Trusted, reliable delivery

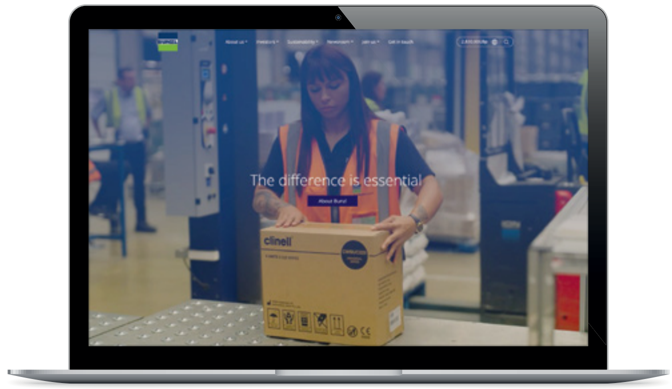
Bunzl plc Annual Report 2022

We are the largest value-added distributor in the world in our market sectors…

A focused and successful specialist international distribution and services Group with operations across the Americas, Europe, Asia Pacific and UK & Ireland.

Our purpose is to deliver essential business solutions around the world and create long term sustainable value for the benefit of all our stakeholders.

Our customers trust us to deliver the innovative products, solutions and insights that help them run their businesses more efficiently and sustainably. Our investors trust our track record of dividend growth. Our employees value our customer-focused and inclusive culture. That’s why the Bunzl difference is essential.



Visit our website www.bunzl.com

Trusted…

…to deliver

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Our strong and ethical supply chain network ensures our customers can always rely on us to deliver

…partnerships

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Our customer-centric focus and differentiated value-added offering drive new business wins

Inside...

Strategic report

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...expertise

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Our entrepreneurial mindset ensures we always evolve; today our sustainability expertise differentiates our offering

...to perform

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The consistency of our performance has allowed Bunzl to deliver 30 years of consecutive annual dividend growth

Strategic report

Our business model is strong and flexible. We respond with agility to our customers' needs, delivering essential business solutions around the world and creating long term sustainable value for the benefit of all our stakeholders.


BUNZL

Strong results with a focus on sustainability

Backed by a proven financial track record, we are committed to further accelerating our focus on sustainability for tomorrow and beyond.

Financial performance: highlights

Revenue
£12,039.5m
(2021: £10,285.1m)
+9.8%†
Growth at actual exchange rates 17.1%

Adjusted operating profit*
£885.9m
(2021: £752.8m)
+11.1%†
Growth at actual exchange rates 17.7%

Operating profit
£701.6m
(2021: £623.3m)
Growth at actual exchange rates 12.6%

Adjusted earnings per share*
184.3p
(2021: 162.5p)
+7.0%†
Growth at actual exchange rates 13.4%

30th year
of consecutive annual dividend increase

Basic earnings per share
141.7p
(2021: 132.7p)
Growth at actual exchange rates 6.8%

Dividend per share
62.7p
(2021: 57.0p)
+10.0%

Cash conversion*
107%
(2021: 102%)

Committed acquisition spend
£322m

Net debt : EBITDA**
1.2x
(2021: 1.6x)

* Alternative performance measure (see Note 3 to the consolidated financial statements on page 178).
** At average exchange rates and based on historical accounting standards, in accordance with the Group's external debt covenants.
† At constant exchange rates.

Reconciliation of alternative performance measures to statutory measures for the year ended 31 December 2022

Year ended 31 December 2022	Alternative performance measures £m	Adjusting items: Customer relationships, brands and technology amortisation £m	Adjusting items: Acquisition related items £m	Disposal of business £m	Statutory measures £m	
Adjusted operating profit	885.9	(128.4)	(55.9)		701.6	**Operating profit**
Finance income	22.3				22.3	Finance income
Finance expense	(90.2)				(90.2)	Finance expense
Disposal of business	–			0.9	0.9	Disposal of business
Adjusted profit before income tax	818.0	(128.4)	(55.9)	0.9	634.6	**Profit before income tax**
Tax on adjusted profit	(201.2)	34.7	6.3	–	(160.2)	Income tax
Adjusted profit for the year	616.8	(93.7)	(49.6)	0.9	474.4	**Profit for the year**
Adjusted earnings per share	184.3p	(28.0)p	(14.8)p	0.2p	141.7p	**Basic earnings per share**

This review refers to alternative performance measures which exclude charges for customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and the profit or loss on disposal of businesses and any associated tax, where relevant. None of these items relate to the underlying operating performance of the business and, as a result, they distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and they are removed in calculating the profitability measures by which management assesses the performance of the Group. Further details of these alternative performance measures can be found in Note 3, page 178.

Growth at constant exchange rates is calculated by comparing the 2022 results to the results for 2021 retranslated at the average exchange rates used for 2022.

Sustainability performance: highlights

READ MORE PAGE 48

Responsible supply chains

78%
of our spend in high risk regions from assessed and compliant suppliers

930
ethical audits completed

c.96%
of our purchasing spend today is either in low-risk regions, with assessed or compliant suppliers in high-risk regions, or on other non-product related costs

Investing in a diverse workforce

21%
women in senior leadership roles

+2%
increase compared to 2021

Senior leadership defined as the 470 employees who receive share options as part of their remuneration

Taking action on climate change

SBTi*
approval of our Scope 1, 2 and 3 emissions reduction targets

* Science Based Targets initiative

24%
more carbon efficient since 2019 with a 15% reduction in absolute emissions.

Providing sustainable solutions

2%
of Group revenue generated from consumables that are facing regulation

83%
of Group revenue attributable to non-packaging products and packaging products made from alternative materials that are well suited to a circular economy

Helping businesses globally with essential products and services

We provide a one-stop-shop, on-time and in-full specialist distribution service across 31 countries, supplying a broad range of internationally and responsibly sourced non-food products to a variety of market sectors.

Grocery

Goods-not-for-resale, including food packaging, films, labels, cleaning and hygiene supplies and personal protection equipment to grocery stores, supermarkets and convenience stores.

Cleaning & Hygiene

Cleaning and hygiene materials, including chemicals and hygiene paper, to cleaning and facilities management companies and industrial and public sector customers.

Other

A variety of product ranges to other end user markets.

Foodservice

Non-food consumables, including food packaging, disposable tableware, guest amenities, catering equipment, agricultural supplies, cleaning and hygiene products and safety items, to hotels, restaurants, contract caterers, food processors, commercial growers and the leisure sector.

Retail

Goods-not-for-resale, including packaging and other store supplies and a full range of cleaning and hygiene products, to retail chains, boutiques, department stores, home improvement chains, office supply companies and related e-commerce sales channels.

Safety

Personal protection and safety equipment, including gloves, boots, hard hats, ear and eye protection and other workwear, as well as cleaning and hygiene supplies and asset protection products to industrial and construction and e-commerce sectors.

Healthcare

Healthcare consumables, including gloves, masks, swabs, gowns, bandages, cleaning and hygiene products, and healthcare devices to hospitals, care homes and other facilities serving the healthcare sector.

Sector revenue split

195
acquisitions since 2004

31
countries we operate in

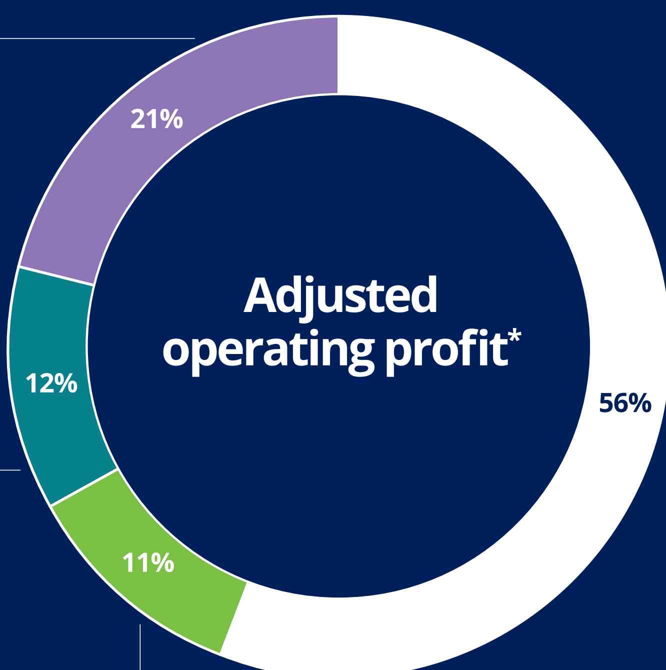
30
years of dividend growth

22,451
employees

Our business regions

We operate across the Americas, Europe, Asia Pacific and UK & Ireland with our global HQ in London. We are continually developing our global network to ensure we deliver the best service to our customers.

Continental Europe
£195.1m
2021: £191.8m



Rest of the World
£111.7m
2021: £116.5m

UK & Ireland
£95.3m
2021: £67.0m

North America
£511.5m
2021: £401.3m

* Alternative performance measure (see note 3, page 178). Percentages stated are the business areas' adjusted operating profit compared to the Group's adjusted operating profit before corporate costs.

Our people are the engine of our success

Peter Ventress
Chairman

Bunzl has had another successful year, delivering very strong financial results, making further strategic progress across the business, and announcing a 30th consecutive year of annual dividend growth. At constant exchange rates, Bunzl delivered strong revenue growth in 2022 of 9.8% (17.1% at actual exchange rates), an increase of 11.1% in adjusted operating profit and growth of 7.0% in adjusted earnings per share, with basic earnings per share at actual exchange rates increasing 6.8%. This has resulted, at constant exchange rates, in adjusted operating profit being 37% higher than the comparable period in 2019 and is equivalent to 11% Compound Annual Growth Rate ('CAGR') over that period, which is ahead of the 10% CAGR achieved between 2004 and 2022. The resilience of the Group's performance, despite significant inflation, pandemic-related business mix shifts and supply chain disruptions demonstrates the strength of the Bunzl model. This performance over the last three years gives me even greater confidence in the Group's ability to adapt to changing circumstances, the benefits of the Group's diversification, the dedication of our people, and the depth of our partnerships with customers, all of which continue to support the longer term growth of the business. I am confident these elements will continue to support future performance.

Strategic priorities

We continue to pursue a strategy of developing the business through a combination of organic growth, operational improvements and acquisition growth. 2022 was another year of successful strategic progress, with the Group signing agreements to acquire 12 businesses which span multiple sectors, including specialist healthcare distributors and warehouse solutions providers, from across nine different countries. In July 2022, the Group announced a key acquisition in Germany to provide a platform for expansion into this high-potential market, which we have already built upon with the German acquisition we have announced today. Bunzl's depth of opportunity is significant and further consolidation of its fragmented end markets is a key driver of growth for the Group. Demonstrating Bunzl's focus on portfolio optimisation and returns focused capital allocation, we disposed of our UK healthcare business in 2022. The Group also continued to undertake projects to drive operational efficiencies, including further warehouse relocations and consolidations and investments into automation.

Furthermore, Bunzl's operating companies have continued to enhance their value-added offering by partnering with customers to help them achieve their sustainability goals, including a focus on transitioning to alternative packaging products and materials that are better suited to the circular economy and reducing carbon emissions associated with our deliveries. Packaging made from alternative materials now accounts for 53% of the Group's total packaging revenue. Similarly, a focus on driving digital sales, which improve user experience, customer retention and Bunzl's operational efficiency, has been steadily increasing over the last few years, now accounting for 69% of orders.

Bunzl ended the year with a net debt to EBITDA of 1.2 times, affording us the balance sheet strength to invest in our longer term strategic growth priorities despite some near term macroeconomic uncertainties.

People and culture

Our people are a key asset and it is their commitment to providing customers with a reliable service that has helped Bunzl to navigate the supply chain challenges faced over the year and the impact of inflation. Our decentralised structure also utilised a network of colleagues to drive strategic progress, with a number of acquisitions made over 2022 introduced by our local teams. People at Bunzl continue to find it a fulfilling place to work, and it is pleasing to see the Group's sustainable engagement score increase a further 5% to 85% in 2022. Over the last year we accelerated our diversity, equity and inclusion agenda to ensure that we have a working environment which supports individual well-being, growth and career progression. In 2022 the percentage of women within our senior leadership group (comprising 470 individuals) increased for the sixth year running to 21%, compared to 19% in the prior year, and more than double the level in 2016.

Shareholder returns

The Board is recommending a final dividend of 45.4p, 11.3% higher than the prior year, resulting in a full year dividend of 62.7p. This represents a 10.0% increase compared to the 2021 total dividend and is Bunzl's 30th consecutive year of dividend growth. The Group remains committed to ensuring sustainable dividend growth. Since 2004, Bunzl has returned £2.0 billion to shareholders through dividends and has committed £4.7 billion in acquisitions to support a growth strategy that has delivered an adjusted earnings per share CAGR of 10% over the period.

Governance

In July we announced the appointment of Pam Kirby as a non-executive director with effect from 1 August 2022. Pam has significant knowledge and experience in global businesses, having worked in several international roles for over 30 years. She brings a wealth of international distribution, strategic and UK listed company experience to the Board. In February 2023 Bunzl also announced the appointment of Jacky Simmonds as a non-executive director with effect from 1 March 2023. Jacky has significant knowledge and experience working in international and listed companies, and across all aspects of HR, with particular expertise in employee engagement and talent and succession planning. Following this appointment, the proportion of female directors on the Board will be 44%, whilst representation on our executive committee remains at 40%.

Peter Ventress
Chairman
27 February 2023

Positive feeling amongst our colleagues

85%
sustainable engagement score

+5%
increase year-on-year

READ MORE:
PEOPLE SECTION
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A strong track record for delivering growth

Bunzl has a compounding growth strategy that consistently delivers, with sustainability a vital part of the equation.

A diversified, balanced and resilient business

- Global presence in 31 countries
- Six customer focused market sectors
- Fragmented markets
- Long term customer and supplier relationships

Revenue CAGR since 2004

9%

Adjusted operating profit[1] CAGR since 2004

10%

Resilience demonstrated by adjusted operating profit[1] growth 2019 – 2022 at constant currency of

37%

A consistent and proven compounding strategy

- Profitable organic growth
- Operating model improvements
- Disciplined approach to self-funded acquisitions

Average underlying revenue growth[1] since 2004

3%

Self-funded committed acquisition spend 2004 to 2022

£4.7bn

Acquisitions since 2004

195

Significant opportunities for future growth

- Significant opportunities for growth in existing countries
- Scope for further geographic and new sector expansion

Committed acquisition spend in 2022

£322m

Net debt to EBITDA[2] provides substantial capacity for further self-funded acquisitions

1.2x

Sustainable and equitable growth

- Industry-leading ethical supplier audits
- Carbon efficiency through consolidation
- Proactive leader in the transition to alternative material products
- Decentralised business model supports people and customer focus

Supplier audits over 2022

930

Scope 1 and 2 tonnes of CO_2e since 2019

↓ 15%

% of Group revenue generated by consumables facing regulation

2%

Proportion of female members of Board and Executive Committee

>40%

Inclusive of the appointment of Jacky Simmonds as a non-executive director with effect from 1 March 2023.

Disciplined financial management

- Consistently strong cash conversion
- Efficient capital allocation
- Strong balance sheet

Return on invested capital[1]

15%

Return on average operating capital[1]

43%

Cash conversion[1]

107%

A long term track record of returns for shareholders

- Sustained increases in revenue, adjusted operating profit and adjusted earnings per share
- Long term dividend growth and total shareholder return
- A focus on ensuring that future growth remains sustainable

Annual consecutive dividend growth

30 years

Adjusted earnings per share[1]

31.7p in 2004

to

184.3p in 2022

1 Alternative performance measure (see Note 3 to the consolidated financial statements on page 178).
2 On a covenant basis – at average exchange rates and based on historical accounting standards, in accordance with Group's external debt covenants.

A strong performance, reaching a significant dividend milestone

Frank van Zanten
Chief Executive Officer

Overview

The very strong results we have achieved once again demonstrate Bunzl's operational and financial resilience. Our people have been instrumental to our success, with our teams working hard to pass through price increases, while also successfully managing supply chain disruption so that our customers can continue to rely on us to deliver the essential products and solutions they need. Our capabilities in the face of disruption continue to be recognised by customers, and have supported some new business wins over the year. I am very pleased that our acquisition strategy continues to complement the organic growth of the business, with the range and breadth of acquisitions made this year highlighting our opportunities to consolidate across the diversified end markets and regions in which we operate. Over the year we also concluded negotiations with our largest customer by revenue, securing improved structural terms and extending this long-standing partnership. Furthermore, the strength and success of the Group's long term strategy has enabled Bunzl to reach a milestone of 30 years of consecutive annual dividend increases.

Operating performance

With approximately 90% of adjusted operating profit generated outside the UK, profits and earnings were positively impacted between 6% and 7% by currency translation over the period. The commentary below is stated at constant exchange rates unless otherwise highlighted.

In 2022 revenue increased by 9.8% (17.1% at actual exchange rates) to £12,039.5 million. Within this, underlying revenue growth was 6.6%, while acquisitions contributed revenue growth of 3.1%. Our disposal of the UK healthcare business in December 2022 impacted revenue by 0.1%, while excess growth in hyperinflationary economies, largely in Turkey, contributed a small increase of 0.2%.

Underlying revenue growth of 6.6% during the year was driven by very strong growth of the base business, which benefited the Group's underlying revenue growth by 11.6% and was driven by very strong inflation in addition to the benefit of volume recovery in Continental Europe and UK & Ireland earlier in the year. This was partially offset by the expected reduction in sales of the top Covid-19 related products, which contributed an underlying revenue decrease of 5.0%.

"Our people have been instrumental to our success, with our teams working hard to pass through price increases, while also successfully managing supply chain disruption so that our customers can continue to rely on us."

Covid-19 related sales have returned to a more typical level, being c.£200 million greater than in 2019 on an underlying basis, and significantly lower than the peak of Covid-19 related sales in 2020.

With both product cost inflation, as well as continued post-pandemic recovery of the base business in Continental Europe and UK & Ireland earlier in the year, the foodservice and retail sectors combined delivered underlying revenue growth of 13% compared to the prior year, despite the decline in Covid-19 related sales. Similarly, total underlying revenue in the grocery and other sectors grew by 9%, driven by product cost inflation. Overall, total underlying revenue in the cleaning & hygiene, safety and healthcare sectors declined by 3% year-on-year due to lower Covid-19 related sales, but remained 6% higher than in 2019, benefiting from Covid-19 related sales remaining higher than in 2019 and good growth delivered in the healthcare sector. Our healthcare base businesses are performing well, with the growing backlog of elective surgeries expected to remain a tailwind. The base business in safety started to see some improvement as supply chain and labour shortages have started to ease for customers; we expect the safety business to benefit from increased infrastructure spend in the medium term. The cleaning & hygiene sector, whilst continuing to be impacted by work from home trends which have hampered the base business recovery, benefited from inflation and saw some improvement in office-based activity towards the end of the year.

The Group has managed inflation on plastics, paper and chemicals well and successfully implemented selling price increases. While inflation trends remained strong to the end of the year, product cost inflation had started to annualise in North America in the second half of the year and inflation in other regions, which had lagged North America, also started to see some annualisation towards the end of the year. Over 2022, tender activity remained below pre-pandemic levels, with this expected to pick up going forward.

Inflation

- Successful management of product cost inflation through implementing price increases was strongly supportive to our growth in 2022
- Operating cost inflation more than offset by revenue growth driven by product cost inflation, and operational efficiencies
- Inflation dynamics somewhat supportive to operating margin

Although we experienced operating cost inflation over the year, this has been more than offset by revenue growth driven by implementation of price increases related to product cost inflation, and achieving further operational efficiencies. Operating cost inflation in North America has been high, driven by fuel and freight costs, despite some support from fuel surcharges, as well as wage inflation and property inflation linked to lease renewals. However, wage rates, which rose particularly strongly in 2021, saw their year-on-year impact moderate over the course of the year, and exited the year closer to more typical historical levels of inflation. While wage inflation remained more benign in Continental Europe over 2022, this is starting to increase, although it is expected to be significantly less than the inflation we had experienced in North America. Driving operational efficiencies is a core component of our compounding strategy and is particularly

Robust performance

11.1%[1]
adjusted operating profit[2] growth year-on-year

12
acquisitions in 2022

10.0%
dividend per share growth, celebrating our 30th consecutive year of annual dividend growth

69%
of orders placed digitally

83%
of Group revenue attributable to non-packaging products or packaging[3] made from alternative materials

1 At constant exchange rates.
2 Alternative performance measure – see Note 3, page 178.
3 Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure. See page 240 for further detail.

Only 2% of revenue generated from consumables facing regulation

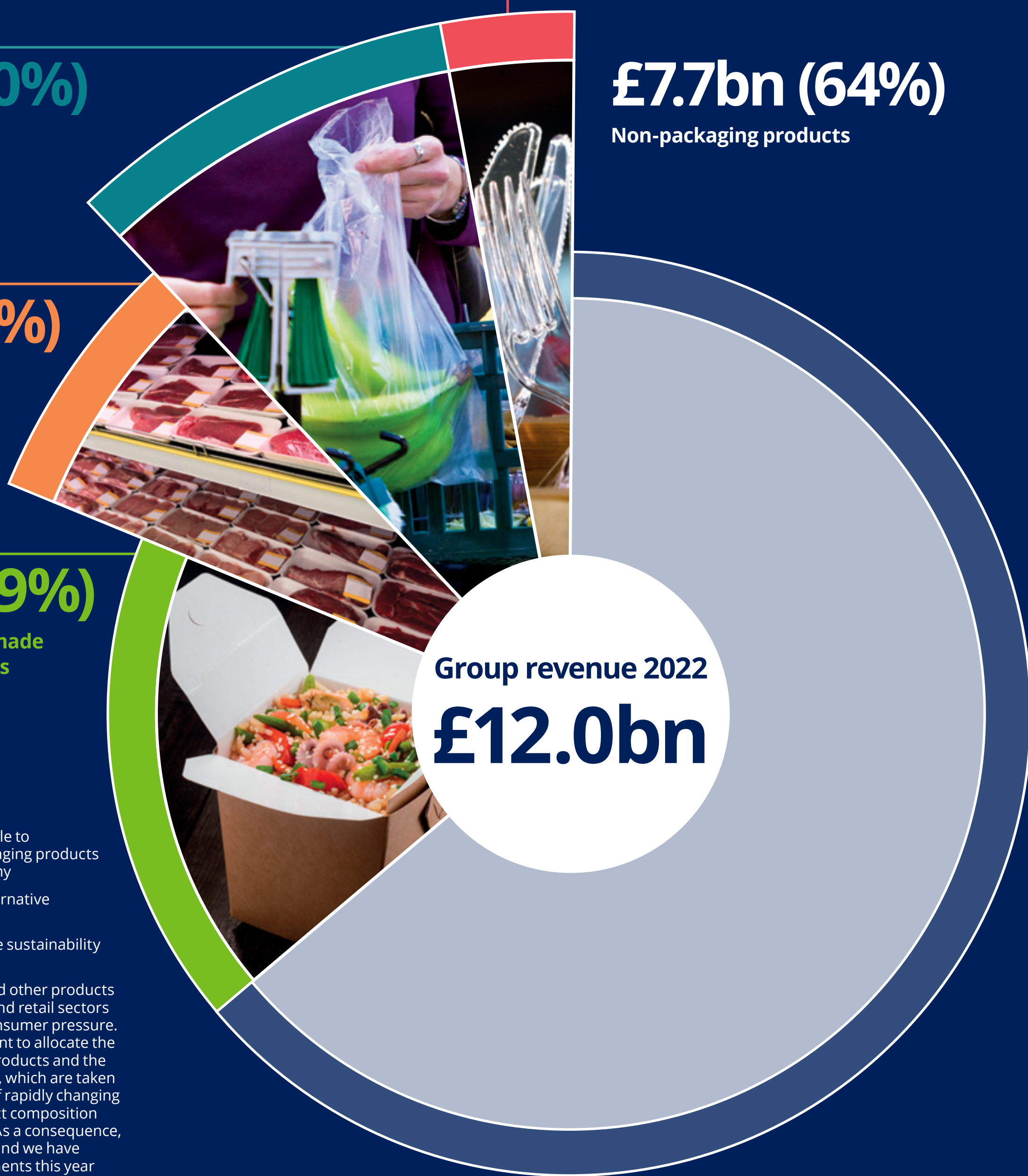
£0.2bn (2%)
Consumables facing regulation

£1.2bn (10%)
Consumables likely to transition

£0.6bn (5%)
Packaging with an important purpose

£2.3bn (19%)
Packaging and products made from alternative materials

£7.7bn (64%)
Non-packaging products



- 83% of Group revenue attributable to non-packaging products or packaging products better suited to a circular economy
- 53% of packaging made from alternative materials in 2022
- New legislation continues to drive sustainability growth opportunities
- Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure. We continue to exercise judgement to allocate the sales in 2022 to non-packaging products and the four packaging categories shown, which are taken at a point in time in the context of rapidly changing legislation and changes in product composition across a vast range of products. As a consequence, category adjustments are likely, and we have recognised two category adjustments this year that increase "products likely to transition" by £0.2bn, with corresponding reductions of £0.1bn in "packaging with an important purpose" and "products made from alternative materials", which would also have applied last year. More information on our packaging categories, and limitations with respect to the product data and related disclosures, are set out in the ESG Appendix on page 240

FOR MORE INFORMATION SEE PAGES 240 AND 241

important during periods of higher operating cost inflation. Overall, combined with the positive contribution that product cost inflation has made to revenue, inflation dynamics have been somewhat supportive to margins.

Adjusted operating profit was £885.9 million, an increase of 11.1% (17.7% at actual exchange rates), and operating margin increased to 7.4% compared to 7.3% in the prior year, remaining well ahead of historical levels. Within this margin movement, inflation trends and acquisitions more than offset the dilutive impact: of (i) reduced Covid-19 related sales, which are largely own brand or unbranded; (ii) a recovery in typically lower margin sectors within our base business; and (iii) the impact of hyperinflation accounting in Turkey. Reported operating profit was £701.6 million, an increase of 6.0% (12.6% at actual exchange rates), reflecting the 11.1% increase in adjusted operating profit and an increase in customer relationships, brands and technology amortisation and acquisition related items due to acquisition activity over the last 12 months.

Adjusted profit before income tax was £818.0 million, an increase of 10.5% (17.2% at actual exchange rates) due to the growth in adjusted operating profit. The £10.3 million increase in net finance expense, at constant exchange rates, to £67.9 million largely reflected a non-cash charge of £10.7 million from hyperinflation accounting primarily related to operations in Turkey. In total, hyperinflation accounting has impacted adjusted profit before income tax by £18.7 million pounds. The Group expects a net finance expense in 2023 of £90 million to £95 million, predominantly reflecting the non-repeat of financial derivative benefit and higher interest rates on the floating portion of Bunzl's Group debt. Reported profit before income tax was £634.6 million, an increase of 5.0% (11.6% at actual exchange rates).

The effective tax rate of 24.6% was higher than the 22.3% in the prior year, reflecting the absence of benefits seen in recent years from the favourable settlement of prior year exposures. The effective tax rate is expected to be between 25.0% and 25.5% in 2023, reflective of the UK corporate tax increase. Adjusted earnings per share were 184.3p, an increase of 7.0% (13.4% at actual exchange rates), and basic earnings per share were 141.7p, an increase of 0.5% (6.8% at actual exchange rates).

