We deliver added value

Bunzl plc
Annual Report 2023

WELCOME

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

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

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

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

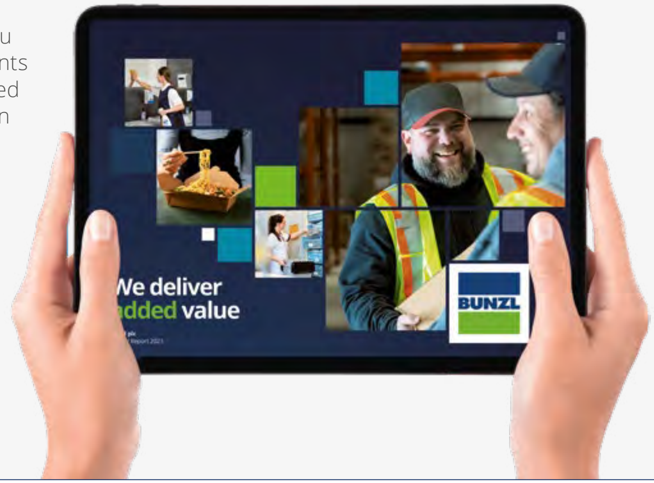
That's why we never stop adding value.

www.bunzl.com
Read more on our website

Navigating our interactive document

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

- Return to contents
- Page back
- Page forward



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

Strategic report

Directors' report

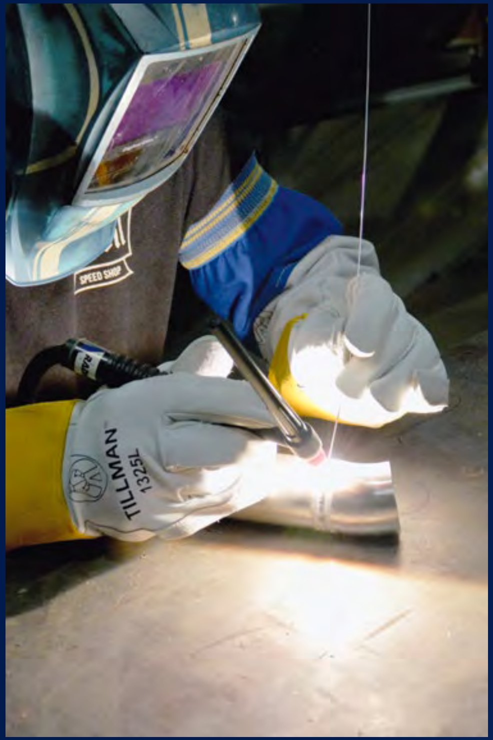
Financial statements

Additional information

KEY THEMES FOR 2023

Always adding value

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

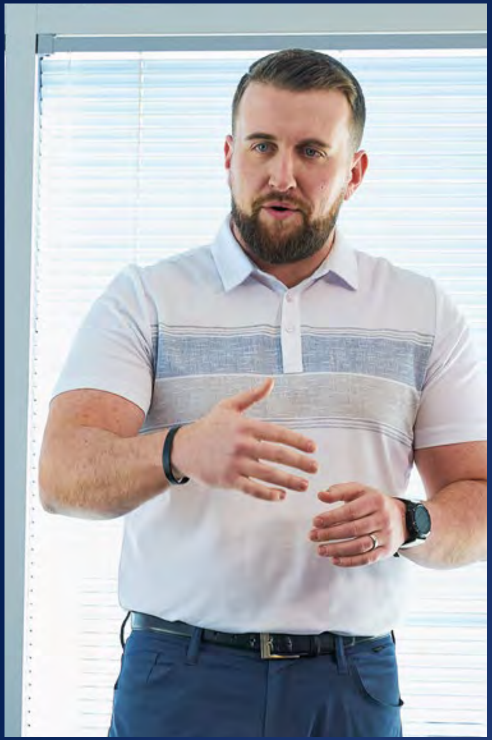


Creating and innovating

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

c.25%
Group revenue generated through own brand sales

Read more on page 20

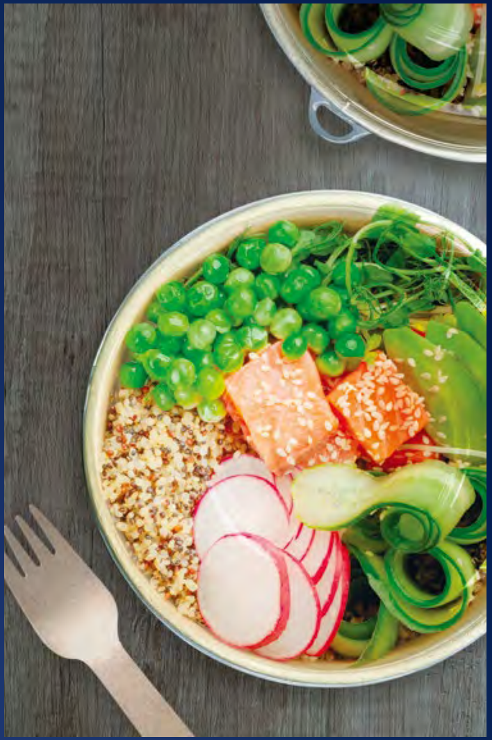


Developing and improving

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

24,528
Total number of employees around the world

Read more on page 32



Enhancing and sustaining

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

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

Read more on page 42

A YEAR IN REVIEW

Resilient results following strong performance in recent years

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

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

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

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

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

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

Financial performance highlights

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

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

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

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

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

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

Cash conversion*
96%
(2022: 107%)

Committed acquisition spend
£468m

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

31st year
of consecutive annual dividend increases

A YEAR IN REVIEW continued

Sustainability performance highlights

Responsible supply chains

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

1,022
ethical audits completed
(2022: 930)

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

Investing in a diverse workforce

22%
senior leadership* roles filled by women

+2%
compared to the same population in 2022

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

Taking action on climate change

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

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

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

Providing sustainable solutions

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

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

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

Read more on page 44

BUNZL AT A GLANCE

Supporting businesses globally with essential products and services

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

Our business regions

Adjusted operating profit*
£944.2m

North America
£528.0m

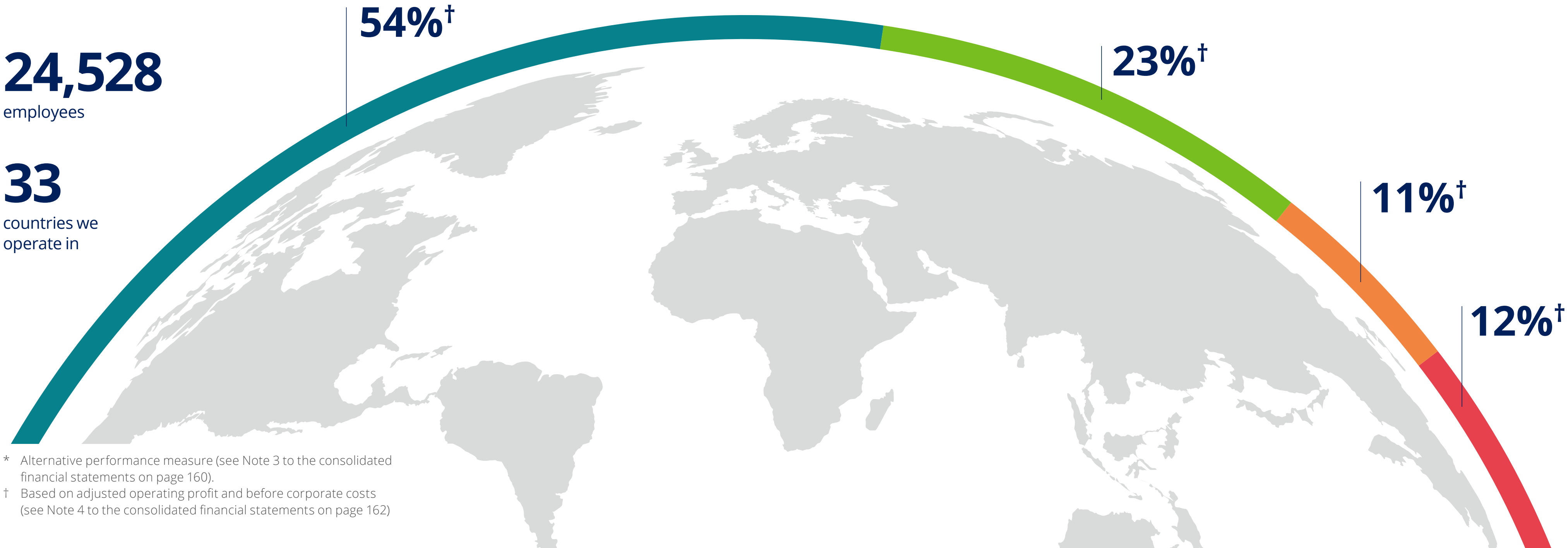
Continental Europe
£224.7m

UK & Ireland
£103.4m

Rest of the world
£119.6m

24,528
employees

33
countries we operate in



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

BUNZL AT A GLANCE continued

Our market sectors

Grocery

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

Cleaning & Hygiene

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

Foodservice

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

Retail

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

Safety

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

Healthcare

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

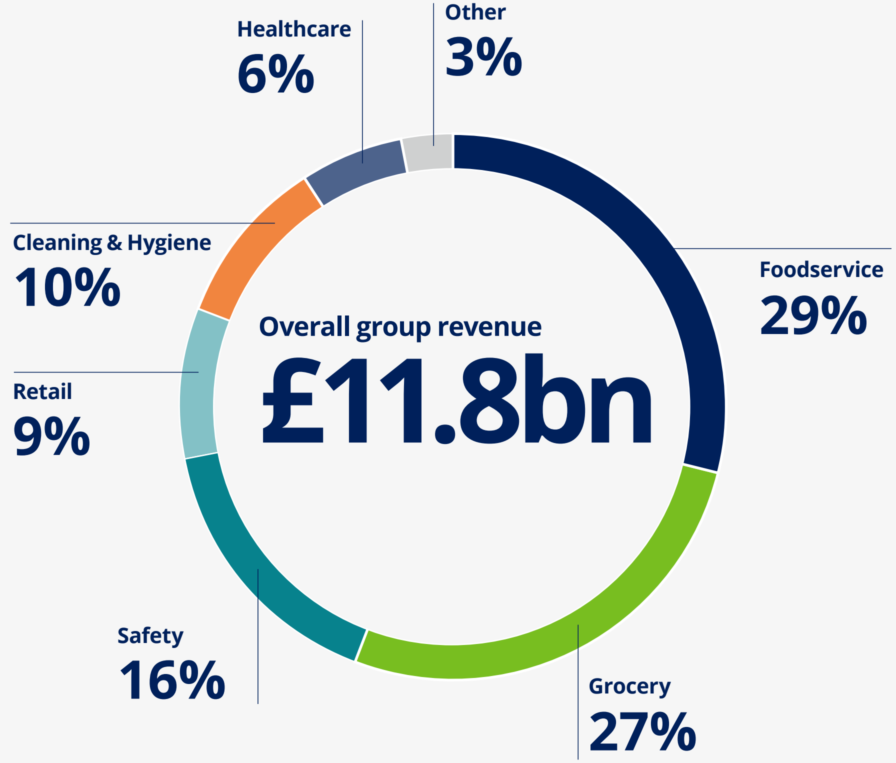
Other

A variety of product ranges to other end user markets.

