



## ENVIRONMENT HEALTH AND SAFETY PERFORMANCE REPORTING GUIDELINES

8 February 2021

### 1. Introduction

Bunzl has a Group-wide approach to recording, measuring and reporting CR performance including a defined set of reporting criteria and CR measures and performance indicators. These reporting guidelines provide a framework for Business Areas to follow when reporting on CR matters relating to environment, health and safety (EHS).

### 2. Reporting period

The reporting period for calculating key performance indicators for environment and health and safety is 1 October to 30 September. This allows for more accurate and complete data to be reported. The calculation of the accident severity rate includes days lost up until 31 December for accidents occurring within the reporting period. Revenue and employee data used in the calculation of key performance indicators (KPI's) are calculated over this same period rather than the Group's financial reporting year.

Externally reported EHS data must be reviewed and consolidated in time for inclusion in the Annual Report.

### 3. Reporting scope and boundaries

Our externally reported EHS performance data covers all businesses that are subsidiaries of the Group for financial reporting purposes.

Information relating to acquisitions made during the year are included from the date at which they are acquired where this data is available. However, it is recognised that in certain cases, new acquisitions may not have appropriate reporting systems in place at the date of acquisition to be able to record all their EHS performance data from that point. In which case such data omissions are disclosed in the CR report and staff numbers/revenue for that acquisition are excluded when calculating the relevant indicators.

### 4. Target setting and monitoring

Group targets on those areas of EHS performance which are considered most material from a Group perspective will be agreed by the Board of Bunzl plc and published in the Annual Report. These targets will be based on submissions from Business Areas who are responsible for setting targets for EHS performance as part of the annual budget process. Targets will be supported by a short narrative on any changes within the structure and/or operation of the business which could affect EHS performance.

Business Areas will be responsible for monitoring progress against their targets and providing commentary on significant variances and on the implementation of projects aimed at improving EHS performance. Targets and narrative will be recorded on the Bunzl Risk Management System (BRMS), the Group's EHS reporting and consolidation system.

At Group level, progress against targets will be monitored quarterly by the Bunzl Environment, Health and Safety Committee (EHSC) and by the Sustainability committee.. The Bunzl plc Board reviews health & safety performance quarterly.

## **5. Data capture and consolidation**

EHS performance data is entered into BRMS. It is recommended that data should be entered as it becomes available which is normally on a monthly basis. However, it is essential that data is provided in time for reporting to the Board and/or EHSC. EHSC meetings are held quarterly normally in March, May, September and December. Data providers will be notified of the latest date by which data must be entered in order to meet reporting deadlines. Normally the deadline is approximately six weeks after the close of the quarter.

Business Areas are responsible for

- nominating Data providers i.e. individuals at relevant levels within each business to ensure the accurate input of data; and
- nominating individuals responsible for signing off EHS performance submissions and supporting commentary at operating company level.

At the end of each reporting year the Finance Department within each Business Area is responsible for confirming that data contained in BRMS is complete and as accurate as possible.

On, or shortly after, 31 December each year the data entered into BRMS in respect of the previous reporting period, i.e. up to 30 September, is locked and no further amendments can be made.

## **6. Data quality and completeness**

The definition and capture of EHS performance data is still evolving and it is recognised that some data is difficult to capture. This will be particularly true as we extend our reporting into Scope 3 carbon emissions data. However, the aim of the Group is to make our reported data as robust as possible and businesses are required to make best endeavours to provide data that is accurate and complete.

6.1 Completeness – Business Areas will be required to ensure that all locations within their Business Areas are listed and reporting data on BRMS.

6.2 Review – Business Areas will be responsible for reviewing data on BRMS and ensuring that:

- explanations have been entered for any large variances of data against previous years and/or targets;
- any unusual data points (e.g. identical consumption over several months, negative figures) are identified and investigated; and
- the data reflects significant changes at any site e.g. extension of buildings, working hours, new equipment etc.

6.3 Restatement of previously reported data – the Group has identified the following situations in which it may restate published data:

- data error - as we develop our understanding we may find that previously reported data was inaccurate; and
- business divestments – where this leads to a material reduction in carbon emissions such that comparison of indicators across years becomes misleading.

In all cases before any restatement of data is made, materiality of the adjustment will be discussed and agreed with Group Reporting and, where appropriate, external auditors.

6.4 Estimation – wherever possible actual data should be recorded at site level. There may however be some situations where data will need to be estimated:

- utility charges are sometimes included in the overall rent paid on a property - usage should be estimated based on sites of a similar size or in a similar geography, where utility bills are available.
- utility bills are estimated and subsequently adjusted – some utility bills are estimated for periods of up to a year in advance and then reconciled. Business Areas are responsible for ensuring that the data for each reporting period is as accurate as possible. Where utility consumption is based on estimates, substantial credits for over-estimated consumption from one reporting year should not be carried forward to the following reporting year.
- acquired businesses – where an acquired business starts reporting part way through a reporting year, every attempt should be made to source data which is missing for the period of Group ownership. Where this is not possible, or the effort to obtain the data is disproportionate to its materiality, estimates should be provided.

