

The Bunzl Pension Plan

Chair of the Trustee's statement on Defined Contribution Matters

As the Defined Contribution section of the Bunzl Pension Plan (the 'DC section') is a money purchase plan, I am as Chair of the trustee company making an annual statement for the year ended 5 April 2023 to explain what steps have been taken by the trustee board with help from our professional advisors, to meet the governance standards. The law sets out what information has to be included in my statement and these areas are covered in the statement below. 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 default investment arrangement is provided for members who join the DC section and do not want to choose an investment option for their contributions. However, the Bunzl Pension Plan, including the DC section is closed to new entrants and as such no members have been or will be entered into an investment choice by default. The Plan is not used as a qualifying scheme for auto-enrolment purposes. At a trustee meeting on the 2 September 2015 the Trustee Directors decided to select the Legal & General investment management daily dealing diversified growth fund as the technical default fund for the DC section. The diversified growth fund's objective is to provide long-term investment growth through exposure to a diversified range of asset classes. The diversified growth 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 and no further review has been undertaken.

Charges and transaction costs paid by members

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

The investment funds available cover a wide range of different investments and are all passive investment funds with Legal & General Investment Management. 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 when switching their investments between the investment funds that are available.

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

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

Fund name	TER (% p.a.)	Transaction costs Total (%)
Multi-Asset (formerly Consensus) Fund	0.3082	0.0495
Global Equity Fixed Weights (50:50) Index Fund	0.2604	0.0507
UK Equity Index Fund	0.2126	0.0376
North America Equity Index Fund	0.2848	0.0842
Europe (ex UK) Equity Index Fund	0.2993	0.0447
Japan Equity Index Fund	0.2448	0.0144
Asia Pacific (ex Japan) Developed Equity Index Fund	0.3271	0.0398
Over 15 Year Gilts Index Fund	0.2918	0.1918
AAA-AA-A Corporate Bond All Stocks Index Fund	0.1336	-0.0164
Over 5 Year Index-Linked Gilts Index Fund	0.3070	0.2070
Cash fund	0.1518	0.0318
Diversified Fund	0.3859	0.0675

Transaction cost shown above are over the 12-month period to 31/03/2023.

Source: Legal & General.

Based on statutory guidance and in accordance with the regulatory requirements, the Trustee has prepared the following illustrations detailing the impact of the costs and charges typically paid by a member of the DC section on their retirement savings.

The illustrations below take into account the savings fund size, the real terms investment return gross of costs and charges, adjustments for the effect of costs and charges and the investment horizon.

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 £51,000. The Trustee has based the second set of illustrations on assumptions that the youngest member of the DC section is aged 29 years old, with a pot size of £2,400.

Typical member (aged 51)

Age	Most popular		Lowest charge		Highest charge and Default Fund	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
	Multi-Asset (formerly Consensus) Fund		AAA-AA-A Corporate Bond All Stocks Index Fund		Diversified Fund	
52	£55,805	£55,645	£56,497	£56,317	£55,036	£54,953
53	£60,620	£60,287	£62,077	£61,697	£59,021	£58,851
55	£70,278	£69,556	£73,489	£72,648	£66,842	£66,483
58	£84,837	£83,430	£91,256	£89,562	£78,211	£77,537
60	£94,591	£92,659	£103,550	£101,172	£85,556	£84,651
63	£109,294	£106,471	£122,690	£119,104	£96,232	£94,953
65	£119,145	£115,659	£135,934	£131,414	£103,129	£101,583

Youngest member (aged 29)

Age	Most popular		Lowest charge		Highest charge and Default Fund	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
	Multi-Asset (formerly Consensus) Fund		AAA-AA-A Corporate Bond All Stocks Index Fund		Diversified Fund	
30	£5,808	£5,791	£5,859	£5,841	£5,750	£5,742
33	£16,072	£15,947	£16,552	£16,407	£15,553	£15,490
35	£22,948	£22,702	£23,950	£23,661	£21,885	£21,763
38	£33,314	£32,812	£35,469	£34,864	£31,090	£30,848
40	£40,259	£39,537	£43,439	£42,555	£37,036	£36,695
43	£50,728	£49,603	£55,848	£54,433	£45,680	£45,163
45	£57,742	£56,298	£64,434	£62,587	£51,264	£50,613

48	£68,315	£66,318	£77,802	£75,181	£59,380	£58,505
50	£75,399	£72,984	£87,051	£83,825	£64,624	£63,584
53	£86,077	£82,960	£101,452	£97,178	£72,246	£70,939
55	£93,231	£89,596	£111,417	£106,344	£77,170	£75,673
58	£104,015	£99,527	£126,931	£120,501	£84,327	£82,528
60	£111,240	£106,133	£137,665	£130,219	£88,951	£86,940
63	£122,131	£116,021	£154,378	£145,228	£95,672	£93,330
65	£129,428	£122,598	£165,942	£155,532	£100,014	£97,442

Notes

- 1) Projected pension pot values are in today's terms i.e. they represent the value of funds in 2023 and have not been adjusted for the effect of price inflation.
- 2) Projections are estimates and are not guaranteed.
- 3) Transaction costs are averaged using the 4 year period to 31/03/2023 and are shown below. Where transaction costs are negative, transaction costs have been assumed to be zero.
 - a. Multi-Asset (formerly Consensus) Fund: 0.03% p.a.
 - b. Diversified Fund: Nil p.a.
 - c. AAA-AA-A Corporate Bond All Stocks Index Fund: Nil p.a.
- 4) The starting salary assumption for the typical and youngest member illustrations are £47,000 and £34,000, respectively. Both salary assumptions are expected to increase in line with long term price inflation at 3.0% p.a.
- 5) Total contributions are assumed to be 10% p.a. of salary per year.
- 6) Price inflation is assumed to be 3.0% p.a.
- 7) The expected gross return above inflation for each fund is as follows:
 - A. Multi-Asset (formerly Consensus) Fund: 3.17% p.a.
 - B. Diversified Fund: 4.50% p.a.
 - C. AAA-AA-A Corporate Bond All Stocks Index Fund: 1.75% p.a.

Core financial transactions

The Trustee Directors seek to ensure that important financial transactions such as investing contributions, transferring assets and making payments from the DC section are processed promptly and accurately. Since January 2015 the administration of the DC section has been provided by Bunzl plc. The Trustee Directors receive from the administrator monthly updates covering all the financial transactions of the Plan. Member contributions from each employing company are checked by the administrator for accuracy and to ensure they are received and invested in an agreed time frame. 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. 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.

Trustee knowledge and understanding

The law requires the Trustee board to possess, or have access to sufficient knowledge and understanding to run the DC section 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.

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 DC section.

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