The Group's cash generation continues to be strong, with £705.7 million of free cash flow generated, representing 34% growth at actual exchange rates compared to the comparable period in 2021. The level of cash generation reflects strong underlying cash generation, but also an improvement in working capital in the second half of the year, enabled by easing supply chain constraints. The strength of our underlying free cash flow generation continues to enable our investment in the business and acquisitions. Cash conversion (operating cash flow as a percentage of lease adjusted operating profit) over the period was 107%. The Group ended the period with net debt, excluding lease liabilities, of £1,160.1 million compared to £1,337.4 million in December 2021. Net debt to EBITDA, calculated at average exchange rates and in accordance with the Group's external debt covenants, which are based on historical accounting standards, was 1.2 times compared to 1.6 times at the end of 2021. This provides substantial headroom for further acquisitions. Net debt in 2022 also benefited from disposal proceeds received through the sale of our UK healthcare business; excluding this benefit, net debt to EBITDA would have been 1.3 times. Due to the structure of recent acquisitions, with increasing earn-outs and options to be exercised to buy out minorities in future years, we hold deferred consideration payable on our balance sheet based on the expected earnings to be achieved by these businesses over the respective earn-out and option terms. At the end of the period, a liability of £139.9 million was held compared to £107.8 million at the end of 2021. This liability is not included within the Group's external debt covenant definition. In March the Group successfully completed a US private placement issue of US dollar 400 million which refinances near-term US private placement maturities, extending the Group debt maturity profile.

Return on average operating capital decreased slightly to 43.0% compared to 43.3% at 31 December 2021, driven by an adverse impact from currency. Return on invested capital was 15.0% compared to 15.1% at 31 December 2021, with an adverse impact from currency translation and acquisitions partly offset by higher returns in the underlying business. Return on average operating capital and return on invested capital both remain significantly higher than in December 2019, with 36.9% and 13.6% respectively achieved at the end of 2019.

Digital investments support our consistent strategy

We aim to ensure it is easy and efficient for our customers to work with us

Customer experience

Enhancing customer retention

- Remove pain points
- Self-service solutions
- Fast and easy interaction with Bunzl (B2C feel)

Operational efficiency

Delivering excellent service levels

- Process automation
- Flexible systems
- Scalable tools

Data and analytics

Creating value through the right insights

- Dynamic dashboards for fact-driven decisions
- Predict and prescribe
- New business solutions

Organic growth and operational efficiency

We remain committed to delivering growth through our consistent compounding strategy which focuses on organic growth, operational efficiency and acquisitions. Our colleagues have continued to provide our customers with innovative products and services, with a growing sustainability offering being a particular focus. Furthermore, digital sales accounted for 69% of orders over 2022 compared to 67% in 2021 and 62% in 2019, with penetration above this level in the latter part of the year following the acquisition of hygi.de, a digital business. Our continued focus on operational efficiencies included the consolidation of 10 warehouses and the relocation of five warehouses, as well as the further implementation of technologies and automation that drive more efficient processes.

Acquisitions

In 2022 Bunzl signed 12 acquisitions with total committed spend of £322 million, adding estimated annualised revenue of £299 million. The strength of the Group's cash conversion and balance sheet continues to enable the Group to fund further acquisitions, largely through cash generated in the year.

The high quality acquisitions we made in 2022, spanning 9 countries and 5 sectors, further expand our customer reach and strategic capabilities, as well as geographic and sector diversification. Within this Bunzl acquired hygi.de, a fast growing online distributor in Germany, which materially increased Bunzl's presence in this high potential market, establishing a platform which we are already building upon with the acquisition of Arbeitsschutz-Express, announced today. Furthermore, we have continued to acquire businesses in the specialist healthcare sector in Australia and New Zealand, an attractive end market which we have been expanding into over the last few years and where we see continued opportunity. Acquisitions made during the year have also enhanced the Group's digital capabilities and expanded our own brand and sustainability related product ranges and expertise.

During 2022, Bunzl sold its UK healthcare division, which in 2021 generated £216 million of revenue. This decision reflected Bunzl's commitment to ensuring optimal capital allocation across the Group.

Bunzl ended 2022 with net debt to EBITDA of 1.2 times, providing the Group with substantial capacity to fund further acquisitions. Our pipeline is active, and we see significant opportunities for continued acquisition growth in our existing markets where we have opportunity to increase our presence, as well as potential to expand into new markets.

In January 2023, Bunzl completed the acquisition of Capital Paper, a distributor of foodservice packaging and consumables, cleaning & hygiene supplies, and industrial packaging products in Canada. The acquisition of Capital Paper strongly complements our existing business in Canada and in 2022 generated revenue of CAD 26 million (c.£16 million).

Acquisition	Description
USL Completed: May 2022	New Zealand distributor of medical consumables to the healthcare sector, including hospitals, aged care, and community health services, with revenue of NZD114 million (c.£59 million) in 2021
hygi.de Completed: July 2022	Leading and fast-growing online distributor of cleaning and hygiene products in Germany to a fragmented customer base, with revenue of EUR107 million (c.£92 million) in 2021
AFL Groep Completed: July 2022	Distributor of logistics and warehouse related supplies to customers in the Benelux region, with revenue of EUR19 million (c.£16 million) in 2021
London Catering & Hygiene Solutions Completed: July 2022	Distributor of catering supplies and cleaning and hygiene products in the UK with revenue of £5 million in the 12 months to May 2022
Containit Completed: August 2022	Fast-growing distributor of warehouse storage solutions to the resource and defence sectors in Australia, with revenue of AUD17 million (c.£9 million) in 2021
Corsul Group Completed: September 2022	Leading distributor of personal protective equipment ('PPE') in the south of Brazil, with revenue of BRL260 million (c.£35 million) in 2021
Enviropack Completed: October 2022	Online distributor of reusable, recyclable and compostable packaging products to foodservice customers in the UK, with revenue of c.£7 million in the 12 months to August 2022.
VM Footwear Completed: October 2022	Distributor of PPE based in the Czech Republic, specialising in own brand footwear throughout Central and Eastern Europe, with revenue of CZK366 million (c.£13 million) in the 12 months to June 2022
PM Pack Completed: November 2022	Distributor of packaging products in Denmark to food processor customers, with revenue of DKK142 million (c.£16 million) in the 12 months to September 2022
Toomac Ophthalmic & Solutions Completed: December 2022	Distributor of ophthalmology products in New Zealand with revenue of NZD11 million (c.£6 million) in the 12 months to March 2022
Grupo R. Queralto Completed: December 2022	Online distributor of healthcare products based in Spain, with a strong own brand portfolio and revenue of EUR27 million (c.£23 million) in 2022
GRC Completed: January 2023	Distributor of innovative medical technology devices in Australia, with revenue of AUD4 million (c.£3 million) in the 12 months to June 2022

In February 2023, Bunzl also entered into an agreement to acquire Arbeitsschutz-Express, a fast-growing online distributor of workwear and PPE in Germany, which generated EUR 41 million (c.£35 million) of revenue in 2022. This acquisition, combined with hygi.de, will more than double our presence in the market, with significant further opportunity remaining.

Our capital allocation priorities are to: reinvest our cash into the business to support organic growth and operational efficiencies; pay a progressive dividend; and self-fund value accretive acquisitions. Whilst our framework favours these three methods of investment, with £2.0 billion of cash distributed to shareholders through dividends and £4.7 billion committed acquisition spend since 2004, and a return on invested capital of 15.0%, if leverage continues to consistently fall, the Board would consider other mechanisms for distributing excess cash to shareholders.

Equitable and sustainable growth

We understand our role as a proactive leader in the transition to a more sustainable and equitable future. As we have previously laid out, sustainability is a key strategic priority, and we have directed our efforts into four key areas where we believe we can make the greatest positive contribution: providing alternative packaging solutions; ensuring responsible supply chains; investing in our people; and taking action on climate change.

The Group continues to focus on transitioning customers to packaging that is better suited to a circular economy, with revenue from packaging made from alternative materials accounting for 53% of the Group's total packaging sales. The proportion of total Group revenue attributable to non-packaging products or packaging made from alternative materials remained high at 83%, with the Group continuing to have very limited exposure to single-use plastic consumables where some volume reduction is possible. Our strength in sourcing innovative products, including from within our own brand portfolio, as well as our expert advice, data tools and supply chain investments, are increasingly competitive advantages for Bunzl.

Our climate change commitments

Today

- SBTi[1] approved targets with Scope 3 emissions included

Tomorrow

- Scope 1 and 2: 50% more carbon efficient by 2030[2] equivalent to a 27.5% absolute reduction
- Scope 3: 79% of suppliers to have science based targets by 2027

Beyond

- Net zero[3] by 2050 at the latest, inclusive of Scope 3 emissions

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

RACE TO ZERO

WE MEAN BUSINESS COALITION

1 SBTi = Science Based Targets initiative.
2 Scope 1 and 2 emissions, against a 2019 base line.
3 Scope 1, 2 and 3 emissions.

READ MORE: SUSTAINABILITY PAGE 56

Over the year we completed an exercise to calculate our Scope 3 emissions in detail for the first time, allowing Bunzl to set a new target for carbon reduction in its supply chain. This, along with our Scope 1 and 2 emissions reduction targets, were approved by the Science Based Targets initiative ('SBTi'). We continue to aim to be net zero by 2050 at the latest, inclusive of Scope 3 emissions. Since 2019 we have reduced our absolute carbon emissions (Scope 1 and 2) by 15% and are on track to reach our target of a 27.5% reduction by 2030.

The Group completed 930 ethical and quality audits through our Shanghai based Global Supply Chain Solutions team, which is responsible for auditing our suppliers. These audits largely occurred in Asia, the most significant high risk sourcing market for Bunzl by spend, but have expanded to include other high-risk regions. In total, c.96% of our purchasing spend today is either in low risk regions, with assessed or compliant suppliers in high risk regions, or on other non-product related costs.

Our people strategy also continues to drive strong engagement, as indicated by our latest employee engagement scores, with encouraging retention levels across the Group in a climate of much tighter labour markets in many parts of the world. Furthermore, we have made pleasing progress on our diversity plans. With our support of communities inherent to our locally driven business model, across our Group, businesses have been donating essential products to help with the relief efforts in Ukraine and its neighbouring countries, and are coordinating product donations after the recent earthquakes in Turkey and Syria. In total the Group has donated £250,000 to Disasters Emergency Committee Appeals, through the British Red Cross, to support the aid needed across both catastrophes.

Prospects

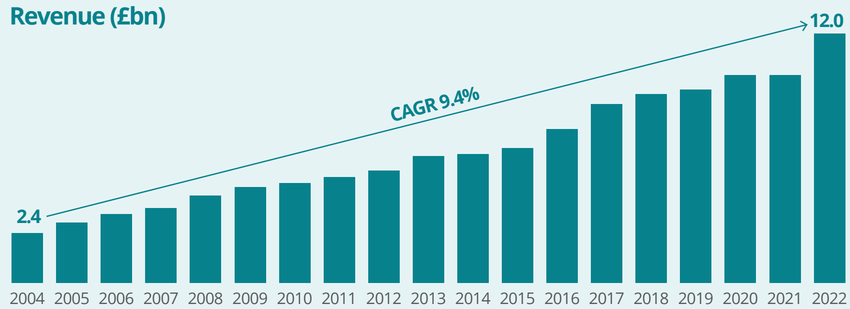
While we see continued uncertainty relating to the macroeconomic environment, our 2023 guidance remains unchanged from that published in our pre-close statement on 21 December 2022. At constant exchange rates the Group expects revenue in 2023 to be slightly higher than in 2022, driven by both organic growth and announced acquisitions, and partially offset by a small impact from the UK healthcare disposal. We expect Group adjusted operating profit in 2023 to be resilient, with operating margin slightly higher than historical levels. Adjusted earnings per share is expected to be moderately lower year-on-year due to higher interest rates and an increased effective tax rate.

The Group's longer term prospects remain attractive, with the Group committed to its proven and consistent strategy which supports Bunzl's continued track record of value creation. Organic growth, which is driven by activity in our markets, is further supported by new business opportunities, continual product innovation, and the Group's daily focus on becoming more efficient. Our acquisition growth is driven by our position as the leading operator of scale in highly fragmented markets, with a strong balance sheet and demonstrable track record of our ability to consolidate. We have an active pipeline of acquisition opportunities in our existing markets, supplemented by potential acquisitions in new geographies and adjacent sectors. Our capital allocation and portfolio optimisation discipline ensures we are investing to drive a good return. We believe the merits of businesses joining Bunzl have only been further evidenced as a result of the pandemic and supply chain disruptions, and this is reflected in our recent acquisition success and the conversations we are having with a number of acquisition targets.

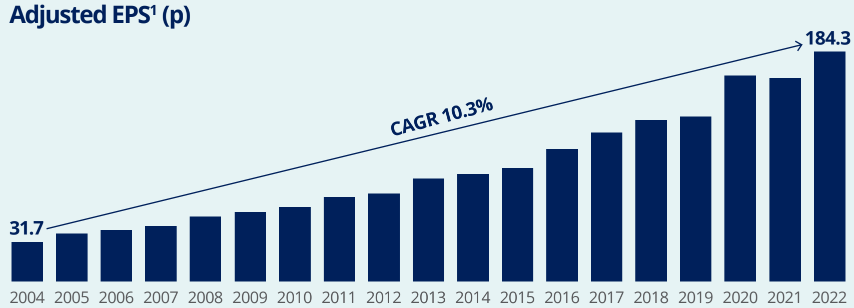
Frank van Zanten
Chief Executive Officer
27 February 2023

Proven track record

Revenue (£bn)



Adjusted EPS[1] (p)



1 Alternative performance measure (see Note 3 to the consolidated financial statements on page 178).

Our leadership team

Leaders from across the Group meet regularly to review performance, discuss trends affecting our businesses and seek further opportunities for growth and competitive advantage.

BOARD OF DIRECTORS PAGE 100

The leadership team

Members of the Executive Committee

Frank van Zanten
Chief Executive Officer

Diana Breeze
Director of Group Human Resources

Richard Howes
Chief Financial Officer

Suzanne Jefferies
General Counsel and Company Secretary

Andrew Mooney
Director of Corporate Development

Jim McCool
Chief Executive Officer, North America

Andrew Tedbury
Managing Director, UK & Ireland

Alberto Grau
Managing Director, Continental Europe

Jonathan Taylor
Managing Director, Latin America

Kim Hetherington
Managing Director, Asia Pacific

Mark Jordan
Group Chief Information Officer

North America

Jim McCool
Chief Executive Officer,
North America

Revenue

£7,366.0m
(2021: £6,144.7m)
Growth at constant exchange rates

8.1%

Underlying growth*

6.1%

Adjusted operating profit*

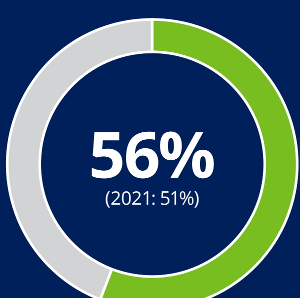
£511.5m
(2021: £401.3m)
Growth at constant exchange rates

15.0%

Operating margin*

6.9%
(2021: 6.5%)

Percentage of Group adjusted operating profit*◊



* Alternative performance measure (see Note 3)
◊ Based on adjusted operating profit and before corporate costs (see Note 4)

In North America, revenue increased 8.1% to £7,366.0 million, with underlying growth contributing 6.1%. Substantial product cost inflation in the base business, particularly in grocery, foodservice and retail, was further supported by the positive impact of acquisitions, although a decline in Covid-19 related sales was a headwind. Adjusted operating profit was £511.5 million with an operating margin of 6.9%, up from 6.5% in 2021, driven by improved margins in our grocery and foodservice segments, supported by inflation, as well as the impact of acquisitions. While cost inflation was high over the period, driven by fuel and freight costs, the year-on-year impact on wages moderated over the year, with year-on-year wage inflation exiting closer to more typical historical levels of inflation. Overall, the impact of operating cost inflation in 2022 was more than offset by revenue and margin growth attributable to product cost inflation. Despite supply chain disruption over the period, the resilience of Bunzl's teams and network, as well as its global sourcing expertise, provided customers strong service levels across a broad product assortment, enhanced by several new own brand product categories.

Our largest business, in the US grocery sector, saw continued strong revenue growth from significant product cost inflation and steady demand. Sales relating to salad and hot food bars that largely shut down during the pandemic and have since gradually reopened, remain below pre-pandemic levels. Our convenience store sector business enjoyed strong growth, as travel and related store traffic improved.

Despite the impact of Covid-19 related sales decline our foodservice redistribution business also delivered strong growth, driven by significant inflation in foodservice packaging categories as well as a more consistently open in-person dining environment and continued demand for takeaway packaging. Our food processor and agricultural sectors also experienced continued strong growth, driven by consistent consumer demand, product cost inflation and acquisition benefit. Our processor business was awarded a contract for significant new volume with a national food processing customer, Tyson Foods, which will onboard in the first half of 2023.

The commentary within this operating review is stated at constant exchange rates unless otherwise highlighted.

Our cleaning & hygiene redistribution business benefited from strong net product cost inflation, partially offsetting declines in Covid-19 related categories as well as the ongoing impact of remote working.

Our retail supplies business was impacted by actions taken to focus on more profitable business, but this was offset by certain new business wins and the benefit of product cost inflation. Online ordering growth moderated, but we continue to benefit from packaging related to store level fulfilment of online orders.

Our safety business grew strongly, with the favourable impact of acquisitions more than offsetting the decline in Covid-19 related sales. Base business growth was modest as certain end markets remain slow to return to pre-pandemic levels, in part driven by supply chain and labour capacity issues, although these are easing.

Lastly, our business in Canada saw very good growth, benefiting from significant product cost inflation in the grocery and industrial segments, which more than offset the impact of the decline in Covid-19 related sales in safety. Our cleaning & hygiene business recovered modestly, despite the ongoing impact of remote working.

Continental Europe

Alberto Grau
Managing Director, Continental Europe

Revenue

£2,173.4m
(2021: £1,972.9m)
Growth at constant exchange rates
13.2%
Underlying growth*
7.9%

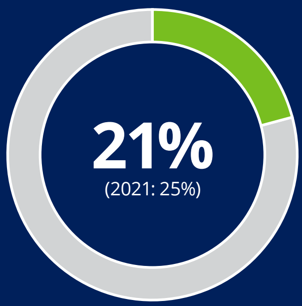
Adjusted operating profit*

£195.1m
(2021: £191.8m)
Growth at constant exchange rates
5.6%

Operating margin*

9.0%
(2021: 9.7%)

Percentage of Group adjusted operating profit*◊



* Alternative performance measure (see Note 3)
◊ Based on adjusted operating profit and before corporate costs (see Note 4)

Revenue in Continental Europe grew by 13.2% to £2,173.4 million, due to the benefit of strong product cost inflation, a recovery in the foodservice and retail sectors, and the benefit of acquisitions. Within underlying growth, base business growth was partially offset by the expected reduction in Covid-19 related sales. Hyperinflation in Turkey was a further support to overall revenue growth, although underlying revenue growth of 7.9% is adjusted to exclude growth delivered in excess of 26% per annum in Turkey. Adjusted operating profit increased by 5.6% to £195.1m with operating margin decreasing from 9.7% to 9.0% driven by the introduction of hyperinflation accounting in 2022 to our Turkish businesses, as well as the decline in Covid-19 related sales.

In France, revenue grew moderately in our cleaning & hygiene businesses as the recovery by foodservice customers within this sector and inflation offset a reduction in Covid-19 related sales. We also saw some improvement in office-based activity later in the year. Our safety business saw a significant reduction in sales of Covid-19 related products and was impacted by supply chain disruptions in the first half of 2022. However, our foodservice businesses have seen significantly higher sales following the reduction in Covid-19 related restrictions compared to 2021, and were supported by inflation.

In the Netherlands, there was very strong growth in our foodservice and non-food retail businesses, driven by inflation and a number of new business wins, despite the decline in Covid-19 related sales, with the non-food retail business successfully relocating to a larger facility in the first half that will enable further growth. Good growth continued in the grocery and e-commerce fulfilment sectors and our healthcare business grew with inflation which was partially offset by reduced volumes of Covid-19 related products. In our safety business, sales of Covid-19 related items were significantly lower and supply chain disruptions also impacted sales in the first half of the year. In Belgium, our cleaning & hygiene businesses have grown strongly with catering and contract cleaning customers benefiting from fewer Covid-19 related restrictions throughout the year and some improvement in office-based activity toward the end of the year.

In Denmark, our foodservice business has grown strongly in the absence of Covid-19 lockdown restrictions. Revenues in our safety business have delivered good growth while our grocery business was broadly stable given the impact of lower Covid-19 related sales.

Sales grew strongly in Spain, driven by foodservice recovery as well as strong growth in the industrial and disposable packaging business. Our safety redistribution businesses were impacted by the reduction of Covid-19 related sales, in addition to reduced inventory availability given extended lead times on imported products, although this issue eased a little in the second half.

In Turkey, high inflation is driving increased revenue across most channels and our businesses have taken actions in the second half of the year to limit the impact of the hyperinflationary environment as we move into 2023.

In all other countries we have seen growth driven by the recovery in foodservice and inflation be partially offset by lower Covid-19 related sales. Over the period we also significantly increased the number of digital orders from customers, supporting improved customer retention and enhancing the efficiency of our business.

UK & Ireland

Andrew Tedbury
Managing Director,
UK & Ireland

Revenue

£1,442.5m
(2021: £1,254.2m)
Growth at constant exchange rates
15.0%
Underlying growth*
12.2%

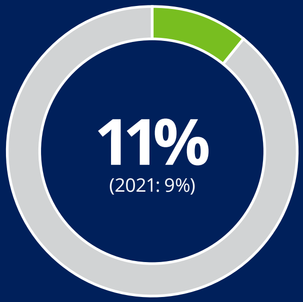
Adjusted operating profit*

£95.3m
(2021: £67.0m)
Growth at constant exchange rates
42.0%

Operating margin*

6.6%
(2021: 5.3%)

Percentage of Group adjusted operating profit*◊



* Alternative performance measure (see Note 3)
◊ Based on adjusted operating profit and before corporate costs (see Note 4)

In UK & Ireland, revenue increased by 15.0% to £1,442.5 million, with underlying growth of 12.2% driven by strong product cost inflation, alongside continued recovery in certain markets, most notably foodservice, as well as the benefit of acquisitions. Across our office related businesses, we saw an improvement in footfall towards the end of the year, although this continues to remain below 2019 levels. Due to the strength of base business recovery, despite the decline in higher margin Covid-19 related sales over the period, operating margin increased from 5.3% to 6.6%. Adjusted operating profit increased to £95.3 million, up 42.0% year-on-year. The UK healthcare business, which generated £216 million of revenue in 2021, was disposed of in December 2022, resulting in minimal impact on 2022 reported results due to the timing of the sale.

In our cleaning & hygiene businesses, which include businesses servicing care homes, we saw strong revenue growth throughout the year. Our product range continued to develop, offering more sustainable solutions to our customers including the launch of a new award-winning Eco Cleaning range of chemicals.

Our safety businesses were impacted by a lack of major infrastructure investment during 2022, with construction and manufacturing industry customers also impacted by a shortage of raw materials and labour availability particularly earlier in the year. Despite this challenging backdrop, our businesses continued to secure new customers and develop more sustainable product ranges throughout the year.

Our retail businesses witnessed good growth over the year, supported by high levels of product cost inflation. Online packaging sales weakened throughout 2022 as more shoppers returned to 'bricks and mortar' traditional shopping methods which aided our luxury packaging supplies businesses. Our grocery business saw good growth, benefiting from inflation and expanded product ranges supplied to some of our larger grocery customers.

Our foodservice businesses saw very strong growth, driven by both volume recovery as well as inflation. Office catering remains well below pre-pandemic levels given work from home trends, although the return of leisure and sporting activity and consumer desire to return to dining out helped bolster sales, which, supported by inflation, finished close to 2019 levels. We secured new customers, launched a new webshop, and continued to roll out both sustainable products and services throughout the year.

Our businesses in Ireland performed well during 2022. Further improvements have been made during the year to both our digital and sustainability offerings. We continue to improve our operating model with the introduction of new stock management software and new transport management software in some businesses.

Rest of the World

Jonathan Taylor
Managing Director,
Latin America

Kim Hetherington
Managing Director,
Asia Pacific

Revenue

£1,057.6m
(2021: £913.3m)

Growth at constant exchange rates

8.5%

Underlying growth*

0.6%

Adjusted operating profit*

£111.7m
(2021: £116.5m)

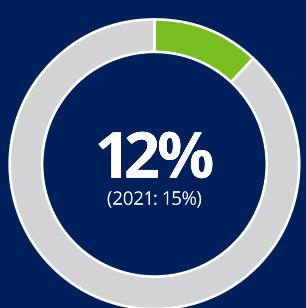
Growth at constant exchange rates

(10.6)%

Operating margin*

10.6%
(2021:12.8%)

Percentage of Group adjusted operating profit*◊



* Alternative performance measure (see Note 3)
◊ Based on adjusted operating profit and before corporate costs (see Note 4)

In Rest of the World, revenue increased 8.5% to £1,057.6 million, driven by acquisitions, with underlying revenue growth of 0.6% as a result of strong revenue growth in Asia Pacific being offset by a decline in Latin America caused by a strong reduction in Covid-19 related sales. Asia Pacific continued to benefit from Covid-19 related sales growth, driven by some larger orders. Adjusted operating profit declined by 10.6% to £111.7 million with operating margin decreasing from 12.8% to 10.6%, due to the strong reduction in higher margin Covid-19 related sales in Latin America, despite very strong adjusted operating profit growth in Asia Pacific which was supported by acquisitions. However, operating margin remains well ahead of 2019 levels, with adjusted operating profit in 2022 double that achieved in 2019 at constant exchange rates, with this growth supported equally by growth in Asia Pacific and Latin America.

In Brazil, our safety and foodservice businesses were significantly impacted by a decline in Covid-19 related sales although we saw strong growth across other categories. Our healthcare businesses, which were impacted by lower sales of vaccine related products, saw a strong performance across the remaining portfolio as supply chains improved and demand for medical procedures increased.

In Chile, our safety businesses, which sold limited Covid-19 related products in the prior year, saw good sales growth as a result of new product launches, product cost inflation and a weakening currency. Our catering supplies business also saw very strong, inflation-driven sales growth.

Our largest business in Asia Pacific continued to perform well, benefiting from its position in the more resilient healthcare and cleaning & hygiene sectors. The business did, however, see a downturn in the aged care sector due to a release of surplus Covid-19 related inventory to our customers by the government.

Our Australian specialty healthcare business continued with another strong year, benefiting from improved supply chain performance from its major suppliers and the return to more traditional trading as pathology patients resumed normal testing protocols.

Our Australian safety business continued to see good momentum in its underlying business and was supported by Covid-19 Rapid Antigen Testing opportunities into government and industry customers in the first half. The underlying business benefited as its supply chain improved, and from continued strong performance of some of its traditional customers in the resource industry. Our emergency services business, FRSA, finished the year strongly and saw the business returning to a more traditional sales mix with the government redirecting spend into fire and emergency services budgets.

In New Zealand, our MedTech healthcare business experienced an extended slowdown, with hospitals initially delaying elective surgeries to allow beds for potential Covid-19 outbreaks and then subsequently impacted by a shortage of clinical staff. This was compounded by delays from its traditional labour pool due to immigration restrictions, impacting waiting lists within the healthcare system.

