

CHAIRMAN'S INTRODUCTION



‘Good decision making and robust governance are key to the delivery of strong, sustainable financial and operational performance and the Board is committed to ensuring that it promotes the highest standards of governance and that these standards are embedded throughout the Group.’

Peter Ventress
Chairman

Introduction from Peter Ventress, Chairman of the Board

I write to you for the first time as Chairman, having assumed the role in April 2020. As I mentioned in my statement on pages 4 and 5, the global outbreak of Covid-19 and its unprecedented effects have tested businesses around the world. The Board plays a vital role in ensuring the stability of the business, particularly during times of uncertainty, by delivering effective leadership which supports the creation and delivery of strong and sustainable financial and operational performance for the Group and long term value for our stakeholders. However, at Bunzl, we recognise that it is our people who are our greatest asset; they are key to our continued success and to the delivery of our established, consistent, proven and successful compounding strategy. I have been extremely impressed by the resilience and commitment of our people and their unwavering dedication to keeping our operations running safely and to providing the highest quality of service to our customers, despite the challenges faced this year. Further information about the Company's response to Covid-19 and the pivotal role played by our people can be found on pages 6 and 7.

The importance of good governance is never greater than in times of macroeconomic uncertainty. The Group's success depends on our continual commitment to high corporate governance standards, as well as a healthy and responsible culture, both in the Boardroom and across the Group. We do not view corporate governance as an exercise in compliance but as an evolving and core discipline which generates value for our stakeholders and underpins our success. In the current uncertain economic and political environment, effective oversight of strategy and risk is particularly important to promote the long term success of the Group. In performing this role, the Board seeks to be responsive to both the evolving regulatory environment and changing expectations

about the role of business in society. In particular, the Board seeks to ensure that the Group's culture is aligned with its purpose and values and that the Company has the necessary financial and human resources to deliver its strategy successfully. As a Board, we are committed to ensuring that the Company's purpose, values and high standards are set from the top and, with the support of the executive directors and the executive management team, embedded throughout the Group. We are dedicated to leading by example to demonstrate Bunzl's strong corporate values and culture which promote the long term sustainable success of the Company for the benefit of all of our stakeholders. As detailed later in this report on page 97, the Board monitors adherence to the Group's corporate culture in a number of ways and we will continue to develop and adapt our methods of engagement further to ensure that the mechanisms in place to monitor culture remain appropriate.

Board changes

One of the key aspects of good governance by any Board is to plan for future management succession. As reported last year, following an extensive search and selection process, Richard Howes was appointed to succeed Brian May as Chief Financial Officer with effect from 1 January 2020 following Brian's retirement from the Board at the end of December 2019. In addition, my predecessor, Philip Rogerson, stepped down as Chairman and as a director at the conclusion of the Company's 2020 Annual General Meeting ('AGM') and, at the same time, Eugenia Ulasewicz retired as a non-executive director, having been on the Board since April 2011. After more than 30 years at Bunzl, Paul Hussey retired as Company Secretary on 1 October 2020 and was succeeded by Suzanne Jefferies as Interim Company Secretary. On behalf of the Board, I would like to express my sincere gratitude to Brian, Philip, Eugenia and Paul for their wise counsel and valuable contribution to the Group over the years and wish them well for the future.

Vin Murria OBE was appointed as a non-executive director with effect from 1 June 2020. In addition to Vin's experience working in entrepreneurial, decentralised businesses, she also has detailed and extensive knowledge of, and experience working in, the digital and technology sectors which will be invaluable as we look to expand and develop our digital and technological capabilities in the future and will complement the broad range of skills, knowledge and experience already possessed by the Board. On 23 December 2020, Maria Fernanda Mejía joined the Board as a non-executive director. Maria Fernanda has considerable knowledge and international experience of distribution and supply chain management, with a strong background in marketing and communications. Her experience will be of great benefit to the Group as we continue to develop and enhance our brand and customer propositions around the world.

Details of an interview with Vin Murria can be found on page 101. Further details concerning the Board changes that took place during the year can be found in the Nomination Committee report on pages 104 to 107.

Board evaluation

As mentioned in last year's Corporate governance report, following the publication in 2018 of the Financial Reporting Council's revised UK Corporate Governance Code (the 'Code') and the associated guidance, which indicates that questionnaire-based external evaluations are unlikely to be sufficiently broad, the Board took the decision to conduct a more comprehensive external performance evaluation for the year ended 31 December 2020 which involved one-on-one interviews with each of the directors. The Board considered that having a more comprehensive evaluation in 2020 would support its strategic thinking and develop its effectiveness further and I am pleased to report that, as a result of the evaluation,

the Board concluded that both it and its Committees continue to operate effectively. The Board continues to work closely with the executive management team and offers support and robust challenge as appropriate. Further information concerning the evaluation can be found in the report that follows.

