

The Bunzl Pension Plan

Chair of the Trustee's statement on Defined Contribution Matters

The Trustee of the Bunzl Pension Plan is required to prepare an annual Chair's Statement on governance (the 'Statement') as required under legislation set out in regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the 'Administration Regulations'), as amended by the Occupational Pension Plans (Charges and Governance) Regulations 2015 showing how it has met certain minimum governance standards in relation to defined contribution benefits including its Additional Voluntary Contribution (AVC) arrangements. The Statement covers the period 6 April 2023 to 5 April 2024 (the 'Plan Year').

As Chair of the trustee company, I have set out what steps have been taken by the Trustee board with help from our professional advisors, to meet the governance standards during the Plan year.

The Statement covers the following:

- Investment strategy with particular focus on the Plan's default investment arrangements;
- Charges and transaction costs within the Plan, and the impact of these on a member's future pension savings;
- Net return on investments;
- Internal controls, with particular focus on the processing of core financial transactions;
- Value for members assessment,
- The knowledge and resources available to the Trustee, including how the Trustee maintained the statutory levels of knowledge and understanding to govern the Plan and how these help the Trustee ensure that the Plan is governed effectively.

I am pleased to have the opportunity to explain what the Trustee Directors do to help to ensure the DC section is run as effectively as it can be. If you have any suggestions about what can be improved, please do contact Crispin Banner whose details are shown on page 3.

This statement is available at <https://www.bunzl.com/investors/shareholder-information/bunzl-pension-plan-uk/>

Default investment arrangement

The Trustee is responsible for setting the Plan's investment strategy and for appointing investment managers to carry out that strategy.

They must also establish a default investment option for members who do not select their own investment options from the fund range that is available where a scheme has been used for Automatic Enrolment purposes.

Whilst the Defined Contribution (DC) Section closed to new members from 31 December 2013, there are still members paying contributions and therefore the Plan is being utilised as a qualifying scheme by the employer to meet its auto enrolment duties in respect of this membership. As a result the Multi-Asset Fund (formerly Consensus Fund) is classed as a default arrangement (as this is the fund where over 80% of DC Section membership is invested).

A further default investment arrangement, the Diversified Fund, was put in place to comply with new Automatic Enrolment rules for members who did not want to choose an investment option for their contributions.

At a trustee meeting on the 2 September 2015 the Trustee Directors decided to select the Legal & General investment management daily dealing Diversified Fund as the technical default fund for the DC section. The Diversified Fund's objective is to provide long-term investment growth through exposure to a diversified range of asset classes. The Diversified Fund is itself invested in other passive Legal & General funds and the decision on

the balance of investments in the fund occurs once a year. The annual management charge of the fund is 0.30%. The latest review of the default investment fund was carried out in 2019. The DC default investment option is normally reviewed on a triennial basis but, as the DC Section is currently being transferred to a master trust, no such review has taken place.

The last full review of the investment arrangements and default options was undertaken during 2019 with advice received by the Trustee from a suitably qualified investment professional. No changes were made as a result of the review as the Trustee concluded that that the funds available to members remained suitable and performance was in line with the Trustee's objectives.

In accordance with the Administration Regulations, the Trustee has appended the latest copy of the Statement of Investment Principles ('SIP') dated August 2023 which was prepared for the Plan under Section 35 of the Pensions Act 1995 (the '1995 Act') and regulations 2 and 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (the 'Investment Regulations'). The SIP includes a statement of principles in relation to the Plan's default investment arrangements.

The SIP considers the following in relation to the default arrangements:

- The Trustee's aims & objectives in relation to the default arrangements' investments;
- The Trustee's policies on issues such as: investments to be held, expected returns and risk, and, how and to the extent ESG considerations are taken into account; and,
- How these aims, objectives and policies are intended to ensure that assets are invested in members' best interests.