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

Read more on page 22

Sector revenue split



CHAIRMAN'S STATEMENT

Peter Ventress
Chairman

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

c.75%
of our operating companies participating in our 'Great Place to Work' scheme in 2023 were accredited

Read more about our people on page 34

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

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

CHAIRMAN'S STATEMENT continued

Strategic priorities

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

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

People and culture

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

Shareholder returns

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

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

Governance

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

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

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

Peter Ventress
Chairman
26 February 2024

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

Key takeaways

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

INVESTMENT CASE

A strong track record for delivering growth and returns to shareholders

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

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

A diversified, balanced and resilient business

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

33
countries globally in which Bunzl is present

6
customer focused market sectors

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

Consistent compounding growth strategy with strong track record

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

214
acquisitions since 2004, driving organic growth

9%
Adjusted operating profit[1] CAGR since 2004

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

31 years
of consecutive annual dividend growth

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

INVESTMENT CASE continued

Significant opportunities for future growth

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

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

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

Sustainable and equitable growth

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

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

18%
reduction in scope 1 and 2 emissions since 2019

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

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

Highly cash generative and strong financial discipline

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

96%
Cash conversion[1]

15.5%
Return on invested capital[1]

46.1%
Return on average operating capital[1]

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

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

CHIEF EXECUTIVE OFFICER'S REVIEW

Frank van Zanten
Chief Executive Officer

A year of resilience, delivering growth and margin improvement

Overview

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

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

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

Robust performance

8.0%
Operating margin[1]

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

£468m
committed spend on acquisitions

1.1x
Net debt to EBITDA[1,3]

£644m
free cash flow[1]

8.9%
dividend per share growth

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

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

Operating performance

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

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

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

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

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

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

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

Key takeaways

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

CHIEF EXECUTIVE OFFICER'S REVIEW continued

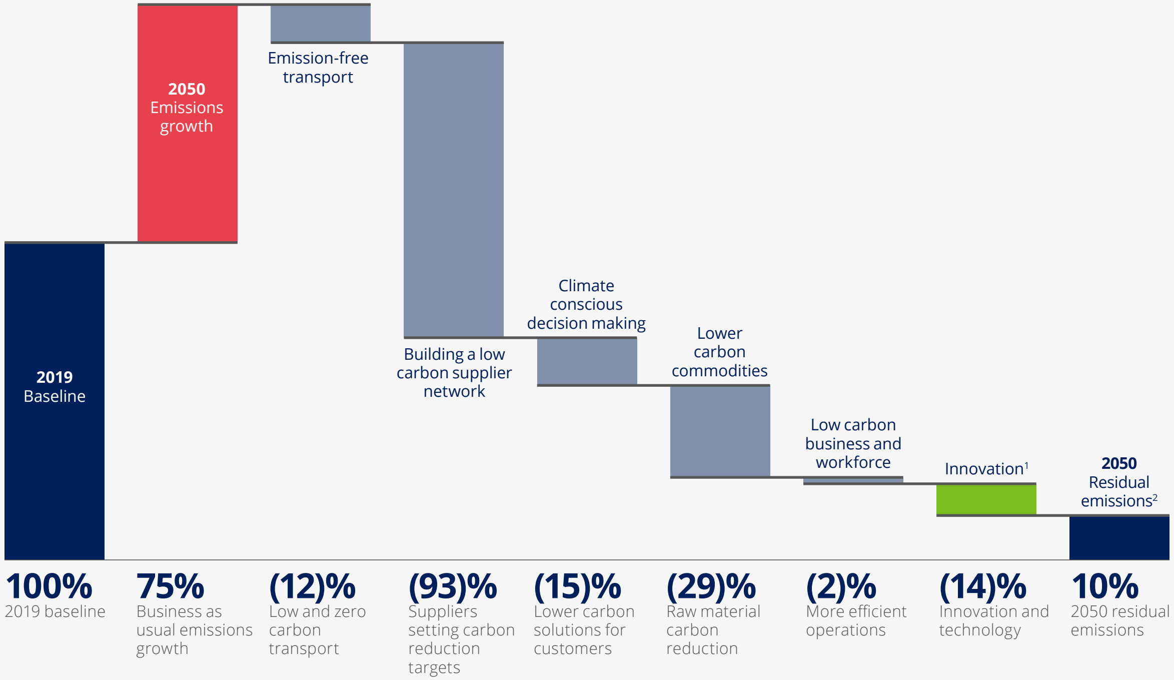
Decarbonisation impact by lever (2050)

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

Our decarbonisation levers

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

Read more about our levers on page 50



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

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

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

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

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

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

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

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

CHIEF EXECUTIVE OFFICER'S REVIEW continued

Organic growth and operational efficiency

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

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

Acquisitions

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

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

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

CHIEF EXECUTIVE OFFICER'S REVIEW continued

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

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

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

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

15.5%
Return on invested capital[1]

46.1%
Return on average operating capital[1]

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

Capital allocation

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

Equitable and sustainable growth

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

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

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

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

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

Prospects

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

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

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

Frank van Zanten
Chief Executive Officer
26 February 2024

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

CHIEF EXECUTIVE OFFICER'S REVIEW continued

Our leadership team

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

Frank van Zanten
Chief Executive Officer

Richard Howes
Chief Financial Officer

Diana Breeze
Director of Group Human Resources

Andrew Mooney
Director of Corporate Development

Suzanne Jefferies
General Counsel and Company Secretary

Jim McCool
Chief Executive Officer, North America

Alberto Grau
Managing Director, Continental Europe

Andrew Tedbury
Managing Director, UK & Ireland

Jonathan Taylor
Managing Director, Latin America

Scott Mayne
Managing Director, Asia Pacific

Mark Jordan
Group Chief Information Officer

Board of Directors page 90

OPERATING REVIEW

North America

Jim McCool
Chief Executive Officer, North America

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

Overview

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

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

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

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

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

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

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

Regional highlights

Percentage of Group adjusted operating profit*†

54%

Revenue 2023

£6,974m

(2022: £7,366m)

Growth at constant exchange rates*

(5.3)%

Underlying growth*

(5.6)%

Adjusted operating profit*

£528.0m

(2022: £511.5m)

Growth at constant exchange rates*

2.9%

Operating margin*

7.6%

(2022: 6.9%)

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

OPERATING REVIEW continued

Continental Europe

Alberto Grau
Managing Director, Continental Europe

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

Overview

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

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

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

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

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

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

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

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

Regional highlights

Percentage of Group adjusted operating profit*†

23%

Revenue 2023

£2,355m

(2022: £2,173m)

Growth at constant exchange rates*

8.4%

Underlying growth*

1.0%

Adjusted operating profit*

£224.7m

(2022: £195.1m)

Growth at constant exchange rates*

14.1%

Operating margin*

9.5%

(2022: 9.0%)

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

UK & Ireland

Andrew Tedbury
Managing Director,
UK & Ireland

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

Overview

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

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

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

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

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

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

Regional highlights

Percentage of Group adjusted operating profit*†

11%

Revenue 2023

£1,366m

(2022: £1,443m)

Growth at constant exchange rates*

(5.4)%

Underlying growth*

6.1%

Adjusted operating profit*

£103.4m

(2022: £95.3m)

Growth at constant exchange rates*

8.4%

Operating margin*

7.6%

(2022: 6.6%)

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

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

OPERATING REVIEW continued

Rest of the World

Jonathan Taylor
Managing Director,
Latin America

Scott Mayne
Managing Director,
Asia Pacific

Overview

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

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

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

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

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

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

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

Regional highlights

Percentage of Group adjusted operating profit*†

12%

Revenue 2023

£1,103m

(2022: £1,058m)

Growth at constant exchange rates*

5.7%

Underlying growth*

(3.2)%

Adjusted operating profit*

£119.6m

(2022: £111.7m)

Growth at constant exchange rates*

7.5%

Operating margin*

10.8%

(2022: 10.6%)

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

CREATING AND INNOVATING

CREATING and INNOVATING

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

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

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

c.25%
Group revenue generated through own brand sales

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

CREATING and INNOVATING ...IN ACTION

CASE STUDY:

Safety – A consistent leader in the market

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

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

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

Some of our brands include:

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

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

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

Tingley
Established 1896, specialists in rubber footwear and clothing

CASE STUDY:

Cleanline – Own brand focus to enhance our customer proposition

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

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

Results:

>100%
Revenue growth since 2019

48
Innovative SKUs developed

Q&A:

Amy McLauchlan, Exclusive Brand Manager, Bunzl UK & Ireland

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

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

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

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

Q. What role does sustainability play in continuing growth?

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

MARKET DYNAMICS

Focusing on attractive end markets with structural growth

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

Safety

Revenue opportunity in the medium term: ↑↑

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

Cleaning & hygiene

Revenue opportunity in the medium term: ↑↑

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

Healthcare

Revenue opportunity in the medium term: ↑↑

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

Grocery

Revenue opportunity in the medium term: ↑

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

Foodservice

Revenue opportunity in the medium term: ↑

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

Retail

Revenue opportunity in the medium term: →

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

MARKET DYNAMICS continued

2023 sector developments

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

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

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

Inflation dynamics

Reducing inflation benefit over the year:

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

Operating cost inflation

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

UK & Ireland and Continental Europe
- Higher wage inflation, as expected, but manageable

Bunzl 2023 operating margin drivers:
- Good margin management (including increased own brand penetration)
- Focus on acquiring businesses which have higher margins than Group average
- Continued strategic focus on operational efficiencies
- One-off benefits in the second half of the year