Environmental, social and governance ('ESG') matters and sustainability

In recent years we have seen an increased focus from stakeholders and regulators on ESG and sustainability matters. At Bunzl, sustainability is an important part of our culture and the way we do business. Our sustainability strategy is aligned to the Company's strategic framework and is fully supported by the Board and the Group as a whole. Through our sustainability strategy, we aim to deliver long term sustainability for our stakeholders, while impacting positively on society and protecting the environment. The Board believes that a socially and environmentally sustainable and responsible business and an inclusive and collaborative culture are critical to creating value and to making the Group more commercially successful in the long term, for the benefit of all our stakeholders. Bunzl's reputation for high standards of responsible and sustainable business conduct is something that we are extremely proud of and we will continue to pursue our sustainability ambitions to ensure that this reputation is upheld. Further information about the Company's approach to sustainability can be found in the Sustainability report on pages 42 to 59.

Stakeholder engagement

As a Group, we are more conscious than ever of the importance of stakeholder engagement and believe that effective communication and proactive engagement with stakeholders is paramount in establishing a mutual understanding of both the Group's and stakeholders' objectives. We understand the value of long term thinking and believe that effective stakeholder engagement is critical to fostering mutually beneficial relationships and securing our long term success.

While the majority of engagement with stakeholders is undertaken by our experienced and dedicated management teams, the Board is kept continually apprised of stakeholder matters. The directors are also ready whenever required to engage directly with stakeholders, as demonstrated by the directors' participation in employee forums and my attendance at occasional meetings with investors. The Board receives regular

updates from the executive directors and senior management on insights and feedback from stakeholders which allows the directors to understand and consider the perspectives of key stakeholders in decision making. It also allows the Board to oversee and monitor effectively the work being done within the stakeholder environment and affords the directors the opportunity to appraise and challenge, where appropriate, the work being done by management and any associated decisions. In addition, the Company Secretary and I provide support and guidance at Board meetings to ensure that enough consideration is given to the impact of Board decisions on stakeholder groups. The Board is cognizant of the fact that the relevance of each stakeholder group may change depending on the matters being considered and it therefore seeks to understand the needs and priorities of the relevant stakeholders during the decision making process.

Being mindful of the interests of our stakeholders is something which is embedded in Bunzl's DNA and is inherent in the Group's decision making processes. Therefore, while decisions are frequently made at an operational level, the directors are confident that due consideration and regard is always given to how the decisions may impact its stakeholders and to the consequences of such decisions in the long term. Examples of how the Board and the wider business have had regard to stakeholder interests and the effect of that regard can be found on pages 60 to 63.

Workforce engagement

We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business. At Bunzl, we understand that the employee voice can increase collective learning and that, when employees feel safe to voice concerns and contribute honestly to decision making processes, the natural diversity within the Group can be better leveraged, which optimises decision making.

Throughout the year, we continued to invest time and resources in communicating with our people and ensuring that the employee voice is heard by the Board. While the directors were unable to visit many of the Group's locations in person during 2020 as a result of Covid-19, they were able to engage with employee representatives from across the Group by way of virtual employee forums and, in doing so, were able to hear their views and gain valuable insights into the matters affecting our people the most.

Bunzl is a global business with operations in multiple locations and our employees fulfil a broad range of roles with many different perspectives. It is therefore essential that our engagement methods suit the nature of our business and our workforce. We strongly believe that this holistic approach to engagement is the most effective method and allows the Board to understand, monitor and assess the culture of the business and its alignment with the Company's purpose, values and strategy. Further information concerning how the Board monitors culture can be found later in this report and details of the actions taken in respect of workforce engagement can be found on page 61 and in the Sustainability report on page 47.

The following reports set out how we have applied the principles of the Code during the year and how we have aligned these to our strategic plans and the interests of our stakeholders. The Board will continue to monitor the corporate governance agenda and seek to strengthen further and where necessary adapt our governance processes to ensure that we remain at the forefront of best practice.

Peter Ventress

Chairman

1 March 2021

UK Corporate Governance Code compliance statement

It is the Board's view that, for the year ended 31 December 2020, with the exception of provision 38 which states that the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce, the Company has been fully compliant with all of the relevant principles and provisions set out in the Code. As announced on 30 March 2020, the Company has agreed a programme of reductions which will bring the cash allowance in lieu of pension contributions for the Company's Chief Executive Officer in line with the wider workforce by the beginning of 2023. Further information concerning the Company's approach to pension contribution rates for executive directors can be found on page 122 of the Directors' remuneration report. The Company's auditors, PricewaterhouseCoopers LLP, are required to review whether this statement reflects the Company's compliance with those provisions of the Code specified for their review by the Financial Conduct Authority's Listing Rules and to report if it does not reflect such compliance. No such report has been made.

