executive directors' and management's incentives with the Company's growth objectives;
- Simplicity: ensure that the remuneration structures avoid unnecessary complexity. For example, the restricted share plan has only a single annual grant of shares;
- Risk is appropriately managed: variable pay should drive performance within the Company's risk appetite and encourage a prudent and balanced approach to the business;
- Alignment to culture: the remuneration principles encourage the behaviour from the executive directors that the Committee expects to see throughout the business; and
- Proportionality: the link between individual awards, the delivery of strategy and long term performance of the Group is clear.

In setting the remuneration policy for the executive directors, the Committee also takes into consideration a number of different factors:

- The Committee applies the principles set out in the Code and also takes into account best practice guidance issued by the major UK institutional investor bodies, the Financial Conduct Authority (including the provisions of any applicable remuneration codes) and other relevant organisations;
- The Committee has overall responsibility for the remuneration policies and structures for employees of the Group as a whole and it reviews remuneration policy on a Group wide basis. When the Committee determines and reviews the remuneration policy for the executive directors it considers and compares it against the pay, policy and employment conditions of the rest of the Group to ensure that there is alignment between the two; and
- The Committee considers the external market in which the Group operates and uses comparator remuneration data from time to time to inform its decisions. However, the Committee recognises that such data should be used as a guide only (data can be volatile and may not be directly relevant) and that there is often a need to phase-in changes over a period of time. The Committee has reviewed a range of relevant benchmarking data to guide the 2024 review.
- Specifically, it has looked at FTSE 11-100 companies with greater than 20% of revenue generated from the United States. The peer group comprises RS Group, Convatec, Melrose Industries, Smiths Group, Pearson, Intertek, Smurfit Kappa, Halma, Spirax-Sarco, Burberry, Rolls-Royce, Informa, Intercontinental Hotels, Croda, WPP, Smith & Nephew, Rentokil, Imperial Brands, Flutter, Ashtead, Experian, BAE Systems, CRH, Haleon, Compass, National Grid, Reckitt Benckiser and RELX.

The Committee's overall policy, having had due regard to the factors above, continues to be for a proportion of total remuneration to be based on variable pay. This is achieved by setting base pay and benefits by reference to mid-market levels, with annual bonus linked to the achievement of demanding performance targets and long term incentives which vest over the medium term and are designed to align the interests of the directors with those of shareholders and the long term sustainable success of the business.

Changes to Policy proposed for 2024

The Committee is proposing to make some revisions to the policy, within the current overall framework, which can be summarised as follows:

1. An increase to the quantum of Annual Bonus and Restricted Share Award levels for both the Chief Executive Officer and Chief Financial Officer in order to align them with the market and to reflect the increasing scale, complexity and performance of the business. For the Chief Executive Officer the Annual Bonus potential increases to 200% of salary (although remains at 180% of salary for 2024) and the Restricted Share Award increases to 175% of salary. For the Chief Financial Officer the Annual Bonus potential increases to 175% of salary (although remains at 160% of salary for 2024) and the Restricted Share Award increases to 125% of salary.
2. A revision to the "underpin" attached to Restricted Share Awards so that it is clearer how that element of the award will be assessed. See page 146 for more detail.
3. An increase to the in-employment shareholding requirement for both the Chief Executive Officer and the Chief Financial Officer to 350% and 250% of salary respectively.
4. A minor revision to the process for reviewing the Chairman's fee whereby the Committee proposes to create alignment with the process for other non-executive Directors and review the fee annually rather than biennially. More detail on these proposals is contained in the table below.

The Committee conducted a thorough consultation on the proposals with the Group's key shareholders. It is very grateful for the positive support received, and for the constructive feedback which was carefully considered and input into the final proposals outlined below.

DIRECTORS' REMUNERATION REPORT continued

Remuneration policy for executive directors

The following table summarises each element of the remuneration policy for the executive directors, explaining how each element operates and links to the corporate strategy.

Base salary	
Purpose	• Recognise knowledge, skills and experience as well as reflect the scope and size of the role • Reward individual performance without encouraging undue risk
Operation	• Paid in 12 equal monthly instalments during the year • Normally reviewed annually in December (with any changes usually effective from January). An out-of-cycle review may be conducted if the Committee determines that it is appropriate • Takes into consideration a number of factors including (but not limited to) individual and Group performance, the size and scope of the individual's responsibilities, salary increases across the Group, typical salary levels for comparable roles using appropriate comparator groups, for example similarly sized companies with a large international presence • Pensionable
Maximum potential value	• While there is no maximum salary level, salary increases are normally considered in relation to the salary increases of other employees in the Group and performance of the individual. Higher salary increases may be made under certain circumstances, such as when there has been a change in role or responsibility, a major market movement or when a director has been appointed to the Board at a lower than typical salary initially
Performance metrics	• While there are no performance conditions attached to the payment of base salary, individual performance in the role, as well as the performance of the Group and achievements related to environmental, social and governance issues, are all taken into consideration

Annual bonus	
Purpose	• Incentivise the attainment of annual corporate targets • Retain and reward high performing employees • Align with shareholders' and wider stakeholders' interests
Operation	• Bonus awards are based on performance targets and objectives set by the Committee for the financial year • At the end of the performance period, the Committee assesses the extent to which the performance measures have been achieved. The level of bonus for each measure is determined by reference to the actual performance against the relevant performance targets • Up to half the bonus is paid in cash and the remainder in shares (with the shares normally deferred for three years under the Deferred Annual Share Bonus Scheme ('DASBS')) in respect of which dividend equivalents may apply to the extent that such deferred awards vest. If a director resigns during the period of deferral any outstanding DASBS awards would normally lapse • Malus and clawback provisions apply and are set out in more detail below, • Bonus awards are non-pensionable and are payable at the Committee's discretion
Maximum potential value	• The annual bonus policy maximum is 200% of base salary (175% for the Chief Financial Officer) • For 2024, the maximum bonus opportunity will be 180% for the Chief Executive Officer and 160% for the Chief Financial Officer • The annual target bonus opportunity is normally set at 50% of the maximum • The level of annual bonus for threshold performance is up to 25% of the maximum

DIRECTORS' REMUNERATION REPORT continued

Annual bonus	
Performance metrics	Metrics will be set each year by the Committee taking into account the Company's key strategic objectives for the year. For example, bonus metrics may include: • Financial measures chosen to align bonus outcomes with the underlying financial performance of the business, such as profit, return on average operating capital ('RAOC') and cash flow; • Non-financial measures are linked to the achievement of personal goals or certain specified strategic goals, including environmental, social and governance matters; • The performance metrics and targets are reviewed each year to ensure that they remain appropriate. The Committee retains the discretion to set alternative metrics as appropriate; and • The specific targets will be disclosed on a retrospective basis following the end of the financial year unless they are deemed to be commercially sensitive. The Committee sets targets that are appropriately stretching in the context of the business outlook and taking into account internal and external factors. The achievement of quantifiable financial targets will always drive the majority of the bonus outturn. Targets are set to ensure that there is appropriate alignment between stakeholder outcomes and to ensure that they do not drive unacceptable levels of risk taking.

Long term incentives	
Purpose	• Incentivise long term decision making as the basis for sustainable growth • Align with shareholders' interests • Recruit and retain senior employees across the Group
Operation	Executive directors receive restricted share awards as the long term variable element of remuneration: • Restricted share awards are discretionary and will normally vest subject to continued employment and the satisfaction of the underpin after no less than three years; • A holding period will apply which means that restricted shares may not ordinarily be sold until at least five years after the grant date (other than to pay relevant taxes due on vested awards); • Malus and clawback provisions apply and are set out in more detail below. • Dividend equivalents shall accrue in respect of restricted share awards to the extent that they vest, including in relation to any holding periods; and • All awards are subject to the discretions contained in the relevant plan rules.

Long term incentives	
Maximum potential value	• The individual restricted share limit per financial year is 175% of base salary • The Chief Executive Officer may receive restricted shares per financial year with a face value of up to 175% of salary • The Chief Financial Officer may receive restricted shares per financial year with a face value of up to 125% of salary
Performance metrics	• Restricted share awards are not subject to performance measures but vesting is subject to the achievement of an underpin normally reviewed over the three financial years commencing with the financial year in which awards are granted • In assessing the underpin, in normal circumstances the Committee may consider the Group's overall performance, including financial and non-financial performance over the course of the vesting period and any material risk/regulatory failures identified. Specifically, it will seek evidence of positive progress against the Group's financial and strategic objectives as follows: • Financial health of the business, considering financial indicators • Strategic priorities • Stakeholder experience • ESG progress • In considering these factors, the Committee will assess performance in the round, with the expectation of full vesting unless there has been a lack of material progress towards a stated objective, or it has identified material underperformance over the period. The Committee may scale back the awards (including to zero) if it is not satisfied the underpin has been met, and there is no threshold level of vesting.

DIRECTORS' REMUNERATION REPORT continued

Long term incentives – previous policy applied for awards up to and including December 2020	
Purpose	• Awards issued under the previous policy with respect to long term incentives continued to vest until October 2023, and therefore the policy described below applied for the final time to outturns reported in this report.
Operation	• Discretionary biannual grants of executive share option awards and performance share awards which vest subject to performance conditions measured over three years and subject to continuous service. • A malus and clawback facility is in operation under which part or the full amount of a vested award may be recovered, by a reduction in the amount of any future bonus, subsisting award, the vesting of any subsisting award or future share awards and/or a requirement to make a cash payment, for a period of three years from the relevant performance year, to the extent that the value of a vested award is subsequently found to have been overstated as a result of a material misstatement of performance or there has been a significant failure of risk control or serious misconduct • Two year post-vesting holding requirement for shares that vest, net of sales to settle tax or other withholding due on vesting or exercise of awards • If any executive resigns during the period before vesting, awards would normally lapse • All awards are subject to the discretions contained in the relevant plan rules
Maximum potential value	**Executive share options** • Maximum annual award of 225% of base salary • Annual grant levels for executive directors will not normally exceed 200% of base salary • For 2020, grants did not exceed 200% of base salary for the incumbent executive directors **Performance shares** • Maximum annual award of 175% of base salary • For 2020, awards did not exceed 150% of base salary for the Chief Executive Officer and 120% for the Chief Financial Officer

Long term incentives – previous policy applied for awards up to and including December 2020	
Performance metrics	• Performance and service conditions must be met over a three year performance period. Metrics and targets are set each year by the Committee. The current metrics are as follows: **Executive share options** • The eps performance measure relates to the absolute growth in the Company's eps against the targets set for the performance period • The vesting is scaled as follows: – no vesting for performance below the threshold target; – 25% of an award will vest for achieving the threshold target; – 100% of an award will vest for achieving or exceeding the maximum target; and – for performance between these targets, the level of vesting will vary on a straight line sliding scale. • The Committee annually reviews the performance conditions outlined above and, in line with the rules of the LTIP, reserves the right to set different targets for forthcoming annual grants provided it is deemed that the relevant performance conditions remain appropriately challenging in the prevailing economic environment **Performance shares** • The TSR performance measure (50% of the total award) compares a combination of both the Company's share price and dividend performance during the performance period against a comparator group of the constituents of the FTSE 11–100. It aligns the rewards received by executives with the returns received by shareholders • The other 50% of the award is subject to an eps performance measure which relates to the absolute growth in the Company's eps against the targets set for the performance period • The vesting for both performance measures is scaled as follows: – no vesting for performance below median performance (TSR) or below the threshold target (eps); – 25% of an award will vest for achieving median performance (TSR) or the threshold target (eps); – 100% of an award will vest for achieving or exceeding upper quartile performance (TSR) or the maximum target (eps); and – for performance between these targets, the level of vesting will vary on a straight line sliding scale. • The Committee annually reviews the performance conditions outlined above and, in line with the rules of the LTIP, reserves the right to set different targets for forthcoming annual grants provided it is deemed that the relevant performance conditions remain appropriately challenging in the prevailing economic environment

DIRECTORS' REMUNERATION REPORT continued

All employee share plans	
Purpose	• Encourage employees, including the executive directors, to build a shareholding through the operation of all employee share plans such as the HM Revenue & Customs ('HMRC') tax advantaged Sharesave Scheme and the Internal Revenue Service ('IRS') approved Employee Stock Purchase Plan (US) ('ESPP') in the US
Operation	• Executive directors may participate in all employee schemes on the same basis as other eligible employees • The Sharesave Scheme has standard terms under which participants can normally enter into a savings contract, over a period of either three or five years, in return for which they are granted options to acquire shares at a discount of up to 20% of the market price prevailing on the day immediately preceding the date of invitation to apply for the option. Options are normally exercisable either three or five years after they have been granted
Maximum potential value	• In the UK, the Sharesave Scheme is linked to a contract for monthly savings within the HMRC limits over a period of either three or five years (currently £500 per month)
Performance metrics	• Service conditions apply

Retirement benefits	
Purpose	• Provision of retirement benefits • Retain executive directors
Operation	• All defined benefit pension plans in the Group have been closed to new entrants since 2003 with any new recruits being offered defined contribution retirement arrangements and/or a pension allowance. • Pension contributions and allowances are normally paid monthly
Maximum potential value	• Company pension contributions to defined contribution retirement arrangements or cash allowances are capped at 5% of base salary for current and new executive directors
Performance metrics	• Not applicable

Other benefits	
Purpose	• Provision of competitive benefits which helps to recruit and retain executive directors
Operation	• Benefits may include a car allowance or a car which may be fully expensed, various insurances such as life, disability and medical and, in some jurisdictions, club expenses and other benefits provided from time to time. • Some benefits may only be provided to reflect hybrid working and/or overseas relocation, such as removal expenses, and in the case of an international relocation might also include fees for accommodation, children's schooling, home leave, tax equalisation and professional advice etc.
Maximum potential value	• The value of benefits is based on the cost to the Company and varies according to individual circumstances. For example, the cost of medical insurance varies according to family circumstances and the jurisdiction in which the family is based
Performance metrics	• Not applicable

Shareholding requirement	
Purpose	• Strengthen the alignment between the interests of the executive directors and those of shareholders
Operation	• In employment guideline: executive directors will normally be expected to retain shares, net of sales to settle tax, through the exercise of awards under the DASBS and the LTIP until they attain the required holding. Three years is the typical expectation for executives who are promoted from within the Company to achieve the required shareholding. It is recognised that a longer time period may be required for externally recruited executives to achieve the expected shareholding. Unvested deferred shares held under the DASBS will count towards the guideline (net of the expected sales for tax that would apply on vesting) • Post-cessation guideline: Upon cessation of employment, executive directors should maintain a shareholding for two years thereafter at a level equal to the lower of the in-employment guideline and the number of shares vested as at cessation (net of tax) under restricted share awards granted. • Shares held by or to the benefit of an executive director's spouse, civil partner or children (or with them as relevant) may count for the purposes of the guidelines.
Maximum potential value	• The Chief Executive Officer's in-employment shareholding requirement is 350% of base salary. The in-employment requirement for other executive directors is 250% of base salary • The Chief Executive Officer's post-employment shareholding requirement is 300% of salary. The post-employment shareholding requirement for other executive directors is 200%.
Performance metrics	• Not applicable

DIRECTORS' REMUNERATION REPORT continued

Fees policy for Chairman and non-executive directors (the 'NEDS')

The following table summarises the fees policy for the Chairman and the NEDs.

Fees	
Purpose	• Provision of a competitive fee to attract NEDs who have a broad range of experience and skills to oversee the implementation of the Company's strategy
Operation	• Determined in light of market practice and with reference to time commitment and responsibilities associated with the roles • Annual fees are paid in 12 equal monthly instalments during the year • The Senior Independent Director and Chairs of the Audit and Remuneration Committees are paid an extra fee to reflect their additional responsibilities • The NEDs and the Chairs are not eligible to receive benefits and do not participate in pension or incentive plans. Expenses incurred in respect of their duties as directors of the Company are reimbursed • The NEDs' and Chairman's fees are reviewed annually in January each year, the latest review being with effect from January 2024 for NED fees and the Chairman's fees • The Board as a whole considers the policy and structure for the NEDs' fees on the recommendation of the Chairman and the Chief Executive Officer. The NEDs do not participate in discussions on their specific levels of remuneration; the Chairman's fees are set by the Committee
Maximum potential value	• Determined within the overall aggregate annual limit of £1,500,000 authorised by shareholders with reference to the Company's Articles of Association approved at the 2021 AGM
Performance metrics	• Not eligible to participate in any performance related elements of remuneration
Taxable benefits and expenses	• Taxable expenses incurred in the course of carrying out NED duties are reimbursed and grossed up to include tax payable

Notes to the Policy Table

Malus and Clawback Provisions

Malus and clawback provisions apply to the cash and deferred elements of the bonus and the RSA awards. The malus and clawback provisions may be enforced in the event of material misstatement, errors in assessment of conditions, significant failure of risk control, serious misconduct, corporate failure (entailing the appointment of an administrator or liquidator) and serious reputational damage or where there has been a material failure in the management of the company to which the relevant individual has made a direct contribution. Malus or clawback as relevant may be affected by a reduction in the amount of any future bonus or subsisting award, the vesting of any subsisting award or future share award and/or a requirement to make a cash payment. In respect of bonus or deferred bonus the relevant discovery period expires three years after the end of the relevant performance period. In respect of RSA awards (and legacy performance shares and options) the relevant discovery period expires on the third anniversary of the vesting of the awards.

Selection of performance measures and targets

The Committee determines the performance measures, and the weighting of each, applying to the annual bonus based on the strategic priorities of the Group at the time. The bonus measures in place normally include the use of profit, RAOC and cash flow measures, but the precise metrics and their weightings may change from year to year. Each of these measures is aligned with the Group's key performance indicators ('KPIs') and has been chosen as, alongside growing profitability, a focus on cash and effective investment of capital are particularly important. The management of capital employed together with profitability and cash flow ensures the focus on cash generation, enabling the Group to pay dividends and to support the growth strategy by making acquisitions and reinvesting in the underlying business. Strategic non-financial goals reward individual contribution to the success of the Group and allow a focus each year on important operational goals and strategic milestones, with a focus on the Environmental, Social and Governance agenda. This combination of performance measures provides a balance relevant to the Group's business and market conditions as well as providing a common goal for the executive directors, senior managers and shareholders.

Statement of consideration of shareholder views

The Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representatives more generally. In addition, the Committee consults proactively with its major shareholders prior to making significant changes to its policy, as it did this year when a comprehensive shareholder consultation was undertaken. This was conducted through meetings, calls and correspondence and the views received helped to shape the policy proposals.

DIRECTORS' REMUNERATION REPORT continued

Discretions retained by the Committee in operating the incentive plans

The Committee operates the Group's various incentive plans according to their respective rules and in accordance with HMRC and IRS rules where relevant. To ensure the efficient administration of these plans, the Committee may apply certain operational discretions. These include the following:

- selecting the participants in the plans;
- determining the timing of grants and/or payments;
- determining the quantum of grants, reference pricing basis and/or payments (within the limits set out in the policy table above);
- determining the extent of vesting based on the assessment of performance, including the vesting of restricted share awards;
- determining the appropriate treatment of leavers and the extent of vesting in the case of the share based plans;
- determining the extent of vesting of awards under share based plans in the event of a change of control;
- making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends);
- determining the appropriate choice of measures, weightings and targets for the annual bonus plan from year to year, including discretion to amend the bonus outcome, as appropriate; and
- varying the performance conditions applying to share based awards if an event occurs which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Legacy arrangements

The proposed and previous directors' remuneration policies give authority to the Company to honour any commitments entered into with current or former directors (that have been disclosed to shareholders in previous remuneration reports) or internally promoted future directors (in each case, such as the payment of a pension or the unwind of legacy share plans). Details of any payments to former directors will be set out in the relevant remuneration report as they arise.

Executive directors' external appointments

With the specific approval of the Board in each case, executive directors may accept external appointments as non-executive directors of other companies and retain any related fees paid to them.

Recruitment of executive directors – approach to remuneration

Executive directors

For the ongoing stability and growth of the Group, it is important to secure, as necessary, the appointment of high calibre executives to the Board by either external recruitment or internal promotion. The overarching principles applied by the Committee in developing the remuneration package will be to set an appropriate base salary together with retirement and other benefits and short and long term incentives taking into consideration the skills and experience of the individual, the complexity and breadth of the role, the particular needs and situation of the Group, internal relativities, the marketplace in which the executive will operate and an individual's current remuneration package and location. In addition, the Committee recognises that it may need to meet certain relocation expenses or expatriate benefits as appropriate.

Any fixed or variable pay awards for new executive directors will not exceed the maximum limits set out in the policy table above. However, in addition, for external appointments the Committee may consider offering additional cash and/or share based elements to replace deferred remuneration forfeited by the individual on leaving their existing employment when it considers these to be in the best interests of the Company and its shareholders. Such elements, as appropriate, may be made under section 9.4.2 of the Listing Rules and would normally take account of the nature, time horizons and performance requirements attached to the awards forfeited.

Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions for the first performance year of appointment. A long term incentive award can be made shortly following an appointment (or as soon as is practical if the Company is in a close period).

Non-executive directors

On appointment of a new Chairman of the Board or non-executive director, the fees will be set taking into account the experience and calibre of the individual and the prevailing rates of the other non-executive directors at the time.

Executive directors' service contracts

The service contracts for Frank van Zanten and Richard Howes provide for an equal notice period from the Company and the executive of a maximum 12 months' notice and any contracts for newly appointed executive directors will provide for equal notice in the future. The date of each service contract is noted in the table below:

	Date of service contract
Frank van Zanten	13 January 2016
Richard Howes	10 May 2019

Non-executive directors' terms of appointment

The non-executive directors do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the most recent re-appointment and the length of service for each non-executive director are shown in the table below:

	Date of appointment	Date of last re-appointment at AGM	Length of service as at 2024 AGM
Peter Ventress	1 June 2019	26 April 2023	4 years 10 months
Vanda Murray	1 February 2015	26 April 2023	9 years 2 months
Lloyd Pitchford	1 March 2017	26 April 2023	7 years 1 month
Stephan Nanninga	1 May 2017	26 April 2023	6 years 11 months
Vin Murria	1 June 2020	26 April 2023	3 years 10 months
Pam Kirby	1 August 2022	26 April 2023	1 year 8 months
Jacky Simmonds	1 March 2023	26 April 2023	1 year 1 month

Note
a) On termination, at any time, a non-executive director is entitled to any accrued but unpaid director's fees but not to any other compensation.

DIRECTORS' REMUNERATION REPORT continued

Policy on payment for departure from office

On termination of an executive director's service contract, the Committee will take into account the departing director's duty to mitigate his loss when determining the amount of compensation. The Committee's policy in respect of the treatment of executive directors leaving the Group is described below and is designed to support a smooth transition from the Company taking into account the interests of shareholders:

Component of pay	Voluntary resignation or termination for cause	Departure as a 'good leaver' or in other specific circumstances including on agreed terms
Base salary, pension and benefits	Paid for the proportion of the notice period worked and any untaken holidays pro-rated to the leaving date	Paid up to the date of departure or death, including any untaken holidays pro-rated to such date. In the case of ill health, a payment in lieu of notice may be made and, according to the circumstances, may be subject to mitigation. In such circumstances some benefits, such as company car or medical insurance may be retained until the end of the notice period.
Annual bonus cash	Cessation of employment during a bonus year will normally result in no cash bonus being paid	Cessation of employment during a bonus year or after the year end but prior to the normal bonus payment date will result in cash and deferred bonus being paid and pro-rated for the relevant portion of the financial year worked and performance achieved.
Annual bonus deferred shares	Unvested deferred shares will lapse	In the case of the death of an executive, all deferred shares will be transferred to the estate as soon as possible after death. In all other cases, subject to the discretion of the Committee, unvested deferred shares will be transferred to the individual on a date determined by the Committee.
Restricted shares	Unvested restricted share awards will lapse	Subject to the discretion of the Committee, unvested restricted share awards will normally be retained by the individual for the remainder of the vesting period, remain subject to the underpin conditions and will ordinarily be subject to time pro-ration. Holding period terms will ordinarily continue to run until (or be set to expire on or no later than) the second anniversary of departure from employment, commensurate with the post-cessation shareholding requirement. However, in the case of the death of an executive, the Committee will determine the extent to which the unvested shares may be exercised within 12 months of the date of death.
Options under Sharesave	As per HMRC regulations	As per HMRC regulations.
Other	None	Disbursements, such as legal costs and outplacement fees may be paid.

Note
The Committee will have the authority to settle any legal claims against the Company, e.g. for unfair dismissal etc, that might arise on termination.

DIRECTORS' REMUNERATION REPORT continued

Differences in remuneration policy for executive directors and employees in general

The main difference in remuneration policy between the executive directors and employees in general is the split of fixed and performance related pay, such as bonus and long term incentives. Overall the percentage of performance related pay, in particular longer term incentive pay, is greater for the executive directors. This reflects that executive directors have more freedom to act and the consequences of their decisions are likely to have a broader and more far reaching time span of effect than those decisions made by employees with more limited responsibility. As a consequence only executive directors, Executive Committee members and other key employees (currently 27 people) are granted restricted share awards. Approximately 480 senior managers are granted executive share option awards on an annual basis, which helps to provide a common focus for management in the Company's decentralised organisation structure. In most cases, the annual bonuses are related to the performance of individual operating units.

Bonus arrangements vary throughout the Group and are related to the specific role and the country in which the employee operates. The majority of bonus plans have quantitative targets, but the performance measures and targets vary according to each specific role. Sales representatives often have annual bonus payments which may be commission based.

When there is a critical mass of employees within a country to make it cost-effective to do so, to encourage wider employee share ownership, an all employee share plan may be offered. Currently plans are offered to all employees based in Australia, New Zealand, Canada, Germany, Ireland, the Netherlands, the US and the UK. In France, employees take part in profit sharing arrangements in accordance with local regulations.

Retirement and other benefits offered to employees across the Group differ according to the country in which the job is based and the function and seniority of the relevant role.

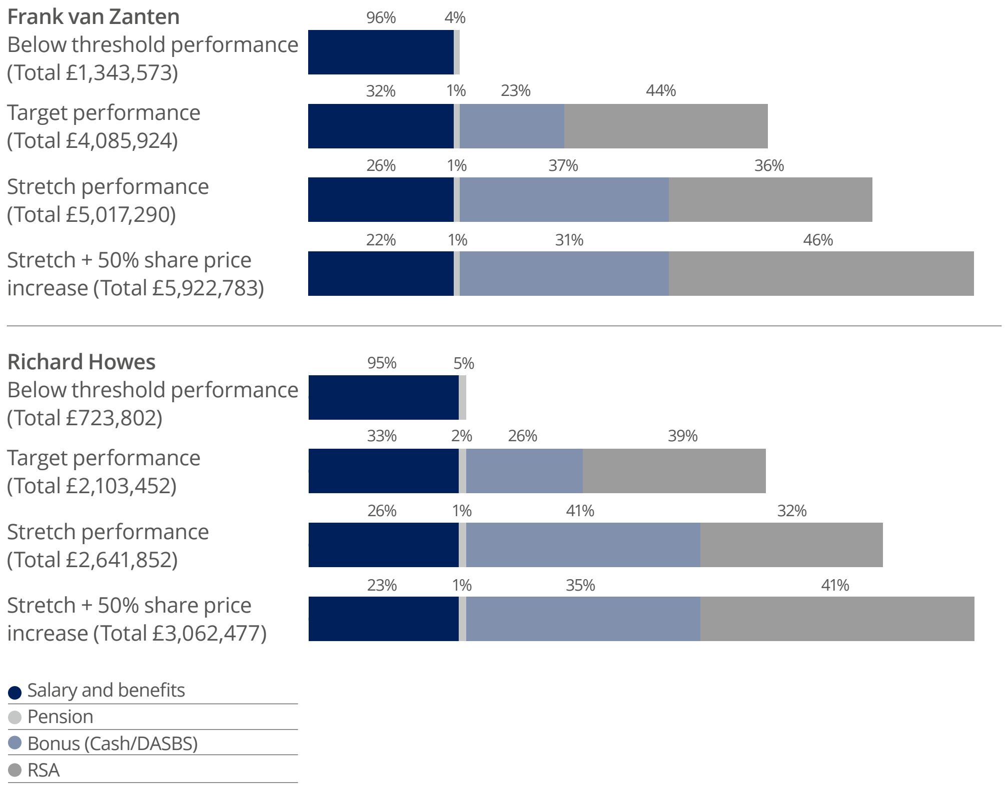
Statement of consideration of employment conditions elsewhere in the Group

The Committee is provided annually with information on the salaries and proposed increases for the Executive Committee members and other senior direct reports of the Chief Executive Officer, as well as data on the average salary increases for leadership teams in each region within the Group. In addition, the Committee reviews and agrees all grants of executive share options, performance share awards and restricted share awards.

The Committee considers the general basic salary increase within the geographical regions for the broader employee population when determining the annual salary increases for the executive directors and is cognisant of the Group's overall employment arrangements when reviewing and implementing the executive directors' remuneration policy. Members of the Committee held feedback sessions with employees in all regions and part of the discussion sought the employee's view on the executive remuneration approach and application. In addition, the Company monitors employees' views through regular employee surveys.

Remuneration scenarios

The remuneration package comprises both core fixed elements (base salary, pension and other benefits) and performance based variable elements (cash bonus, the DASBS and the LTIP). The structure of the remuneration packages for on-target and stretch performance for each of the two executive directors for 2024, in line with the remuneration policy, is illustrated in the bar charts below.



Notes

a) Salary represents annual salary for 2024. Benefits such as a car or car allowance and private medical insurance have been included based on 2023 figures. In the case of Frank van Zanten benefits also include a hybrid working allowance and an education allowance.

b) Stretch performance plus 50% share price increase shows the effect of a 50% growth in the Company share price on the value of the restricted share awards.

c) Pension represents the value of the annual pension allowance for 2024 for Frank van Zanten and Richard Howes.

d) Below threshold performance comprises salary, benefits, pension with no bonus award and for restricted share awards an assumption that zero will vest.

e) Target performance comprises annual bonus awarded at target level (i.e. for 2024 at 90% of salary for Frank van Zanten and 80% of salary for Richard Howes comprised of half cash and half deferred shares under the DASBS) and for restricted share awards an assumption that 100% will vest.

f) Stretch performance comprises annual bonus awarded at stretch level (i.e. for 2024 at 180% of salary for Frank van Zanten and 160% of salary for Richard Howes comprised of half cash and half deferred shares under the DASBS) and for restricted share awards an assumption that 100% will vest.

Vanda Murray OBE
Chair of the Remuneration Committee
26 February 2024

DIRECTORS' REMUNERATION REPORT continued

2023 remuneration at a glance

Remuneration principles

- Materially differentiate reward according to performance.
- Reward competitively to attract and retain the best talent.
- Breakdown of fixed and variable pay to be appropriate to each role.
- Framework to be transparent with clear line of sight from performance to individual outcomes.

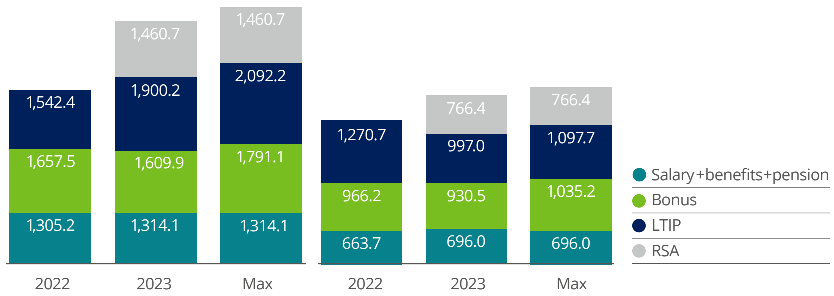
Proposed Policy changes for 2024

- Maximum annual bonus incentive quantum increasing from 180% to 200% of salary for Chief Executive Officer and from 160% to 175% of salary for Chief Financial Officer. This increase to quantum will not be implemented in 2024 and maximum bonus incentives will remain at 180% and 160% for the Chief Executive Officer and Chief Financial Officer respectively.
- Maximum RSA award incentive quantum increasing from 125% to 175% of salary for Chief Executive Officer and from 100% to 125% for Chief Financial Officer.
- More robust performance underpin for the RSA plan.
- Higher in-employment shareholding guidelines (increasing from 300% to 350% of salary for Chief Executive Officer and from 200% to 250% of salary for Chief Financial Officer).
- Annual review of Chairman's fee.

Summary of executive directors' remuneration for the year

Chief Executive Officer
Frank van Zanten (£000)

Chief Financial Officer
Richard Howes (£000)



The 2023 and max figures include two LTIP awards – this will normalise in 2024 which will only include one award.

Alignment of performance and remuneration 2023

Annual bonus To motivate and reward the achievement of the Company's strategic and operational objectives	**Eps** Linked financial KPI: eps		35%
	RAOC Linked financial KPI: RAOC and operating profit		10%
	Operating cash flow Linked financial KPI: cash conversion		25%
	Non-financial strategic goals Payable to the executive directors in relation to agreed non-financial strategic goals	**Frank van Zanten**	20%
		Richard Howes	20%
	ESG goals	**Frank van Zanten**	10%
		Richard Howes	10%
	Total bonus opportunity/result	**Frank van Zanten**	100%
		Richard Howes	100%
LTIP To motivate and reward performance linked to long term success	**Eps** Linked financial KPI: eps		50%
	TSR Linked financial KPI: dividend per share and share price		50%
	Total LTIP B opportunity/result		100%
	RSA		100%

Total opportunity · Result

Highlights of wider workforce remuneration in 2023

506
leaders across the Group receive share awards as part of their remuneration

c.16,200
people benefit from the opportunity to take part in employee share save plans

c.10,800
people have an element of performance related pay in their remuneration with **78%** receiving a bonus

DIRECTORS' REMUNERATION REPORT continued

Annual report on directors' remuneration for 2023

This report sets out the elements of remuneration paid to, or earned by, the directors in respect of the financial year 2023. Shareholders should note that reporting requirements mean that both the 2020 LTIP B awards and the 2021 Restricted Share Awards are both included in the Single total figure of remuneration. This means that the total remuneration shown for both directors is artificially high this year. This will normalise in 2024. For this reason, a subtotal has been included which removes the LTIP B awards made under the previous policy. This provides a more representative view of total remuneration.

Single total figure of remuneration 2023 (audited information)

Executive directors

	Salary £'000	Taxable benefits £'000	Pension £'000	Bonus £'000	LTIP £'000	RSA £'000	Sub total (excl. LTIP Bs)	Total £'000	Subtotal of fixed pay	Sub total of variable pay
Frank van Zanten – 2023	**£995.0**	**£269.3**	**£49.8**	**£1,609.9**	**£1,900.2**	**£1,460.7**	**£4,384.7**	**£6,284.9**	**£1,314.1**	**£4,970.8**
Frank van Zanten – 2022	£939.6	£234.1	£131.5	£1,657.5	£1,542.4	–	£3,642.3	£4,505.1	£1,305.2	£3,199.9
Richard Howes – 2023	**£647.0**	**£16.6**	**£32.4**	**£930.5**	**£997.0**	**£766.4**	**£2,392.9**	**£3,389.9**	**£696.0**	**£2,693.9**
Richard Howes – 2022	£616.2	£16.7	£30.8	£966.2	£1,270.7	–	£2,075.6	£2,900.6	£663.7	£2,236.9
Total – 2023	**£1,642.0**	**£285.9**	**£82.2**	**£2,540.4**	**£2,897.2**	**£2,227.1**	**£6,777.6**	**£9,674.8**	**£2,010.1**	**£7,664.7**
Total – 2022	£1,555.8	£250.8	£162.3	£2,623.7	£2,813.1	–	£5,717.9	£7,405.7	£1,968.9	£5,436.8

Notes
a) The figures above represent remuneration earned as directors during the relevant financial year including the bonus of which the cash element, 50% of the bonus, is paid in the year following that in which it is earned. The other 50% of the bonus shown above is deferred and conditionally awarded as shares under the rules of the Deferred Annual Share Bonus Scheme ('DASBS'). Shares relating to the 2022 deferred bonus were awarded in 2023 as shown in the table on page 141 and the shares relating to the 2023 deferred bonus will be awarded in 2024.
b) The annual bonus for 2023 was determined according to a formulaic calculation in respect of adjusted eps, RAOC and operating cash flow measures, while the Committee used its judgement to assess performance of individual objectives (20% of the bonus) and ESG objectives (10% of the bonus). No discretionary adjustment was applied.
c) Benefits provided for all executive directors include a car or car allowance and medical insurance coverage for them and their families. Frank van Zanten's benefits include a hybrid working allowance and expenses which have been impacted in 2023 by increases in overall costs, such as travel.
d) The 2023 long term incentives figure comprises two types of award. The value of the LTIP B awards granted under the 2020 Policy in April and October 2020 which included performance periods ending in 2023 and the first grant of RSA awards granted under the 2021 Policy in April 2021. The performance metrics for LTIP B were eps growth and TSR and for RSAs, an underpin condition has to have been achieved, further details of which are on page 140. The share price used to calculate the value for the LTIP B is the closing mid-market share price on dates of vesting, 3,071p and 2,933p on 6 April 2023 and 5 October 2023 respectively. The share price used to calculate the estimated value of the vesting RSA awards is 2,990p being the three-month average share price to 31 December 2023.
e) The portion of total long term incentive figures that are attributable to share price growth are £875,158 for Frank van Zanten and £717,218 for Richard Howes in 2022 and £1,053,764 (£734,369 for LTIP B award and £319,395 for RSA) for Frank van Zanten and £552,842 (£385,281 for LTIP B award and £167,561 for RSA) for Richard Howes in 2023.
f) The figures shown in relation to 2022 for the LTIP have been restated. The 2022 Annual Report figure of £1,141,517 was based on the estimated value of the LTIP Part A share option awards using a three-month average share price to December 2022 of 2,888p. These awards vested on 10 March 2023 and 9 September 2023 and therefore figures have been updated to £1,125,301 to reflect the actual share price on the date of vesting of 2,930p (being the mid-market share price on 10 March 2023) and 2,807p (being the mid-market share price on 8 September 2023, the closest working day to vesting date) respectively.
g) The pension contribution was delivered as monthly cash payments in lieu of pension.

Non-executive directors

	Board fees £000		Committee Chair/ SID fees £000		Taxable payments/ expenses £000		Total £000	
	2023	2022	2023	2022	2023	2022	2023	2022
Peter Ventress – Chairman	**386.0**	386.0	**–**	–	**–**	–	**386.0**	386.0
Vanda Murray	**78.5**	75.0	**43.0**	41.0	**4.1**	2.4	**125.6**	118.4
Lloyd Pitchford	**78.5**	75.0	**22.0**	21.0	**0.8**	–	**101.3**	96.0
Stephan Nanninga	**78.5**	75.0	**–**	–	**7.8**	7.9	**86.3**	82.9
Vin Murria	**78.5**	75.0	**–**	–	**0.6**	0.6	**79.1**	75.6
Maria Fernanda Mejía	**–**	6.1	**–**	–	**–**	–	**–**	6.1
Pam Kirby	**78.5**	31.3	**–**	–	**–**	–	**78.5**	31.3
Jacky Simmonds	**65.4**	–	**–**		**1.6**		**67.0**	–
Total	**843.9**	723.4	**65.0**	62.0	**14.9**	10.9	**923.8**	796.3

Notes
a) Taxable payments/expenses for non-executive directors are costs incurred for travel and accommodation in order to attend Board meetings. These costs have been grossed up to include the relevant income tax payable where applicable (e.g. to travel expenses).
b) Maria Fernanda Mejía stepped down from the Board on 2 February 2022.
c) Jacky Simmonds was appointed to the Board on 1 March 2023.

DIRECTORS' REMUNERATION REPORT continued

Payments for loss of office (audited information)

No payments were or are to be made to directors in respect of loss of office.

Payments to past directors (audited information)

No payments were or are to be made to former directors.

Executive directors' annual salary (audited information)

As disclosed last year, executive directors' salaries were reviewed with effect from 1 January 2023 in accordance with normal policy and were increased taking into account the average salary increases for employees across the Group.

	Salary from 1 January 2023	Salary from 1 January 2022	Increase in salary 2022 to 2023
Frank van Zanten	**£995,050**	£939,600	5.9%
Richard Howes	**£647,000**	£616,193	5.0%

Executive directors' salaries were also reviewed with effect from 1 January 2024 and the increases awarded are shown on page 145.

Executive directors' external appointments

During 2023 Frank van Zanten served as a non-executive director of Ahold Delhaize N.V. and Richard Howes served as a non-executive director of Smiths Group plc. During the year, Frank van Zanten retained fees of €152,500 from Ahold Delhaize N.V. and Richard Howes retained fees of £88,273 from Smiths Group plc.

Non-executive directors' fees (audited information)

The Chairman's fee is reviewed every two years, with the most recent review having taken place with effect from 1 January 2022. The non-executive directors' fees were reviewed with effect from 1 January 2023 in accordance with the normal fees policy.

	With effect from 1 January 2023	Fees paid in 2022	Increase in fees 2022 to 2023
Chairman's fee	**£386,000**	£386,000	0.0%
Non-executive director fee	**£78,500**	£75,000	4.7%
Supplements:			
Senior Independent Director	**£21,000**	£20,000	5.0%
Audit Committee Chair	**£22,000**	£21,000	4.8%
Remuneration Committee Chair	**£22,000**	£21,000	4.8%

The Chairman and non-executive directors' fees were reviewed with effect from 1 January 2024 and the increases awarded are shown on page 146.

Performance against annual bonus targets (audited information)

The annual bonus plan and DASBS currently operate as set out in the policy section on pages 127 and 128. The bonus measures for 2023 were Group adjusted eps, RAOC, operating cash flow, personal performance on individual objectives and specific objectives related to ESG matters.

The maximum bonus achievable was 180% of salary for Frank van Zanten and 160% for Richard Howes. The results for 2023 reflect another successful year and are shown in the table below. The bonus outturn reflects another successful year during which Bunzl has grown adjusted operating profit by 6.2% at constant exchange rates and increased adjusted eps by 2.7%, exceeding internal and external expectations. The Committee did not exercise any discretion over these formulaic outturns.