Asset allocation breakdown of the default funds

As at 31 March 2024 the asset allocation breakdown of the default funds as described above were as follows:

Asset class	Multi-Asset Fund (former Consensus Fund)	Diversified Fund
Cash	0.0%	0.0%
Bonds	5.4%	0.0%
Corporate bonds	18.8%	16.7%
Government bonds	4.8%	2.0%
Other bonds	16.7%	18.6%
Listed equities	40.4%	35.9%
Private equity	2.5%	0.0%
Venture capital/growth equity	0.0%	0.0%
Buy-out funds	0.0%	0.0%
Property	6.5%	10.7%
Infrastructure	4.7%	5.3%
Private debt	0.2%	4.2%
Other	0.0%	6.6%
Totals	100.0%	100.0%

Legal & General Investment Management Ltd

The asset allocations are not dependent upon membership age profiles therefore asset allocations per individual age cohorts are not shown.

Charges and transaction costs paid by members

The Administration Regulations require the Trustee to report on the charges and transactions costs for the investments used in the default investment option, as well as the wider fund options available, and assess the extent to which the charges and costs represent good value for members. The Trustee has followed statutory guidance in preparing this section of the Statement.

The Company currently meets administration, member communication and advisory costs associated with operating the Plan.

Charges related to investment management are deducted from members' funds. There are two different types of investment charges, the annual management charge ("AMC") and the total expense ratio ("TER"). The AMC is the fee applied by the investment manager for managing the individual funds. The TER will be the same or higher and includes any additional expenses associated with the running and management of the funds such as custody costs (which will vary slightly from time to time).

In addition to ongoing charges, members may also incur transaction costs. These are the expenses associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions and stamp duty. Due to the way in which transaction costs are calculated, they can be negative or positive in nature; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity.

Performance related fees are not applied to the portfolio of investments the Plan has with Legal & General.

The table below summarises charges and transaction costs of the DC section funds currently in use:

Fund name	TER (% p.a.)	Transaction costs (% p.a.)
Multi-Asset Fund (formerly Consensus Fund)	0.2910	0.0241
Global Equity Fixed Weights (50:50) Index Fund	0.2534	0.0232
UK Equity Index Fund	0.1667	-0.0140
North America Equity Index Fund	0.2039	0.0013
Europe (ex UK) Equity Index Fund	0.3827	0.1228
Japan Equity Index Fund	0.2526	0.0127
Asia Pacific (ex Japan) Developed Equity Index Fund	0.2930	0.0034
Over 15 Year Gilts Index Fund	0.1074	0.0018
AAA-AA-A Corporate Bond All Stocks Index Fund	0.1066	-0.0444
Over 5 Year Index-Linked Gilts Index Fund	0.1432	0.0432
Cash fund	0.2297	0.1046
Diversified Fund	0.3762	-0.0108

The TER comprises AMC and additional fund expenses, for example custody costs, where applicable.

Transaction cost shown above are over the 12-month period to 31/12/2023.

Source: Legal & General.

Funds in bold are default arrangements

AVC arrangements

In addition to the main DC Section, there are also Defined Benefit (DB) AVCs held with Legal and General, Aviva and Utmost. Members holding Legal and General AVCs are able to invest in the same fund range which are subject to the same charges and costs as main DC Section members as outlined in the previous table.

The charges and costs borne by members for the legacy AVC funds held with Aviva and Utmost are shown in the table below as at 31 March 2024

Provider	Fund	TER (% p.a.)	Transaction Costs ^{b)} (% p.a.)
Aviva	FLAS Unitised With-Profits Sub-Fund	0.6040	0.0104
Utmost	Utmost Money Market Pension	0.5000	0.5000
	Utmost Multi-Asset Cautious Pension	0.7500	0.7500
	Utmost Multi-Asset Moderate Pension	0.7500	0.7500
	Utmost Managed Pension	0.7500	0.7500

Source: Aviva and Utmost

(a) Charges are implicit

Illustrations of the effect of transaction costs and charges on members' benefits

Using the charges and transaction cost data provided by LGIM and in accordance with regulation 23(1)(c) of the Administration Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the DC Section on their pension savings. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following (with the DC Section's relevant funds/strategies listed in brackets):

- The fund with the most members invested (Multi-Asset (formerly Consensus) Fund)
- The most expensive fund and default arrangement (Diversified Fund)
- The least expensive fund (AAA-AA-A Corporate Bond All Stocks Index Fund)

The illustrations that follow take into account the following elements:

- Initial savings value;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of charges on a typical active member's pension savings, we have provided the below illustrations, which accounts for all estimated member costs, including the TER, transaction costs and inflation.