Employee engagement statement

Employee involvement in the Company's performance is encouraged through a variety of different means, including the operation of all employee share plans, bonus and commission schemes and other incentive arrangements. The Board regards

employee engagement as a matter of the utmost importance and, during the year, the directors were involved in a number of different initiatives aimed at further enhancing their understanding of the views and interests of Bunzl's employees. More information about these initiatives and the relevance of such engagement in the context of the Company's strategy can be found on page 61 and in the Sustainability report on pages 42 to 59. Further information concerning the arrangements in place to communicate and consult with Bunzl's employees can also be found in the Sustainability report and in the Other statutory information section on page 142.

Engagement with suppliers, customers and other stakeholders

Understanding the views of the Company's stakeholders is a key priority for the Board and Bunzl as a whole. It helps to focus the Company's resources, engagement and reporting activities by addressing those issues that matter most to the Group's businesses and to the Company's wider stakeholders. Fostering strong business relationships is an intrinsic part of the Company's long established, consistent, proven and successful compounding strategy and a key consideration in all decision making. More information about Bunzl's engagement with its suppliers, customers and wider stakeholder groups can be found on pages 60 to 63 and in the Sustainability report on pages 42 to 59.

Board composition

As at 31 December 2020, the Board was made up of eight members comprising a Chairman, a Chief Executive Officer, a Chief Financial Officer and five non-executive directors.

Brief biographical details of the current directors are given on pages 92 and 93 and further information on the Nomination Committee's approach to succession planning can be found in its report on pages 104 to 107.

None of the Company's non-executive directors had any previous connection with the Company or its executive directors on appointment to the Board and all of them are considered by both the Board and the criteria set out in the Code to be independent. Each of the non-executive directors is considered to have a breadth of strategic, management and financial experience gained in each of their own fields in a range of multinational businesses. In accordance with the terms of the Code, each of the directors in office at the date of this Annual Report will be subject to re-election at the forthcoming AGM.

Board activity in 2020

The high calibre of debate and the participation of all executive and non-executive directors in meetings allows the Board to utilise the experience and skills of the individual directors to their maximum potential and make decisions that

are in the best interests of the Company, for the benefit of all stakeholders.

The Board meets formally at least seven times a year and normally at least two of these meetings are held at or near Group locations around the world where the directors have the opportunity to meet and interact with employees from different businesses within the Group's portfolio as well as observe the operations in situ. Due to Covid-19, most of the Board and Committee meetings that took place during 2020 were held virtually. While the directors always welcome the opportunity to visit and experience different parts of the business in person, the virtual meetings were highly effective and afforded the directors the opportunity to interact with employees from multiple locations across the Group.

Bunzl's overall strategy is reviewed and discussed both at a separate strategic planning meeting and during Board meetings held over the course of the year. As part of this strategic planning process, presentations are made by the Chief Executive Officer, the Chief Financial Officer and the heads of the business areas, together with the Director of Corporate Development. During 2020, in addition to the discussions relating to the Group's strategy that took place during the year, a number of the Group's executives made presentations to the Board about a variety of diverse topics. These included reviews of and

updates on business performance, potential acquisition opportunities, the post-acquisition performance of businesses acquired in prior years, the Group's financing facilities and treasury policies, the Group insurance programmes, tax risks and strategy, the Group risk assessment, information security risks and controls, digital initiatives, supplier audits carried out, recent developments in sustainability matters, whistle blowing reports and health & safety performance metrics.

A key area of focus during the year was the global spread of Covid-19. In addition to the scheduled Board meetings, a number of adhoc meetings were held to consider further the effect of the pandemic on Bunzl's employees and other stakeholders and the impact on the Group's operating and financial performance. The Board also considered the implications of Covid-19 for the Group's liquidity arrangements and, in order to further diversify and strengthen the funding sources of the Group, approved the establishment by Bunzl Finance plc of a £1 billion Euro Medium Term Note Programme which is listed on the International Securities Market of the London Stock Exchange and which is guaranteed by Bunzl plc.

Due to the heightened macroeconomic uncertainty caused by Covid-19, the Board also took the decision not to propose a final dividend for the year ended 31 December

2019 at the Company's 2020 AGM. However, following a better than expected trading performance during the first half of the year, the Board decided to reinstate the final dividend as an additional interim dividend for the year ended 31 December 2019, to be paid in 2020, at the same level as originally proposed (35.8p). In addition, the Board, Executive Committee and business area managing directors also took a 20% reduction in fees/base salary during the second quarter of 2020 to help support the business. Further information concerning the Company's response to Covid-19 can be found in the Strategic report on pages 6 and 7.

Sustainability and the actions being taken in furtherance of the Group's sustainability ambitions were also key areas of focus for the Board and were a standing agenda item at its meetings. More information about the sustainability matters that were considered by the Board during the year can be found in the Sustainability report on pages 42 to 59.