OUR BUSINESS MODEL

We provide essential, tailored, business solutions

A one-stop-shop

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

We source

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

We consolidate

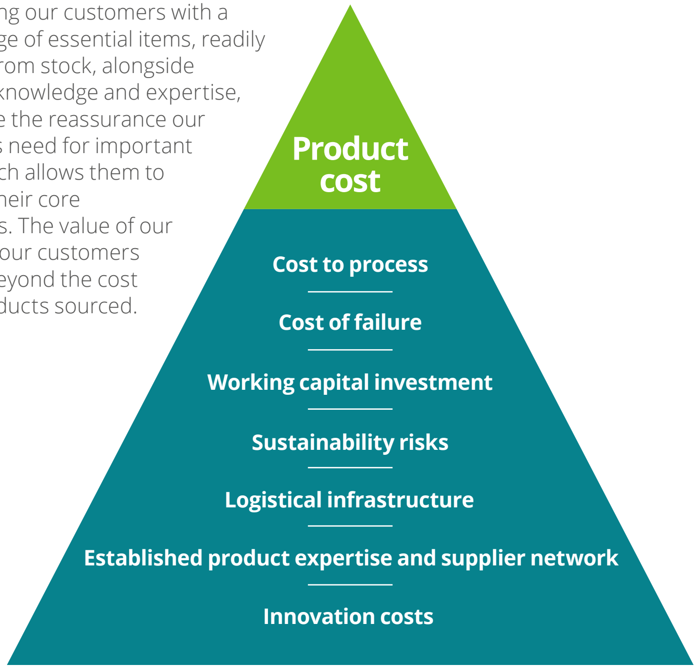
- One-stop-shop for all products in a single delivery
- Customised digital solutions
- Integrated ordering systems
- Analytical support to improve efficiencies
- Carbon savings through consolidated deliveries

We deliver

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

Our service and value proposition for our customers

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



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

OUR BUSINESS MODEL continued

Our sources of competitive advantage

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

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

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

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

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

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

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

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

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

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

Generating value for all our stakeholders

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

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

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

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

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

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

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

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

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

* 2% increase compared to the same population in 2022

OUR PURPOSE-LED STRATEGY

How we create long term sustainable value:

OUR PURPOSE

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

Delivered through our values

Humility	Responsiveness	Reliability	Transparency

A COMPOUNDING STRATEGY THAT CONSISTENTLY DELIVERS

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

1. Profitable organic growth

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

Read more page 27

2. Operating model improvements

Daily focus on making our business more efficient.

Read more page 28

3. Acquisition growth

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

Read more page 29

SUPPORTED BY INVESTMENTS IN SUSTAINABILITY AND DIGITAL

Sustainability

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

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

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

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

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

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

STRATEGY IN ACTION

Profitable organic growth

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

This is driven by activity in our markets:

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

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

Elements of our value proposition which drove the successful retender:

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

Elements of our value proposition which drove the successful retender:

Network capabilities and reliability

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

Carbon reduction tools and focus

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

Own brands and digital capabilities

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

Sustainable products and capabilities

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

STRATEGY IN ACTION continued

Operating model improvements

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

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

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

Group-wide warehouse relocations and consolidations

24

Route optimisation software in North America

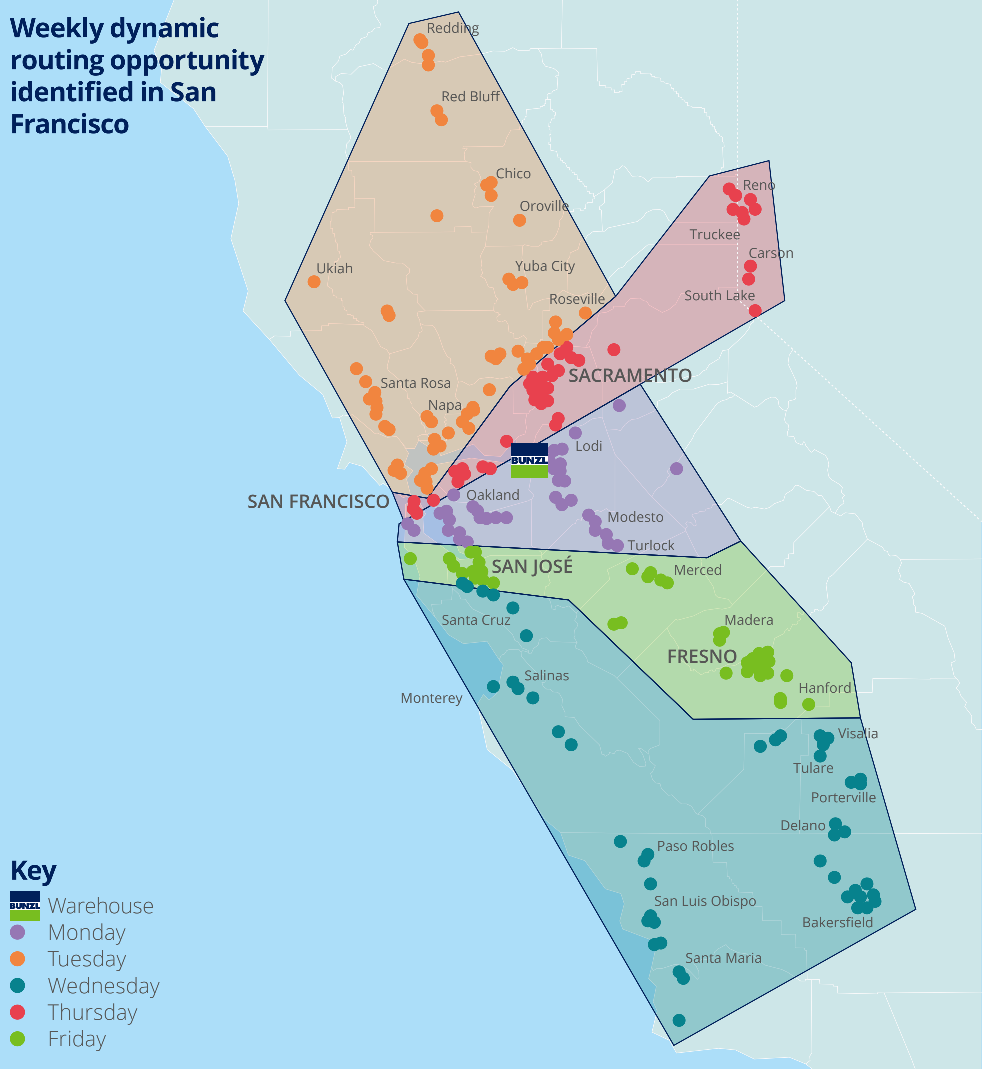
In 2023, we implemented improved route mapping software in our North American Distribution Division. The platform has improved route automation capabilities compared to our prior solution.

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

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

Results achieved since implementation:

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



STRATEGY IN ACTION continued

Acquisition growth

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

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

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

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

11

Bunzl has made acquisitions across 11 countries

5

sectors highlights range of consolidation opportunities

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

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

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

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

2023 committed acquisition spend of
£468m

Announced acquisitions since 2004
214

Total committed spend over the last four years
£1.7bn

Total committed spend between 2004 and 2023
£5.2bn

STRATEGY IN ACTION continued

Rapid growth in Brazil with strong opportunities for further expansion

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

Bunzl's growth in Brazil

18
acquisitions since 2008

2019 to 2023 revenue CAGR:
17%

2019 to 2023 adjusted operating profit CAGR:
29%

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

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

LANLIMP

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

LEAL

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

CTGROUP

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

Q&A:

With Groveko's Managing Director, Romke Romkes

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

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

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

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

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

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

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

STRATEGY IN ACTION continued

Safety First acquisition

Our first acquisition in Poland, one of two new countries

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

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

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

33

Bunzl now has operations in 33 countries

38 million

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

Bunzl's specialist online business

Investing in fast growing, high margin specialist online distributors

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

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

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

DEVELOPING AND IMPROVING

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

DEVELOPING and IMPROVING

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

6,500

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

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

DEVELOPING AND IMPROVING continued

DEVELOPING and IMPROVING ...IN ACTION

CASE STUDY:

Acquisition integration training

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

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

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

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

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

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

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

Lance Ward
Managing Director
Bunzl Australia and New Zealand

Q&A:

Alastair McLaughlin, Managing Director, Bunzl Ireland

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

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

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

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

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

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

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

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

OUR PEOPLE

Investing in a diverse workforce is fundamental to our success

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

Diana Breeze
Director of Group Human Resources

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

Great Place To Work.

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

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

OUR PEOPLE continued

Great Place to Work Survey

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

The survey measures 5 key pillars of trust:

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

Results are measured by two key metrics:

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

84%
Participation rate

69%
Trust Index

70%
Overall Perception

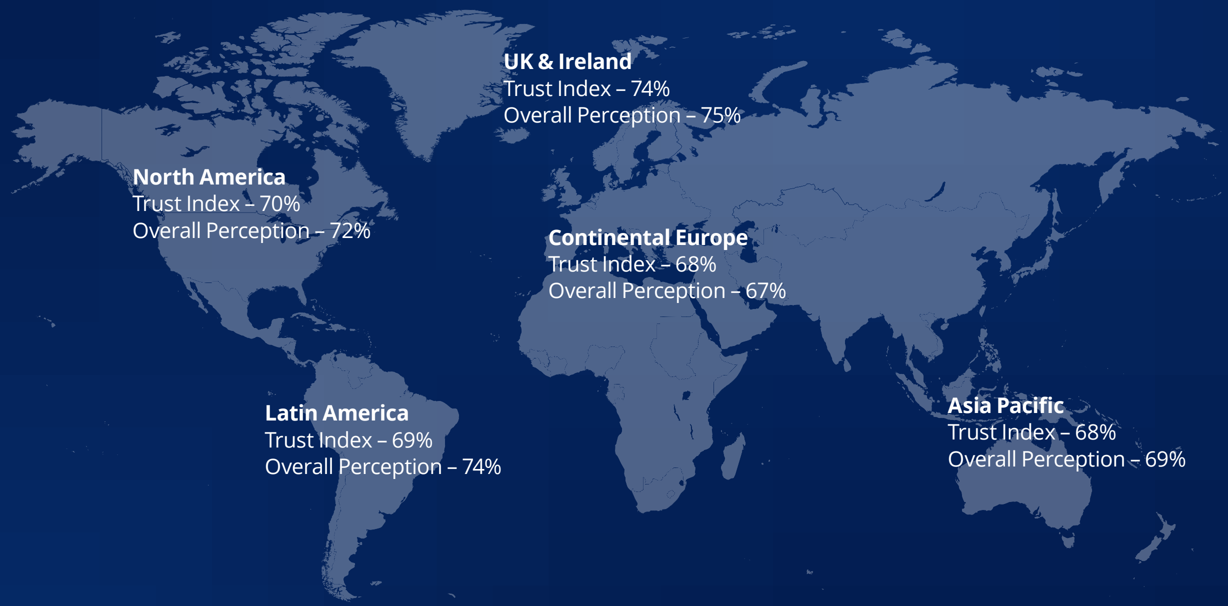
75%
Operating companies who took part were certified