Group performance (70%)

Weighting	Scorecard performance metric	Threshold	Target	Stretch	Actual outturn calculated at constant exchange rates	% of maximum bonus
35%	eps (p)	174.7	187.8	200.9	195.6	79.7%
	% of target	93.%	100%	107%	104.15%	
	% salary – Frank van Zanten	15.8%	31.5%	63.0%	50.19%	
	% salary – Richard Howes	14.0%	28.0%	56.0%	44.61%	
10%	RAOC %	40.1%	42.1%	44.1%	46.40%	100%
	% of target	95%	100%	105%	110.21%	
	% salary – Frank van Zanten	4.5%	9.0%	18.0%	18.0%	
	% salary – Richard Howes	4.0%	8.0%	16.0%	16.0%	
25%	Operating cash flow (£m)	693.7	730.2	766.7	905.9	100%
	% of target	95%	100%	105%	124.06%	
	% salary – Frank van Zanten	11.3%	22.5%	45.0%	45.0%	
	% salary – Richard Howes	10.0%	20.0%	40.0%	40.0%	
					TOTAL	89.8%

Notes
a) The adjusted eps outturn for 2023 (191.1p) calculated at the exchange rates used in setting the 2023 target is 195.6p.
b) The actual outturn calculated at constant exchange rates is the actual result of the relevant measures retranslated at the exchange rates used in setting the target for that measure.

DIRECTORS' REMUNERATION REPORT continued

Non-financial strategic goals (30%)

Following a review of performance against specific personal objectives for 2023, the Committee determined the bonus percentages payable to the executive directors in relation to the non-financial strategic goals. The specific objectives, and the related evaluation of performance, are shown in the table below:

Frank van Zanten – Chief Executive Officer Non-financial objectives (20% of bonus)	Evaluation
• Continue to deliver digital progress across the Group. Ensure that digital best practice continues to be shared across the Group so that development can be accelerated and ensure that investment is targeted at the areas of greatest opportunity.	• Significant progress on digital sales orders (December 2023) which grew to 72% of transactions compared to 69% in 2022. Excluding acquisitions, the growth was from 60% in 2019 to 74% in the month of December 2023. Supplier invoices electronically loaded (December 2023) were at 60% compared to 52% in 2022. • Several large Digital Forums are in place across the business for the sharing of best practice (Global forum has 500+ members) and the combination of the adoption of new technology tools (including artificial intelligence) and the recruitment of new digital talent is supporting ongoing progress.
• Develop a vision for how the Bunzl business could look in 2030, including more understanding of what new capabilities will be required from a technology and talent perspective.	• Over the course of the first half of 2023, a thorough process involving all members of the leadership team and some external input was launched to create a vision for Bunzl in 2030. This was shared with the Board at a Strategy session in June, and focused on the use of Artificial Intelligence in both the content and the delivery. This helped to re-focus the objectives around talent and technology and provides a framework for the team on the key strategic priorities.
• Continue to build an effective Board and Leadership Team, to include effective onboarding and induction for newly appointed non-executive directors and the Managing Director of Bunzl Asia Pacific and ensuring continuous development of the Leadership team.	• The new non-executive director underwent an extensive induction programme meeting functional leaders and Exco members. Commercial, operational and strategic information was shared before the annual Board planning meetings which has accelerated their active participation at the Board. • The annual Board evaluation process has been converted into tangible action points which have been integrated into the Board forward agenda • The Managing Director of Bunzl APAC has made a positive start and has been actively coached and supported in stepping up as a full member of the Leadership team. Other tailored development activities have been implemented for the regional Managing Directors according to individual need.
% of base salary awarded	**34.2%**
% of maximum	**95%**

Richard Howes – Chief Financial Officer Non-financial objectives (20% of bonus)	Evaluation
• Deliver a robust and competitive audit tender process.	• The tender process invited three firms to submit proposals for the 2024 year end audit. After an extensive engagement process the Audit Committee, supported by a Selection Panel, recommended to the Board that the services of the current auditor, PwC, be retained. The process and outcome successfully balanced the importance of financial and non financial aspects of the audit process.
• Internal Controls & Reporting/ Information Security – deliver the key milestones of the regional implementation plans and agree the roadmap for roll-out of non-financial information reporting over 2023–2025.	• The Global Internal Controls programme remains on track with 100% of key controls (tier 1 and 2, by revenue) documented including Group Finance, Tax and Treasury. All the Information Security audits completed by the Internal Audit team have achieved Reasonable Assurance. Significant enhancements implemented have included modified acquisition assessments, dark web scanning, health checks and external threat intelligence. In addition, the team completed the first cross group InfoSec breach response simulation. • A comprehensive roadmap for non-financial information reporting was presented to the Audit Committee following extensive engagement with regional teams and the creation of dedicated resources.
• Undertake global projects in conjunction with the Business Area management to (a) further improve working capital levels in the businesses without compromising service levels and (b) identify the greatest opportunities to further drive (digital) automation including sharing best practices and ensuring that the local teams deliver the planned progress.	• A system of weekly working capital reporting has been developed and extensive communication has taken place to ensure the ownership of regional finance directors. Average inventory days has improved year on year. • A new approach to reporting digital progress has been implemented with a particular focus on the inclusion of specific business performance metrics. As above, significant progress on the digitisation of sales orders and supplier invoices has been made.
% of base salary awarded	**30.4%**
% of maximum	**95%**

DIRECTORS' REMUNERATION REPORT continued

ESG objectives – shared objectives (10% of bonus)	Evaluation
• **Climate change** – Ensure that those suppliers that jointly account for at least 79% of the Group supplier emissions are fully engaged on the requirement to set science-based targets by 2027. This ensures that the SBTi requirement to have science-based targets for 2/3 of Bunzl's scope 3 emissions is met. Identify a suitable platform for data collection and monitoring, agree a timetable for implementation and deliver the key milestones for 2023. Ensure that the communications approach with suppliers is fit for purpose, and that roles and responsibilities are clear.	• A thorough RFP process was carried out to source a suitable, Bunzl-aligned supplier engagement tool and shortlisted four options before selecting the most appropriate provider. After ensuring ownership of the programme from the regional leads and procurement teams, a Bunzl-specific structure was built into the tool and 750 suppliers (representing 79% of spend by emissions) were contacted as a first step of the engagement process to take place in 2024. This will involve a pilot with the top 100 suppliers in the first half of the year followed by the remaining 650 suppliers.
• **Products** – Increase the sales of packaging products made from alternative materials (as a % of total packaging products) across the Group by 2% during 2023.	• Overall, alternative materials as a % of total packaging has improved, driven by strong engagement with customers and suppliers. The 2% target was just missed due to changes in customer behaviour and the delay of legislation in some key jurisdictions.
• **Ethical sourcing** – Ensure that the audit programme in high risk countries inside and outside of Asia is further expanded, taking it from 78% to 88% of spend in the high risk regions in total (based on 2022 spend data) coming from assessed and compliant suppliers. This means that Bunzl will be firmly on track to achieve the target of 90% coverage by 2025.	• 90% coverage of high risk spend was achieved (based on 2022 spend data) at the end of the year with 92 more audits completed in 2023 than in 2022. The number of audits completed in high risk regions has increased by 90% over the last 6 years. Auditing in other high risk regions has taken place with 77 audits in 2023 (Turkey, Brazil etc) with one zero tolerance issue identified. The first audits of suppliers based in low risk countries who produce high risk products were completed.
• **Diversity, Equity & Inclusion** – Ensure that the % of leadership roles across the Group (defined as those who receive share awards as part of their remuneration) occupied by females improves on an underlying basis. Provide the Board with regular reporting on the progress of females in Bunzl, including a clear understanding of the impact of acquisitions on the composition of the leadership group.	• The % of leadership roles occupied by women (defined as those who receive share awards as part of their remuneration) has increased from 20% (2022) to 22% (2023). The total leadership population has increased from 497 to 506, and excluding acquisitions, c.40% of the new joiners to the group were female. Regular reporting of progress to the Board has taken place highlighting the major initiatives underway, including the broad rollout of leadership diversity training, focused leadership programmes for females (e.g. Latin America) and the expansion of the "Inspiring Women in Bunzl" networks across the Group.

% of base salary awarded	**Frank van Zanten – 14.4%**	**Richard Howes – 12.8%**
% of maximum	**80%**	**80%**

When assessing performance and outcomes the Committee was mindful of the Company's broader achievements and stakeholder experience. The outcomes are considered appropriate in light of a year of continued strong business performance. Accordingly, the total payments under the annual bonus plans were:

	Total bonus payment (cash and deferred shares) as a % of salary				
	2023 %	2022 %	2021 %	2020 %	2019 %
Frank van Zanten	**161.8**	176.4	176.4	180.0	107.1
Richard Howes	**143.8**	156.8	155.2	160.0	–

The monetary values of the bonus payments for 2023 and 2022 are included in the table on page 136. The deferred shares portion of the bonus is 50% of the total and is delivered under DASBS share awards which vest after three years and are subject to continued employment. The total bonus payment represents 89.8% of the maximum bonus.

LTIP grants/awards with performance periods ending in 2023 (audited information)

Performance shares – LTIP Part B

Awards of performance shares were made to Frank van Zanten and Richard Howes on 6 April 2020 and 5 October 2020 under the 2014 LTIP and vested during 2023. These will be the last LTIP Part B performance shares to vest. The Committee assessed the performance of the Company against the relevant performance conditions and no discretion was exercised to override the formulaic outcomes including as a result of the share price movement over the vesting period.

LTIP Part B – 6 April and 5 October 2020 awards

Performance measure	Vesting schedule	Threshold target (6% p.a. compounded)	Maximum target (12% p.a. compounded)	Actual eps growth	% vesting (50% of award)
Eps growth (over three year period to 31 December 2022)	25% vesting for threshold performance 100% vesting for maximum performance	19.10%	40.49%	43.72%	100.00%
% payable		12.5%	50.0%		

Performance measure	Performance period	Vesting schedule	Threshold target (median)	Maximum target (upper quartile)	Actual TSR	% vesting (50% of award)
TSR relative to comparator group of bespoke peer companies	1 April 2020 to 31 March 2023	25% vesting for threshold performance	15.3% 42 out of 83	34.6% 21.25 out of 83	68.7% 8.02 out of 83	100.00%
	1 October 2020 to 30 September 2023	100% vesting for maximum performance	22.2% 42 out of 83	59.0% 21.25 out of 83	30.2% 34.98 out of 83	50.38%
% payable			25%	100%		

	Date of grant	Number of shares granted	Vesting outcome – eps	Vesting outcome – TSR	Total Vesting Outcome	Value of award vesting
Frank van Zanten	6 April 2020	42,936	100%	100%	100%	£1,318,565
	5 October 2020	26,377	100%	50.38%	75.19%	£581,673
Richard Howes	6 April 2020	22,527	100%	100%	100%	£691,773
	5 October 2020	13,839	100%	50.38%	75.19%	£305,179

Note
Included in the single total figure of remuneration on page 136 is the value of these vested awards for Frank van Zanten and Richard Howes at the closing mid-market share price on the dates of vesting, 6 April 2023 and 5 October 2023, which were 3,071p and 2,933p respectively.

LTIP – 2021 Restricted Share Awards

The first grant of restricted share awards was made under the 2021 Policy on 21 April 2021. These awards vest after three years subject to the achievement of an underpin (assessed for the year ending 31 December 2023) and continued service.

After each completed financial year during the three-year underpin assessment period, the Committee considered carefully and documented progress towards achieving the underpin. Reflecting the strong financial and non-financial performance of the Group over the three-year period, the Committee determined that the underpin has been achieved and therefore no scale back is required. The following points were considered by the Committee in arriving at this assessment:

- Financial performance – a strong performance in all three years of the period, including adjusted operating profit growing by 2.8%, 11.1% and 6.2% in 2021, 2022 and 2023 respectively at constant exchange rates and ROAC over 43% and ROIC over 15% for all three years.
- Operating model improvements – the last three years have seen significant operating efficiencies being realised, key examples are the reorganisation of the Distribution division in North America and 24 warehouse relocations and consolidations in 2023 alone. A continued focus on technology and automation has resulted in improvements in digital customer and supplier interactions with 72% of all orders now being handled digitally.
- Own brand and sustainable product alternatives – own brand product ranges in a number of regions have been launched and developed over the three years including Ecosystems in North America and Verive in Continental Europe which now has its own range of reusable packaged products.
- Acquisitions – 45 acquisitions have been made in the last three years, with £1,298m of committed spend in that period.
- Sustainability – from 2021 to 2023 new sustainability commitments have been launched; climate change targets approved by SBTi; engagement with over 100 suppliers to set their own science-based emission targets; and a double materiality assessment to ensure our sustainability actions deliver the best results for our stakeholders.
- Employee satisfaction – maintained over 80% engagement scores when surveying all our employees worldwide and in our first global pilot of the Great Place to Work survey in 2023, 75% of the operating companies were accredited and the average Trust Index score was 69%.
- Risk management – introduced the Internal Controls Essentials programme; resourced to implement the controls and measure effectiveness.

	Date of grant	Number of shares granted	Underpin achieved	Number of awards vesting (incl. dividend equivalents)	Estimated Value of award vesting
Frank van Zanten	21 April 2021	45,859	Yes	48,854	£1,460,735
Richard Howes	21 April 2021	24,060	Yes	25,631	£766,367

Note
The estimated vesting value is based on the three-month average of the closing mid-market share price to 31 December 2023 (2,990p). The value will be updated in next year's report to reflect the actual closing mid-market share price on the vesting date. Vested awards are subject to a further two-year holding period.

Total pension entitlements (audited information)

	Value of cash allowance in 2023	Total pension 2023
Frank van Zanten	£49,753	**£49,753**
Richard Howes	£32,350	**£32,350**

DIRECTORS' REMUNERATION REPORT continued

LTIP grants in 2023

In 2023 a single Restricted Share Award was made on 1 March 2023 in accordance with the Policy as approved at the 2021 AGM.

Restricted shares awarded during the financial year (audited information)

	Plan	Date of grant	Basis of award	Face value £000	Number of shares	Performance period end date
Frank van Zanten	RSA	1 March 2023	125% of salary	£1,243.8	41,682	31 December 2025
Richard Howes	RSA	1 March 2023	100% of salary	£647.0	21,682	31 December 2025

Note
The face value of the awards is calculated using the average of the closing mid-market share price on the 60 calendar days prior to the grant of the award. The RSA options were awarded under the LTIP Part B on 1 March 2023 at a value of 2,984p per share.

The extent to which the Restricted Share Award, granted as nil-cost options, may vest is subject to a performance underpin which will be closely reviewed by the Committee before these awards vest in 2026. In assessing the underpin, in normal circumstances the Committee may consider the Group's overall performance, including financial and non-financial performance over the course of the vesting period and any material risk/regulatory failures identified. Financial performance may include elements such as revenue, profitability, cash generation, and return on capital. Non-financial performance relates to strategic priority areas focused on delivering long term success of the Company and implementing the Group's long term strategy. These include, for instance, making operating model improvements, own brand development, acquisition growth, building on our competitive advantage, digital and technology improvements, focus on ESG, including sustainability, employee satisfaction and managing risk in the business. Vested awards are subject to a two-year holding period.

Shareholder dilution

In accordance with The Investment Association's Principles of Remuneration, the Company can satisfy awards to employees under all of its share plans with new issue shares or shares issued from treasury up to a maximum of 10% of its issued share capital (adjusted for share issuance and cancellation) in a rolling 10 year period. Within this 10% limit, the Company can only issue (as newly issued shares or from treasury), 5% of its issued share capital (adjusted for share issuance and cancellation) to satisfy awards under executive (discretionary) plans.

As well as the LTIP, the Company operates various all employee share schemes as described on page 130. Newly issued shares are currently used to satisfy the exercise of options under the Sharesave Scheme and the International and Irish Sharesave Plans. Awards of executive options, performance share awards and restricted share awards made under the LTIP are principally satisfied by shares delivered from the Employee Benefit Trust which buys shares on the market, unless security laws in relevant jurisdictions prevent this.

Limit on awards	Cumulative options and awards granted as a percentage of issued share capital as at 31 December 2023
10% in any rolling 10 year period (all plans)	1.0%
5% in any rolling 10 year period (executive (discretionary) plans)	0.2%

Statement of directors' shareholding and share interests (audited information)

As at 31 December 2023, each of the executive directors and their connected persons have a shareholding as follows:

	Requirement for share ownership as a percentage of salary (31 December 2023)	Actual share ownership as a percentage of salary at 31 December 2023 at the closing mid-market price (3,190p)
Frank van Zanten	300%	875%
Richard Howes	200%	519%

Notes
a) Shares contributing to the share ownership percentage include deferred shares held under the DASBS (net of tax).
b) Under the Policy being put to a shareholder vote at the 2024 AGM, the in-employment shareholding guideline will increase from 300% to 350% of salary for the Chief Executive Officer and from 200% to 250% of salary for the Chief Financial Officer.

Additional information on directors' interests (audited information)

Details of the executive directors' interests in outstanding share awards under the DASBS, LTIP and all employee share plans are set out below.

Deferred share awards as at 31 December 2023

The awards granted to each director of the Company and any director with an interest in the Company under the DASBS are set out in the table below. Further information relating to the deferred bonus is provided on pages 127 and 128.

	Awards (shares) held at 1 January 2023	Shares awarded during 2023	Shares vested during 2023	Total number of awards (shares) at 31 December 2023	Normal vesting date	Share price at grant p	Market price at vesting p	Monetary value of vested awards £000
Frank van Zanten	24,670		26,288	–	01.03.23	1,870	2,974	782
	36,667			**36,667**	01.03.24	2,178		
	27,124			**27,124**	01.03.25	2,969		
		27,959		**27,959**	01.03.26	2,964		
	88,461	**27,959**	26,288	**91,750**				
Richard Howes	9,774		10,415	–	01.03.23	1,870	2,974	310
	21,375			**21,375**	01.03.24	2,178		
	15,651			**15,651**	01.03.25	2,969		
		16,298		**16,298**	01.03.26	2,964		
	46,800	**16,298**	**10,415**	**53,324**				

Notes
a) The deferred element of the 2023 annual bonus plan as shown on page 136 is not included in the table above as the appropriate number of shares have not yet been awarded. No shares lapsed during the year.
b) The deferred shares vested during 2023 include the dividend equivalents.
c) The deferred shares awarded during 2023 relate to 50% of the bonus for 2022 and are structured as nil-cost options, with the number of shares being determined by reference to the mid market closing share price on the day preceding the grant date. The face value of the DASBS awards on the grant date 1 March 2023 was £828,705 for Frank van Zanten and £483,073 for Richard Howes.
d) Frank van Zanten exercised 26,288 deferred shares granted in 2020 (including related dividend equivalent shares) on 1 March 2023 with a total gain of £784,923
e) Richard Howes exercised 10,415 deferred shares granted in 2020 (including related dividend equivalent shares) on 3 March 2023 with a total gain of £312,615.

DIRECTORS' REMUNERATION REPORT continued

LTIP

The tables below show the number of executive share options and performance shares held by the executive directors under the LTIP during 2023 with shaded details indicating options or shares that have vested.

Executive share options – LTIP Part A

	Options held at 1 January 2023	Grant date	Exercise price p	Options exercisable between	Vested options held at 31 December 2023
Frank van Zanten	42,636	02.09.16	2,336	02.09.19–01.09.26	–
	34,946	02.03.17	2,335	02.03.20–01.03.27	**34,946**
	42,782	01.03.18	1,955	01.03.21–29.02.28	**42,782**
	35,010	31.08.18	2,389	31.08.21–30.08.28	**35,010**
	34,978	28.02.19	2,375	28.02.22–27.02.29	**34,978**
	39,427	11.09.19	2,107	11.09.22–10.09.29	**39,427**
	48,225	10.03.20	1,840	10.03.23–09.03.30	**48,225**
	37,096	09.09.20	2,392	09.09.23–08.09.30	**37,096**
Total	**315,100**				**272,464**
Richard Howes	31,627	10.03.20	1,840	10.03.23–09.03.30	–
	24,329	09.09.20	2,392	09.09.23–08.09.30	–
Total	**55,956**				

Notes
a) The mid-market price of a share on 29 December 2023 (last working day of 2023) was 3,190p and the range during 2023 was 2,687p to 3,225p.
b) Executive share options are structured as market value options.
c) Frank Van Zanten exercised 42,636 share options granted in September 2016 on 6 April 2023 with a total gain of £313,459.
d) Richard Howes exercised 31,627 share options granted in March 2020 on 12 April 2023 and 24,329 share options granted in September 2020 on 6 October 2023 with a total gain of £392,496 and £138,194 respectively.

Performance shares – LTIP Part B

	Awards (shares) held at 1 January 2023	Conditional shares awarded during 2023	Award date	Market price per share at award p	Lapsed awards (shares) during 2023	Exercised awards (shares) during 2023	Market price per share at exercise p	Value at exercise £000	Awards (shares) held at 31 December 2023
Frank van Zanten	42,936	–	06.04.20	1,550	–	42,936	3,066	1,316	–
	26,377	–	05.10.20	2,523	6,545	19,832	2,950	585	–
Total	**69,313**	–			**6,545**	**62,768**			–
Richard Howes	22,527	–	06.04.20	1,550	1	22,526	3,081	694	–
	13,839	–	05.10.20	2,523	3,434	10,405	2,960	308	–
Total	**36,366**	–			**3,435**	**32,931**			–

Note
Performance shares are structured as nil-cost options.

Restricted Share Awards

	Awards (shares) held at 1 January 2023	Conditional shares awarded during 2023	Award date	Market price per share at award p	Lapsed awards (shares) during 2023	Exercised awards (shares) during 2023	Market price per share at exercise p	Value at exercise £000	Awards (shares) held at 31 December 2023
Frank van Zanten	45,859	–	21.04.21	2,489	–	–	–	–	**45,859**
	42,693	–	01.03.22	2,751	–	–	–	–	**42,693**
		41,682	01.03.23	2,984	–	–	–	–	**41,682**
Total	**88,552**	**41,682**			–	–			**130,234**
Richard Howes	24,060	–	21.04.21	2,489	–	–	–	–	**24,060**
	22,398	–	01.03.22	2,751	–	–	–	–	**22,398**
		21,682	01.03.23	2,984	–	–	–	–	**21,682**
Total	**46,458**	**21,682**			–	–			**68,140**

Note
Restricted Share Awards are structured as nil-cost options.

DIRECTORS' REMUNERATION REPORT continued

All employee share schemes

The table below shows the number of share options granted to the executive directors under the Sharesave Schemes. Details of the Sharesave Schemes are set out on page 130.

Sharesave Schemes

	Options at 1 January 2023	Grant date	Exercise price p	Options exercisable between	Options at 31 December 2023
Frank van Zanten	959	27.03.18	1,564	01.05.23–31.10.23	**–**
	504	31.03.21	1,781	01.05.24–31.10.24	**504**
	–	03.04.23	2,343	01.05.26–31.10.26	**368**
Richard Howes	1,010	31.03.21	1,781	01.05.24–31.10.24	**1,010**

Interests in shares and share options (audited disclosure)

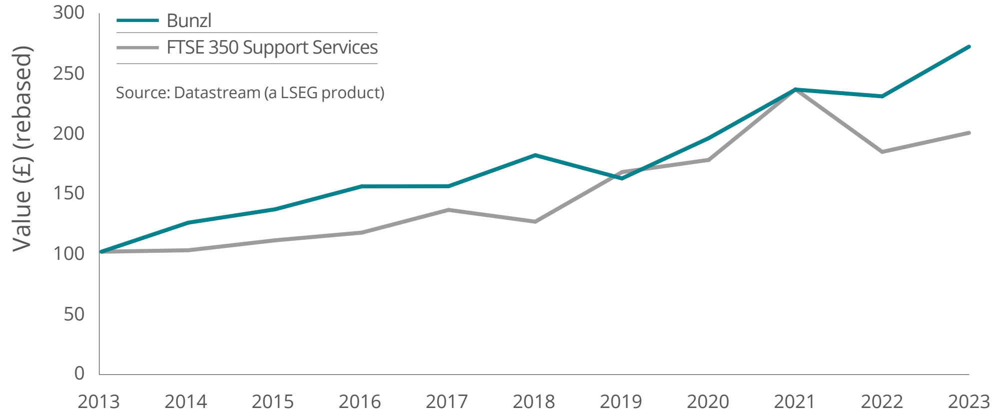
The interests of the directors, and their connected persons, in the Company's ordinary shares and share options at 31 December 2023 were:

	Shares (DASBS, LTIP B and RSA)				Options (LTIP Part A and Sharesave)			Total interests held
	Owned outright	Unvested (DASBS)	Unvested and subject to performance conditions (LTIP Part B)	Unvested and subject to underpin (RSA)	Unvested and subject to performance conditions	Unvested subject to continued employment	Vested but not exercised	
Frank van Zanten	**225,612**	91,750	–	130,234	–	872	272,464	720,932
Richard Howes	**76,333**	53,324	–	68,140	–	1,010	–	198,807
Peter Ventress	**2,608**	–	–	–	–	–	–	2,608
Vin Murria	**–**	–	–	–	–	–	–	–
Vanda Murray	**3,000**	–	–	–	–	–	–	3,000
Lloyd Pitchford	**4,000**	–	–	–	–	–	–	4,000
Stephan Nanninga	**–**	–	–	–	–	–	–	–
Pam Kirby	**1,800**	–	–	–	–	–	–	1,800
Jacky Simmonds	**–**	–	–	–	–	–	–	–

Notes
a) No changes to the directors' ordinary share interests shown in this remuneration report have taken place between 31 December 2023 and 26 February 2024.
b) LTIP A share options are structured as market value options and LTIP B performance shares and Restricted Share Awards are structured as nil-cost options.

Performance graph and table

Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that the Company must provide a graph comparing the TSR performance of a hypothetical holding of shares in the Company with a broad equity market index over a 10 year period. The Company's TSR performance against the FTSE 350 Support Services Sector, considered to be the most appropriate comparator group, over a 10-year period to 31 December 2023 is shown below.



DIRECTORS' REMUNERATION REPORT continued

Chief Executive Officer's single figure history

The table below summarises the Chief Executive Officer's single total figure of remuneration, annual bonus and long term incentive payout as a percentage of maximum opportunity for 2023 and the previous nine years. The total remuneration figure for 2023 includes both the 2020 LTIP B awards and the 2021 Restricted Share Award due to reporting requirements. This means the total remuneration is artificially high and will normalise in 2024.

		2014	2015	2016 MR	2016 FvZ	2017	2018	2019	2020	2021	2022	2023
Single total figure of remuneration £000		4,766.8	3,937.9	2,353.3	1,492.0	2,812.0	2,828.8	2,769.4	3,490.3	4,225.4	4,505.1	**6,284.9**
Annual bonus payment as a percentage of maximum		85%	64%	0%	67%	73%	70%	60%	100%	98%	98%	**90%**
Long term incentive vesting as a percentage of maximum	LTIP Part A (options)	100%	100%	100%	0%	100%	100%	100%	100%	96%	100%	**–**
	LTIP Part B (performance shares)	89%	69%	82%	0%	69%	54%	63%	45%	81%	60%	**88%**
	LTIP Part B (Restricted Share Awards)	–	–	–	–	–	–	–	–	–	–	**100%**

Notes
a) The data for 2016 includes the amounts relating to Michael Roney ('MR') from 1 January 2016 to 19 April 2016 and also includes the LTIP awards made to him that vested in the period from 20 April to 31 December 2016. There was no bonus award for Michael Roney in relation to 2016.
b) The data for 2016 also includes the amounts relating to Frank van Zanten ('FvZ') from 20 April to 31 December 2016 including the bonus award for that period and the international relocation package with accommodation benefit support, but excludes the LTIP awards made to him in his previous role that vested during the period from 20 April to 31 December 2016.
c) All years prior to 2016 relate to the former CEO Michael Roney.
d) The single total figure of remuneration in relation to 2022 has been restated from the figure shown in the 2022 Annual Report to reflect the difference between the grant price and the estimated value of vesting using the three month average share price to 31 December 2022 and the value of the relevant LTIP awards on the actual date of vesting as detailed in Note (f) to the table of the single total figure of remuneration 2023 on page 136.

Percentage change in each director's remuneration

The table below sets out the annual changes from the prior year, for the years 2020 through to 2023, in the salary, benefits, and bonus values of all directors and employees of the legal entity which employs the Chief Executive Officer, Bunzl plc. Where it is not possible to compare employees from Bunzl plc between years due to employees joining or leaving the Company or moving role, these employees have been removed from the data to prevent distortion.

	Salary/Fees				Benefits				Bonus			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Chief Executive Officer – Frank van Zanten	3.0%	2.9%	2.9%	**5.9%**	(42.0%)	(14.1%)	57.2%	**15.0%**	73.0%	0.8%	2.9%	**(2.9%)**
Chief Financial Officer – Richard Howes	3.0%	2.9%	2.9%	**5.0%**	n/a	1.2%	2.5%	**(0.6%)**	n/a	(0.2%)	4.0%	**(3.7%)**
Chairman – Peter Ventress	3.1%	0.0%	4.9%	**0.0%**	n/a	100.0%	(100.0%)	**0.0%**	n/a	n/a	n/a	**n/a**
Non-executive director – Vanda Murray	0.9%	2.2%	3.4%	**4.7%**	(100.0%)	100.0%	104.0%	**69.4%**	n/a	n/a	n/a	**n/a**
Non-executive director – Lloyd Pitchford	1.1%	1.6%	3.0%	**4.7%**	(100.0%)	0.0%	0.0%	**100.0%**	n/a	n/a	n/a	**n/a**
Non-executive director – Stephan Nanninga	n/a	2.0%	2.5%	**4.7%**	(64.0%)	(100.0%)	100.0%	**(0.9%)**	n/a	n/a	n/a	**n/a**
Non-executive director – Vin Murria	n/a	2.0%	2.5%	**4.7%**	n/a	0.0%	100.0%	**(2.0%)**	n/a	n/a	n/a	**n/a**
Non-executive director – Pam Kirby	n/a	n/a	n/a	**4.7%**	n/a	n/a	n/a	**0.0%**	n/a	n/a	n/a	**n/a**
Non-executive director – Jacky Simmonds	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	**n/a**
Average of employees in Bunzl plc	3.2%	3.1%	4.7%	**6.7%**	(3.3%)	5.8%	3.8%	**3.1%**	162.0%	(15.9%)	(23.2%)	**(17.1%)**

Notes
a) Benefits are annualised. See footnote (c) under the table on page 136 for explanation of increase to Frank van Zanten's benefits.
b) Bunzl plc employees exclude any increases due to a change of role that occurred during either year.
c) Benefits for Bunzl plc employees have been restated for all years to include both health insurance cover and car allowances. Bonus for 2021-2022 has been restated with actual bonus outturn numbers.
d) Benefits for the non-executive directors are costs incurred for travel and accommodation in order to attend Board meetings in London.

DIRECTORS' REMUNERATION REPORT continued

Chief Executive Officer pay ratio

The table below sets out the comparisons between the 25th, median, and 75th percentile employees in the UK, with reference to 31 December 2023, and the Chief Executive Officer's salary and total remuneration as detailed in the single figure table. To calculate these ratios, the Company has used Option A and determined full time equivalent total remuneration as this is the most statistically robust method. This includes scaling up salary for part time employees. Each employee's pay and benefits are calculated using each element of employee remuneration consistent with the Chief Executive Officer and no element of pay has been omitted.

	CEO single figure	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Salary	£995,050	2023	Option A	41:1	36:1	26:1
Total remuneration	£6,285,028	2023	Option A	248:1	213:1	146:1
Salary	£939,600	2022	Option A	41:1	35:1	25:1
Total remuneration	£4,505,124	2022	Option A	193:1	163:1	108:1
Salary	£913,078	2021	Option A	43:1	37:1	26:1
Total remuneration	£4,225,361	2021	Option A	196:1	164:1	106:1

	Salary	Total remuneration
Chief Executive Officer	£995,050	£6,285,028
25th percentile employee	£24,316	£25,339
Median employee	£27,706	£29,468
75th percentile employee	£37,875	£43,030

The total remuneration ratios for 2023 are higher due to the inclusion of both the LTIP B vests and RSA vest in the single figure table for the Chief Executive Officer's remuneration. The median salary ratio remains broadly consistent as the Chief Executive Officer's salary increase was in line with the wider UK workforce.

Note
The single total figure of remuneration in relation to 2022 has been recalculated to reflect the difference between the grant price and the estimated value of vesting of the relevant LTIP awards on the actual date of vesting as detailed in Note (f) to the table of the single figure of remuneration 2023 on page 136. The 2022 salary ratio has not been restated because there was no difference to report.

Relative importance of spend on pay

The table below shows a comparison between the overall expenditure on pay and dividends paid to shareholders as well as adjusted earnings per share for 2022 and 2023 (as stated in Note 26, Note 22 and Note 3 to the consolidated financial statements on pages 185, 182 and 161 respectively).

£m	2023	2022	Percentage change
Overall expenditure on pay	**1,039.5**	984.5	5.6%
Dividends paid in the year	**209.7**	190.5	10.1%
Adjusted earnings per share (p)	**191.1**	184.3	3.7%

Notes
a) Overall expenditure on pay excludes employer's social security costs.
b) Adjusted earnings per share is used as a comparator as it is a key financial indicator.

Remuneration arrangements for 2024

Salary

The salary increases for the executive directors for 2024, which are lower than the increase that has been implemented for the wider leadership team (c. 5%), are as follows:

	Salary from 1 January 2024	Salary from 1 January 2023	Increase in salary 2023 to 2024
Frank van Zanten	£1,034,850	£995,050	4.0%
Richard Howes	£673,000	£647,000	4.0%

2024 bonus measures

The structure for Frank van Zanten's and Richard Howes' annual bonus for 2024 is a balanced scorecard of performance measures, based on adjusted eps, RAOC, operating cash flow and specified strategic goals. The weighting of these measures remains 70% financial measures and 30% non-financial measures (20% strategic goals and 10% ESG goals).

	Weightings
EPS	30%
ROAC	15%
Operating cash flow	25%
Individual strategic objectives	20%
ESG / Sustainability	10%
	100%

Following feedback from shareholders, the weighting of RAOC will increase by 5% to 15% and the weighting of eps will decrease by 5% to 30%. The relevant performance points are: threshold, target, and maximum (the level at which the bonus for that measure is capped). These performance points are determined at the start of the year and no elements of the bonus are guaranteed. As in previous years, the performance measures, including the financial targets, are commercially sensitive and therefore are not disclosed until the following year.

Underpin and pricing basis for long term incentives to be awarded in 2024

For the first awards to be granted under the 2024 Policy, the performance underpin will be reorganised so that a formal framework is established upfront which will set out clearly for each award the key elements which will need to be assessed for the award to vest. As is current policy, the Committee will review specific indicators to help form a view of 'in the round' performance. In addition, the Committee has the discretion to scale back awards (including to zero) if it concludes there is material underperformance over the course of the vesting period.

Performance underpin framework	Factors to be considered (not limited to)
Financial health of the business, considering key financial indicators	• Revenue growth • Operating margin • Adjusted earnings per share • Return on average operating capital (RAOC/ROIC) • Cash conversion • Balance sheet strength
Strategic priorities	Delivery of key strategic objectives over the vesting period including operational and individual performance
Stakeholder experience	Consideration of our key stakeholders including employees, customers, suppliers and shareholders
ESG progress	Progress towards key achievement of ESG objectives including climate change ambitions, ethical supply, investing in our people and diversity

The Committee conducts an annual review of the underpin and overall performance to determine if the shares should vest in full at the end of three years. Under the proposed new policy there will be an increase to quantum of restricted shares granted. In 2024 Frank van Zanten, subject to shareholder approval, will be granted a restricted share award to the value of 175% of his salary and Richard Howes will be granted a restricted share award to the value of 125% of his salary. In respect of determining the number of awards to be granted in 2024, the 60-day average share price preceding the first grant date will be used.

Chairman's and non-executive directors' fees for 2024

The Chairman's fee is reviewed every two years and the non-executive directors' fees are reviewed annually with the most recent reviews for both taking effect from 1 January 2024. The current fee structure for the Chairman and the non-executive directors is shown below:

	With effect from 1 January 2024	Fees paid in 2023	Increase in fees 2023 to 2024
Chairman's fee	£419,000	£386,000	8.5%
Non-executive director fee	£81,500	£78,500	3.8%
Supplements:			
Senior Independent Director	£21,800	£21,000	3.8%
Audit Committee Chair	£23,000	£22,000	4.5%
Remuneration Committee Chair	£23,000	£22,000	4.5%

The 8.5% increase to the Chairman's fee reflects the time commitment related to the role and the biannual approach to increases.

Advisers to the Remuneration Committee

In carrying out their responsibilities, the Committee seeks external remuneration advice as necessary. During the year the Committee received advice from Willis Towers Watson ('WTW') and FIT Remuneration Consultants LLP ('FIT'). WTW provided external survey data on directors' remuneration and benefit levels and FIT advised the Remuneration Committee on senior executive pay.

The fees payable to each adviser, based on hourly rates, were: £18,090 (WTW), and £72,421 (FIT) respectively for such work undertaken in 2023. Advisers are appointed by the Committee and reviewed periodically. A tender exercise was conducted in 2020 and FIT were selected to provide independent advice to the Remuneration Committee on senior executive pay matters. The Committee conducts regular reviews of the effectiveness of the advisers and is satisfied that they remain objective and independent.

Statement of voting at the 2023 AGM for the remuneration report

The remuneration report and remuneration policy respectively received the following shareholder votes at the 2023 AGM held on 26 April 2023 and the 2021 AGM held on 20 April 2021 these being the years they were last voted on by shareholders:

	Votes cast	Votes for	% of shares voted for	Votes against	% of shares voted against	Votes withheld
Remuneration report (2023)	280,620,548	267,969,829	95.49%	12,650,719	4.51%	941,363
Remuneration policy (2021)	273,777,510	258,507,726	94.42%	15,269,784	5.58%	3,880,511

Notes
a) The votes 'For' include votes given at the Company Chairman's discretion.
b) A vote 'Withheld' is not a vote in law and is not counted in the calculation of the votes 'For' or 'Against' the resolution. Votes 'For' and 'Against' are expressed as a percentage of the votes cast.

Vanda Murray OBE
Chair of the Remuneration Committee
26 February 2024

OTHER STATUTORY INFORMATION

Annual General Meeting

The Notice convening the Company's Annual General Meeting ('AGM'), to be held at 60 Victoria Embankment, London, EC4Y 0JP on Wednesday 24 April 2024 at 11.00 am, is set out in a separate letter from the Chairman to shareholders.

Dividends

An interim dividend of 18.2p was paid on 3 January 2024 in respect of 2023 and the directors are recommending a final dividend of 50.1p, making a total for the year of 68.3p per share (2022: 62.7p). Dividend details are given in Note 22 to the consolidated financial statements. Subject to shareholder approval at the 2024 AGM, the final dividend will be paid on 2 July 2024 to those shareholders on the register at the close of business on 17 May 2024.

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 32¹⁄₇p each which rank pari passu in respect of participation and voting rights. The shares are in registered form, are fully paid up and are quoted on the London Stock Exchange. In addition, the Company operates a Level 1 American Depositary Receipt programme with Citibank N.A. under which the Company's shares are traded on the over-the-counter market in the form of American Depositary Receipts.

Details of changes to the issued share capital during the year are set out in Note 21 to the consolidated financial statements.

Bunzl Group General Employee Benefit Trust

The trustee of the Bunzl Group General Employee Benefit Trust (the 'EBT') holds shares in respect of employee share options and awards that have not been exercised or vested. The EBT abstains from voting in respect of these shares. The trustee has agreed to waive the right to dividend payments on shares held within the EBT. Details of the shares so held are set out in Note 21 to the consolidated financial statements.

Rights and obligations attaching to shares

Subject to the provisions of the Companies Act 2006 and without prejudice to any rights attached to any existing shares, the Company may resolve by ordinary resolution to issue shares with such rights and restrictions as set out in such resolution or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Subject to the provisions of the Companies Act 2006 and of any resolution of the Company passed pursuant thereto and without prejudice to any rights attached to existing shares, the Board is duly authorised to issue and allot, grant options over or otherwise dispose of the Company's shares on such terms and conditions and at such times as it thinks fit. If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated by special resolution passed at a separate general meeting of such holders. Subject to the rights attached to any existing shares, rights attached to shares will be deemed to be varied by the reduction of capital paid up on the shares and by the allotment of further shares ranking in priority in respect of dividend or capital or which confer on the holders more favourable voting rights than the first-mentioned shares, but will not otherwise be deemed to be varied by the creation or issue of further shares.

Power to issue and allot shares

The directors are generally and unconditionally authorised under the authorities granted at the 2023 AGM to allot shares in the Company up to approximately one third of the Company's issued share capital or two thirds in respect of a rights issue. The directors were also given the power to allot ordinary shares for cash up to a limit representing approximately 10% of the Company's issued share capital as at 9 March 2023, without regard to the pre-emption provisions of the Companies Act 2006 (however, more than 5% can only be used in connection with an acquisition or specified capital investment). No such shares were issued or allotted under these authorities in 2023, nor is there any current intention to do so, other than to satisfy share options under the Company's share option schemes and, if necessary, to satisfy the consideration payable for businesses to be acquired.

These authorities are valid until the conclusion of the forthcoming AGM and the directors again propose to seek equivalent authorities at such AGM.

Restrictions on transfer of shares

Dealings in the Company's ordinary shares by its directors, persons discharging managerial responsibilities, certain employees of the Company and, in each case, any persons closely associated with them, are subject to the Company's Share Dealing Code.