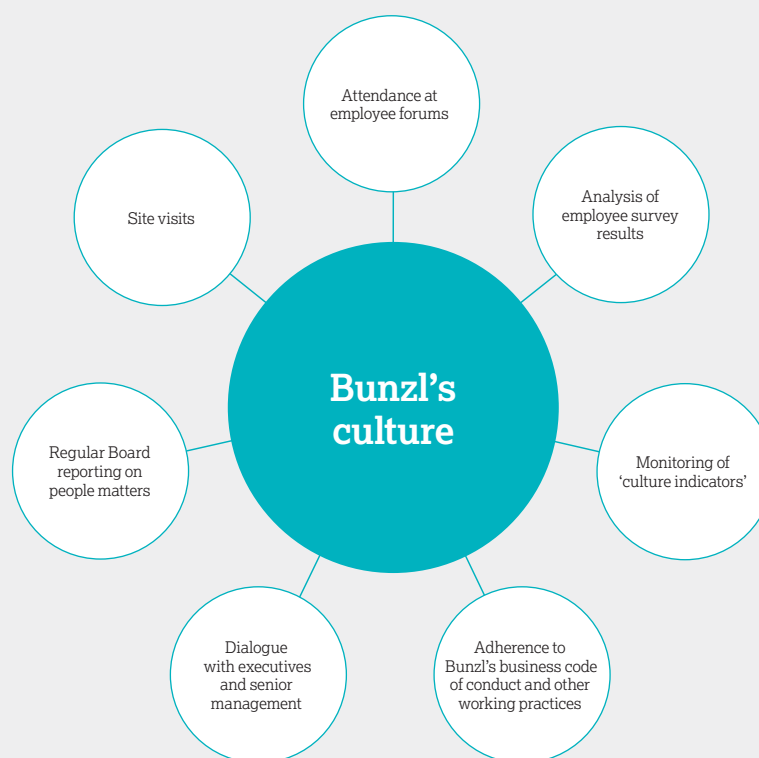
In addition, following the results of the information technology ('IT') and information security ('IS') internal audits undertaken in 2019, during the year the Board approved an IS risk assessment and IS standard and policy. The Board's continued oversight of the enhancement of the Company's approach to IT and IS risks will be particularly important as the Group progresses further with its digital ambitions.

During the year, the Board considered and approved the Nomination Committee's recommendations that Vanda Murray and Stephan Nanninga be re-appointed for a further three-year term.

Formal Board sessions were also held to focus on talent management and succession plans in respect of the senior leadership team. These sessions also considered broader topics such as leadership talent within the business areas and operating companies, young talent initiatives and diversity. In addition, during 2020 Board members interacted with high potential leadership talent and actively supported diversity initiatives across the Group. Further details of these activities can be found in the Sustainability report on pages 46 and 47.

The Board calendar is planned to ensure that the directors discuss a wide range of topics throughout the year and the Board has formally adopted a schedule of matters which are required to be referred to it for decision. A non-exhaustive list of such matters can be found on page 98.

HOW WE MONITOR CULTURE



Meetings

The table below sets out directors' attendance at the seven scheduled Board meetings held during 2020. Additional meetings of the Board were also held as and when circumstances required it to meet at short notice.

	Meetings attended
Philip Rogerson ¹	3
Peter Ventress	7
Frank van Zanten	7
Richard Howes	7
Eugenia Ulasewicz ²	3
Vanda Murray	7
Lloyd Pitchford	7
Stephan Nanninga	7
Vin Murria ³	4
Maria Fernanda Mejía ⁴	0

1. Philip Rogerson retired as a director on 15 April 2020 having attended all of the Board meetings held between 1 January 2020 and that date.
2. Eugenia Ulasewicz retired as a director on 15 April 2020 having attended all of the Board meetings held between 1 January 2020 and that date.
3. Vin Murria was appointed as a director on 1 June 2020 and attended all of the Board meetings held between that date and the end of the year.
4. Maria Fernanda Mejía was appointed as a director on 23 December 2020. No Board meetings were held between that date and the end of the year.

Governance structure

The Board has ultimate responsibility for the overall leadership of the Group. To ensure the directors maintain overall control over strategic, financial, operational and compliance issues, the Board meets regularly throughout the year and has formally adopted a schedule of matters which are required to be brought to it for consideration. Further details of the matters reserved for the Board can be found below.

The Board has established three Committees, all of which comply with the provisions of the Code and play an important governance role through the detailed work they carry out to fulfil the responsibilities delegated to them. Briefing papers are prepared and circulated to Committee members in advance of each meeting. Further information relating to the Board Committees is set out below and in the Committee reports which follow this Corporate governance report.

Board

Nomination Committee

Chairman

Peter Ventress

Members

Frank van Zanten
Vanda Murray
Lloyd Pitchford
Stephan Nanninga
Vin Murria
Maria Fernanda Mejia

Key responsibilities

Reviews the structure, size and composition of the Board with regard to diversity and to ensuring a balance of skills, knowledge and experience.

