



ETHICAL SOURCING POLICY

Bunzl plc and its subsidiaries ('Bunzl' or 'the Group')

Policy statement

Our extensive and flexible supply chain offers our customers the opportunity to choose from a wide range of products to meet their commercial needs. Our supply chain management processes ensure these products are manufactured and sourced responsibly. We intend to develop and maintain supplier relationships that are ethical, based on mutual benefit and focused on a shared commitment to meet our customers' requirements.

We regard suppliers as partners and work with them to help us achieve our corporate responsibility ('CR') policy aspirations in the delivery of our products and services. We are committed to working with our key suppliers of products to ensure that adequate standards are maintained in all areas of CR.

This policy is intended to ensure that Bunzl sources products in an ethical and consistent manner while working with suppliers to improve their social and environmental practices. It contains the following elements:

Risk assessment

We periodically complete a risk assessment of our global supplier base to establish social risks, including modern slavery and bribery risks in our supply chain. This allows us to focus our attention and resources on the areas of greatest exposure to risk.

Supplier standards

The Supplier code of conduct establishes our expectations for suppliers in the areas of labour and human rights, environment, health and safety, ethics and management systems. The Code applies to the selection and retention of all suppliers that provide products and services to Bunzl worldwide. By trading with Bunzl, we expect suppliers to accept and apply our standards. This also applies to subcontractors.

The key elements of the Supplier code of conduct are as follows:

- We require compliance with internationally recognised minimum requirements for workers' welfare and conditions of employment as defined by the International Labour Organization or the Ethical Trading Initiative, which specifically prohibit child labour, forced labour (including slavery and human trafficking), unfair wages and working hours, discrimination and denying freedom of association.
- We expect our suppliers to be honest in their dealings with others, obeying all applicable laws and corresponding regulations governing fraud and anti-bribery and corruption. Our suppliers should follow the principles of fair competition and must comply with the antitrust and competition laws of the countries in which they conduct business.

Where contractual agreements exist with suppliers, it is expected that they will contain clauses that require the relevant supplier to comply with our Supplier code of conduct.

Suppliers that are based in countries with elevated risks of modern slavery and bribery will be expected to confirm compliance with the Supplier code of conduct by completing and returning to Bunzl a statement of conformity.

Supplier evaluation and auditing

We take a risk based approach towards supplier auditing. We selectively audit supplier performance in the areas of human rights, corruption, legal compliance and quality standards. Suppliers that, based on risk assessment, are categorised as 'high-risk' will be audited on social risks at the facilities used for the manufacture of Bunzl products.

Suppliers who are unable to meet all the requirements after an initial assessment/audit will be given the opportunity to comply fully within a period which is deemed appropriate for the circumstances. If a serious breach is identified following re-assessment, an action plan should be documented and the supplier will be expected to commit to addressing all the areas where discrepancies have been identified. The process of improvement via this method is principally down to the commitment of the supplier's management team/owner/agent to ensure that all areas are addressed. If we have reason to believe that the supplier is not making sufficient or committed progress, then this could lead to a suspension in the relationship until such time that we are confident that all areas were being satisfactorily addressed.

Bunzl companies reserve the right to cease a relationship with a supplier if it is found that unacceptable practices are being employed at any sites used for producing or sourcing Bunzl products. Such practices include use of child labour, forced or bonded labour as well as physical abuse or discipline and intimidation.

Partnerships with suppliers

Where appropriate, we aim to work with our suppliers to improve work practices in our value chain, for example through knowledge transfer and continued education and training about environmental and social standards.

Staff training

All of our senior procurement staff are required to complete the CR training on bribery, modern slavery and other social risks. The training helps these employees to understand and recognise risk issues that might occur in our supply chain and informs them of the appropriate actions that should be taken if such issues are found.

Application of the policy

Regular risk assessment

The Supply Chain Subcommittee ('SCSC') of the Corporate Responsibility Committee periodically completes a supply chain risk assessment to establish social risks, including modern slavery, in our supply chain. The risk assessment will also include bribery risks. The risk assessment will be used to maintain a list of countries and risk categories (ranging from low to very high risk). The SCSC will communicate the list to Bunzl businesses at least annually.

Communication of supplier standards

Bunzl QA/QC and Sourcing is responsible for sending the Supplier code of conduct to suppliers in Asian countries and to suppliers in very high risk countries. Bunzl businesses are responsible for sending the Supplier code of conduct to suppliers in other non-Asian countries. The process and frequency of communication are determined by the SCSC and are communicated to the businesses and Bunzl QA/QC and Sourcing at least annually.

Where contractual agreements exist with suppliers, it is expected that they will contain clauses that require the relevant supplier to comply with our Supplier code of conduct.

Supplier evaluation and auditing

Asian countries and countries with very high social risks

Bunzl QA/QC and Sourcing are responsible for implementing and maintaining a supplier audit programme. The audit process and audit locations will be reviewed periodically to ensure these reflect changes in regulations, industry standards and Bunzl's ethical sourcing requirements.

Bunzl businesses should notify Bunzl QA/QC and Sourcing if they plan to start trading with a new supplier in Asian and/or very high risk countries. Bunzl QA/QC and Sourcing will organise an audit or request that the supplier completes a self-assessment covering social risks and anti-bribery topics. Businesses should not start trading with the supplier before an audit or self-assessment has been completed and approval has been given by Bunzl QA/QC and Sourcing.

In addition, businesses should provide an overview twice a year of their suppliers in Asian and very high risk countries, which will include details of product spend, country and business sector.

Bunzl QA/QC and Sourcing should make Bunzl businesses aware of any serious breach identified in supplier audits. Bunzl QA/QC and Sourcing and the local Bunzl business should jointly ensure enforcement of appropriate corrective actions by the supplier involved. If the corrective actions have not been implemented within the timeframe set by Bunzl QA/QC and Sourcing, the business should cease trading with the relevant supplier.

Other countries

Bunzl businesses that plan to trade with a new supplier in high risk countries outside Asia should ensure that the new supplier receives a Supplier code of conduct. Businesses are allowed to start trading after the supplier has confirmed by returning a signed statement that they are committed to meet the principles and requirements of the Supplier code of conduct, which include social risks and anti-bribery provisions.

Training

All businesses should ensure that all senior staff, including managers and procurement and sales executives, complete the CR training modules on business ethics and modern slavery with a minimum frequency of at least once every three years. Completion of the training will be recorded and reported to Group HR annually.

Reporting

Bunzl QA/QC and Sourcing will report periodically to business area management a summary of the critical social risk issues that have been identified during the audits.

Policy ownership and monitoring

The Ethical sourcing policy is owned by the Director of Group HR. The policy and the Supplier code of conduct are subject to review and revision on an ongoing basis. A formal review of the policy and the standards will be carried out at a minimum once every three years by the SCSC.

The compliance with the requirements of the policy is monitored by SCSC. This includes an annual review of:

- compliance with the requirement to communicate the Supplier code of conduct to suppliers;
- the effectiveness of the supplier evaluation and auditing procedures; and
- completion of the relevant CR training.

The Director of Group HR provides twice a year an update to the Board of Bunzl plc on the status of the critical issues identified in supplier audits undertaken and overseen by Bunzl QA/QC and Sourcing.

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