Certain restrictions, which are customary for a listed company, apply to transfers of shares in the Company. The Board may refuse to register an instrument of transfer of any share which is not a fully paid share and of a certificated share at its discretion unless it is:

- lodged, duly stamped or duly certified, at the offices of the Company's registrar or such other place as the Board may specify and is accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- in respect of only one class of share; and
- in favour of not more than four transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

In addition, no instrument of transfer for certificated shares shall be registered if the transferor has been served with a restriction notice as defined in the Company's Articles of Association (the 'Articles') after failure to provide the Company with information concerning certain interests in the Company's shares required to be provided under the Companies Act 2006, unless the transfer is shown to the Board to be pursuant to an arm's length sale. The Board has the power to procure that uncertificated shares are converted into certificated shares and kept in certificated form for as long as the Board requires.

The Company is not aware of any agreements between shareholders that may result in any restriction of the transfer of shares or voting rights.

Restrictions on voting rights

A member shall not be entitled to vote, unless the Board otherwise decides, at any general meeting or class meeting in respect of any shares held by them if any call or other sums payable remain unpaid. Currently, all issued shares are fully paid. In addition, no member shall be entitled to vote if they have been served with a restriction notice after failing to provide the Company with information concerning certain interests in the Company's shares required to be provided under the Companies Act 2006. Votes may be exercised in person or by proxy. The Articles currently provide a deadline for submission of proxy forms of 48 hours before the relevant meeting, 24 hours before a poll is taken if such poll is taken more than 48 hours after it was demanded or during the meeting at which the poll was demanded if the poll is not taken straight away but is taken not more than 48 hours after it was demanded.

Purchase of own shares

At the 2023 AGM, shareholders gave the Company authority to purchase up to a maximum amount equivalent to approximately 10% of its issued share capital. During the year ended 31 December 2023, the Company did not purchase any of its own shares pursuant to this authority or the authority granted at the 2022 AGM and no shares have been purchased between 31 December 2023 and 26 February 2024. As a result, directors again propose to seek the equivalent authority at the 2024 AGM.

OTHER STATUTORY INFORMATION continued

Directors

Directors may be elected by ordinary resolution at a duly convened general meeting or appointed by the Board. Under the Articles, the minimum number of directors shall be two and the maximum shall be 15. In accordance with the Articles, at every annual general meeting all the directors at the date of the notice convening the annual general meeting shall retire from office and may offer themselves for re-appointment by the members. The Board may also appoint a person willing to act as a director during the year either to fill a vacancy or as an additional director but so that the total number of directors shall not at any time exceed 15. However, such appointee shall only hold office until the next AGM of the Company.

In addition to any power to remove a director from office conferred by the Companies Act 2006, the Company may also by special resolution remove a director from office before the expiration of his or her period of office under the Articles.

The office of a director shall also be vacated pursuant to the Articles if the director:

- resigns by giving notice in writing sent to or received at the office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a meeting of the Board and that resignation becomes effective, or is asked to resign by all of the other directors who are not less than three in number; or
- is or has been suffering from mental or physical ill health and the Board resolves that his or her office be vacated; or
- is absent without permission from Board meetings for six consecutive months and the Board resolves that his or her office be vacated; or
- becomes bankrupt or compounds with his or her creditors generally; or
- is prohibited by law from being a director; or
- ceases to be a director by virtue of any provisions of the Companies Act 2006 or is removed from office pursuant to the Articles.

Biographical details of all of the current directors are set out on pages 90 and 91. Each of the directors will retire and offer themselves for re-appointment at the forthcoming AGM.

Directors' interests in the Company's ordinary shares are shown in Note 24 to the consolidated financial statements. None of the directors were materially interested in any contract of significance with the Company or any of its subsidiary undertakings during or at the end of 2023. Information relating to the directors' service agreements, their remuneration for the year and details of the directors' share options under the Company's share option schemes and awards under the Long Term Incentive Plan and Deferred Annual Share Bonus Scheme are set out in the Directors' remuneration report on pages 122 to 146.

Powers of the directors

Subject to the Articles, the Companies Act 2006 and any directions given by the Company by special resolution, the business of the Company is managed by the Board who may exercise all powers of the Company. The Board may, by power of attorney or otherwise, appoint any person or persons to be the agent or agents of the Company for such purposes and on such conditions as the Board determines.

Directors' indemnities

Indemnities were in force throughout 2023 and remain in force as at the date of this report under which the Company has agreed to indemnify the directors and the Company Secretary, in addition to other senior executives who are directors of subsidiaries of the Company, to the extent permitted by law and the Articles in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as a director or officer of the Company or any of its subsidiaries.

Amendment of articles

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of a special resolution of the Company's shareholders at a general meeting.

Environmental and social responsibility

The directors recognise that the Company is part of a wider community and that it has a responsibility to act in a way that respects the environment and social and community issues. Further information relating to the Company's approach to these matters is set out in the Sustainability report on pages 44 to 62.

Greenhouse gas emissions

Information relating to greenhouse gas emissions has been set out in the ESG appendix on pages 211 to 220.

Employment policies

The employment policies of the Group have been developed to meet the needs of its different business areas and the locations in which they operate worldwide, embodying the principles of equal opportunity. The Group has standards of business conduct with which it expects all its employees to comply. Bunzl encourages the involvement of its employees in the performance of the business in which they are employed and aims to achieve a sense of shared commitment. In addition to a regular magazine, which provides a variety of information on activities and developments within the Group and incorporates half year and annual financial reports, announcements are periodically circulated to give details of corporate and employee matters, together with a number of subsidiary or business area publications dealing with activities in specific parts of the Group.

It is the Group's policy that applicants with a disability should be considered for employment and career development on the basis of their aptitudes and abilities. Employees who develop a disability during their working life will be retained in employment wherever possible and given help with rehabilitation and training.

Further information relating to the Group's employees can be found in the Our people section on pages 34 to 39.

Significant agreements

The Company's wholly owned subsidiary, Bunzl Finance plc, has a number of bilateral loan facilities with a range of different counterparties, all of which are guaranteed by the Company, are in substantially the same form and are repayable at the option of the lender in the event of a change of control of the Company. Similar change of control provisions in relation to the Company are included in the US dollar, sterling and euro US private placement notes and the senior unsecured bonds (which are listed on the Main Market and International Securities Market of the London Stock Exchange), all of which have been entered into by Bunzl Finance plc and the Company and are also guaranteed by the Company.

Political donations

During 2023, no contributions were made for political purposes.

Use of financial instruments

Information on the use of financial instruments can be found in the Financial review on pages 80 to 86 and in the Notes to the financial statements on pages 154 to 188.

OTHER STATUTORY INFORMATION continued

Disclosures required under UK Listing Rule 9.8.4

Apart from the dividend waiver which has been issued in respect of shares held by the EBT referred to in Note 21 to the consolidated financial statements on page 181, there are no disclosures required to be made under UK Listing Rule 9.8.4.

External auditors

Each of the directors in office at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group and the Company's auditors are unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make the director aware of any relevant audit information and to establish that the Group and the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Resolutions are to be proposed at the forthcoming AGM for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company, at a rate of remuneration to be determined by the directors.

Future developments within the Group

An indication of likely future developments in the Group's business can be found in the Strategic report on pages 2 to 87.

Strategic report and Directors' report

Pages 2 to 87 inclusive consist of the Strategic report and pages 88 to 149 inclusive consist of the Directors' report. These reports have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include certain matters in its Strategic report that would otherwise be required to be disclosed in this Directors' report. These matters are referred to above and are explained in more detail in the Strategic report on pages 2 to 87.

Under the Companies Act 2006, a safe harbour limits the liability of directors in respect of statements in and omissions from a strategic report and a directors' report. Under English law, the directors would be liable to the Company, but not to any third party, if the Strategic report or the Directors' report contain errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

The Strategic report and the Directors' report were approved by the Board on 26 February 2024.

By order of the Board

Suzanne Jefferies
Secretary
26 February 2024

Substantial shareholdings

As at 31 December 2023, the Company had been notified of the following significant interests in the issued share capital of the Company, in accordance with Rule 5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Shareholder	Date of notification	Number of shares	% of issued share capital
Schroders plc	19.04.23	19,036,310	5.64%
The Capital Group Companies, Inc.	14.12.23	16,926,626	5.01%
Norges Bank	21.06.23	13,362,169	3.95%

No other notifications have been received between 31 December 2023 and 26 February 2024.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Revenue	4	**11,797.1**	12,039.5
Operating profit	4	**789.1**	701.6
Finance income	6	**60.4**	22.3
Finance expense	6	**(150.9)**	(90.2)
Disposal of business	10	**–**	0.9
Profit before income tax		**698.6**	634.6
Income tax	7	**(172.4)**	(160.2)
Profit for the year attributable to the Company's equity holders		**526.2**	474.4
Earnings per share attributable to the Company's equity holders			
Basic	8	**157.1p**	141.7p
Diluted	8	**156.0p**	140.7p

	Notes	2023 £m	2022 £m
Alternative performance measures†			
Operating profit	4	**789.1**	701.6
Adjusted for:			
Customer relationships, brands and technology amortisation	4	**135.6**	128.4
Acquisition related items	4	**19.5**	55.9
Adjusted operating profit		**944.2**	885.9
Finance income	6	**60.4**	22.3
Finance expense	6	**(150.9)**	(90.2)
Adjusted profit before income tax		**853.7**	818.0
Tax on adjusted profit	7	**(213.4)**	(201.2)
Adjusted profit for the year		**640.3**	616.8
Adjusted earnings per share	8	**191.1p**	184.3p

† See Note 3 on page 160 for further details of the alternative performance measures.

The Accounting policies and other Notes on pages 154 to 188 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Profit for the year		**526.2**	474.4
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit pension schemes	25	**2.9**	6.9
(Loss)/gain recognised in cash flow hedge reserve		**(2.3)**	10.3
Tax on items that will not be reclassified to profit or loss	7	**0.5**	(4.0)
Total items that will not be reclassified to profit or loss		**1.1**	13.2
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		**(126.9)**	232.9
Gain/(loss) taken to equity as a result of effective net investment hedges		**31.4**	(38.2)
Tax on items that may be reclassified to profit or loss	7	**(0.5)**	0.3
Total items that may be reclassified subsequently to profit or loss		**(96.0)**	195.0
Other comprehensive (expense)/income for the year		**(94.9)**	208.2
Total comprehensive income attributable to the Company's equity holders		**431.3**	682.6

CONSOLIDATED BALANCE SHEET
at 31 December 2023

	Notes	2023 £m	2022 £m
Assets			
Property, plant and equipment	11	**159.4**	137.2
Right-of-use assets	12	**616.3**	529.6
Intangible assets	13	**3,242.1**	3,093.9
Defined benefit pension assets	25	**69.0**	60.5
Derivative financial assets		**0.1**	–
Deferred tax assets	20	**14.2**	4.0
Total non-current assets		**4,101.1**	3,825.2
Inventories	15	**1,621.1**	1,748.6
Trade and other receivables	16	**1,578.5**	1,557.4
Income tax receivable		**8.7**	12.6
Derivative financial assets		**11.7**	19.0
Cash and cash equivalents	28	**1,426.1**	1,504.0
Total current assets		**4,646.1**	4,841.6
Total assets		**8,747.2**	8,666.8

	Notes	2023 £m	2022 £m
Equity			
Share capital	21	**108.6**	108.5
Share premium		**205.2**	199.4
Translation reserve		**(170.2)**	(74.2)
Other reserves		**16.7**	17.7
Retained earnings		**2,806.0**	2,469.5
Total equity attributable to the Company's equity holders		**2,966.3**	2,720.9
Liabilities			
Interest bearing loans and borrowings	28	**1,417.1**	1,574.0
Defined benefit pension liabilities	25	**19.6**	20.6
Other payables	17	**176.1**	117.2
Income tax payable		**0.5**	1.1
Provisions	19	**75.8**	50.5
Lease liabilities	27	**512.4**	424.0
Derivative financial liabilities		**78.7**	100.5
Deferred tax liabilities	20	**190.1**	192.7
Total non-current liabilities		**2,470.3**	2,480.6
Bank overdrafts	28	**874.2**	825.9
Interest bearing loans and borrowings	28	**130.0**	161.0
Trade and other payables	17	**2,071.6**	2,249.4
Income tax payable		**47.0**	40.6
Provisions	19	**10.0**	24.2
Lease liabilities	27	**152.1**	145.9
Derivative financial liabilities		**25.7**	18.3
Total current liabilities		**3,310.6**	3,465.3
Total liabilities		**5,780.9**	5,945.9
Total equity and liabilities		**8,747.2**	8,666.8

Approved by the Board of directors of Bunzl plc (Company registration number 358948) on 26 February 2024 and signed on its behalf by Frank van Zanten, Chief Executive Officer and Richard Howes, Chief Financial Officer.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves: Merger £m	Other reserves: Capital redemption £m	Other reserves: Cash flow hedge £m	Retained earnings: Own shares £m	Retained earnings: Earnings £m	Total equity £m
At 1 January 2023	**108.5**	**199.4**	**(74.2)**	**2.5**	**16.1**	**(0.9)**	**(63.4)**	**2,532.9**	**2,720.9**
Profit for the year								**526.2**	**526.2**
Actuarial gain on defined benefit pension schemes								**2.9**	**2.9**
Foreign currency translation differences on foreign operations			**(126.9)**						**(126.9)**
Gain taken to equity as a result of effective net investment hedges			**31.4**						**31.4**
Loss recognised in cash flow hedge reserve						**(2.3)**			**(2.3)**
Income tax charge on other comprehensive expense			**(0.5)**			**0.6**		**(0.1)**	**–**
Total comprehensive income			**(96.0)**			**(1.7)**		**529.0**	**431.3**
2022 interim dividend								**(57.9)**	**(57.9)**
2022 final dividend								**(151.8)**	**(151.8)**
Movement from cash flow hedge reserve to inventory (net of tax)						**0.7**			**0.7**
Hyperinflation accounting adjustments[1]								**21.6**	**21.6**
Issue of share capital	**0.1**	**5.8**							**5.9**
Employee trust shares							**(25.2)**		**(25.2)**
Movement on own share reserves							**17.7**	**(17.7)**	**–**
Share based payments (net of tax)								**20.8**	**20.8**
At 31 December 2023	**108.6**	**205.2**	**(170.2)**	**2.5**	**16.1**	**(1.9)**	**(70.9)**	**2,876.9**	**2,966.3**
At 31 December 2021	108.4	194.2	(269.2)	2.5	16.1	0.4	(52.9)	2,204.4	2,203.9
Adjustment to 2021 closing equity in respect of hyperinflation in Turkey[1]								12.6	12.6
Restated equity at 1 January 2022	108.4	194.2	(269.2)	2.5	16.1	0.4	(52.9)	2,217.0	2,216.5
Profit for the year								474.4	474.4
Actuarial gain on defined benefit pension schemes								6.9	6.9
Foreign currency translation differences on foreign operations			232.9						232.9
Loss taken to equity as a result of effective net investment hedges			(38.2)						(38.2)
Gain recognised in cash flow hedge reserve						10.3			10.3
Income tax charge on other comprehensive income			0.3			(2.6)		(1.4)	(3.7)
Total comprehensive income			195.0			7.7		479.9	682.6
2021 interim dividend								(54.3)	(54.3)
2021 final dividend								(136.2)	(136.2)
Movement from cash flow hedge reserve to inventory (net of tax)						(9.0)			(9.0)
Hyperinflation accounting adjustments[1]								34.9	34.9
Issue of share capital	0.1	5.2							5.3
Employee trust shares							(34.2)		(34.2)
Movement on own share reserves							23.7	(23.7)	–
Share based payments (net of tax)								15.3	15.3
At 31 December 2022	108.5	199.4	(74.2)	2.5	16.1	(0.9)	(63.4)	2,532.9	2,720.9

1. During 2022, IAS 29 'Financial Reporting in Hyperinflationary Economies' became applicable for entities with a functional currency of the Turkish Lira. Following this, the results of the Group's businesses in Turkey, along with its business in Argentina which has been subject to hyperinflation accounting since 2018, have been adjusted for the effects of inflation in accordance with IAS 29. See Note 1 for further details.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Cash flow from operating activities			
Profit before income tax		**698.6**	634.6
Adjusted for:			
net finance expense	6	**90.5**	67.9
customer relationships, brands and technology amortisation	13	**135.6**	128.4
acquisition related items	4	**19.5**	55.9
disposal of business	10	**–**	(0.9)
Adjusted operating profit		**944.2**	885.9
Adjustments:			
depreciation and software amortisation	30	**207.2**	189.5
other non-cash items	30	**6.5**	15.9
working capital movement	30	**(28.4)**	54.5
Cash generated from operations before acquisition related items		**1,129.5**	1,145.8
Cash outflow from acquisition related items	9	**(36.9)**	(20.6)
Income tax paid		**(188.6)**	(173.6)
Cash inflow from operating activities		**904.0**	951.6
Cash flow from investing activities			
Interest received		**54.4**	16.2
Purchase of property, plant and equipment and software	11,13	**(58.3)**	(46.7)
Sale of property, plant and equipment		**2.1**	1.0
Purchase of businesses	9	**(337.7)**	(243.6)
Disposal of business	10	**–**	49.9
Cash outflow from investing activities		**(339.5)**	(223.2)
Cash flow from financing activities			
Interest paid excluding interest on lease liabilities		**(107.6)**	(61.9)
Dividends paid	22	**(209.7)**	(190.5)
Increase in borrowings		**–**	346.4
Repayment of borrowings		**(159.5)**	(131.8)
Receipts/(payments) on settlement of foreign exchange contracts		**21.6**	(86.2)
Payment of lease liabilities – principal	27	**(159.4)**	(153.1)
Payment of lease liabilities – interest	27	**(28.6)**	(22.0)
Proceeds from issue of ordinary shares to settle share options		**5.9**	5.3
Proceeds from exercise of market purchase share options		**46.8**	36.8
Purchase of employee trust shares		**(76.4)**	(74.0)
Cash outflow from financing activities		**(666.9)**	(331.0)
(Decrease)/increase in cash, cash equivalents and overdrafts		**(102.4)**	397.4

	Notes	2023 £m	2022 £m
Cash, cash equivalents and overdrafts at start of year		**678.1**	225.3
(Decrease)/increase in cash, cash equivalents and overdrafts		**(102.4)**	397.4
Currency translation		**(23.8)**	55.4
Cash, cash equivalents and overdrafts at end of year	28	**551.9**	678.1

Alternative performance measures†	Notes	2023 £m	2022 £m
Cash generated from operations before acquisition related items		**1,129.5**	1,145.8
Purchase of property, plant and equipment and software		**(58.3)**	(46.7)
Sale of property, plant and equipment		**2.1**	1.0
Payment of lease liabilities	27	**(188.0)**	(175.1)
Operating cash flow		**885.3**	925.0
Adjusted operating profit		**944.2**	885.9
Add back depreciation of right-of-use assets	12	**166.1**	151.1
Deduct payment of lease liabilities	27	**(188.0)**	(175.1)
Lease adjusted operating profit		**922.3**	861.9
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)		**96%**	107%
Operating cash flow		**885.3**	925.0
Net interest paid excluding interest on lease liabilities		**(53.2)**	(45.7)
Income tax paid		**(188.6)**	(173.6)
Free cash flow		**643.5**	705.7

† See Note 3 on page 160 for further details of the alternative performance measures.

NOTES

1 Basis of preparation

Bunzl plc (the 'Company') is a public company, which is limited by shares and is listed on the London Stock Exchange. The Company is incorporated and domiciled in the United Kingdom and is registered in England and Wales.

a. Basis of accounting

The consolidated financial statements for the year ended 31 December 2023 have been approved by the Board of directors of Bunzl plc. They are prepared in accordance with UK-adopted International Accounting Standards ('IASs') in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006. The consolidated financial statements also comply fully with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'). They are prepared under the historical cost convention with the exception of certain items which are measured at fair value as described in the accounting policies below.

(i) Going concern

The directors, having reassessed the principal risks and uncertainties, consider it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

In reaching this conclusion, the directors noted the Group's strong operating cash flow performance in the year and the substantial funding available to the Group as described in the Financial review. The directors also considered a range of different forecast scenarios for the 18 month period from the date of these financial statements to the end of June 2025 starting with a base case projection derived from the Group's 2024 Budget excluding any non-committed acquisition spend or changes in funding. The resilience of the Group to a range of severe but plausible downside scenarios was factored into the directors' considerations through two levels of stress testing against the base case projection.

These severe but plausible downside scenarios included the following assumptions:

- A 15% reduction in adjusted operating profit from the potential for adverse impacts from the crystallisation of the principal strategic and operational risks to the Group's organic growth and a 10% increase in working capital
- A 25% reduction in adjusted operating profit from a more severe impact from the crystallisation of the principal strategic and operational risks to the Group's organic growth and a 20% increase in working capital

In addition, the Group has carried out reverse stress tests against the base case to determine the level of performance that would result in a breach of financial covenants. In order for a breach of covenants to occur during the 18 month period to the end of June 2025 the Group would need to experience a reduction in EBITDA of over 65% compared to the base case.

In the first two stress tests it was found that the Group was resilient and in particular it remained in compliance with the relevant financial covenants. The conditions required to create the reverse stress test scenario were so severe that they were considered to be implausible. The directors are therefore satisfied that the Group's forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

(ii) Impact of Hyperinflation on the financial statements at 31 December 2023

The Group's financial statements include the results and financial position of its Turkish and Argentinian operations restated to the measuring unit current at the end of the year, with hyperinflationary gains and losses in respect of monetary items being reported in finance expense. Comparative amounts presented in the financial statements have not been restated. The inflation rates used by the Group are the official rates published by the Turkish Statistical Institute and the Argentine Federation of Professional Councils of Economic Sciences. The movement in the publicly available official price index for the year ended 31 December 2023 was an increase of 65% (2022: increase of 64%) in Turkey and an increase of 210% (2022: increase of 95%) in Argentina.

IAS 29 requires that the income statement is adjusted for inflation in the year and translated at the year end foreign exchange rates and that non-monetary assets and liabilities on the balance sheet are inflated to reflect the change in purchasing power caused by inflation from the date of initial recognition. For the year ended 31 December 2023, this resulted in an increase in goodwill of £8.4m (2022: £16.4m) and a net increase in other intangibles of £0.4m (2022: £12.3m before impairment charges). The impacts on other non-monetary assets and liabilities were immaterial. The impact to retained earnings during the year was a gain of £21.6m (2022: gain of £47.5m). The total impact to the Consolidated income statement during the year was a charge of £11.0m (2022: £21.2m) to profit after tax from hyperinflation accounting adjustments, comprising a £9.5m adverse impact (2022: £18.7m adverse impact) on adjusted profit before tax, increased customer relationships amortisation of £0.2m (2022: £1.8m) and an increased tax charge of £1.3m (2022: £0.7m).

When applying IAS 29 on an ongoing basis, comparatives in a stable currency are not restated with the translation effect presented within other comprehensive income during the year, and the effect of inflating opening balances to the measuring unit current at the end of the reporting period presented as a change in equity.

b. Newly adopted accounting policies

There are no new standards or amendments to existing standards that are effective that have had a material impact on the Group, nor does the Group anticipate any new or revised standards and interpretations that are effective from 1 January 2024 and beyond to have a material impact on its consolidated results or financial position.

NOTES continued

2 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in the consolidated financial statements.

a. Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is either exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of all of the Company's subsidiary undertakings is included in the Related undertakings note in the Shareholder information section on pages 202 to 207 and is subject to audit. The results of all of the subsidiary undertakings are included in full in these consolidated financial statements.

The following UK subsidiaries are exempt from the requirements under the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A of the Act.

Company Name	Registered number
Bunzl American Holdings (No. 1) Limited	02865710
Bunzl American Holdings (No. 2) Limited	05286676
Bunzl Holding GTL Limited	0685352
Bunzl Holding LCE Limited	0970892
Bunzl Mexico Holdings 1 Limited	13558260
Bunzl Mexico Holdings 2 Limited	13558193
Bunzl Overseas Holdings Limited	02865701
Bunzl Overseas Holdings (No. 2) Limited	02090880
Bunzl Overseas Holdings (No. 3) Limited	08224950
Henares Limited	06387342
Yorse No. 1 Limited	04373660
Yorse No. 3 Limited	02317609
Selectuser Limited	03829908

(ii) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The consideration paid or payable in respect of acquisitions comprises amounts paid on completion and deferred consideration, excluding payments which are contingent on the continued employment of former owners of businesses acquired. The excess of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill. Payments that are contingent on future employment and transaction costs and expenses such as professional fees are charged to the income statement.

When less than 100% of the issued share capital of a subsidiary is acquired and the acquisition includes an option to purchase the remaining share capital of the subsidiary, the anticipated acquisition method is applied, where judged appropriate to do so based on the risks and rewards associated with the option to purchase, meaning that no non-controlling interest is recognised. A liability is carried on the balance sheet equal to the fair value of the option and this is revised to fair value at each reporting date with differences being recorded in acquisition related items in the income statement.

(iii) Disposal of businesses

Where a subsidiary undertaking is sold, the profit or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the carrying amount of the assets and liabilities of the subsidiary on the date of disposal less any transaction costs relating to the disposal. On the disposal of a subsidiary with assets and liabilities denominated in foreign currency, the cumulative translation difference associated with that subsidiary in the translation reserve is credited or debited to the profit or loss on disposal recognised in the income statement. Cash received on disposal of businesses is shown within investing activities in the Consolidated cash flow statement, net of cash, cash equivalents and overdrafts disposed of and transaction costs paid.

(iv) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

b. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the income statement, unless they qualify for cash flow or net investment hedge accounting treatment, in which case the effective portion is recognised directly in other comprehensive income.

Assets and liabilities of foreign operations are translated at the exchange rate prevailing at the balance sheet date. Income and expenses of foreign operations are translated at average exchange rates with the exception of subsidiaries in hyperinflationary economies that are translated at the closing rate at the end of the year. All resulting exchange differences, including exchange differences arising from the translation of borrowings and other financial instruments designated as hedges of such balances, are recognised directly in other comprehensive income and accumulated in the translation reserve. Differences that have arisen since 1 January 2004, the date of transition to IFRS, are presented in this separate component of equity.

c. Revenue

The Group is principally engaged in the delivery of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods. Revenue related to the provision of services is recognised when the service is provided, which for the majority of the Group's service revenue represents a single performance obligation. Revenue is not recognised if there is significant uncertainty regarding recovery of the consideration due.

Revenue is valued at invoiced amounts, excluding sales taxes and including estimates for variable consideration where relevant, such as returns and discounts, for which a liability is recognised as required. Returns and early settlement discount liabilities are based on experience over an appropriate period whereas volume discount liabilities are based on agreements with customers and expected volumes.

d. Cost of goods sold

Cost of goods sold consists of the cost of the inventories sold or disposed of in the period where the cost of inventories is net of supplier rebate income related to those inventories.

e. Supplier rebates

The Group has various rebate arrangements with a number of suppliers. Some of these arrangements are based on the volume of products purchased and others are based on the volume of products sold. Supplier rebate income is recognised in cost of goods sold concurrent with the sale of the inventories to which it relates and is calculated by reference to the expected consideration receivable from each rebate arrangement. Substantially all supplier rebate income is unconditional and non-judgemental. Supplier

NOTES continued

2 Accounting policies continued

rebate income is not recognised if there is significant uncertainty regarding recovery of the amount due. Supplier rebate income accrued but not yet received is included in other receivables.

f. Share based payments
The Group operates a number of equity settled share based payment compensation plans. Details of these plans are outlined in Note 21 and the Directors' remuneration report. The total expected expense is based on the fair value of options and other share based incentives on the grant date, calculated using a valuation model, and is spread over the expected vesting period with a corresponding credit to equity.

g. Leases
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot readily be determined, as is the case in the vast majority of the leasing activities of the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index/rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

Judgements are involved in determining the lease term, particularly because termination options are included in a number of property leases across the Group to facilitate operational flexibility. The majority of termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a termination option. Periods after the date of a termination option are only included in the lease term if it is reasonably certain that the lease will not be terminated. The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the Group.

Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are assets with a value of less than £5,000 when new, typically small items of IT equipment, office equipment and office furniture.

h. Income tax
Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the balance sheet date and any adjustments in respect of prior years. Current tax payable is recognised when it is probable that the Group will be required to settle the obligation. The Group's policy for accounting for current tax payable or receivable where it is uncertain is described in more detail in Note 2y – Sources of estimation uncertainty – Taxation.

Deferred tax is provided using the balance sheet liability method providing for temporary differences arising between tax bases and carrying amounts in the consolidated financial statements. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is not recognised for the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and where the Company controls the timing of the reversal. A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

i. Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses. The carrying values of property, plant and equipment are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

j. Depreciation
Depreciation is charged to the income statement on a straight line basis to write off cost less estimated residual value over the assets' estimated remaining useful lives. The estimated useful lives are as follows:

Buildings	50 years (or depreciated over life of lease if shorter than 50 years)
Plant and machinery	3 to 12 years
Fixtures, fittings and equipment	3 to 12 years
Freehold land	Not depreciated

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

k. Intangible assets
(i) Goodwill
Acquisitions are accounted for using the acquisition method. As permitted by IFRS 1 'First-time Adoption of International Financial Reporting Standards', the Group chose to apply IFRS 3 'Business Combinations' from 1 January 2004 and elected not to restate previous business combinations. For acquisitions made before 1 January 2004, goodwill represents the amount previously recorded under UK Generally Accepted Accounting Practice ('UK GAAP'). For acquisitions that occurred between 1 January 2004 and 31 December 2009, goodwill represents the cost of the business combination in excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. For acquisitions that have occurred on or after 1 January 2010, goodwill represents the cost of the business combination (excluding payments contingent on future employment and transaction costs and expenses) in excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is allocated to cash generating units ('CGUs') and is tested annually for impairment. Negative goodwill arising on acquisition is recognised immediately in the income statement.

(ii) Customer relationships, brands and technology
Customer relationships, brands and technology intangible assets acquired in a business combination are recognised on acquisition and recorded at fair value. Subsequent to initial recognition, customer relationships, brands and technology intangible assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged to the income statement on a straight line basis over the estimated useful economic lives which range from 3 to 19 years.

NOTES continued

2 Accounting policies continued

(iii) Software
Software is stated at historical cost less accumulated amortisation and any impairment losses. The carrying values of software are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Amortisation is charged to the income statement on a straight line basis over the estimated useful economic lives which range from 3 to 10 years.

l. Impairment
The carrying amounts of the Group's assets are reviewed annually to determine if there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. The recoverable amounts of assets carried at amortised cost are calculated as the present value of estimated future cash flows, discounted at appropriate pre-tax discount rates. The recoverable amounts of other assets are the greater of their fair value less the costs of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present values using appropriate pre-tax discount rates. Impairment losses are recognised when the carrying amount of an asset or CGU exceeds its recoverable amount, with impairment losses being recognised in the income statement.

m. Inventories
Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and comprises the purchase price, net of any related supplier volume rebates, plus import duties and other taxes, inbound freight and haulage costs and other related costs incurred to bring the product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale. Provision is made for obsolete, slow moving or defective items and market price movements where appropriate.

n. Trade and other receivables
Trade and other receivables are initially measured at fair value, which for trade receivables is equal to the consideration expected to be received from the satisfaction of performance obligations, plus any directly attributable transaction costs. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses including expected credit losses. In accordance with IFRS 9 'Financial Instruments' the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as the ageing of the debt and the credit risk of the customers. An historical credit loss rate is then calculated for each group and adjusted to reflect expectations about future credit losses. Inputs and assumptions used for expected credit loss provisions are based on local operating company historical experience and expectations about future credit losses. The Group does not have any significant contract assets.

o. Trade and other payables
Trade and other payables are initially measured at fair value including any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost. The Group has contract liabilities in the form of deferred income which arises from consideration received in advance of the satisfaction of performance obligations.

p. Financial instruments
Classification and measurement
Under IFRS 9, financial instruments are initially measured at fair value with subsequent measurement depending upon the classification of the instrument. IFRS 13 'Fair Value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All non-derivative financial assets and liabilities are subsequently held at amortised cost unless they are in a fair value hedge relationship, with the exception of money market funds which are held at fair value. Financial assets and liabilities held in a fair value hedge relationship are held at amortised cost with a fair value adjustment with subsequent changes in this fair value adjustment recorded in the income statement.

Derivatives and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- a hedge of the fair value of recognised assets or liabilities or a firm commitment ('fair value hedge');
- a hedge of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions ('cash flow hedge'); or
- a hedge of a net investment in a foreign operation ('net investment hedge').

The Group documents its risk management objectives and strategy for undertaking its hedge transactions. At inception of hedge relationships, the Group documents the economic relationship between the hedging instruments and the hedged items.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is 12 months or less.

(i) Fair value hedge
Where a derivative instrument is designated and qualifies as a hedge of a recognised asset or liability, all changes in the fair value of the derivative are recognised immediately in the income statement within finance expense. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged with changes recognised in the income statement, also within finance expense. The gain or loss relating to any ineffective portion of the hedging arrangement is recognised immediately in the income statement.

If the hedge relationship is de-designated, then from the point of de-designation there is no further fair valuing of the hedged item. Any previous adjustment to the carrying amount of the hedged item is amortised over the remaining maturity of the hedged item.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement.

Where a derivative instrument is designated and qualifies as a hedge of a forecast transaction, only the change in fair value of the forward contract related to the spot component is designated as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contract are initially recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognised in the income statement.

Gains or losses accumulated in equity are reclassified to the income statement when the hedged item affects profit or loss. When the hedged item results in the recognition of a non-financial asset, the gains or losses accumulated in equity are transferred from equity and included in the carrying amount of the non-financial asset, with the deferred gains or losses ultimately being recognised in the income statement as the non-financial asset affects profit or loss. This transfer is not a reclassification adjustment.

NOTES continued

2 Accounting policies continued

p. Financial instruments continued

When a hedging instrument expires, any cumulative deferred gain/loss in equity relating to that instrument remains in equity until the forecast transaction occurs at which point it is reclassified to the income statement. When the forecast transaction is no longer expected to occur, the cumulative deferred gain/loss recorded in equity is immediately reclassified to the income statement.

(iii) Net investment hedge

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in foreign operations are recognised directly in equity to the extent the hedge is effective and are accumulated in a separate reserve within equity. To the extent that the hedge is ineffective such differences are recognised in the income statement.

(iv) Other derivative instruments

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

q. Cash, cash equivalents and overdrafts

Cash and cash equivalents, as reported in the balance sheet, comprises cash at bank and in hand and money market funds. Cash at bank and in hand includes cash balances and short term deposits with maturities of three months or less from the date the deposit is made.

Cash, cash equivalents and overdrafts, as reported in the cash flow statement, comprises cash at bank and in hand, money market funds and bank overdrafts.

r. Net debt

Net debt is defined as interest bearing loans and borrowings adjusted for the fair value of interest rate swaps on fixed interest rate borrowings and other derivatives managing the interest rate risk and currency profile less cash, cash equivalents and overdrafts.

s. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

t. Investment in own shares

The cost of shares held either directly (treasury shares) or indirectly (employee benefit trust shares) is deducted from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is recognised in retained earnings.

At each reporting date the Group remeasures the value of the shares held in the employee benefit trust to present them in the own shares reserve at the market value of those shares at the reporting date. This is done through a reclassification from retained earnings to the own shares reserve. This movement has no effect on the actual numbers of shares held by the employee benefit trust.

u. Retirement benefits

(i) Defined contribution pension schemes

A defined contribution pension scheme is a post-employment benefit scheme under which the Company pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement in the periods during which services are rendered by employees.

(ii) Defined benefit pension schemes

A defined benefit pension scheme is a post-employment benefit plan other than a defined contribution pension scheme. Defined benefit pension schemes are recognised on the balance sheet as a defined benefit pension asset or a defined benefit pension liability based on the difference between the fair value of pension scheme assets and the present value of pension scheme liabilities.

The present value of pension scheme liabilities is calculated by a qualified actuary using the projected unit method by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted using the rate applicable to AA rated corporate bonds that have a similar maturity and currency to the pension scheme liabilities. The fair value of any pension scheme assets (at bid price) is deducted from the present value of pension scheme liabilities to determine the net deficit or surplus of each scheme. Remeasurements arising from defined benefit pension schemes comprise actuarial gains and losses on pension scheme liabilities and the actual return on pension scheme assets excluding amounts already included in net interest. The net actuarial gain or loss for the year is recorded in full in the statement of comprehensive income.

Current service cost, past service cost or gain and gains and losses on any settlements and curtailments are credited or charged to the income statement. Past service cost is recognised immediately to the extent benefits are already vested. Net interest on the net defined benefit pension liability or asset is calculated by applying the discount rate used to measure the defined benefit pension scheme deficit or surplus at the beginning of the year to the net defined benefit pension liability or asset at the beginning of the year. Net interest is recorded within finance expense or finance income in the income statement.

When the valuation of a defined benefit pension scheme results in a surplus, the recognised defined benefit pension asset is limited to the present value of benefits available in the form of any future refunds from the pension scheme or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

v. Dividends

The interim dividend is recognised in the statement of changes in equity in the period in which it is paid and the final dividend in the period in which it is approved by shareholders at the Annual General Meeting.

w. Hyperinflationary economies

Where the Group has operations in countries to which hyperinflation accounting applies, the financial statements of the business concerned are accounted for under IAS 29 'Financial Reporting in Hyperinflationary Economies'. See Note 1a(ii) for details on the impact of hyperinflation accounting in the current year.

NOTES continued

2 Accounting policies continued

x. Judgements made in applying the Group's accounting policies

In the course of preparing the financial statements, other than judgements involved in determining lease terms under the application of IFRS 16 'Leases' and in determining estimates and assumptions (see Note 2y below), no other judgements have been made in the process of applying the Group's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

In measuring its right-of-use assets and lease liabilities, management is required to make judgements, particularly in relation to lease termination options. Periods after the date of a termination option are only included in the lease term if it is reasonably certain that the lease will not be terminated. While management determine lease terms across the Group on a case-by-case basis, if different judgements were applied relating to a number of leases, it could have a significant effect on the overall amounts recognised in the financial statements.

y. Sources of estimation uncertainty

In applying the Group's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. As at 31 December 2023, sources of estimation uncertainty where there was a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year was limited to the following item:

Defined benefit pension schemes

The measurement of the present value of defined benefit pension scheme liabilities involves the use of various actuarial assumptions. The Group uses independent actuarial experts to assist with the estimation of the discount rates, inflation rates and longevity assumptions used for the measurement of defined benefit pension scheme liabilities but the actual liabilities could be materially different. The main risks to which the Group is exposed in relation to the valuation of the defined benefit pension schemes are described in Note 25. The Group's net pension asset balance as at 31 December 2023 was £46.6m (2022: £39.9m).

While not expected to result in a material change in the carrying value of assets or liabilities in the next 12 months the following estimates or assumptions were also used in applying the Group's accounting policies:

Accounting for business combinations

Part of the Company's strategy is to grow through acquisitions. Acquisitions are accounted for using the acquisition method as described in the business combinations accounting policy, Note 2a(ii), and the goodwill accounting policy, Note 2k(i). This includes the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates and are therefore subjective. The Group has developed a process to meet the requirements of IFRS 3 including the separate identification of customer relationships, brands and technology intangible assets based on estimated future performance and customer attrition rates. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. The process applied is described in Note 9.

y. Sources of estimation uncertainty continued

Recoverability of goodwill, customer relationships, brands and technology intangible assets

As noted above, part of the Company's strategy is to grow through acquisitions which has led to material goodwill, customer relationships, brands and technology intangible assets being recognised on the balance sheet. Goodwill, which is allocated across CGUs, is tested annually to determine if there is any indication of impairment by comparing the carrying amount of the goodwill to the recoverable amount of the CGU to which it has been allocated. Assumptions and estimates are used to determine the recoverable amount of each CGU, principally based on the present value of estimated future cash flows. Actual performance may differ from management's expectations. The estimates and assumptions used in performing impairment testing are described in Note 13. Customer relationships, brands and technology intangible assets are also reviewed annually for indicators of impairment and if an indicator of impairment exists then similar recoverability testing, involving the use of estimates and assumptions, is performed for the business to which the customer relationships, brands and technology intangible assets relate. The useful economic lives of customer relationships, brands and technology intangible assets are also reviewed at least annually, with any revisions to the original estimated useful economic lives accounted for prospectively. As at 31 December 2023 the goodwill balance was £2,008.9m (2022: £1,931.6m), the amount of customer relationships intangible assets was £1,150.8m (2022: £1,090.9m), the amount of brands intangible assets was £41.1m (2022: £34.9m) and the amount of technology intangible assets was £7.5m (2022: £9.1m).

Trade receivables and inventory provisions

Due to the uncertainty created by the Covid-19 pandemic and the continuing challenging economic conditions, trade receivables and inventory provisions are considered to be a source of estimation uncertainty. In 2020 and 2021, the Group saw increases in provisions for expected credit losses on trade receivables and slow moving inventory provisions, and additional provisions were made as a result of market price deflation on certain Covid-19 products. During 2023, the Group has seen a net utilisation of approximately £25m in trade receivables and slow moving inventory provisions (2022: net utilisation of approximately £5m), and also some utilisation of the residual provisions set up in the prior year for market price movements on certain Covid-19 products; the remaining market price risk on these products is no longer significant. As at 31 December 2023, the Group carried trade receivables provisions of £34.5m (2022: £29.1m) and provisions for slow moving, obsolete or defective inventories and market price movements of £154.2m (2022: £179.9m).

Taxation

The Group operates in many countries and is therefore subject to tax laws in a number of different tax jurisdictions. The amount of tax payable or receivable on profits or losses for any period is subject to the agreement of the tax authority in each respective jurisdiction and the tax liability or asset position is open to review for several years after the relevant accounting period ends. In determining the provisions for income taxes, management is required to make assumptions based on interpretations of tax statute and case law, which it does after taking account of professional advice and prior experience.

The majority of the Group's tax payable balance of £47.5m (2022: £41.7m) relates to provisions for uncertain tax matters. Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured by management according to the guidance provided by IFRIC 23 'Uncertainty over Income Tax Treatments' but the amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the consolidated financial statements as a result of the estimates and assumptions used.