For more information see pages 104 to 107 →

Audit Committee

Chairman

Lloyd Pitchford

Members

Vanda Murray
Stephan Nanninga
Vin Murria
Maria Fernanda Mejia

Key responsibilities

Reviews and monitors the integrity of the Company's financial reports, risk processes and internal controls and the effectiveness of the internal audit function and external auditors.

For more information see pages 108 to 113 →

Remuneration Committee

Chair

Vanda Murray

Members

Lloyd Pitchford
Stephan Nanninga
Vin Murria
Maria Fernanda Mejia

Key responsibilities

Determines the policy for executive director remuneration and sets all elements of the remuneration and benefits of the Chairman, executive directors and senior management.

For more information see pages 114 to 139 →

Matters reserved for the Board

The table below summarises some of the matters which are required to be brought to the Board for consideration:

Shareholders



- Matters requiring shareholder approval.
- Circulars and significant shareholder communications.

Capital allocation and structure



- Significant capital expenditure/disposals.
- Significant business acquisitions/disposals.
- Material changes to the Group's capital structure.
- Major property leases.
- Material increases in borrowing and loan facilities.

Policies and statements



- Material Group policies and statements and major changes thereto, for example:
 - tax strategy;
 - treasury policy;
 - modern slavery statement;
 - equality and diversity policy; and
 - risk appetite.

People and leadership



- Appointment/removal of directors and Company Secretary.
- Non-executive directors' remuneration.
- Board Committee constitution and terms of reference.

Strategy and management



- The Group's strategic aims and objectives.
- Annual budget and strategic plan.

Financial reporting, risk and controls



- Financial results and announcements relating thereto.
- Final and interim dividends.
- Auditor appointment/removal.
- Risk management and internal controls.

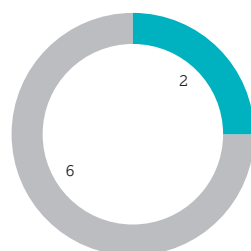
Board roles and responsibilities

The following table summarises the role and responsibilities of the different members of the Board:

Role	Responsibilities
Chairman	<p>The primary job of the Chairman is to be responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role.</p> <p>The Chairman:</p> <ul style="list-style-type: none"> • takes overall responsibility for the composition and capability of the Board and its Committees; • consults regularly with the Chief Executive Officer and is available on a flexible basis to provide advice, counsel and support to the Chief Executive Officer; and • ensures corporate governance is conducted in accordance with current best practice, as appropriate to the Group. <p>The Chairman is also viewed by investors as the ultimate steward of the business and the guardian of the interests of all the shareholders.</p>
Chief Executive Officer	<p>The Chief Executive Officer is responsible for the leadership and the operational and performance management of the Company within the strategy agreed by the Board.</p> <p>The Chief Executive Officer:</p> <ul style="list-style-type: none"> • manages the executive directors and the Group's management and day-to-day activities; • prepares and presents to the Board the strategy for growth in shareholder value; • sets the operating plans and budgets required to deliver the agreed strategy; • ensures that the Group has in place appropriate risk management and control mechanisms; and • communicates with the Company's shareholders and analysts on a day-to-day basis as necessary. <p>The Chief Executive Officer is also the designated member of the Board responsible for environmental, social and governance matters and reports to the Board in relation to such matters.</p>
Chief Financial Officer	<p>The Chief Financial Officer supports the Chief Executive Officer and is responsible for managing the Group's funding strategy, financial reporting, risk management and internal controls, investor relations programme and the leadership of the finance function.</p>
Senior Independent Director	<p>A key role of the Senior Independent Director is to be available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or for which such contact is inappropriate. The Senior Independent Director is also available to the other directors should they have any concerns which are not appropriate to raise with the Chairman or which have not been satisfactorily resolved by the Chairman.</p>
Independent non-executive directors	<p>The non-executive directors play an important role in corporate governance and accountability through both their attendance at Board meetings and their membership of the various Board Committees. The non-executive directors bring a broad range of business and financial expertise and experience to the Board which complements and supplements the experience of the executive directors. This enables them to offer strategic guidance, evaluate information provided and constructively challenge management's viewpoints, assumptions and performance.</p>

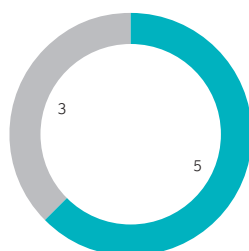
There is a clear division of responsibilities between the Chairman and the Chief Executive Officer, which is set out in writing and has been agreed by the Board.