To make this representative of the membership, the Trustee has based the first set of illustrations on assumptions that the typical member of the DC section is aged 51 years old, with an average pot size of £56,000. The Trustee has based the second set of illustrations on assumptions that the youngest member of the DC section is aged 30 years old, with a pot size of £10,100.

The Trustee has taken the decision not to include illustrations for the members with DB AVCs as these are not representative of the overall membership.

Typical member (aged 51)

Age	Most popular Fund		Highest cost and default arrangement		Lowest cost	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
	Multi-Asset (formerly Consensus) Fund		Diversified Fund		AAA-AA-A Corporate Bond All Stocks Index Fund	
51	£56,000	£56,000	£56,000	£56,000	£56,000	£56,000
53	£67,056	£66,673	£68,662	£68,148	£65,290	£65,101
55	£78,268	£77,432	£81,836	£80,689	£74,441	£74,038
58	£95,382	£93,733	£102,603	£100,265	£87,912	£87,145
60	£106,993	£104,710	£117,150	£113,846	£96,725	£95,688
63	£124,715	£121,340	£140,081	£135,045	£109,698	£108,215
65	£136,738	£132,539	£156,144	£149,751	£118,186	£116,380

Youngest member (aged 30)

	Most popular Fund		Highest cost and default arrangement		Lowest cost	
	Multi-Asset (formerly Consensus) Fund		Diversified Fund		AAA-AA-A Corporate Bond All Stocks Index Fund	
Age	Before charges	After charges	Before charges	After charges	Before charges	After charges
30	£10,100	£10,100	£10,100	£10,100	£10,100	£10,100
33	£20,497	£20,345	£21,096	£20,890	£19,845	£19,770
35	£27,551	£27,243	£28,799	£28,376	£26,220	£26,072
38	£38,318	£37,696	£40,941	£40,060	£35,604	£35,315
40	£45,622	£44,734	£49,447	£48,166	£41,744	£41,339
43	£56,771	£55,397	£62,855	£60,819	£50,782	£50,173
45	£64,335	£62,578	£72,247	£69,597	£56,695	£55,931
48	£75,881	£73,457	£87,052	£83,298	£65,399	£64,375
50	£83,713	£80,783	£97,423	£92,804	£71,093	£69,878
53	£95,669	£91,882	£113,772	£107,641	£79,476	£77,949
55	£103,780	£99,356	£125,224	£117,934	£84,960	£83,209
58	£116,161	£110,680	£143,276	£134,001	£93,033	£90,923
60	£124,560	£118,305	£155,921	£145,147	£98,314	£95,950
63	£137,381	£129,858	£175,855	£162,546	£106,089	£103,324
65	£146,079	£137,637	£189,818	£174,615	£111,175	£108,129

1. Values shown are estimates at end of each year and are not guaranteed.
2. Projected pension savings are shown in today's terms.
3. To make this analysis representative of the membership, the Trustee based these assumed members on data sourced from the administrator. The typical active member is age 51, with a normal retirement age of 65, using starting pension savings of £56,000 and a salary of £51,000. The youngest active member is age 30, with a normal retirement age of 65, using starting pension savings of £10,100 and a salary of £33,600. Each member's total contributions (including those from the employer) are assumed to be 10% of the member's salary per annum and is assumed to increase in line with inflation.
4. Inflation is assumed to be 2.5% per annum.
5. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Multi-Asset (formerly Consensus) Fund	0.27% p.a.	0.03% p.a.	3.17% p.a. before inflation
Diversified Fund*	0.39% p.a.	0.01% p.a.	4.50% p.a. before inflation
AAA-AA-A Corporate Bond All Stocks Index Fund*	0.15% p.a.	Nil	1.75% p.a. before inflation

Charge and costs figures provided by LGIM; growth rate assumptions provided by the Trustee. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund. As such, the transaction costs shown above are an average of the annual costs provided for 5 year periods to 31 March 2024.

*This fund has reported negative transaction costs over the 5 year period, therefore we have assumed these costs to be nil for these illustration purposes.

Net Performance

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') require the Trustee to report on the net investment returns for its default arrangement(s) and for each fund in which Plan members were invested during the Plan year.