Management does not consider there to be any significant risks of material adjustment within the next financial year because tax provisions cover a range of matters across multiple tax jurisdictions with a variety of timescales before such matters are expected to be concluded.

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3 Alternative performance measures

In addition to the various performance measures defined under IFRS, the Group reports a number of other measures that are designed to assist with the understanding of the underlying performance of the Group and its businesses. These measures are not defined under IFRS and, as a result, do not comply with Generally Accepted Accounting Practice ('GAAP') and are therefore known as 'alternative performance measures'. Accordingly, these measures, which are not designed to be a substitute for any of the IFRS measures of performance, may not be directly comparable with other companies' alternative performance measures. The principal alternative performance measures used within the consolidated financial statements and the location of the reconciliation to equivalent IFRS measures are shown and defined in the table below:

Underlying revenue growth	Revenue excluding the incremental impact of acquisitions and disposals compared to revenue in prior years at constant exchange, adjusted for differences in trading days between years and adjusted to exclude growth in excess of 26% per annum in hyperinflationary economies (reconciled in the Financial Review)
Adjusted operating profit	Operating profit before customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables and in the Consolidated income statement)
Operating margin	Adjusted operating profit as a percentage of revenue
Adjusted profit before income tax	Profit before income tax, customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables)
Adjusted profit for the year	Profit for the year before customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and the associated tax (reconciled in the following tables)
Effective tax rate	Tax on adjusted profit before income tax as a percentage of adjusted profit before income tax (reconciled in Note 7)
Adjusted earnings per share	Adjusted profit for the year divided by the weighted average number of ordinary shares in issue (reconciled in the following tables and in Note 8)
Adjusted diluted earnings per share	Adjusted profit for the year divided by the diluted weighted average number of ordinary shares (reconciled in Note 8)
Operating cash flow	Cash generated from operations before acquisition related items after deducting purchases of property, plant and equipment and software and adding back the proceeds from the sale of property, plant and equipment and software and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Free cash flow	Operating cash flow after deducting payments for income tax and net interest excluding interest on lease liabilities (as shown in the Consolidated cash flow statement)
Lease adjusted operating profit	Adjusted operating profit after adding back the depreciation of right-of-use assets and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Cash conversion	Operating cash flow as a percentage of lease adjusted operating profit (as shown in the Consolidated cash flow statement)
Working capital	Inventories and trade and other receivables less trade and other payables, excluding non-operating related receivables, non-operating related payables (including those relating to acquisition payments) and dividends payable (reconciled in Note 14)
Return on average operating capital	The ratio of adjusted operating profit to the average of the month end operating capital employed (being property, plant and equipment, right-of-use assets, software, inventories and trade and other receivables less trade and other payables)
Return on invested capital	The ratio of adjusted operating profit to the average of the month end invested capital (being equity after adding back net debt, lease liabilities, net defined benefit pension scheme liabilities, cumulative customer relationships, brands and technology amortisation, acquisition related items and amounts written off goodwill, net of the associated tax)
Dividend cover	The ratio of adjusted earnings per share to the total dividend per share
EBITDA	Adjusted operating profit on a historical GAAP basis, before depreciation of property, plant and equipment and software amortisation and after adjustments as permitted by the Group's debt covenants, principally to exclude share option charges and to annualise for the effect of acquisitions and disposal of businesses
Net debt excluding lease liabilities	Net debt excluding the carrying value of lease liabilities (reconciled in Note 28)
Constant exchange rates	Growth rates at constant exchange rates are calculated by retranslating the results for prior years at the average rates for the year ended 31 December 2023 so that they can be compared without the distorting impact of changes caused by foreign exchange translation. The principal exchange rates used for 2023 and 2022 can be found in the Financial review on page 80

The definition of 'Dividend cover' has been added to the list of alternative performance measures in the year. All other alternative performance measures have been calculated consistently with the methods applied in the consolidated financial statements for the year ended 31 December 2022. The amendments to the list of alternative performance measures and an assessment of the relevance of the existing alternative performance measures, were agreed with the Audit Committee.

A number of the alternative performance measures listed above exclude the charge for customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and any associated tax, where relevant.

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, adjustments to previously estimated earn outs, customer relationships asset impairment charges, goodwill impairment charges and interest on acquisition related income tax. Customer relationships, brands and technology amortisation, acquisition related items and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions. The non-recurring pension scheme charges relate to non-recurring charges arising from the Group's participation in a number of defined benefit pension schemes. In the year ended 31 December 2023 and the year ended 31 December 2022 there were no non-recurring pension scheme charges. Disposal of business relates to the profit on disposal of the Group's UK Healthcare division in the year ended 31 December 2022. None of these items relate to the trading performance of the business. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating the profitability measures by which management assesses the performance of the Group. However, it should be noted that they do exclude charges that nevertheless do impact the Group's cash flow and GAAP financial performance.

Other alternative performance measures, including the Group's key performance indicators which are set out and defined on pages 40 and 41, are used to monitor the performance of the Group and a number of these are based on, or derived from, the alternative performance measures noted above.

NOTES continued

3 Alternative performance measures continued

Reconciliation of alternative performance measures to IFRS measures

The principal profit related alternative performance measures, being adjusted operating profit, adjusted profit before income tax, adjusted profit for the year and adjusted earnings per share, are reconciled to the most directly reconcilable statutory measures in the tables below:

Year ended 31 December 2023

		Adjusting items				
	Alternative performance measures £m	Customer relationships, brands and technology amortisation £m	Acquisition related items £m	Disposal of business £m	Statutory measures £m	
Adjusted operating profit	**944.2**	**(135.6)**	**(19.5)**		**789.1**	**Operating profit**
Finance income	**60.4**				**60.4**	Finance income
Finance expense	**(150.9)**				**(150.9)**	Finance expense
Adjusted profit before income tax	**853.7**	**(135.6)**	**(19.5)**	**–**	**698.6**	**Profit before income tax**
Tax on adjusted profit	**(213.4)**	**36.7**	**4.3**	**–**	**(172.4)**	Income tax
Adjusted profit for the year	**640.3**	**(98.9)**	**(15.2)**	**–**	**526.2**	**Profit for the year**
Adjusted earnings per share	**191.1p**	**(29.5)p**	**(4.5)p**	**–**	**157.1p**	**Basic earnings per share**

Year ended 31 December 2022

		Adjusting items				
	Alternative performance measures £m	Customer relationships, brands and technology amortisation £m	Acquisition related items £m	Disposal of business £m	Statutory measures £m	
Adjusted operating profit	885.9	(128.4)	(55.9)		701.6	Operating profit
Finance income	22.3				22.3	Finance income
Finance expense	(90.2)				(90.2)	Finance expense
Disposal of business	–			0.9	0.9	Disposal of business
Adjusted profit before income tax	818.0	(128.4)	(55.9)	0.9	634.6	Profit before income tax
Tax on adjusted profit	(201.2)	34.7	6.3	–	(160.2)	Income tax
Adjusted profit for the year	616.8	(93.7)	(49.6)	0.9	474.4	Profit for the year
Adjusted earnings per share	184.3p	(28.0)p	(14.8)p	0.2p	141.7p	Basic earnings per share

NOTES continued

4 Segment analysis

The Group results are reported as four business areas based on geographical regions which are reviewed regularly by the Company's chief operating decision maker, the Board of directors. The principal results reviewed for each business area are revenue and adjusted operating profit.

Year ended 31 December 2023

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	6,973.5	2,354.9	1,365.5	1,103.2		11,797.1
Adjusted operating profit/(loss)	528.0	224.7	103.4	119.6	(31.5)	944.2
Customer relationships, brands and technology amortisation	(57.1)	(43.7)	(11.1)	(23.7)		(135.6)
Acquisition related items	(5.5)	(0.3)	(3.1)	(10.6)		(19.5)
Operating profit/(loss)	465.4	180.7	89.2	85.3	(31.5)	789.1
Finance income						60.4
Finance expense						(150.9)
Disposal of business						–
Profit before income tax						698.6
Adjusted profit before income tax						853.7
Income tax						(172.4)
Profit for the year						526.2
Operating margin	7.6%	9.5%	7.6%	10.8%		8.0%
Return on average operating capital	49.6%	45.4%	65.5%	35.5%		46.1%
Purchase of property, plant and equipment	12.3	13.5	8.7	8.1	0.2	42.8
Depreciation of property, plant and equipment	12.0	10.3	4.7	4.6	0.1	31.7
Additions to right-of-use assets	34.0	41.5	42.4	18.8	–	136.7
Depreciation of right-of-use assets	83.4	38.9	24.3	18.8	0.7	166.1
Purchase of software	3.1	8.7	2.4	1.0	0.3	15.5
Software amortisation	3.4	2.7	2.1	0.9	0.3	9.4

Year ended 31 December 2022

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	7,366.0	2,173.4	1,442.5	1,057.6		12,039.5
Adjusted operating profit/(loss)	511.5	195.1	95.3	111.7	(27.7)	885.9
Customer relationships, brands and technology amortisation	(57.3)	(40.6)	(11.0)	(19.5)		(128.4)
Acquisition related items	(15.8)	(27.5)	(7.4)	(5.2)		(55.9)
Operating profit/(loss)	438.4	127.0	76.9	87.0	(27.7)	701.6
Finance income						22.3
Finance expense						(90.2)
Disposal of business						0.9
Profit before income tax						634.6
Adjusted profit before income tax						818.0
Income tax						(160.2)
Profit for the year						474.4
Operating margin	6.9%	9.0%	6.6%	10.6%		7.4%
Return on average operating capital	45.4%	43.7%	52.2%	35.3%		43.0%
Purchase of property, plant and equipment	13.0	9.7	5.9	5.8	0.3	34.7
Depreciation of property, plant and equipment	11.3	9.1	4.8	4.3	0.1	29.6
Additions to right-of-use assets	65.8	15.3	18.9	23.3	–	123.3
Depreciation of right-of-use assets	74.7	33.6	23.8	18.4	0.6	151.1
Purchase of software	3.1	5.2	2.6	0.9	0.2	12.0
Software amortisation	3.7	2.2	1.6	1.1	0.2	8.8

NOTES continued

4 Segment analysis continued

Acquisition related items	2023 £m	2022 £m
Deferred consideration payments relating to the retention of former owners of businesses acquired	**37.3**	24.9
Transaction costs and expenses	**18.1**	10.9
Adjustments to previously estimated earn outs	**(35.9)**	7.1
	19.5	42.9
Customer relationships impairment charges (Note 13)	**–**	13.0
	19.5	55.9

Reportable segments are determined based on quantitative thresholds in accordance with IFRS 8 'Operating Segments'. The three business areas of North America, Continental Europe and UK & Ireland are operating segments that meet the quantitative thresholds for reportable segments and are therefore disclosed separately above. The Rest of the World business area contains businesses in Latin America and Asia Pacific which individually do not meet the quantitative thresholds for separate disclosure as reportable segments. Rest of the World is therefore an 'other' segment that is disclosed above as a reportable segment as this information is considered to be useful to users of the financial statements and it also helps to reconcile the results of the reportable segments to the Group's consolidated results.

The revenue presented relates to external customers. Sales between the business areas are not material. Each of the business areas supplies a range of products to customers operating primarily in the grocery, foodservice, safety, cleaning & hygiene, retail and healthcare market sectors but results are not monitored on this basis. The performance of the four business areas is assessed by reference to adjusted operating profit and this measure also represents the segment results for the purposes of reporting in accordance with IFRS 8. Debt and associated interest is managed at a Group level and therefore has not been allocated across the business areas.

In the year ended 31 December 2023 the Group had no customer that represented 10% or more of total Group revenue (2022: no customers).

As noted above, the businesses within each operating segment operate in a number of different countries and sell products across a range of market sectors, with the vast majority of revenue generated from the delivery of goods to customers. The following table provides a breakdown of revenue by market sector. The other category covers a wide range of market sectors, none of which is sufficiently material to warrant separate disclosure.

Revenue by market sector	2023 £m	2022 £m
Foodservice	**3,383.4**	3,592.9
Grocery	**3,136.6**	3,139.3
Safety	**1,835.7**	1,786.8
Retail	**1,032.8**	1,153.7
Cleaning & Hygiene	**1,218.6**	1,124.5
Healthcare	**679.6**	839.0
Other	**510.4**	403.3
	11,797.1	12,039.5

Revenue attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2023 was £1,270.3m, representing 11% of the Group's total (2022: £1,354.5m, representing 11% of the Group's total). Revenue attributable to foreign countries in total was £10,526.8m, representing 89% of the Group's total (2022: £10,685.0m, representing 89% of the Group's total). Six foreign countries account for the majority of the revenue attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 73% of the Group's revenue (2022: 74%).

Non-current assets attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2023 were £508.7m, representing 13% of the Group's total (2022 restated: £486.6m, representing 13% of the Group's total). Non-current assets attributable to foreign countries in total were £3,509.2m, representing 87% of the Group's total (2022 restated: £3,274.1m, representing 87% of the Group's total). Six foreign countries account for the majority of the non-current assets attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 66% of the Group's total non-current assets (2022 restated: 65%). The 2022 comparatives have been restated to exclude non-current assets of £64.5m related to defined benefit pension schemes and deferred tax in accordance with IFRS 8 'Operating Segments'.

The table below reconciles segment assets and liabilities to the Group's total assets and total liabilities. Unallocated assets and liabilities include corporate assets and liabilities, tax assets and liabilities, cash at bank and in hand, bank overdrafts, interest bearing loans and borrowings, derivative financial assets and liabilities and defined benefit pension assets and liabilities.

At 31 December 2023

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	**3,129.1**	**2,043.5**	**942.2**	**1,080.3**		**7,195.1**
Unallocated assets					**1,552.1**	**1,552.1**
Total assets	**3,129.1**	**2,043.5**	**942.2**	**1,080.3**	**1,552.1**	**8,747.2**
Segment liabilities	**1,284.4**	**763.8**	**522.7**	**342.0**		**2,912.9**
Unallocated liabilities					**2,868.0**	**2,868.0**
Total liabilities	**1,284.4**	**763.8**	**522.7**	**342.0**	**2,868.0**	**5,780.9**

At 31 December 2022

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	3,268.8	1,956.5	939.2	878.8		7,043.3
Unallocated assets					1,623.5	1,623.5
Total assets	3,268.8	1,956.5	939.2	878.8	1,623.5	8,666.8
Segment liabilities	1,363.1	768.9	516.8	279.5		2,928.3
Unallocated liabilities					3,017.6	3,017.6
Total liabilities	1,363.1	768.9	516.8	279.5	3,017.6	5,945.9

NOTES continued

5 Analysis of operating income and expenses

	2023 £m	2022 £m
Cost of goods sold	8,609.2	9,015.0
Employee costs (Note 26)	1,149.8	1,085.1
Depreciation of property, plant and equipment (Note 11)	31.7	29.6
Depreciation of right-of-use assets (Note 12)	166.1	151.1
Customer relationships, brands and technology amortisation (Note 13)	135.6	128.4
Amortisation of software (Note 13)	9.4	8.8
Acquisition related items (Note 4)	19.5	55.9
Net impairment losses on trade receivables (Note 16)	2.6	3.7
Profit on disposal of property, plant and equipment	(0.6)	(0.4)
Expense relating to short term leases and low value assets	4.6	5.2
Lease and sublease income	(4.1)	(3.2)
Other operating expenses	884.2	858.7
Net operating expenses	**11,008.0**	**11,337.9**

Cost of goods sold consists of the cost of the inventories sold or disposed of in the year where the cost of inventories is net of supplier rebate income related to those inventories.

	2023			2022		
Auditors' remuneration	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Audit of these financial statements	1.0	–	1.0	0.8	–	0.8
Amounts receivable by the Company's auditors* in respect of:						
audit of financial statements of subsidiaries of the Company	0.4	4.2	4.6	0.5	3.6	4.1
audit related assurance services	0.1	–	0.1	0.1	–	0.1
all other services	0.3	–	0.3	0.3	–	0.3
Total auditors' remuneration	**1.8**	**4.2**	**6.0**	**1.7**	**3.6**	**5.3**

* Including their associates.

Audit related assurance services comprise the review of the half yearly financial report for the six months ended 30 June. All other services comprise other non-audit work which was permissible in accordance with the Company's policy and the prevailing regulations concerning the provision of non-audit services by the Company's external auditors. It is the Company's policy to assess the non-audit services to be performed by the Company's auditors on a case-by-case basis to ensure adherence to the prevailing ethical standards and regulations. Other firms are normally used by the Company to provide non-audit services. However, if the provision of a service by the Company's auditors is permitted and adequate safeguards are in place, it is sometimes appropriate for this additional work to be carried out by the Company's auditors.

The Audit Committee, which consists entirely of independent non-executive directors, reviews and approves the level and type of non-audit work which the external auditors perform, including the fees paid for such work, to ensure that the auditors' objectivity and independence are not compromised. Further information is set out in the Audit Committee's report on pages 112 to 121.

6 Finance income/(expense)

	2023 £m	2022 £m
Interest on cash and cash equivalents	40.3	10.5
Interest income from foreign exchange contracts	16.0	9.2
Net interest income on defined benefit pension schemes in surplus	3.2	1.2
Other finance income	0.9	1.4
Finance income	**60.4**	**22.3**
Interest on loans and overdrafts	(106.7)	(58.5)
Lease interest expense	(28.6)	(22.0)
Interest expense from foreign exchange contracts	(1.5)	(0.8)
Net interest expense on defined benefit pension schemes in deficit	(1.0)	(0.8)
Fair value (loss)/gain on US private placement notes and senior bond in a hedge relationship	(24.4)	83.2
Fair value gain/(loss) on interest rate swaps in a hedge relationship	21.8	(79.2)
Foreign exchange (loss)/gain on intercompany funding	(41.1)	126.7
Foreign exchange gain/(loss) on external debt and foreign exchange forward contracts	40.5	(126.7)
Interest related to income tax	(0.1)	(0.5)
Monetary loss from hyperinflation accounting[1]	(7.2)	(10.7)
Other finance expense	(2.6)	(0.9)
Finance expense	**(150.9)**	**(90.2)**
Net finance expense	**(90.5)**	**(67.9)**

1. See Note 1 for further details.

The foreign exchange loss on intercompany funding arises as a result of the retranslation of foreign currency intercompany loans. This loss on intercompany funding is substantially matched by the foreign exchange gain on external debt and foreign exchange forward contracts not in a hedge relationship which minimises the foreign currency exposure in the income statement.

NOTES continued

7 Income tax

	2023 £m	2022 £m
Current tax on profit		
current year	199.0	172.7
adjustments in respect of prior years	(6.9)	(9.2)
	192.1	163.5
Deferred tax on profit		
current year	(19.6)	(4.8)
adjustments in respect of prior years	(0.1)	1.5
	(19.7)	(3.3)
Income tax on profit	172.4	160.2

In assessing the underlying performance of the Group, management uses adjusted profit before income tax. The tax effect of the adjusting items (see Note 3) is excluded in monitoring the effective tax rate (being the tax rate on adjusted profit before income tax) which is shown in the table below.

	2023 £m	2022 £m
Income tax on profit	172.4	160.2
Tax associated with adjusting items	41.0	41.0
Tax on adjusted profit	213.4	201.2
Profit before income tax	698.6	634.6
Adjusting items	155.1	183.4
Adjusted profit before income tax	853.7	818.0
Reported tax rate	24.7%	25.2%
Effective tax rate	25.0%	24.6%

Tax on other comprehensive income/(expense) and equity	2023 Gross £m	2023 Tax (charge)/credit £m	2023 Net £m	2022 Gross £m	2022 Tax (charge)/credit £m	2022 Net £m
Actuarial gain on defined benefit pension schemes	2.9	(0.1)	2.8	6.9	(1.4)	5.5
Foreign currency translation differences on foreign operations	(126.9)	(0.5)	(127.4)	232.9	0.3	233.2
Gain/(loss) taken to equity as a result of effective net investment hedges	31.4	–	31.4	(38.2)	–	(38.2)
(Loss)/gain recognised in cash flow hedge reserve	(2.3)	0.6	(1.7)	10.3	(2.6)	7.7
Other comprehensive (expense)/income	(94.9)	–	(94.9)	211.9	(3.7)	208.2
Dividends	(209.7)	–	(209.7)	(190.5)	–	(190.5)
Movement from cash flow hedge reserve to inventory	1.0	(0.3)	0.7	(12.0)	3.0	(9.0)
Hyperinflation accounting adjustments	21.6	–	21.6	36.7	(1.8)	34.9
Issue of share capital	5.9	–	5.9	5.3	–	5.3
Employee trust shares	(25.2)	–	(25.2)	(34.2)	–	(34.2)
Share based payments	15.4	5.4	20.8	14.1	1.2	15.3
Other comprehensive income/(expense) and equity	(285.9)	5.1	(280.8)	31.3	(1.3)	30.0

NOTES continued

7 Income tax continued

Factors affecting the tax charge for the year

The Group operates in many countries and is subject to different rates of income tax in those countries. The expected tax rate is calculated as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, most of which are higher than the UK statutory rate for the year of 23.5% (2022: 19.0%). The adjustments to the tax charge at the weighted average rate to determine the income tax on profit are as follows:

	2023 £m	2022 £m
Profit before income tax	**698.6**	634.6
Tax charge at weighted average rate (2023: 25.2%; 2022: 24.6%)	**176.0**	156.1
Effects of:		
non-deductible expenditure	**0.5**	8.9
impact of intercompany finance	**1.2**	(2.0)
change in tax rates	**(0.7)**	0.4
hyperinflation accounting adjustments	**3.8**	4.7
prior year adjustments	**(7.0)**	(7.7)
other current year items	**(1.4)**	(0.2)
Income tax on profit	**172.4**	160.2

Deferred tax in the income statement	2023 £m	2022 £m
Property, plant and equipment	**1.0**	1.2
Defined benefit pension schemes	**1.6**	(0.1)
Goodwill, customer relationships, brands and technology	**(20.2)**	(17.4)
Provisions and accruals	**(3.6)**	–
Inventories	**7.4**	10.5
Leases	**(1.1)**	0.7
Other	**(4.8)**	1.8
Deferred tax on profit	**(19.7)**	(3.3)

The Group is within the scope of the OECD Pillar Two model rules which impose a minimum tax expense in each country. Pillar Two legislation has been enacted in the UK, the country of tax residence of the ultimate parent of the Group, as well as in several other countries in which the Group operates. The earliest legislation is effective from 1 January 2024. Since the Pillar Two legislation was not effective during the year ended 31 December 2023, the Group has no related current tax exposure at the balance sheet date. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The legislation imposes a top-up tax to the extent that in any country the effective tax rate according to the Pillar Two methodology is below the 15% minimum rate. Most countries in which the Group operates are expected to report an effective tax rate in excess of 15% and therefore to qualify for a safe harbour exemption such that no top-up tax should apply. In countries where this is not the case there is the potential for Pillar Two taxes to apply, but these are not expected to be material. The Group continues to refine this assessment and analyse the future consequences of these rules.

8 Earnings per share

	2023 £m	2022 £m
Profit for the year	**526.2**	474.4
Adjusted for:		
customer relationships, brands and technology amortisation	**135.6**	128.4
acquisition related items	**19.5**	55.9
profit on disposal of business	**–**	(0.9)
tax credit on adjusting items	**(41.0)**	(41.0)
Adjusted profit for the year	**640.3**	616.8

	2023	2022
Basic weighted average number of ordinary shares in issue (million)	**335.0**	334.7
Dilutive effect of employee share plans (million)	**2.2**	2.5
Diluted weighted average number of ordinary shares (million)	**337.2**	337.2
Basic earnings per share	**157.1p**	141.7p
Adjustment	**34.0p**	42.6p
Adjusted earnings per share	**191.1p**	184.3p
Diluted basic earnings per share	**156.0p**	140.7p
Adjustment	**33.9p**	42.2p
Adjusted diluted earnings per share	**189.9p**	182.9p

NOTES continued

9 Acquisitions

Acquisitions involving the purchase of the acquiree's share capital or, as the case may be, the relevant assets of the businesses acquired, have been accounted for under the acquisition method of accounting. A key part of the Group's strategy is to grow through acquisition. The Group has developed a process to assist with the identification of the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets in accordance with IFRS 3 'Business Combinations' as revised. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. At 31 December 2023 the allocation period for all acquisitions completed since 1 January 2023 remained open and accordingly the fair values presented are provisional.

Adjustments are made to the assets acquired and liabilities assumed during the allocation period to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date. Adjustments are made to the value of assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly, adjustments are made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments are also made to reflect the associated tax effects. During the year ended 31 December 2023 adjustments have been recognised to the fair value of assets and liabilities acquired related to acquisitions made in the prior year, resulting in a net increase to goodwill of £0.8m (2022: net decrease to goodwill of £3.4m). Given the immaterial amounts involved the fair value of assets and liabilities acquired as reported in the prior year have not been restated.

The consideration paid or payable in respect of acquisitions comprises amounts paid on completion, deferred consideration and payments which are contingent on the retention of former owners of businesses acquired. Any payments that are contingent on future employment, including payments which are contingent on the retention of former owners of businesses acquired, are charged to the income statement. All other consideration has been allocated against the identified net assets, with the balance recorded as goodwill. Transaction costs and expenses such as professional fees are charged to the income statement. The acquisitions provide opportunities for further development of the Group's activities and to create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses do not translate to separately identifiable intangible assets but do represent much of the assessed value that supports the recognised goodwill.

For each of the businesses acquired and announced during the year, the name of the business, the market sector served, its location and date of acquisition, as well as the estimated annualised revenue it would have contributed to the Group for the year if such acquisitions had been made at the beginning of the year, are separately disclosed. The remaining disclosures required by IFRS 3 are provided separately for those individual acquisitions that are considered to be material and in aggregate for individually immaterial acquisitions. An acquisition would generally be considered individually material if the impact on the Group's revenue or profit measures (on an annualised basis) or the relevant amounts on the balance sheet is greater than 5%. Management also applies judgement in considering whether there are any material qualitative differences from other acquisitions made.

2023

Summary details of the businesses acquired during the year ended 31 December 2023 are shown in the table below:

Business	Sector	Country	Acquisition date 2023	Percentage of share capital acquired	Annualised revenue £m
GRC	Healthcare	Australia	1 January	100%	4.4
Capital Paper	Foodservice	Canada	31 January	100%	16.0
Arbeitsschutz-Express	Safety	Germany	3 April	66%	33.1
Dimasa	Cleaning & Hygiene	Spain	28 April	100%	3.1
Irudek	Safety	Spain	28 April	75%	16.7
EHM	Safety	UK	5 June	100%	19.5
La Cartuja Complementos Hostelería	Foodservice	Spain	30 June	100%	4.4
EcoTools.nl	Other	Netherlands	31 July	100%	17.8
Leal Equipamentos de Proteção	Safety	Brazil	1 August	100%	33.1
PackPro	Foodservice	Canada	10 August	85%	20.1
Groveko	Cleaning & Hygiene	Netherlands	11 August	93.75%	21.0
Pittman Traffic & Safety Equipment*	Safety	Ireland	28 August	100%	6.2
FlexPost	Safety	USA	31 October	100%	3.0
Grupo Lanlimp	Cleaning & Hygiene	Brazil	1 November	70%	37.8
Melbourne Cleaning Supplies	Cleaning & Hygiene	Australia	6 November	100%	9.7
Safety First	Safety	Poland	30 November	65%	24.9
Miracle Sanitation Supply	Cleaning & Hygiene	Canada	1 December	100%	7.6
CT Group	Healthcare	Brazil	1 December	100%	47.8
Others**				100%	3.3
Acquisitions completed in the current year					329.5
GRC	Healthcare	Australia	1 January	100%	(4.4)
Acquisitions agreed in the current year					325.1

* The acquisition supports the expansion of our North America based McCue business and is therefore reported as part of the North America business area.

** Others includes two small acquisitions agreed in 2023.

NOTES continued

9 Acquisitions continued

There were no individually significant acquisitions in 2023. A summary of the effect of acquisitions in 2023 and 2022 is shown below:

	2023 £m	2022 £m
Customer relationships	**229.5**	107.7
Brands	**10.6**	11.6
Technology	**–**	9.1
Property, plant and equipment and software	**16.6**	4.8
Right-of-use assets	**16.2**	21.5
Inventories	**44.7**	44.9
Trade and other receivables	**57.0**	27.0
Trade and other payables	**(40.5)**	(30.9)
Net cash/(overdrafts)	**19.8**	(6.8)
Provisions	**(26.2)**	(7.9)
Lease liabilities	**(16.2)**	(21.5)
Derivative assets	**–**	0.4
Income tax payable and deferred tax liabilities	**(29.6)**	(31.3)
Fair value of net assets acquired	**281.9**	128.6
Goodwill	**130.6**	106.6
Consideration	**412.5**	235.2
Satisfied by:		
cash consideration	**343.0**	180.6
deferred consideration	**69.5**	54.6
	412.5	235.2
Contingent payments relating to retention of former owners	**59.5**	66.4
Net (cash)/overdrafts acquired	**(19.8)**	6.8
Transaction costs and expenses	**18.1**	10.9
Total committed spend in respect of acquisitions completed in the year	**470.3**	319.3
Spend on acquisitions committed but not completed at the year end	**–**	2.9
Spend on acquisitions committed at prior year end but completed in the current year	**(2.8)**	–
Total committed spend in respect of acquisitions agreed in the year	**467.5**	322.2

The net cash outflow in the year in respect of acquisitions comprised:

	2023 £m	2022 £m
Cash consideration	**343.0**	180.6
Net (cash)/overdrafts acquired	**(19.8)**	6.8
Deferred consideration payments	**14.5**	56.2
Net cash outflow on purchase of businesses	**337.7**	243.6
Transaction costs and expenses paid	**18.1**	11.0
Payments relating to retention of former owners	**18.8**	9.6
Cash outflow from acquisition related items	**36.9**	20.6
Total cash outflow in respect of acquisitions	**374.6**	264.2

Acquisitions completed in the year ended 31 December 2023 contributed £120.5m (2022: £115.8m) to the Group's revenue, £16.1m (2022: £9.5m) to the Group's adjusted operating profit and £8.7m (2022: £5.9m) to the Group's operating profit for the year ended 31 December 2023.

The estimated contributions from acquisitions completed and agreed during the year to the results of the Group for the year if such acquisitions had been made at the beginning of the year, are as follows:

	2023 £m	2022 £m
Revenue	**325.1**	299.0
Adjusted operating profit	**51.4**	29.3

The total amount of goodwill expected to be deductible for tax purposes in relation to acquisitions completed during the year is £49.1m (2022: £6.8m).

Deferred consideration

The table below gives further details of the Group's deferred consideration liabilities.

	2023 £m	2022 £m
Minority options	**124.7**	92.4
Earn outs	**36.9**	39.3
Deferred consideration held at fair value	**161.6**	131.7
Other	**14.0**	8.2
Total deferred consideration	**175.6**	139.9
Current	**32.3**	42.0
Non-current	**143.3**	97.9
Total deferred consideration	**175.6**	139.9

Including expected future payments which are contingent on the continued retention of former owners of businesses acquired of £83.2m (2022: £76.3m), total deferred and contingent consideration at 31 December 2023 is £258.8m (2022: £216.2m).

NOTES continued

9 Acquisitions continued

	2023			2022		
	Deferred consideration held at fair value £m	Other £m	Total deferred consideration £m	Deferred consideration held at fair value £m	Other £m	Total deferred consideration £m
Beginning of year	131.7	8.2	139.9	99.6	8.2	107.8
Acquisitions	63.2	6.3	69.5	52.9	1.7	54.6
Charges related to the retention of former owners	30.2	4.3	34.5	19.3	3.8	23.1
Adjustments to previously estimated earn outs	(35.9)	–	(35.9)	7.1	–	7.1
Deferred consideration and retention payments	(25.5)	(4.5)	(30.0)	(55.1)	(5.8)	(60.9)
Foreign exchange	(2.1)	(0.3)	(2.4)	7.9	0.3	8.2
End of year	161.6	14.0	175.6	131.7	8.2	139.9

2022

Summary details of the businesses acquired during the year ended 31 December 2022 are shown in the table below:

Business	Sector	Country	Acquisition date 2022	Percentage of share capital acquired	Annualised revenue £m
USL	Healthcare	New Zealand	31 May	90%	56.0
Hygi.de	Cleaning & Hygiene	Germany	11 July	75%	94.3
AFL Groep	Other	Netherlands	20 July	90%	18.1
London Catering & Hygiene Solutions	Cleaning & Hygiene	United Kingdom	29 July	100%	5.4
Containit	Safety	Australia	1 August	80%	12.9
Corsul Group	Safety	Brazil	2 September	100%	42.3
Enviropack	Foodservice	United Kingdom	13 October	85%	6.9
VM Footwear	Safety	Czech Republic	31 October	70%	14.2
PM Pack	Foodservice	Denmark	30 November	70%	16.3
Toomac Ophthalmic & Solutions	Healthcare	New Zealand	2 December	100%	6.6
Grupo R. Queralto	Healthcare	Spain	21 December	85%	23.3
Acquisitions completed in the current year					296.3
GRC	Healthcare	Australia	1 January 2023	100%	2.7
Acquisitions agreed in the current year					299.0

10 Disposal of business

The Group did not dispose of any businesses during the year ended 31 December 2023. Disposal of business in the year ended 31 December 2022 related to the UK Healthcare division, a business that was no longer considered to be a strategic fit within the portfolio of the Group's businesses. The disposal was completed on 19 December 2022.

During the year ended 31 December 2022, the net assets of the Group increased by £0.9m representing the profit on disposal of £0.9m. The profit on disposal reflects the cash consideration received of £63.7m, offset by the net book value of the assets disposed of £53.0m, including the associated customer relationships intangible assets of £2.2m and the carrying value of allocated goodwill of £17.0m, less the associated transaction costs.

The net cash inflow in the year in respect of disposal of business comprised:

Cash flow from disposal of business	2022 £m
Cash consideration received	63.7
Cash and cash equivalents disposed	(10.2)
Net cash proceeds	53.5
Transaction costs paid	(3.6)
Net cash inflow	49.9

NOTES continued

11 Property, plant and equipment

2023	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	98.9	201.6	117.2	417.7
Acquisitions (Note 9)	3.6	8.6	3.1	15.3
Additions	4.6	20.7	17.5	42.8
Disposals	(2.5)	(14.9)	(8.7)	(26.1)
Currency translation	(0.6)	(7.5)	(2.5)	(10.6)
End of year	104.0	208.5	126.6	439.1
Accumulated depreciation				
Beginning of year	56.6	138.5	85.4	280.5
Charge in year	5.3	16.0	10.4	31.7
Disposals	(2.3)	(14.4)	(7.9)	(24.6)
Currency translation	(0.4)	(5.8)	(1.7)	(7.9)
End of year	59.2	134.3	86.2	279.7
Net book value at 31 December 2023	44.8	74.2	40.4	159.4

2022	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	91.5	167.6	110.5	369.6
Acquisitions (Note 9)	–	3.2	0.9	4.1
Disposal of business (Note 10)	(2.6)	(1.7)	(3.6)	(7.9)
Additions	5.3	19.0	10.4	34.7
Disposals	(1.8)	(2.7)	(6.5)	(11.0)
Currency translation	6.5	16.2	5.5	28.2
End of year	98.9	201.6	117.2	417.7
Accumulated depreciation				
Beginning of year	50.6	116.8	81.3	248.7
Charge in year	5.2	15.1	9.3	29.6
Disposal of business (Note 10)	(1.3)	(1.7)	(3.0)	(6.0)
Disposals	(1.8)	(2.3)	(6.3)	(10.4)
Currency translation	3.9	10.6	4.1	18.6
End of year	56.6	138.5	85.4	280.5
Net book value at 31 December 2022	42.3	63.1	31.8	137.2

12 Right-of-use assets

2023	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	439.6	63.3	26.7	529.6
Acquisitions (Note 9)	15.9	0.3	–	16.2
Additions	87.5	37.1	12.1	136.7
Depreciation charge in the year	(125.1)	(30.0)	(11.0)	(166.1)
Remeasurement adjustments	118.6	0.4	0.8	119.8
Currency translation	(16.5)	(2.3)	(1.1)	(19.9)
Net book value at 31 December 2023	520.0	68.8	27.5	616.3

2022	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	366.4	57.8	24.1	448.3
Acquisitions (Note 9)	20.9	0.3	0.3	21.5
Disposal of business (Note 10)	(1.5)	(0.2)	–	(1.7)
Additions	84.2	28.1	11.0	123.3
Depreciation charge in the year	(111.7)	(28.6)	(10.8)	(151.1)
Remeasurement adjustments	54.7	1.9	–	56.6
Currency translation	26.6	4.0	2.1	32.7
Net book value at 31 December 2023	439.6	63.3	26.7	529.6

NOTES continued

13 Intangible assets

2023	Goodwill £m	Customer relationships £m	Brands £m	Technology £m	Software £m	Total £m
Cost						
Beginning of year	1,944.4	2,349.0	39.7	9.5	107.4	4,450.0
Acquisitions (Note 9)	130.6	229.5	10.6	–	1.3	372.0
Adjustment for hyperinflation accounting[1]	8.4	1.6	–	–	–	10.0
Additions					15.5	15.5
Disposals					(4.6)	(4.6)
Currency translation	(62.7)	(85.6)	(1.8)	(0.2)	(2.8)	(153.1)
End of year	2,020.7	2,494.5	48.5	9.3	116.8	4,689.8
Accumulated amortisation and impairment						
Beginning of year	12.8	1,258.1	4.8	0.4	80.0	1,356.1
Amortisation charge in the year		130.2	4.0	1.4	9.4	145.0
Adjustment for hyperinflation accounting[1]	–	1.2	–	–	–	1.2
Disposals					(4.6)	(4.6)
Currency translation	(1.0)	(45.8)	(1.4)	–	(1.8)	(50.0)
End of year	11.8	1,343.7	7.4	1.8	83.0	1,447.7
Net book value at 31 December 2023	2,008.9	1,150.8	41.1	7.5	33.8	3,242.1

1 See Note 1 for further details.

2022	Goodwill £m	Customer relationships £m	Brands £m	Technology £m	Software £m	Total £m
Cost						
At 31 December 2021	1,710.9	2,055.2	25.0	–	90.2	3,881.3
Adjustment to opening balances in respect of hyperinflation in Turkey[1]	6.7	10.0	–	–	–	16.7
Restated as at 1 January 2022	1,717.6	2,065.2	25.0	–	90.2	3,898.0
Acquisitions (Note 9)	106.6	107.7	11.6	9.1	0.7	235.7
Disposal of business (Note 10)	(17.0)	(5.1)	–	–	(0.8)	(22.9)
Adjustment for hyperinflation accounting[1]	9.7	13.5	–	–	–	23.2
Additions					12.0	12.0
Disposals					(3.4)	(3.4)
Currency translation	127.5	167.7	3.1	0.4	8.7	307.4
End of year	1,944.4	2,349.0	39.7	9.5	107.4	4,450.0
Accumulated amortisation and impairment						
At 31 December 2021	12.4	1,033.2	1.0	–	67.9	1,114.5
Adjustment to opening balances in respect of hyperinflation in Turkey[1]	–	4.4	–	–	–	4.4
Restated as at 1 January 2022	12.4	1,037.6	1.0	–	67.9	1,118.9
Amortisation charge in the year		124.8	3.2	0.4	8.8	137.2
Impairment charge in the year	–	13.0	–	–	–	13.0
Disposal of business (Note 10)	–	(2.9)	–	–	(0.6)	(3.5)
Adjustment for hyperinflation accounting[1]	–	6.8	–	–	–	6.8
Disposals					(3.4)	(3.4)
Currency translation	0.4	78.8	0.6	–	7.3	87.1
End of year	12.8	1,258.1	4.8	0.4	80.0	1,356.1
Net book value at 31 December 2022	1,931.6	1,090.9	34.9	9.1	27.4	3,093.9

1. See Note 1 for further details.

NOTES continued

13 Intangible assets continued

Goodwill, customer relationships, brands and technology intangible assets have been acquired as part of business combinations. Further details of acquisitions made in the year are set out in Note 9.

Customer relationships include three businesses with individually significant customer relationships assets, McCue Corporation acquired in October 2021 and based in North America, MCR Safety acquired in September 2020 and based in North America and Hedis acquired in 2017 and based in France. The net book value of customer relationships in McCue Corporation as at 31 December 2023 was £98.9m (2022: £113.1m) with a remaining useful economic life of 12.7 years (2022: 13.7 years). The net book value of customer relationships in MCR Safety as at 31 December 2023 was £82.7m (2022: £94.2m) with a remaining useful economic life of 11.7 years (2022: 12.7 years). The net book value of customer relationships in Hedis as at 31 December 2023 was £76.8m (2022: £86.9m) with a remaining useful economic life of 9.9 years (2022: 10.9 years).

Impairment testing

The carrying amount of goodwill is allocated across CGUs and is tested annually for impairment by comparing the recoverable amount of each CGU with its carrying value.

A description of the Group's principal activities is set out in the Chief Executive Officer's review. There is no significant difference in the nature of activities across different geographies. The identification of CGUs reflects the way the business is managed and monitored on a geographical basis, taking into account the generation of cash flows and the sharing of synergies. Given the similar nature of the activities of each CGU, a consistent methodology is applied across the Group in assessing CGU recoverable amounts. The recoverable amount is the higher of the value in use and the fair value less the costs of disposal. The value in use is the present value of the cash flows expected to be generated by the CGU over a projection period together with a terminal value. The projection period is the time period over which future cash flows are predicted. The Group's methodology is to use a projection period of five years consisting of detailed cash flow forecasts for the first two years and CGU specific growth assumptions for years three, four and five. For periods after this five year period, the methodology applies a long term growth rate specific to the CGU to derive a terminal value. Cash flow expectations exclude any future cash flows that may arise from restructuring or other enhancements to the cash generating activities of the CGU and reflect management's expectations of the range of economic conditions that may exist over the projection period.