Executive and non-executive directors



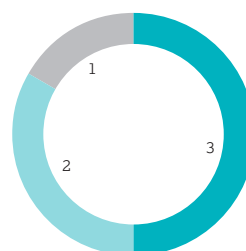
■ Executive
■ Non-executive (includes Chairman)

Board gender



■ Male
■ Female

Non-executive director tenure



■ 0-3 years
■ 3-6 years
■ 6+ years

Corporate governance report continued

Performance evaluation

A well-functioning Board of directors needs diversity of experience and perspectives and the Chairman is responsible, with support from the Nomination Committee, for ensuring that the Company has an effective Board with a suitable range of skills, knowledge, experience and diversity and that directors have sufficient time available to discharge their duties effectively. In furtherance of this, the Company has a formal performance evaluation process for the Board, its Committees and individual directors overseen by the Chairman. In addition, any additional significant external appointments are subject to Board approval prior to such appointments being undertaken by a director.

The Code requires that the evaluation of the Board and its Committees be externally facilitated at least every three years. As mentioned at the start of this report, a comprehensive external evaluation was carried out for the year ended 31 December 2020. The facilitator of the external evaluation, Lintstock, does not provide any other services to, or have any other connection with, the Company.

During the evaluation process, interviews were conducted with every Board member and the Company Secretary, according to a set agenda tailored for the Board, which had been agreed with the Chairman and the Company Secretary. Following the evaluation, a report was prepared by

Lintstock and the recommendations set out therein were considered by the Board and shared with each Committee. A number of key priorities to improve the Board's performance further were subsequently agreed and any progress in respect of such priorities will be reported on formally in next year's Annual Report. Details of the priorities identified as part of the evaluation that was carried out in 2020 can be found below.

Key priorities identified during 2019	Examples of action taken	Outcome
1. Managing the sustainability agenda which, while potentially a threat to the Company's business, is also seen as a potential opportunity.	Sustainability matters discussed regularly at Board meetings. Details of the sustainability topics discussed by the Board in 2020 include the launch of the new Group sustainability framework, the undertaking of Bunzl's first sustainability materiality assessment, the development of a new climate change strategy and the publication of the Company's first Task Force on Climate-related Financial Disclosures Index. Further information on the sustainability matters considered by the Board during the year can be found on page 59 of the Sustainability report.	The Board is satisfied that the priorities identified following the evaluation carried out in 2019 have been adequately addressed during 2020.
2. Continuing to focus on the threats and opportunities presented by digital and technological developments, including those relating to artificial intelligence.	Approval of an information security risk assessment and information security standard and policy. Presentations made to the Board concerning information technology and information security matters, including in relation to the use of technology to identify critical customer facing vulnerabilities. Regular updates provided to the Board in respect of the digital capabilities being employed by Group businesses and the initiatives being undertaken to accelerate digital transformation across the Group.	
3. Continuing to focus on talent management and development with a view to developing further the succession plans for the Company's senior management team.	Formal Board sessions held at least twice a year to focus on the topic of talent and leadership succession. Increasingly, these sessions review in detail the succession plans to the senior leadership team, as well as broader topics such as leadership talent within business areas and operating companies, young talent initiatives and diversity. More informal discussions on talent are held between Board meetings. Board members have regular opportunities to interact with high potential leadership talent, for example listening sessions with the participants of business area programmes, such as the 'Accelerate' programme in Australia. Board members have actively supported diversity initiatives across the Group, for example one of the Company's female non-executive directors held a virtual discussion and Q&A session with a group of high potential female managers in the UK.	

Key priorities identified during 2020

1. Monitoring the progress being made in key strategic pillars, most notably sustainability, digitalisation, people and growth.	As a result of the performance evaluation process carried out in 2020, the Board concluded that both it and its Committees are operating effectively.
2. Focusing on longer term strategy and trends.	
3. The post Covid-19 transition, including returning to face-to-face meetings and site visits.	
4. Finalising non-executive recruitment, with a particular focus on diversity, experience in North America and expertise in the fields of sustainability and technology.	

Q&A

with **Vin Murria**
Non-executive director



What do you think are the main challenges faced by company boards and how do you think such challenges can be overcome?

Balancing stakeholder interests is a challenge that affects most, if not all, boards. It is not always possible to achieve a positive outcome for everyone concerned, which means that, often, trade-offs must be made. I believe that one of the critical elements to dealing with such circumstances is for the board, as a whole, to consider the interests of all of the stakeholders that may be impacted by a particular decision and to ensure that the directors act fairly as between such groups.

How has the Board had to adapt over the past year?

The Board has adapted extremely well to holding virtual meetings and has acted collaboratively, quickly and decisively in response to evolving legislation and government guidance. Board discussions have also developed in reaction to the pandemic, with an enhanced focus on Bunzl's stakeholders, including increased engagement with our employees who have withstood the unprecedented challenges faced this year.

How important do you think culture is for a business?

A healthy corporate culture is essential for value creation and long term business success as it ensures that everyone is pulling in the right direction to achieve the Company's purpose. A strong corporate culture commands trust and confidence in the business, which can be key sources of competitive advantage and can help a company to navigate difficult periods, such as the pandemic we are currently experiencing. Monitoring the culture of a company is a continuous process which I believe has long term benefits for the business and its stakeholders.

What do you think you bring to the role?