Net investment returns refers to the returns on funds less all transaction costs and charges. The tables in this section have been produced in line with statutory guidance and contain the net investment returns for the year to 31 March 2024 (the nearest date for available data to the year end date of 5 April 2024).

The table below shows the performance of the self-select funds, net of all member borne charges.

Legal and General Funds	Annualised returns to 31 March 2024 (%)	
	1 Year	5 Year (p.a.)
Multi-Asset (formerly Consensus) Fund	8.07	4.11
Global Equity Fixed Weights (50:50) Index Fund	13.41	8.39
UK Equity Index Fund	8.45	5.43
North America Equity Index Fund	26.63	15.27
Europe (ex UK) Equity Index Fund	12.78	9.72
Japan Equity Index Fund	21.43	8.15
Asia Pacific (ex Japan) Developed Equity Index Fund	4.25	4.66
Over 15 Year Gilts Index Fund	(4.71)	(8.19)
AAA-AA-A Corporate Bond All Stocks Index Fund	4.72	(1.05)
Over 5 Year Index-Linked Gilts Index Fund	(6.92)	(6.60)
Cash fund	4.97	1.50
Diversified Fund	8.28	4.35

Source: Legal and General Performance report to 31 March 2024.
Funds in bold are default funds.

Legacy AVC Arrangements

Provider	Funds	Annualised returns to 2024 (%)	
		1 Year	5 Year (p.a.)
Aviva	FLAS Unitised With-Profits Sub-Fund	4.35	NOT AVAILABLE
Utmost	Utmost Money Market Pension	4.93	1.39
	Utmost Multi-Asset Cautious Pension	7.69	NOT AVAILABLE
	Utmost Multi-Asset Moderate Pension	12.49	NOT AVAILABLE
	Utmost Managed Pension	11.74	4.77

Source: Aviva and Utmost

Utmost Multi Asset Cautious and Moderate Funds have been in existence for less than 5 years so are not available.

In With Profits funds members typically receive annual bonuses, which do not reflect the underlying fund's investment performance due to smoothing (keeping some of the return back in good years to support bonus rates in years where the investment return has been lower). The timing of the annual bonus varies by Aviva. The amount a member will receive will depend on when they take their benefit and any terminal bonus payable at the time. The level of terminal bonus is dependent on a number of factors and typically is only guaranteed at the normal retirement age under the policy, or death. The Trustee will consider how best to improve reporting for net performance for With Profits Funds in the future in light of any updated statutory guidance.

Core financial transactions

As required by the Administration Regulations, the Trustee must ensure that core financial transactions are processed promptly and accurately. Core financial transactions are (broadly, but not limited to):

- Transfers out of the Plan of assets relating to members (transfers in are no longer possible);
- Switches of members' investments between different funds within the Plan; and
- Payments from the Plan to, or in respect of, members (e.g. payment of death benefits).

Since January 2015 the administration of the DC section has been provided by Bunzl plc. During the period 6 April 2023 to 5 April 2024 the percentage of core transactions described below were completed within 20 business days.

Description	Service Level %
Contribution Processing	100%
Investment Transactions	100%
Death claims	92.3%
Retirements	86.8%
Transfers out	86.1%

From 6 April 2023 to 5 April 2024, the overall service levels achieved was 93% (the average of the above achieved service levels).

The processes adopted by the administrator to help meet the SLAs include:

- Member contributions from each employing company are checked monthly by the administrator for accuracy and to ensure they are received and invested in an agreed time frame
- Timeliness of transactions are monitored and reported through a work flow system.
- Manual processes require a separate processor and authoriser
- Frequent monitoring of bank accounts (less than monthly)
- Payments checked and approved independently by one or more individuals (depending on value).

I am pleased that in the last Plan year there have been no material administration issues, which need to be reported here by the Trustee Directors and are satisfied that the processes and controls in place with the administrator aim to ensure that the financial transactions, which are important to members are dealt with properly.

Based on the controls and procedures in place, the Trustee is confident that the core financial transactions were processed promptly and accurately for the majority of members during the period by the administrator.

Value for Member Assessment

In accordance with regulation 25(1)(b) of the Administration Regulations, the Trustee is required to undertake a review of the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for members, relative to peers and alternative arrangements that are available.