Trusted to deliver

The essential link, reliably supporting customers at all times

A strong supply chain enabled Bunzl to navigate 2022's supply chain challenges

We have a strong global supply chain, consisting of flexible sourcing relationships, with limited supplier concentration, enabling Bunzl to support customers even during challenging times

>10,000
suppliers

c.75%
of our purchases are products sourced domestically

Working together to support the environment

- Bunzl is committed to being a net zero business by 2050, including supply chain emissions.
- In order to achieve this, Bunzl has set a target to ensure 79% of suppliers by emissions have a science-based carbon target by 2027, in addition to carbon reduction targets for its own operations.

READ MORE:
TAKING ACTION ON CLIMATE CHANGE
PAGE 56

Ensuring an ethical supply chain

Bunzl has well-established auditing practices, as part of our overarching sustainability strategy:

- All products supplied directly from Asia are through suppliers that are regularly audited by our Global Supply Chain Solutions team in Shanghai.
- Ethical and quality audits expanding to include other high risk regions.
- Strong competitive advantage compared to Bunzl's peers who typically lack this capability.

Bunzl is committed to expanding its auditing and assurance practices to cover 90% of Bunzl's spend on products from high-risk regions, compared to 78% today. This will ensure that c.99% of Bunzl's total purchasing spend is either in low-risk regions, with assessed or compliant suppliers in high-risk regions, or on other non-product related costs, compared to c.96% today.

READ MORE:
RESPONSIBLE SUPPLY CHAINS
PAGE 52

c.35%

of Bunzl's total purchases are made through its top 40 suppliers highlighting the limited concentration of suppliers

To provide customer assurance over delivery of essential products at crucial moments, Bunzl takes the following steps to maintain its high level of customer service. These steps enabled Bunzl to successfully navigate supply chain challenges in 2022:

- Strategic focus on the critical product lines for our customers
- Use of multiple regional sources of supply and global sourcing collaborations
- Ability to temporarily increase stock held and forward orders placed to ensure product availability, supported by the strength of Bunzl's balance sheet
- Alternative product plans in place as a contingency
- Transport disruption is planned for

Continued resilience

Key to Bunzl's resilience is its diversification and ability to navigate external challenges. Over the last three years adjusted operating profit has grown 37% despite significant shifts between sectors and products across this period driven by the pandemic. 2022 saw the Group return to a more typical mix.

Resilient performance through the pandemic

The resilience of the Group's delivery over 2019–2022, despite significant inflation, pandemic-related business mix shifts and supply chain disruptions demonstrates the strength of the Bunzl model.

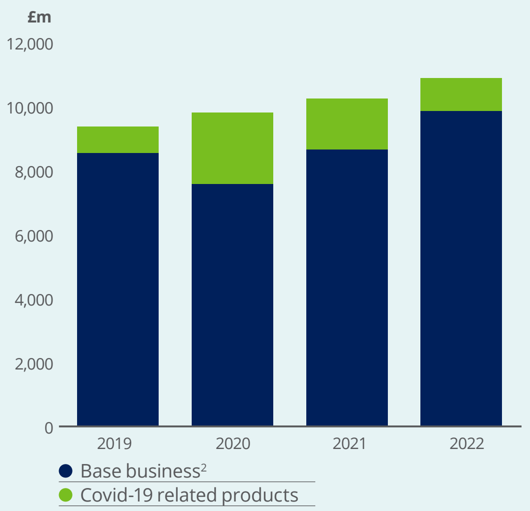
Pandemic-related mix shifts

Between 2019 and 2022 Bunzl saw some strong shifts between Covid-19 related sales and base business sales, with Covid-19 related sales peaking in 2020 alongside a contraction in our base business. Overall, however, the Group's adjusted operating profit has grown by 37% over this period.

Bunzl enters 2023 with a more normalised mix

Overall base business revenues are well ahead of 2019 levels, driven by inflation, with volumes broadly returned to 2019 levels. Similarly, Covid-19 related sales are approximately £200 million higher than in 2019 on an underlying basis, with revenues having largely normalised since 2020's highs. Overall, while there is some variation in sector recovery and Covid-19 related sales remain slightly higher than pre-pandemic, our business has largely recovered to a more typical mix. Our diversification has enabled the business to deliver strong underlying growth over the last three years, despite meaningful shifts between products and sectors.

Underlying revenue[1]



+16%
Group underlying revenue growth*: 2019–2022[3]

+37%
Group adjusted operating profit* growth: 2019–2022[3]

1 Underlying revenue is defined as revenue excluding the incremental impact of acquisitions and disposals made since the start of 2019, adjusted for trading days, excluding the impact of growth in excess of 26% per annum in hyperinflationary economies, and at constant exchange rates.
2 Base business defined as underlying revenue excluding the top Covid-19 related products (including, masks, sanitisers, disposable gloves, disinfectants, coveralls, disposable wipes, face shields and eye protection)
3 At constant exchange rates.

* Alternative performance measure – see page 178.

2022 sector developments

Bunzl's diversification across sectors and geographies is key to its resilience, with Bunzl also benefiting from structural end market drivers.

Sector	2022 sector commentary	2022 revenue as % of Group total	Underlying revenue[1] 2022 vs 2019	Underlying revenue[1] 2022 vs 2021
Healthcare Safety Cleaning & Hygiene	• Healthcare base business performing well, supported by an increasing backlog of elective surgeries. • Started to see improvement in safety markets, with supply chain and labour shortages easing. Infrastructure spend is a potential medium term support. • Cleaning & hygiene base business impacted by work from home trends compared to 2019, although this was easing towards the end of the year.	31% vs 33% in 2021	↑ 6%	↓ (3)% Driven by the expected decline in Covid-19 related sales
Grocery[2]	• Significant support from inflation.	29% vs 29% in 2021	↑ 20%	↑ 9%
Foodservice Retail	• In foodservice and retail we have seen significant support from inflation. • Benefit from volume recovery earlier in the year, particularly in Continental Europe and UK & Ireland.	40% vs 38% in 2021	↑ 22%	↑ 13%

1 Underlying revenue growth, which is an alternative performance measure – see page 178.
2 Also includes the 'Other' sector.

Trusted partnerships

Driving organic growth with our strong customer proposition

Sustainability focused new business win

Case study: Sprouts

Sprouts is a sustainability focused grocery chain with stores across the USA. Bunzl recently won the contract to become the single distributor for all goods-not-for-resale across its stores.

What this business win was driven by:

- Our ability to support a fast-growing grocer.
- The strength of our national infrastructure.
- Our capabilities to support Sprouts with its sustainability ambitions.
- Our data and analytical insights.

c.370

stores across the USA

Why we won Sprouts' business

Support for c.370 stores
- Our national infrastructure replaces the use of four independently owned distributors.

Coordination to improve buying
- We have become the single distributor for all goods-not-for-resale.
- The number of SKUs sourced is targeted to reduce by 50%, partially offsetting product cost inflation.

Improved reliability
- Our own driver infrastructure ensures high reliability of successful fulfilment.

Greater visibility
- Implementation of analytical tools enables Sprouts to assess inventory and store usage, driving improved decision making.

Meaningful store base expansion
- We can support Sprouts' growth with our scale and depth of capabilities.

Sustainability requirements and ambitions
- Our product data mapping supports sustainability analysis, reporting and transition to alternatives.
- A tailored offering ensures each store only orders products compliant with regulation.
- Sprouts aims to be a leader in innovative packaging solutions, and we are committed to supporting it to achieve its targets.

Delivering long term sustainable value

Our purpose
We believe that our purpose is to deliver essential business solutions around the world and create long term sustainable value for the benefit of all stakeholders.

Through our core values
- Humility
- Responsiveness
- Reliability
- Transparency

We provide essential business solutions:

A one-stop-shop

We source

We consolidate

We deliver

We ensure:
- Customer-centric service model
- Simplification and efficiency
- Local agility and knowledge
- Value-add services and expertise
- Sustainable and responsible solutions
- Reliability

We create long term sustainable value:

A compounding strategy that consistently delivers

Profitable organic growth

Use our competitive advantage to support the growth of our customers and to increase our market share.

READ MORE
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Operating model improvements

Daily focus on making our business more efficient.

READ MORE
PAGE 37

Acquisition growth

Use strong balance sheet and excellent cash flow to consolidate our markets further.

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Sustainability is a vital part of the equation

Responsible supply chains

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Investing in a diverse workforce

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Taking action on climate change

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Providing tailored alternative solutions

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Digital capabilities

Our tailored digital solutions enhance the experience of our customers, supporting customer retention, while increasing the efficiency of our own operations.

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For the benefit of all stakeholders

- Customers
- Colleagues
- Environment
- Shareholders
- Suppliers
- Communities

READ MORE:
SECTION 172
PAGE 70

Essential business solutions

Our tailored service model

We provide tailored solutions using varied resources and capabilities.

We source

- Sourcing experts and category specialists
- Global supplier relationships
- Own brand portfolio
- Innovative product sourcing, including those well suited to the circular economy
- Customer-specific products
- Competitive prices

We consolidate

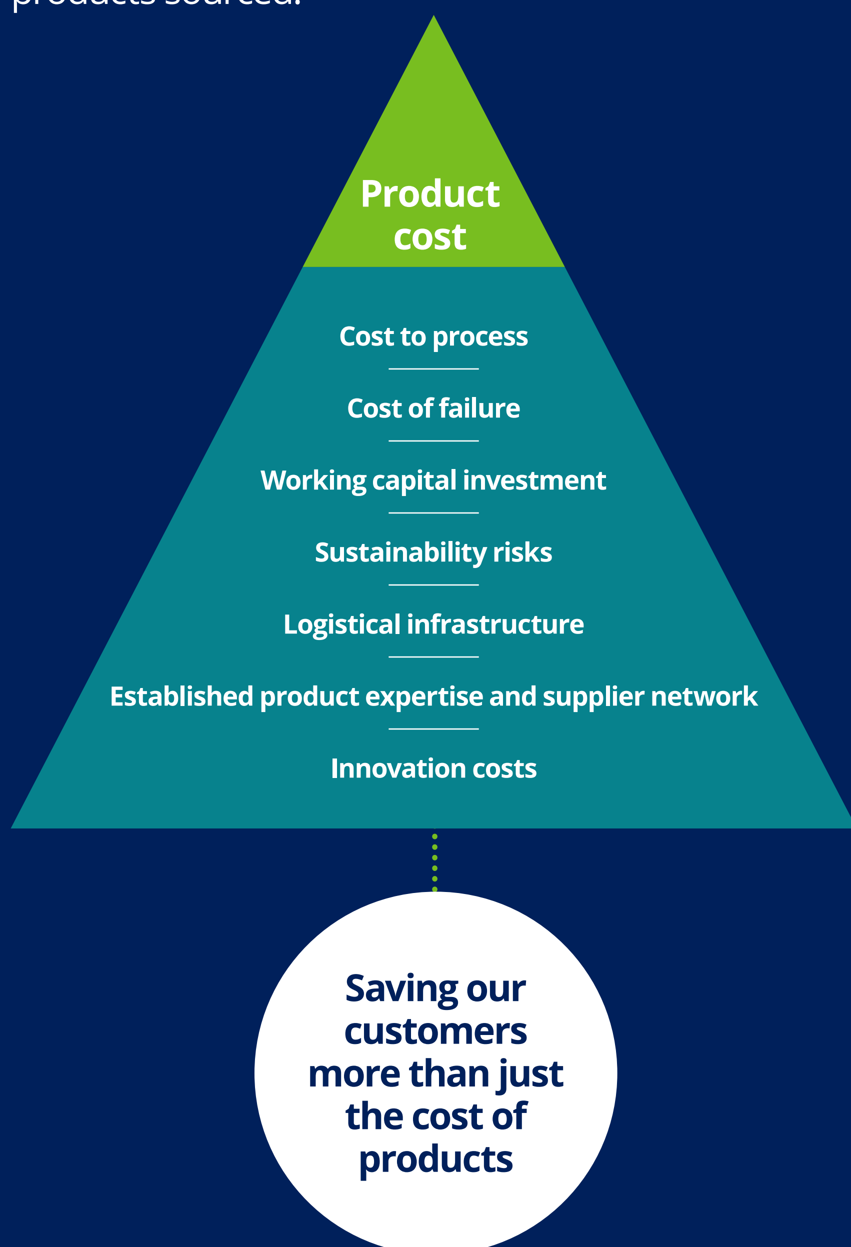
- One-stop-shop for all products in a single delivery
- Customised digital solutions
- Integrated ordering systems
- Analytical support to improve efficiencies
- Carbon savings through consolidated deliveries

We deliver

- On-time, in-full delivery; received just-in-time
- Multiple delivery options that include direct to site, cross dock or warehouse replenishment
- Extensive distribution network with regional and national coverage

Our service and value proposition for our customers

By providing our customers with a broad range of essential items, readily available from stock, alongside specialist knowledge and expertise, we provide the reassurance our customers need for important items, which allows them to focus on their core businesses. The value of our service to our customers goes far beyond the cost of the products sourced.



Our sources of competitive advantage

Tailored solutions and value-added services
Adding value to our customers' operations, ensuring products sourced meet our customers' needs and they receive their orders on-time and in-full.

Global and ethical sourcing
Working with suppliers to give our customers access to the best products and solutions, with the reassurance that they have been ethically sourced.

Sustainable solutions
Our depth of expert advice, own brand ranges and priority data help our customers navigate the complex transition to new products and solutions.

Carbon efficient model
Our consolidation model achieves a reduced carbon footprint in comparison to competitors who process smaller, unconsolidated orders.

Digital capabilities
Our tailored digital solutions enhance the experience for our customers, supporting customer retention, while increasing the efficiency of our own operations.

Our people
Our c.6,000 sales experts and local customer service specialists provide detailed advice to customers on all product and service related matters.

Decentralised model
Comprising c.150 operating companies, with a decentralised operational structure, Bunzl's management teams focus on their customers' needs in their local markets and create an energised entrepreneurial environment.

International scale
With operations in 31 countries, our extensive distribution networks mean we can deliver to customers on a local, regional, national and international basis.

Acquisition track record
We have a strong track record of successfully integrating acquisitions, helping us to grow our geographic footprint while retaining the 'local' feel of our acquired businesses.

Delivering value for all of our stakeholders

Customers
69%
of customer orders processed digitally

Colleagues
81%
would recommend Bunzl as a good place to work

Environment
15%
reduction in Scope 1 and 2 carbon emissions since 2019

Shareholders
10.0%
dividend increase to 62.7p

Suppliers
930
audits conducted in 2022

Communities
£200k
and essential items donated to support relief efforts in Ukraine and neighbouring countries

A consistent compounding strategy

Our strategy is founded on organic growth, operating model improvements and growth through acquisition, with a commitment that growth is sustainable and equitable. Within these core pillars, our strategic priorities enable Bunzl to maintain and strengthen its competitive advantages.

Profitable organic growth

Use our competitive advantage to support the growth of our customers and to increase our market share.

READ MORE
PAGE 36

Operating model improvements

Daily focus on making our business more efficient.

READ MORE
PAGE 37

Acquisition growth

Use strong balance sheet and excellent cash flow to consolidate our markets further.

READ MORE
PAGE 38

Supported by investments in sustainability and digital

Sustainability

Our depth of expert advice, own brand ranges and priority data help our customers navigate the complex transition to new products and solutions.

Digital capabilities

Our tailored digital solutions enhance the experience for our customers, supporting customer retention, while increasing the efficiency of our own operations.

Both of these elements support our competitive advantage

Strategy in action: Continental Europe

Overview

Consistent track record of expansion

Expansion since 2005 has established Bunzl's leading position today

1994

Bunzl acquires its **first business in Continental Europe,** Hopa Disposables in the Netherlands

2005

Continental Europe **business area created** with presence in eight countries

2010

Presence in **12 countries**

Today

16 countries

54 operating companies

6 core customer markets

5,850 colleagues

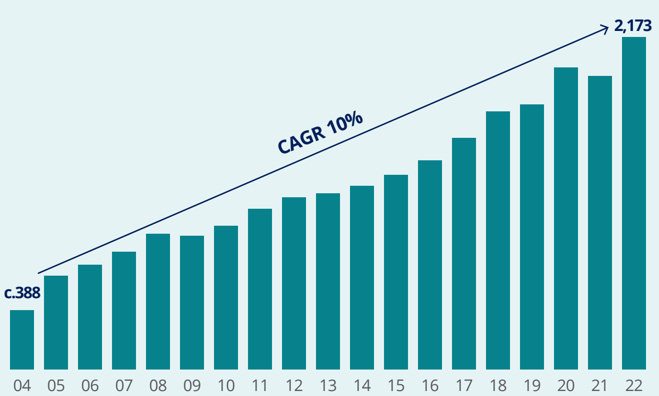
c.2,100 expert sales and customer service colleagues

Operating from **>100** locations

69 acquisitions since 1994

Strong consistent growth

Bunzl Continental Europe revenue (£m)[1]



1 At 2022 exchange rates.
2 Average contribution to revenue growth over the last 10 years.
3 Alternative performance measure (see Note 3 to the consolidated financial statements on page 178).

Revenue increase since 2004

6x

Organic growth contribution[2]

c.40%

Acquisition growth contribution[2]

c.60%

Adjusted operating profit[3] CAGR (04–22)[1]

c.12%

Strong revenue growth

- Organic growth supported by the building of strong customer relationships
- Consolidation of fragmented markets with the acquisition of good businesses

Steady margin improvement

- Good business performance and operational excellence
- Portfolio development

Strategy in action: Continental Europe

Profitable organic growth and operating model improvements

We are constantly looking to grow Bunzl organically, both by expanding and developing our business with existing customers and by gaining new business with additional customers.

How we drive organic growth. Case study:

CEVA Logistics

> **"For CEVA, Bunzl is not just a supplier, but we are working in partnership... We depend on Bunzl's knowledge and flexibility to get the right solution delivered."**

Jan de Breet
Head of Procurement,
CEVA Logistics, Benelux

SCAN THE QR CODE TO VIEW THE CEVA TESTIMONIAL VIDEO

CEVA Logistics is a logistics and supply chain company we have supported for the last 12 years. Our relationship expanded significantly in 2017 when we won the contract to become the sole distributor to its 100+ warehouse network in Benelux. Today we supply this fast-growing company with 1,000+ essential products, and have delivered strong savings and efficiencies to them. This example demonstrates how helping our customers to grow fuels our own organic growth.

Prior solution	Bunzl solution	Improvements achieved by Bunzl
Each warehouse sourced independently	• Sole distributor of goods-not-for-resale	**30%** reduction of air in shipped packaging
On time and in full < 90%	• On time and in full 99%+ • Improved logistics, more reliable supply chain	**15%** cost saving
High packaging costs	• Reduced costs • Warehouse and packaging innovation, including new machinery	**10%** improved availability of products
No value-added services through partnership	• Joint revenue venture to provide CEVA's larger customers with packaging – upside opportunity	

Operating model improvements:

We continually strive to improve the quality of our operations and to make our businesses more efficient and sustainable.

c.50

warehouse relocations and consolidations since 2010 in Continental Europe

Strategy in action: Continental Europe

Acquisition growth

We seek out businesses that satisfy key criteria, including having good financial returns, while at the same time providing opportunities to extract further value as part of the Bunzl Group.

Supporting our acquisitions to grow. Case study:

MultiLine

We acquired Danish foodservice distributor, MultiLine, in 2003 to significantly strengthen Bunzl's position in Denmark and become the number one foodservice distributor. Since then, we have leveraged Group scale to invest in sustainability and digital technologies and also leveraged our global sourcing office in Shanghai to expand Multiline's own brand range. It has provided a platform for the development of our business in Denmark with five subsequent bolt-on acquisitions.

11%

Adjusted operating profit* CAGR since 2003 achieved by MultiLine, a Bunzl operating company

* Alternative performance measure (see Note 3)

Significant expansion opportunities

Driving Bunzl's growth. Case study:

hygi.de

In June 2022, Bunzl acquired hygi.de in Germany. The acquisition of this fast-growing, online business effectively doubled our revenue in the high-potential German market, which has been a key expansion target for Bunzl. Despite the success of this acquisition, we still have the opportunity to further increase our penetration by at least 8x in this key market, based on a comparison to our revenue/GDP penetration in the UK&I market.

hygi.de

Market-leading online distributor of cleaning and hygiene products in Germany

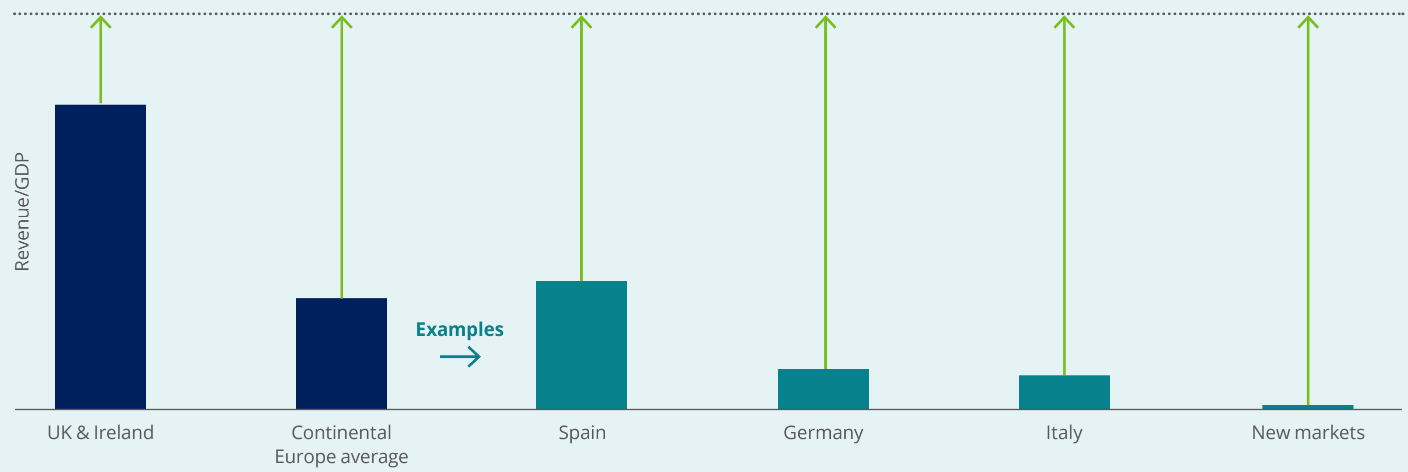
- Established in 2004
- Fast growing business
- 2021 revenue of c.£92 million
- Annual meetings with local Bunzl leadership since 2012 – acquisition has been 10 years in the making

Similar opportunities for us to expand our presence significantly through acquisitions exist for us across Europe, and we can more than double our revenue/GDP penetration in key markets such as Italy (15x) and Spain (2x).

We also continue to use acquisitions to expand our footprint by entering new countries (e.g. Poland, Sweden, Finland and Portugal) and expanding the number of core verticals we operate within our current countries.

We are looking for opportunities to expand our market share in our existing countries and markets with smaller bolt-on acquisitions, while we look to expand the number of core sectors we operate within or enter into new countries with larger anchor acquisitions, that we can build our footprint around.

Revenue/GDP penetration comparison to the UK & Ireland – illustrative opportunity across our markets



Continental Europe Country and sector presence – sizeable growth opportunities within existing markets

Country	Foodservice	Grocery	C&H	Safety	Retail	Healthcare
Germany	●		●	●		●
France	●		●	●		●
Italy				●	●	
Spain	●		●	●	●	●
Netherlands	●	●	●	●	●	●
Belgium	●	●	●		●	●
Denmark	●	●	●	●		
Norway	●					
Switzerland	●	●	●	●	●	●
Austria	●					
Czech Republic		●		●		
Hungary	●	●	●	●		
Romania	●	●	●	●		
Slovakia	●	●				
Israel	●					
Turkey	●			●		

● Bunzl has an existing presence

Employee voice

"Bunzl recognises the importance of listening to the views and feedback from our people in these rapidly changing times. During 2022 we have continued on our journey towards more regular "pulse" check-ins using both formal and informal mechanisms. This helps us to ensure that we are in touch with the concerns and ideas of our employees, and we believe that it helps us be more responsive in making Bunzl a place people choose to work."

Diana Breeze
Director of Group Human Resources

Targeted our employee survey to focus on communication

In the autumn of 2022 we conducted a pulse survey inviting all our employees to share their feedback and suggestions on what it is like to work for Bunzl, with a focus on communications. At a global level the results were very positive with every group of questions improving since the last survey in 2021. Our sustainable engagement score improved by 5% to 85% in 2022.

"In UK & Ireland we saw the greatest increase in survey results with a 10% increase in the sustainable engagement score."

We introduced a new section in the survey called employee voice and the two questions in this section help us to understand our employees' views about how easy it is to share opinions and communicate upwards openly and honestly. We were very pleased to learn that over 80% of our people responded positively to both these questions, and that an effective employee voice is a key driver of sustainable engagement. We also introduced some new questions about the ability of managers and leaders to explain the reasons behind decisions and the value of Company communications.

Alongside the open questions these new questions have given us lots of rich information to help us better understand how we can improve the information we share with our people.

In addition to participating in the Bunzl pulse survey, 836 employees, in seven countries in our Continental Europe region took part in the 'Great Place to Work' process, an externally recognised approach to gathering employee feedback on their organisations. This enabled us to benchmark the results from the businesses who took part against 10,000 other organisations around the world. Ten businesses that took part in the pilot using this approach were certified as a 'great place to work'. The employees and leaders in these businesses have, rightly, a sense of pride in achieving this standard and it has generated energy and enthusiasm for ensuring that the accreditation is maintained. Following the success of this pilot in seven countries, the region plans to get more businesses and countries involved in 2023, and we will consider extending the pilot to other regions.

87%

of employees have a clear understanding of the goals and objectives of our Company

Great Place To Work Certified 2022

Reverse mentoring

Andrew Tedbury, Managing Director, UK&I has benefited from reverse mentoring offered in the region. Andrew has two mentors, Nadia Summers and Shez Madhani, and they meet regularly to discuss ideas and share views. Both mentors have different ethnic backgrounds, and this, coupled with their viewpoints based on the roles they hold, means they can offer a fresh perspective on a whole plethora of issues. These range from communication to organisational design and the experience has provided Andrew with a rich awareness and understanding of ways to improve many elements of the business going forward. Shez Madhani, Senior National Account Manager, Bunzl Catering Supplies, commented 'I have enjoyed the reverse mentoring experience and it has been a great opportunity to see my views and experiences taken on board.'

Leadership conference 2022

In May 2022 we were able to get together just under 200 of our senior leaders for the first time since the Covid-19 pandemic. The time we spent together in Lisbon was used to share best practice and to collaborate across regional boundaries on our shared business priorities. Several of our leaders took to the stage to present to their colleagues fantastic developments in their businesses – this included innovations in products and processes that others could benefit from. The conference began with a thought-provoking external speaker, Peter Hinssen, stimulating ideas and discussion around the theme of 'The New Normal'. Over the course of the four days together delegates learnt about successes achieved through increased focus on the customer proposition and the customer-centric approach of a recent acquisition. Leaders shared the progress with our digital transformation agenda and numerous examples of digital best practice to gain insight into how it has been applied. A section of the conference was devoted to our people and focused on improving our performance through people with practical tools and ideas shared through real examples. Sustainability is a key element of our Group strategy and several sessions focused on this topic sharing details of sustainable own brands and how our internal sourcing capability supports the growth of our sustainable product ranges.

The conference celebrated successes through the launch of the Bunzl Sustainability Awards where leaders received awards on behalf of their teams for the following five award categories:

1. Sustainable solutions
2. Taking action on climate change
3. Investing in people and communities
4. Responsible sourcing
5. We Believe award

As a result of the conference we have:

- developed and launched an e-learning solution for the effective onboarding of new acquisitions
- increased the use and application of our We Believe employer brand and clarified how it can complement local external and internal brands
- increased awareness and use of our internal capability of sourcing in Asia.