Where any estimates are used, this should be noted in BRMS.

## **7. Management review**

Business Area ESH managers provide an internal report on a quarterly basis to benchmark Business Areas, comparing both year-on-year and cross-business EHS performance. These reports are presented to Environment, Health and Safety Committee . EHS progress reports are also made by the Head of CR to the Sustainability Committee meetings. Health & safety reports are provided to the Bunzl plc Board on a quarterly basis.

At the end of the reporting year Business Area finance teams are responsible for the review and sign-off of data submissions and commentary which are provided to the Head of CR through BRMS.

## **8. Types of data**

8.1 Environmental – total CO<sub>2</sub>e emitted (in tonnes) is calculated by using activity data (see below) and applying the relevant conversion factors. The UK Department for Environment, Food and Rural Affairs (Defra) guidelines on measurement and conversion factors are followed. With effect from 2016 Defra stopped publishing overseas electricity consumption conversion factors and this data is now sourced from International Energy Agency (IEA). Activities not covered by Defra, for example district heating, will be based on locally quoted conversion factors. The calculation of total carbon emissions will be performed with reference to the GHG

Protocol guidance for applying location based factors. Reported emissions from electricity are based on location based factors.

The conversion factors used within the Group are programmed into BRMS and will be reviewed and updated annually where required.

8.2 Activity data - The various types of activity data currently being recorded are set out below. BRMS allows for the data to be input in various units of measure relevant to the country in which they are being consumed. Businesses are responsible for ensuring that the data collection tables set up in BRMS are consistent with the data being entered. BRMS will then convert units entered into the standard measurement unit to allow comparison across the Group.

8.3 Scope 1 - direct emissions from owned or controlled sources:

- Fuel for transport - covers both fuel for commercial vehicles and for cars driven on company business. It also includes propane for materials handling equipment.

The quantities of fuel purchased with fuel cards will normally be captured from third party billing and recorded on BRMS in litres or US gallons. For Group reporting purposes BRMS will convert all fuel into litres. It is recognised that where fuel cards are used for company provided cars this may lead to an overstatement of fuel consumed as it will include an element of private mileage. However, it is considered that the effort required to quantify and deduct such private mileage is excessive when balanced against any improvement in accuracy achieved.

Fuel purchased without a fuel card is primarily used in cars and is captured by expense systems and recorded on BRMS as distance travelled. BRMS converts distance to estimated litres used for Group reporting purposes, based on Defra conversion factors.

- Energy

Natural gas – the calculation of CO<sub>2</sub>e is based on the total units of gas consumed, measured in cubic metres, multiplied by the relevant (Defra) conversion factor. Gas consumed should be input into the system in the units in which it is measured/billed and BRMS will convert it to cubic metres.

Heating Oil – the calculation of CO<sub>2</sub>e is based on the total litres of heating oil consumed multiplied by the relevant (Defra) conversion factor.

Emissions from the operation of air conditioning equipment – very few of the products supplied by the Company are temperature sensitive and air conditioning is restricted to offices, computer rooms and small areas for specialised products. Consequently, fugitive emissions from air conditioning do not form part of the Group's CO<sub>2</sub>e reporting. However, any failure of air conditioning equipment, leading to an uncontrolled release of refrigerants, should be reported as an Environmental Incident within BRMS.

8.4 Scope 2 – indirect emissions from the generation of purchased energy.

- Electricity – the calculation of CO<sub>2</sub>e is based on the total units of electricity consumed in kWh and multiplied by the Defra conversion factor (for UK) or IEA conversion factor (for all other countries)
- District Heating – the calculation of CO<sub>2</sub>e is based on the total units consumed in kWh. Defra does not currently provide conversion factors for

district heating and therefore conversion factors applied are will be sourced locally.

8.5 Scope 3 - upstream indirect emissions (not included in scope 2) that occur in the value chain. Bunzl has identified the following Scope 3 emissions to be reported from 2014 onwards.

- 3<sup>rd</sup> party carriers– for the purposes of Scope 3 reporting this is defined as Scope 1 CO<sub>2</sub>e emissions from 3<sup>rd</sup> party carriers appointed by the Company for the road transportation of goods between branches or from Bunzl warehouses to customers. Estimation of the CO<sub>2</sub>e emissions is based on the “EIO-LCA” or Economic Input Output Life Cycle Assessment, which combines sectoral information about the environmental impact of different economic activities (e.g. couriers).
- Waste - reporting is separated into landfill, incineration and recycling. Recycled waste is split into different material types e.g. paper, plastic etc. The calculation of CO<sub>2</sub>e is based on kilograms of waste sent to the individual waste streams multiplied by the relevant Defra conversion factor.

As part of the procurement process for waste contractors, businesses should give priority to those contractors who are able to provide reliable waste data in weights and this provision should be a condition of the contract. For sites where billing is based on the number of bins collected, an average weight of bins based on volume must be established.

- Business travel

As an international business we consider our main business travel impact is air travel. Defra provide various conversion factors based on distance and class of travel.