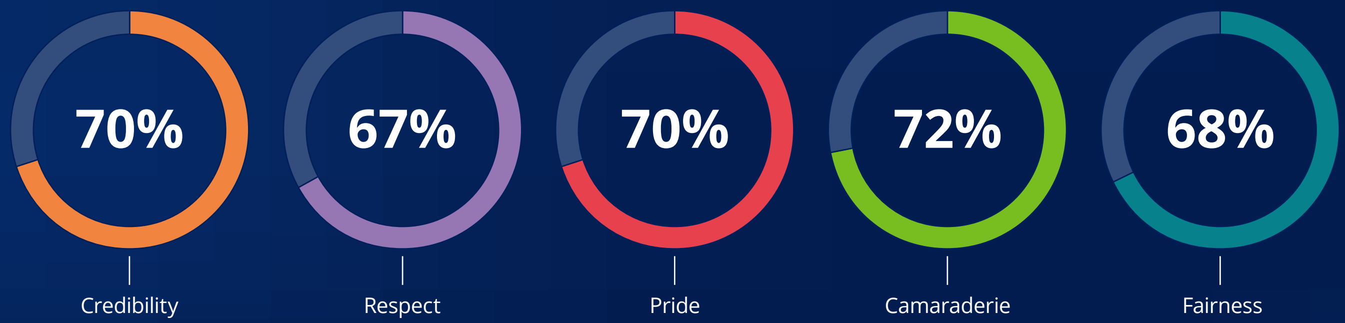
Global results

89%
This is a physically safe place to work

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

81%
Management is honest and ethical in its business practices





OUR PEOPLE continued

Great Place to Work in action in Bunzl Continental Europe

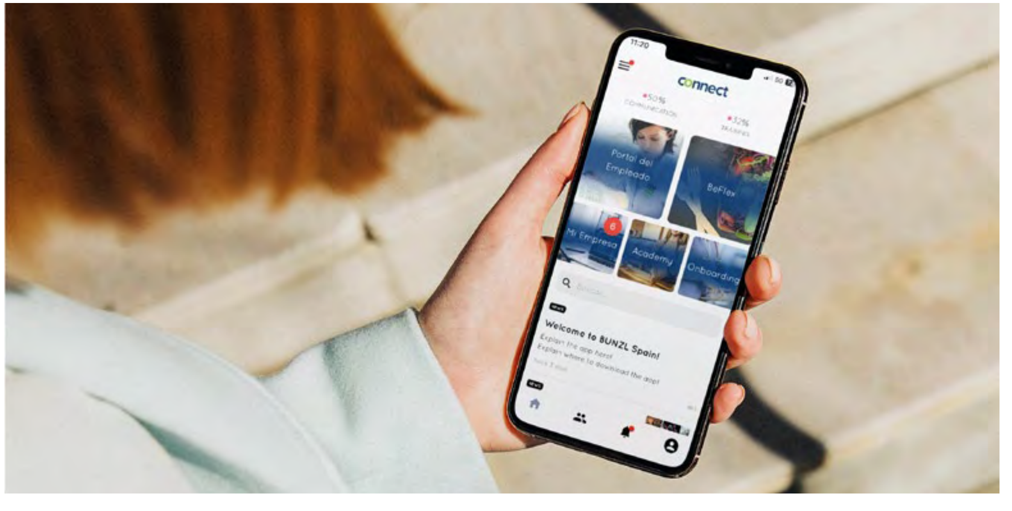
Following the first Great Place to Work survey in 2022, several initiatives and improvements were made which we believe helped the region further improve their scores in 2023. Some of the key initiatives and improvements are summarised here.

Communications

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

Leadership Development

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



Diversity, Equity & Inclusion

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

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

Kim Pedersen
Managing Director,
MultiLine, Denmark

OUR PEOPLE continued

Developing talent across the world

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

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

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

Growing our capabilities for the future

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

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

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

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

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

OUR PEOPLE continued

CASE STUDY:

Building Capability in Action

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

OUR PEOPLE continued

Attracting and developing people in APAC

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

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

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

Spark

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

Ignite

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

Accelerate

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

CASE STUDY:

Scott Mayne – Journey at Bunzl

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

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

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

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

KEY PERFORMANCE INDICATORS

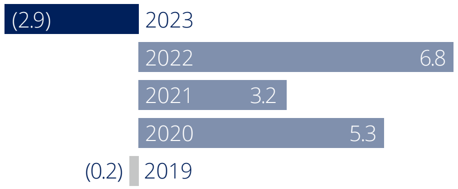
Measuring our strategic progress

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

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

Profitable organic growth

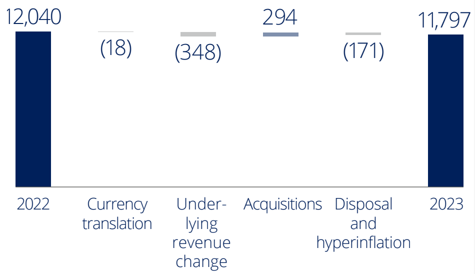
Organic revenue growth %



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

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

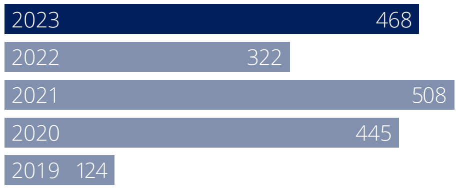
Reconciliation of revenue growth between 2022 and 2023 £m



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

Acquisition growth

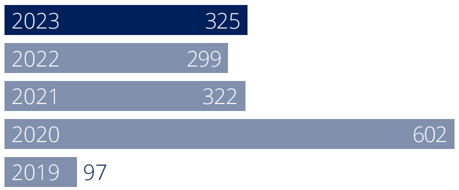
Acquisition spend £m



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

Committed acquisition spend of £468 million across 19 acquisitions.

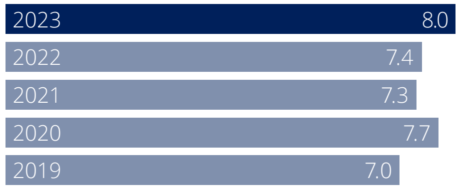
Annualised revenue from acquisitions £m



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

Operating model improvements

Operating margin[1] %

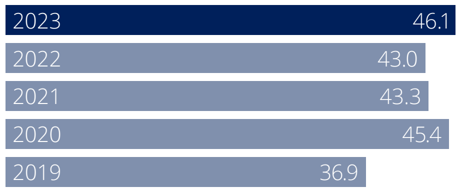


Ratio of adjusted operating profit[1] to revenue.

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

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

Return on average operating capital[1] %



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

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

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

KEY PERFORMANCE INDICATORS continued

Financial

Adjusted earnings per share[1] p

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

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

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

Cash conversion[1] %

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

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

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

Return on invested capital[1] %

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

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

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

Non-financial

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

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

ENHANCING AND SUSTAINING

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

ENHANCING and SUSTAINING

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

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

55%

of packaging made from alternative materials in 2023

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

ENHANCING and SUSTAINING ...IN ACTION

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

Lauren Mooney
Bunzl's Head of European Brand Development

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

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

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

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

CASE STUDY:
WorldStar Winner: Sustain OzHarvest Collection

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

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

>6,800
Meals since launch

CASE STUDY:
Reducing carbon footprint for Aramark in Spain

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

Reduction in Tonnes CO_2e from small orders
>30%

Tonnes CO_2e reduction equivalent to planting
>1,000 trees

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

SUSTAINABILITY

Added value solutions for a better world

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

Taking action on climate change

Read more on page 48

Providing tailored solutions

Read more on page 56

Responsible supply chains

Read more on page 58

Investing in a diverse workforce

Read more on page 60

James Pitcher
Group Head of Sustainability

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

RACE TO ZERO

CDP DISCLOSER 2023

WE MEAN BUSINESS COALITION

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

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

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

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

Read more about our disciplined approach to sustainability

SUSTAINABILITY continued

Double materiality

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

This process was more comprehensive and complex than our first materiality assessment which focused only on one side of materiality; how our organisation impacted people and the environment. Our new approach, a double-materiality assessment aligned with the European Sustainability Reporting Standards ('ESRS')[1], goes beyond what is known as 'impact materiality' and also identifies how the different sustainability matters impact Bunzl's business financially; known as 'financial materiality'.

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

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

Double materiality methodology

Our approach consisted of four stages:

Assessment stage	1. Defining the boundaries and business context	2. Identification of potentially material topics, impacts, risks and opportunities	3. Engagement with relevant stakeholders	4. Determining materiality using a defined scoring methodology and thresholds
Activities completed	• Consideration of the actual and potential ESG impacts present across the entire value chain. • Both positive and negative impacts identified with consideration given to impacted stakeholders at each stage (even though Bunzl's role is limited to connecting one with another). • Assessment has been designed in a disaggregated way to consider the impacts that might relate to individual geographies and market sectors.	• ESRS list of sustainability topics, sub-topics and sub-sub-topics used as a starting point for our assessment. • This list was supplemented with information from our previous materiality work, SASB standards, legal requirements, peer benchmarking and feedback from key stakeholders. • Final list of potentially material impacts developed and peer reviewed prior to engagement with stakeholders.	• Gathered insights from suppliers, customers, investors and other key stakeholders across the Group. • Assigned relevant sustainability topics to each stakeholder group and tailored the questions to match those who were expected to be impacted by a sustainability issue or were in a position to provide unique insight on a particular topic.	• Developed a quantitative approach and scoring criteria, aligned to Bunzl's risk assessment process, to determine whether an impact, risk or opportunity is material for Bunzl. • Impact materiality has been assessed based on two factors: severity and likelihood. Financial materiality has been assessed by reviewing potential magnitude of financial effects and likelihood.

Read more on page 211

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

SUSTAINABILITY continued

Emerging topics

Supply chain emissions

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

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

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

Healthcare and PPE products

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

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

Regional impacts

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

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

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

In the UK & Ireland, our stakeholders were keen for Bunzl to support social value through day to day business activities focused on the well-being of individuals and communities, social capital and the local environment. Employees at Bunzl Cleaning & Hygiene Solutions ('BCHS') in the UK took part in 142 days of volunteering in 2023 and supported initiatives like painting, redecorating and gardening for Emmaus Communities across the UK and sorting donations at Carlisle Food Bank and London Outreach, driving over £19,000[1] of social value. With social value becoming a more important issue in local Government tenders, two of our UK businesses have joined the Social Value Portal[2] to help them measure, report and calculate the financial value of their social activities in a more effective and streamlined way.