SCAN TO WATCH THE WE BELIEVE CANADA VIDEO

Developing people across the world

Bunzl continues to be committed to developing employees with the skills and experiences they need to thrive at work. The details below show some of the tailored development programmes on offer to employees in all our regions.

Providing development opportunities to all levels of Bunzl Leadership

Direct entrant development programmes

Employees

'Warehouse to wheels' in UK& I provides warehouse employees with skills to be a commercial driver.

First line managers

'Spark' provides first time supervisors in North America with foundational leadership skills driving the 'Blue and Green' culture.

Managers

Accelerate in APAC develops leaders through a combination of in person, virtual and peer supported learning with practical real business projects over a 12 month period.

Leaders

Continental Europe introduced a leadership development programme in 2022 to grow its high potential leaders of the future. Attendees represent all 15 countries in Bunzl Continental Europe.

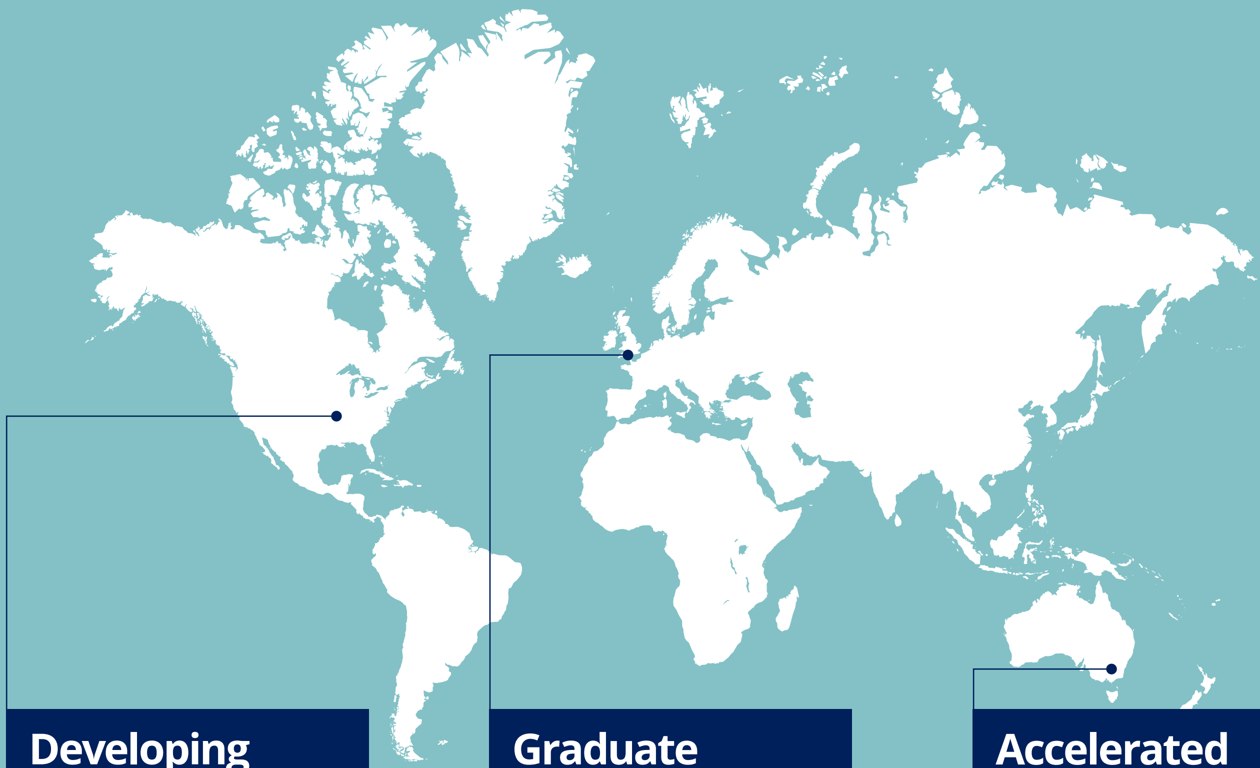
Senior leaders

Our global 'Senior Leadership Development Programme' brings together high potential leaders from around the world to develop through a tailored series of events; coaching; project based learning and self reflection.

Digital and e-learning e.g. acquisition success training

Technical and functional skills training e.g. Finance for non financial leaders

Bunzl programme success stories



Developing sales leaders

Courtney Smith joined the R3 Metro South Branch as a Sales Professional in 2013 and since then has successfully driven her career and used the development opportunities offered by Bunzl to go from strength to strength. After taking part in leadership development programs Courtney was successfully appointed to a sales director role, then later to market vice president. In 2020, Courtney attended the OverDRIVE development programme and participated twice as a mentee in the mentoring program. In 2022 Courtney was one of 50 female leaders to benefit from the Inspiring Women In Bunzl conference.

Graduate career success

Katie Bradbury joined Bunzl UK&I in 2009 as a 'graduate management trainee' and has progressed throughout the organisation working in two UK&I divisions, in both Procurement and Sustainability roles. Katie was a founding member of the UK&I's Inspiring Women in Bunzl programme and has benefitted from participation in Bunzl's mentoring programme during 2022. Katie is now the Head of Sustainability for Bunzl Retail Division and has been instrumental in the development of Material Footprint reporting.

Accelerated career growth

Glenn Harris first joined Bunzl Australia & New Zealand (BANZ) in 1991 in Customer Service and has progressed his career through the business holding various roles from Account Manager to leading the Perth site. In 2022 Glenn took part in the Accelerate programme and with the skills gained through this and his impressive career has now been promoted to General Manager to lead the Processor & Industry sector for Australia and New Zealand.

Trusted expertise

Case study: Bunzl Australia and New Zealand

We are uniquely positioned to help our customers transition to a more circular economy. Our customers rely on our advice and expertise, particularly in cases where they are operating across multiple jurisdictions and face having to comply with a complex patchwork of constantly changing single-use plastic legislation, such as is the case in Australia and New Zealand.

Customers in Australia face the added complication of needing to comply with three different tiers of legislation (federal, state and local), as well as the rules established by the Australian Packaging Covenant Organisation (APCO). Joining APCO is part of a compulsory, co-regulatory product stewardship framework established by the Federal Government. Our largest local operating company, Bunzl Australia and New Zealand, as well as many of its customers, are required to join and therefore work towards the targets.

Helping customers navigate complex plastic legislation

Case study: supporting our customers and the environment

Bunzl Australia and New Zealand worked with Compass Foodbuy Australia through the various single-use plastics phases in Australia during 2022. The program included supporting 120 Australian sites to meet bans impacting food service such as cutlery, straws, cups and other food service items.

Through this process the Bunzl team were able to remove 54 product SKUs resulting in more than 9.5 million individual units converted into sustainable options over the 12 month period. This process continues to drive both Compass and Bunzl to seek out, trial and implement innovative sustainable options throughout all categories to ensure that we are creating a sustainable future.

"Being a leader in our market requires us to partner with similar market leaders who have shared values, support us with experienced-based research and insight and work with us through the complex change management. Bunzl is such a valued partner."

Andrew Brightmore, Executive Director,
Foodbuy Australia, Compass Group

c.9.5m
product units replaced by alternative products over 12 months for Foodbuy Australia

c.30
tonnes of plastic removed for Foodbuy Australia

Sustainability focused value-added services

Bunzl Australia and New Zealand's solution is a multi-pronged approach, incorporating:

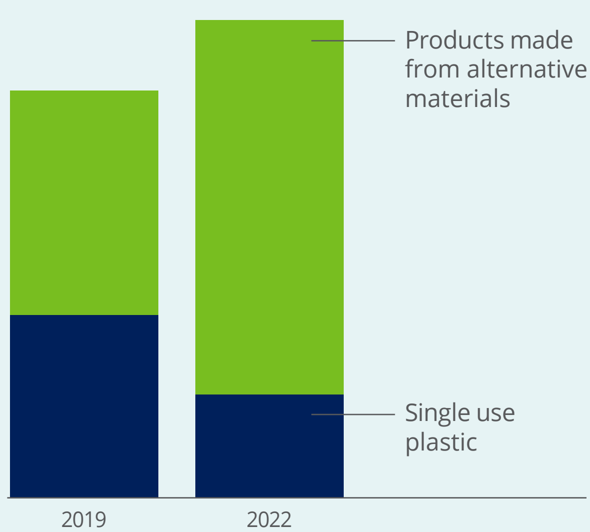
Government insight
- Engaging with government to ensure the business and its customers have the most up-to-date information and in-depth understanding of the changing regulatory environment.

Developing own brand sustainable alternatives: Sustain and Revive
- Working with the supply chain to phase out banned products and identify more sustainable alternatives that meet both new legislative requirements and customer needs.

Customer-facing analytics tools
- Bunzl has designed various calculators to quantify the environmental benefit of transitioning from one product to another.

Marketing and customer engagement
- Bunzl's marketing incorporates business sustainability goals and government laws and regulations into its strategy and communications, actively working to inform and educate customers to support transitioning towards more sustainable behaviours.

Bunzl Australia and New Zealand[1] – total revenue from food containers and cups



1 Our largest operating company in the region

Measuring our strategic progress

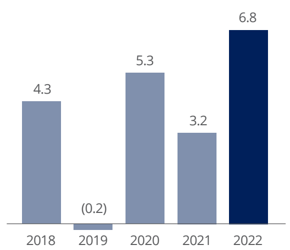
We use the following key performance indicators ('KPIs') to measure our progress in delivering the successful implementation of our strategy and to monitor and drive performance.

These KPIs reflect our strategic priorities of developing the business through organic and acquisition led growth and improving the efficiency of our operations as well as other financial and non-financial metrics.

Δ Alternative performance measure (see Note 3, page 178).

Profitable organic growth

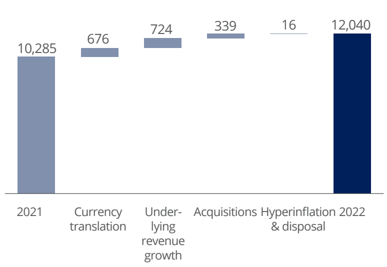
Organic revenue growth %



Increase/(decrease) in revenue for the year excluding the impact of currency translation, acquisitions during the first 12 months of ownership and disposals.

Organic revenue increase of 6.8% was driven by successful pass through of product cost inflation and recovery volume growth in the first half of the year.

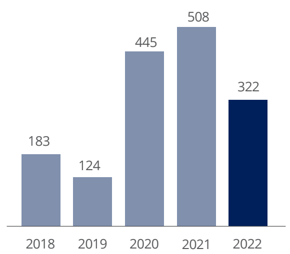
Reconciliation of revenue growth between 2021 and 2022 £m



Revenue up 17.1%, with 9.8% growth at constant exchange rates driven by underlying revenue growth and acquisitions made in 2021 and 2022. This was partly offset by a small impact from the disposal of our UK healthcare business in December 2022, while excess growth in hyperinflationary economies, largely in Turkey, contributed a small increase.

Acquisition growth

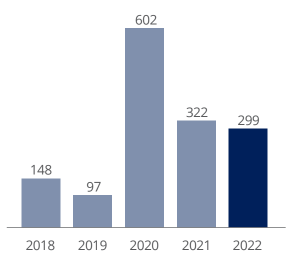
Acquisition spend £m



Consideration paid and payable, together with net debt/cash assumed, in respect of acquisitions agreed during the year.

Committed acquisition spend of £322 million across 12 acquisitions.

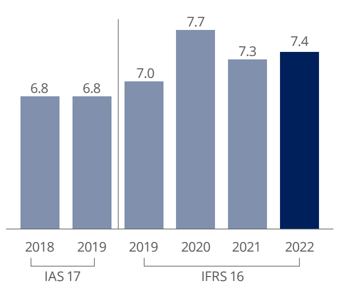
Annualised revenue from acquisitions £m



Estimated revenue which would have been contributed by acquisitions agreed during the year if such acquisitions had been completed at the beginning of the relevant year (see Note 9 on page 186).

Operating model improvements

Operating margin %Δ

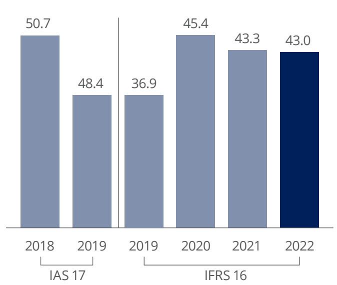


Ratio of adjusted operating profitΔ to revenue.

Operating margin of 7.4% compared to 7.3% in 2021.

Excluding the impact of acquisitions during the first 12 months of ownership and hyperinflation accounting adjustments, the 2022 operating marginΔ was 7.3%, unchanged from 7.3% in 2021 (restated at constant exchange rates).

Return on average operating capital %Δ

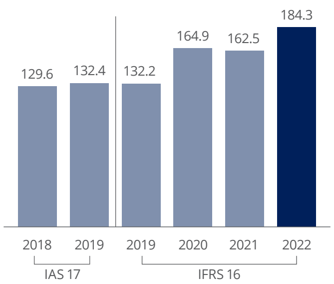


Ratio of adjusted operating profitΔ to the average of the month end operating capital employed (being property, plant and equipment, software, right-of-use assets, inventories and trade and other receivables less trade and other payables).

RAOC down to 43.0% from 43.3% in 2021 driven by an adverse impact from currency translation.

Financial

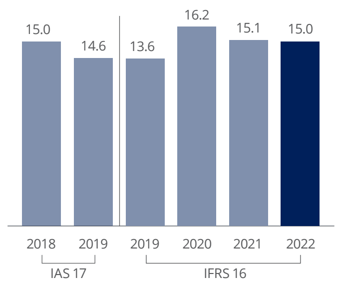
Adjusted earnings per share p[Δ]



Adjusted profit for the year[Δ] divided by the weighted average number of ordinary shares in issue (see Note 8 on page 185).

At constant exchange rates, adjusted eps up 7.0% driven by an 11.1% increase in adjusted operating profit[Δ], partially offset by an increase in net interest expense and a higher effective tax rate.

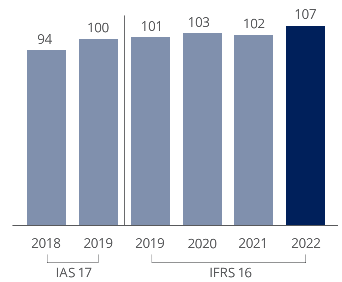
Return on invested capital %[Δ]



Ratio of adjusted operating profit[Δ] to the average of the month end invested capital (being equity after adding back net debt, net defined benefit pension scheme liabilities, cumulative customer relationships, brands and technology amortisation, acquisition related items and amounts written off goodwill, net of the associated tax).

ROIC slightly down to 15.0% from 15.1% in 2021, driven by an adverse impact from currency translation and acquisitions partly offset by higher returns in the underlying business.

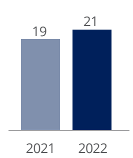
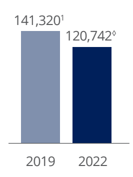
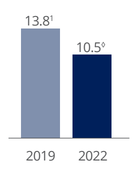
Cash conversion %[Δ]



Operating cash flow[Δ] as a percentage of lease adjusted operating profit[Δ] (see Consolidated cash flow statement on page 167).

Very strong year of cash generation with cash conversion of 107% in 2022, from focus on working capital improvement, enabled by easing supply chain constraints.

Non-financial

Our key themes	Our commitments	Performance	What's next
Responsible supply chains	90% of our spend on products from all high-risk regions will be sourced from assessed and compliant suppliers by 2025	**78% of our spend in high-risk regions was sourced from assessed and compliant suppliers.** c.96% of our purchasing spend today is either in low-risk regions, with assessed or compliant suppliers in high-risk regions, or on other non-product related costs[1] 1 Includes freight, duties and FX related costs	Continuing to take a proactive, risk based approach to responsible sourcing by assessing suppliers of high risk commodities who are based in lower risk sourcing countries
Investing in a diverse workforce	Encouraging more women into leadership roles through focused and targeted activities and continuing to build a truly inclusive culture across Bunzl	**21% women in our senior leadership population**  Senior leadership group defined as the 470 individuals that receive share options as part of their remuneration. Since 2016 the number of women in our senior leadership group has more than doubled.	Promote female role models through a focused programme of communications and extended networking events such as female leadership conferences in North America and Latin America
Taking action on climate change	**Scope 1 and 2:** 50% more carbon efficient (equivalent to a 27.5% absolute reduction) by 2030 (against a 2019 baseline) **Scope 3:** 79% of suppliers by emissions will have science-based targets by 2027 Net zero by 2050 at the latest	**15% reduction in absolute emissions since 2019.** Absolute carbon emissions (tonnes CO_2e)  **24% improvement in carbon efficiency since 2019.** Emission intensity (tonnes CO_2e per £m revenue)  1 Emissions in our baseline year have been recalculated to reflect the impact of acquisitions. Emissions intensity has been recalculated using revenue at constant currency. This process has been agreed with the SBTi. ◊ Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com.	Working with our key suppliers to deliver our new science-based scope 3 emissions target (engaging them on the requirement to set science-based targets by 2027) and publishing our net zero transition plan
Providing sustainable solutions	Significantly increasing the amount of recyclable, compostable or reusable packaging supplied to our customers to help them meet their targets	**53% of packaging made from alternative materials in 2022.** 83% of Group revenue attributable to non-packaging products or packaging products better suited to a circular economy. 2% of revenue generated from consumables facing regulation.	Engaging our key customers in the retail, grocery and foodservice sectors using our material footprint tools and developing a new solution to effectively advise customers on the carbon impact of the products they source

Trusted, reliable solutions for a better world

Sustainability is firmly embedded in the way we do business at Bunzl. We take a leading approach to ethical auditing across our supply chain, possess a carbon-efficient consolidation model and supply an extensive range of alternative packaging products to drive the transition towards a more sustainable and circular economy.

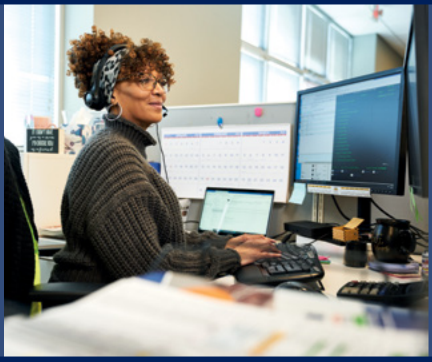
Bunzl's operating companies have continued to partner with our customers to help achieve their sustainability goals. We have introduced additional material footprint tools to help more customers understand the impact that legislation will have on the packaging and products they buy and some of our businesses have developed a new solution to minimise the carbon emissions associated with their deliveries.

We continue to lead the transition to a more circular economy, by offering tailored solutions and working with our customers to supply packaging and products made from alternative materials as they respond to new legislation and work to meet their packaging targets.

Our Global Supply Chain Solutions team in Asia has continued to work closely with our operating companies and suppliers and has increased the total number of ethical audits by 23%.

In 2022, 96 suppliers underwent remediation efforts to bring them up to the required standard and we have expanded the scope of our programme to include suppliers based in other high risk sourcing regions outside of Asia and high risk product commodities manufactured in low risk countries.

Bunzl's unique advantage



We have exclusive access to the data our customers need to understand the impact of legislation, make informed sourcing decisions and report on progress against their targets

Our expert sales and sustainability teams use this data to provide advice, customer-specific strategies and reports through intelligent tools that link to our product management systems

We then use our strengths in sourcing innovative products, including from within our own brand portfolio, to supply the alternative solutions they need

"We are increasingly turning our attention to our supply chain and continuing our commitment to tackling climate change."

Our large family of businesses has a track record of creating an inclusive working environment where people can bring their best wherever they come from. Our most recent materiality assessment identified that we could build on this diversity of talent to create opportunities for under-represented groups to progress into leadership roles. Over the last year we have accelerated our diversity, equity and inclusion agenda to support individual well-being, growth and career progression among all of our employees, irrespective of their background. In 2022 the percentage of women within our leadership group increased for a second year running to 21%, compared to 19% in the prior year.

We have reached a key milestone of our commitment to the 'taking action on climate change' pillar of our sustainability strategy. Our emissions reduction targets (for scope 1, 2 and 3 emissions) have been approved by the Science Based Targets initiative 'SBTi' as being consistent with levels required to meet the goals of the Paris Agreement. In 2022, our businesses have continued to make good progress in delivering their operational carbon roadmaps and we are on track to meet our targets.

To continue our commitment to tackling climate change we have assessed our scope 3 carbon emissions in detail for the first time (see page 60). We have also set a new science-based scope 3 target that we will deliver with our key supply chain partners over the next five years. In 2023 we will build further on the risk-based approach we have taken to supply chain ethics over the last 14 years and start to focus on the broader Environmental, Social and Governance 'ESG' risks present across our supply chain before working with our key suppliers to mitigate these effectively.

Our key themes

Responsible supply chains

READ MORE PAGE 52

Investing in a diverse workforce

READ MORE PAGE 54

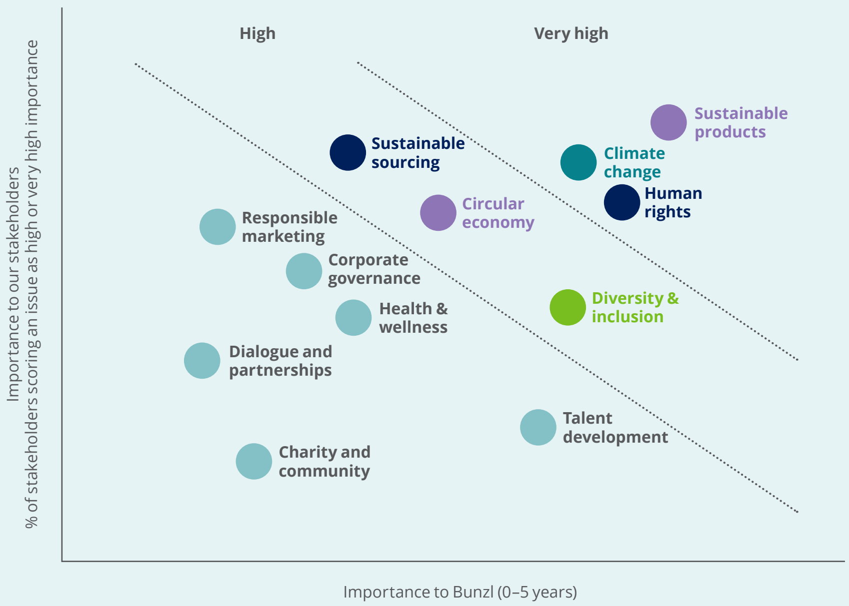
Taking action on climate change

READ MORE PAGE 56

Providing tailored solutions

READ MORE PAGE 64

Materiality matrix



Key themes
- Responsible supply chains
- Investing in our people
- Taking action on climate change
- Providing tailored solutions

Our material issues and strategy

Our success as a specialist distribution and services Group is influenced by a constantly changing sustainability landscape that presents both risks and opportunities for a business like Bunzl. In 2020 we conducted our first materiality assessment to ensure that our activities took account of the significant social and environmental issues that were of most interest to our stakeholders.

It is critical that we keep abreast of the requirements of our stakeholders as new legislation is introduced, consumer habits and perceptions change and markets evolve. We also acknowledge that ESG risks and opportunities can be material from both a financial and non-financial perspective and recognise that companies must manage and take responsibility for the actual and potential adverse impacts of their decisions on people, society and the environment. To ensure we do this effectively we will repeat our materiality assessment, following the principles of double materiality during 2023.

Our strategy is based on these material issues

Material ESG issues	Key themes	Our contribution to the theme
• Supply chain management and stewardship • Human rights and fair and safe labour	Responsible supply chains	Respecting human rights with our industry-leading Global Supply Chain Solutions team in Shanghai
• Equal opportunities • Gender, ethnic, LGBTQIA and disability diversity	Investing in our people and a diverse workforce	Our local businesses are focused on developing talent, increasing diversity and enhancing inclusivity practices
• Renewable energy and energy efficiency • Low and zero carbon logistics • Supply chain emissions	Taking further action on climate change	Consolidating orders from a range of sources into one delivery to reduce transport emissions and taking direct action to tackle climate change
• Availability of products and services with sustainable attributes • Supporting a more circular economy	Providing tailored alternative solutions	Using our unique position at the centre of the supply chain, working with customers and suppliers to lead the transition towards a sustainable approach to packaging

Responding to the feedback from our stakeholders

Stakeholder group	What we heard in 2020	Examples of what we have done since
Investors and customers	'We'd expect to see more quantifiable long term targets and milestones in key areas'	Set new commitments and targets for our key themes, including long term science-based carbon reduction targets approved by the SBTi
Investors	'Would like more transparency and data specifically in relation to supply chain ethics, climate change and packaging'	We have made new transparent disclosures in our Annual Report (TCFD statement, SASB reporting) to show how we have been making progress against our key themes, including but not limited to, packaging data and percentage of high risk spend covered by our ethical audit and assessment work
Investors	'Would like to hear more about the approach to sustainability as a whole rather than supplementary initiatives'	Sustainability formed a key part of our Capital Markets Day where we shared how our strategy is embedded in how we do business, highlighted the strong progress we have already made and officially launched the next phase of our commitments
Customers	'We welcomed the new footprint tool, this is a highly positive example of Bunzl taking a proactive approach to sustainability – more solutions like this would be really useful'	Our businesses have continued to develop new, digitally led solutions. For example, our carbon forecast tools are now present in seven countries and in 2022 we launched a new material footprint reporting tool for key grocery customers in North America
Internal teams	'We'd like to see more examples of best practice from across the Group so we can learn from and replicate what other businesses are doing'	We held a Sustainability Awards event at our leadership conference in 2022 with 63 award entries shortlisted across five categories. The award-winning entries were then developed into best practice case studies and shared across the Group

Sustainable Development Goals 'SDGs'	Supporting the SDGs	Our commitments
8 Decent work and economic growth	We have partnered with a Non-Governmental Organisation 'NGO', Stop the Traffik, who send an adverse media report to all of our business areas every month. The solution is trained to recognise terms and incidents related to human trafficking within unstructured content, reviews Bunzl's top suppliers by spend and then ranks any issues found in terms of importance to Bunzl.	• 90% of our spend on products from all high-risk regions will be sourced from assessed and compliant suppliers by 2025
5 Gender equality; 10 Reduced inequalities	In Continental Europe we have established diversity and inclusion committees in all of our operating countries and our Managing Directors have incentivised objectives to support these programmes. In 2022, the number of women in leadership roles increased to 30%.	• Encouraging more women into leadership roles • Continuing to focus on building a truly inclusive culture • Identifying the next generation of leaders from a more diverse pool of talent
13 Climate action	We have assessed our Group wide scope 3 carbon footprint in detail for the first time (see pages 60). This has allowed us to effectively identify the material emission hotspots, prioritise engagement within our supply chain and will support the development of our net zero transition plan.	• Scope 1 and 2: 50% more carbon efficient by 2030 (27.5% absolute reduction) against 2019 baseline • Scope 3: 79% of suppliers by emissions will have science-based targets by 2027 • Net zero by 2050 at the latest
12 Responsible consumption and production	Bunzl plc partnered with WasteAid in South Africa to fund a twelve-week training programme to support waste collectors to improve their income potential. The training combined both personal and practical skills to help the waste collectors grow their earning potential and reduce the amount of waste in the local environment. The participants attended a pitch event in October where they were each allocated seed funding to help grow their businesses.	• Support customers to remove, replace and reduce single-use plastics. • Significantly increase the recyclable, compostable or reusable packaging supplied to customers

Responsible supply chains

More than 50 million people worldwide are estimated to be living in slavery, with nearly 28 million of those in forced labour[1]. With global trade so extensive and supply chains stretching across every corner of the planet, businesses are increasingly responsible for ensuring sourcing is ethical and lawful.