The value in use calculations are principally sensitive to revenue growth, including any significant changes to the customer base, achievability of future profit margins and the discount rates used in the present value calculation. The information used for valuation purposes takes into consideration past experience and the current economic environment with regard to customer attrition rates and additions to the customer base, the ability to introduce price increases and new products and experience in controlling the underlying cost base. This information is used to determine a long term growth rate which is consistent with the geographic segments in which the Group operates and management's assessment of future operating performance and market share movements. The discount rates used are determined with assistance provided by external valuation specialists.

The Group allocates goodwill across seven CGUs (2022: seven). Based on our impairment testing, no impairments were identified to the carrying value of goodwill within the Group.

As at 31 December 2023, North America, UK & Ireland, France and Rest of Continental Europe carried a significant amount of goodwill in comparison with the total value of the Group's goodwill. At 31 December 2023 the carrying value of goodwill in respect of North America was £700.0m (2022: £722.7m), UK & Ireland was £317.3m (2022: £314.7m), France was £253.5m (2022: £258.0m) and Rest of Continental Europe was £307.1m (2022: £276.8m). As at 31 December 2023 the aggregate amount of goodwill attributable to the Group's CGUs, excluding North America, UK & Ireland, France and Rest of Continental Europe, was £431.0m (2022: £359.4m), none of which is individually significant.

For North America, UK & Ireland, France and Rest of Continental Europe, the weighted average long term growth rate used in 2023 was in the range of 2.5%–3.3% (2022: 2.5%–4.0%) reflecting anticipated revenue and profit growth. A pre-tax discount rate in the range of 9%–11% (2022: 8%–11%) has been applied to the value in use calculations reflecting market assessments of the time value of money at the balance sheet date. Similar assumptions have been applied to the other CGUs but where appropriate the directors have considered alternative market risk assumptions to reflect the specific conditions arising in individual CGUs with long term growth rates ranging from 2.5%–5.5% (2022: 2.5%–5.4%) and discount rates ranging from 9%–15% (2022: 7%–15%).

As part of the annual impairment testing for goodwill, the Group also considered whether there were any indicators that individual customer relationships and brands intangible assets were impaired. As for the impairment testing for the Group's CGUs noted above, value in use calculations were prepared based on management's latest expectations of the performance of the relevant business over a five year projection period and appropriate long term growth and discount rates. Based on our impairment testing, no impairments were identified to the carrying value of customer relationships, brands and technology intangible assets within the Group.

Sensitivity to changes in key assumptions

Impairment testing is dependent on management's estimates and judgements, particularly as they relate to the forecasting of future cash flows, expected long term growth rates and the discount rates selected. Key assumptions on which value in use calculations are dependent relate to the discount rates used and revenue growth including the impact of changes to the underlying customer base from customer attrition and the rate at which new customer relationships are introduced and established.

As part of the annual impairment testing, management performed sensitivity analysis by modelling the impact of higher discount rates, and reviewing the combination of discount rates and long term growth rates which would bring the value in use to the net book value or below. From this sensitivity testing management has concluded that no reasonably possible change in key assumptions would result in a material change to the carrying amounts of any of the Group's intangible assets in the next 12 months.

The Group has also considered whether climate change would have a significant impact on the approach taken to the annual impairment testing. As part of this the Group has assessed three alternative climate change scenarios up to 2050. Two of our scenarios align with the global warming trajectory of between 1ºC to 2ºC by 2100 but differ in the speed and extent of global decarbonisation over the next 30 years (orderly and disorderly). Our final scenario assessed the potential impacts of a world in which global warming exceeds 3ºC by 2100 (hothouse world scenario). Having assessed these scenarios the Group has concluded that, although climate change is a principal risk, it does not warrant any amendment to the assumptions used in the Group's impairment testing, and would not have a material impact on the results of the impairment testing.

NOTES continued

14 Working capital

	2023 £m	2022 £m
Inventories (Note 15)	1,621.1	1,748.6
Trade and other receivables (Note 16)	1,578.5	1,557.4
Trade and other payables – current (Note 17)	(2,071.6)	(2,249.4)
Add back net non-trading related receivables and payables	30.1	40.0
	1,158.1	1,096.6

See Note 30 for the cash flow impact of movements in working capital which exclude the impact from foreign exchange movements, acquisitions and the disposal of business.

15 Inventories

	2023 £m	2022 £m
Goods for resale	1,621.1	1,748.6

During the year £11.9m (2022: £10.8m) was written off directly from inventories due to obsolescence or damage. Inventory provisions, including provisions for slow moving, obsolete or defective inventories and market price movements, as at 31 December 2023 were £154.2m (2022: £179.9m). During the year, the Group saw a net utilisation of approximately £25m on provisions for slow moving inventory (2022: net utilisation of approximately £4m), as well as some utilisation of the residual provisions related to market price movements on Covid-19 related products; the remaining market price risk on these products is no longer significant.

16 Trade and other receivables

	2023 £m	2022 £m
Trade receivables	1,287.3	1,266.0
Prepayments	84.4	87.9
Other receivables	206.8	203.5
	1,578.5	1,557.4

The Group does not have any significant contract assets.

The ageing of trade receivables at 31 December was:

	2023		2022	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	1,058.6	5.7	1,037.5	6.0
0–30 days overdue	186.1	2.6	174.1	2.3
31–90 days overdue	49.6	3.0	48.3	2.7
Over 90 days overdue	27.5	23.2	35.2	18.1
	1,321.8	34.5	1,295.1	29.1

The trade receivables provision includes provisions for expected credit losses and credit notes to be issued. The movement in the provision during the year was as follows:

	2023 £m	2022 £m
Beginning of year	29.1	27.4
Acquisitions	4.3	0.8
Disposal of business	–	(0.6)
Charge	6.3	8.5
Released	(3.7)	(4.8)
Utilised	(1.0)	(4.3)
Currency translation	(0.5)	2.1
End of year	34.5	29.1

17 Trade and other payables

Current

	2023 £m	2022 £m
Trade payables	1,290.1	1,440.9
Other tax and social security contributions	35.2	31.2
Other payables	249.6	245.3
Accruals and contract liabilities	496.7	532.0
	2,071.6	2,249.4

Other payables includes £32.3m (2022: £42.0m) related to deferred consideration on acquisitions.

The Group's contract liabilities are limited to deferred income of £7.1m (2022: £10.4m). This arises from contracts with customers in the form of consideration that has been received in advance of the satisfaction of performance obligations.

Non-current

Other payables greater than one year of £176.1m (2022: £117.2m) includes £143.3m (2022: £97.9m) related to deferred consideration on acquisitions.

NOTES continued

18 Risk management and financial instruments

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on average operating capital employed and the return on invested capital (as defined in Note 3) as well as the level of total shareholders' equity and sets the amount of dividends paid to ordinary shareholders.

The principal financial covenant limits are net debt to EBITDA, calculated at average exchange rates and in accordance with the Group's external debt covenants, of no more than 3.5 times and interest cover of no less than 3.0 times. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis and formally tested at 30 June and 31 December. During 2023 all covenants have been complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. Debt covenants are based on historical accounting standards. The US private placement notes ('USPPs') issued in March 2022 contain a clause whereby upon maturity of the previously issued USPPs, the latest maturity being in 2028, the principal financial covenants referred to above will no longer apply. In addition, the principle financial covenants were removed from the Group's committed bank facilities in 2022.

The Group funds its operations through a mixture of shareholders' equity and bank and capital market borrowings. All of the borrowings are managed by a central treasury function and funds raised are lent onward to operating subsidiaries as required. The overall objective is to manage the funding to ensure the borrowings have a range of maturities, are competitively priced and meet the demands of the business over time and, in order to do so, the Group arranges a mixture of borrowings from different sources with a variety of maturity dates.

The Group's businesses provide a high and consistent level of cash generation which helps fund future development and growth. The Group seeks to maintain an appropriate balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes to the Group's approach to capital management during the year and the Group is not subject to any externally imposed capital requirements.

Treasury policies and controls

The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are periodically reviewed by the Board. Controls over exposure changes and transaction authenticity are in place.

Derivatives and hedge accounting

The Group designates derivatives which qualify as hedges for accounting purposes as either (a) a hedge of the fair value of a recognised asset or liability; (b) a hedge of the cash flow risk resulting from changes in interest rates or foreign exchange rates; or (c) a hedge of a net investment in a foreign operation. The accounting treatment for hedges and derivatives is set out in the financial instruments accounting policy in Note 2p. The Group tests the effectiveness of hedges on a prospective basis to ensure compliance with IFRS 9. Information about the methods and assumptions used in determining the fair value of derivatives is provided under the Financial instruments section on page 179.

Hedge effectiveness

For hedges of foreign currency purchases and sales, the Group enters into cash flow hedge relationships where the critical terms of the hedging instrument are similar to those of the hedged item, such as notional amount, expected maturity date and currency. Hedge ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated. The Group therefore performs a quantitative hedge effectiveness assessment to calculate any ineffectiveness during the period.

Part of the Group's fixed rate debt portfolio is swapped to floating rates using interest rate swaps where the hedged items are individual tranches of fixed rate debt. These interest rate swaps are held in fair value hedges with critical terms exactly matching those of the underlying hedged items, such as notional amounts, payment dates, reset dates, maturity dates and currencies. As all critical terms matched during the year, the economic relationship was 100% effective. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group will perform a quantitative assessment of effectiveness. Hedge ineffectiveness may arise due to a change in credit risk of the counterparty or if there is a change in timings or amounts of the hedged cash flows.

There was no material ineffectiveness during 2023 in relation to the interest rate swaps or the forward currency contracts.

Risk management

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges borrowings from a variety of sources.

The Group has substantial funding available comprising multi-currency credit facilities from the Group's banks, US private placement notes and senior bonds. During 2023, £365m of bank facilities were signed with maturities between 2026 to 2028. The Group expects to sign and extend bank facilities during 2024.

During the year, the Group's USD interest rate swaps and committed USD bank facility, which previously referenced the discontinued USD LIBOR, have been renegotiated to reference SOFR, the new USD benchmark. This has not had an impact on the financial results for the year ended 31 December 2023.

NOTES continued

18 Risk management and financial instruments continued

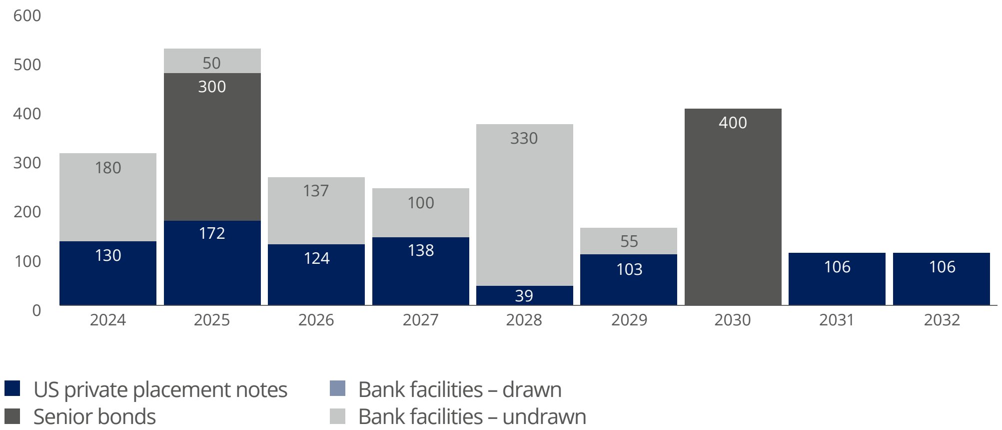
Loans, borrowings and net debt

	2023 £m	2022 £m
Bank overdrafts	(874.2)	(825.9)
Bank loans	(0.1)	–
US private placement notes	(129.9)	(161.0)
Borrowings due within one year	**(1,004.2)**	(986.9)
US private placement notes	(795.2)	(975.7)
Senior bonds	(621.9)	(598.3)
Borrowings due after one year	**(1,417.1)**	(1,574.0)
Derivatives managing the interest rate risk and currency profile of the debt	(90.3)	(103.2)
Gross debt	**(2,511.6)**	(2,664.1)
Cash and cash equivalents	1,426.1	1,504.0
Net debt excluding lease liabilities	**(1,085.5)**	(1,160.1)
Lease liabilities	(664.5)	(569.9)
Net debt including lease liabilities	**(1,750.0)**	(1,730.0)

Further information on the movement in net debt and lease liabilities is shown in Note 29.

The total available committed funding at 31 December 2023 was £2,470.0m (2022: £2,790.0m). The committed funding maturity profile at 31 December 2023 is set out in the chart below:

Committed funding maturity profile by year (£m)



The undrawn committed bank facilities available at 31 December were as follows:

	2023 £m	2022 £m
Expiring within one year	179.8	84.1
Expiring after one year but within two years	50.0	205.4
Expiring after two years	622.8	674.1
	852.6	963.6

In addition, the Group maintains overdraft and uncommitted facilities to provide short term flexibility. As at 31 December 2023 there were no loans secured by fixed charges on property (2022: none).

Contractual maturity profile

The contractual maturity profile of the Group's financial liabilities at 31 December is set out in the tables below. The amounts disclosed are the contractual undiscounted cash flows and therefore include interest cash flows (forecast using SONIA and SOFR interest rates at 31 December in the case of floating rate financial assets and liabilities). Derivative assets and liabilities have been included within the tables since they predominantly relate to derivatives which are used to manage the interest cash flows on the Group's debt. Bank loans have been drawn under committed facilities and can be refinanced on maturity from these same facilities. Accordingly, they have been aged based on the maturity dates of the underlying facilities. Foreign currency cash flows have been translated using spot rates as at 31 December.

	Contractual cash (outflows)/inflows				
2023	Total contractual cash flows £m	Within one year £m	After one year but within two years £m	After two years but within five years £m	After five years £m
Financial liabilities					
Bank overdrafts	(874.2)	(874.2)			
Bank loans	(0.1)	(0.1)			
US private placement notes	(1,068.8)	(163.4)	(199.6)	(357.2)	(348.6)
Senior bonds	(755.6)	(12.8)	(312.8)	(18.0)	(412.0)
Lease payments	(788.1)	(180.5)	(159.4)	(318.4)	(129.8)
Trade and other payables	(2,205.4)	(2,029.3)	(63.6)	(102.8)	(9.7)
	(5,692.2)	(3,260.3)	(735.4)	(796.4)	(900.1)
Derivative financial instruments					
Net settled:					
Interest rate swaps	(151.9)	(22.8)	(22.8)	(65.9)	(40.4)
Gross settled:					
Foreign exchange inflows	2,539.0	2,539.0	–		
Foreign exchange outflows	(2,549.2)	(2,549.2)	–		
	(162.1)	(33.0)	(22.8)	(65.9)	(40.4)
Total	(5,854.3)	(3,293.3)	(758.2)	(862.3)	(940.5)

NOTES continued

18 Risk management and financial instruments continued

2022	Total contractual cash flows £m	Within one year £m	After one year but within two years £m	After two years but within five years £m	After five years £m
	Contractual cash (outflows)/inflows				
Financial liabilities					
Bank overdrafts	(825.9)	(825.9)			
Bank loans	–	–			
US private placement notes	(1,325.9)	(200.8)	(172.7)	(527.1)	(425.3)
Senior bonds	(768.4)	(12.8)	(12.8)	(324.8)	(418.0)
Lease payments	(706.6)	(167.6)	(136.0)	(263.3)	(139.7)
Trade and other payables	(2,325.0)	(2,207.8)	(117.2)	–	–
	(5,951.8)	(3,414.9)	(438.7)	(1,115.2)	(983.0)
Derivative financial instruments					
Net settled:					
Interest rate swaps	(115.7)	(15.2)	(15.2)	(44.7)	(40.6)
Gross settled:					
Foreign exchange inflows	1,831.6	1,829.8	1.8		
Foreign exchange outflows	(1,830.0)	(1,828.2)	(1.8)		
	(114.1)	(13.6)	(15.2)	(44.7)	(40.6)
Total	(6,065.9)	(3,428.5)	(453.9)	(1,159.9)	(1,023.6)

(b) Interest rate risk

The Group is funded by a mixture of fixed and floating rate debt with the Group's main interest rate risk arising on its floating rate debt. Interest rate swaps and interest rate caps are used to manage the interest rate risk profile.

The table below shows the fixed/floating rate debt mix after interest rate swaps. Of the US private placement notes of £925.1m (2022: £1,136.7m), there are US dollar denominated amounts totalling £90.6m (2022: £94.6m), with maturities ranging from 2026 to 2028, which have been swapped to floating rates using interest rate swaps which reprice daily. Of the senior bonds of £621.9m (2022: £598.3m), an amount totalling £322.4m (2022: £299.2m), with a maturity of 2030, has been swapped to floating rates using interest rate swaps which reprice daily.

The US private placement notes of £925.1m include a fair value adjustment of £12.4m (2022: £16.6m) related to interest rate swaps terminated in previous years. The terminations resulted in discontinuation of a number of fair value hedge relationships. At the date of de-designation, there was a fair value adjustment on the US private placement notes which will be amortised to the income statement across the remaining life of the debt. The amortisation of the fair value adjustment in 2023 was a credit to the income statement of £4.2m (2022: £4.2m).

The interest rate risk on the floating rate liability is managed using interest rate options. The strike rates of these options are based on EURIBOR and are repriced every three months.

Bank loans are drawn for periods up to one month at interest rates linked to SONIA.

Fixed vs floating interest rate table

	2023 £m	2022 £m
Fixed rate debt		
US private placement notes	**(925.1)**	(1,136.7)
Senior bonds	**(621.9)**	(598.3)
Total fixed rate debt	**(1,547.0)**	(1,735.0)
Interest rate swaps (fixed leg)	**413.0**	393.8
Fixed rate liability	**(1,134.0)**	(1,341.2)
Floating rate debt		
Bank overdrafts	**(874.2)**	(825.9)
Bank loans	**(0.1)**	–
Total floating rate debt	**(874.3)**	(825.9)
Interest rate swaps (floating leg)	**(413.0)**	(393.8)
Floating rate liability	**(1,287.3)**	(1,219.7)
Derivatives managing the interest rate risk and currency profile of the debt	**(90.3)**	(103.2)
Gross debt	**(2,511.6)**	(2,664.1)

NOTES continued

18 Risk management and financial instruments continued

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2023	2022
Interest rate swaps		
Net carrying amount liability (£m)	**(78.7)**	(100.5)
Notional amount (£m)	**494.5**	500.0
Maturity date range	**2026–2030**	2026–2030
Hedge ratio	**1:1**	1:1
Fair value (loss)/gain on US private placement notes and senior bond in a hedge relationship (£m)	**(24.4)**	83.2
Fair value gain/(loss) on interest rate swaps in a hedge relationship (£m)	**21.8**	(79.2)

Sensitivity to movements in interest rates

After taking account of hedge relationships, a change of 1% in the interest rate forward curves on 31 December would have affected profit before income tax for the year and equity as at the year end as a result of changes in the fair values of derivative assets and liabilities at that date by the amounts shown below:

	Impact on profit before tax		Impact on equity	
	+1% £m	–1% £m	+1% £m	–1% £m
2023	**0.2**	**(0.1)**	**0.2**	**(0.1)**
2022	1.5	(1.4)	1.5	(1.4)

(c) Foreign currency risk

The majority of the Group's sales are made and income is earned in US dollars, euros and other foreign currencies. The Group does not hedge the impact of exchange rate movements arising on translation of earnings into sterling at average exchange rates.

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2023	2022	2023	2022
US dollar	**1.24**	1.24	**1.27**	1.20
Euro	**1.15**	1.17	**1.15**	1.13

The majority of the Group's transactions are carried out in the respective functional currencies of the Group's operations and so transaction exposures are usually relatively limited. Where they do occur the Group's policy is to hedge exposures of highly probable forecast transactions using forward foreign exchange contracts and these are designated as cash flow hedges. During the year the Group hedged highly probable forecast transactions for periods of up to 21 months. However, the economic impact of foreign exchange on the value of uncommitted future purchases and sales is not hedged. As a result, sudden and significant movements in foreign exchange rates can impact profit margins where there is a delay in passing the resulting price increases on to customers.

For the year ended 31 December 2023, all foreign exchange cash flow hedges were effective with a cumulative pre-tax loss of £2.5m (2022: cumulative pre-tax loss of £1.2m) recognised in equity at the end of the year and this will affect the income statement during 2024.

Effects of hedge accounting on the financial position and performance

	2023	2022
Forward foreign currency hedges in relation to inventory purchases		
Net carrying amount liability (£m)	**(2.5)**	(1.2)
Notional amount at 31 December (£m)	**135.3**	169.0
Maturity date range	**2024**	2023–2024
Hedge ratio	**1:1**	1:1
Change in value of hedged items since 1 January (£m)	**1.3**	1.7
Change in fair value of outstanding foreign currency forward contracts since 1 January (£m)	**(1.3)**	(1.7)

The majority of the Group's borrowings are effectively denominated in US dollars, sterling and euros, aligning them to the respective functional currencies of the component parts of the Group's EBITDA. This currency profile is achieved using short term foreign exchange contracts and foreign currency debt which are designated as hedging instruments to achieve net investment hedge accounting at a Group level. This currency composition minimises the impact of movements in foreign exchange rates on the ratio of net debt to EBITDA. No ineffectiveness was recorded from net investments in foreign entity hedges.

The currency profile of the Group's net debt excluding lease liabilities at 31 December is set out in the table below:

	2023 £m	2022 £m
US dollar	**438.6**	475.9
Sterling	**91.8**	48.9
Euro	**573.9**	551.6
Other	**(18.8)**	83.7
	1,085.5	1,160.1

The Group also enters into foreign currency derivatives to hedge intercompany loans economically although these do not qualify for hedge accounting and therefore gains and losses are recorded in the income statement. These currency derivatives are subject to the same risk management policies as all other derivative contracts.

NOTES continued

18 Risk management and financial instruments continued

Sensitivity to movements in foreign exchange rates

For the year ended 31 December 2023, a movement of one cent in the US dollar and euro average exchange rates would have changed profit before income tax by £3.0m and £1.0m respectively (2022: £2.7m and £0.9m) and adjusted profit before income tax by £3.4m and £1.5m respectively (2022: £3.2m and £1.2m).

If a 10% strengthening or weakening of sterling had taken place on 31 December it would have increased/(decreased) profit before income tax and (decreased)/increased equity for the year by the amounts shown below. The impact of this translation is much greater on equity than it is on profit before income tax since equity is translated using the closing exchange rates at the year end and profit before income tax is translated using the average exchange rates for the year. As a result, the value of equity is more sensitive than the value of profit before income tax to a movement in exchange rates on 31 December and the resulting movement in profit before income tax is due solely to the translation effect on monetary items. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact on profit before tax		Impact on equity	
	+10% £m	–10% £m	+10% £m	–10% £m
2023	**0.4**	**(0.5)**	**(228.8)**	**308.2**
2022	0.2	(0.2)	(211.1)	277.9

(d) Credit risk

Credit risk is the risk of loss in relation to a financial asset due to non-payment by the relevant counterparty. The Group's objective is to reduce its exposure to counterparty default by restricting the type of counterparty it deals with and by employing an appropriate policy in relation to the collection of financial assets.

The Group's financial assets are cash at bank and in hand, derivative financial instruments and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets. The maximum exposure to credit risk for cash at bank and in hand, derivative financial assets (see page 179) and trade and other receivables (see Note 16) is their respective carrying amounts.

Dealings are restricted to those banks with the relevant combination of geographic presence and suitable credit rating. The Group continually monitors the credit ratings of its counterparties and the credit exposure to each counterparty.

For trade and other receivables, the amounts represented in the balance sheet are net of any impairment losses measured using the expected credit loss model. Note 16 sets out an analysis of trade and other receivables and the provision for doubtful debts in respect of trade receivables.

At the balance sheet date there were no significant concentrations of credit risk (2022: none).

(e) Financial instruments

Financial assets and liabilities

	2023 £m	2022 £m
Financial assets held at amortised cost		
Cash at bank and in hand	**1,377.1**	1,504.0
Trade and other receivables	**1,494.1**	1,469.5
Financial assets held at fair value		
Money market funds	**49.0**	–
Foreign exchange derivatives in cash flow hedges	**0.3**	1.5
Foreign exchange derivatives in net investment hedges	**9.8**	8.3
Other foreign exchange and interest rate derivatives	**1.7**	9.2
Total financial assets	**2,932.0**	2,992.5
Financial liabilities held at amortised cost		
Bank overdrafts	**(874.2)**	(825.9)
Bank loans	**(0.1)**	–
US private placement notes	**(925.1)**	(1,136.7)
Senior bonds	**(621.9)**	(598.3)
Lease liabilities	**(664.5)**	(569.9)
Trade and other payables	**(2,043.8)**	(2,193.3)
Financial liabilities held at fair value		
Interest rate derivatives in fair value hedges	**(78.7)**	(100.5)
Foreign exchange derivatives in cash flow hedges	**(2.8)**	(2.7)
Foreign exchange derivatives in net investment hedges	**(16.6)**	(5.7)
Other foreign exchange derivatives	**(6.3)**	(9.9)
Other payables	**(161.6)**	(131.7)
Total financial liabilities	**(5,395.6)**	(5,574.6)

NOTES continued

18 Risk management and financial instruments continued

Financial assets and liabilities stated as being measured at fair value in the tables above (including all derivative financial instruments), with the exception of money market funds and other payables, have carrying amounts where the fair value is, and has been throughout the year, a level two fair value measurement. Level two fair value measurements use inputs other than quoted prices that are observable for the relevant asset or liability, either directly or indirectly. The fair values of financial assets and liabilities stated at level two fair value have been determined by discounting expected future cash flows, translated at the appropriate balance sheet date exchange rates and adjusted for counterparty or own credit risk as applicable. Money market funds have a fair value which is a level one fair value measurement, as this is determined by utilising unadjusted quoted prices in active markets as at the balance sheet date. Other payables measured at fair value relate to earn outs and options on businesses acquired. This is a level three fair value which is initially measured based on the expected future profitability of the businesses acquired at the acquisition date and subsequently reassessed at each reporting date based on the most recent data available on the expected profitability of the businesses acquired. These balances are sensitive to a change in the expected profitability of the businesses acquired. A 1% increase in the expected profitability of the relevant businesses acquired would result in an increase to other payables of £3.4m (2022: £2.5m) and 1% decrease in the expected profitability would result in a decrease of £3.4m (2022: 3.0m).

There were no transfers between levels for recurring fair value measurements during the year.

As at 31 December 2023 the fair values, based on unadjusted market data, of the US private placement notes was £875.9m (2022: £1,063.4m) and of the senior bonds was £615.8m (2022: £572.7m).

For other financial assets and financial liabilities not measured at fair value, including cash at bank and in hand, bank loans and overdrafts, trade and other receivables and trade and other payables, their carrying amount is a reasonable approximation of fair value due to their short term nature. Bank loans are priced based on floating interest rates and the credit spread has not changed since the inception of the loan.

Offsetting of financial assets and liabilities

The following table sets out the Group's derivative financial assets and liabilities that are subject to counterparty offsetting or master netting agreements.

2023	Gross amounts £m	Gross amounts offset in the balance sheet £m	Net amounts recognised in the balance sheet £m	Amounts not offset in the balance sheet £m	Net amounts £m
Derivative financial assets	11.8	–	11.8	(10.2)	1.6
Derivative financial liabilities	(104.4)	–	(104.4)	10.2	(94.2)
2022					
Derivative financial assets	19.0	–	19.0	(10.9)	8.1
Derivative financial liabilities	(118.8)	–	(118.8)	10.9	(107.9)

19 Provisions

	2023 £m	2022 £m
Current	10.0	24.2
Non-current	75.8	50.5
	85.8	74.7

	2023				2022			
	Properties £m	MEPP withdrawal £m	Other £m	Total £m	Properties £m	MEPP withdrawal £m	Other £m	Total £m
Beginning of year	25.3	13.8	35.6	74.7	25.2	12.3	27.3	64.8
Charge	2.6	–	1.3	3.9	2.0	–	12.5	14.5
Acquisitions	2.2	–	24.0	26.2	1.4	–	6.5	7.9
Disposal of business	–	–	–	–	(1.3)	–	–	(1.3)
Utilised or released	(3.3)	(9.1)	(5.0)	(17.4)	(2.2)	–	(13.7)	(15.9)
Currency translation	(0.4)	(0.5)	(0.7)	(1.6)	0.2	1.5	3.0	4.7
End of year	26.4	4.2	55.2	85.8	25.3	13.8	35.6	74.7

The Properties provision includes provisions for repairs and dilapidations. These provisions cover the relevant periods of the lease agreements, which typically extend from one to 10 years, up to the expected termination date.

The MEPP withdrawal provision relates to the withdrawal liability on multi-employer pension plans in North America. See Note 25 for further details.

Group companies are, from time to time, subject to certain claims and litigation incidental to their operations and arising in the ordinary course of business including, but not limited to, those relating to the products and services that they supply, contractual and commercial disputes, environmental claims, employment related disputes and indirect and payroll taxes. Other provisions include management's best estimate of the liabilities for such claims and litigation at the balance sheet date, determined by reference to known factors and past experience of similar items. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. Management expects these matters to be settled within the next one to five years. While any dispute has an element of uncertainty, management does not expect that the actual outcome of any such claims and litigation, either individually or in the aggregate, will be materially different to the amounts provided. In the case of unfavourable outcomes, the Group may benefit from applicable insurance protection. There are no individually significant provisions included within the other category.

NOTES continued

20 Deferred tax

	2023 Asset £m	2023 Liability £m	2023 Net £m	2022 Asset £m	2022 Liability £m	2022 Net £m
Property, plant and equipment	**0.5**	**(11.5)**	**(11.0)**	1.0	(11.6)	(10.6)
Defined benefit pension schemes	**5.4**	**(16.4)**	**(11.0)**	5.2	(14.8)	(9.6)
Goodwill, customer relationships, brands and technology	**6.9**	**(232.5)**	**(225.6)**	5.9	(226.2)	(220.3)
Share based payments	**15.1**	**–**	**15.1**	11.7	–	11.7
Leases	**7.8**	**(0.2)**	**7.6**	6.7	(0.1)	6.6
Provisions and accruals	**51.6**	**(4.2)**	**47.4**	42.6	(3.4)	39.2
Inventories	**13.6**	**(21.8)**	**(8.2)**	12.2	(21.6)	(9.4)
Other	**14.7**	**(4.9)**	**9.8**	8.6	(4.9)	3.7
Deferred tax asset/(liability)	**115.6**	**(291.5)**	**(175.9)**	93.9	(282.6)	(188.7)
Set-off of tax	**(101.4)**	**101.4**	**–**	(89.9)	89.9	–
Net deferred tax asset/(liability)	**14.2**	**(190.1)**	**(175.9)**	4.0	(192.7)	(188.7)

Except as noted below, deferred tax is calculated in full on temporary differences under the liability method using the tax rate of the country of operation.

The Company is able to control the dividend policy of its subsidiaries and, therefore, the timing of the remittance of the undistributed earnings of overseas subsidiaries. In general, the Company has determined either that such earnings will not be distributed in the foreseeable future or, where there are plans to remit those earnings, no tax liability is expected to arise except for a liability of £1.4m (2022: £1.4m) which has been provided for.

Deferred tax assets in respect of temporary differences have only been recognised in respect of tax losses and other temporary differences where it is probable that these assets will be realised. No deferred tax asset has been recognised in respect of unutilised tax losses of £11.9m (2022: £8.6m).

No deferred tax has been recognised in respect of unutilised capital losses of £86.9m (2022: £87.2m) as it is not considered probable that there will be suitable future taxable profits against which they can be utilised.

The movement in the net deferred tax liability is shown below:

	2023 £m	2022 £m
Beginning of year	**188.7**	148.2
Acquisitions	**20.3**	26.9
Credit to income statement	**(19.7)**	(3.3)
Recognised in other comprehensive income and equity	**(1.2)**	3.0
Reclassified (to)/from current tax	**(4.1)**	0.3
Currency translation	**(8.1)**	13.6
End of year	**175.9**	188.7

21 Share capital and share based payments

	2023 £m	2022 £m
Issued and fully paid ordinary shares of 32¹⁄₇p each	**108.6**	108.5

Number of ordinary shares in issue and fully paid	2023	2022
Beginning of year	**337,667,846**	337,398,796
Issued – option exercises	**353,231**	269,050
End of year	**338,021,077**	337,667,846

The Company operates a number of share plans for the benefit of employees of the Company and its subsidiaries. Further details of the share plans as they relate to the directors of the Company are set out in the Directors' remuneration report.

Sharesave Scheme, International Sharesave Plan and Irish Sharesave Plan

For many years, the Company has operated all employee savings related share option schemes. The existing scheme in the UK, the Bunzl plc Sharesave Scheme, was approved by shareholders at the 2011 Annual General Meeting ('AGM') and renewal amendments were approved by shareholders at the 2021 AGM. It is an HMRC tax advantaged scheme and is open to all eligible UK employees, including UK based executive directors.

The Bunzl Irish Sharesave Plan, which is approved by the Irish Revenue Commissioners, and the Bunzl plc International Sharesave Plan, were first introduced in 2006 and have since been extended, most recently following the renewal of the Bunzl plc Sharesave Scheme in 2021.

The Bunzl plc Sharesave Scheme, Bunzl plc International Sharesave Plan and the Bunzl Irish Sharesave Plan operate on a similar basis with options granted to participating employees who have completed at least three months of continuous service at a discount of up to 20% of the market price prevailing shortly before the invitation to apply for the options. Depending on the scheme, options are normally exercisable either three or five years after they have been granted, with employees saving up to £500 (2022: £500) per month (or the equivalent value in other currencies under the Bunzl plc International Sharesave Plan) or €500 per month under the Bunzl Irish Sharesave Plan (the last grant under the Bunzl Irish Sharesave Plan was in 2021).

Long Term Incentive Plan 2004 ('2004 LTIP') and 2014 ('2014 LTIP')

The 2004 LTIP was approved by shareholders at the 2004 AGM and expired in May 2014. No further share options or performance share awards have been granted under the 2004 LTIP since that date and there are no 2004 LTIP options outstanding. The 2014 LTIP was approved by shareholders at the 2014 AGM and replaced the 2004 LTIP. The operation of the LTIP is overseen by the Remuneration Committee of the Board and is divided into two parts, being Part A and Part B.

Part A of the 2014 LTIP relates to the grant of market priced executive share options. In normal circumstances, options granted under Part A are only exercisable if the relevant performance condition has been satisfied. The performance condition is based on the Company's adjusted earnings per share growth meeting certain specified targets.

NOTES continued

21 Share capital and share based payments continued

Part B of the 2014 LTIP relates to the grant of performance share awards and restricted share awards, both of which are conditional rights to receive shares in the Company for nil consideration. Performance share awards and restricted share awards will usually vest (i.e. become exercisable) on the third anniversary of their grant. The extent to which a performance share award will vest is usually subject to the extent to which the applicable performance conditions have been satisfied, based partly on the Company's total shareholder return performance, relative to a comparator group of companies over a three year period, and partly subject to the Company's adjusted earnings per share growth meeting certain specified targets. The extent to which a restricted share award will vest is usually subject to the extent to which the applicable underpin condition has been satisfied. There are no set measures or targets in relation to the underpin condition. The basis of assessment is at the absolute discretion of the Remuneration Committee.

Investment in own shares

The Company holds a number of its ordinary shares in an employee benefit trust. The principal purpose of this trust is to hold shares in the Company for subsequent transfer to certain senior employees and executive directors in relation to options granted and awards made under the LTIP and the Deferred Annual Share Bonus Scheme ('DASBS') over market purchase shares. Details of these plans are set out above and in the Directors' remuneration report. The assets, liabilities and expenditure of the trust have been incorporated in the consolidated financial statements. Finance expenses and administration charges are included in the income statement on an accruals basis. As at 31 December 2023 the trust held 2,223,988 (2022: 2,298,301) shares, upon which dividends have been waived, with an aggregate nominal value of £0.7m (2022: £0.7m) and market value of £70.9m (2022: £63.4m).

IFRS 2 disclosures

Options granted during the year have been valued using a Black Scholes model. The fair value per option granted during the year and the assumptions used in the calculations are as follows:

	2023	2022
Grant date	**01.03.23–13.09.23**	01.03.22–14.09.22
Share price at grant date (£)	**28.04–30.60**	28.10–31.03
Exercise price (£)	**nil–28.05**	nil–28.97
Number of options granted during the year (shares)	**2,329,854**	2,226,096
Vesting period (years)	**3–5**	3–5
Expected volatility (%)	**19–21**	19–21
Option life (years)	**3.0–10**	3.0–10
Expected life (years)	**3.0–6.5**	3.0–5.9
Risk free rate of return (%)	**3.1–3.6**	0.8–1.7
Expected dividends expressed as a dividend yield (%)	**0.0–2.1**	0.0–1.9
Fair value per option (£)	**6.08–25.28**	4.77–26.38

The expected volatility is based on historical volatility over the last three to seven years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

The weighted average share price for options exercised by employees of the Company and its subsidiaries during the year was £30.45 (2022: £29.53). The total charge for the year relating to share based payments was £15.4m (2022: £14.1m). After tax the total charge was £11.7m (2022: £12.4m).

Details of share options and awards which have been granted and exercised, those which have lapsed during 2023 and those outstanding and available to exercise at 31 December 2023, whether over new issue or market purchase shares, or cash-settled, under the Sharesave Scheme, International Sharesave Plan, Irish Sharesave Plan, the 2004 LTIP Part A and 2014 LTIP Part A and Part B, are set out in the following table:

	Options outstanding at 01.01.23	Grants/awards 2023		Exercises 2023		Lapses* 2023	Options outstanding at 31.12.23		Options available to exercise at 31.12.23
	Number	Number	Price (£)	Number	Price (£)	Number	Number	Price (£)	Number
Sharesave Scheme	623,480	205,387	23.43	195,628	15.28–23.43	75,741	557,498	15.28–23.43	2,809
International Sharesave Plan	246,734	76,701	23.43	69,487	15.28	19,377	234,571	17.81–23.43	–
Irish Sharesave Plan	19,149	–	–	7,067	15.28	483	11,599	17.81	–
2004 LTIP Part A	92,600	–	–	92,600	13.56–13.75	–	–	–	–
2014 LTIP Part A	9,357,989	1,792,961	28.05	2,125,894	16.41– 28.97	211,891	8,813,165	16.38–28.97	4,058,086
2014 LTIP Part B	1,213,424	254,805	nil	341,281	nil	38,785	1,088,163	nil	150,802
	11,553,376	2,329,854		2,831,957		346,277	10,704,996		4,211,697

* Share option lapses relate to those which have either been forfeited or have expired during the year.

For the options outstanding at 31 December 2023, the weighted average fair values and the weighted average remaining contractual lives (being the time period from 31 December 2023 until the lapse date of each share option) are set out below:

	Weighted average fair value of options outstanding (£)	Weighted average remaining contractual life (years)
Sharesave Scheme	**6.86**	1.96
International Sharesave Plan	**7.02**	1.74
Irish Sharesave Plan	**5.18**	0.84
2014 LTIP Part A	**4.05**	6.57
2014 LTIP Part B	**22.04**	3.89

The outstanding share options and performance share awards are exercisable at various dates up to September 2033.

NOTES continued

22 Dividends

Total dividends for the years in which they are recognised are:

	2023 £m	2022 £m
2021 interim		54.3
2021 final		136.2
2022 interim	57.9	
2022 final	151.8	
Total	209.7	190.5

Total dividends per share for the year to which they relate are:

	Per share	
	2023	2022
Interim	18.2p	17.3p
Final	50.1p	45.4p
Total	68.3p	62.7p

The 2023 interim dividend of 18.2p per share was paid on 3 January 2024 and comprised £61.0m of cash. The 2023 final dividend of 50.1p per share will be paid on 2 July 2024 to shareholders on the register at the close of business on 17 May 2024. The 2023 final dividend will comprise approximately £168m of cash.

23 Contingent liabilities

	2023 £m	2022 £m
Bank guarantees	2.0	1.8

24 Directors' ordinary share interests

The interests of the directors, and their connected persons, in the share capital of the Company at 31 December were:

	2023	2022
Peter Ventress	2,608	2,608
Frank van Zanten	225,612	180,751
Richard Howes	76,333	43,996
Vanda Murray	3,000	3,000
Lloyd Pitchford	4,000	4,000
Pam Kirby	1,800	1,800
Stephan Nanninga	–	–
Vin Murria	–	–
Jacky Simmonds	–	–
	313,353	236,155

Details of the directors' options and awards over ordinary shares made under the 2014 LTIP, Sharesave Scheme, International Sharesave plan and DASBS are set out in the Directors' remuneration report. No changes to the directors' ordinary share interests shown in this Note and the Directors' remuneration report have taken place between 31 December 2023 and 26 February 2024.

25 Retirement benefits

The Group operates a number of defined benefit and defined contribution retirement benefit schemes in the US, the UK and elsewhere in Europe (including France, the Netherlands and the Republic of Ireland). The funds of the principal defined benefit schemes are administered by trustees and are held independently from the Group. Pension costs of defined benefit schemes are assessed in accordance with the advice of independent professionally qualified actuaries. Contributions to all schemes are determined in line with actuarial advice and local conditions and practices. Scheme assets for the purpose of IAS 19 'Employee Benefits' are stated at their bid value.

Characteristics of defined benefit pension schemes

UK

The UK defined benefit scheme is a contributory defined benefit pension scheme providing benefits based on final pensionable pay. The scheme has been closed to new members since 2003. The valuation of the UK defined benefit pension scheme has been updated to 31 December 2023 by the Group's actuaries.

The UK scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. This means that the payment of contributions and benefits are subject to the appropriate tax treatments and restrictions and the scheme is subject to the scheme funding requirements outlined in section 224 of the Pensions Act 2004.