The following Defra conversion factors are applied:

- Flights to and from the UK
  - UK domestic – average passenger
  - UK short haul – average passenger
  - UK long haul – business class
- Flights outside the UK
  - International average
  - International business

We aim to capture as many business flights as possible and require Group travel agents to provide us with relevant data. We recognise that some business flights are booked directly through the internet and businesses may elect to include this. However, the effort required to gather such data must be proportionate to the materiality.

8.6 CO<sub>2</sub> intensity indicators

Our CO<sub>2</sub> emissions are represented as an index against £ m revenue at actual exchange rate. In case of significant movement in the exchange rates of sterling against other currencies during a reporting year, index calculations may be carried

out at constant exchanges rate so that the foreign exchange translation effect can be determined.

## 8.7 EHS incidents

- Accidents are reported externally as an index per 100,000 employees based on the average number of lost time incidents and days lost per month.

Employee numbers are based on the data provided to the Group Reporting Department through the financial consolidation system. These figures represent the total full-time equivalent number of employees for each month rounded to the nearest whole number. They include employees on permanent, fixed or short-term Bunzl employment contracts but exclude all agency and temporary workers.

Accidents cover those incidents relating to workers that work under our direct supervision. This includes both employees, agency and temporary staff. A time lost incident is defined as one where the worker is, as a result of an accident, unable to attend for work at the normal time on one or more working days after the accident has occurred.

Lost days are calculated from the first to the last day of absence and include weekends. Lost time is reported against the month in which the incident occurred. The severity rate calculation includes any lost days arising after 30 September up until 31 December that related to an incident that occurred before 30 September.

Accidents are recorded on BRMS and the data must include the hazard which led to the accident and brief comments on how the accident occurred.

In addition to the above, businesses are responsible for ensuring that they comply with local statutory requirements for accident reporting.

In principle any accident leading to working days away from work will be recorded and reported as a lost time accident in BRMS. However, there may be circumstances where the company considers a reported accident to be non-genuine and for which an adjustment of the incidence or severity may be considered. An adjustment of the incidence or severity of certain incidents can be considered when there is sufficient support to demonstrate that either:

- 1) the incident did not occur at work, e.g. where the employee injured themselves outside of work and subsequently falsely claimed that the incident occurred at work;
- 2) The length of the time off is clearly inconsistent with the accident and the resulting original injury that occurred. The continued time taken off is considered to be due to another (e.g. HR/disciplinary or behavioural) matter and not due to the original injury.
- 3) The incident and/or the resulting injury have been faked by the employee e.g. to obtain workers compensation benefits or as a result of a labour dispute (fraudulent reporting).

The key decision making steps are:

- The accident needs to be formally contested. If the authorities agree with Bunzl management, the accident will be reclassified in BRMS as a severity 1 accident (no days lost).
- If the authorities do not agree or if a ruling is not received from the authorities before the end of the reporting year (31 December), an adjustment of the incidence or severity of the accident can be made if such a claim is supported with sufficient evidence. This can be in the form of (but not restricted to):
  - o Witness statements (or absence thereof).
  - o Medical records showing previous non-work related injuries or illnesses.
  - o Absence records showing repeated and or prolonged times away from work due to unclear or unsubstantiated reasons,
  - o Inconclusive employee statements (e.g. contradictions, employee keeps changing his/her story about what happened)
  - o History of behavioural problems or labour disputes (dissatisfied or troubled worker).
  - o Refusal to take diagnostic tests. For example, an employee declines an MRI that could confirm the existence of a knee injury.
  - o Refusal to consider any light-duty work, which may be offered as part of a return to work program.

It is expected that the business will have informed the employee of the intention to treat the accident (or part of the days lost) as non-work related, although it is recognised that this may not have an impact on the legal situation and the compensation process. In cases of suspected fraudulent reporting, a business would need to have started to take action against the employee involved (e.g. a formal warning, an unfavourable performance review or started a process to terminate employment).

The evidence to support the counter-claim must be documented. In all cases the process of recording of an accident at site level will be maintained. The description of the accident in BRMS must clarify the adjustment that was made. Adjusted accidents will be reviewed by the EHS Committee and need subsequent approval by both the Head of Corporate Responsibility and the Director of Group HR.

- Fatal accidents resulting from the Group's operations involving an employee or third party must be reported within 24 hours to the Group HR Director who is responsible for informing the Bunzl plc Board. These are reported separately and do not form part of the accident indices. Fatal accidents involving employees should also be recorded on BRMS.
- Environmental incidents – in view of the nature of our business we envisage that environmental incidents are likely to be short term, localised incidents resulting from the spillage of small amounts of chemicals or fuel. These should be reported in BRMS and in the quarterly report.
- Significant environmental incidents – in addition to reporting on BRMS any such incident must be reported within 24 hours to the Group HR Director who is responsible for informing the Bunzl plc Board.

Further details on Group requirements for reporting of accidents and environmental incidents are contained in policies covering EHS management systems and accident reporting which can be found on BRMS.