As a company operating across more than 30 countries and with a global supply chain, Bunzl has zero tolerance for unethical practices. We are committed to eliminating modern slavery practices and respecting human rights across both our own operations and supply chain. To achieve this, we take a direct approach to ensuring that businesses and individuals operating within the supply chain are complying with communities' and workers' rights.

While the majority of Bunzl's direct suppliers are based in countries with low or medium levels of social risk, a low proportion of the Company's procurement spend takes place with suppliers in higher-risk countries, such as China, India, Malaysia, Brazil and Turkey. We take a risk based approach to responsible sourcing by identifying the highest risk sourcing regions before making them a priority for our assessment and auditing controls, policies and procedures. Once our compliance programme reduces those highest risks to acceptable levels, it will move on to lower risks.

During 2023 we will be expanding our programme to start assessing suppliers of high risk commodities who are based in lower risk sourcing countries.

Q&A
with Bunzl's Global Sourcing Director Paul Stoker

What makes Bunzl's approach to responsible sourcing in Asia unique?
Our auditing standard is equivalent to a SMETA 2-pillar audit but we choose to manage our own programme, believing that building strong relationships with our supply chain offers the greatest benefit to our business, our customers, and those suppliers who we partner with. We are unique in that we apply our assessment and auditing process to all suppliers based in high risk sourcing regions, covering more than c.98% of our Asian Bunzl spend in over 13 Asian countries every two years.

How does Bunzl audit its suppliers?
As shown in this report (see page 53) our audits include factory walk-throughs in all areas, including production, packing, canteens and dormitories and we also conduct employee interviews, using our own translators where required. Audits cover various aspects of social, environmental, and quality control issues, including child, forced or bonded labour, disciplinary practices, management of homeworkers and foreign migrant workers, freedom of association, wages, working hours and health & safety.

What do you do if you uncover any instances of modern slavery?
In the event of an allegation or discovery of a zero tolerance issue, our preferred practice is to work with suppliers to remediate the issue found and achieve meaningful future improvement. If any manufacturer fails to undertake corrective action and is not seeking to achieve improved outcomes, then we would terminate the relationship.

1 https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_855019/lang--en/index.htm.

Our unique approach to auditing

We use two types of audits for Category A risk suppliers; standard or enhanced, and take a risk based approach to determining which should apply. Category A suppliers are those operating in very high or high risk countries (see ESG Appendix page 246 for more information about our supply chain risk assessment work).

Our standard audits are conducted over one day (usually with one auditor, but occasionally two if the supplier is over a given size) and enhanced audits take place over two working days. The type of audit (standard or enhanced) is determined by leverage factors such as spend and number of employees at the supplier's location. We cover social accountability and quality assurance topics in both audits.

Social accountability

Example audit sections: Recruitment and termination; forced labour; discrimination; harassment and abuse; working hours and wages; and health & safety

Quality assurance

Example audit sections: Facilities and maintenance; Incoming materials control; finished goods control; management systems; and hygiene

Bunzl auditing standard

Over 150 issues assessed

Zero tolerance issue	Proportion of total zero tolerance issues (in 2022)	Example of issue found	Example locations	Our response
Forced labour issues	**c.46%**	Payment of recruitment fees to agents by foreign migrant workers	Malaysia Taiwan	We explain why this issue is recognised as forced labour. The charging of recruitment fees is not against local law but is not accepted by Bunzl or the International Labour Organization (ILO). We demand the supplier change their policy, provide training to other members of their team and return all fees paid. The supplier will remain un-approved until all rectification evidence has been reviewed and approved.
Defective materials and / or products are not segregated	**c.20%**	The supplier does not have a separate, easily identifiable, area to store rejected production material	China	There is a risk the rejected material could be used to produce a faulty finished product. Our auditing team will provide best practice examples and training to provide the factory with a new process. We also request that the supplier strengthens their quality management training or introduces a new quality management system before verifying this as evidence.

Our progress in 2022

Our Global Supply Chain Solutions team assessed 930 suppliers and 834 had no critical issues. If our audits identify non-conformities against our standard (for example, instances of forced labour or overtime or wage violations) we work to resolve these quickly through in-depth engagement with the supplier. Of the suppliers undertaking remediation efforts to bring them up to the required standard, 73 have completed their action plans to date with 7 still in progress.

If resolution is not possible within a reasonable time frame (usually six months) then we terminate the relationship. In 2022, we terminated relationships with 16 suppliers who failed to make enough progress.

In 2022, 78% of our spend on products from high-risk regions was sourced from assessed and compliant suppliers, meaning c.96% of our purchasing spend today is either in low-risk regions, with assessed or compliant suppliers in high-risk regions, or on other non-product related costs.

Investing in a diverse workforce

Businesses and societies continue to struggle with persistent gender discrimination, systemic racism and local inequalities. Companies that do not respect or prioritise the individual and unique needs, potential and perspectives of their people will fall behind their competitors and fail to grow sustainably as they are unable to attract and retain talent from significant subsectors of the total available pool.

We know diverse and inclusive workplaces earn more commitment and deeper trust from their people and that's one of the reasons why Bunzl has increased its focus on this area over the last few years. Bunzl remains committed to improving the representation of women and those from different ethnic backgrounds, particularly in the leadership population, and is taking steps to ensure that we have a truly inclusive culture.

We have an ambition to make everyone, irrespective of who they are or what role they do, feel equally engaged with and supported by our business, across all areas of Bunzl.

Our progress in 2022

Our businesses have been focused on accelerating their diversity, equity and inclusivity programmes to meet the new commitments we established during 2021. The first of these was to take action to address a common issue that faces many large organisations, the under-representation of women at a senior level. We committed to encourage more women into leadership roles through focused and targeted activities including giving all high-potential females an internal or external mentor, ensuring that we consider female candidates where we can for senior leadership roles, and continuing with the rollout of our successful women's networks.

The companies in our Group have a track record locally of creating an inclusive working environment where people can bring their best wherever they come from. However, we know there is more we can do to build on this diversity of talent to create opportunities for under-represented groups. Our commitments were to continue to focus on building a truly inclusive culture by achieving parity of engagement scores across ethnic groups in the largest part of our business, North America and other parts of the Bunzl Group (e.g. UK & Ireland) where data collection is possible and providing a voice for all under-represented colleagues and acting on their feedback to address any real or perceived barriers to engagement.

Q&A

with Bunzl's HR Director in Latin America, Rocio Trejo

How important is diversity and inclusion in your region?
We believe it represents a major competitive advantage for our companies because it provides for a broader range of mindsets, thought processes and perspectives across our teams that enable us to build better solutions for customers. It is a priority for our region and our leadership.

Could you tell us a little about the new Women in Leadership programme in Latin America?
As part of our wider diversity programme and with the aim of promoting female leadership across Bunzl, we designed a new programme in partnership with the Catholic University of Chile, to develop leadership skills in women we have identified as high potential and part of the succession plans for our senior management roles. 22 women from different operating companies across Latin America have completed the programme to date with another 53 about to start.

What have the results of this been?
We have increased the number of female Managing Directors within Latin America by three (a 13% increase) and have a 48% female representation at leadership level -1.

What are your ambitions for the future?
My ambition is not to have to promote these programmes in the future because they are increasingly forming a bigger part of our culture. I would like to continue preparing and supporting female professionals to assume leadership positions within our business area, while broadening the scope of our programme by creating cultural, ethnic and racial affinity groups and for individuals with disabilities.

In focus: Accelerating diversity and inclusion across Bunzl

The programmes that have been implemented by our business areas since the introduction of our new commitments in this area have resulted in good progress being made.

Encouraging more women into leadership roles

Bunzl Women in Leadership engagement programmes now present in all business areas

In Asia Pacific there are **45%** women in senior positions (leadership -1) with an increase of 10% during 2022

28% of senior leadership roles in our UK & Ireland operating companies are held by women

Building a truly inclusive culture

Over **4,000** employees have completed diversity appreciation training in North America

Bunzl UK & Ireland have partnered with Green Park (www.green-park.co.uk) to provide subject matter expertise as they continue to refine and broaden their approach to Diversity & Inclusion

Identifying the next generation of our leaders from a more diverse pool of talent

33% internal promotions in North American leadership team were female in 2022 (up from 14% in 2021)

26% of external hires in North America were female in 2022, an increase of 7%

A new warehouse employment programme in partnership with the Australian government with a focus on areas such as family-friendly shift patterns

Taking action on climate change

The impacts of climate change are already with us, as recent periods of extreme weather and biodiversity loss have shown, affecting communities least able to withstand them. Without concerted and ambitious action from companies and governments, climate change will have a devastating effect on our businesses and our daily lives.

Bunzl's one-stop-shop service means we are able to aggregate orders from thousands of suppliers into single deliveries which reduces transport miles and carbon emissions. Our role as a distributor means we also do not operate any energy intensive or highly polluting manufacturing facilities. But we recognise that our direct operations, distribution network and supply chains are all part of the challenge and in addition to assessing the long term risks climate change presents to the business (see page 82), we have worked with the SBTi to have our long term carbon reduction targets approved during 2022.

Our position in the supply chain gives us the ability to manage both upstream and downstream carbon emissions with our suppliers and customers. During 2022, we have reviewed how we can take action throughout the value chain by calculating our scope 3 emissions in detail for the first time, setting a new SBTi-approved scope 3 target and supporting our customers to reduce the carbon impact of our deliveries to them.

Our progress in 2022

As shown on page 17, our long term carbon targets were recently approved by the SBTi which achieves a commitment we made in 2021 when Bunzl joined the Business Ambition for 1.5°C and the United Nations 'UN' Race to Zero initiative. Our existing scope 1 and 2 emissions reduction targets and a newly developed target to reduce scope 3 emissions have been approved.

Progress against our targets

Our scope 1 and 2 carbon emissions in 2022 and baseline year (2019) are shown in the table below:

Carbon emissions (market based)	2019	2022	Reduction since baseline year
CO_2e emissions (tonnes)	141,320[1]	120,742◊	15%
Emission intensity (tonnes CO_2e/£m revenue)	13.8[1]	10.5◊	24%

1 Emissions in our baseline year have been recalculated to reflect the impact of acquisitions. Emissions intensity has been recalculated using revenue at constant currency. This process has been agreed with the SBTi.

◊ Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com.

We have a vast supply chain comprised of over 10,000 suppliers accounting for around 87% of our total scope 3 emissions. Reducing these emissions is imperative to achieving our net zero goal and gaining approval for our scope 3 emissions reduction target is our first step towards this. As the majority of our scope 3 emissions are associated with our product and services suppliers, we have decided that the most effective way to reduce these emissions would be to ensure our suppliers set science-based reduction targets to reduce their impact. We will be developing our net zero transition plan during 2023 (for publication in 2024).

Compared to the 2019 baseline year for our targets, our efficiency has now improved by 24%. We have also reduced our absolute emissions by 15% since 2019, which means we are on track to meet our science-based reduction goals in 2030.

Our baseline year emissions have been recalculated to take into account the cumulative impact of the emissions associated with acquisitions since 2019. The recalculation of baseline year emissions takes place if the cumulative impact of the emissions associated with acquisitions exceed 5% of base year emissions (as agreed with the SBTi).

More information

- Detailed energy consumption and climate change data can be found in the ESG Appendix (see pages 243 and 244). Our climate change reporting procedures can be found in the EHS and Sustainability Reporting guidelines in the sustainability section of our website (https://www.bunzl.com/sustainability/sustainability-reporting/).
- The independent assurance for our scope 1 and scope 2 carbon emissions and emission intensity (tonnes of CO_2e per £m revenue) calculations can be found in the ESG Appendix of this report (see pages 243 and 244) and in the EHS data assurance statement in the sustainability section of our corporate website.

Assessing climate change scenarios and their impact on our business

The Board, Executive Committee and every business area and business in Bunzl identify and document risks in a consistent way within the categories of strategic, operational, and financial risks. Our process for identifying and assessing risks on an ongoing basis is detailed on pages 74 and 75. These include current and emerging climate-related risks and opportunities and by doing so, we are ensuring that climate change is integrated into the Group's overall risk management.

Using climate scenarios to assess climate change risks
We follow a four-step process and use climate change scenarios to assess the impacts that climate change may have on Bunzl, as described in more detail below.

1. Evaluating risks and opportunities
Bunzl's climate-related risks and opportunities were determined by an internal consultation process that involved a wide range of internal stakeholders across all regions and markets, previous assessments and desk-based research. Our Company operates internationally and the impact on our business varies significantly depending on the market sector and the geographic location of our businesses, supply chains and our customers. These impacts could be direct (e.g. expenditure, revenue, assets) and/or indirect (e.g. delay in delivery, drop in demand, disruption of supply chains).

It was determined that climate change could impact Bunzl in the following four thematic areas:
- shifting customer expectations (transitional risk);
- environmental impacts of technology (transitional risk);
- adaptation to extreme weather (physical risk), and;
- changing market dynamics (transitional risk).

In the identification of risks and opportunities and the evaluation of the impact on our business, we have considered the following time horizons:
- short term (to 2025);
- medium term (to 2030), and;
- long term (to 2050).

2. Selecting climate change scenarios
The next step was to assess the impact of various climate change scenarios. We focused our assessment on three alternative climate scenarios up to 2050. The 'orderly' and 'disorderly' scenarios align with global warming trajectories of 1.5°C and 2°C by 2100 respectively but differ in the speed and extent of decarbonisation over the next 30 years. Our final scenario ('hothouse world') assessed the potential impacts of a world in which global warming exceeds 3°C by 2100. Our scenarios broadly align with the environmental and economic conditions represented in the Network for Greening the Financial System 'NGFS' scenario framework (https://www.ngfs.net/ngfs-scenarios-portal/explore) and more information can be found on page 241 of our ESG Appendix.

3. Evaluating the impact on our business
We have applied the three climate change scenarios to our four key risk areas (shifting customer expectations, environmental impacts of technology, adaptation to extreme weather and changing market dynamics) to understand the impact each scenario could have on Bunzl's business. We have then worked to calculate the financial impacts associated with the various scenarios. More information can be found on page 242 of our ESG Appendix.

4. Effectiveness of response measures
We will continue to evaluate (and when necessary accelerate) our existing response measures to ensure that our business continues to be resilient to the assessed risks and is able to capitalise on business opportunities that our response to climate change may offer.

Thematic area	Risk & opportunities	Response measures
Shifting customer expectations Bunzl's customers are setting more stringent environmental targets. Bunzl is increasingly expected to help customers achieve their ambitions and goals.	**Risks** Failing to align with our customers' ambitions could lead to reputational damage and loss of sales. **Opportunities** Aligning with customers' ambitions could strengthen customer relationships, build resilience to new environmental legislation and policy, and create brand differentiation. The risks and opportunities are applicable for all time horizons and are most significant in the short and medium term.	Proactive scanning of customer trends and expectations to ensure our activities meet or exceed customer expectations. Building sustainability expertise within the Group to provide customers with: • a broad range of product options; • including less carbon intensive products; • advice on the carbon impact of products sourced; • options to reduce the impact of our deliveries (see page 62). Setting emissions reduction targets to decarbonise our operations and supply chain in line with climate science (see page 17).
Environmental impacts of technology Technological advances will drive decarbonisation of Bunzl's commercial fleet and shipping suppliers. The extent to which technological change presents a risk or opportunity for Bunzl will be determined by factors such as the development of low carbon technology for large commercial goods vehicles and deployment of charging infrastructure. Increased regulatory pressure on the use of fossil fuels for mobility is expected.	**Risks** Bunzl may need to upgrade to less carbon intensive technologies such as electric vehicle technology in our commercial goods vehicles. Regulations could limit Bunzl's access to major urban areas for last mile deliveries. **Opportunities** New technologies such as energy efficient measures in warehouses. Proactive implementation of electric vehicle technology presents opportunities for strengthened customer relationships and brand differentiation, in addition to emissions reductions. The risks and opportunities are applicable for all time horizons and are most significant in the medium term.	Continuing and accelerating the introduction of technology in our warehouse operations with a focus on implementation of energy efficient lighting and solar photovoltaic panels (see page 59). Piloting new low carbon transport technologies (such as electric vehicle technology and biofuels) for use in our commercial fleet, ahead of full adoption once large vehicle technologies become technically and economically viable.
Adaptation to extreme weather Bunzl's suppliers and operations have already experienced the impacts of extreme weather. For example, hurricanes in North America have disrupted Bunzl's distribution activities and wildfires have threatened Bunzl's Australian operations. In both cases, we have been able to mitigate the risks to ensure supply.	**Risks** The severity and frequency of extreme weather events could increase in the future. While the flexibility of Bunzl's supply chain has provided good operational resilience to the physical impacts of climate change, there could be an impact if several key customers in a high risk region were impacted simultaneously. More chronic impacts of climate change, such as drought or increased rainfall may, in certain circumstances, also lead to resource shortages and price volatility of raw materials and packaging. **Opportunities** Our supply chain flexibility and lack of fixed manufacturing assets provide an opportunity to quickly respond to changing operating conditions such as flooding and erosion caused by changed weather patterns. The risks and opportunities are applicable for all time horizons and are most significant in the medium and long term.	Proven business continuity plans have ensured continued service to customers. Resilience through supply chain flexibility and lack of fixed manufacturing assets.
Changing market dynamics The direct (physical) and indirect (transitional) risk may change the dynamics of the markets in which Bunzl operates. A key potential impact could come from carbon pricing, leading to some increase in costs of carbon intensive products. Climate change may create a demand for low carbon products or the supply of products which help mitigate the physical impacts of climate change. Certain markets may also be increasingly affected by extreme weather.	**Risks:** Bunzl may face the risk of some increases in indirect costs from carbon intensive products. Certain markets may be increasingly affected by extreme weather (i.e. disruption to the hospitality industry in areas impacted by wildfires and flooding) which could impact our commercial strategy. **Opportunities:** Our material agnostic business model and flexible supply chain allows us to benefit from opportunities to source and supply specialist low-carbon products, or to acquire business and/or supply products which help mitigate the physical impacts of climate change.	Bunzl is agnostic to the type of products it sources and supplies. This allows us to follow broader environmental, social and economic trends, entering new markets and seeking new customers where there is a business case for doing so. The ability to effectively pass through any increased costs of products in our supply chain (for example due to carbon pricing mechanisms) to our customers.

Our short term carbon roadmap activities

Our short term scope 1 and 2 roadmaps primarily focus on technology that is currently available, but we also actively trial new technologies across the Group to support our longer term carbon reduction targets. As suitable new technologies develop, we will revisit our roadmaps accordingly to ensure our activities remain ambitious. The roadmap below relates to the short term activities (2021 to 2025) our business areas are working on to ensure we stay on track to achieve our scope 1 and 2 science-based reduction goals in 2030.

Scope 1 and 2 emission source	KPIs to 2025	2022 update	Rating
Commercial vehicles	**25%** biofuel usage in UK & Ireland and Continental Europe	Biofuel conversion where we have a fuel tank on site is progressing as planned	On track
	250 vehicles changed to electric	The trialling of zero emission vehicles (where applicable technology exists) has started, with some implementation of new vehicles to date, but further trials and implementation are planned to help meet our ambition	Behind plan but will recover to meet target

Scope 1 and 2 emission source	KPI to 2025	2022 update	Rating
Company cars	Hybrid and electric company cars to increase by **25%**	Good progress made with increasing electric vehicle adoption in UK & Ireland and Continental Europe. Hybrid vehicles have been ordered in North America and Asia Pacific	On track

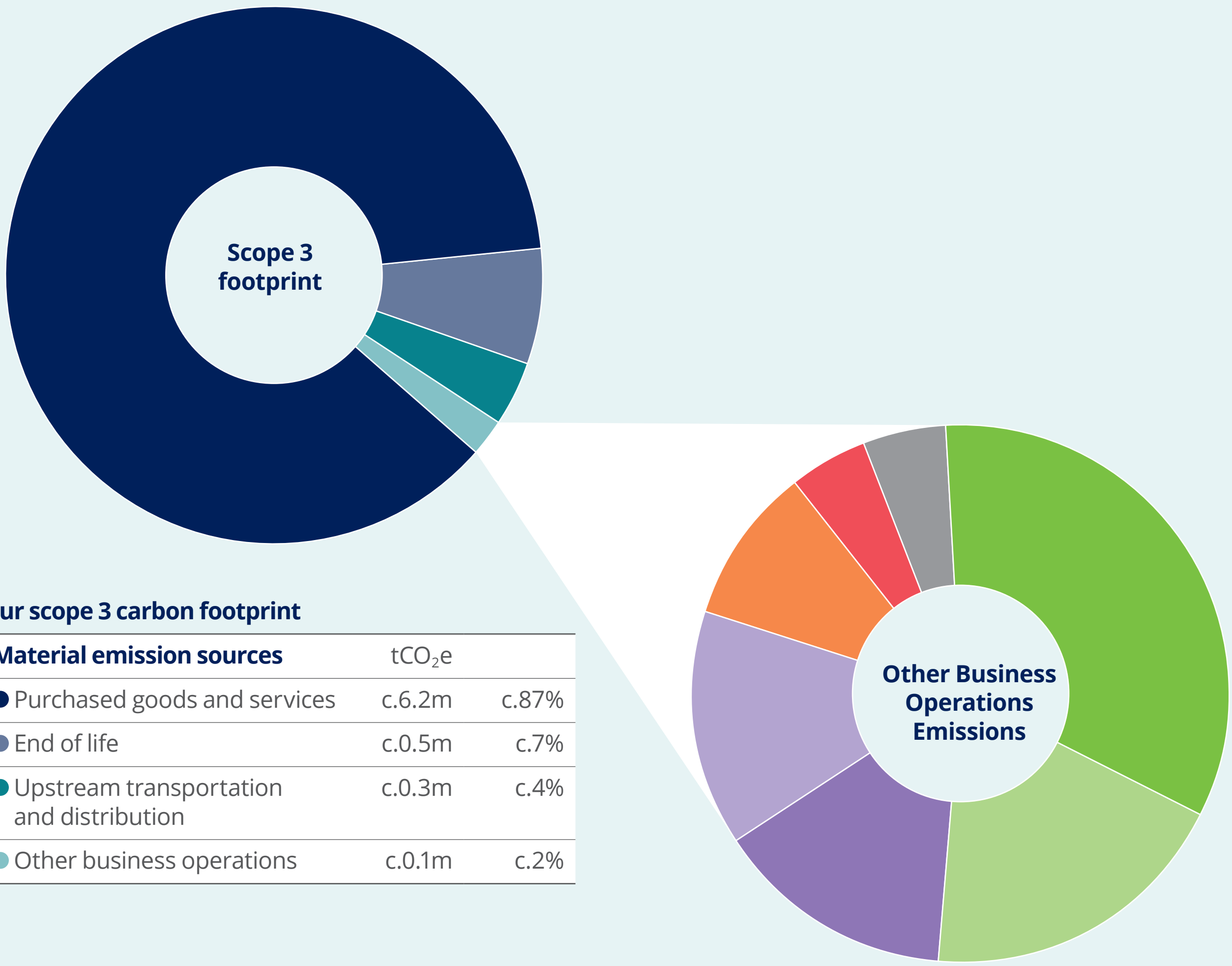
Scope 1 and 2 emission source	KPIs to 2025	2022 update	Rating
Electricity	**80%** facilities in North America will have LED lighting	95 installations completed to date (65%)	On track
	100% renewable energy procurement in UK & Ireland and Continental Europe	Renewable energy procurement is c.80% in UK & Ireland. In Continental Europe procurement has reached c.30% and our sites continue to install solar photovoltaic panels, most recently at two locations in the Netherlands	On track

In focus: Mapping our supply chain emissions

During 2022 we performed a full scope 3 assessment of our carbon impact, covering both 2019 (as our baseline year) and 2021. This work identified the carbon hotspots within our scope 3 boundary, what is driving those emissions and potential reduction opportunities.

Bunzl's Scope 3 carbon footprint for 2021 was c.7.1 million tonnes of CO_2e. The top three most material emission categories of our scope 3 footprint are:

- purchased goods & services (c.87%);
- end of life (c.7%); and
- upstream transportation and distribution (c.4%).



Our scope 3 carbon footprint

Material emission sources	tCO_2e	
Purchased goods and services	c.6.2m	c.87%
End of life	c.0.5m	c.7%
Upstream transportation and distribution	c.0.3m	c.4%
Other business operations	c.0.1m	c.2%

Other business operations emissions		
Downstream transportation and distribution	c.0.05m	0.7%
Fuel and energy related activities	c.0.03m	0.4%
Employee commuting	c.0.02m	0.3%
Capital goods	c.0.02m	0.3%
Use of products sold	c.0.01m	0.2%
Business travel	c.0.01m	0.1%
Waste	c.0.005m	0.1%

The most material part of our scope 3 footprint for both baseline year 2019 and 2021, is associated with the purchased goods and services category, predominantly our suppliers' spend on raw materials. The second most significant category of Bunzl's footprint is the emissions associated with the disposal of the products and packaging at the end of the product's useful life. The upstream transportation and distribution of products is also a contributor to the overall scope 3 footprint. This includes inbound transportation of goods that are imported or transported domestically around our business regions; North America, UK & Ireland, Continental Europe, Latin America and Asia Pacific.

Overall, c.98% of Bunzl's scope 3 emissions are associated with the production, transportation and disposal of products. This is to be expected given Bunzl's business function and is consistent with other companies in the industry. The emissions associated with the remainder of our business operations within the footprint boundary (downstream transportation, employee commuting, waste etc.) account for just c.2% of scope 3 emissions.

Our material scope 3 emission sources

Hotspot	Purchased goods and services	End of life	Upstream transportation and distribution
Source of emissions	Emissions associated with the cost of the raw materials our suppliers require to manufacture their products. The emission intensity varies depending on the product type and the location of the suppliers, which in turn is influenced by factors such as the intensity of the local electricity grid.	Emissions are driven by the material type and the disposal route when the products come to the end of their useful life. Depending on whether products are sent to landfill, incinerated with energy recovery or recycled will impact the emission intensity of each category. The emissions by business areas will also be influenced by regional recycling rates.	Inbound transportation of goods is differentiated between 'imports', which is typically sea freight (with some air freight into North America) from Asia and 'domestic', which is road freight within business regions (between port of arrival and Bunzl's locations, and movement of products between operating companies).
Emissions examples	• c.35% emissions from spend on plastic resins • c.17% pulp based products • c.9% chemicals	• c.69% disposal of pulp products • c.12% disposal of textile products • c.6% disposal of packaging products	• c.55% road transportation • c.40% sea freight • c.4% air freight
Example reduction activities	• Working with suppliers to increase the recycled content of their products (plastic and paper)	• Continuing to transition customers to products made from recyclable materials or reusable options	• Prioritising lower emission transportation options such as sea and rail over air freight
	• Working with our largest suppliers to set science-based carbon reduction targets of their own		

Supporting customers to reduce the emissions associated with our deliveries

To promote efficiency and align with our customers' targets, our UK business Bunzl Cleaning & Hygiene Supplies 'BCHS' created a carbon forecast tool to drive engagement on the emissions associated with our deliveries and the impact ordering patterns can have on these. The tool calculates the emission reductions that could be achieved by customers eliminating smaller orders and increasing their average order value. It supports customers with their scope 3 emissions reporting, drives efficiency savings (time, cost and carbon) and has been shown to be pivotal in securing new and renewing existing contracts. Customers also have the option to offset the remaining emissions (from the reduced number of deliveries) through certified schemes if this approach aligns with their carbon reduction strategy. Where they choose to do this, the deliveries Bunzl makes to their locations are carbon neutral. The success of the tool has led to its introduction in a number of other operating companies.