In accordance with UK trust and pensions law, the pension scheme has a corporate trustee. Although the Company bears the financial cost of the scheme, the responsibility for the management and governance of the scheme lies with the trustee, which has a duty to act in the best interest of members at all times. The assets of the scheme are held in trust by the trustee who consults with the Company on investment strategy decisions.

NOTES continued

25 Retirement benefits continued

The trustee, in agreement with the Company, has hedging in place to reduce the impact of inflation and interest rate movements on the funding of the plan.

The last full triennial valuation on the UK defined benefit pension scheme was carried out by a qualified actuary as at 5 April 2021 and showed that there was a surplus on the agreed funding basis. During the year, a further contribution of £5.0m was made in respect of the 2022 calendar year. A revised schedule of contributions was agreed with the Trustee such that no further annual contributions will be paid in 2024 or 2025.

US

The principal US defined benefit pension scheme is a non-contributory defined benefit pension scheme providing benefits based on final pensionable pay. The scheme has been closed to new members since 2003. The valuation of the US defined benefit pension scheme has been updated to 31 December 2023 by the Group's actuaries.

The US scheme is a qualified pension scheme and is subject to standard regulations under the Employee Retirement Income Security Act of 1974, the Pension Protection Act of 2006 and the Department of Labor and Internal Revenue reporting requirements. The scheme pays annual premiums to the Pension Benefit Guaranty Corporation to insure the benefits of the scheme.

The assets of the scheme are held in trust by an independent custodian. The Company has established a Retirement Scheme Investment Committee. The members of the Committee are the scheme fiduciaries and, as such, are ultimately responsible for the management of the scheme assets. The Committee performs the oversight function and delegates the day-to-day management process to appropriate staff. A registered investment adviser advises the Committee regarding the investment of scheme assets.

A de-risking strategy has been agreed for the scheme to reduce the mismatch between the assets and liabilities, whereby investments are switched from return seeking assets to liability matching assets as the funding improves, based on pre-agreed triggers.

Annual actuarial valuations are performed on the US defined benefit pension scheme. The last annual review was carried out by a qualified actuary as at 1 January 2023 and showed that there was a required annual contribution of $4.5m. Bunzl plans to cover this required contribution using prefunding balance. In 2023, Bunzl also used prefunding balance to cover the required contribution for the 2022 plan year. The annual review as at 1 January 2024 is ongoing.

Risks

The main risks to which the Group is exposed in relation to the defined benefit pension schemes are described below:

- Inflation risk – the majority of the UK scheme's liabilities increase in line with inflation and, as a result, if inflation is greater than expected the liabilities will increase. The impact of high inflation is capped each year for the UK scheme's benefits. The US scheme's liabilities are not directly tied to inflationary increases.
- Interest rate risk – a fall in bond yields will increase the value of the schemes' liabilities. A proportion of both the UK and US schemes' assets are invested in liability matching assets to mitigate the interest rate and also the inflation risk.
- Mortality risk – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the schemes and consequently increases in the schemes' liabilities. The mortality assumptions are reviewed on a regular basis to minimise the risk of using an inappropriate assumption.
- Investment risk – the schemes invest in a diversified range of asset classes to mitigate the risk of falls in any one area of the investments. In the UK, the trustee implements partial currency hedging on the overseas assets to mitigate currency risk.

The risks mentioned above could lead to a material change to the deficit or surplus of the pension schemes. Given the long term time horizon of the schemes' cash flows, the assumptions used can lead to volatility in the scheme valuations from year to year. The Company and the trustee of the UK scheme seek to mitigate actively the risks associated with the schemes.

A higher defined benefit obligation could lead to additional funding requirements in future years. Any deficit measured on a funding valuation basis, which may differ from the actuarial valuation under IAS 19, will generally be financed over a period that ensures the contributions are appropriate to the Group and in line with the relevant regulations.

Financial information

The amounts included in the consolidated financial statements at 31 December were:

Amounts included in the income statement	2023 £m	2022 £m
Defined contribution pension schemes	**28.9**	26.2
Defined benefit pension schemes		
current service cost (net of contributions by employees)	**3.4**	4.8
losses on curtailment and settlement	**–**	0.5
Total included in employee costs	**32.3**	31.5
Amounts included in finance (income)/expense		
Net interest income on defined benefit pension schemes in surplus	**(3.2)**	(1.2)
Net interest expense on defined benefit pension schemes in deficit	**1.0**	0.8
Total charge to the income statement	**30.1**	31.1

Amounts recognised in the statement of comprehensive income	2023 £m	2022 £m
Actual return less expected return on pension scheme assets	**5.2**	(179.6)
Experience loss on pension scheme liabilities	**(2.2)**	(16.3)
Impact of changes in financial assumptions relating to the present value of pension scheme liabilities	**(7.7)**	205.6
Impact of changes in demographic assumptions relating to the present value of pension scheme liabilities	**7.6**	(2.8)
Actuarial gain on defined benefit pension schemes	**2.9**	6.9

The cumulative amount of net actuarial losses arising since 1 January 2004 recognised in the statement of comprehensive income at 31 December 2023 was £32.1m (2022: £35.0m).

NOTES continued

25 Retirement benefits continued

The principal assumptions used by the independent qualified actuaries for the purposes of IAS 19 were:

UK	2023	2022
Longevity at age 65 for current pensioners (years)	**21.6**	22.1
Longevity at age 65 for future pensioners (years)	**22.8**	23.4
US		
Longevity at age 65 for current and future pensioners (years)	**21.6**	21.6

Financial information continued

	UK			US		
	2023	2022	2021	2023	2022	2021
Rate of increase in salaries	**3.5%**	3.6%	3.8%	**3.0%**	3.0%	3.0%
Rate of increase in pensions	**2.7%**	2.7%	2.8%	**–**	–	–
Discount rate	**4.8%**	5.0%	1.8%	**4.8%**	5.0%	2.6%
Inflation rate	**2.7%**	2.7%	2.8%	**2.3%**	2.3%	2.3%

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice.

The increase/(decrease) that would arise on the overall net pension surplus as at 31 December 2023 as a result of reasonably possible changes to key assumptions was:

	Impact of change in longevity		Impact of change in inflation rate		Impact of change in discount rate	
	+1 year £m	–1 year £m	+0.25% £m	–0.25% £m	+0.25% £m	–0.25% £m
UK	**(7.5)**	**7.5**	**(4.1)**	**4.3**	**8.2**	**(8.6)**
US	**(2.2)**	**2.3**	**–**	**–**	**1.9**	**(2.0)**

The market value of pension scheme assets and the present value of retirement benefit obligations at 31 December were:

2023	UK £m	US £m	Other £m	Total £m
Equities	**–**	**25.1**	**1.4**	**26.5**
Bonds	**316.0**	**47.0**	**10.4**	**373.4**
Other	**0.3**	**15.0**	**9.7**	**25.0**
Total market value of pension scheme assets	**316.3**	**87.1**	**21.5**	**424.9**
Present value of funded obligations	**(251.0)**	**(84.8)**	**(21.4)**	**(357.2)**
Present value of unfunded obligations	**–**	**(9.3)**	**(9.0)**	**(18.3)**
Present value of funded and unfunded obligations	**(251.0)**	**(94.1)**	**(30.4)**	**(375.5)**
Defined benefit pension schemes in deficit	**–**	**(9.3)**	**(10.3)**	**(19.6)**
Defined benefit pension schemes in surplus	**65.3**	**2.3**	**1.4**	**69.0**
Total surplus/(deficit) before tax	**65.3**	**(7.0)**	**(8.9)**	**49.4**
Deferred tax	**(16.3)**	**2.5**	**2.8**	**(11.0)**
Total surplus/(deficit) after tax	**49.0**	**(4.5)**	**(6.1)**	**38.4**

2022	UK £m	US £m	Other £m	Total £m
Equities	75.6	38.0	1.2	114.8
Bonds	230.4	38.4	9.9	278.7
Other	0.3	18.4	9.3	28.0
Total market value of pension scheme assets	306.3	94.8	20.4	421.5
Present value of funded obligations	(247.0)	(95.1)	(20.6)	(362.7)
Present value of unfunded obligations	–	(10.0)	(8.9)	(18.9)
Present value of funded and unfunded obligations	(247.0)	(105.1)	(29.5)	(381.6)
Defined benefit pension schemes in deficit	–	(10.3)	(10.3)	(20.6)
Defined benefit pension schemes in surplus	59.3	–	1.2	60.5
Total surplus/(deficit) before tax	59.3	(10.3)	(9.1)	39.9
Deferred tax	(14.8)	2.6	2.6	(9.6)
Total surplus/(deficit) after tax	44.5	(7.7)	(6.5)	30.3

There is a net surplus of £49.0m (£65.3m before deferred tax) (2022: £44.5m (£59.3m before deferred tax)) on the UK scheme, which is recorded as a defined benefit pension asset on the balance sheet. In accordance with IFRIC 14, the surplus on the scheme is recognised as a defined benefit asset because the Group considers that it has an unconditional right to a refund of any surplus from the UK scheme.

Of the pension scheme assets, £400.1m (2022: £397.4m) are valued based on quoted market prices.

Movement in net surplus/(deficit)	2023 £m	2022 £m
Beginning of year	**39.9**	31.2
Current service cost	**(3.4)**	(4.8)
Contributions	**6.9**	9.2
Net interest income	**2.2**	0.4
Actuarial gain	**2.9**	6.9
Net impact of benefit obligation settlement	**–**	(0.5)
Currency translation	**0.9**	(2.5)
End of year	**49.4**	39.9

NOTES continued

25 Retirement benefits continued

Financial information continued

Changes in the present value of defined benefit pension scheme liabilities	2023 £m	2022 £m
Beginning of year	381.6	569.2
Current service cost	3.4	4.8
Interest expense	17.9	10.9
Contributions by employees	0.5	0.4
Benefit obligation attributable to settlement	–	(8.8)
Actuarial loss/(gain)	2.3	(186.5)
Benefits paid	(23.7)	(25.2)
Currency translation	(6.5)	16.8
End of year	375.5	381.6

Changes in the fair value of defined benefit pension scheme assets	2023 £m	2022 £m
Beginning of year	421.5	600.4
Interest income	20.1	11.3
Actuarial gain/(loss)	5.2	(179.6)
Contributions by employer	6.9	9.2
Contributions by employees	0.5	0.4
Benefits paid due to settlement	–	(9.3)
Benefits paid	(23.7)	(25.2)
Currency translation	(5.6)	14.3
End of year	424.9	421.5

The actual return on pension scheme assets was a gain of £25.3m (2022: loss of £168.3m).

The Group expects to pay approximately £1.3m in contributions to the defined benefit pension schemes in the year ending 31 December 2024 (expected as at 31 December 2022 for the year ending 31 December 2023: £6.1m) including none for the UK (expected as at 31 December 2022 for the year ending 31 December 2023: £4.7m).

The weighted average duration of the defined benefit pension scheme liabilities at 31 December 2023 was approximately 14.0 years (2022: 14.5 years) for the UK and 8.2 years (2022: 9.0 years) for the US.

The total defined benefit pension scheme liabilities are divided between active members (£96.5m (2022: £102.6m)), deferred members (£142.7m (2022: £137.3m)) and pensioners (£136.3m (2022: £141.6m)).

Multi-employer pension plans

The Group participates in a number of multi-employer pensions plans ('MEPPs') in North America. Although these plans are defined benefit plans the Group does not have sufficient information to account for them as defined benefit plans and, therefore, in accordance with IAS 19, accounts for them as defined contribution plans.

For MEPPs, US law requires payment of a withdrawal liability when employers cease contributing to underfunded MEPPs. The liability for withdrawal payments is shared by all members of the group of companies in any particular plan and solvent entities must cover the unfunded liabilities of employers who are unable to pay due to insolvency or bankruptcy. On withdrawal from a plan, an employer's withdrawal liability amount is calculated by reference to the employer's proportionate share of the MEPP's unfunded vested benefits based on the employer's share of all contributions made to the plan over the previous 10 years.

In 2023, the Group paid a lump sum of £9.1m towards the settlement of the liabilities for two of these plans.

The Group continues to participate in three MEPPs and continues to account for these as defined contribution plans with the combined ongoing annual contributions for the three plans in 2024 expected to be no more than £2.0m per annum.

26 Directors and employees

	Closing		Average	
Number of employees	2023	2022	2023	2022
North America	8,724	8,697	8,712	8,482
Continental Europe	6,252	5,841	6,032	5,517
UK & Ireland	4,006	3,935	3,995	4,182
Rest of the World	5,462	3,901	4,255	3,628
	24,444	22,374	22,994	21,809
Corporate	84	77	78	74
	24,528	22,451	23,072	21,883

Employee costs	2023 £m	2022 £m
Wages and salaries	991.8	938.9
Social security costs	110.3	100.6
Pension costs	32.3	31.5
Share based payments	15.4	14.1
	1,149.8	1,085.1

NOTES continued

26 Directors and employees continued

In addition to the above, acquisition related items for the year ended 31 December 2023 include deferred consideration payments of £37.3m (2022: £24.9m) relating to the retention of former owners of businesses acquired.

Key management remuneration	2023 £m	2022 £m
Salaries and short term employee benefits	7.6	7.3
Share based payments	2.8	3.1
Retirement benefits	0.5	0.6
	10.9	11.0

The Group considers key management personnel as defined in IAS 24 'Related Party Disclosures' to be the directors of the Company and those members of the Executive Committee and the Managing Directors of the major geographic regions who are not directors of the Company.

Directors' emoluments	2023 £m	2022 £m
Non-executive directors	0.9	0.8
Executive directors:		
remuneration excluding performance related elements	1.9	1.8
annual bonus	1.3	1.3
	4.1	3.9

More detailed information concerning directors' emoluments and long term incentives is set out in the Directors' remuneration report. The aggregate amount of gains made by directors on the exercise of share options during the year was £0.8m (2022: £nil). The aggregate market value of performance share awards exercised by directors under long term incentive schemes during the year was £2.9m (2022: £1.7m). The aggregate market value of share awards exercised by directors under the DASBS was £1.1m (2022: £0.7m).

27 Lease liabilities

The Group leases certain property, plant, equipment and vehicles under non-cancellable operating lease agreements. These leases have varying terms and renewal rights. Details of the Group's right-of-use assets recognised under these lease agreements are shown in Note 12.

Movement in lease liabilities

	2023 £m	2022 £m
Beginning of year	569.9	488.7
Acquisitions (Note 9)	16.2	21.5
Disposal of business (Note 10)	–	(2.1)
New leases	136.7	123.3
Interest charge in the year	28.6	22.0
Payment of lease liabilities	(188.0)	(175.1)
Remeasurement adjustments	122.1	56.6
Currency translation	(21.0)	35.0
End of year	664.5	569.9
Ageing of lease liabilities:		
Current lease liabilities	152.1	145.9
Non-current lease liabilities	512.4	424.0
End of year	664.5	569.9

As at 31 December 2023, the Group had £11.9m (2022: £44.5m) of leases which had been committed to but which had not yet started. Such leases are not included in the Group's lease liabilities as at 31 December 2023. In relation to leases which are included in lease liabilities, there are potential further future cash flows of £67.8m (2022: £46.3m) if termination options are not exercised and extension options are exercised.

The cash outflow for low value and short term leases was £4.6m for the year ended 31 December 2023 (2022: £5.2m).

NOTES continued

28 Cash, cash equivalents and overdrafts and net debt

	2023 £m	2022 £m
Cash at bank and in hand	1,377.1	1,504.0
Money market funds	49.0	–
Cash and cash equivalents	1,426.1	1,504.0
Bank overdrafts	(874.2)	(825.9)
Cash, cash equivalents and overdrafts	551.9	678.1
Interest bearing loans and borrowings – current liabilities	(130.0)	(161.0)
Interest bearing loans and borrowings – non-current liabilities	(1,417.1)	(1,574.0)
Derivatives managing the interest rate risk and currency profile of the debt	(90.3)	(103.2)
Net debt excluding lease liabilities	(1,085.5)	(1,160.1)
Lease liabilities (Note 27)	(664.5)	(569.9)
Net debt including lease liabilities	(1,750.0)	(1,730.0)

The cash at bank and in hand and bank overdrafts amounts included in the table above include the amounts associated with the Group's cash pool. The cash pool enables the Group to access cash in its subsidiaries to pay down the Group's borrowings. The Group has the legal right of set-off of balances within the cash pool which is an enforceable right. The cash at bank and in hand and bank overdrafts figures net of the amounts in the cash pool are disclosed below for reference:

	2023 £m	2022 £m
Cash at bank and in hand net of amounts in the cash pool	520.8	700.5
Money market funds	49.0	–
Bank overdrafts net of amounts in the cash pool	(17.9)	(22.4)
Cash, cash equivalents and overdrafts	551.9	678.1

29 Movement in net debt

2023	Cash, cash equivalents and overdrafts £m	Interest bearing loans and borrowings £m	Derivatives £m	Net debt £m
Beginning of year excluding lease liabilities	678.1	(1,735.0)	(103.2)	(1,160.1)
Cash flow excluding movements in other components of net debt	143.1	–	–	143.1
Interest paid excluding interest on lease liabilities	(107.6)	–	–	(107.6)
Repayment of borrowings	(159.5)	159.5	–	–
Receipts on settlement of foreign exchange contracts	21.6	–	(21.6)	–
Net cash (outflow)/inflow	(102.4)	159.5	(21.6)	35.5
Non-cash movement in debt	–	(20.8)	21.5	0.7
Realised gain on foreign exchange contracts	–	–	21.6	21.6
Currency translation	(23.8)	49.2	(8.6)	16.8
End of year excluding lease liabilities	551.9	(1,547.1)	(90.3)	(1,085.5)
Lease liabilities (Note 27)	–	(664.5)	–	(664.5)
End of year including lease liabilities	551.9	(2,211.6)	(90.3)	(1,750.0)

2022	Cash, cash equivalents and overdrafts £m	Interest bearing loans and borrowings £m	Derivatives £m	Net debt £m
Beginning of year excluding lease liabilities	225.3	(1,545.6)	(17.1)	(1,337.4)
Cash flow excluding movements in other components of net debt	330.9	–	–	330.9
Interest paid excluding interest on lease liabilities	(61.9)	–	–	(61.9)
Increase in borrowings	346.4	(346.4)	–	–
Repayment of borrowings	(131.8)	131.8	–	–
Payments on settlement of foreign exchange contracts	(86.2)	–	86.2	–
Net cash inflow/(outflow)	397.4	(214.6)	86.2	269.0
Non-cash movement in debt	–	87.4	(79.2)	8.2
Realised losses on foreign exchange contracts	–	–	(86.2)	(86.2)
Currency translation	55.4	(62.2)	(6.9)	(13.7)
End of year excluding lease liabilities	678.1	(1,735.0)	(103.2)	(1,160.1)
Lease liabilities (Note 27)	–	(569.9)	–	(569.9)
End of year including lease liabilities	678.1	(2,304.9)	(103.2)	(1,730.0)

NOTES continued

30 Cash flow from operating activities

The tables below give further details on the adjustments for depreciation and software amortisation, other non-cash items and the working capital movement shown in the Consolidated cash flow statement.

Depreciation and software amortisation	2023 £m	2022 £m
Depreciation of right-of-use assets	166.1	151.1
Other depreciation and software amortisation	41.1	38.4
	207.2	189.5

Other non-cash items	2023 £m	2022 £m
Share based payments	15.4	14.1
Provisions	(13.1)	(3.9)
Retirement benefit obligations	(3.5)	(3.9)
Hyperinflation accounting adjustments	2.1	8.0
Other	5.6	1.6
	6.5	15.9

Working capital movement	2023 £m	2022 £m
Decrease/(increase) in inventories	108.1	(118.7)
Increase in trade and other receivables	(9.9)	(13.0)
(Decrease)/increase in trade and other payables	(126.6)	186.2
	(28.4)	54.5

31 Related party disclosures

The Group has identified the directors of the Company, their close family members, the Group's defined benefit pension schemes and its key management as related parties for the purpose of IAS 24. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report, Note 25 and Note 26, respectively. All transactions with subsidiaries are eliminated on consolidation.

32 Post balance sheet event

On 26 February 2024, Bunzl signed an agreement to acquire an 80% stake in Nisbets and associated entities for an initial consideration of £339m. The purchase price will be settled in cash. Founded in 1983 by Andrew Nisbet, Nisbets is a highly respected omnichannel distributor of catering equipment and consumables in the UK & Ireland, Northern Europe and Australasia, offering an extensive product range including a wide range of own-brand products to foodservice customers. It has over 1,800 employees and an experienced management team that will remain with the Group post-acquisition, with Andrew Nisbet acting as a non-executive director and the family continuing to hold a minority interest in Nisbets. For the year ended 31 December 2023, Nisbet generated revenue of £498m with a profit before interest, tax, amortisation and exceptional items of £35.5m and total gross assets of £242m, based on unaudited management accounts. An additional earn-out amount may be payable based on Nisbets' financial performance in 2024. The transaction includes put / call options that enable Bunzl to acquire the remaining 20% stake in the future, subject to certain conditions.

COMPANY BALANCE SHEET
at 31 December 2023

	Notes	2023 £m	2022 £m
Fixed assets			
Property, plant and equipment	3	**0.5**	0.6
Right-of-use assets	4	**2.9**	3.6
Intangible assets	3	**0.9**	0.8
Investments	5	**752.9**	741.0
		757.2	746.0
Current assets			
Defined benefit pension asset	11	**65.3**	59.3
Debtors: amounts falling due within one year	7	**1,309.0**	1,449.9
Cash at bank and in hand		**13.1**	15.1
		1,387.4	1,524.3
Current liabilities			
Creditors: amounts falling due within one year	8	**(104.7)**	(108.0)
Lease liabilities	10	**(0.7)**	(0.7)
Net current assets		**1,282.0**	1,415.6
Total assets less current liabilities		**2,039.2**	2,161.6
Non-current liabilities			
Provisions	9	**(0.9)**	(0.9)
Lease liabilities	10	**(2.4)**	(3.1)
Deferred tax liability	6	**(12.5)**	(11.2)
Net assets		**2,023.4**	2,146.4
Capital and reserves			
Share capital	12	**108.6**	108.5
Share premium		**205.2**	199.4
Other reserves		**5.6**	5.6
Capital redemption reserve	13	**16.1**	16.1
Profit and loss account†	13	**1,687.9**	1,816.8
Total shareholders' funds		**2,023.4**	2,146.4

Approved by the Board of directors of Bunzl plc (Company registration number 358948) on 26 February 2024 and signed on its behalf by Frank van Zanten, Chief Executive Officer and Richard Howes, Chief Financial Officer.

The Accounting policies and other Notes on pages 191 to 194 form part of these financial statements.

† Profit and loss account includes a net profit after tax for the year of £91.9m (2022: £39.1m). As permitted by section 408(3) of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital £m	Share premium £m	Other reserves £m	Capital redemption £m	Profit and loss account: Own shares £m	Profit and loss account: Retained earnings £m	Total shareholders' funds £m
At 1 January 2023	**108.5**	**199.4**	**5.6**	**16.1**	**(63.4)**	**1,880.2**	**2,146.4**
Profit for the year						**91.9**	**91.9**
Other comprehensive income/(expense)							
Actuarial loss on defined benefit pension scheme						**(1.8)**	**(1.8)**
Income tax credit on other comprehensive expense						**0.5**	**0.5**
Total comprehensive income						**90.6**	**90.6**
2022 interim dividend						**(57.9)**	**(57.9)**
2022 final dividend						**(151.8)**	**(151.8)**
Issue of share capital	**0.1**	**5.8**					**5.9**
Employee trust shares					**(25.2)**		**(25.2)**
Movement on own share reserves					**17.7**	**(17.7)**	**–**
Share based payments (net of tax)						**15.4**	**15.4**
At 31 December 2023	**108.6**	**205.2**	**5.6**	**16.1**	**(70.9)**	**1,758.8**	**2,023.4**

	Share capital £m	Share premium £m	Other reserves £m	Capital redemption £m	Profit and loss account: Own shares £m	Profit and loss account: Retained earnings £m	Total shareholders' funds £m
At 1 January 2022	108.4	194.2	5.6	16.1	(52.9)	2,043.9	2,315.3
Profit for the year						39.1	39.1
Other comprehensive income/(expense)							
Contributions to pension scheme by participating subsidiaries						3.0	3.0
Actuarial loss on defined benefit pension scheme						(6.5)	(6.5)
Income tax credit on other comprehensive expense						0.9	0.9
Total comprehensive income						36.5	36.5
2021 interim dividend						(54.3)	(54.3)
2021 final dividend						(136.2)	(136.2)
Issue of share capital	0.1	5.2					5.3
Employee trust shares					(34.2)		(34.2)
Movement on own share reserves					23.7	(23.7)	–
Share based payments (net of tax)						14.0	14.0
At 31 December 2022	108.5	199.4	5.6	16.1	(63.4)	1,880.2	2,146.4

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Basis of preparation

Bunzl plc (the 'Company') is a company incorporated and domiciled in the United Kingdom and is registered in England and Wales. These financial statements present information about the Company as an individual undertaking and not about its Group.

The financial statements of the Company have been prepared on a going concern basis and under the historical cost convention with the exception of certain items which are measured at fair value as described in the accounting policies below.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 as applicable to companies using FRS 101. There are no new standards, amendments or interpretations that are applicable to the Company for the year ended 31 December 2023. In preparing these financial statements the Company has applied the exemptions available under FRS 101 in respect of:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures relating to transactions with wholly owned subsidiaries and capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures relating to the compensation of key management personnel.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also applied the exemptions available under FRS 101 in respect of:

- certain disclosures required by IFRS 2 'Share Based Payments' in respect of Group settled share based payments; and
- certain disclosures required by IFRS 13 'Fair Value Measurement' and disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

2 Accounting policies

The accounting policies of the Company have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. In most cases the accounting policies for the Company are fully aligned with the equivalent accounting policies for the Group as stated in Note 2 to the consolidated financial statements. The accounting policies of the Company which are aligned with those of the Group are the policies for property, plant and equipment, leases, intangible assets, income tax, trade and other payables, provisions, retirement benefits, investment in own shares and dividends. The accounting policies that are specific to the Company are set out below.

a. Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less any provision for impairment. The subsidiary undertakings which the Company held at 31 December 2023 are disclosed in the Related undertakings Note in the Shareholder information section on pages 202 to 207.

b. Share based payments

The Company operates a number of equity settled share based payment compensation plans. Details of these plans are outlined in Note 21 to the consolidated financial statements and the Directors' remuneration report. The total expected expense is based on the fair value of options and other share based incentives on the grant date, calculated using a valuation model, and is spread over the expected vesting period with a corresponding credit to equity.

Where the Company grants options over its own shares to the employees of its subsidiaries and it has not recharged the cost to the relevant subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised directly in equity.

c. Financial guarantee contracts

The Company has issued financial guarantee contracts to guarantee the indebtedness of other companies within its Group. The likelihood of these financial guarantee contracts being called is considered to be remote and therefore the estimated financial effect of issuing is nil (2022: nil). The fair value of the issued financial guarantee contracts is deemed to be immaterial.

d. Intercompany and other receivables

Intercompany and other receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for expected credit losses. The Group measures expected credit losses using the expected credit loss model in accordance with IFRS 9. There were no impairment losses on intercompany or other receivables during the year (2022: none).

e. Defined benefit pension schemes

The Company is the sponsoring company of the UK defined benefit pension scheme. As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the scheme to participating subsidiaries, the net defined benefit pension cost or benefit is recognised fully by the Company. The contributions paid by the participating subsidiaries other than the Company are credited to profit or loss of the Company where the amounts relate to service and are independent of the number of years of service or to other comprehensive income if not linked to service.

f. Judgements made in applying the Company's accounting policies

In the course of preparing the financial statements, other than judgements involved in determining estimates and assumptions (see Note 2g below), no judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

g. Sources of estimation uncertainty

In applying the Company's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. As at 31 December 2023, the only source of estimation uncertainty that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the measurement of the defined benefit pension scheme liability which is explained in Note 2u to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

3 Property, plant and equipment and intangible assets

	Short leasehold improvement £m	Fixtures, fittings and equipment £m	Total tangible assets £m	Total intangible assets £m
Cost				
Beginning of year	0.4	1.8	2.2	2.3
Additions	0.1	–	0.1	0.1
End of year	0.5	1.8	2.3	2.4
Accumulated depreciation and amortisation				
Beginning of year	0.1	1.5	1.6	1.5
Charge in year	0.1	0.1	0.2	–
End of year	0.2	1.6	1.8	1.5
Net book value at 31 December 2023	0.3	0.2	0.5	0.9
Net book value at 31 December 2022	0.3	0.3	0.6	0.8

4 Right-of-use assets: Property

Net book value	2023 £m	2022 £m
Beginning of year	3.6	0.2
Remeasurement adjustments	–	4.0
Depreciation charge in the year	(0.7)	(0.6)
End of year	2.9	3.6

5 Investments

Investments in subsidiary undertakings	2023 £m	2022 £m
Cost		
Beginning of year	744.3	733.1
Additions	11.9	11.2
End of year	756.2	744.3
Impairment provisions		
Beginning and end of year	3.3	3.3
Net book value at 31 December	752.9	741.0

6 Deferred tax asset/(liability)

Recognised deferred tax assets net of deferred tax liabilities are attributable to the following:

	Defined benefit pension scheme £m	Share based payments £m	Other £m	Net deferred tax asset/ (liability) £m
At 1 January 2022	(15.7)	3.5	0.2	(12.0)
Recognised in other comprehensive income or directly in equity	0.9	(0.1)	–	0.8
At 31 December 2022/1 January 2023	(14.8)	3.4	0.2	(11.2)
Recognised in profit or loss	(2.0)	–	0.2	(1.8)
Recognised in other comprehensive income or directly in equity	0.5	–	–	0.5
At 31 December 2023	(16.3)	3.4	0.4	(12.5)

No deferred tax asset has been recognised in respect of unutilised capital losses of £60.7m (2022: £68.5m).

7 Debtors

	2023 £m	2022 £m
Debtors: amounts falling due within one year		
Amounts owed by Group undertakings	1,302.0	1,440.1
Prepayments and other debtors	7.0	9.8
	1,309.0	1,449.9

Amounts owed by Group undertakings falling due within one year are interest bearing, unsecured and repayable on demand with no fixed date of repayment. Interest rates are linked to the Bank of England Base Rate. The amounts owed by Group undertakings are classified as a current asset as the company expects to realise the asset in its normal operating cycle.

8 Creditors: amounts falling due within one year

	2023 £m	2022 £m
Trade creditors	0.9	4.7
Amounts owed to Group undertakings	82.2	82.1
Other tax and social security contributions	0.5	0.5
Income tax payable	3.8	3.0
Accruals	17.3	17.7
	104.7	108.0

Amounts due to Group undertakings are repayable on demand and are not interest bearing.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

9 Provisions

	2023 £m	2022 £m
Beginning of year	**0.9**	1.0
Utilised or released	**–**	(0.1)
End of year	**0.9**	0.9

The provisions relate to properties, where amounts are held against liabilities for repairs and dilapidations, and other claims.

10 Lease liabilities

	2023 £m	2022 £m
Beginning of year	**(3.8)**	(0.2)
Interest charge in the year	**(0.1)**	(0.1)
Remeasurement adjustments	**–**	(4.3)
Payments of lease liabilities	**0.8**	0.8
End of year	**(3.1)**	(3.8)
Ageing of lease liabilities:		
Current lease liabilities	**(0.7)**	(0.7)
Non-current lease liabilities	**(2.4)**	(3.1)
End of year	**(3.1)**	(3.8)

11 Retirement benefits

The Company operates a number of retirement benefit schemes in the UK, including both defined benefit and defined contribution schemes. A description of the characteristics and risks to which the Company is exposed in relation to the UK defined benefit pension scheme together with the principal assumptions used and sensitivity to changes in assumptions are detailed in Note 25 to the consolidated financial statements. The amounts included in the Company financial statements relating to the defined benefit pension scheme at 31 December were:

Amounts included in profit for the year	2023 £m	2022 £m
Current service cost (net of contributions by employees)	**0.7**	2.1
Net interest income	**(3.1)**	(1.2)
Contributions paid by participating subsidiaries linked to service	**(0.3)**	(0.3)
Total charge to profit for the year	**(2.7)**	0.6

Amounts recognised in other comprehensive income	2023 £m	2022 £m
Actual return less expected return on pension scheme assets	**0.4**	(150.9)
Experience loss on pension scheme liabilities	**(0.7)**	(15.1)
Impact of changes in assumptions relating to the present value of pension scheme liabilities	**(1.5)**	159.5
Actuarial loss on defined benefit pension scheme	**(1.8)**	(6.5)
Contributions paid by participating subsidiaries not linked to service	**–**	3.0
Total charge to other comprehensive income	**(1.8)**	(3.5)

Movement in defined benefit pension scheme surplus/(deficit)	2023 £m	2022 £m
Beginning of year	**59.3**	62.8
Current service cost	**(0.7)**	(2.1)
Contributions	**5.4**	3.9
Net interest income	**3.1**	1.2
Actuarial loss	**(1.8)**	(6.5)
End of year	**65.3**	59.3

Changes in the present value of defined benefit pension scheme liabilities	2023 £m	2022 £m
Beginning of year	**247.0**	396.2
Current service cost	**0.7**	2.1
Interest expense	**12.1**	7.0
Contributions by employees	**0.4**	0.4
Actuarial loss/(gain)	**2.2**	(144.4)
Benefits paid	**(11.4)**	(14.3)
End of year	**251.0**	247.0

Changes in the fair value of defined benefit pension scheme assets	2023 £m	2022 £m
Beginning of year	**306.3**	459.0
Interest income	**15.2**	8.2
Actuarial gain/(loss)	**0.4**	(150.9)
Contributions by the Company	**5.1**	0.6
Contributions by participating subsidiaries	**0.3**	3.3
Contributions by employees	**0.4**	0.4
Benefits paid	**(11.4)**	(14.3)
End of year	**316.3**	306.3

The actual return on pension scheme assets was a gain of £15.6m (2022: loss of £142.7m). The market value of scheme assets and the present value of retirement benefit obligations at 31 December are detailed in Note 25 to the consolidated financial statements. The total defined benefit pension liability is divided between active members (£45.6m (2022: £43.2m)), deferred members (£98.4m (2022: £92.4m)) and pensioners (£107.0m (2022: £111.4m)).

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

12 Share capital

	2023 £m	2022 £m
Issued and fully paid ordinary shares of 32½p each	**108.6**	108.5

Number of ordinary shares in issue and fully paid	2023	2022
Beginning of year	**337,667,846**	337,398,796
Issued – option exercises	**353,231**	269,050
End of year	**338,021,077**	337,667,846

13 Reserves

The capital redemption reserve of £16.1m (2022: £16.1m) as presented in the statement of changes in equity records the aggregate nominal value of treasury shares that have been cancelled.

The own shares reserve of £70.9m (2022: £63.4m) as presented in the statement of changes in equity comprises ordinary shares of the Company held by the Company in an employee benefit trust. The assets, liabilities and expenditure of the trust are included in the Company financial statements. Details of the trust and investment in own shares reserve are set out in Note 21 to the consolidated financial statements.

The dividends paid and declared in the current and prior year are detailed in Note 22 to the consolidated financial statements.

14 Financial guarantees

Borrowings by subsidiary undertakings totalling £1,614.4m (2022: £1,822.6m) which are included in the Group's borrowings have been guaranteed by the Company.

15 Employees' and directors' remuneration

The average number of persons employed by the Company during the year (including directors) was 66 (2022: 61) and the aggregate employee costs relating to these persons were:

	2023 £m	2022 £m
Wages and salaries	**12.5**	12.4
Social security costs	**1.6**	1.7
Share based payments	**1.6**	0.9
Pension costs	**0.9**	0.8
	16.6	15.8

Conditional awards of executive share options and performance shares are granted to executive directors and other senior employees of the Company. Employees of the Company can also participate in the Company's Sharesave Scheme. Further information on the Company's share plans is disclosed in Note 21 to the consolidated financial statements.

16 Related party disclosures

The Company has identified the directors of the Company, their close family members, its key management, the UK pension scheme and its subsidiary undertakings as related parties for the purpose of IAS 24 'Related Party Disclosures'. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report, Note 25 and Note 26 to the consolidated financial statements and the Related undertakings note in the Shareholder information section on pages 202 to 204.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, which includes the Directors' remuneration report and the financial statements, in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards ('IASs') and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). In preparing the Group financial statements, the directors have also elected to comply with International Financial Reporting Standards ('IFRSs'), issued by the International Accounting Standards Board ('IASB') ('IFRSs as issued by the IASB').

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted IASs and IFRSs as issued by the IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are set out on pages 90 to 91 of the Annual Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted IASs and IFRSs as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Frank van Zanten
Chief Executive Officer

Richard Howes
Chief Financial Officer

26 February 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Bunzl plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated balance sheet and the Company balance sheet as at 31 December 2023; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the Group financial statements have been properly prepared in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5 to the Group financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope	• We performed full scope audits and other procedures of the financial information of 87 components spread across 26 different countries across North America, Continental Europe, UK & Ireland and Rest of the World. • Specific audit procedures in relation to various Group activities, including consolidation, taxation, pensions, business combinations and the carrying value of goodwill and intangible assets, were performed by the Group audit team centrally • The components where we conducted audit procedures, together with work performed by the Group audit team centrally, accounted for approximately 94% of the Group's revenue and 94% of the Group's adjusted profit before tax. The full scope components in the North America, the Netherlands and Australia comprise sub consolidations; in calculating these coverage levels we have taken 100% coverage from the full scope audits performed in these locations
Key audit matters	• Valuation of intangible assets acquired in a business combination (Group). • Valuation of defined benefit schemes' obligations (Group and Company).
Materiality	• Overall Group materiality: £42.0 million (2022: £40.0 million) based on 5% of adjusted profit before tax. • Overall Company materiality: £20.0 million (2022: £21.0 million) based on 1% of net assets. • Performance materiality: £31.5 million (2022: £30.0 million) (Group) and £15.0 million (2022: £15.7 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC continued

Valuation of inventory provisions (Group), which was a key audit matter last year, is no longer included because of the reduction of risk in 2023. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of intangible assets acquired in a business combination (Group)	
Refer to the Audit Committee report, Note 2 and Note 9 of the Group financial statements. Given that the Group continues to make significant investment in acquisitions, accounting for intangible assets acquired in a business combinations is an area of focus due to the level of judgement involved in the valuation. Business combinations can involve judgements in relation to the value of assets and liabilities that are recognised on acquisition, particularly the allocation of purchase consideration to goodwill and separately identified intangible assets.	Management relies on external valuation specialists for larger acquisitions to value significant intangibles acquired in business combinations. Where management has relied on such specialists, with the support of our own valuation specialists, we assessed their objectivity and competence and tested the results of their work. For smaller acquisitions, management prepares their own valuation models. We focused in particular on the following areas: • We assessed the methodology and key assumptions used in determining the value of the customer relationship assets for the more significant acquisitions; • We determined whether the cash flows applied within the valuation models and the key assumptions such as the discount rates, growth rates, customer attrition and period for amortisation, were appropriate; • We evaluated the consideration paid or payable in respect of certain acquisitions made; and • We considered the disclosures in Note 2 and Note 9 of the Group financial statements and we are satisfied that these disclosures are appropriate. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Valuation of defined benefit schemes' obligations (Group and Company)	
Refer to the Audit Committee report, Note 2 and Note 25 of the Group financial statements. The Group has defined benefit pension schemes (with material schemes in the United States and the United Kingdom) with a net surplus of £49.4m at the current year end (2022: net surplus of £39.9m). The gross assets and liabilities in each scheme are significant in the context of the Consolidated balance sheet. Management estimation is required in relation to the measurement of pension scheme obligations, and management employs independent actuarial experts to assist it in determining appropriate assumptions such as inflation levels, discount rates, salary increases and mortality rates. Movements in these assumptions can have a material impact on the determination of the liability and, therefore, the extent of any net surplus or deficit.	We used our own actuarial experts to satisfy ourselves that the assumptions used in calculating the US and UK pension scheme liabilities are appropriate, including confirming that salary increases were appropriate and that mortality rate assumptions were consistent with relevant benchmarks. We determined that the discount and inflation rates used in the valuation of the pension scheme liabilities were consistent with our internally developed benchmarks. In each case we considered the assumptions made by management to be reasonable in light of the available evidence. We also performed procedures to satisfy ourselves over the completeness and accuracy of the employee data used in the calculation. Based on the procedures performed, we noted no material issues arising from our work.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We identified one financially significant component, being North America, where a full scope audit has been performed. In addition, we have identified two material components being the Netherlands and Australia. To achieve the coverage desired, we identified five components across the UK and France for which a full scope audit of their financial information has been performed. In order to satisfy the request of the Audit Committee and management, we performed full scope audits and other procedures on a further 79 components. The components where we performed audit procedures covered over 94% of Group revenue and adjusted profit before taxation.

Where work was performed by component auditors, detailed instructions were issued by us and the Group audit team conducted conference calls with component teams. For our financially significant and material components, oversight procedures included regular communication with the component team, reviewing their working papers, and attending the clearance meeting either virtually or in person. Specific audit procedures over central functions and areas of significant judgement, including consolidation, taxation, pensions, business combinations and the carrying value of goodwill and other intangible assets, were performed by the Group audit team centrally.

