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.

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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

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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.

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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

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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.

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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.

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.

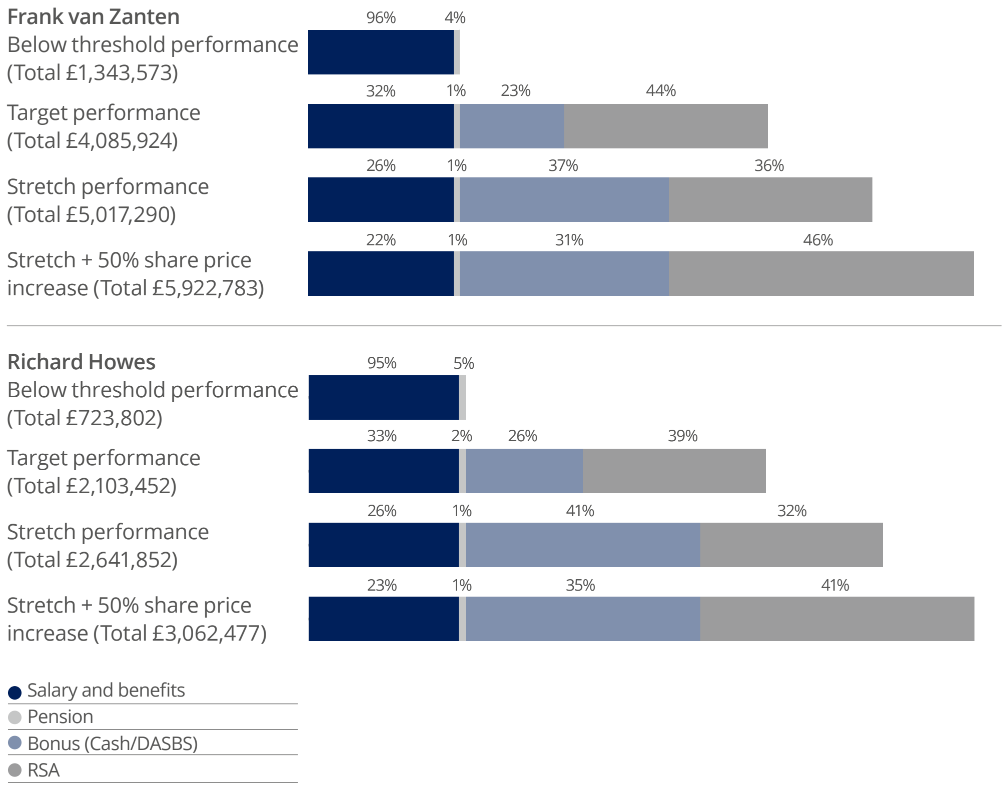
Statement of consideration of employment conditions elsewhere in the Group

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.

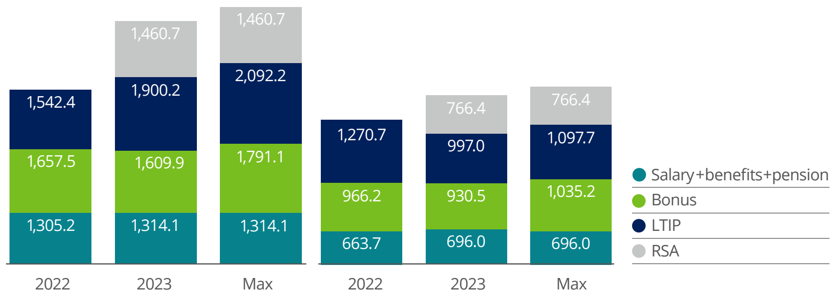
Proposed Policy changes for 2024

- 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

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.

DIRECTORS' REMUNERATION REPORT continued

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)

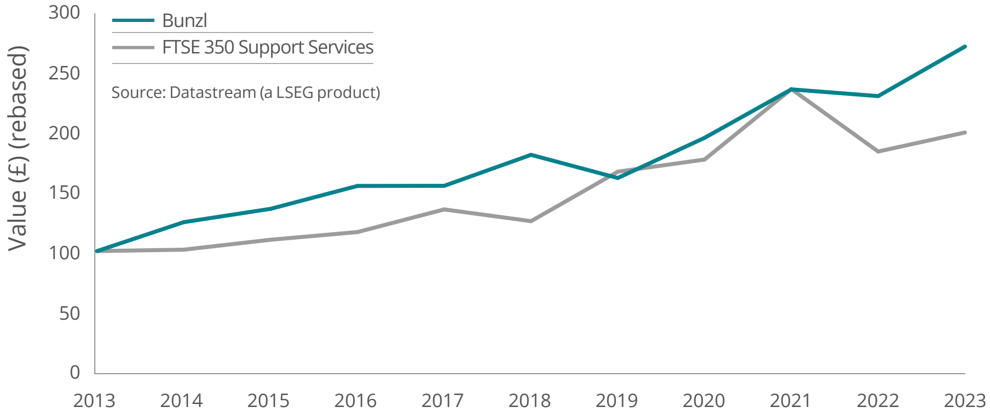
The interests of the directors, and their connected persons, in the Company's ordinary shares and share options at 31 December 2023 were:

	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.

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.

DIRECTORS' REMUNERATION REPORT continued

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