Bunzl Cleaning & Hygiene Supplies

- Calculation of average carbon emissions associated with the processing and delivery of all orders from our branches to a large facilities management provider's sites.
- Service implemented with a key customer with c.5,900 sites across the UK.
- Before forecast work completed, c.38,500 deliveries a year with 30% orders less than £75.
- BCHS agreed with the customer to implement a new minimum order value of £75.
- This achieved a 100% reduction in small orders below £75, which has delivered a 7% reduction in total deliveries.
- Over the following 12 month period, the carbon intensity of the contract reduced by 44% (CO_2e per £1,000 spend).
- In addition to the CO_2e reduction, BCHS has committed to offset the remaining CO_2e (185.5 tonnes) through certified programmes.

Carbon forecast tool: how it works

Bunzl Distribution Spain

- Detailed mapping of all delivery routes across the country to calculate and simulate carbon footprint of product deliveries.
- Service implemented with Grupo Saona, a foodservice customer, with 50 restaurants across Spain assessed.
- 2,000 deliveries a year with c.75% orders between €100 to €1,000 and 16% orders below €60.
- Results include a 60% reduction in small orders below €60 which has delivered a 10% reduction in total carbon emissions.
- Total sales with the customer increased 73% with an associated increase in total deliveries of just 10% due to the effectiveness of the tool.
- Tool certified by AENOR, to GHG Protocol Standards.

Bespoke carbon reporting to customers

Remaining emissions can be offset through certified schemes

Q&A

with Grupo Saona

What are your sustainability objectives ?
This great project with Bunzl is an example of the various initiatives that we have been working on for a long time to achieve a positive impact within our company. From the construction of our restaurants to our daily activities, our strategy focuses on environmental improvement. We work to improve our energy efficiency by promoting natural light and using appliances with a high energy rating, we purchase products well suited to a circular economy (construction and decoration materials, furniture, takeaway food packaging) and we have started the process to achieve carbon neutrality, looking at the food we source and engaging with initiatives like Bunzl's CO_2 calculator.

What role do you expect your suppliers to play to help you achieve your sustainability objectives?
Our commitment to sustainability is real. We are motivated by our innovative, demanding and restless character and we demand the same characteristics from our suppliers. For us the essence of sustainability and of this project in particular is that the most effective way to achieve our collective sustainability goals is through cooperation and Bunzl is the best companion for this. Our alliance with Bunzl is a partnership where we work proactively to create a global strategy for the decarbonisation of the restaurant sector.

How has the carbon forecast tool supported you?
The CO_2 calculator is a tool that has helped us reduce the carbon footprint of the distribution activities to the 50 Grupo Saona restaurants in Spain. Transparent, verified and objective measurement has been key to the project. This tool has allowed us to raise awareness and promote a cultural change to improve the procurement activities in our restaurants. We think the achievements have been magnificent.

Providing tailored solutions

Our customers are acutely aware of, and responding to, consumer driven sustainability trends such as the call for fossil-free materials and the reduction of certain single-use plastics and are increasingly requesting products which are more recyclable, reusable and climate friendly.

We have an important role in providing the tailored solutions that respond to these trends and continue to enable customers to transition to products and solutions that support a low carbon and more circular economy. This unique ability represents both a competitive advantage and growth opportunity for Bunzl.

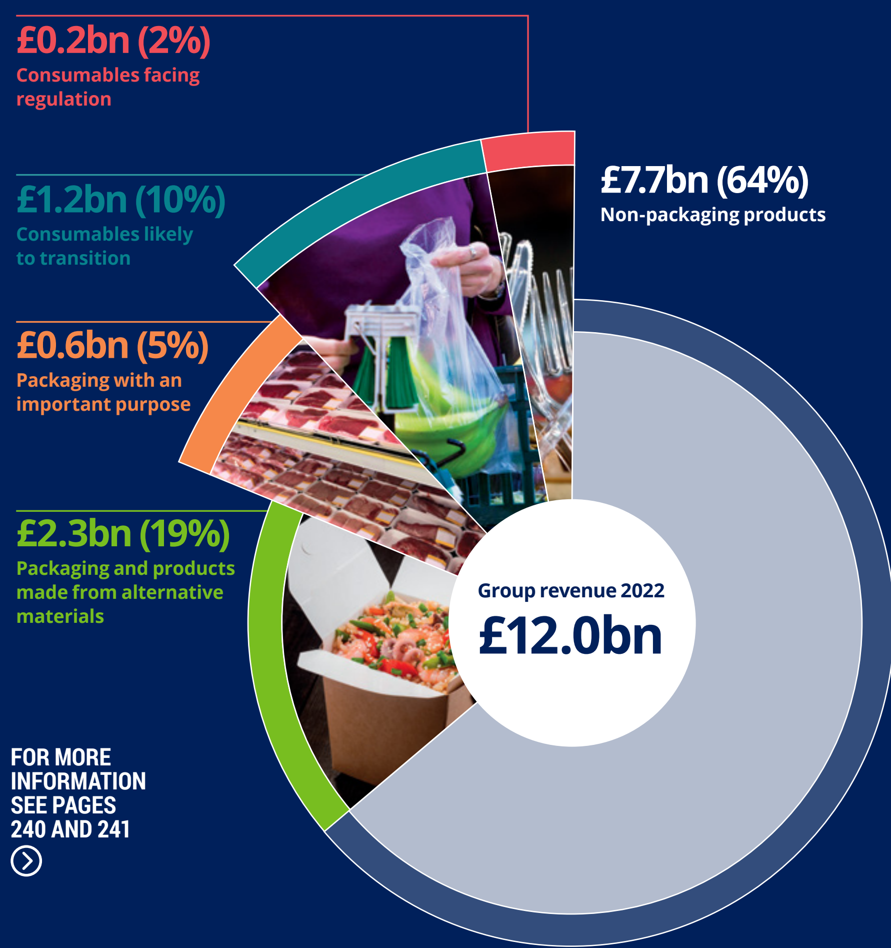
A key strength of Bunzl is our position in the supply chain. Our global scale, local expertise and supply flexibility means we are perfectly placed to solve the problems our customers face. Whether that is helping them transition away from certain materials, improving the packaging we supply to be more efficient, or partnering with innovative new suppliers to make a difference, we can access the data and information our customers need, provide them with tailored advice and then supply the solutions they require to respond to legislation and meet their own targets.

Our progress in 2022

Our businesses have continued to help transition customers to packaging products made from alternative materials and these solutions account for 53% of total packaging sales across the Group. The introduction of new single-use plastics legislation and customers' efforts to meet their packaging targets are examples of drivers that have contributed to the proportion of alternative packaging sales.

The Group has very limited exposure (2%) to single-use plastic consumables facing regulation where some volume reduction is expected and the proportion of total Group revenue attributable to non-packaging products or packaging made from alternative materials is high at 83%.

Only 2% of revenue generated from consumables facing regulation



FOR MORE INFORMATION SEE PAGES 240 AND 241

- 83% of Group revenue attributable to non-packaging products or packaging products better suited to a circular economy
- 53% of packaging made from alternative materials in 2022
- New legislation continues to drive sustainability growth opportunities
- Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure. We continue to exercise judgement to allocate the sales in 2022 to non-packaging products and the four packaging categories shown, which are taken at a point in time in the context of rapidly changing legislation and changes in product composition across a vast range of products. As a consequence, category adjustments are likely, and we have recognised two category adjustments this year that increase "products likely to transition" by £0.2bn, with corresponding reductions of £0.1bn in "packaging with an important purpose" and "products made from alternative materials", which would also have applied last year. More information on our packaging categories, and limitations with respect to the product data and related disclosures, are set out in the ESG Appendix on page 240

One example of how we help customers transition to alternative packaging solutions is the work Bunzl Catering Supplies has been doing in the UK with one of our longstanding customers, Wagamama. We helped design and implement a solution to replace their current takeaway bowls, which were made from 0% recycled polypropylene, with ones made from up to 70% recycled crystallised polyethylene terephthalate (CPET) that can be widely recycled by UK households.

In addition to the improvements made to the products themselves, we are supporting Wagamama with their industry leading Bowl Bank scheme, which is now in place at all of their restaurants across the UK. Bowls are collected by Bunzl Catering Supplies drivers and returned to branch to be recycled, which is helping to close the loop for these products.

Q&A

with Bunzl Catering Supplies Managing Director, Helen Cockerham

What key sustainability challenges have you seen your customers in the hospitality sector face over the last year?

With coronavirus restrictions lifted in 2022, we were delighted to see the hospitality sector continue its recovery in the UK. As part of this recovery we saw an increasing number of customers re-engage with the challenges of tackling climate change and navigating an increasingly fractured legislative programme focused on single use plastics and reforms to waste management. Throughout 2022, we have been working closely with our supply partners to help our customers navigate the implementation of the Government's plastics packaging tax, hosting regular customer forums, providing critical mapping tools to provide line-level analysis of the impact of the tax and helping our teams find sustainable solutions for our customers.

What role do your customers expect you to take when it comes to supporting them with their sustainability objectives?

Our customers expect us to source and deliver products in an ethical and responsible way and to support them in building a sustainable future in a way that is commercially viable. They recognise that because we are not tied to any type of material we will offer transparent and impartial advice, helping them to make informed decisions that support their ambitions and achieve their sustainability goals and targets.

Could you explain more about how you work with your customers like Wagamama and the value you are able to add from a sustainability perspective?

Our customers recognise that we are ready to work proactively to help them adopt sustainable product solutions. Because we have sight of the complete product journey and offer transparent advice on products and materials we supply, we enable our customers to make well informed decisions. Supporting Wagamama with the design of their new home delivery offer was a great opportunity for us to demonstrate the value we can bring to a project, helping to coordinate key stakeholders across the supply chain, bringing suppliers and customers together to understand the benefits of the materials used and delivering a solution that took the whole life cycle of the product into account. Our work with Wagamama, and trusted supplier Faerch, has led to us using our transport network to deliver the products and collect them for recycling. Using existing capacity and road miles highlights our ability to efficiently bring innovative solutions to our industry and support initiatives like Wagamama's industry leading Bowl Bank scheme.

In focus: Our sustainability value proposition and progress

Data

A deep understanding of our products, customer sectors, operations and their regional challenges

Our unique position	Access to detailed packaging data (material type, weight, composition, certifications, carbon footprint)	Knowledge of complex regional and national legislation and details of our customer targets
The Bunzl difference	Collecting c.100,000 data points from c.400 suppliers to provide packaging information to our top 10 grocery customers in North America 28,000 delivery locations and routes mapped in Spain to populate carbon forecast tool	Tracking over 900 separate pieces of enacted plastics and packaging legislation across cities, counties, and states in North America

How it all comes together

Our customer in Australia (Ramsay Health Care) targeted plastic reduction in its sustainability strategy

Knowledge

Our expert teams provide customer-specific advice and regular updates on new legislation and trends

Proprietary in-house tools to present packaging data reports to customers and close working relationships with our suppliers

Expert teams provide customer-specific advice and regular updates on legislation and trends

16 material footprint tools are now in use with customers across the Group with one UK retailer paying for packaging data services from Bunzl

Co-developed a new paperboard tray with a grocery customer in North America made from sustainably sourced plant-based fibre with a liner that can be easily separated for recycling, leading to a 91% reduction in plastic across one of its fresh produce ranges

Our expert team in Bunzl Australia & New Zealand won an Australian Packaging Covenant Organisation 'Our Packaging Future' Award for its extensive sustainable packaging industry awareness-raising programme

The Bunzl Australia & New Zealand team reviewed the customer's usage data and mapped appropriate sustainable alternatives (compliant with future legislation) to create a transition plan for the customer.

Solutions

We are uniquely positioned to supply the solutions our customers need to meet their targets, comply with legislation and improve their sustainability credentials

Own brand packaging ranges promoting faster, more affordable transition to alternative materials

Using our unique position in the supply chain to source alternative products for our customers that comply with new legislation

Over 650 Bunzl own brand product and packaging SKUs made from alternative materials across four brand names and four business areas

R3 Redistribution Canada, a local Bunzl operating company, worked with the largest convenience store operator in the country to replace all of their single-use plastic carrier bags with a Bunzl own brand paper bag solution in two sizes to meet their needs

Bunzl Retail Supplies ('BRS') in the UK helped two leading retailers to minimise their exposure to the UK plastic packaging tax by introducing new recycled content film roll with savings of c.£145,000 for the customer and c.£1 million additional turnover for BRS

Bunzl North America has supported a large retailer to meet the requirements of a new ban on expanded polystyrene products in New Jersey. Transitioning produce trays to alternative materials increased revenue by over $0.5 million and this will increase further in 2024 when meat trays are added to the ban

Converted A$800,000 branded products to own-brand and captured an additional A$600,000 sales from two competitors. Sustainability offer contributed to the award of new 5-year contract.

Sustainability governance

We have established a governance structure to implement our sustainability strategy and manage the delivery of the programme across the Bunzl Group.

While principal responsibility for determining the sustainability strategy, its implementation and how Bunzl's business areas should integrate sustainability considerations remain decisions for the Board, we have established a new Board Sustainability Committee 'BSC' to allow for more detailed strategic consideration of the opportunities and risks presented by sustainability and to supplement the work of the Board in this area.

The BSC and Group Sustainability Committee conduct regular reviews of climate-related risks and Bunzl's performance against the Group's carbon reduction and other sustainability targets.

To recognise the repositioning of climate change as a principal risk to the Company and effectively govern the progress of our regional carbon roadmaps, a new Environment & Climate Change Committee will be established in 2023 and our EHS Committee will become a Health & Safety Committee as a result. Like our other governance meetings held at senior management level (e.g. the Supply Chain Committee), the groups will meet four times a year and be represented by all business areas.

The Environment & Climate Change Committee will periodically review performance against our environmental objectives and track the progress of emission reduction initiatives across the Group such as site energy efficiency improvements, fuel efficiency projects and renewable energy procurement.

Board Sustainability Committee 'BSC'

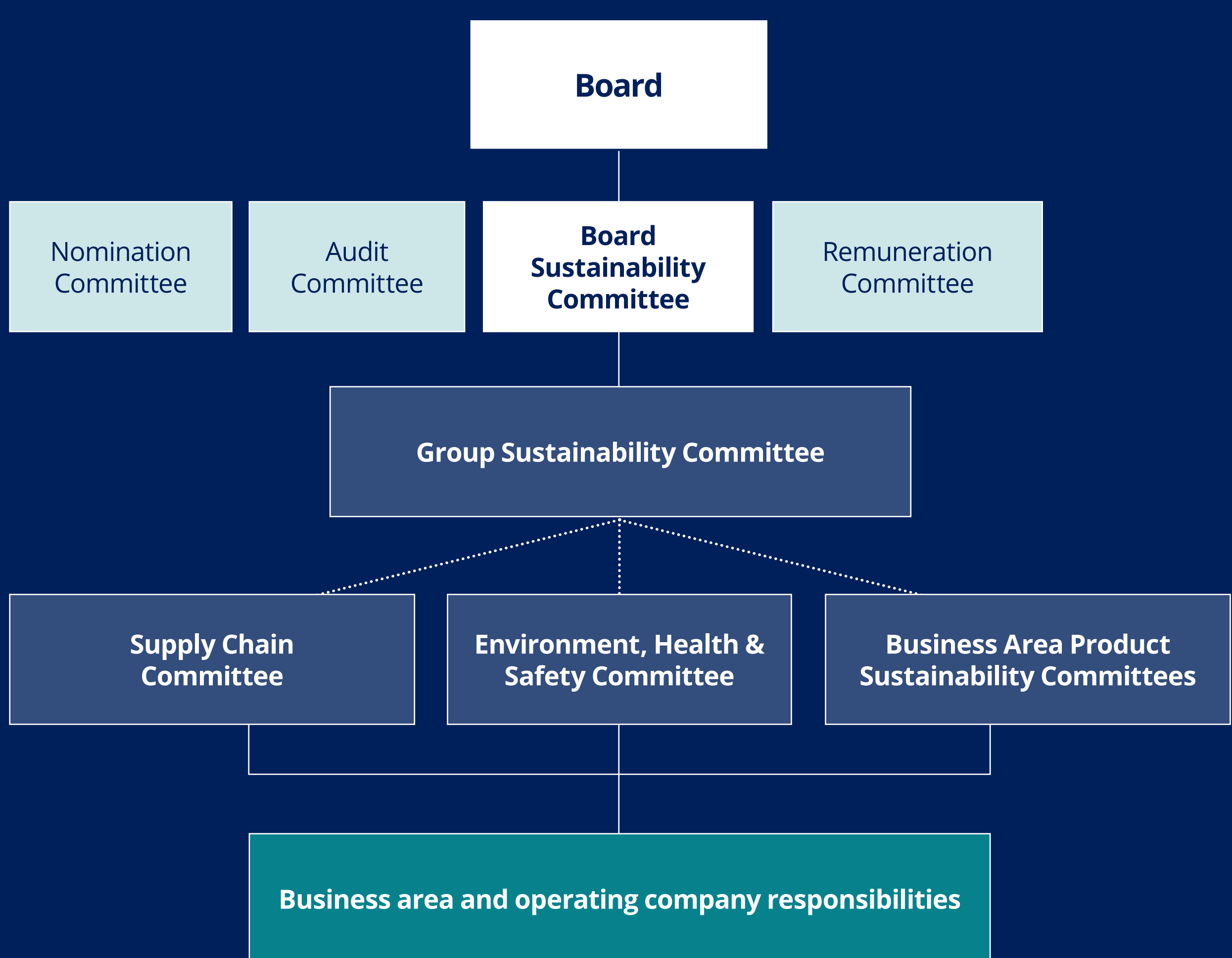
The BSC was established in 2022 and provides an oversight function to the Group Sustainability Committee and comprises all of the independent non-executive directors and the Chairman of the Board, who also chairs the Committee. The CEO, Chief Financial Officer, Director of Group HR and Head of Sustainability are also usually invited to attend Committee meetings. The Committee will meet at least three times a year.

Group Sustainability Committee

Our Group Sustainability Committee is a cross-functional leadership committee that engages the management teams and operating companies across our business areas and provides oversight and strategic guidance for our programme.

Chaired by our CEO and attended by members of our executive team, the Committee meets quarterly to ensure Bunzl has an ambitious sustainability strategy, which is subject to effective governance. It sets targets and monitors progress while providing support for our business area sustainability teams.

Sustainability governance structure



Taskforce on climate related financial disclosures 'TCFD'

The Taskforce on Climate related Financial Disclosures 'TCFD' has developed a climate related financial risk disclosure framework for companies to provide information to investors, lenders, insurers and other stakeholders. Our climate-related disclosures are reported consistent with the TCFD recommendations and disclosures. The index table below provides a reference to where these disclosures can be found throughout our annual report.

Topic	Disclosure summary	Disclosure	Bunzl response
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities.	Governance report: pages 102 and 103, 105 to 108, 111 Principal risks: pages 74 to 76, 82 Sustainability report: page 68
		Describe management's role in assessing and managing climate-related risks and opportunities.	Governance report: pages 102 and 103, 105 to 108, 111 Principal risks: pages 74 to 76, 82 Sustainability report: pages 57 and 58
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Principal risks: page 82 Sustainability report: page 58
		Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Principal risks: page 82 Sustainability report: pages 57 and 58
		Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower temperature scenario.	Principal risks: page 82 Sustainability report: pages 57 and 58
Risk management	Disclose how the organisation identifies, assesses and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks.	Principal risks: pages 74 to 76, 82 Sustainability report: pages 57 and 58
		Describe the organisation's processes for managing climate-related risks.	Principal risks: pages 74 to 76, 82 Sustainability report: pages 57 and 58
		Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Principal risks: pages 74 to 76, 82 Sustainability report: pages 57 and 58
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	ESG Appendix: pages 243-244 Non-financial KPIs: page 47 Sustainability report: pages 56, 59 to 61
		Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	ESG Appendix: pages 243 and 244 Non-financial KPIs: page 47 Sustainability report: pages 56, 59 to 61
		Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	ESG Appendix: pages 243 Non-financial KPIs: page 47 Sustainability report: pages 56, 59 to 61

A strategy that benefits all our stakeholders

Our purpose is to deliver essential business solutions around the world and create long term sustainable value for the benefit of all stakeholders.

Bunzl has a global and diverse community of stakeholders and engaging proactively is essential to the long term success of the Company. Feedback informs the strategic agenda of Bunzl and ultimately helps the Company grow sustainably, making better business decisions for the benefit of all stakeholders. Bunzl has identified its key stakeholders on the following pages.

Engagement with stakeholders is primarily carried out at operational level, with direct engagement by the Board taking place where possible and on pertinent matters. Members of senior management are accountable to the Board for their engagement mechanisms and frequently present on the issues and concerns of relevant stakeholder groups. The Board ensures that stakeholders are considered in its deliberations, and understands that competing interests will sometimes need to be weighed against each other. In these circumstances, it is a priority of the Board to ensure the fair treatment of any group that has been adversely affected.

Bunzl's open culture and values pave the way for effective engagement and underly business decisions, ensuring the Company fosters meaningful business relationships with its stakeholders, maintains high standards of business conduct and reports transparently on its activities.

Section 172

The Board of directors of Bunzl plc promotes the success of the Company for the benefit of its members as a whole, having sufficient regard to:

The likely consequences of any decision in the long term
- Company purpose: page 30
- Acquisitions: page 16
- Our business model: page 32
- Our strategy: page 34
- Shareholder returns: page 9

The interests of the Company's employees
- Employment policies: page 158
- Employee engagement statement: page 109
- Diversity, equity and inclusion: page 54
- Succession planning: page 116
- Our people: pages 40 and 41

The need to foster the Company's business relationships with suppliers, customers and others
See our 'Policy hub' at www.bunzl.com to access:
- Business Code of Conduct Policy
- Bunzl Anti-Bribery and Corruption Policy
- Bunzl Ethical Sourcing Policy
- Modern Slavery Statement
- Supplier Code of Conduct

The impact of the Company's operations on the community and the environment
- Sustainability: pages 48 to 68
- TCFD disclosures: page 69
- Carbon emissions: pages 243 and 244
- Community investment: pages 70 to 73
- Non-financial information statement: pages 94 and 95

The desirability of the Company maintaining a reputation for high standards of business conduct
- Audit Committee report: pages 119 to 131
- Independent auditors' report: pages 223 to 229
- Whistle blowing: page 246
- Culture and values: page 108
- Non-financial information statement: pages 94 and 95

The need to act fairly as between members of the Company
- Shareholder engagement: page 72
- The Company's Annual General Meeting: page 156

Engaging with our stakeholders

Customers

Relevance to strategy
Customers are central to Bunzl's purpose of providing essential business solutions around the world, and Bunzl's strategy is formed to achieve this purpose while creating long term value for the benefit of stakeholders as a whole. A key tenet of our strategy is organic growth; expanding by developing our business with current customers and gaining new business with additional customers.

Concerns and interests
- Customised digital solutions
- Alternative sustainable product expertise, support and sourcing
- Innovative product solutions
- Competitive prices
- On-time and in-full delivery
- Access to customer service and sales

How we engage
Bunzl maintains frequent dialogue with customers to ensure ethical and robust supply chains. Customers are supported with the use of our material footprint tools, which help them understand their own carbon impact to inform better decision making and aid the development of new or substantially improved products. In 2022, we introduced additional material footprint tools to help customers understand the impact that legislation will have on packaging and products. This enables us to help customers prepare for legislative changes by recommending and sourcing alternatives. See pages 44 and 45 for an example of how we engaged with customers in Australia and New Zealand to help them navigate complex plastic legislation.

Outcomes of engagement
Two-way engagement enables Bunzl to respond to customers' needs and become a true strategic partner to customers, providing them with a tailored, value-added service and driving organic growth. In 2022, frequent engagement allowed us to materially expand our relationship with Tyson Foods in North America from providing hardware components to supplying a greater range of products and specialist consumables.

69%
of customer orders processed digitally

c.30%
of colleagues have customer-facing roles

Colleagues

Relevance to strategy
Bunzl has 22,451 colleagues worldwide. Bunzl's colleagues represent our biggest opportunity and are the focus of the business. The Board carefully considers the interests of employees in key decisions by engaging with them to ascertain their thoughts and concerns, and implementing action plans to address points raised. Recruiting, retaining and developing the best talent is key to Bunzl's strategy as it ensures that every person pulls in the same direction to achieve Bunzl's purpose.

Concerns and interests
- Fair remuneration
- Talent development
- A safe working environment
- Good communications
- Career prospects
- Sharing in the Company's success
- Fair policies and practices
- An inclusive environment

How we engage
In 2022, Bunzl continued with its diversity, equity and inclusion ('DEI') initiatives to enhance inclusivity at Bunzl and rolled forward the CEO and non-executive director listening sessions to hear from colleagues around the globe (page 109). During these sessions, the Board engaged with colleagues on a range of matters, including pay, new ways of working post-Covid-19 and local topical issues. The Board also undertook site visits to speak with employees on the ground (page 111) and reviewed the responses to the 2022 pulse survey (page 40).

Outcomes of engagement
See the employee engagement statement on page 109 for the Company's responses to engagement with employees during the year.

22,451
employees

85%
sustainable engagement score

Shareholders

Relevance to strategy

Maintaining shareholder support through building meaningful relationships is key to Bunzl's strategy, as our shareholders influence the long term direction and governance framework of the Company. Frequent dialogue keeps the Company informed as to the concerns and interests of our investors and allows the Company to respond, grow and perform better.

Concerns and interests

- Financial performance
- Resilience
- Ethical supply chains
- Executive remuneration
- Shareholder returns
- Carbon emissions reductions
- Succession planning
- Long term performance
- Strong leadership
- Good governance
- Fair pay for employees

How we engage

Bunzl updates shareholders six times per year on trading performance and encourages shareholder attendance at the Annual General Meeting ('AGM'). Engagement with shareholders takes place before, during and after the AGM to understand voting intentions and votes cast. Feedback from investors is gathered at investor roadshows and is presented back to the Board for discussion and action. Furthermore, during 2022 Bunzl hosted its first ever Insight Day in the Netherlands for investors and analysts, showcasing Bunzl Continental Europe's growth and customer proposition (see page 21).

Outcomes of engagement

For outcomes of engagement with investors on matters relating to sustainability, see page 51.

c.140
meetings with investors

c.1,400
unique downloads of Insight Day series

Suppliers

Relevance to strategy

Building strong and trusted partnerships with suppliers is fundamental to our business model. Our suppliers are our partners, and collaboration enables Bunzl to innovate, drive ambitious business solutions and meet customers' individual needs. Engagement primarily takes place at operational level, with executives providing frequent updates on outcomes of engagement to the Board.

Concerns and interests

- Ethical supply chains
- Reliable partnerships
- On-time payment
- Mutual trust
- Improving environmental impacts

How we engage

Bunzl's Supplier Code of Conduct is in operation across all suppliers and the Company monitors compliance with this code with the help of our quality assurance control team in Shanghai, which works with key suppliers in Asia and beyond to ensure international standards are met (see page 25). Supplier conferences are held to showcase best practice and ethical compliance issues, such as our Vietnamese Supplier Training Day in October 2022 which was attended by 24 Vietnamese suppliers and helped them understand Bunzl's requirements in both social accountability and quality management systems. Furthermore, during 2022 Bunzl teams worked with key suppliers to deliver our new science-based Scope 3 emissions target and the Director of Group HR presented to the Board on the details of supplier audits carried out and progress made with previously audited suppliers.