The impact of climate risk on our audit

As part of the audit, we inquired of management to understand and evaluate the Group's risk assessment process in relation to climate change. Management has sought advice from external sustainability experts to help them understand the environmental challenges they face, and to source science-based inputs for their assessment of climate risk. We reviewed management's paper which sets out their assessment of climate change risk to the Group and the impact, if any, on the financial statements and impairment testing. In evaluating the completeness of the risks identified, we assessed the objectivity and competence of management's experts, we engaged our internal climate change experts to review management's assessment, we considered the return submitted to the Carbon Disclosure Project by the Group and challenged management on how they considered the Group's net zero commitment in their assessment. In responding to the risk identified, we specifically considered how climate change risk would impact the assumptions made in the forecasts prepared by management used in their assessment of the carrying value of goodwill. We read the disclosures in relation to climate change made in the other information within the Annual Report to ascertain whether the disclosures are materially consistent with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the Reporting on other information section of our report.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£42.0 million (2022: £40.0 million).	£20.0 million (2022: £21.0 million).
How we determined it	5% of adjusted profit before tax	1% of net assets
Rationale for benchmark applied	Given that the Group's businesses are profit oriented and the directors use adjusted profit measures to assess the performance of the business, we believe that adjusted profit before tax is the best benchmark to use.	Considering the nature of the business and activities in Bunzl plc (holding activities) we use the Company's net asset value as a basis for the calculation of the overall materiality level.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was up to £35.0 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £31.5 million (2022: £30.0 million) for the Group financial statements and £15.0 million (2022: £15.7 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2.0 million (Group audit) (2022: £1.9 million) and £2.0 million (Company audit) (2022: £1.9 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the appropriateness of the cash flow forecasts in the context of the Group's 2023 financial position and evaluated the directors' downside sensitivities against these forecasts.
- We evaluated the key assumptions in the forecasts and considered whether these were supported by the evidence we obtained.
- We examined the headroom under the base case cash flow forecasts, as well as the directors' sensitised cases, and evaluated whether the directors' conclusion that headroom remained in all events was supported by the evidence we obtained.
- We obtained the Group's covenant calculations and reperformed the calculation including applying sensitivities to assess the potential impact of downside sensitivities on covenant compliance.
- We also reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC continued

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to listing Rules, health and safety regulations, environmental regulations, data protection, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims.
- Reviewing minutes of meetings of those charged with governance including the Board, Audit committee and Executive committee
- Reviewing internal audit reports
- Assessment of matters reported on the Group's whistleblowing helpline
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates (because of the risk of management bias)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 19 May 2014 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 31 December 2014 to 31 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Neil Grimes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London
26 February 2024

SHAREHOLDER INFORMATION

Related undertakings as at 31 December 2023

In accordance with section 409 of the Companies Act 2006 a full list of Bunzl plc's subsidiary undertakings and other shares held by the Company as at 31 December 2023 is disclosed below. The registered office address of each entity or, in the case of unincorporated entities, the principal place of business, is disclosed on pages 205 to 207. Unless otherwise stated the subsidiary undertakings listed are wholly owned and held indirectly by Bunzl plc with ordinary shares issued (or the equivalent of ordinary shares in the relevant country of incorporation). In some of the jurisdictions in which the Group operates share classes are not defined and in these instances, for the purposes of this disclosure, the shares issued have been classified as ordinary shares. Bunzl plc does not have any associated undertakings, other than those listed below, and has no joint venture companies.

Subsidiary undertakings	Registered office address
Argentina	
Vicsa Steelpro S.A.	1
Australia	
Atlas Health Care Pty Limited	6
Bunzl Australasia Limited	5
Bunzl Brands & Operations Pty Limited	3
Bunzl Catering Supplies Limited	6
Bunzl Food Processor Supplies Pty Limited	6
Bunzl Outsourcing Services Limited	6
Containit Pty Ltd(iii) (80%)	3
Fire Rescue Safety Australia Pty Ltd (80%)	2
GRC Medical Pty Ltd	5
Inkell Pty. Limited	4
Interpath Services Pty. Ltd.	5
Melbourne Cleaning Supplies Pty Ltd(iii)	6
Multipoint Technologies Pty Ltd (75.1%)	5
Network Packaging Pty Limited	3
Obex Australia Holdings Pty Ltd	5
Robertsons Lifting & Rigging Pty Limited	3
Sanicare Australia Pty Limited	5
Worksense Workwear and Safety Pty Limited	3
Austria	
Bunzl Holdings Austria GmbH	7
Meier Verpackungen GmbH	7
Belgium	
AFL Belgium BV (90%)	11
Établissements Glorieux SA	8
King Belgium NV	12
Total Safety Supply Belgium BVBA	10
Varia-Pack NV	9

Subsidiary undertakings	Registered office address
Brazil	
BR Hommed Comércio de Materiais Médicos Ltda.	26
Bunzl Equipamentos para Proteção Individual Ltda.	24
Canada Central de Negócios do Brasil Ltda.	17
Concoct Engenharia E Comércio Ltda.	28
Corsul Comercio e Representações do Sul Ltda.	15
Corsul Representações Comerciais Ltda.	15
Dental Sorria Ltda.	31
DVT Comércio, Importação E Exportação Ltda.	21
Endolog Logística e Armazéns Ltda.	16
Full Safe Equipamentos de Proteção Ltda.	23
Ibracon Empreendimentos e Participações Ltda.	23
Indústria e Comércio Leal Ltda.	24
Irudek Brazil Importação, Exportação, Comercio e Sericos de Proteção e Segurança Ltda (65.8%)	29
Labor Import Comercial Importadora Exportadora Ltda	27
Lanlimp Descartáveis e Limpeza Ltda. (70%)	14
Manulatex Leal Ltda. (49%)	23
MCR Safety de Brasil Distribuiacao de Equipamentos	25
Medcorp Saúde tecnologia Ltda	13
Octomed Comércio de Produtos Médicos Ltda.	20
Pactual Comércio de Descartáveis e Limpeza Ltda. (70%)	22

Subsidiary undertakings	Registered office address
SP Equipamentos de Proteção ao trabalho e MRO Ltda.	18
SP Intervention Ltda.	19
Super Safe do Brasil Ltda.	28
VCH – Importadora, Exportadora e Distribuição de Produtos Ltda.	30
Canada	
4550137 Manitoba Ltd.(iii)	38
8948399 Canada Inc. d/b/a Sur-Seal Packaging(iii)	37
A Miracle Sanitation Supply Co. Inc.	38
Bunzl Canada, Inc.	39
Dura Plus Inc.	34
Ghost Distribution Inc.	33
McCue Corporation Canada (96.9%)	35
PackPro Systems Inc.(iii) (85%)	36
Pinnacle Paper & Sanitation Inc.(ii)	37
Snelling Paper & Sanitation Ltd.(iii)	37
Speedy Janitorial Supplies Co. Ltd.	38
Tingley Inc.	32
Chile	
B2B Web Distribuicao de Produtos Chile SpA	40
Bunzl Chile Holdings SpA	40
DPS Chile Comercial Limitada	42
Enepack SpA	42
Tecno Boga Comercial Limitada	41
Vicsa Safety Comercial Limitada	40
China	
Beijing HSESF Safety Technology Co., Ltd.	44
Bunzl Trading (Shanghai) Limited	53
Diversified Distribution Systems Trading (Shanghai) Ltd.	46
Keenpac (Shenzhen) Trading Company Limited	47
McCue (Xiamen) Safety Technologies Co., Ltd (96.9%)	50
MCR Safety Foshan South Co., Ltd.	51
MCR Safety Products Foshan Co., Ltd.	52
Shanghai Cosafety Technology Co., Ltd.	43
Shanghai Yinghao Protection Technology Co., Ltd.	49

Subsidiary undertakings	Registered office address
Vicsa Commerce and Trading (Shanghai) Co., Ltd	48
Colombia	
B2B Web Distribuição De Produtos Colombia Spa S.A.S	54
Importadores Exportadores Solmaq S.A.S	54
MCR Safety Colombia S.A.S.	55
Vicsa Steelpro Colombia S.A.S.	56
Czech Republic	
Blyth s.r.o.	58
Bunzl CS s.r.o.	57
VM Footwear s.r.o. (70%)	59
VM Obuv s.r.o. (70%)	59
Denmark	
Bunzl Distribution Danmark A/S	60
Bunzl Holding Danmark A/S	60
Clean Care A/S	61
ICM A/S (78.9%)	62
MultiLine A/S	63
PM Pack A/S (70%)	64
France	
Adage SAS	71
Alpes Entretien Distribution SAS	76
Blanc SAS	86
Bourgogne Hygiene Entretien SAS	68
Bunzl Holdings France SAS	79
Comatec SAS	78
Daugeron & Fils SAS	80
Fichot Hygiene SAS	85
France Sécurité SAS	74
Gama 29 SAS	73
GM Equipement S.A.S.	65
Groupe Comptoir SAS	69
Hedis SAS	67
Industrie du Compactage Alimentaire Hygiene ICA Hygiene L'image du Propre SAS	82
Keenpac France SAS	70
Ligne T SAS	72
Mat'hygiene SAS	75
Nicolas Entretien SAS	84

SHAREHOLDER INFORMATION continued

Subsidiary undertakings	Registered office address
ORRU SAS	81
PLG Finances SAS	83
PLG SAS	83
Prorisk S.A.S.	65
SCI des Saules SCI	71
Société Civile Immobilière Sainte Claire Deville SC	71
Sodiscol SAS	66
Sopecal Hygiene SAS	77
Germany	
Arbeitsschutz-Express GmbH (66%)	95
Bäumer Betriebshygiene Vertriebsgesellschaft mbH[iii]	91
Bunzl Großhandel GmbH	87
Bunzl Healthcare GmbH	89
Bunzl Holding GmbH[iii]	87
Bunzl Holding No. 2 GmbH (75%)	87
hygi GmbH & Co. KG (75%)	93
hygi.de Holding GmbH[iii] (75%)	93
hygi.de Import GmbH (75%)	93
hygi.de Management GmbH (75%)	93
Majestic GmbH	94
McCue Europe	90
PKA Klöcker Gmbh[iii]	88
Protemo GmbH	91
Hong Kong	
Bunzl Asia Limited[iii]	96
Bunzl Retail Services of Hong Kong Limited	97
Keenpac Asia Limited	99
MCR Safety Asia Company Limited	98
Hungary	
Bunzl CEE Kft	101
Bunzl Magyarország Kft.	101
Ireland	
Abco Kovex Limited (90%)	102
Bunzl Ireland Limited	102
G.H. Pittman Limited[iii]	103
Thomas McLaughlin (Ireland) Limited	102

Subsidiary undertakings	Registered office address
Israel	
M.S. Global Limited	104
Meichaley Zahav Packages Ltd	105
Silco (Utensils) A.S. Limited[iii]	104
Italy	
B2B Distribution Italy Holdings S.r.l.	107
Irudek Italia, S.R.L. (75%)	109
Keenpac Italia S.r.l.	106
Neri S.p.A.	107
Secure Service S.r.l.	108
Malaysia	
Medshop Malaysia Sdn. Bhd. (75.1%)	110
Mexico	
Bunzl De Mexico S. De R. L. De C.V[iii]	116
Bunzl Retail Services of Mexico, S. de R.L. de C.V. [iii]	112
Bunzl Servicios, S. De R. L. De C.V[iii]	116
Cool Pak AG Packaging, S. de R. L. de C.V.[iii]	114
Cool Pak Exports S. de R.L. de C.V.[iii]	115
Espomega S. de R.L. de C.V.[iii]	120
Pico Textil, S. de R.L. de. C.V.	118
Proepta, S.A. DE C.V.[iii]	117
Shelby Manufacturing de México, S.A. de C.V.	111
Steel pro S.A de C.V.[iii]	113
TRC Protective Footwear, S.A. de C.V.[iii]	119
Web Distribucion Safety Mexico, S. de R.L. de C.V.[iii]	121
Morocco	
Proin Maroc, S.à r.l.	122
Netherlands	
AFL Groep B.V. (90%)	131
Allshoes Benelux B.V.	130
Bunzl Outsourcing Services B.V.	134
Bunzl Verpakkingen Arnhem B.V.	124
De Ridder B.V.	127
Ecotools B.V.	135
Groveko B.V. (93.7%)	132
Groveko Group Holdings B.V. (93.7%)	134
King Nederland B.V.	126

Subsidiary undertakings	Registered office address
Le Roux Verpakkingen & Disposables B.V. (75.1%)	133
Majestic Products B.V.	128
MCR Safety Europe B.V.	129
QS Nederland B.V.	123
Worldpack Trading B.V.	125
New Zealand	
Bunzl New Zealand Holdings (No. 2) Limited[iii]	136
Bunzl New Zealand Holdings Limited[iii] (99.1%)	136
Bunzl Outsourcing Services NZ Limited	140
Corded Strap (NZ) Limited	141
Downs Distributors Limited (99.1%)	142
Fire Rescue Safety New Zealand Limited (80%)	140
ICB Cleaning Supplies Limited	139
Isobex Medical Limited (99.1%)	142
Nelson Packaging Supplies Limited	141
Obex (NZ) Limited (99.1%)	142
Obex Medical Limited (99.1%)	142
OXC (NZ) Limited[ii] (99.1%)	142
Toomac Holdings Limited	137
Universal Specialities Limited (90%)	138
Norway	
Art Trading AS	143
Culina AS	143
Enor AS	144
Riise & G G Storkjøkken AS	144
Sverre H Lageraaens Eftf AS	145
Peru	
B2B Web Distribuicao De Produtos Peru Spa S.A.C	146
Vicsa Safety Peru S.A.C.	146
Poland	
Prewenta sp. z o.o. (65%)	147
Safety First PPE Group sp. z o.o. (65%)	148
Safety First sp. z o.o. (65%)	148
Puerto Rico	
Melissa Sales Corp.[ii]	149
Romania	
Bunzl Romania SRL	150

Subsidiary undertakings	Registered office address
Singapore	
LSH Industrial Solutions Pte. Ltd	151
Medshop Holdings Pte. Ltd. (75.1%)	152
Medshop Singapore Pte. Ltd. (75.1%)	152
Slovakia	
Eurobal, spol. s.r.o.	153
Spain	
Artículos de Protección, S.A.	168
Azero Equipamientos, S.L.U.	161
Bunzl Distribution Spain, S.A.U.	158
Bunzl Mallorca 2018, S.L.U.	159
Dimasa Iberia, S.L.U.	166
Faru, S.L.U.	165
Grupo R Queraltó, S.A. (85%)	160
Iberotec Inversiones, S.L.U.	154
Irudek 2000, S.L. (75%)	167
Juba Personal Protective Equipment, S.L.U.	169
La Cartuja Suministros Hostelería, S.L.	156
Marca Proteccion Laboral, S.L.U.	163
PROIN-PINILLA, S.L.	155
PROTEC & MARTI, S.L.	162
Quirumed, S.L.U.	164
Safety Quickers Europe, S.L.U.	158
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Switzerland	
Bunzl Holding Switzerland AG	171
CT Group International SA	173
Keenpac (Switzerland) SA	172
Weita AG	171
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Turkey	
Bursa Pazarı İnşaat Sanayi Ve Ticaret Anonim Şirketi	174
İstanbul Ticaret Hırdavat Sanayi A.Ş.	175
İstanbul Ticaret İş Güvenliği ve Endüstriyel Sanayi Ürünler A.Ş	176
Kullanatmarket Elektronik Pazarlama Ticaret Anonim Şirketi	174

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Related undertakings as at 31 December 2023

Subsidiary undertakings	Registered office address
United Kingdom	
Abco Kovex (N.I.) Limited (90%)	178
Abco Kovex (UK) Limited (90%)	179
Aggora (Technical) Limited(iii)	179
Aggora Group Ltd(iii)	179
Aggora Limited	179
Aggora Projects Ltd(iii)	179
B3S Healthcare Limited	179
B3S No.2 Limited	179
Bodyguard Workwear Limited	179
Bunzl American Holdings (No.1) Limited	179
Bunzl American Holdings (No.2) Limited	179
Bunzl Finance Public Limited Company(i)	179
Bunzl Group Services Limited(i)	179
Bunzl Holding GTL Limited(i)	179
Bunzl Holding LCE Limited	179
Bunzl Holding WWE Limited(iii) (94.4%)	179
Bunzl Mexico Holdings 1 Limited	179
Bunzl Mexico Holdings 2 Limited	179
Bunzl Overseas Holdings (No. 2) Limited(i)	179
Bunzl Overseas Holdings (No. 3) Limited(ii)	179
Bunzl Overseas Holdings (No.4) Limited	179
Bunzl Overseas Holdings Limited(ii)	179
Bunzl Pension Trustees Limited(i)	179
Bunzl Plastics Limited(i)	179
Bunzl Properties Limited(i)	179
Bunzl UK Limited	179
Catered 4 Limited	179
Classic Bag Company Holdings Limited	179
Comax (UK) Limited	179
Continental Chef Supplies Limited	179
Deliver Net Holdings Limited	179
Deliver Net Limited	179
Dialene Limited	179
Enviropack Ltd(iii) (85%)	179
Eugene Harrington Marketing Limited	179
GH Pittman UK Limited	177
Guardsman Limited	179
Henares Limited(i)	179
Howper 800 Limited(iii)	179
Hydropac Limited	179
Kingsbury Packaging (Limavady) Ltd	178
Lee Brothers Bilston Limited	179
Lightning Packaging Supplies Limited	179
London Bio Packaging Limited	179
London Catering and Hygiene Solutions Limited	179
McCue Corporation Limited (96.9%)	179
Packaging 2 Buy Limited	179
Parmelee Limited	179
Portabottle Limited	179
Portabrands Limited	179
Selectuser Limited(ii)	179
Spectrum Hygiene Limited	179
The Classic Printed Bag Company Limited	179
The Porta Group Limited	179
Tornado Gloves Limited	179
Tornado Holdings Limited	179
Tri-Star Packaging Supplies Limited	179
Woodway Packaging Limited	179
Woodway UK Limited	179
Woodway UK South Limited(iii)	179
Workwear Express Limited(iii) (94.4%)	179
Wycombe Marsh Paper Mills Limited(i)	179
Yorse No. 1 Limited	179
Yorse No. 3 Limited(i)	179
United States	
ANB Distribution Holdings Inc.	189
Banner Stakes LLC (96.9%)	191
Bunzl Corporate Holdings, Inc.	189
Bunzl Distribution Inc.	189
Bunzl Distribution Leasing, Inc.	182
Bunzl Distribution USA, LLC	181
Bunzl Holdings Inc.	181
Bunzl International Services, Inc.	181
Bunzl IP Holdings, LLC	181
Bunzl Mexican Holdings II, LLC	189
Bunzl Mexican Holdings III, LLC	189
Bunzl Mexican Holdings IV, LLC	189
Bunzl Mexican Holdings, LLC	189
Bunzl North American Holdings, Inc.	181
Bunzl Retail Services, LLC	181
Bunzl USA Holdings LLC	181
Bunzl USA LLC	181
Chef's Seal LLC	189
Cool-Pak, LLC	181
Destiny Packaging, LLC	181
Earthwise Bag Company, Inc.	184
Eco Systems Holdings LLC	189
FlexPost LLC	189
Foodhandler Inc.	187
Green Source, LLC	189
Hawthorn Hygiene Solutions LLC	189
Hi-Valu, LLC	189
Intergro, LLC	180
International Sourcing Company Inc.(iii)	185
John Tillman Company	181
Liberty Glove & Safety, LLC	181
M.L. Kishigo Manufacturing Company, LLC	183
Masteragents LLC	189
McCue Corporation (96.9%)	188
McCue International, Inc. (96.9%)	188
MCQ Holdings, Inc.(iii) (96.9%)	183
MCR Holdings, Inc.	185
Monte Package Company, LLC	181
Premier Essential LLC	189
Prime Source, LLC	189
R3 Safety, LLC	189
Revco Industries, Inc.(iii)	184
Right Choice Distribution, LLC	189
SAS Safety Corporation	181
SH Glove LLC	189
Shelby Group International, Inc.(iii)	185
Steiner Industries, Inc.	190
STX LLC	184
The Warehouse Rack, LLC	181
U.S. Glove Co., Inc.	186
Uruguay	
Steelpro Safety S.A.	192

Other shareholdings	Registered office address
MCR Hanvo Safety Products (Nantong) Co., Ltd. (20%)	45
Viner-Pack Gyártó Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság(iii) (20%)	100

Classifications key

(i) Directly owned by Bunzl plc
(ii) Holding of ordinary and preference shares
(iii) Holding of more than one class of ordinary share

SHAREHOLDER INFORMATION continued

List of registered office addresses

Registered office address	Key
Maipú 1300, piso 13, Ciudad de Buenos Aires, Argentina	1
17 Millrose Drive, Malaga WA 6090, Australia	2
55 Sarah Andrews Close, Erskine Park NSW 2759, Australia	3
Bunzl Australia & New Zealand, Unit 1/52 Fox Drive, Dandenong South VIC 3175, Australia	4
Level 2, 700 Springvale Road, Mulgrave VIC 3170, Australia	5
Unit 1, 52 Fox Drive, Dandenong South VIC 3175, Australia	6
Diepoldsauer Straße 37, 6845, Hohenems, Austria	7
1 Rue du Bois des Hospices, 2émé étage, 7522 Tournai, Belgium	8
Aarschotsesteenweg 114 3012 Leuven (Wilsele), Belgium	9
Oudenaardsesteenweg 19 9000 Ghent, Belgium	10
Port Atlantic House, Noorderlaan 147, bus 9, 2030 Antwerp, Belgium	11
Rue du Cerf 188/A 1332 Genval, Belgium	12
Av. Fagundes de Oliveira 538, Warehouse A5, Piraporinha, Cidade de diadema, CEP, 09950-300, Brazil	13
Av. Tenente José Eduardo, No. 35, Ano Bom, Barra Mansa, Rio de Janeiro, 27323-24, Brazil	14
Avenida Centenário, No. 900, Bairrro Pinheirinho, Criciuma, Santa Catarina, 88.804-000, Brazil	15
Avenida Fagundes de Oliveira, No. 538, galpão A-01, A-02 e A-03, bairro da Piraporinha, Diadema, São Paulo, 09950-300, Brazil	16
Avenida Francisco Silveira Bitencourt, 1369, Pavilhão 27, Sala 01, 2° andar, bairro Sarandi, Porto Alegre, Rio Grande do Sul, 91150-010, Brazil	17
Avenida Robert Kennedy 675, Jardim Felix, City of São Bernardo do Campo, São Paulo, 09895-030, Brazil	18
Avenida Roque Petroni Júnior, No. 850, Bloco Bacaetava, Conjuntos 111, 112, 113, 114, 172, bairro das Acácias, City of São Paulo, 04707-000, Brazil	19
Avenida Roque Petroni Júnior, No. 850, Edifício Bacaetava, conjunto 174, bairro Jardim das Acácias, Sao Paulo, 04707-000, Brazil	20
Estado de Santa Catarina, na Rua Fermino Vieira Cordeiro, 380 – Shed 2 module B, district of Espinheiros, City of Itajaí, State of Santa, 88.317-200, Brazil	21
Estrada da Gávea, 696, rooms 409, 410, 411, 412 e 413, São Conrado, Rio de Janeiro, 22610-002, Brazil	22
Estrada Faustino Bizzetto, No. 101, Warehouse 2, Sector A, City of Campo Limpo Paulista, São Paulo, 13230-800, Brazil	23
Estrada Velha de Guarulhos São Miguel 5135, Guarulho, São Paulo, CEP 07210-250, Brazil	24
Rua Dr. Guilherme Bannitz, No. 126, 2nd floor, sets 21 and 22, District of Itaim Bibi, City of São Paulo, State of São Paulo, 04532-060, Brazil	25
Rua Marginal Emicol, S/N, Condomínio Rua 04, No. 90, 1st floor, Sala 01, lotes 15, 16 e ML 17, bairro Jardim Emicol, Itu, São Paulo, 13312-820, Brazil	26
Rua Padre Damaso 165, 173 e 187, Osasco, São Paulo, CEP 06016-010, Brazil	27
Rua Paes Leme, No. 524, São Paulo, 05424-904, Brazil	28
Rua Pedra Lavrada, 74-A, Parque Cisper, Sao Paulo, 03818-000, Brazil	29
Rua Salem Bechara, 140, 10th floor, Centro, City of Osasco, Sao Paulo, CEP 06018-180, Brazil	30
Via Expressa de Contagem, 3115, galpão 1, Bairro Agua Branca, City of Contagem, Minas Gerais, CEP 32370-485, Brazil	31
#310, 5700 Boul. Des Galeries, Québec G2K 0H5, Canada	32
1212 – 1175 Douglas St, Victoria, BC V8W 2E1, Canada	33
160 Elgin Street, Suite 2600 , Ottawa, CA, ON K1P 1C3, Canada	34
1801 Hollis St Ste 1800, Halifax NS B3J 3N4, Canada	35
Dentons Canada LLP, 77 King Street West, Suite 400 Toronto, Toronto ON M5K 0A1, Canada	36
Dentons Canada LLP, 2500 Stantec Tower, 10220 – 130 Avenue NW, Edmonton AB T5J 0K4, Canada	37
MLT Aikins LLP, 30th Floor, 360 Main Street, Winnipeg, Manitoba, R3C 4G1, Canada	38
Parlee McLaws LLP, 3300 TD Canada Trust Tower, 421-7th Avenue, SW, Calgary AB T2P 4K9, Canada	39
Av. Presidente Eduardo Frei Montalva 5151, Conchalí, 8550678 Santiago, Chile	40
Avenida del Valle 765, of 101, Ciudad Empresarial, Huechuraba, Santiago, Chile	41
Camino Coquimbo N' 16.000, Colina, Santiago, Chile	42
M05-02 Floor 11, Building 11, No. 1569, Yushu Road, Songjiang District, Shanghai, China	43
No. 9 Fuqian Road, Shandong Zhuang Town, Pinggu District, Beijing, China	44
No.128 Jinshajiang Road, Rudong Economic Development Zone, Jiangsu, China	45
Room 1509, Building 2, No. 1266 Nanjing West Road, Jingan District, Shanghai, China	46
Room 1805, Central Business Tower, 88 Fuhua 1st Road, Futian, Shenzhen Guangdong, China	47
Room 3123, Building 3, 112-118 Gaoyi Road, Baoshan District, Shanghai, China	48
Room 315 Lane 777, Guangfulin Road, Songjiang District, Shanghai, China	49
Room 901, No. 595 West Lianqian Road, Siming District, Xiamen, Fujian Province, China	50
Room 908, Building 16, Zone 2, International Chuangzhi Park, No.8 Gangkou Road, Guicheng Street, Nanhai District, Foshan, Guangdong, China	51
Room A39, Floor 6, Building 2, Dongfang MAO Business Center, Xiacheng District, Hangzhou, Zhejiang, China	52
Units 501A, 501B, 501C, 5th Floor, No. 4, Lane 255, Dongyu Road, Pudong New Area, Shanghai, China	53
Carrera 30 No. 15-30, Bogota D.C., Colombia	54
CR 71 No 94 – 23 AP, 1134 TO 9, Colombia	55
Km 7 Vía Medellín, Parque Empresarial Celta, Módulo 1, Bodega 49, Funza (Cundinamarca), Colombia	56
Dolnokrčská 1966/54, Praha 4, 140 00, Czech Republic	57
Přátelstvi 1011/17, Uhřiněves, Praha 10, 10 400, Czech Republic	58
Veselská 1935, Strážnice, 696 62, Czech Republic	59
Greve Main 30, 2670 Greve, Denmark	60
Indkildevej 2 c, DK-9210, Aalborg SØ, Denmark	61
Kærvej 25, DK-2970 Hørsholm, Denmark	62
Kirkebjergvej 17, 4180 Sorø, Denmark	63
Satellitvej 7, 8700, Horsens, Denmark	64
11 C rue des Aulnes, 69410 Champagne-au-Mont-d'or, France	65
13 rue des Battants RN 20, 31140, Saint-Alban, France	66
130-136 rue Victor Hugo, 92300 Levallois-Perret, France	67
14 rue Lavoisier, 21 700 Nuits Saint Georges, France	68
17 Boulevard du Trieux, Zone d'aménagement Concerté les touches, 35740, Pacé, France	69
191-195 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, Paris, France	70
440 route de Rosporden, Le Grand Guelen, 29000 Quimper, France	71
50 Avenue d'Allemagne, Rond Point de L'Europe ZA Albasud, 82000 Montauban, France	72
530 rue Jacqueline Auriol ZA de Saint Thudon, 29490, Guipavas, France	73
585, Rue Alain Colas, 29200, Brest, France	74

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Registered office address	Key
7 route de Villiers, 77780, Bourron-Marlotte, France	75
725 Route des Vernes Pringy, 74370, Annecy, France	76
840 Rue de la Ferme de Carboué, 40000, Mont-de-Marsan, France	77
Boulevard Francois-Xavier Faffeur, Zone Industrielle Lannolier, 11000, Carcassonne, France	78
La Fregate, 19 avenue Jacques Cartier, 44800, Saint-Herblain, France	79
Lieudit la Trentaine, 77690, La Genevraye, France	80
Route Nationale 97, ZA Les Plantades, 83130 La Garde, France	81
Route Nationale, 57420, Louvigny, France	82
Rue Nungesser et Coli, D2a Nantes Atlantique, 44860, Saint-Aignan de Grand Lieu, France	83
Rue Pierre Pascal Fauvelle, 66000 Perpignan, France	84
Rue Réaumur, départementale 939, PA du Jardin, 28000, Chartres, France	85
Zone Artisanale Maritime du Bassin de Thau, Route de Sète, 34540 Balaruc-les-Bains, France	86
Elbestraße 1-3, 45768 Marl, Germany	87
Friedrichstrasse 2, 40699 Erkrath, Germany	88
Kitzingstr. 15-19, 12277, Berlin, Germany	89
Magirus-Deutz-Straße 14, 89077, Ulm, Germany	90
Maysweg 11, 47918 Tönisvorst, Germany	91
Otto-Diehls-Straße 13-17, 48291 Telgte, Germany	93
Stadtweide 17, 46446 Emmerich, Germany	94
Theodor-Heuss-Strasse 3, Leipheim, D-89340, Germany	95
11th Floor, One Pacific Place, 88 Queensway, Hong Kong	96
Room 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, Hong Kong	97
Unit 26, 22/F, Metro Centre II, Lam Hing St., Kowloon Bay, Kowloon, Hong Kong	98
Unit 3-4 18F Tower 6, China Hong Kong City, Tsim Sha Tsui, Kowloon, Hong Kong	99
2336 Dunavarsány, 071/33 hrsz, Hungary	100
Vendel Park, Erdőalja út 3, 2051 Biatorbágy, Hungary	101
10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland	102
B2 Athy Business Campus, Athy, Kildare, Ireland	103
4 Kinneret Street, POB 1139, Airport City, Ben Gurion Airport, 7019802, Israel	104
Emek Ha'Ela 250, Modi'in, P.O.B 553, LOD 7110601, Israel	105
Corsa Italia n.6, 50123 Florence, Italy	106
Via 8 Marzo n. 6, 42025 Corte Tegge di Cavriago, Reggio Emilia, Italy	107
Via Brigata Reggio no. 24, Reggio Emilia, Italy	108
Via dell'Euro, 69/71, Barletta (BT), Italy	109
8.03, 8th Floor Plaza First Nationwide 161, Jalan Tun H.S. Lee 50000 Kuala Lumpur, Malaysia	110
Av. del sauce número 1600, Col. La angostura, City of San Luis Potosí, S.L.P, 78117, Mexico	111
Avenida Cafetales No. 1702, Interior 201, between streets Rancho Recoveco and Rancho Estopila, Hacienda de Coyoacán, Coyoacán, 04970, Mexico	112
Calle Rio San Lorenzo No. 503, Col. Fuentes del Valle, CP 6620, CD San Pedro Garza Garcia, Nuevo León, Mexico	113
Carretera al CUCBA No. 400 Interior 5, Colonia La Venta del Astillero, C.P. 45221 Zapopan, Jalisco, Mexico	114
Carretera Corredor Tijuana Rosarito 2000 Exterior 15202., Interior Mt3 A, Colonia Zona Cerril General, Tijuana, Baja California, Mexico	115
Carretera Miguel Alemán KM21 Edificio 4C Prologis Park, Apodaca, N.L., México C.P, 66627, Mexico	116
Galileo # 11, Colonia Polanco V Secc., Delagación Miguel Hidalgo, 11560, Ciudad de México, Mexico	117
Lot 1 of Block 5 of Parque Industrial Tecate, Tecate, Baja California, Mexico	118
Nicaragua 205, Arbide, León, Guanajuato, 37360, Mexico	119
Pablo A. Gonzalez Garza Pte., 820, Chepevera, Monterrey, Nuevo León, 64030, Mexico	120
Rio San Lorenzo No. 503 Local I, Col. Fuentes Del Valle, San Pedro Garza Garcia, C.P. 66220, Mexico	121
C/O CAE, ILOT 43B Bureau 9/18, Zone Franche d'Exportation, 90000 Tanger, Morocco	122
Bijsterhuizen 3005C, 6604 LP Wijchen, Netherlands	123
Delta 57, 6825 ML Arnhem, Netherlands	124
Ekkersrijt 3102A, 5692CC, Son en Breugel, Netherlands	125
Grotewei 2, 4004 LW Tiel, Netherlands	126
Industrieweg 11B, 1566JN, Assendelft, Netherlands	127
Jan Campertlaan 6, 3201AX, Spijkenisse, Netherlands	128
Keizersgracht 241, 1016EA, Amsterdam, Netherlands	129
Koivistokade 80, 1013 BB, Amsterdam, Netherlands	130
Kraaiendonk 46, 5428 NZ Venhorst, Netherlands	131
Maxwellstraat 49, 6716 BX Ede, Netherlands	132
Portugallaan 3, 9403DR, Assen, Netherlands	133
Rondebeltweg 82, 1329 BG Almere, Netherlands	134
Hagenaar 3, 3961 NP Wijk bij Duurstede, Netherlands	135
109 Carlton Gore Road, Newmarket, Auckland, 1023, New Zealand	136
32D Poland Road, Wairau Valley, Auckland, 0627, New Zealand	137
494 Rosebank Road, Avondale, Auckland, 1026, New Zealand	138
686 Rosebank Road, Avondale, Auckland, 1026, New Zealand	139
97 Sawyers Arm Road, Christchurch, 8052, New Zealand	140
KPMG Level 5, 79 Cashel Street, Christchurch, 8140, New Zealand	141
Level 3, 109 Carlton Gore Road, Newmarket, Auckland, 1023, New Zealand	142
c/o Enor AS, Holmaveien 20, 1339 Vøyenenga, Norway	143
Holmaveien 20, 1339 Vøyenenga, Norway	144
Nordbyveien 23A, 3038 Drammen, Norway	145
Av. Santa Rosa 350. Ate., Lima, Peru	146
Gliwaka, no. 136, Mikolow, 43-190	147
Starowiejska, no. 2, Czechowice-Dziedzice, 43-502, Poland	148
PO Box 6494, PR 00914-6494, San Juan, Puerto Rico	149
Sat Dragomiresti-Deal, Comuna Dragomiresti-Vale, DE 287/1, Bucharest West Logistic Park, Cladirea C, Unitatea C01, Ilfov, Romania	150
1 Penjuru Close, 608617, Singapore	151
190 Middle Road #16-01, Fortune Centre, 188979, Singapore	152
Jilemnickeho 1012/14, Pezinok, 902 01, Slovakia	153
Avenida Blas Infante 6, Edificio Urbis, Planta 10, Puerta A, Módulo 3, Sevilla, 41011, Spain	154
Calle Ana Abarca de Bolea 22, Nave A, polígono industrial El Pilar, Zaragoza, Spain	155
Calle Carnissers, 2, Poligono Industrial Cim El Camp, Carretera Reus-Tarragona, Reus (Tarragona), 43204, Spain	156
Calle Castilla-León, Parcela 45 Onda, 12200, Castellón, Spain	157
Calle Filats 8, Polg. Industrial Prologis Park, 08830 Sant Boi de Llobregat, Barcelona, Spain	158

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Registered office address	Key
Calle las Palmeras 7, Polígono Industrial La Sendeilla, 28350 Ciempozuelos, Spain	159
Calle Pino Albar, number 24, P.I. El Pino, Seville, C.P. 41016, Spain	160
Calle Rosario 22, Villamartín, Cádiz, 11650, Spain	161
Carretera de Madrid Km 314 – Nave 3ª, polígono industrial Jesús Vicente, Zaragoza, Spain	162
Cartagena, Murcia, poligono industrial Cabezo Beaza, Avenida Bruselas, 30353, esquina calle Amsterdam, parcela R 100, Spain	163
Corretger No 115-117-119, Parque Empresarial Táctica, Paterna, 46980, Valencia, Spain	164
Edificio Plaza, Nave 5, Ali-4 Plataforma Logistica de Zaragoza, 50197, Zaragoza, Spain	165
Parque Tecnológico, Avenida del Desarrollo Tecnológico 17, Guadalcacín, Cádiz, Spain	166
Polig. Erribera Industria Gunea, 8-A, Aduna (Gipuzkoa), Spain	167
Rosalia de Castro, 5, As Pontes de García Rodríguez, A Coruña, Spain	168
Santo Domingo De La Calzada, La Rioja, 26250, Carretera De Logrono, Spain	169
Güterstrasse, 4313 Möhlin, Switzerland	170
Nordring 2, 4147 Aesch, Switzerland	171
Route des Jeunes 5D, c/o Télios SA, 1227 Les Acacias, Genève, Switzerland	172
Rue Pierre-Yerly 10, 1762, Givisiez, Switzerland	173
Akçaburgaz Mahallesi, 3137. Sokak, No.19, Esenyurt, Istanbul, Turkey	174
Arapcami Mah, Tersane Cad, No. 115, Beyoğlu, Istanbul, Turkey	175
Barbaros Mah., Begonya Sk., Nidakule Kuzey Ataşehir Apt., No:3/157, Ataşehir, İstanbul, Turkey	176
71-75 Shelton Street, Covent Garden, London, WC2H 9JQ, United Kingdom	177

Registered office address	Key
Arthur Cox, Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS, United Kingdom	178
York House, 45 Seymour Street, London, W1H 7JT, United Kingdom	179
2915 SR 590, Suite 15, Clearwater FL 33759, United States	180
Corporation Service Company, 100 Shockoe Slip, 2nd Floor, Richmond VA 23219, United States	181
Corporation Service Company, 2345 Rice Street, Suite 230, Roseville MN 55113, United States	182
Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States	183
Corporation Service Company, 2710 Gateway Oaks Drive, Suite 150N, Sacramento CA 95833-3505, United States	184
Corporation Service Company, 2908 Poston Avenue, Nashville TN 37203-1312, United States	185
Corporation Service Company, 300 Deschutes Way SW, Suite 304, Turnwater WA 98501, United States	186
Corporation Service Company, 80 State Street, Albany NY 12207-2543, United States	187
Corporation Service Company, 84 State Street, Boston MA 02109, United States	188
CSC-Lawyers Incorporating Service Company, 221 Bolivar Street, Jefferson City MO 65101, United States	189
Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield IL 62703-4261, United States	190
The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	191
César Cortinas 2037, Montevideo, Uruguay	192

Financial calendar

	2024
Annual General Meeting	24 April
Results for the half year to 30 June 2024	27 August

	2025
Results for the year to 31 December 2024	February
Annual Report circulated	March

Dividend payments are normally made on the second working day of the following months:

Ordinary shares (final)	July
Ordinary shares (interim)	January

Analysis of ordinary shareholders

At 31 December 2023 the Company had 4,351 (2022: 4,559) registered shareholders who held 338.0 million (2022: 337.7 million) ordinary shares between them, analysed as follows:

Size of holding	Number of shareholders	% of issued share capital
0 – 10,000	3,682	1
10,001 – 100,000	394	4
100,001 – 500,000	190	13
500,001 – 1,000,000	43	9
1,000,001 and over	42	72
	4,351	100

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone +44 (0) 370 889 3257
Email webqueries@computershare.co.uk
Website www.computershare.com

Investor Centre

Shareholders can manage their shareholding online at www.investorcentre.co.uk. The Investor Centre is our registrar's easy to use website, available 24 hours a day, seven days a week, where the following services are available:

- elect for electronic communications;
- change of address;
- view share balance information;
- join the dividend reinvestment plan; and
- view dividend payment and tax information.

In order to register for the Investor Centre, shareholders will need their shareholder reference number which can be found on either their share certificate or dividend confirmations.

Dividend payment by BACS

Shareholders can have their dividends paid directly into their bank or building society account using the Bankers' Automated Clearing Service ('BACS'). This means that dividends will be in the account on the same day the dividend payment is made. To use this method of payment please contact our registrar on +44 (0) 370 889 3257 or visit the Investor Centre website. Please note that this option will not override any existing dividend scheme mandate, which would need to be revoked in writing. Shareholders who have elected to have their dividends paid by BACS and who have registered a valid email address with the registrar will be able to access their dividend confirmations electronically at www.investorcentre.co.uk. If no such email address has been registered, shareholders will receive their dividend confirmations by post.

SHAREHOLDER INFORMATION continued

Dividend reinvestment plan

The Company operates a dividend reinvestment plan which allows shareholders in eligible countries to use the whole of their cash dividend to buy additional shares in the Company, thereby increasing their shareholding.

Shareholders can check their eligibility in the terms and conditions and apply to join the plan online in the Investor Centre or can contact the Company's registrar to request the terms and conditions of the plan and a printed mandate form.

American Depositary Receipts

The Company has a sponsored Level 1 American Depositary Receipt programme that trades on the over-the-counter market in the US with ticker BZLFY. Citibank N.A. acts as the Depositary Bank.
Telephone Citibank +1 781 575 4555
Email citibank@shareholders-online.com
Website www.citi.com/dr

International payment option

Shareholders may if they wish have their dividend payments paid directly into their bank account in certain foreign currencies. Please contact the Company's registrar on +44 (0) 370 889 3257 to request further information about the currencies for which this service is available.

Share dealing

Bunzl plc shares can be traded through most banks and stockbrokers. The Company's registrar also offers an internet and postal dealing service. Further details can be found at www-uk.computershare.com/Investor/#ShareDealingInfo or by telephoning +44 (0) 370 889 3257.

ShareGift

Sometimes shareholders have only a small holding of shares which may be uneconomical to sell. Shareholders who wish to donate these shares to charity can do so through ShareGift, an independent charity share donation scheme (registered charity no. 1052686). Further information about ShareGift may be obtained from ShareGift on +44 (0) 20 7930 3737 or at www.sharegift.org.