I have considerable experience setting up and running companies and have also held and continue to hold non-executive positions outside of Bunzl. I therefore understand the position of the executives and management and the challenges they face, as well as the supervisory role that is required from a non-executive director. I believe that this allows me to provide the appropriate level of support and constructive challenge to management. In addition to my experience working in entrepreneurial, decentralised businesses, I also have considerable knowledge of, and experience working in, the digital and technology sectors which I believe will prove useful as Bunzl seeks to expand and develop its digital and technological capabilities in the future.

considered at the appropriate time. The Board is supplied with full and timely information, including detailed financial information, to enable the directors to discharge their responsibilities. To enable informed decision making, briefing papers are prepared and circulated to directors approximately one week before the scheduled Board meeting. All directors have access to the advice and services of the Company Secretary who is tasked with ensuring that Board procedures are complied with and the Board is fully briefed on relevant legislative, regulatory and corporate governance developments. Directors may also take independent professional advice at the Company's expense where they judge this to be necessary in the furtherance of their duties to discharge their responsibilities as directors.

Induction, training and development

Upon appointment, all new directors undertake an induction programme which is designed to facilitate their understanding and awareness of the Group's businesses, people and processes and of their roles and responsibilities as directors of the Company. The induction programme is tailored to each director's individual needs and normally includes meetings with senior management and visits to some of the Group's locations. New directors also receive a detailed information pack which includes details of directors' duties and responsibilities, procedures for dealing in Bunzl plc's shares and a number of other governance related issues.

Following their appointments to the Board on 1 June 2020 and 23 December 2020 respectively, Vin Murria and Maria Fernanda Mejía were provided with a comprehensive suite of resources containing detailed information about the Group and virtual meetings were arranged with a number of the executive management team. Although so far it has not been possible for them to visit Bunzl's Group locations in person as a result of Covid-19, Vin Murria has been able to interact with employees and senior managers from across the Group by way of virtual meetings and workshops and similar opportunities will be afforded to Maria Fernanda Mejía during 2021. This engagement will enable both Vin Murria and Maria Fernanda Mejía to gain a valuable and comprehensive understanding of the Group's operations and the strategic priorities of the different businesses. Site visits will be planned as soon as it is safe to do so and will provide the new directors with the opportunity to enhance further their understanding of the Group's businesses and the environments in which they operate and witness Bunzl's operations in situ.

Led by the Senior Independent Director, the non-executive directors also meet without the Chairman present at least annually to appraise the Chairman's performance, including a review of his other commitments to ensure that he is able to allocate sufficient time to the Company to discharge his responsibilities effectively. The Chairman also periodically holds meetings with the non-executive directors without the executive directors present. All of these

processes were carried out satisfactorily during the year.

Information and support

Board agendas are set by the Chairman in consultation with the Chief Executive Officer and with the assistance of the Company Secretary, who maintains a rolling programme of items for discussion by the Board to ensure that all matters reserved for the Board and other key issues are

Corporate governance report continued

The Board believes good decision making is enabled by a deep understanding of the Group's operations and people. During the course of the year, directors receive training and presentations to keep their knowledge current and enhance their experience. They are updated continually on the Group's businesses and their markets and the changes to the competitive and regulatory environments in which they operate. In addition, the Board is kept informed of relevant legal, regulatory and financial developments or changes by the Company Secretary and the Chief Financial Officer. The Company's legal advisers and auditors are also invited to give presentations and training to the Board on any specific topics of interest.

Training and development needs of the Board are kept under review and directors attend external courses where it is considered appropriate for them to do so.

Conflicts of interest

The directors are required to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit.

Directors are required to give notice of any potential situational and/or transactional conflicts which are then considered by the Board and, if deemed appropriate, authorised accordingly. A director is not however permitted to participate in such considerations or to vote in relation to their own conflicts.

The Board has considered and authorised a number of potential situational conflicts all of which relate to the holding of external directorships and have been entered on the Company's conflicts register. No actual conflicts have been identified during the year. The Board considers that these procedures operate effectively.

Financial and business reporting

The responsibilities of the directors in respect of the preparation of the Group and parent company financial statements are set out on page 201 and the auditors' report on pages 202 to 211 includes a statement by the external auditors about their reporting responsibilities. As set out on page 83, the directors are of the opinion that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The process of preparing the Annual Report has included the following:

- comprehensive reviews undertaken at different levels of the Group in order to ensure the accuracy, consistency and overall balance of the Annual Report; and
- procedures to verify the factual accuracy of the Annual Report.

The Board considered whether the 2020 Annual Report, taken as a whole, was fair, balanced and understandable and provided sufficient information to enable the reader to assess the Group's position and performance, business model and strategy. In carrying out its review, the Board considered the information and assurance provided by the ongoing work of the internal audit department, the reviews conducted by the external auditors in relation to both the half year and full year results, the Board's understanding of the Group's business and the information provided by the senior executive management team. The Board also took account of the preparation and verification processes that had been undertaken, including the review that had been carried out by one of the Company's senior executives who had not been involved in the Annual Report's preparation. As a result of its deliberations the Board concluded that, taken as a whole, the 2020 Annual Report is fair, balanced and understandable.