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

CASE STUDY:

Supporting the well-being of end users and the environment

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

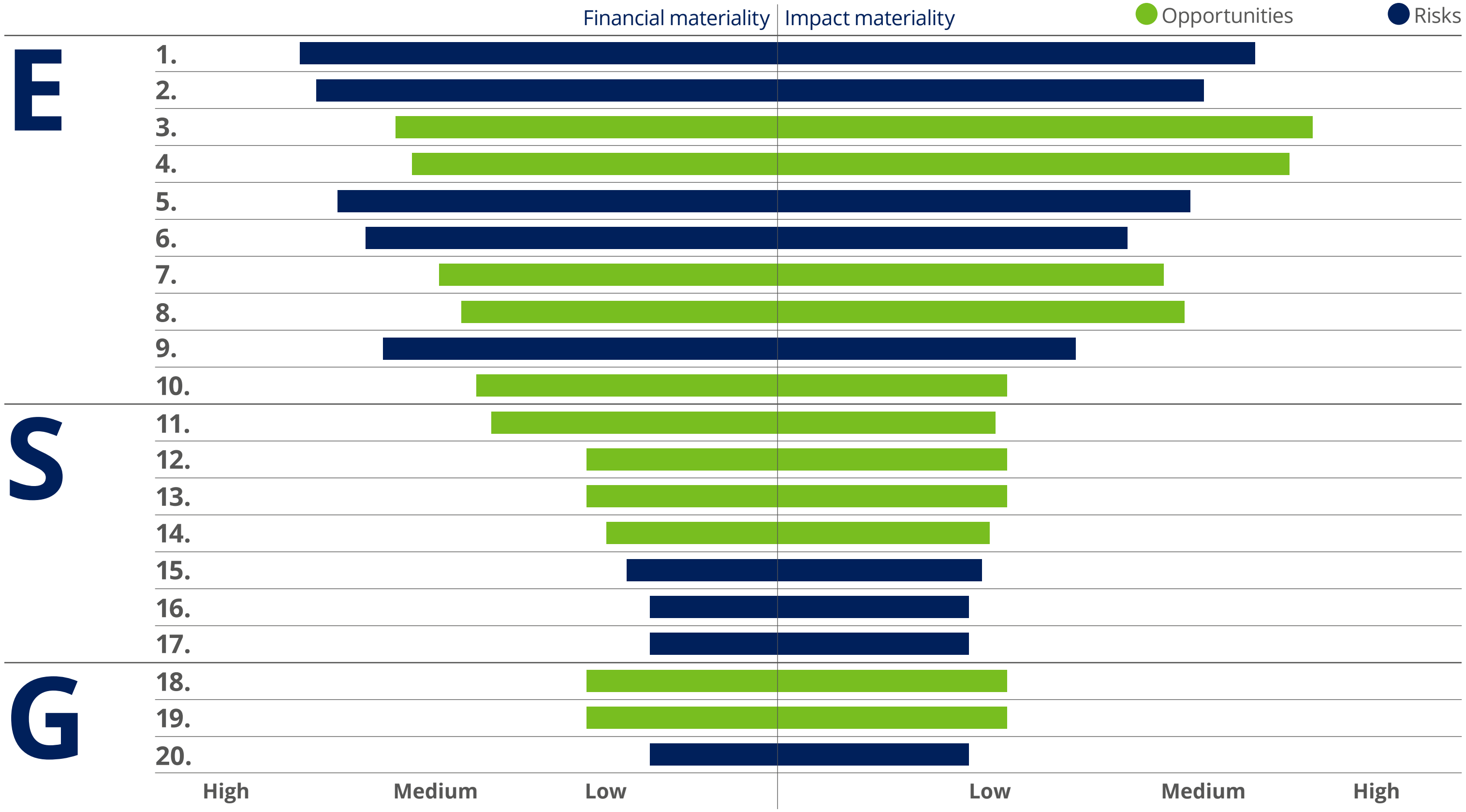
SUSTAINABILITY continued

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

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

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

Our double materiality assessment



Environmental

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

Social

11. Quality assured PPE and healthcare products supports the well-being of end users
12. Talent development and training programmes to develop new skills
13. Valuing and improving diversity
14. A comprehensive ethical assessment and auditing programme
15. Harmful practices in the supply chain
16. Increased employee turnover
17. Lack of safety management causes the number of workplace injuries to increase

Governance

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

SUSTAINABILITY continued

Taking action on climate change

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

18%

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

Our roadmap to net zero

The severity, rate and unpredictability of extreme weather events have been increasing as a result of climate change and given the increased frequency and magnitude, it is forecast that the economic costs of extreme weather events could nearly double this decade[1].

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

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

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

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

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

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

SUSTAINABILITY continued

Emissions in scope

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

Near term:

27.5%

reduction in absolute scope 1 and 2 emissions by 2030

79%

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

Long term:

90%

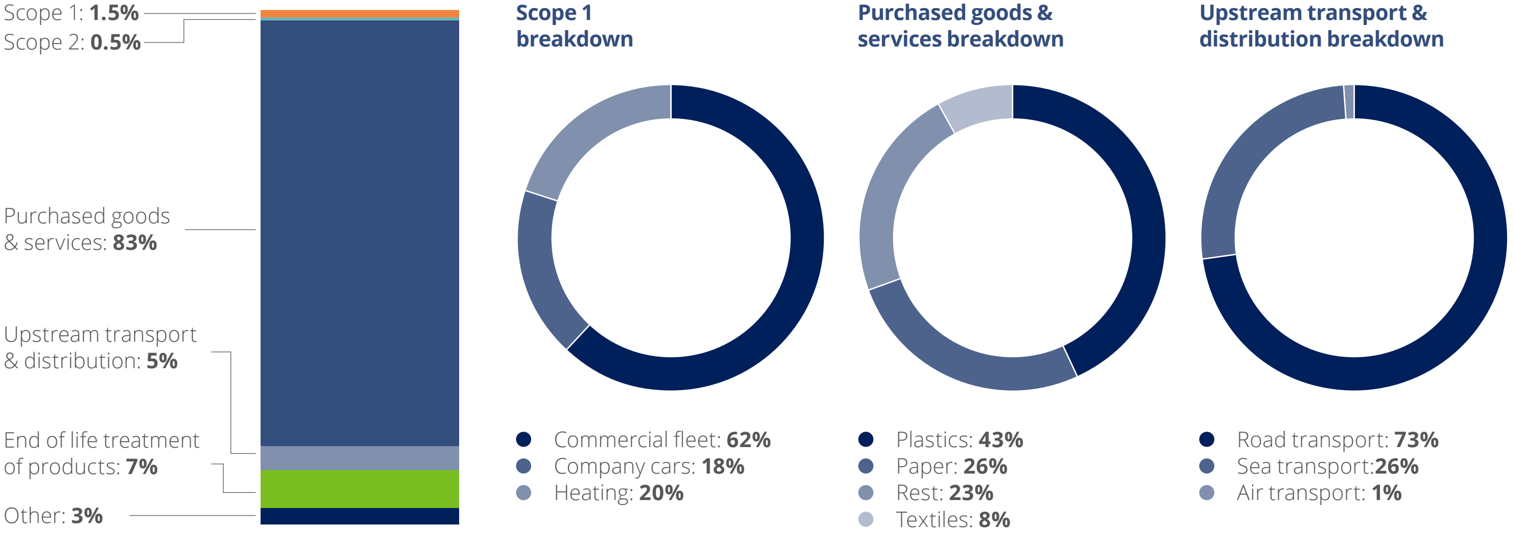
reduction in absolute scope 1, 2 and 3 emissions by 2050[1]

Net zero

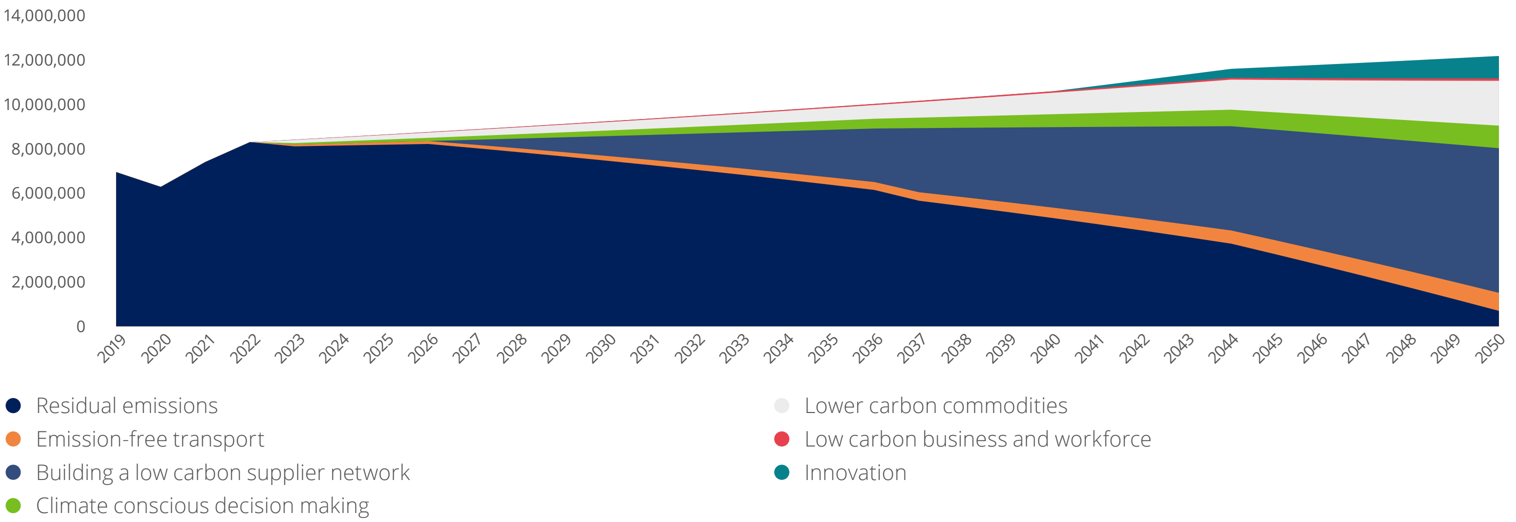
emissions across our value chain by 2050

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

Bunzl's emissions breakdown (2019 baseline)