There is no legal definition of “good value”, so the process of determining good value is a subjective one. Equally, “value” is not a straightforward concept to quantify and can be open to broad interpretation. The value for members assessment undertaken by the Trustees in 2024 for the year ended 5 April 2024 included:

- Investment charges for the default and other funds, when benchmarked against comparable funds with similar sized mandates;
- Investment performance; and
- Investment fund range and ratings.

The Trustee remains satisfied that the Plan provides good value for members but continues to keep this under review. The legacy assets held with Utmost and Aviva fall outside of the review as they cannot be moved without member consent.

Trustee knowledge and understanding

The law requires the Trustee board to possess or have access to sufficient knowledge and understanding to run the Plan effectively. We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Board. The training record is reviewed regularly to identify any gaps in knowledge and understanding across the Board as a whole. Trustee Directors are all required to complete the Pensions Regulator training guide and attend training courses. In addition, further training sessions are also provided as required.

The Trustee Directors have a working knowledge of the Trust Deed and Rules, the current Statement of Investment Principles, as well as knowledge of documents setting out the Trustee’s current policies. Training on

relevant documents is provided to the Trustee by their advisers as and when needed.

During the year the Trustee has considered various matters relating to activities in the Plan which has strengthened their knowledge and understanding of both the Plan as well as Pensions and Trust Law.

The Trustee has undertaken regular formal training throughout the year including:

- Buy-ins and buy-outs
- GMP equalisation
- Implementation Statement Requirements

During the period, the Trustee undertook a number of activities that involved giving consideration to pensions and trust law, the Plan’s governing documents and the Statement of Investment Principles. This allowed them to exercise their knowledge and understanding and to further strengthen their capabilities, for example, by developing their knowledge and understanding of the relevant principles relating to the funding and investment of occupational pension schemes. Additional training requirements that have been met during the period to which this Statement relates are as follows:

<p>A working knowledge of the Trust Deed and Rules.</p>	<p>The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules by:</p> <ul style="list-style-type: none"> - Exercising their discretion when considering payment to beneficiaries in line with the Rules. - Understanding rules (with legal advice where required) with regards to the administration of the Plan. <p>If there are any ambiguities over the interpretation of the Rules legal advice is sought from the Plan’s legal advisors.</p>
<p>A working knowledge of the current Statement of Investment Principles (SIP).</p>	<p>The Trustee is conversant with, and has a working knowledge of, the current SIP.</p> <p>The Trustee undertakes regular training on investment matters and is comfortable that the Trustee Directors have sufficient knowledge of investment matters to be able to challenge their advisor.</p>
<p>A working knowledge of all documents setting out the trustees’ current policies.</p>	<p>The Trustee Directors considered a number of scheme documents and member communications (containing their policies) including:</p> <ul style="list-style-type: none"> - The drafting of the Statement of Investment Principles - Reviewed the strategic objectives for their investment consultant - Reviewed the significant voting policies
<p>That they have sufficient knowledge and understanding of the law relating to pensions and trusts.</p>	<p>During the course of the scheme year the Trustee has undertaken various activities to keep abreast of relevant developments. This included:</p> <ul style="list-style-type: none"> - Pensions dashboard requirements · Pensions law and their possible impact on the Plan such as nudges to pensions guidance

<p>That they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational scheme.</p>	<p>The Trustee receives regular updates from their advisors on funding and investment matters and these are considered at the quarterly Trustee meetings as standing items.</p> <p>During the course of the year the Trustee reviewed their investment strategy and continued to divest the risk assets.</p>
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Newly appointed Trustee Directors are also provided with individual training upon appointment. In addition, the Trustee Directors undertake to complete the Pension Regulator’s Trustee Toolkit as updated from time to time.

Member nominated Trustee Directors are selected by an interview panel including the Plan’s actuary.

As a result of the training and selection activities, which have been completed by the Trustee Directors individually and collectively as a board and taking into account the professional advice available to the Trustee Directors. I am confident that the combined knowledge and understanding of the board enables us to exercise properly our functions as the trustee of the Plan.

Chair’s declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) and I confirm that the above Statement has been produced and approved by the Trustee Directors to the best of their knowledge.

Signed for and on behalf of the Trustee of the Bunzl Pension Plan on

D J Breeze

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Chair of the Trustee