Risk management and internal control

The directors acknowledge that they have overall responsibility for identifying, evaluating, managing and mitigating the emerging and principal risks faced by the Group and for monitoring the Group's risk management and internal control systems. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In accordance with the Code and the related guidance, the Company has established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating, managing and mitigating the principal risks faced by the Group and for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives (its 'risk appetite'). The directors confirm that such procedures have been in place for the year ended 31 December 2020 and up to the date of approval of these financial statements and that the Group's risk management and internal control systems have been monitored during the year.

Further information about the Group's approach to risk management and the principal risks and uncertainties facing the Group can be found on pages 64 to 74. A summary of the principal control processes and procedures in place to manage such risks is set out below.

The Board has delegated to an Executive Committee, consisting of the Chief Executive Officer, Chief Financial Officer and other functional managers, the initial responsibility for identifying, evaluating, managing and mitigating the risks facing the Group and for deciding how these are best managed, as well as responsibility for establishing a system of internal control appropriate to the business environments in which the Group operates. The principal features of this system include:

- a procedure for monitoring the effectiveness of the internal control system through a tiered management structure with clearly defined lines of responsibility and delegation of authority;
- clearly defined authorisation procedures for capital investment and acquisitions;
- strategic plans and comprehensive budgets which are prepared annually by the business areas and approved by the Board;
- formal standards of business conduct (including code of conduct, anti-bribery and corruption and whistle blowing policies) based on honesty, integrity, fair dealing and compliance with the local laws and regulations of the countries in which the Group operates;
- continual investment in IT systems to ensure the production of timely and accurate management information relating to the operation of the Group's businesses;
- a well-established consolidation and reporting system for the statutory accounts and monthly management accounts; and
- detailed manuals covering Group accounting policies and procedures for the Group's treasury operations supplemented by internal control procedures at a business area level.

Some of the procedures carried out in order to monitor the effectiveness of the internal control system and to identify, manage and mitigate business risk are listed below:

- central management holds regular meetings with business area management to discuss strategic, operational and financial issues including a review of the principal risks affecting each of the business areas and the policies and procedures by which these risks are managed;
- the Executive Committee reviews the outcome of the discussions held at business area meetings on internal control and risk management issues;
- the Board in turn reviews the outcome of the Executive Committee discussions on internal control and risk management issues, which ensures a documented and auditable trail of accountability;
- each business area, the Executive Committee and the Board carry out an annual fraud risk assessment;
- actual results are reviewed monthly against budget, forecasts and the previous year and explanations are obtained for all significant variances;
- all treasury activities, including in relation to the management of foreign exchange exposures and Group borrowings, are reported and reviewed monthly;
- the Group's bank balances around the world are monitored on a weekly basis and significant movements are reviewed centrally;
- the internal audit department periodically reviews individual businesses and procedures, makes recommendations to improve controls and follows up to ensure that management implements the recommendations made. The internal audit department's work is determined on a risk assessment basis and its findings are reported to Group and business area management as well as to the Audit Committee and the external auditors;
- an annual self-assessment of the status of internal controls measured against a prescribed list of minimum standards is performed by every business and action plans are agreed where remedial action is required;
- the Audit Committee, which comprises all of the independent non-executive directors of the Company, meets regularly throughout the year. Further details of the work of the Committee, which includes a review of the effectiveness of the Company's internal financial controls and the assurance procedures relating to the Company's risk management system, are set out in the Audit Committee report on pages 108 to 113;
- regular meetings are held with insurance and risk advisers to assess the risks throughout the Group;
- management committees, known as the Group Sustainability Committee, the Environment, Health & Safety Committee and the Supply Chain Committee which oversee issues relating principally to environment, health & safety and business continuity planning matters, set relevant policies and practices and monitor their implementation;
- health & safety risk assessments, safety audits and a regular review of progress against objectives established by each business area are periodically carried out; and
- developments in tax, treasury and accounting are continually monitored by Group management in association with external advisers.

The directors confirm that they have reviewed the effectiveness of the Company's risk management and internal control systems in operation during 2020.

The external auditors are engaged to express an opinion on the financial statements. The audit includes a review and evaluation of the system of internal financial control and the data contained in the financial statements to the extent necessary for expressing an audit opinion on the truth and fairness of the financial statements.

Assessment of the prospects of the Company and its viability statement

In accordance with provision 31 of the Code, details of how the directors have assessed the prospects of the Company, over what period the prospects have been assessed and the Company's formal viability statement are included in the Strategic report on page 74.

By order of the Board

Suzanne Jefferies

Secretary
1 March 2021