Total emissions reductions by decarbonisation lever



SUSTAINABILITY continued

Decarbonisation levers

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

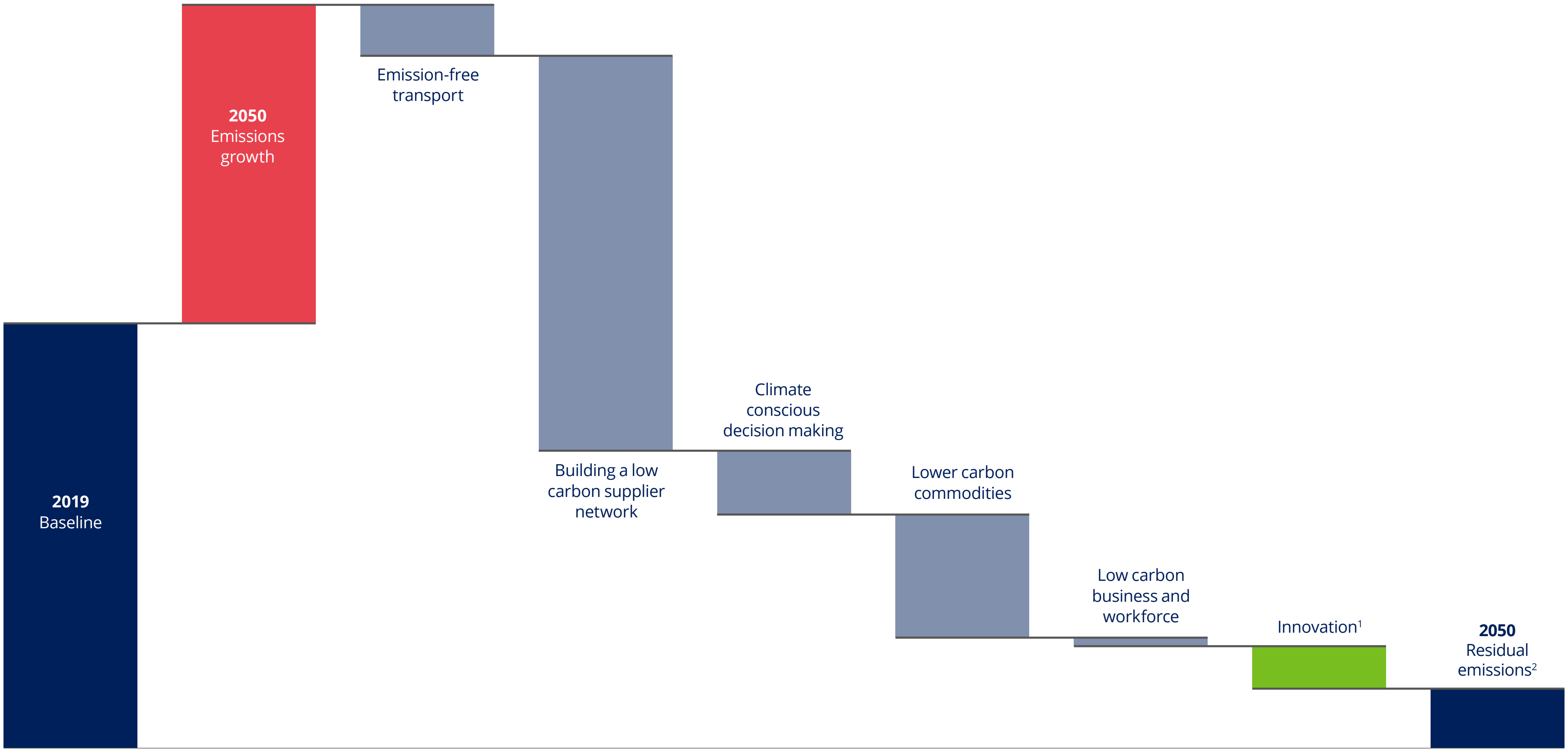
Our immediate focus is to deliver our near term carbon reduction targets and continue to take action where we can now. In the short term, to remain aligned to our net zero transition plan, we will focus our efforts on two key decarbonisation levers; empowering change and efficient operations.

Decarbonisation lever	Emission sources addressed	How reduction will be achieved	Overall impact on emissions[1]
Emission-free transport: Low and zero carbon logistics	• Commercial vehicles • Company cars • Upstream transportation and distribution • Downstream transportation and distribution	Transition to electric and other zero emission vehicles, prioritising logistics partners who have implemented similar levers	**High**
		Route optimisation, fuel efficiency monitoring software	**Low**
		Prioritising logistics partners who use a higher proportion of low emission fuels	**Low**
Building a low carbon supplier network: Suppliers setting carbon reduction targets	• Purchased goods and services	79% of suppliers by emissions to set and deliver short term reduction targets between (2027 and 2037)	**Very High**
		Additional engagement after 2037 with a proportion of suppliers to set net zero targets	**Very High**
Climate conscious decision making: Providing lower carbon solutions for customers	• Purchased goods and services • End of life treatment of sold products	Customer engagement, education, data and knowledge sharing on the carbon impacts of various products can lead to an increased demand for lower emission solutions	**Medium**
		Customers setting net zero targets will cause a shift in the emissions associated with a product's end of life treatment due to increased recycling and reuse rates	**High**
		Expected improvements in country level waste management and increased recycling rates	**Low**
Lower carbon commodities: Raw material carbon reduction	• Purchased goods and services	Long term decarbonisation of the plastics industry through actions such as: reuse schemes, mechanically and chemically recycled plastics, plastics from biomass, Carbon Capture & Utilisation ('CCU') plastics	**Very High**
		Long term decarbonisation of the paper industry through actions such as: heat pumps to reuse heat, increased pulp from recycled sources, low emission fuels, renewable energy	**High**
		Long term decarbonisation of the textiles industry through actions such as: improved materials mix (e.g. recycled and organic fibres), renewable energy, reduced fertilizer use, improved manufacturing efficiency	**Low**
Low carbon business and workforce: More efficient operations	• Electricity • Travel and commuting	Onsite electricity generation from solar panel installation and renewable energy procurement	**Low**
		LED lighting and other energy efficiency measures	**Low**
		Review of business travel practices and reduction in non-essential trips, employees to transition towards electric and other zero emission vehicles over time, decarbonisation of public transport	**Low**

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

SUSTAINABILITY continued

Decarbonisation impact by lever (2050)



100% 2019 baseline

75% Business as usual emissions growth

(12)% Low and zero carbon transport

(93)% Suppliers setting and achieving carbon reduction targets

(15)% Lower carbon solutions for customers

(29)% Raw material carbon reduction

(2)% More efficient operations

(14)% Innovation and technology

10% 2050 residual emissions

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

SUSTAINABILITY continued

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

A low carbon business and workforce

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

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

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

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

Our near term carbon roadmap activities

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

Scope 1 and 2 carbon emissions (market based)	2019	2022	2023	Change since baseline year
CO_2e emissions (tonnes)	141,320[1]	120,742	**115,382**[◊]	18%
Emission intensity (tonnes CO_2e/£m revenue)	13.8[1]	10.5	**9.7**[◊]	30%

1. Emissions in our baseline year have been recalculated in 2022 to reflect the impact of acquisitions. Emissions intensity has been recalculated using revenue at constant currency.

◊ Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com.

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

Building a low carbon supplier network

The scope 3 emissions associated with the goods and services we supply account for around 83% of our total emissions. Reducing these emissions is imperative to achieving our net zero goal and we have launched a new engagement programme with our key supply partners[2] supported by one of the largest Supply Chain Risk Management ('SCRM') platforms in the industry: Avetta One. This programme will allow us to assess where our key supply partners are on their carbon reduction journey, gather data and inform them of our policies, targets and other requirements.

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

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

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

SUSTAINABILITY continued

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

More information

- Detailed energy consumption and climate change data can be found in the ESG Appendix (see pages 215). Our climate change reporting procedures can be found in the EHS and Sustainability Reporting guidelines in the sustainability section of our website (www.bunzl.com/ sustainability/sustainability-reporting/).
- The independent assurance for our scope 1 and scope 2 carbon emissions and emission intensity (tonnes of CO_2e per £m revenue) calculations can be found in the ESG Appendix of this report (see pages 215 and 217) and in the EHS data assurance statement in the sustainability section of our corporate website.

SUSTAINABILITY continued

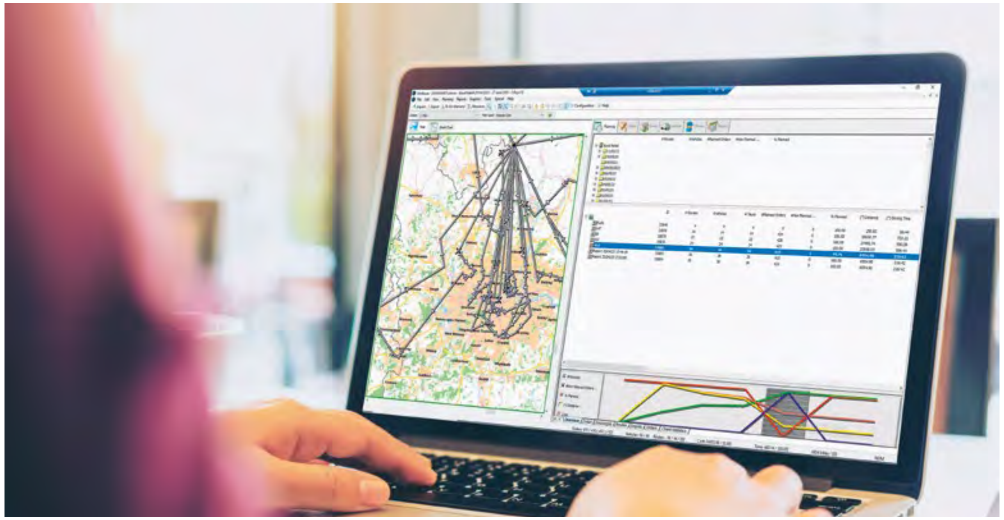
Reducing carbon emissions with efficient logistics

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

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

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

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



Assessing climate change scenarios and their impact on our business

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

Using climate scenarios to assess climate change risks

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

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

   We have considered the following time horizons:
   - short term (to 2025);
   - medium term (to 2030); and
   - long term (to 2050).

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

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

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

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

Climate-related potential business impacts

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

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

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

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

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

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

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

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

SUSTAINABILITY continued

Providing tailored solutions

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

85%

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

Only 2% of revenue generated from consumables facing regulation

Non-packaging products
£7.8bn (66%)

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

Consumables likely to transition
£1.2bn (10%)

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

Consumables facing regulation
£0.2bn (2%)

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

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

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

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

Supporting customers to transition to alternative products

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

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

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

Adding value with our own brand packaging

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

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

Four features of our sustainable own brand products

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

SUSTAINABILITY continued

Responsible sourcing – workers in the value chain

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

90%
increase in the number of supplier assessments completed in high risk regions over the last six years, with the amount more than doubling since 2017

Measure	2022	2023
Number of suppliers assessed	930	1,022
% of spend in high risk regions that is with assessed and compliant suppliers	78%	81%
% of spend in low risk regions that is with assessed or compliant suppliers or on other non-product related costs[2]	c.96%	c.96%

An estimated 28 million people are in forced labour conditions[1] across the world and everyday more people are deceived, persuaded or pushed into highly exploitative situations that they are unable to refuse or leave. This is why Bunzl takes a proactive, direct and risk-based approach to ensure that our supply chain partners are complying with the high ethical standards demanded by our policies. We regularly review best practice to ensure that our controls are fit for purpose, refine our approach to address new issues and expand the coverage of our audit programme year on year.