Outcomes of engagement

For outcomes of engagement with Bunzl's suppliers and the results of supplier audits undertaken during the year, see page 53.

930
supplier audits

>10,000
suppliers

Environment and community

Relevance to strategy
Sustainability is core to Bunzl's strategy and long term success and Bunzl's culture of continuous improvement drives the determination to set and meet ambitious climate-related targets. Bunzl's decentralised business relies on local suppliers, recruiting local talent and championing local businesses. Giving back to the community is core to Bunzl's values and the Company participated in a range of community initiatives throughout the year.

Concerns and interests
- Ambitious climate targets
- Science-backed commitments
- Clear roadmap to net zero
- Ethical supply chains
- Local support
- Community investment
- Cost of living crisis
- Inclusive working practices
- Employing local talent
- Sourcing local products

How we engage
The Board defines the sustainability strategy and oversees its implementation by Company executives. The Company maintains dialogue with environmental agencies and informs customers, employees and suppliers on sustainable practices in line with best practice and local laws. The Company has also committed to ambitious targets, with clear roadmaps to achieving these targets (see page 59). To benefit the wider community, Bunzl forms partnerships with charities to fund social, ethical and environmental causes that are championed by our local businesses (see page 247).

Outcomes of engagement
In 2022, our Scope 1, 2 and 3 emissions targets were approved by the Science Based Targets initiative and following engagement with stakeholders, we formed the Board Sustainability Committee to further enhance governance of the Company's strategy (page 68).

15%
reduction in Scope 1 and 2 carbon emissions since 2019

£200k
and essential items donated to support relief efforts in Ukraine and neighbouring countries

Key decisions throughout the year

Warehouse consolidation

Decision
In 2022, the Board considered the consolidation of two warehouses in the US and the installation of new technology that would sort outbound orders to customers more efficiently, ease the Company's reliance on external labour to supplement warehouse staff shortages in the US, and reduce labour costs. See page 16 for more information.

Considerations
- Long term strategy: the strategic aims of the business, including the reductions of redundant costs in warehouse space, investment in automation to maximise warehouse utilisation and achievement of cost efficiencies;
- Environment: the positive impact on the environment of footprint consolidation;
- Colleagues: the impacts of the consolidation on the staff at the Nevada and California warehouses and the impacts of automation on physically demanding labour practices;
- Customers: the impact of automation on the accuracy of the sorting process, the delivery experience of customers and the ability of Bunzl to increase its operational capacity; and
- Shareholders: the proposed cost and benefits of the project, bringing operations in line with market expectations and the positive impact on the Company's operating profit.

Outcome
The Board decided that the consolidation and investment in new technology would benefit the Company and its stakeholders as a whole in the long term by increasing operating efficiency and quality, bringing market-appropriate service level in line with customer and segment expectations, and enabling the Company to price services more competitively.

Acquisitions

Decision
During 2022, the Board considered acquisition proposals in line with the Company's acquisition growth strategy. For information on acquisitions during the year, see page 16.

Considerations
- Long term strategy: the risks and opportunities associated with each acquisition;
- Environment and community: the environmental, social and governance initiatives of target companies and the values of the companies in relation to sustainability;
- Shareholders: the impact of acquisitions on shareholder value;
- Colleagues: the impact of the acquisitions on Bunzl's employees and the employees of target companies, including the alignment of company cultures; and
- Suppliers: the impact of acquisitions on Bunzl's suppliers.

Outcome
The Board approved the acquisition proposals that it believed would be beneficial to the long term interests of the Company and Bunzl's stakeholders as a whole, taking into account the considerations above.

A robust approach to risk management

Bunzl operates in six core market sectors in 31 countries which exposes it to many risks and uncertainties. The Group sees the management of risk, both positive and negative, as critical to achieving its strategic objectives.

Risk assessment

Risk identification

- Every business, business area, the Executive Committee and the Board consider, identify and document risks in a consistent way within the categories of strategic, operational and financial risks
- This includes current risks as well as emerging risks which also need to be assessed and carefully monitored

Inherent risk assessment

- The inherent impact and probability of risks are evaluated before considering the effect of any mitigating activities:
  - impact is assessed based on a defined range of business continuity, health & safety, environmental, regulatory, reputational and financial criteria; and
  - probability is assessed as remote, unlikely, possible or probable.

Risk response and residual risk assessment

- The relevant mitigating activities and controls are evaluated for each risk
- The residual risk is assessed assuming that the mitigating actions and internal controls operate as intended in an effective way
- If necessary, to bring the residual risk within Bunzl's risk appetite, enhancements to risk mitigation activities and controls are considered until the residual risk is reduced to an acceptable level.

Risk management process

To deliver the Group's strategic objectives successfully, and provide value for shareholders and other stakeholders, it is critical that Bunzl maintains an effective process for the management of risk. The Company has a risk management policy which ensures a consistent process is followed by every business and business area as well as the Executive Committee and ultimately the Board, firstly to assess and then subsequently to manage both current and emerging risks. These interrelated aspects of the Group's risk management policy are explained below.* Additional details are also provided on the key risk management activities undertaken during 2022.

Risk management

The Board

Establishes the nature and extent of risk the Group is willing to accept (its 'risk appetite') in pursuit of Bunzl's strategic objectives.

Performs a robust assessment of the Group's risks through a biannual review of the Group's risk register, focusing on the evolving risk landscape, emerging risks and those risks considered to be significant by management and the Executive Committee.

Continuously monitors and oversees the Group's risk management and internal controls processes and procedures.

The Audit Committee

Reviews the process for the management of risk, including the risk assessment and risk response, and its effectiveness.

Directs and oversees internal audit's activities and reviews the results of assurance over controls and risk mitigation activities.

Executive Committee

Holds regular meetings with business area management to discuss strategic, operational and financial issues and ensures policies and procedures are in place to identify and manage the principal risks affecting each of the Group's businesses. Business area management present risk assessments to the Executive Committee biannually, focusing on the key risks in their region, processes they have in place to identify risk and any areas of heightened concern or any emerging risks for the future.

Considers the evolving risk landscape, including reviewing the results of the risk assessment process and assessing the sufficiency of risk mitigation activities for current risks as well as the threats and opportunities from emerging risks.

Business area management

The Group's decentralised management structure allows for the establishment of clear ownership of risk identification and management at the business area level within the framework of Bunzl's risk management policy.

Business management

Businesses, with the support of business area management, implement and monitor the effectiveness of controls, policies and procedures designed to manage risk.

* The 'Risk management and internal control' section of the Corporate governance report on pages 111 and 112 includes further information on the specific procedures designed to identify, manage and mitigate risks which could have a material impact on the Group's business, financial condition or results of operations and for monitoring the Company's risk management and internal control systems.

Principal risks and uncertainties

The Group operates in six core market sectors in 31 countries which exposes it to many risks and uncertainties, many of which are not fully within the Group's control. The risks summarised below represent the principal risks and uncertainties faced by the Group, being those which are material to the development, performance, position or future prospects of the Group, and the steps taken to mitigate such risks. However, these risks do not comprise all of the risks that the Group may face and accordingly this summary is not intended to be exhaustive.

In addition, the Group's financial performance is partially dependent on general global economic conditions, the deterioration of which could have an adverse effect on the Group's business and results of operations. Although this is not considered by the Board to be a specific principal risk in its own right, many of the risks referred to below could themselves be impacted by the economic environment prevailing in the Group's markets from time to time.

The risks are presented by category of risk (Strategic, Operational and Financial) and are not presented in order of probability or impact. The relevant component of the Group's strategy that each risk impacts is also noted:

- Organic growth
- Acquisition growth
- Operating model improvements
- Sustainability

The nature and type of the principal risks and uncertainties affecting the Group have changed slightly since the 2021 Annual Report. The risk presented by climate change is now considered a principal risk. As with most companies, climate change could present some challenges to our business over the medium and long term. Although we have mitigating actions in place, Bunzl may face increasing physical risks from climate change, including potential damage to our assets from extreme weather and indirect physical risks in our supply chains or for customers. In addition to the physical risks associated with climate change, the transition to a low carbon or net zero economy may, to some extent, impact Bunzl's operating and commercial environments through policy, legal, technology and market changes (transition risk).

Monitoring risks

The Board reviews each risk and assesses the gross impact, applying the hypothetical assumption there are no mitigating controls in place, net impact and probability to set the Group's mitigation priorities. The register of principal risks and uncertainties was updated following review by the Executive Committee and approval by the Board.

Emerging risks

In addition to the principal risks faced by the Group, there are risks which are more uncertain in nature and difficult to assess or that have the potential to develop and increase in severity over time.

The directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2022
Strategic risks			
1. Competitive pressures Revenue and profits are reduced as the Group loses a customer or lowers prices due to competitive pressures **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• The Group operates in highly competitive markets and faces price competition from international, national, regional and local companies in the countries and markets in which it operates • Unforeseen changes in the competitive landscape could also occur, such as an existing competitor or new market entrant introducing disruptive technologies or changes in routes to market • Customers, especially large or growing customers, could exert pressure on the Group's selling prices, thereby reducing its margins, switch to a competitor or ultimately choose to deal directly with suppliers • Any of these competitive pressures could lead to a loss of market share and a reduction in the Group's revenue and profits	• The Group's geographic and market sector diversification allow it to withstand shifts in demand, while this global scale across many markets also enables the Group to provide the broadest possible range of customer specific solutions to suit their exacting needs • The Group maintains high service levels and close contact with its customers to ensure that their needs are being met satisfactorily. This includes continuing to invest in e-commerce and digital platforms to enhance further its service offering to customers • The Group maintains strong relationships with a variety of different suppliers, thereby enabling the Group to offer a broad range of products to its customers, including own brand products, in a consolidated one-stop-shop offering at competitive prices	• The Group's large sales force connected with customers to help them understand the range of products available to meet their needs • The Group continued to invest in technology to streamline customers' experience • The Group continued to develop its sustainable product assortment and tools to assist customers in meeting their sustainability goals
2. Financial collapse of either a large customer and/or a significant number of small customers Revenue and profits are reduced as the Group loses customers **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• An unexpected insolvency of either a large customer or a significant number of small customers, particularly within the retail and foodservice sectors, could lead to a sudden reduction in revenue and profits, including the cost of impairing any irrecoverable receivables balances, as well as operating margin erosion due to under-used capacity • The Group's revenue and profits may be affected as well as receivables and inventory (if customer specific inventory is held)	• The Group monitors significant developments in relationships with key customers, including credit checks and limits set for each customer • Delegation of authority limits mean that there is oversight of all material customer contracts at business area and local level	• In 2022 the Group did not encounter material insolvencies of either a large customer or a significant number of smaller customers. However, this remains a significant risk given the potential for global economic downturn • In 2022, provisions relating to the Group's credit exposure from customers remained broadly unchanged

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2022
Strategic risks continued			
3. Product cost deflation Revenue and profits are reduced due to the Group's need to pass on cost price reductions **Risk owner:** CEO and Business Area Heads **Change to risk level:** ↗ **Included in viability statement:** Yes	• In the event of a reduction in the cost of products bought by the Group, due to suppliers passing on lower commodity prices (such as plastic or paper) or other price reductions, lower trade tariffs and/or foreign currency fluctuations, coupled with actions of competitors or customers, indexed or cost plus contracts may require the Group to pass on such cost reductions to customers, resulting in a reduction in the Group's revenue and profits • Operating profits may also be lower due to the above factors if operating costs are not reduced commensurate with the reduction in revenue	• The Group uses its considerable experience in sourcing and selling products to manage prices during periods of deflation in order to minimise the impact on profits • Focus on the Group's own brand products, together with the reinforcement of the Group's service and product offering to customers, helps to minimise the impact of price deflation • The Group continually looks at ways to improve productivity and implement other efficiency measures to manage and, where possible, reduce its operating costs	• In 2022 the Group experienced a higher level of price volatility compared to recent years. In particular, significant product cost inflation was seen in paper and plastic products due to a range of factors including energy price increases. The outlook for product costs, however, remains uncertain
4. Cost inflation Profits are reduced due to the Group's inability to pass on product or operating cost increases **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• Significant or unexpected cost increases by suppliers, due to the pass through of higher commodity prices (such as plastic or paper) or other price increases, higher trade tariffs and/or foreign currency fluctuations, could adversely impact profits if the Group is unable to pass on such product cost increases to customers • Operating profits may also be lower due to the above factors if selling prices are not increased commensurate with the increases in operating costs	• The Group sources its products from a number of different suppliers based in different countries so that it is not dependent on any one source of supply for any particular product, or overly exposed to a particular country changing trade tariffs, and can purchase products at the most competitive prices • The majority of the Group's transactions are carried out in the functional currencies of the Group's operations, but for foreign currency transactions some forward purchasing of foreign currencies is used to reduce the impact of short term currency volatility • The Group will, where possible, pass on price increases from its suppliers to its customers • The Group continually looks at ways to improve productivity and implement other efficiency measures to manage and, where possible, reduce its operating costs	• The Group experienced inflation of both product cost and operating costs in 2022 at a significantly higher rate than in the recent past. Selling prices to customers were continually evaluated and updated to ensure that profitability levels were at least maintained. In addition, cost plus arrangements facilitate the automatic increase in prices. Overall, the Group was very successful in passing on product cost inflation • The Group continues to focus on own brand product development as part of the discussion with customers about price increases • To mitigate the operating costs increases the Group drives efficiencies by consolidating facilities and implementing IT systems and solutions to improve productivity

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2022
Strategic risks continued			
5. Inability to make further acquisitions Profit growth is reduced from the Group's inability to acquire new companies **Risk owner:** CEO and Business Area Heads **Change to risk level:** ➜ **Included in viability statement:** Yes	• Acquisitions are a key component of the Group's growth strategy and one of the key sources of the Group's competitive advantage, having made 195 acquisitions since 2004 • Insufficient acquisition opportunities, through a lack of availability of suitable companies to acquire or an unwillingness of business owners to sell their companies to Bunzl, could adversely impact future profit growth	• The Group maintains a large acquisition database which continues to grow, with targets identified by managers of current Bunzl businesses, research undertaken by the Group's dedicated and experienced in-house corporate development team and information received from banking and corporate finance contacts • The Group has a strong track record of successfully making acquisitions. At the same time the Group maintains a decentralised management structure which facilitates a strong entrepreneurial culture and encourages former owners to remain within the Group after acquisition, which in turn encourages other companies to consider selling to Bunzl	• The acquisition pipeline is closely monitored with continued research of any available opportunities for investment • During 2022, the Group's committed acquisition spend was £322 million and the pipeline remains active
6. Unsuccessful acquisition Profits are reduced, including by an impairment charge, due to an unsuccessful acquisition or acquisition integration **Risk owner:** CEO and Business Area Heads **Change to risk level:** ➜ **Included in viability statement:** Yes	• Inadequate pre-acquisition due diligence related to a target company and its market, or an economic decline shortly after an acquisition, could lead to the Group paying more for a company than its fair value • Furthermore, the loss of key people or customers, exaggerated by inadequate post-acquisition integration of the business, could in turn result in underperformance of the acquired company compared to pre-acquisition expectations which could lead to lower profits as well as a need to record an impairment charge against any associated intangible assets	• The Group has established processes and procedures for detailed pre-acquisition due diligence related to acquisition targets and the post-acquisition integration thereof • The Group's acquisition strategy is to focus on those businesses which operate in sectors where it has or can develop competitive advantage and which have good growth opportunities • The Group endeavours to maximise the performance of its acquisitions through the recruitment and retention of high quality and appropriately incentivised management combined with effective strategic planning, investment in resources and infrastructure and regular reviews of performance by both business area and Group management	• The Board reviews performance of recent acquisitions annually. In 2022 the Board reviewed the principal acquisitions made in 2020 and noted that performance was in line with expectations

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2022
Strategic risks continued			
7. Sustainability driven market changes Revenue and profits are reduced due to the Group's inability to offer sustainable products in response to changes in legislation, consumer preferences or the competitive environment **Risk owner:** CEO and Business Area Heads **Change to risk level:** → **Included in viability statement:** Yes	• New legislation introduced outside Europe and the UK in countries where Bunzl operates mirrors (and in some cases is more impactful than) legislation previously introduced in Europe and the UK. The scope of new legislation tends to cover a wider range of products than that previously introduced. Legislation related to packaging still remains extremely fragmented across different regions • Consumer awareness of the environmental impact of certain single-use plastic products continues to grow and the concept of single-use consumable items and society's reliance on them is regularly questioned. The issue is now widespread in all of Bunzl's regions and is growing in importance from a customer perspective. These changes are likely to lead to a reduction in demand for single-use plastic-based products that the Group sells while, at the same time, increase demand for renewable, recyclable or reusable alternatives • The Group's revenue and profits could be reduced if it is unable to offer packaging and products made from alternative materials that will replace products that cannot be sold due to legislation, or products where demand is lower due to changes in consumer preferences, for example a move to more reusable packaging	• Bunzl is well positioned to support its customers with the legislative complexity thanks to its material agnostic position and network strength, allowing it to deliver the right products across large multi-site customer operations • Bunzl's scale and unique position at the centre of the supply chain, supported by expert sustainability managers, gives the Group an opportunity to provide customers with advice about alternative products which are recyclable, compostable, biodegradable or reusable • The Group has access to an extensive supply chain of product and packaging manufacturers that are innovating the range of products they produce to satisfy the increased focus on sustainability. This means the Group can offer the broadest possible range of products whether in response to legislative changes, consumer preference driven changes or a desire to offer market-leading products to the Group's customers • The Group has access to the proprietary data on the packaging and products our customers need. That, coupled with the Group's detailed product knowledge and data on customer product usage, ensures that the Group is well positioned to be able to support its customers in shaping and achieving their sustainability strategies	• The majority of the Group's businesses in the retail, foodservice and grocery sectors now employ material footprint tools that explain how legislation will impact the products and packaging a customer uses, while promoting the alternatives we have in our ranges • In response to a larger number of customers setting increasingly ambitious targets for their packaging, the Group has continued to strengthen its expert sustainability teams who train customers on incoming legislation, hold customer forums where they showcase the latest products, and support customers to report effectively against their goals and participate in industry-leading external schemes such as the New Plastics Economy and B-Corp certification • The Group continued to expand and introduced new ranges of own brand products made from alternative materials
Operational risks			
8. Cyber security failure Revenue and profits are reduced as the Group is unable to operate and serve its customers' needs due to being impacted by a cyber-attack **Risk owner:** CIO **Change to risk level:** → **Included in viability statement:** Yes	• The frequency, sophistication and impact of cyber-attacks on businesses are rising at the same time as Bunzl is increasing its connectivity with third parties and its digital footprint through acquisition and investment in e-commerce platforms and efficiency enhancing IT systems • Weak cyber defences, both now and in the future, through a failure to keep up with increasing cyber risks and insufficient IT disaster recovery planning and testing, could increase the likelihood and severity of a cyber-attack leading to business disruption, reputational damage and loss of customers and/or a fine under applicable data protection legislation	• Concurrent with the Group's IT investments, the Group is continuing to improve information security policies and controls to improve its ability to monitor, prevent, detect and respond to cyber threats • Cyber security awareness campaigns have been deployed across all regions to enhance the knowledge of Bunzl personnel and their resilience to phishing attacks • IT disaster recovery and incident management plans, which would be implemented in the event of any such failure, are in place and periodically tested. The Group Chief Information Officer and Chief Information Security Officer coordinate activity in this area	• The Group continued to improve cyber security and data privacy governance, architecture, and controls, along with increasing awareness of both cyber security and data privacy across the Group • Investments were made in modern cyber security technologies that address current and emerging threats while improving operational processes and procedures • The Group focused on improving cyber security and data privacy due diligence processes during the acquisition process, along with improving security posture for acquired companies

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2022
Financial risks			
9. Availability of funding Insufficient liquidity in financial markets leading to insolvency **Risk owner:** CFO **Change to risk level:** → **Included in viability statement**: Yes	• Insufficient liquidity in financial markets could lead to banks and institutions being unwilling to lend to the Group, resulting in the Group being unable to obtain necessary funds when required to repay maturing borrowings, thereby reducing the cash available to meet its trading obligations, make acquisitions and pay dividends	• The Group arranges a mixture of borrowings from different sources and continually monitors net debt and forecast cash flows to ensure that it will be able to meet its financial obligations as they fall due and that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term	• The availability of funding to the Group remains strong • The Group issued a $400 million US private placement during 2022 with three tranches maturing in 2029, 2031 and 2032. This debt issuance contained an MFN clause whereby the financial covenants in this bond will fall away when the existing last US private placement matures in 2028. There is £161 million of debt maturing in the next 12 months which can be repaid from free cash flow. The Group maintains a BBB+ rating from S&P and therefore access to the Eurobond public market
10. Currency translation Significant change in foreign exchange rates leading to a reduction in reported results and/or a breach of banking covenants **Risk owner:** CFO **Change to risk level:** → **Included in viability statement:** No	• The majority of the Group's revenue and profits are earned in currencies other than sterling, the Group's presentation currency • As a result, a significant strengthening of sterling against the US dollar and the euro in particular could have a material translation impact on the Group's reported results and/or lead to a breach of net debt to EBITDA banking covenants	• The Group does not hedge the impact of exchange rate movements arising on translation of earnings into sterling at average exchange rates. The Board believes that the benefits of its geographical spread outweigh the risks • The Group's borrowings are denominated in US dollars, sterling and euros in similar proportions to the relative profit contribution of each of these currencies to the Group's EBITDA. This reduces the volatility of the ratio of net debt to EBITDA from foreign exchange movements. In addition, net debt for the purposes of covenant calculations in the Group's financing documents is calculated using average rather than closing exchange rates. Consequently, any significant movement in exchange rates towards the end of an accounting period should not materially affect the ratio of net debt to EBITDA. Both these factors minimise the risk that banking covenants will be breached as a result of foreign currency fluctuations	• In 2022 currency translation had a positive impact on the Group's reported results, increasing revenue, profits and earnings by between 6% and 7% • The Group's results are reviewed at constant exchange rates to show the underlying performance of the Group excluding the currency translation impact

Principal risks facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated	Developments in 2022
Financial risks continued			
11. Climate change Change in temperature and climate conditions that causes business disruption and economic loss for the Group **Risk owner:** CEO and Business Area Heads **Change to risk level:** New risk **Included in viability statement:** No	• Certain markets and regions are increasingly affected by extreme weather (e.g. suppliers and customers in areas impacted by wildfires and flooding) which could, in some areas, impact the Group's commercial strategy • Failure to align with customers' ambitions could lead to reputational damage and loss of sales • The Group may face indirect costs from carbon intensive products where carbon prices increase and no suitable substitute materials exist	• Bunzl's supply chain flexibility and lack of fixed manufacturing assets provide operational resilience to the physical impacts of climate change. Our established business continuity planning has helped to ensure continued service to customers in cases of weather-related disruptions, such as Hurricane Katrina in North America and the Australian wildfires. • Setting emissions reduction targets to decarbonise our operations and those of the supply chain helps to ensure our activities meet or exceed customer expectations • The ability to pass through any increased costs of products in our supply chain (for example due to carbon pricing mechanisms) to customers	• The group has reclassified the impact of climate change as a principal risk, based on our modelling of its impacts on Group profit under various scenarios • The Group's modelling of the impact of climate change has been updated to include the latest data available from the Network for Greening the Financial System (NGFS) and now assesses the impact of climate change on GDP at the regional level, the impact of carbon pricing on total supply chain carbon dioxide emissions rather than emissions relating only to the purchase of plastic and rubber products, and the trajectory of the reduction of carbon dioxide emissions over time based upon NGFS data rather than a standalone forecast of emissions from the plastics and rubber industries • The Group has re-evaluated the different transition scenarios in light of COP26 and other commitments by leading nations and now considers the likelihood of the Orderly scenario, reflecting Net Zero 2050, to be 'probable' (previously considered 'possible')

Viability

Assessment of the prospects of the Company and its viability statement

In accordance with provision 31 of the Corporate Governance Code, the directors set out below how they have assessed the prospects of the Company, over what period the prospects have been assessed and the Company's formal viability statement.

The context for and period over which the prospects of the Company have been assessed

To consider the prospects of the Company and determine an appropriate time frame for the purpose of making a statement on the Company's longer term viability, the directors have taken into account various factors including the nature of the Company's business, its business model and strategy and the existing planning periods.

In particular:

- Bunzl has a geographically balanced and diversified business portfolio operating in 31 countries;
- the Company operates across six core, fragmented market sectors, many of which are growing and resilient to challenging economic conditions; and
- the business model and strategy minimise the volatility of the Company's results, enabling Bunzl to deliver consistently good results with high returns on capital and cash conversion.

With regard to the time frame specifically, the directors considered the above factors as well as the Group's strategic planning process. Comprehensive budgets are prepared annually by the business areas and approved by the Board. Strategic plans focusing on three years beyond the forecast for the current year are also prepared annually and reviewed by the Board. While the directors have no reason to believe the Company will not be viable over a longer period, given the inherent uncertainty involved, the period over which the directors consider it possible to form a reasonable expectation as to the Group's longer term viability is the three year period to 31 December 2025.

How the prospects of the Company and its longer term viability have been assessed

In making a viability statement, the directors are required to consider the Company's ability to meet its liabilities as they fall due, taking into account the Company's current position and principal risks. The Company has significant financial resources including committed and uncommitted banking facilities, US private placement notes and senior bonds, further details of which are set out in Note 18 to the consolidated financial statements. As a result, the directors believe that the Company is well placed to manage its business risks successfully.

The resilience of the Group to a range of possible scenarios, in particular the impact on key financial ratios and its ongoing compliance with financial covenants, was factored into the directors' considerations through stress testing against the Group's base case financial projections. The base case financial projections start with the Group's 2023 Budget and look ahead over the three year assessment period to include an expected level of organic growth and acquisition activity. These stress tests included the following:

- the impact of the crystallisation of the principal strategic and operational risks to the Group's organic growth resulting in a 25% reduction in adjusted operating profit and a 20% increase in working capital; and
- the impact of the crystallisation of the principal strategic and operational risks to the Group's organic growth as above, together with the impact of the crystallisation of the principal risks to the Group's acquisition growth, without mitigating actions.

In addition, the Group has carried out reverse stress tests against the base case financial projections to determine the conditions that would result in a breach of financial covenants. In order for a breach of covenants to occur during the three year assessment period the Group would need to experience a reduction in EBITDA of over 50% compared to the base case or an increase in net debt of over 240%.

In all scenarios it has been assumed, based on past experience and all current indicators, that the Company will be able to refinance its banking facilities and US private placement notes as and when they mature. In the first two stress tests it was found that the Group was resilient and in particular it remained in compliance with the relevant financial covenants. The conditions required to create the reverse stress test scenarios were so severe that they were considered to be implausible.

The directors consider that the stress testing based assessment of the Company's prospects, building on the results of the robust assessment of the principal risks to the business and the financial implications of them materialising, confirms the resilience of the Group to severe but plausible scenarios and provides a reasonable basis on which to conclude on its longer term viability.

Confirmation of longer term viability

In accordance with the provisions of the Corporate Governance Code, the directors have taken account of the Group's current position and principal risks and uncertainties referred to above in assessing the prospects of the Company and they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2025.