Shareholder security

Shareholders are advised to be cautious about any unsolicited financial advice, offers to buy shares at a discount or offers of free company reports. More detailed information about this can be found at www.fca.org.uk in the Consumers section and at www.fca.org.uk/scamsmart. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Independent auditors

PricewaterhouseCoopers LLP

Corporate brokers

J.P. Morgan Cazenove
UBS

Company Secretary

Suzanne Jefferies

Registered office

York House
45 Seymour Street
London W1H 7JT
Telephone +44 (0) 20 7725 5000
Website www.bunzl.com
Registered in England no. 358948

Forward-looking statements

The Annual Report contains certain statements about the future outlook for the Group. Although the Company believes that the expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

SASB REPORTING FOR BUNZL'S SUSTAINABILITY METRICS

The Sustainability Accounting Standards Board ('SASB') has industry-specific sustainability standards which identify material topics and associated metrics. The table below summarises where relevant SASB disclosures can be found throughout Bunzl's annual reporting. This is based on several standards from the materiality map as Bunzl does not fall within one clear sector. We have based our disclosure on the most relevant standards for the business that align to and cover the key sustainability themes arising from our recent materiality assessment. All of the data provided below is from 2023 unless otherwise stated.

SASB Metric	Bunzl Disclosures
Product lifecycle management	
Revenue from products that are reusable, recyclable, and/or compostable	In 2023, £2.2bn revenue was generated from packaging and products made from materials that are recyclable, compostable, reusable or made from renewable sources.
Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	We have discussed how we work with our suppliers and customers to reduce the environmental impact of packaging and products in both our Annual Report and Insight Series presentations. Pages 56 to 57. CE Insights series pages 23 to 24. BNA Insights series pages 13 to 18.
Greenhouse Gas Emissions	
Gross global Scope 1 emissions Discussion of long term and short term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	89,806 tonnes of CO_2e Our climate change/carbon strategy has been detailed in the sustainability section of our Annual Report on pages 48 to 55. A comprehensive view into how we understand, assess and manage the risks and opportunities associated with climate change can be found in our TCFD index and associated reporting. Pages 48 to 55. Our integrated process for identifying and assessing risks is detailed in the strategic report section of our Annual Report on pages 68 to 76. Our carbon reduction targets can be found on pages 48 to 49 of our Annual Report with our performance shown on pages 52 to 53. The targets are (baseline year: 2019): • Scope 1 & 2 – 50% more carbon efficient (equivalent to a 27.5% absolute reduction by 2030)* • Scope 3 – 79% of suppliers by emissions will have science-based targets by 2027* • Scope 1, 2 & 3 – 90% absolute reduction in emissions by 2050 • Net zero emissions by 2050 at the latest We have committed to the Business Ambition for 1.5ºC initiative & Race to Zero campaign. We have submitted our Net Zero plan to the SBTi for approval in 2023. * These targets have been approved by the Science-Based Targets Initiative (SBTi).

SASB Metric	Bunzl Disclosures
Greenhouse Gas Emissions	
(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	(1) Total fuel consumed: 1,442,669 GJ (2) percentage natural gas: 24% (3) percentage renewable fuel:1.3%
(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) Operational energy consumed: 1,776,617 GJ (2) percentage grid electricity: 18% (3) percentage renewable: 5.7% (total energy), 25% (total electricity)
Labour conditions in the supply chain	
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	Our auditing process is our first line of defence to prevent defective products being shipped and to ensure products comply with our ethical standards. (1) Tier 1 suppliers: All products supplied directly from Asia are through suppliers that are verified by our Global Supply Chain Solutions team and our audits typically cover c.98% of Bunzl spend across 13 Asian countries every two years. We will take a proactive, risk-based approach to responsible sourcing, identifying common issues in our supply chain and working closely with suppliers to reduce the future incidences of these. The spend coverage above (representing c.15% of our global supply chain) relates to our suppliers based in regions identified as very high risk in international rankings of human rights issues (e.g. Global Slavery Index). (2) Tier 2 suppliers: None audited as we are taking a risk based approach to working through our supply chain with our programme (and focusing on Tier 1 as a priority). Our audits and Supplier Code of Conduct demand that our Tier 1 suppliers ensure that the Code is maintained and enforced within their own supply chains, including by any sub-contractors used in executing any orders received from our Company. (3) Percentage of total audits conducted by a third-party auditor: 16%. For more information see: Pages 58 to 59 Bunzl Supplier Code of Conduct Bunzl Modern Slavery Statement

SASB REPORTING FOR BUNZL'S SUSTAINABILITY METRICS continued

SASB Metric	Bunzl Disclosures
Labour conditions in the supply chain	
Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	During 2023, our Global Supply Chain Solutions team audited 1,022 suppliers: • 956 had no critical issues (c.94% suppliers audited). • 66 underwent remediation efforts to bring them up to the required standard (c.6% suppliers audited). • Following these remediation efforts, we terminated relationships with 10 suppliers who failed to make enough progress (c.1% of suppliers audited, c.15% of suppliers requiring remediation). • Corrective action rate for suppliers requiring remediation: c.85%.
Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	Our Global Supply Chain Solutions team have identified the following risks: (1) Labour: • Child Labour. • Forced Labour (Modern Slavery) – including the use of recruitment fees. • Unfair discrimination. • Wages not meeting local legal minimum requirements. • Continuous work for more than 30 consecutive days without at least one day's rest. (2) Environmental, health and safety risks: • Whether the supplier has an Environmental Policy and an appointed business owner. • Are evacuation routes and safety exits kept clear and unblocked, and is firefighting equipment easy to access. • Whether the dormitory is located in a building separate from the workshops and warehouses. • Are the production/warehouse buildings structurally safe.

SASB Metric	Bunzl Disclosures
Workforce diversity and inclusion	
Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	We monitor the percentage of our workforce by gender and have total workforce of c.24,500 employees, 62% of them are male and 38% are female. In our senior management population (c. 500 leaders) there are 22% females and 78% males. We cannot monitor ethnicity of our total workforce or senior management population due to restrictions on capturing data in certain countries in which we operate.
Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	No compensation costs were paid in 2023.
Voluntary and involuntary turnover rates for employees	Voluntary turnover was 15.3%.

ESG APPENDIX

Double materiality methodology

1. Defining the boundaries and business context

Bunzl's operations connect our distributed, flexible supply chain with customers across multiple industries including retail, foodservice, grocery, construction and healthcare. As a result our double materiality assessment has considered the ESG impacts present across the entire value chain with appropriate consideration given to impacted stakeholders at each stage.

It is not only our value chain that is complex and dynamic, but so are the solutions we source and supply. The goods we provide to our customers cover a wide range of target sectors, product types and materials. Our assessment has recognised that these different products and materials have different associated sustainability impacts, risks and opportunities as shown in the table below.

ESG issues relating to PPE, medical equipment and workwear	• Connected with ESG topics such as biodiversity and ecosystems and workers in the value chain. • Positive ESG impacts and opportunities such as increasing access to healthcare and user health & safety.

Furthermore, our assessment has been designed to consider the impacts, risks and opportunities that might relate to the individual geographies and/or market sectors in which we operate. These impacts are not always material when aggregated at a central level but we have given some examples of regional and market specific issues that were of interest to our stakeholders on page 46.

2. Identification of potentially material topics, impacts, risks and opportunities

We used the ESRS list of sustainability topics, sub-topics and sub-sub-topics as a starting point for our double materiality assessment. This list was supplemented with information from other resources including: our previous materiality assessment, SASB reporting standards, legal requirements in our markets, widely accepted sector-specific best practice and peer benchmarking.

The desktop research was then reviewed by a cross-functional senior team and resulted in a list of:

- potentially material impacts where Bunzl's business activities and relationships could potentially affect people and the environment, and;
- risks and opportunities that could have a negative or positive financial impact on Bunzl.

3. Engagement with relevant stakeholders

During the assessment we sought insights on the potentially material impacts, risks and opportunities from different stakeholders across our value chain, including our largest suppliers of key commodities (e.g. paper & pulp, plastics and chemicals), customers from across all of our business areas, key investors and other stakeholders such as members of the Bunzl team and relevant charities.

Identify stakeholders → **Assign relevant topics** → **Tailor questions to each stakeholder** → **Invite stakeholders to participate** → **Review responses and follow up**

STAKEHOLDER ENGAGEMENT PROCESS

We assigned relevant sustainability topics to each stakeholder group and to ensure we received the best quality responses, tailored the questions to each stakeholder 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.

This 'tailoring' was based on the business relationship with Bunzl (different stakeholders would contribute different insights depending on their position in the supply chain) and the stakeholders business activities (for example a plastic packaging supplier may not be able to comment authentically on the sustainability issues relating to paper and pulp raw material sourcing).

4. Determining materiality using a defined scoring methodology and thresholds

We have used a quantitative approach to determine whether an impact, risk or opportunity is material for Bunzl. We developed a scoring criteria, aligned to Bunzl's risk assessment process, that was used by our stakeholders to analyse the lists of impacts, risks and opportunities to establish whether they were material or not.

ESG APPENDIX continued

Materiality has been assessed by using the following key factors:

Financial materiality

Financial effects	Likelihood
Potential magnitude of risks/opportunities in the short, medium and long term	Chance of occurrence (risks, opportunities and potential impacts)

Severity

Assessment based on following factors:

Scale	Scope	Irremediable character
How grave or how beneficial is the impact?	How widespread is the impact?	Limits to ability to restore to previous state (negative impacts only)

Impact materiality

Impact materiality has been assessed based on two factors: severity and likelihood. Severity can be considered as a combination of the factors of scale (how grave or beneficial an impact is), scope (how widespread an impact is), and its irremediable character (how difficult it is to undo negative changes). Financial materiality has been assessed by using two factors; potential magnitude of financial effects and likelihood. The scoring and thresholds relating to financial materiality have been aligned with the Bunzl risk assessment process and methodology.

Packaging categories

- Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure.
- We have exercised our judgement to allocate sales to the packaging and non-packaging categories as explained in the table to the right.
- In future years packaging and products may move between categories and/or may be added or removed (for example, as legislation changes, recyclability improves or if a new line of products is launched).
- We review the categorisation of our products and packaging on a quarterly basis as part of our internal controls process and have made one change this year. Food containers made from other types of plastic (e.g. PS) that are not covered by other reporting categories have been moved from category 3 to category 2. These products serve a functional purpose and we are seeing customers transition away from these products to alternatives on a like-for-like basis. As such we have positioned these sales in 'Consumable plastics likely to transition'.

Category detail and name applied by Bunzl		Description	Example products in category
Category detail: Single-use plastic products facing restriction **Bunzl name:** Consumable plastics facing regulation	1	The single-use plastic products most commonly facing restriction – i.e. outright bans or complete restriction on placing into the market within the majority of the countries in which we operate – this is the category where we expect to see some volume reduction and transition may not happen on a like-for-like basis. We have expanded these specific regulations to all Business Areas where such products are sold. This is to provide consistency, as it can be reasonably expected that legislation will follow to those areas where it does not currently apply.	Including but not limited to: Plastic cutlery Plastic plates, bowls, platters, and lids
Category detail: Single-use plastic products facing regulation (not outright restriction) **Bunzl name:** Consumable plastics likely to transition	2	Single-use plastic products that have existing measures in place (either legislative in countries we operate or voluntarily by some brands/businesses we sell to) to control their usage. As the use of these products across our Group is not completely restricted (i.e. there are no consistent bans as with category 1) and the products themselves serve a functional purpose, customers typically transition away from these products to alternatives on a like-for-like basis (including reusable options). We have expanded these specific regulations to all Business Areas where such products are sold to provide consistency.	Including but not limited to: Single-use plastic cups Paper cups and soup containers with plastic lining Lightweight plastic carrier bags EPS food containers

ESG APPENDIX continued

Category detail and name applied by Bunzl		Description	Example products in category
Category detail: Single-use plastic products where plastic is an appropriate material for the job, where alternatives are not commercially available or where substitution could cause unintended environmental consequences **Bunzl name:** Packaging and products with an important purpose	**3**	Single-use plastic products where plastic is an appropriate material for the job from a functional perspective, where alternatives do not currently exist at scale or where unmitigated, careless substitution of plastic could lead to significant negative, unintended consequences such as higher carbon emissions, water use and food waste.	Including but not limited to: Plastic food containers Plastic pouches, packets, and wrappers Baking paper and parchment
Category detail: Recyclable, reusable, compostable products, and those made from renewable resources **Bunzl name:** Packaging and products made from alternative materials	**4**	These represent the alternative solutions our customers typically transition their single-use packaging and products to. These are products that are typically recyclable or compostable, made from a renewable resource, for example palm leaf or sugar cane, plastic products containing a proportion of recycled content (where these products are also recyclable) and reusable products such as 'bags for life' or refillable coffee cups that are products specifically designed to be used more than once. National guidance (where it exists) has been used to determine the recyclability of a product. Due to the huge variation in recycling provisions globally we have expanded these criteria to all Business Areas where such products are sold to provide consistency.	Including but not limited to: PET and rPET food containers Cardboard or paperboard containers Compostable plastic cups Reusable cups Alternative materials cutlery Alternative materials plates, bowls, platters, and lids Paper bags Reusable carrier bags

Climate change scenarios

Our climate change scenarios align with the environmental and economic conditions represented in the Network for Greening the Financial System ('NGFS') scenario framework. This framework was used as the basis for the Bank of England's 2021 Biennial Exploratory Scenario on climate risks and is based on the following assumptions:

Scenario 1 – 'Orderly'

This reflects Net Zero 2050 commitments from COP26 which limit global warming to 1.5°C through stringent climate policies and innovation and assumes those jurisdictions which have committed to Net Zero (including US, EU, UK, Canada, Australia and Japan) will achieve those goals. This scenario assumes climate policies are introduced early and become gradually more stringent and that physical and transition risks increase gradually. Carbon prices increase steadily in key Bunzl countries and the use of internal combustion engine 'ICE' vehicles will be limited by regulations and market pressures. Physical and transition risks are both relatively low, however carbon prices are initially higher than the Disorderly scenario in order to encourage an earlier curbing of emissions. Customers may also increasingly express their preferences relating to the type of transportation used by Bunzl to deliver their products.

Scenario 2 – 'Disorderly'

This scenario assumes a lack of coordinated response to climate change and therefore emissions reductions are limited until 2030. Climate policies are delayed or divergent across countries and since actions are taken relatively late and are limited by available technologies, emissions reductions need to be greater than in the Orderly scenario to limit warming to below 2°C. The result is higher transition risks and higher carbon prices.

Scenario 3 – 'Hothouse world'

The final scenario assumes that Governments fail to introduce the policies needed to address climate change beyond those that are already in place. Climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Global average carbon prices remain low and emissions grow until 2080 leading to +3°C of warming with severe physical risks and irreversible global impacts.

Evaluating potential impacts of climate change on our business

The Group has considered three possible outcomes (best, medium, worst) across our key potential climate-related business impacts, under the three climate scenarios. We have assessed the impacts on a short term (to 2025) mid term (to 2030) and long term (to 2050) basis.

Shifting customer expectations

The timing of the emissions reductions required varies significantly between the Orderly, Disorderly and Hothouse scenarios. Many customers have committed to dramatically reduce carbon emissions by 2050 (with some committing to net zero) and they expect suppliers such as Bunzl to contribute to achieving these targets. Bunzl has already established a science-based reduction target in line with an Orderly scenario and will assess on an ongoing basis whether this emissions trajectory continues to meet customers' ambitions.

ESG APPENDIX continued

Environmental impacts of technology

Whilst the transition to electric and plug-in hybrid vehicles has begun, the pace and breadth of change will depend upon the climate scenarios above. Bunzl is aware of relevant current trends including the deployment of electric ('EV') and plug-in hybrid electric vehicles ('PHEV'), the energy density and range limitations of batteries for long haul trucks and the likely future cost of biofuels, which represent an important transition fuel. We considered whether a rapid increase in carbon pricing after 2030 in the Disorderly scenario could leave Bunzl with stranded assets, if trucks were to become uneconomical to run. Consideration of the environment in which we may operate under each of the climate scenarios above has led us to conclude that Bunzl will 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 marketwide and can be incorporated into sales prices. We also conclude that the risk of stranded assets is minimal, as the average life remaining on our truck and car leases is limited (estimated to 3 to 4 years).

Adaptation to extreme weather

The business impact of extreme weather is already included in our climate model, as it could be a driver of lower GDP growth. Bunzl monitors the current impact of extreme weather on our operations to ensure we remain well prepared for worsening conditions in the future. In recent years we have seen disruptions due to extreme weather in North America (hurricanes and wildfires) and Australasia (wildfires and flooding). These events were predominantly regional and in most cases we were able to serve customers from a different location. If this was not possible, then it is expected revenue would recover in a short time after conditions normalise. We have concluded that extreme weather conditions currently do not represent a material financial risk to Bunzl in excess of the impacts already modelled by considering the impact climate change will have on GDP.

Changing market dynamics

We have modelled the business impact of changing market conditions, by considering the potential for climate change to lead to lower GDP growth and higher carbon taxes:

Global GDP: 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 scenarios.

Carbon pricing is a cost levied by governments to encourage polluters to reduce the amount of greenhouse gases they emit. The Orderly scenario assumes increased carbon pricing in key Bunzl countries as a result of Government intervention and sustained consumer pressure. The Disorderly scenario reflects moderate pressure from consumers for climate action, resulting in a much lower carbon price than the Orderly scenario until 2030, when the substantial financial impacts of extreme weather events leads to a rapid policy response from Governments. A high carbon price is required from this point to drive large emissions reductions to limit global warming. Within the Hot House scenario, increases in carbon pricing remain negligible up to and beyond 2050.

Thematic area	Risk & opportunities	Response measures
Shifting customer expectations Bunzl's customers are setting more stringent environmental targets. Bunzl is increasingly expected to help customers achieve their ambitions and goals.	**Risks** Failing to align with our customers' ambitions could lead to reputational damage and loss of sales. **Opportunities** Aligning with customers' ambitions could strengthen customer relationships, build resilience to new environmental legislation and policy, and create brand differentiation. The risks and opportunities are applicable for all time horizons and are most significant in the short and medium term.	Proactive scanning of customer trends and expectations. Our customers demand a wide range of solutions from Bunzl. We will build on our role as a material-agnostic distributor to provide customers with: • information on less carbon intensive products; • expert advice on the sustainability impact of products sourced; • a broad range of product solutions suited to the application they need; • options to reduce the impact of our deliveries (see page 43); and • setting emissions reduction targets to decarbonise our operations and supply chain in line with climate science (see page 49).
Environmental impacts of technology Technological advances will drive decarbonisation of Bunzl's commercial fleet and shipping suppliers. The extent to which technological change presents a risk or opportunity for Bunzl will be determined by factors such as the development of low carbon technology for large commercial goods vehicles and deployment of charging infrastructure. Increased regulatory pressure on the use of fossil fuels for mobility is expected.	**Risks** Bunzl may need to upgrade to less carbon intensive technologies such as electric vehicle technology in our commercial goods vehicles. Regulations could limit Bunzl's access to major urban areas for last mile deliveries. **Opportunities** New technologies such as energy efficient measures in warehouses. Proactive implementation of electric vehicle technology presents opportunities for strengthened customer relationships and brand differentiation, in addition to emissions reductions. The risks and opportunities are applicable for all time horizons and are most significant in the medium term.	Continuing and accelerating the introduction of technology in our warehouse operations with a focus on implementation of energy efficient lighting and solar photovoltaic panels (see page 53). Piloting new low carbon transport technologies (such as electric vehicle technology and biofuels) for use in our commercial fleet, ahead of full adoption once large vehicle technologies become technically and economically viable.

ESG APPENDIX continued

Thematic area	Risk & opportunities	Response measures
Adaptation to extreme weather Bunzl's suppliers and operations have already experienced the impacts of extreme weather. For example, hurricanes in North America have disrupted Bunzl's distribution activities and wildfires have threatened Bunzl's Australian operations. In both cases, we have been able to mitigate the risks to ensure supply.	**Risks** The severity and frequency of extreme weather events could increase in the future. While the flexibility of Bunzl's supply chain has provided good operational resilience to the physical impacts of climate change, there could be an impact if several key customers in a high risk region were impacted simultaneously. More chronic impacts of climate change, such as drought or increased rainfall may, in certain circumstances, also lead to resource shortages and price volatility of raw materials and packaging. **Opportunities** Our supply chain flexibility and lack of fixed manufacturing assets provide an opportunity to quickly respond to changing operating conditions such as flooding and erosion caused by changed weather patterns. The risks and opportunities are applicable for all time horizons and are most significant in the medium and long term.	Proven business continuity plans have ensured continued service to customers. Resilience through supply chain flexibility and lack of fixed manufacturing assets.
Changing market dynamics The direct (physical) and indirect (transitional) risk may change the dynamics of the markets in which Bunzl operates. A key potential impact could come from carbon pricing, leading to some increase in costs of carbon intensive products. Climate change may create a demand for low carbon products or the supply of products which help mitigate the physical impacts of climate change. Certain markets may also be increasingly affected by extreme weather.	**Risks** Bunzl may face the risk of some increases in indirect costs from carbon intensive products. Certain markets may be increasingly affected by extreme weather (i.e. disruption to the hospitality industry in areas impacted by wildfires and flooding) which could impact our commercial strategy. **Opportunities** Our material agnostic business model and flexible supply chain allows us to benefit from opportunities to source and supply specialist low carbon products, or to acquire business and/or supply products which help mitigate the physical impacts of climate change. The risks and opportunities are applicable for all time horizons and are most significant in the medium and long term.	Bunzl is agnostic to the type of products it sources and supplies. This allows us to follow broader environmental, social and economic trends, entering new markets and seeking new customers where there is a business case for doing so. The ability to effectively pass through any increased costs of products in our supply chain (for example due to carbon pricing mechanisms) to our customers.

Emissions reporting and environmental performance

Greenhouse gas emissions scope 1 and scope 2 data (Group)

Data for the period 1 October to 30 September	2019	2020	2021	2022	2023
Scope 1					
Total emissions (tonnes of CO_2e)	99,193	90,568	87,125	93,405	**89,806◊**
Emission intensity (tonnes of CO_2e/£m revenue)	10.7	9.5	8.5	8.1	**7.6◊**
Natural gas usage (m³)	8,912,413	8,082,813	8,272,123	9,650,228	**8,658,861**
Fuel usage (ltr)	31,523,097	29,306,537	28,060,702	29,099,858	**29,216,415**
Fuel intensity (ltr/£m revenue)	3.4	3.1	2.7	2.5	**2.4**
Scope 2					
Emissions location-based (tonnes of CO_2e)	29,594	27,421	25,043	27,895	**28,011◊**
Emission intensity location-based (tonnes of CO_2e/£m revenue)	3.2	2.9	2.4	2.4	**2.3◊**
Emissions market-based (tonnes of CO_2e)	29,835	26,183	25,025	27,337	**25,576◊**
Emission intensity market-based (tonnes of CO_2e/£m revenue)	3.2	2.7	2.4	2.4	**2.1◊**
Electricity usage (MWh)	83,062	80,276	79,057	93,224	**90,221**
% renewable electricity	NA	15	14	17	**25◊**
Total scope 1 and 2 emissions					
Emissions location-based (tonnes of CO_2e)	128,787	117,989	112,168	121,300	**117,817◊**
Emission intensity location-based (tonnes of CO_2e/£m revenue)	13.9	12.4	10.9	10.5	**9.9◊**
Emissions market-based (tonnes of CO_2e)	129,028	116,751	112,150	120,742	**115,382◊**
Emission intensity market-based (tonnes of CO_2e/£m revenue)	13.9	12.2	10.9	10.5	**9.7◊**
Total energy (MWh) (including self-generated)	516,775	480,711	470,941	510,524	**493,505**

◊ Included in the external auditors limited assurance scope. See Data Assurance statement, which is available on our website, www.bunzl.com. The location-based emissions and intensity data for previous years was also assured as detailed in the respective Annual Reports.

Scope 1 and 2 emissions data requires significant time to collect and categorise and as a result there is a three-month time lag between our financial data and scope 1 and 2 emissions data.

Our absolute carbon emissions decreased by 4% during the year. The divestment of the Healthcare business reduced our emissions by 1%, which was offset by an increase by 1% due to acquisitions. The remaining decrease was driven by an increased uptake of electric vehicles (particularly in UK & Ireland and Continental Europe), energy efficiency improvements and increased procurement of renewable energy (from 17 to 25%).

ESG APPENDIX continued

Fuel used for transportation remains our highest source of operational emissions, contributing c.80% of our scope 1 emissions. Of those emissions relating to transportation, c.81% are generated by our fleet of commercial vehicles.

Performance against carbon reduction targets

Data for the period 1 October to 30 September	2019	2023	2022 % reduction (vs 2019)	2030 target (vs 2019)
Total scope 1 and scope 2 emissions market-based (tonnes of CO_2e)	141,320[1]	**115,382◊**	18	27.5%
Emission intensity market-based (tonnes of CO_2e/£m revenue)	13.8	**9.7◊**	30	50%

1. Emissions and emissions intensity in our baseline year have been recalculated to reflect the impact of acquisitions.
◊ Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com.

Greenhouse gas emissions data (UK)*

Data for the period 1 October to 30 September	2019	2022	2021	2022	2023
Scope 1 emissions (tonnes of CO_2e)	17,211	15,261	14,845	15,479	**14,165**
Scope 2 emissions (tonnes of CO_2e) (location-based)	2,660	2,847	2,511	2,215	**2,161**
Total scope 1 and 2 emissions (tonnes of CO_2e)	19,871	18,108	17,356	17,694	**16,325**
Emission intensity (tonnes of CO_2e/£m revenue)	17.0	14.9	14.6	13.4	**12.9**
Natural gas usage (m3)	469,573	486,661	419,138	425,053	**480,585**
Fuel usage (ltr)	6,271,182	5,606,760	5,572,556	5,716,256	**5,326,859**
Electricity usage (MWh)	10,405	11,140	9,823	11,292	**10,340**
Total energy consumption (MWh)	82,084	75,812	73,815	76,744	**71,064**

* Energy usage and carbon emissions disclosed separately to adopt to the requirements of the UK Streamlined Energy and Carbon Reporting ('SECR') policy.

Our reported environmental data includes all businesses that are subsidiaries of the Group for financial reporting purposes, except for recent acquisitions where there has been insufficient opportunity for the businesses to adopt our reporting guidelines. The revenue from these businesses is not included when calculating the indexed emissions. The reported data covers 99.4% of the Group by revenue.

Bunzl has a Group wide approach to recording, measuring and reporting energy and climate change data. Business Areas are responsible for data input and monitoring progress against targets and providing commentary on significant variances and on the implementation of projects aimed at improving EHS performance. All data is reported in the Group's central EHS reporting and consolidation system. More details can be found in the Group reporting guidelines on our website www.bunzl.com/sustainability/sustainability-reporting.

Scope 3:

In 2023, we assessed the scope 3 Forest, Land, and Agriculture ('FLAG') emissions relevant to Bunzl. FLAG emissions are the emissions associated with land use change and other land-related activities. In Bunzl's supply chain these emissions are relevant within the scope 3 category Purchased Goods & Services (particularly paper and textile products). We have screened the relevant materials and engaged a third party to identify the emission factors required to calculate our FLAG emissions.

In 2023, we have also introduced minor changes to the calculation of scope 3 transport emissions. These changes have also been applied to our 2019 and 2021 emissions calculations. We have also rebased our 2019 emissions to take account of acquisitions made after 2019 (our baseline year). Scope 3 emissions are summarised in the table below. The calculation of the emissions associated with purchased goods and services, which is our largest scope 3 emission source, is based on supplier spend. The economic emission intensity factors that we use for this calculation do not account for the inflation increase in 2021 and 2022, which is why the reported emissions associated with purchased goods and services have increased significantly.

We are reporting on all material scope 3 categories of emissions. Our scope 3 carbon emissions are reported based on the previous financial year ended 31 December 2022 . The scope 3 emissions calculation is complex and requires data from a large number of supply chain partners and service providers, such as third-party carriers and other logistics services providers. As a result, there is a one-year time-lag between our financial data and the scope 3 emissions data in our Annual Report. We are working to develop our access to high quality scope 3 data and to reduce the time required to calculate our scope 3 emissions. Once complete, this will allow us to report our scope 3 emissions in better alignment with our financial reporting year.

More information on the scope 3 data methodology can be found in our EHS Reporting Guidelines which are available in the Sustainability section of our website.

Greenhouse gas emissions scope 3 data (Group)

Scope 3 category	2019 (kt CO_2e)	2021 (kt CO_2e)	2022 (kt CO_2e)
Purchased goods and services*	5,337	6,348	**6,826**
Capital goods	18	18	**24**
Fuel and energy-related activities not included in scope 1 or scope 2	29	30	**31**
Upstream transportation and distribution**	299	346	**456**
Waste generation in operations	5	5	**5**
Business travel	20	11	**23**
Employee commuting	21	20	**23**
Downstream transportation and distribution**	92	81	**112**
Use of sold products	20	13	**55**
End-of-life treatment of sold products	468	483	**696**
Total scope 3 emissions	**6,309**	**7,355**	**8,251**
Rebase	557		
Total scope rebased emissions	**6,866**	**7,355**	**8,251**

* Includes FLAG emissions.
** 2019 and 2021 restated due to applied methodology changes.

ESG APPENDIX continued

Waste

The amount of waste generated in our facilities in 2023 was estimated to be 22,200 tonnes which is unchanged compared to last year. We have continued to increase completeness and accuracy of reporting, particularly by moving to centralized waste management services in certain areas.

The recycling rates strongly depend on the locally available waste recycling options. In 2023, the recycling rate remained stable at approximately 50% of the generated waste. This excludes any post-disposal waste treatment and recycling carried out by waste handlers. The reported waste data covers more than 99% of the Group by revenue although accurate waste measurement remains challenging in geographies with less advanced waste management infrastructures.

Water

Direct water usage is not a significant environmental impact for our business as it is principally confined to staff hygiene and workplace cleaning, with the exception of a very small number of sites where we process gel or ice packs which contain water. Water discharges, apart from internal sanitation, are limited to rainwater run-off from the yards of our locations. Our estimated water usage is 224,000 m3 of water per year. Despite the increase in employees in the Group, the usage is slightly lower than last year due to increased accuracy of reporting.

Environmental management system certification

We have developed an internal EHS management system standard that is based on ISO 14001 and ISO 45001. Some parts of the business, mainly in UK & Ireland, Asia Pacific and Continental Europe, have elected to become formally certified. These businesses cover approximately 25% of the Group's operations (measured by revenue).

Health & safety

Health & safety indicators	2019	2020	2021	2022	2023
Average number of incidents per month per 100,000 employees	96	85	86	80	**88◊**
Average number of days lost per month per 100,000 employees	3,110	3,040	2,615	2,441	**2,338◊**
Fatalities	0	0	0	0	**0**

◊ Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com. The data for previous years was also assured as detailed in the respective Annual Reports.

Targets for 2023:

Reduce the Group accident incidence rate by 3% from 2022. Reduce the Group accident severity rate by 3% from 2022.

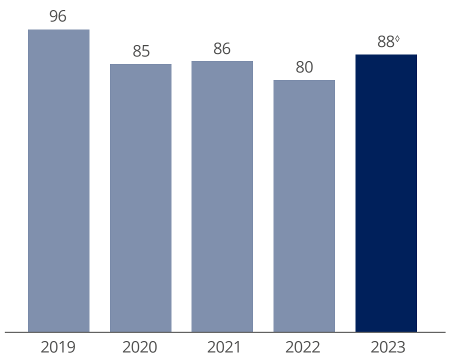
The 2023 Group accident incidence rate of 88 represents a 10% increase versus 2022. The 2023 Group accident severity rate of 2,338 represents a 4% improvement versus 2022.

Injuries relating to the operation of our warehouses and vehicles, such as manual handling, falling, slipping and tripping and impact with equipment remain the highest causes of accidents. In addition to the number of accidents, we use a variety of leading indicators, such as near misses, the number of safety meetings and the number of inspections to measure our performance and to identify areas for ongoing improvement. Despite this, we have not been able to achieve our incidence reduction target for reporting year 2023. We have carried out an in-depth review of this increase to identify root causes and to ensure that our accident reduction programmes remain adequate. In 2024, we aim to update our global Health & Safety standards and focus on enhancing a proactive safety culture across the Group. We are currently introducing a new global integrated EHS data management system. We plan to complete this process in 2024. The new system will provide one platform globally to report data, carry out audits and inspections and to record and monitor actions. It is a key element of our programme going forward.

Targets for 2024:

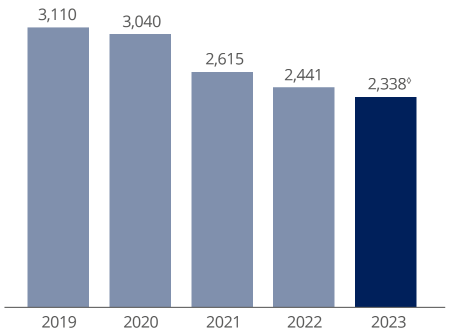
Reduce the Group accident incidence rate by 3% from 2023
Reduce the Group accident severity rate by 3% from 2023

Incidence rate
Average number of incidents per month per 100,000 employees



12 months to 30 September.

Severity rate
Average number of days lost per month per 100,000 employees



12 months to 30 September.

◊ Included in the external auditors' assurance scope
See data assurance statement which is available on our website, www.bunzl.com
The data for previous years was also assured as detailed in the respective Annual Reports

External assurance

We engaged PricewaterhouseCoopers LLP 'PwC' to undertake a limited assurance engagement, reporting to Bunzl plc only, using International Standard on Assurance Engagements 'ISAE' 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and ISAE 3410: 'Assurance Engagements on Greenhouse Gas Statements' over the two non-financial KPIs highlighted on page 41 and the selected data on page 52 of the Sustainability Report and in the ESG Appendix. In each case that has been highlighted with the symbol '◊'.

PwC has provided an unqualified opinion in relation to the relevant KPIs and data and their full assurance opinion is available in the Sustainability section of our Group website, www.bunzl.com. Non-financial performance information, including greenhouse gas quantification in particular, is subject to more inherent limitations than financial information. It is important to read the selected information contained in this Annual Report in the context of PwC's full limited assurance opinion and the Company's EHS Reporting Guidelines which are also available in the Sustainability section of our website.

ESG APPENDIX continued

Supply chain risk assessment

To guide our responsible sourcing work effectively, we partnered with the Non-Governmental Organisation ('NGO') Stop the Traffik which has applied its methodology to rank the inherent modern slavery and human rights risks in our supply chain. This work was based on a combination of the sourcing country and market sector applicable to the products and services being procured.

In our supplier risk assessment work we place primary focus on the inherent modern slavery risks in the countries that we source our products from (see Category A below for examples). However, we are aware that lower risk countries can contain industry sectors with an increased risk of modern slavery issues (see Category B below for examples and our approach to mitigation).

The table below provides an overview of how we categorise the modern slavery risks associated with our suppliers and the risk mitigations we apply.

Category	Description	Countries and product sectors	Risk mitigation
Category A (low overall spend)	Suppliers operating in very high or high risk countries regardless of product risk sector. Our responsible sourcing target to 2025 covers this category.	Most Asian countries. Key countries outside of Asia are Brazil, Turkey, Mexico, Poland and Israel.	• Standard or enhanced Bunzl audit process in Asia. • Risk-based assessment and audit process outside Asia (self-assessment will be used to determine the most appropriate approach). • Type of audit (standard or enhanced) to be determined by product risk sector and other leverage factors such as spend and number of employees at supplier location.
Category B (low overall spend)	Suppliers operating in lower risk countries but operating in a very high or high product risk sector. Very high and high risk product sectors: • Manufacturing of wearing apparel • Manufacturing of textiles • Manufacture of leather products	In various countries such as USA, UK and France.	Similar assessment and auditing techniques to Category A but targeting specific sectors in these countries. These will be conducted at a lower frequency or by using proactive spot checks.
Category C (high overall spend)	Suppliers operating in lower risk countries and operating in lower risk product sectors. Lower risk product sectors: • Manufacture of rubber and plastic products • Manufacture of paper and paper products • Manufacture of chemicals and chemical products	In various countries such as USA, UK, France and the Netherlands.	These suppliers are provided with Bunzl's Supplier Code of Conduct.

Code of conduct

The Group's business code of conduct is a guide for every employee explaining how they are expected to conduct themselves both from a corporate and individual perspective.

	2021	2022	2023	Comment
Material breaches of code of conduct	0	0	4	In 2023, 4 material breaches of our code of conduct were recorded.
Speak up	33	83	141	In 2023 we received 141 reports through our confidential whistle blowing process, 'Speak Up', 17 of which related to the 4 material breaches of our code of conduct. The increase in cases is likely due to several factors; an increase in the number of clustered reports relating to the same issue; new acquisitions and greater awareness of the policy following the global Fraud Investigation Toolkit training sessions.

ESG APPENDIX continued

Employees

Engaging with our employees with clear communications and the provision of learning and development opportunities

	2021	2022	2023	What we said we would do in 2023	What we did	What we plan to do in 2024
Employee turnover: Voluntary	17.3%	17.1%	15.3%	Ensure that we have a competitive employment proposition which reflects the local labour market. Continue our strategy of listening to understand employee engagement in more detail.	Continued to strengthen our employer brand both internally and externally to elevate ourselves as an employer of choice. Used data from the Great Place To Work survey to further understand levels of engagement of new staff.	Pilot to gather targeted feedback from new joiners to understand early views on employee experience. Analyse employee survey engagement consolidated data from leavers to understand any barriers to staying at Bunzl. Build on our employer brand work.
Gender diversity: Women at senior management level	19%	20%*	22%	Promote female role models through a focused programme of communications and extended networking events such as female leadership conferences in North America and Latin America.	Expanded our Inspiring Women in Bunzl programme and other programmes aimed at future female leaders. Continued to use feedback from listening sessions.	Continue to report on percentage of females at senior leadership level to ensure we maintain or increase current levels. Further expand networks and female-focused development programmes.
Employee engagement index score	86%	85%	69%**	Extend the pilot of Great Place To Work in our Continental Europe region. Undertake pulse surveys with specific teams to monitor progress on action plan and impact on results.	Extended the pilot of Great Place To Work to approx. 45% of our employees across all regions. Local and regional action plans were put into place following the survey results to drive continuous improvement.	Extend the Great Place To Work survey to do a full global survey for all employees in 2024 and continue to make improvements through the monitoring of actions plans.

* 2022 gender diversity figure has been restated to ensure comparison of like for like population.
** The measure used for 2023 is the overall Trust Index score from the Great Place To Work pilot survey. This is a very different measure from the previous sustainable engagement score so cannot be compared directly. This was the overall score from the 2023 pilot survey (covering approximately 45% of our employees).

Senior management (%) and employees

Males	78%	393
Females	22%*	113

* 33.3% of the Executive Committee's direct reports are female (nine employees).

Source:
HR from September 2023 (senior management group defined as the individuals who receive share awards as part of their remuneration)

Total workforce (%) and employees

Males	62%	14,668
Females	38%	9,082

Source: HR from BRMS

Average number of employees (%)

North America	38%
Continental Europe	26%
UK & Ireland	17%
Rest of the World	19%

Source: Note 26 on page 185

Total workforce age profile (%)

Under 30	18%
30–39	24%
40–54	37%
Over 55	21%

Source: HR from BRMS

ESG APPENDIX continued

Charitable contributions

Bunzl's operations are international but our strength lies in the local nature of our businesses. We support the communities where our employees live and work and encourage fundraising activities championed by our businesses and their employees locally. In 2019, we realigned our corporate charity programme to focus on environmental projects related to recycling, litter prevention, clean-up and waste management infrastructure.

During 2023 we continued to support activities in these three areas:

- charitable projects that encourage packaging reuse and recycling, and work to educate consumers;
- litter clean-up and prevention initiatives operating in our markets, giving our employees the opportunity to get involved; and
- projects that build new waste management infrastructure and develop recycling skills in some of the world's poorest places, often in areas where plastic leakage to the natural environment is highest.

Example initiatives

Charity name	Project
WasteAid	Working with local associations, WasteAid and Bunzl have provided tailored training in business skills for up to 50 waste pickers in Johannesburg, South Africa to enable them to increase their earning potential. The training was followed by the opportunity to pitch for microgrants to support their activities, for example for the purchase of handcarts or compactors, or rental of a premises for aggregating material.
Hubbub	An engagement campaign aimed at encouraging commuters in major UK cities to reduce waste and save money by remembering their reusable cups, water bottles, and lunchboxes. The campaign employed a digital approach, featuring advertisements and collaborations with social media influencers.

Group wide, Bunzl donated a total of c.£1.8m to charitable causes during 2023. This does not include amounts donated by Bunzl in matching funds raised by employees for local charities.

FIVE YEAR REVIEW

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Revenue	**11,797.1**	12,039.5	10,285.1	10,111.1	9,326.7
Operating profit	**789.1**	701.6	623.3	618.5	528.4
Finance income	**60.4**	22.3	10.7	10.4	12.4
Finance expense	**(150.9)**	(90.2)	(65.3)	(73.2)	(87.5)
Disposal of businesses	**–**	0.9	–	–	–
Profit before income tax	**698.6**	634.6	568.7	555.7	453.3
Income tax	**(172.4)**	(160.2)	(125.9)	(125.7)	(104.1)
Profit for the year attributable to the Company's equity holders	**526.2**	474.4	442.8	430.0	349.2
Basic earnings per share	**157.1p**	141.7p	132.7p	128.8p	104.8p

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Alternative performance measures†					
Adjusted operating profit	**944.2**	885.9	752.8	778.4	653.3
Adjusted profit before income tax	**853.7**	818.0	698.2	715.6	578.2
Adjusted profit for the year	**640.3**	616.8	542.5	550.5	440.6
Adjusted earnings per share	**191.1p**	184.3p	162.5p	164.9p	132.2p

† See Note 3 on page 160 for further details of the alternative performance measures.

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