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

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

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

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

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

SUSTAINABILITY continued

Our responsible sourcing process in action

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

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

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

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

1. Policy review

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

2. Factory tour

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

3. Employee interviews

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

4. Document review

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

CASE STUDY:

Forensic testing to enhance traceability

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

SUSTAINABILITY continued

Investing in a diverse workforce

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

x2

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

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

These programmes have started to deliver tangible results; in North America 36% of internal promotions in the leadership team were female in 2023 (up from 33% in 2022 and 14% in 2021), and 30% of our senior leadership team in the UK & Ireland are women. Results like these have combined to improve the proportion of women in Bunzl's senior leadership[1] population to 22% in 2023, compared to 20%[2] in 2022 and 16% in 2020.

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

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

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

Great Place to Work survey (Justice section)

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

Positive responses from the survey population[3]

80%
People here are treated fairly regardless of their age

90%
People here are treated fairly regardless of their race

88%
People here are treated fairly regardless of their gender

92%
People here are treated fairly regardless of their sexual orientation

3. 45% of our total workforce.

SUSTAINABILITY continued

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

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

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

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

CASE STUDY:

Our sustainability value proposition in action

Adding value for new customers

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

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

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

1. **Carbon reporting.** Bunzl's ability to deliver high quality data on the carbon impact of our services set us apart from the competition.
2. **Sustainable Product Award.** This allows our customers to make informed decisions on the sustainability attributes of the products they buy and drives positive change through our supply chain.

3. **Recycle Connect.** A new initiative that provides customers with material recovery opportunities, ensuring that more of their cleaning & hygiene equipment is reused or recycled at the end of its useful life.
4. **Own and exclusive brand products.** Bunzl own brand range Cleanline Eco enables compliance with current chemicals legislation in addition to providing a solution that contains environmentally friendly ingredients and is biodegradable.

Anna Edwards,
Sustainability Director at BCHS

SUSTAINABILITY continued

Governance

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

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

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

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

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

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

Our sustainability governance structure

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TCFD index

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

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

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

SECTION 172 STATEMENT

Delivering long term sustainable value for all our stakeholders

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

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

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

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

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

Section 172

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

The likely consequences of any decision in the long term

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

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

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

The interests of the Company's employees

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

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

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

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

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

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

The need to act fairly as between members of the Company

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

SECTION 172 STATEMENT continued

Customers

Relevance to strategy

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

Concerns and interests

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

How we engage

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

Outcomes of engagement

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

72%
of customer orders processed digitally

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

Employees

Relevance to strategy

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

Concerns and interests

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

How we engage

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

Outcomes of engagement

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

24,528
employees

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

Shareholders

Relevance to strategy

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

Concerns and interests

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

How we engage

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

Outcomes of engagement

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

c.210
meetings with investors

89%
investor net confidence score

Suppliers

Relevance to strategy

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

Concerns and interests

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

How we engage

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

Outcomes of engagement

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

1,022
supplier audits conducted in 2023

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

SECTION 172 STATEMENT continued

Environment and community

Relevance to strategy

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

Concerns and interests

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

How we engage

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

Outcomes of engagement

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

30%
more carbon efficient since 2019

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

CASE STUDY:
EcoTools.nl

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

A robust approach to risk management

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

Risk assessment

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Risk management process

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

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

Risk management

The Board

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

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

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

The Audit Committee

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

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

Executive Committee

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

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

Business area management

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

Business management

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

Principal risks and uncertainties

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

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

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

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

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

Monitoring risks

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

Emerging risks

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth | Acquisition growth | Operating model improvements | Sustainability

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth · Acquisition growth · Operating model improvements · Sustainability

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth · Acquisition growth · Operating model improvements · Sustainability

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth | Acquisition growth | Operating model improvements | Sustainability

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth | Acquisition growth | Operating model improvements | Sustainability

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

PRINCIPAL RISKS AND UNCERTAINTIES continued

Organic growth · Acquisition growth · Operating model improvements · Sustainability

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

VIABILITY STATEMENT

Assessment of the prospects of the Company and its viability statement

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

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

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

In particular:

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

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

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

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

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

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

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

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

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

Confirmation of longer term viability

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

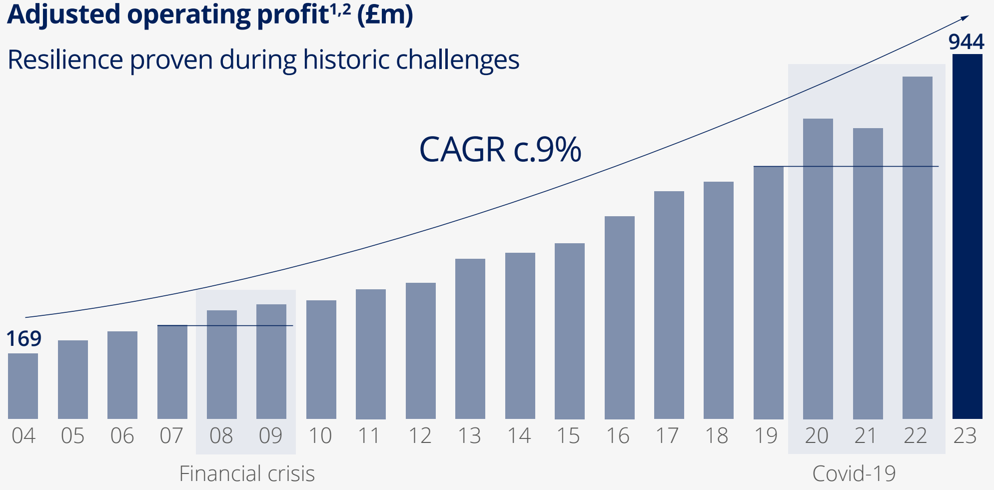
RESILIENCE AND GROWTH

Resilient business model and portfolio

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

Adjusted operating profit[1,2] (£m)

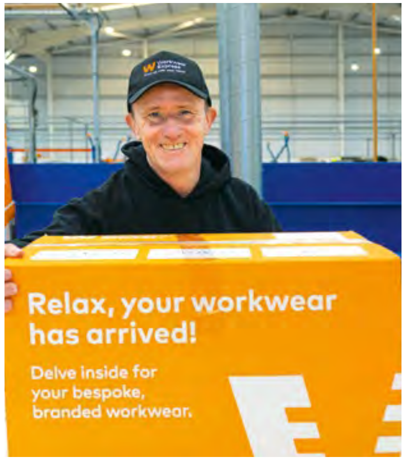
Resilience proven during historic challenges



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

Operational resilience

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

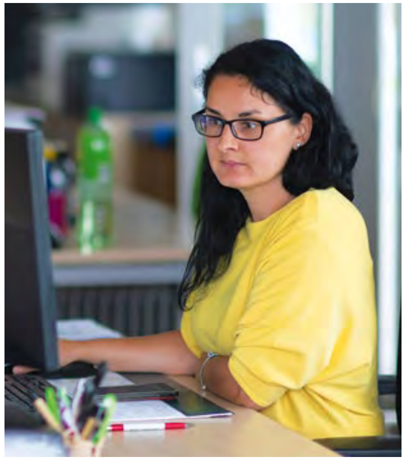


Portfolio resilience

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

Compounding growth resilience

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



Financial resilience

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

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

RESILIENCE AND GROWTH continued

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

Organic growth

Driven by activity in our markets

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

c.1/3

of revenue growth[1]

Acquisitions

Fragmented industry and strong record

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

c.2/3

of revenue growth[1]

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

Progressive dividend:

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

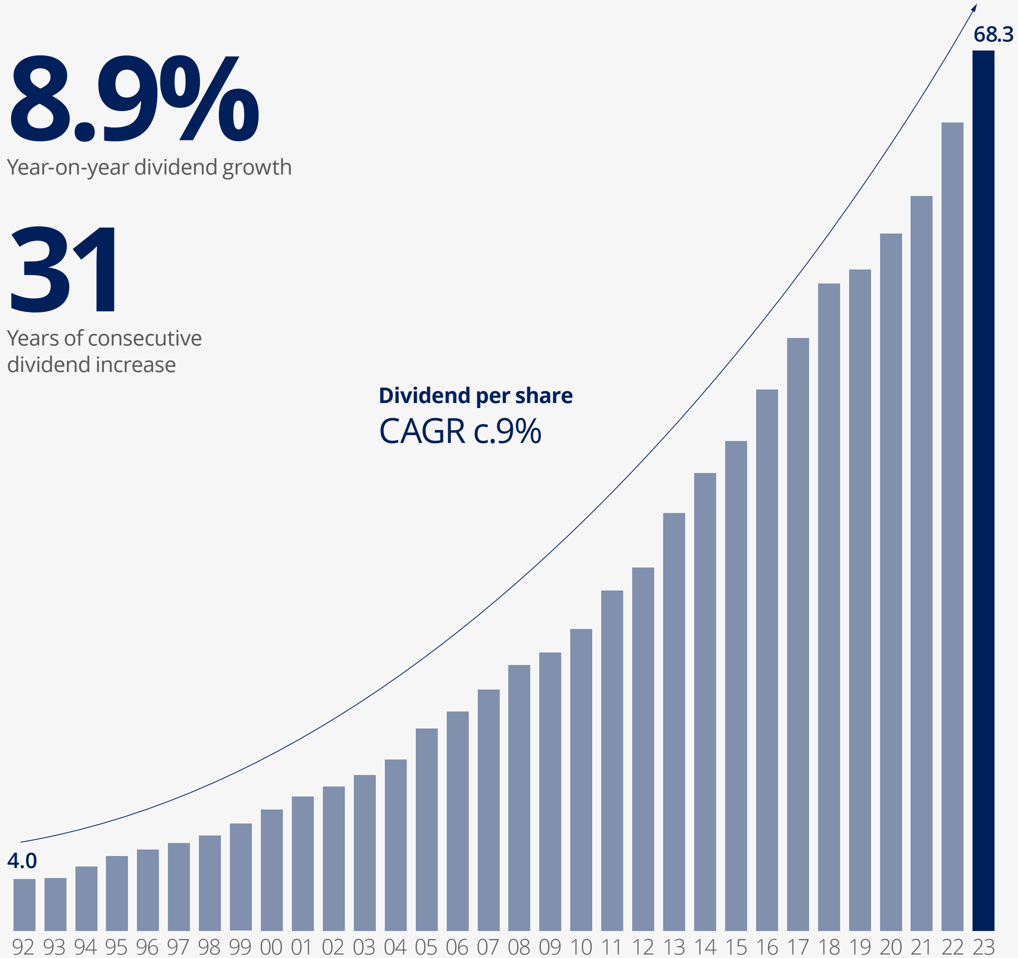
Since 2004, we have returned a total of £2.2 billion of cash to shareholders through our progressive dividend policy. We remain committed to sustainable annual dividend increases.

8.9%

Year-on-year dividend growth

31

Years of consecutive dividend increase



FINANCIAL REVIEW

Richard Howes
Chief Financial Officer

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

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

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

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

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

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

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

FINANCIAL REVIEW continued

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

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

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

Currency translation

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

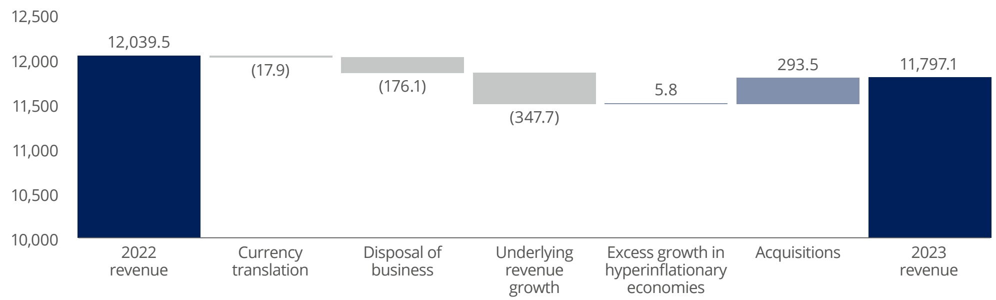
Average exchange rates	2023	2022
US$	**1.24**	1.24
Euro	**1.15**	1.17
Canadian$	**1.68**	1.61
Brazilian real	**6.21**	6.38
Australian$	**1.87**	1.78

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

Revenue

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

Movement in revenue (£m)



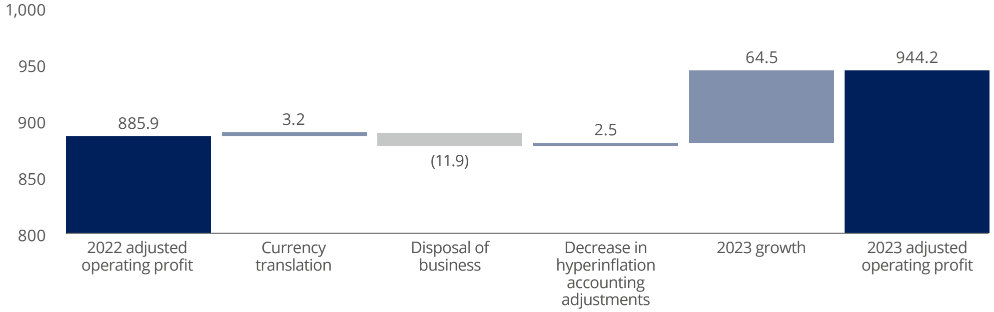
Operating profit

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

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

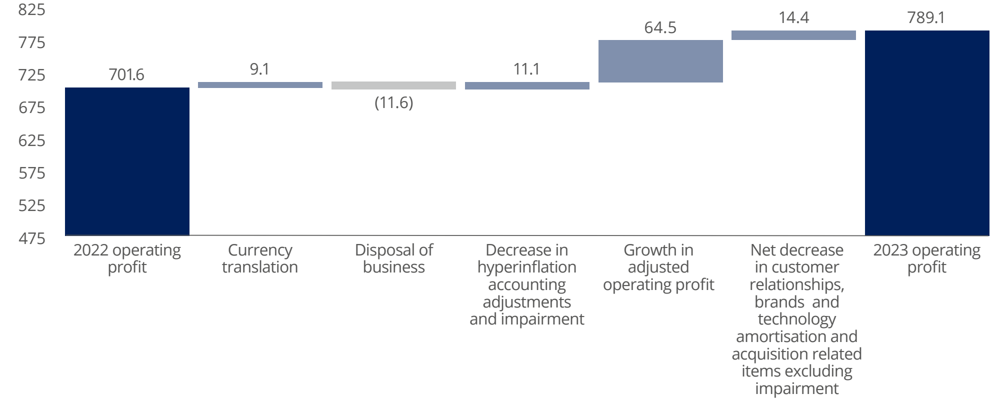
FINANCIAL REVIEW continued

Movement in adjusted operating profit (£m)



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

Movement in operating profit (£m)



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

Net finance expense

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

Profit before income tax

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

Taxation

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

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

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

Earnings per share

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

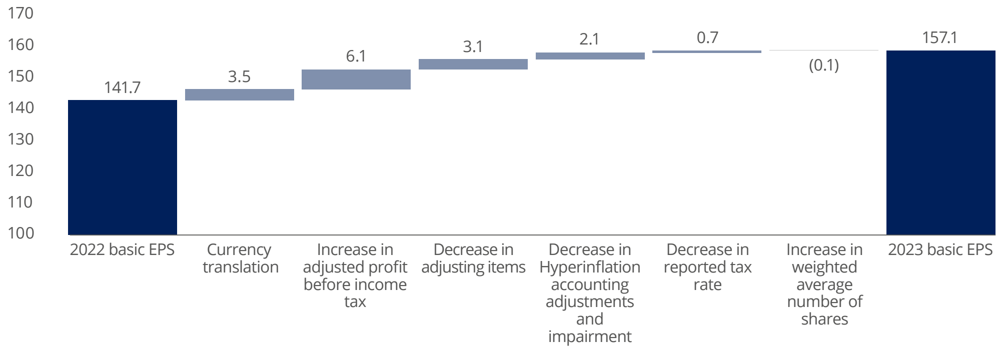
Adjusted profit after tax was £640.3 million (2022: £616.8 million), up 2.8% and an increase of £17.6 million at constant exchange rates (up 3.8% at actual exchange rates), due to a £27.9 million increase in adjusted profit before income tax, partly offset by a £10.3 million increase in the tax on adjusted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

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

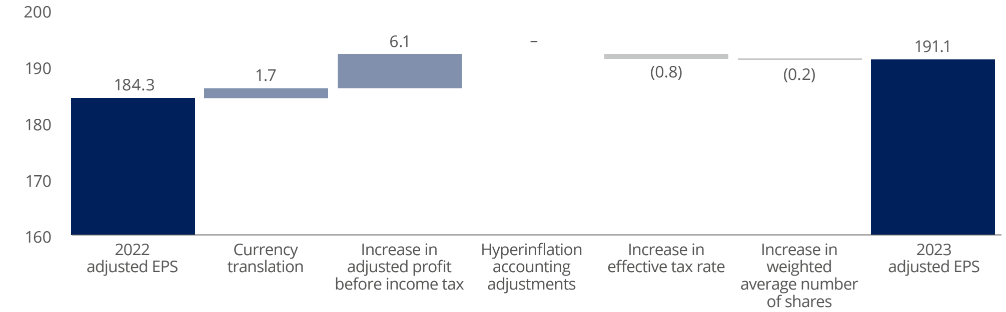
FINANCIAL REVIEW continued

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

Movement in basic eps (p)



Movement in adjusted eps (p)



Dividends

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

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

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

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

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

FINANCIAL REVIEW continued

Acquisitions

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

A summary of the effect of acquisitions is as follows:

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

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

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

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

Cash flow

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

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

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

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

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

FINANCIAL REVIEW continued

Net debt

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

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

Balance sheet

Summary balance sheet at 31 December:

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

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

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

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

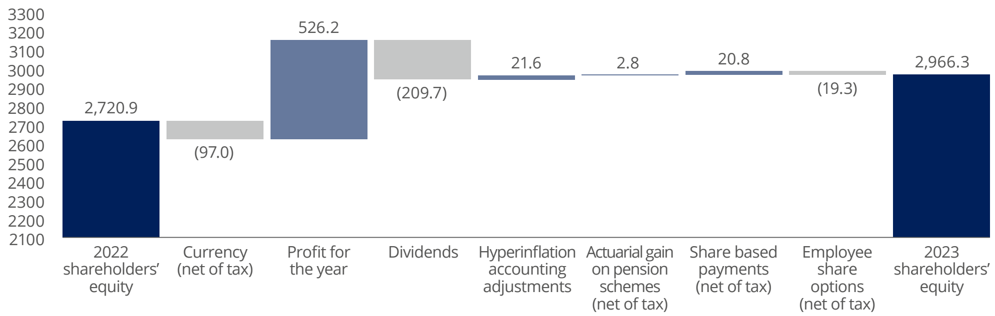
Working capital increased from the prior year end by £61.5 million to £1,158.1 million driven by an increase of £61.2 million from acquisitions and an underlying increase of £28.4 million as shown in the cash flow statement, partly offset by a decrease from currency translation of £43.9 million.

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

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

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

Movement in shareholders' equity (£m)



FINANCIAL REVIEW continued

Capital management

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

Treasury policies and controls

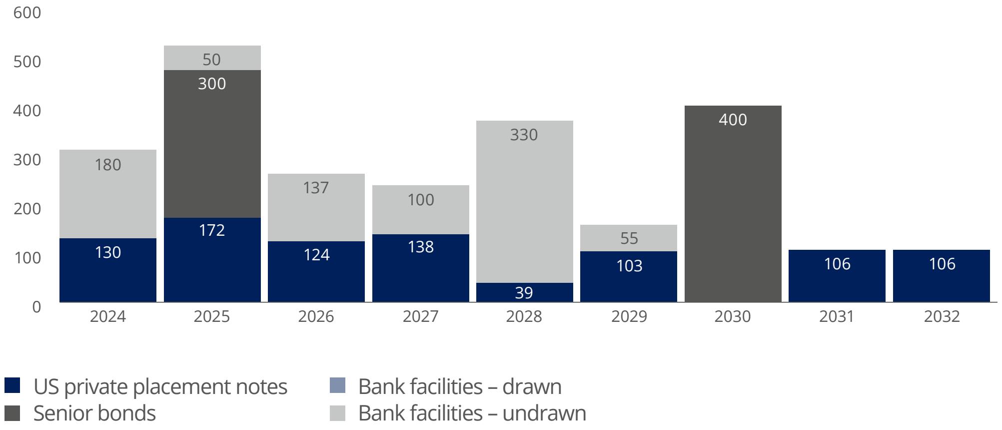
The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed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

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

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

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

Committed facilities maturity profile by year (£m)



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

Going concern

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

Richard Howes
Chief Financial Officer
26 February 2024

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

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

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

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

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

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

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