Trusted to perform

Bunzl's resilience is demonstrated by our performance track record

Operational resilience

Resilience is embedded at every level of Bunzl's operations. Our decentralised nature empowers individual businesses within the Group with the agency and agility to quickly respond to challenges. We have a strong culture of operational efficiency, which is a central pillar of our strategy, maximising the returns we generate. The strength and depth of our global supply chain is also a key asset, with customers relying on our sourcing capabilities.

READ MORE:
TRUSTED TO DELIVER
PAGE 24

Compounding growth resilience

Bunzl's demonstrable operational and financial resilience supports our compounding growth strategy. We generate more new business opportunities as customers feel reassured by the reliability of our sourcing capabilities. Our financial strength also allows us to make investments to support our customers through challenging times, as well as in the latest sustainability and digital innovations. The benefits of joining the Bunzl Group are also highlighted to acquisition prospects during periods of difficulty.

READ MORE:
STRATEGY
PAGE 34

Portfolio resilience

Bunzl supplies a diverse range of essential products and solutions to our customers globally and across different sectors. The essential nature of these products and our customers' reliance on them supports the resilience of the Group. Furthermore, approximately 75% of our revenue is generated in the more resilient cleaning & hygiene, grocery, foodservice and healthcare sectors.

READ MORE:
AT A GLANCE
PAGE 6

c.75%
of our revenue is generated in the more resilient cleaning & hygiene, grocery, foodservice and healthcare sectors.

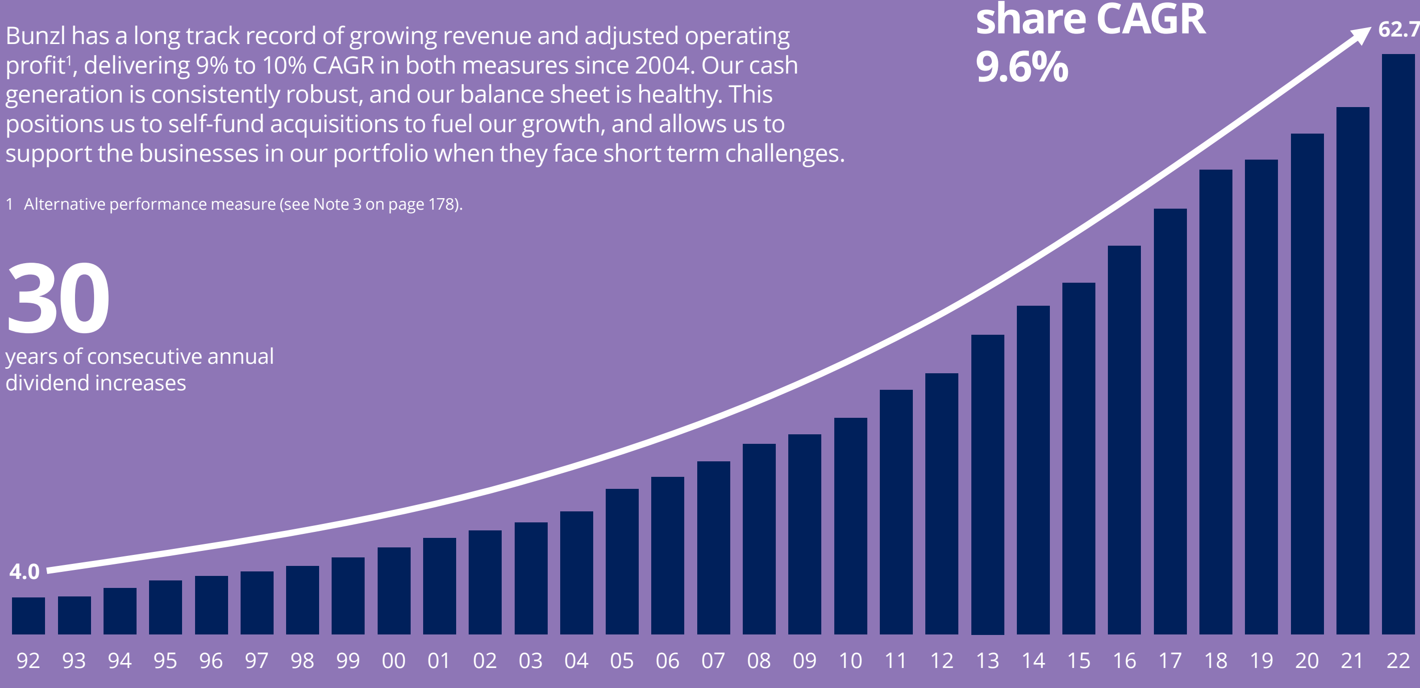
Financial resilience

Bunzl has a long track record of growing revenue and adjusted operating profit[1], delivering 9% to 10% CAGR in both measures since 2004. Our cash generation is consistently robust, and our balance sheet is healthy. This positions us to self-fund acquisitions to fuel our growth, and allows us to support the businesses in our portfolio when they face short term challenges.

1 Alternative performance measure (see Note 3 on page 178).

30
years of consecutive annual dividend increases

Dividend per share CAGR 9.6%



Strongly positioned for continued acquisition investment

Richard Howes
Chief Financial Officer

"After achieving further growth in 2022, Bunzl has sustained 30 years of consecutive annual dividend growth."

Revenue
Up 17.1% at actual exchange rates

£12.0bn
(2021: £10.3bn)

+9.8%†

Operating profit
Up 12.6% at actual exchange rates

£701.6m
(2021: £623.3m)

+6.0%†

Adjusted operating profit*
Up 17.7% at actual exchange rates

£885.9m
(2021: £752.8m)

+11.1%†

Adjusted earnings per share*
Up 13.4% at actual exchange rates

184.3p
(2021: 162.5p)

+7.0%†

Cash conversion*
Continued strong cash conversion

107%
(2021: 102%)

Dividend per share
Long track record of dividend growth continues

62.7p
(2021: 57.0p)

+10.0%

	2022 £m	2021 £m	Growth as reported	Growth at constant exchange
Financial results				
Revenue	**12,039.5**	10,285.1	17.1%	9.8%
Adjusted operating profit*	**885.9**	752.8	17.7%	11.1%
Adjusted profit before income tax*	**818.0**	698.2	17.2%	10.5%
Adjusted earnings per share*	**184.3p**	162.5p	13.4%	7.0%
Dividend for the year	**62.7p**	57.0p	10.0%	
Statutory results				
Operating profit	**701.6**	623.3	12.6%	6.0%
Profit before income tax	**634.6**	568.7	11.6%	5.0%
Basic earnings per share	**141.7p**	132.7p	6.8%	0.5%
Balance sheet and Cash flow				
Return on average operating capital %*	**43.0%**	43.3%		
Return on invested capital %*	**15.0%**	15.1%		
Cash conversion %*	**107%**	102%		

† At constant exchange rates.
* Alternative performance measure (see Note 3 on page 178).

As in previous years this review refers to a number of alternative performance measures which management uses to assess the performance of the Group. Details of the Group's alternative performance measures are set out in Note 3 to the consolidated financial statements on page 178.

Currency translation

Currency translation has had a positive impact on the Group's reported results, increasing revenue, profits and earnings by between 6% and 7%. The positive exchange rate impact was principally due to the effect on average exchange rates of the weakening of sterling against certain currencies during the year, particularly the US dollar, Australian dollar, Canadian dollar and Brazilian real, partly offset by the strengthening of sterling against the Euro.

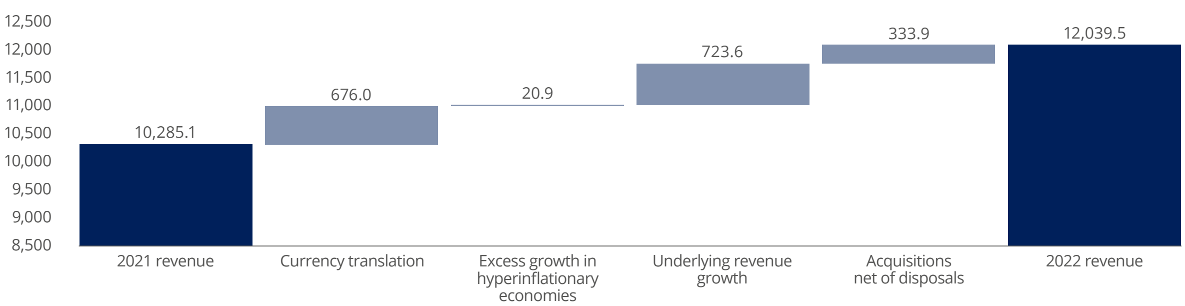
Average exchange rates	**2022**	2021
US$	**1.24**	1.38
Euro	**1.17**	1.16
Canadian$	**1.61**	1.72
Brazilian real	**6.38**	7.42
Australian$	**1.78**	1.83

Closing exchange rates	**2022**	2021
US$	**1.20**	1.35
Euro	**1.13**	1.19
Canadian$	**1.63**	1.71
Brazilian real	**6.35**	7.54
Australian$	**1.77**	1.86

Revenue

Revenue increased to £12,039.5 million (2021: £10,285.1 million), an increase of 9.8% at constant exchange rates and 17.1% at actual exchange rates, due to underlying growth of 6.6%, from very strong growth in the base business driven by product cost inflation, which was partly offset by the expected reduction in sales of the top Covid-19 related products. Acquisitions net of disposals added 3.0% and excess growth in hyperinflationary economies added 0.2%.

Movement in revenue (£m)

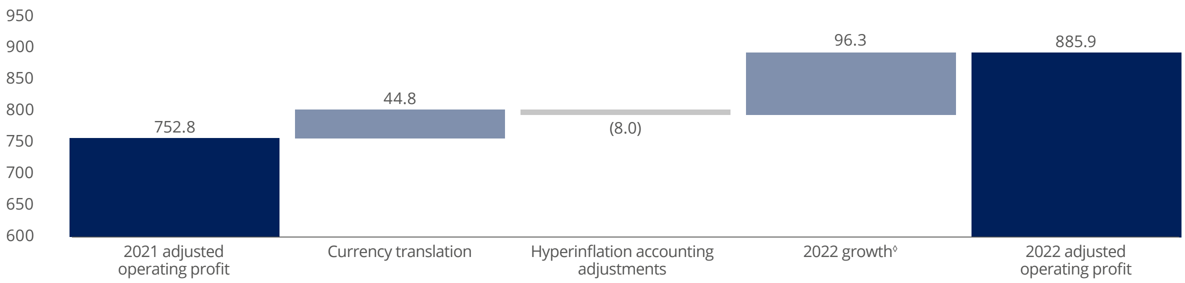


Operating profit

Adjusted operating profit was £885.9 million (2021: £752.8 million), an increase of 11.1% at constant exchange rates and 17.7% at actual exchange rates, including an £8.0 million adverse impact from hyperinflation accounting adjustments. At both constant and actual exchange rates operating margin increased to 7.4% from 7.3% in 2021. This improvement in operating margin reflects a positive impact from inflation and acquisitions partially offset by the reduction in profits relating to Covid-19 related products, a recovery in typically lower margin sectors within our base business and the impact of hyperinflation accounting.

During 2022, the Group has seen a net utilisation of approximately £5 million in trade receivables and slow moving inventory provisions, with usage of these provisions exceeding net charges to increase the provisions. In addition, the Group has seen some utilisation of the additional provisions set up in the prior year as a result of market price movements on certain Covid-19 products.

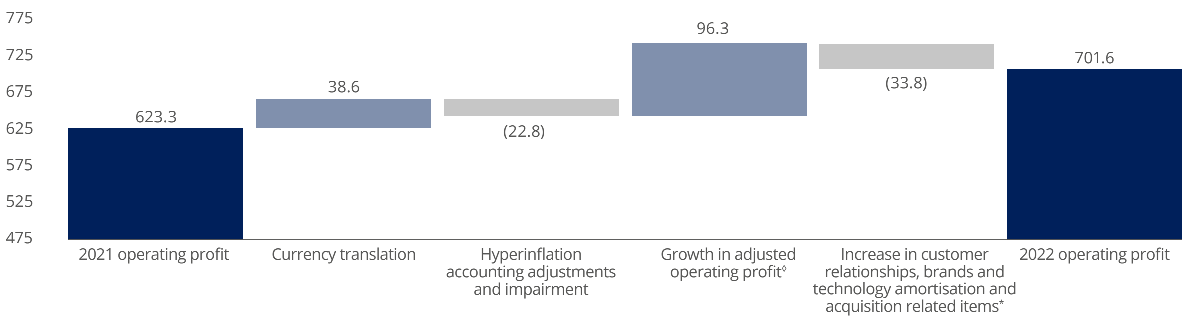
Movement in adjusted operating profit (£m)



◊ Excluding hyperinflation accounting adjustments

Operating profit was £701.6 million (2021: £623.3 million), an increase of 6.0% at constant exchange rates and 12.6% at actual exchange rates. Operating profit in the year is after a £22.8 million adverse impact from hyperinflation accounting adjustments and impairment. This comprises a £9.8 million adverse impact from hyperinflation accounting adjustments, including an £8.0 million charge to adjusted operating profit and a £1.8 million charge to customer relationships amortisation, and also a £13.0 million impairment charge relating to the customer relationships assets of the Group's businesses in Turkey.

Movement in operating profit (£m)



* Excluding hyperinflation accounting adjustments and impairment charges

Customer relationships, brands and technology amortisation and acquisition related items are excluded from the calculation of adjusted operating profit as they do not relate to the underlying operating performance and distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating adjusted operating profit and other alternative performance measures by which management assess the performance of the Group.

Net finance expense

The net finance expense for the year was £67.9 million, an increase of £10.3 million at constant exchange rates (up £13.3 million at actual exchange rates), mainly due to a net monetary loss from hyperinflation accounting of £10.7 million, with the impact of higher interest rates and higher average debt offset by fair value gains on interest rate derivatives.

Profit before income tax

Adjusted profit before income tax was £818.0 million (2021: £698.2 million), up 10.5% at constant exchange rates (up 17.2% at actual exchange rates), due to the growth in adjusted operating profit partly offset by the increase in net finance expense. Profit before income tax was £634.6 million (2021: £568.7 million), an increase of 5.0% at constant exchange rates (up 11.6% at actual exchange rates).

Taxation

The Group's tax strategy is to comply with tax laws in all countries in which it operates and to balance its responsibilities for controlling the tax costs with its responsibilities to pay the appropriate level of tax where it does business. No companies are established in tax havens or other countries for tax purposes where the Group does not have an operational presence and the Group's de-centralised operational structure means that the level of intragroup trading transactions is very low. The Group does not use intragroup transfer prices to shift profit into low tax jurisdictions. The Group's tax strategy has been approved by the Board and tax risks are reviewed by the Audit Committee. In accordance with UK legislation, the strategy is published on the Bunzl plc website within the Corporate governance section.

The effective tax rate (being the tax rate on adjusted profit before income tax) for the year was 24.6% (2021: 22.3%) and the reported tax rate on statutory profit was 25.2% (2021: 22.1%). The effective and reported tax rates for 2022 are higher than for 2021 as expected due to a lower benefit from removing prior year exposures. The Group's effective tax rate is expected to increase to be between 25.0% and 25.5% in 2023 due to the rise in the UK corporation tax rate from 19% to 25% from April 2023.

The Group no longer identifies an increase in taxation as a principal risk for the Group, although the future tax rate could still be affected by legislative changes or the resolution of prior year tax matters.

The Group is monitoring the progress of draft legislation for a global minimum tax rate, as proposed by the OECD, to be set at 15% and expected to take effect from 2024. Profits generated in countries with a tax rate below this level are likely to be an insignificant proportion of the Group's profit as a whole, and the Group does not benefit to any significant extent from any tax incentives. Further analysis of the potential impact on the Group's effective tax rate will be carried out during 2023, when the rules are expected to be finalised and enacted.

Earnings per share

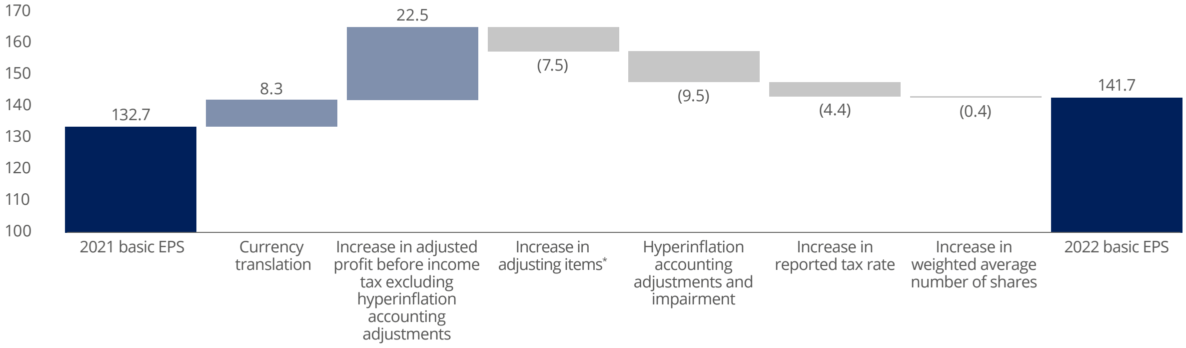
Profit after tax increased to £474.4 million (2021: £442.8 million), up 0.8% and an increase of £3.8 million at constant exchange rates (up 7.1% at actual exchange rates), due to a £30.3 million increase in profit before income tax, partly offset by a £26.5 million increase in the tax charge at constant exchange rates. Profit after tax for the year bears a £21.2 million adverse impact from hyperinflation accounting adjustments, and also a hyperinflation accounting related impairment charge of £13.0 million to the customer relationships assets in the Group's businesses in Turkey partly offset by a tax credit of £2.5 million related to the impairment charge.

Adjusted profit after tax was £616.8 million (2021: £542.5 million), up 7.3% and an increase of £41.8 million at constant exchange rates (up 13.7% at actual exchange rates), due to a £78.0 million increase in adjusted profit before income tax, partly offset by a £36.2 million increase in the tax on adjusted profit before income tax at constant exchange rates. Adjusted profit before tax for the year bears a £19.4 million adverse impact from hyperinflation accounting adjustments, comprising an £18.7 million adverse impact to adjusted profit before income tax and a £0.7 million increase in the tax charge.

The weighted average number of shares in issue increased to 334.7 million from 333.8 million in 2021 due to employee share option exercises partly offset by share purchases into the employee benefit trust.

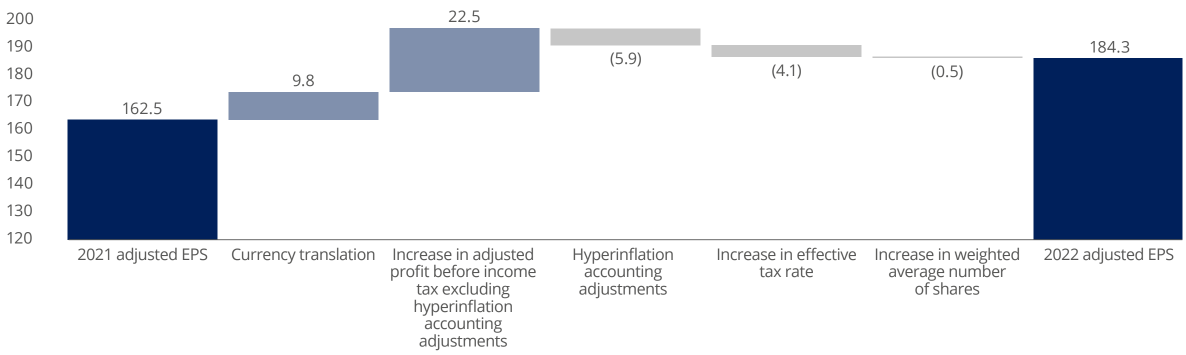
Basic earnings per share were 141.7p (2021: 132.7p), up 0.5% at constant exchange rates (up 6.8% at actual exchange rates). Adjusted earnings per share were 184.3p (2021: 162.5p), an increase of 7.0% at constant exchange rates (up 13.4% at actual exchange rates).

Movement in basic eps (p)



* Excluding hyperinflation accounting adjustments and impairment charges

Movement in adjusted eps (p)



Dividends

An analysis of dividends per share for the years to which they relate is shown below:

	2022	2021	Growth
Interim dividend (p)	**17.3**	16.2	6.8%
Final dividend (p)	**45.4**	40.8	11.3%
Total dividend (p)	**62.7**	57.0	10.0%
Dividend cover (times)	**2.9**	2.9	

The Company's practice in recent years has been to pay a progressive dividend, delivering year-on-year increases with the dividend usually growing at a similar rate to the growth in adjusted earnings per share. The Board is proposing a 2022 final dividend of 45.4p, an increase of 11.3% on the amount paid in relation to the 2021 final dividend. The 2022 total dividend of 62.7p is 10.0% higher than the 2021 total dividend.

Before approving any dividends, the Board considers the level of borrowings of the Group by reference to the ratio of net debt to EBITDA, the ability of the Group to continue to generate cash and the amount required to invest in the business, in particular into future acquisitions. The Group's long term track record of strong cash generation, coupled with the Group's substantial borrowing facilities, provides the Company with the financial flexibility to fund a growing dividend. After the further growth in 2022, Bunzl has sustained 30 years of consecutive annual dividend growth to shareholders.

The risks and constraints to maintaining a growing dividend are principally those linked to the Group's trading performance and liquidity, as described in the Principal risks and uncertainties on pages 74 to 82. The Group has substantial distributable reserves within Bunzl plc and there is a robust process of distributing profits generated by subsidiary undertakings up through the Group to Bunzl plc. At 31 December 2022 Bunzl plc had sufficient distributable reserves to cover more than seven years of dividends at the levels of those delivered in 2022, which is expected to be approximately £210 million.

Acquisitions

The Group completed 11 acquisitions during the year ended 31 December 2022 with a total committed spend of £319.3 million. Including the acquisition of GRC, which was agreed in 2022 but completed on 1 January 2023, total committed spend on acquisitions agreed and completed during the year was £322.2 million. The estimated annualised revenue and adjusted operating profit of the acquisitions completed and agreed during the year were £299 million and £29 million respectively.

A summary of the effect of acquisitions is as follows:

	£m
Fair value of net assets acquired	**128.6**
Goodwill	**106.6**
Consideration	**235.2**
Satisfied by:	
cash consideration	**180.6**
deferred consideration	**54.6**
	235.2
Contingent payments relating to retention of former owners	**66.4**
Net overdrafts acquired	**6.8**
Transaction costs and expenses	**10.9**
Total committed spend in respect of acquisitions completed in the current year	**319.3**
Spend on acquisition committed but not completed at year end	**2.9**
Total committed spend in respect of acquisitions agreed in the current year	**322.2**

The net cash outflow in the year in respect of acquisitions comprised:

	£m
Cash consideration	180.6
Net overdrafts acquired	6.8
Deferred consideration payments	56.2
Net cash outflow in respect of acquisitions	243.6
Acquisition related items*	20.6
Total cash outflow in respect of acquisitions	264.2

* Acquisition related items comprise £11.0 million of transaction costs and expenses paid and £9.6 million of payments relating to the retention of former owners.

Disposal

The Group completed the disposal of its UK Healthcare division on 19 December 2022. As a result, the net assets of the Group increased by £0.9 million, representing the profit on disposal of £0.9 million, with a net cash inflow of £49.9 million.

Cash flow

A summary of the cash flow for the year is shown below:

	2022 £m	2021 £m
Cash generated from operations†	**1,145.8**	930.5
Payment of lease liabilities	**(175.1)**	(158.9)
Net capital expenditure	**(45.7)**	(30.0)
Operating cash flow†	**925.0**	741.6
Net interest excluding interest on lease liabilities	**(45.7)**	(34.8)
Income tax paid	**(173.6)**	(181.4)
Free cash flow	**705.7**	525.4
Dividends paid	**(190.5)**	(180.4)
Net (payments)/receipts relating to employee share schemes	**(31.9)**	19.5
Net cash inflow before acquisitions and disposals	**483.3**	364.5
Acquisitions◊	**(264.2)**	(452.7)
Disposals	**49.9**	-
Net cash inflow/(outflow)	**269.0**	(88.2)

† Before acquisition related items.
◊ Including acquisition related items.

The Group's free cash flow of £705.7 million was £180.3 million higher than in 2021, primarily due to the increase in operating cash flow of £183.4 million and a lower cash outflow relating to tax, partly offset by an increase in net interest paid excluding interest on lease liabilities. The Group's free cash flow was used to finance an acquisition cash outflow of £264.2 million (2021: £452.7 million), dividend payments of £190.5 million in respect of 2021 (2021: £180.4 million in respect of 2020) and net payments of £31.9 million (2021: net receipts of £19.5 million) relating to employee share schemes. Cash conversion (being the ratio of operating cash flow as a percentage of lease adjusted operating profit) was 107% (2021: 102%).

	2022 £m	2021 £m
Operating cash flow	**925.0**	741.6
Adjusted operating profit	**885.9**	752.8
Add back depreciation of right-of-use assets	**151.1**	134.8
Deduct payment of lease liabilities	**(175.1)**	(158.9)
Lease adjusted operating profit	**861.9**	728.7
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)	**107%**	102%

Net debt

Net debt excluding lease liabilities decreased by £177.3 million during the year to £1,160.1 million (2021: £1,337.4 million), due to a net cash inflow of £269.0 million and a non-cash decrease in debt of £8.2 million partly offset by a £99.9 million increase due to currency translation. Net debt including lease liabilities was £1,730.0 million (2021: £1,826.1 million).

Net debt to EBITDA calculated at average exchange rates and based on historical accounting standards, in accordance with the Group's external debt covenants, was 1.2 times (2021: 1.6 times) and would have been 1.3 times excluding the benefit from the disposal of the UK healthcare division. Net debt to EBITDA calculated at average exchange rates including lease liabilities was 1.5 times (2021: 1.9 times).

Balance sheet

Summary balance sheet at 31 December:

	2022 £m	2021 £m
Intangible assets	**3,093.9**	2,766.8
Right-of-use assets	**529.6**	448.3
Property, plant and equipment	**137.2**	120.9
Working capital	**1,096.6**	1,027.6
Deferred consideration	**(139.9)**	(107.8)
Other net liabilities	**(306.4)**	(257.0)
	4,411.0	3,998.8
Net pension surplus	**39.9**	31.2
Net debt excluding lease liabilities	**(1,160.1)**	(1,337.4)
Lease liabilities	**(569.9)**	(488.7)
Equity	**2,720.9**	2,203.9
Return on average operating capital	**43.0%**	43.3%
Return on invested capital	**15.0%**	15.1%

Return on average operating capital decreased slightly to 43.0% from 43.3% in 2021, driven by an adverse impact from currency translation. Return on invested capital of 15.0% was slightly down from 15.1% in 2021 with an adverse impact from currency translation and acquisitions partly offset by higher returns in the underlying business.

Intangible assets increased by £327.1 million to £3,093.9 million due to intangible assets arising on acquisitions in the year of £235.7 million, an increase from currency translation of £220.3 million, a net increase from hyperinflation adjustments of £28.7 million and software additions of £12.0 million, partly offset by an amortisation charge of £137.2 million, a decrease from disposal of businesses of £19.4 million, and an impairment charge of £13.0 million relating to the customer relationships assets in the Group's Turkish businesses.

Right-of-use assets increased by £81.3 million to £529.6 million due to additional right-of-use assets from new leases during the year of £123.3 million, an increase from remeasurement adjustments of £56.6 million, an increase from currency translation of £32.7 million and an increase from acquisitions of £21.5 million, partly offset by a depreciation charge of £151.1 million and a decrease from disposal of businesses of £1.7 million.

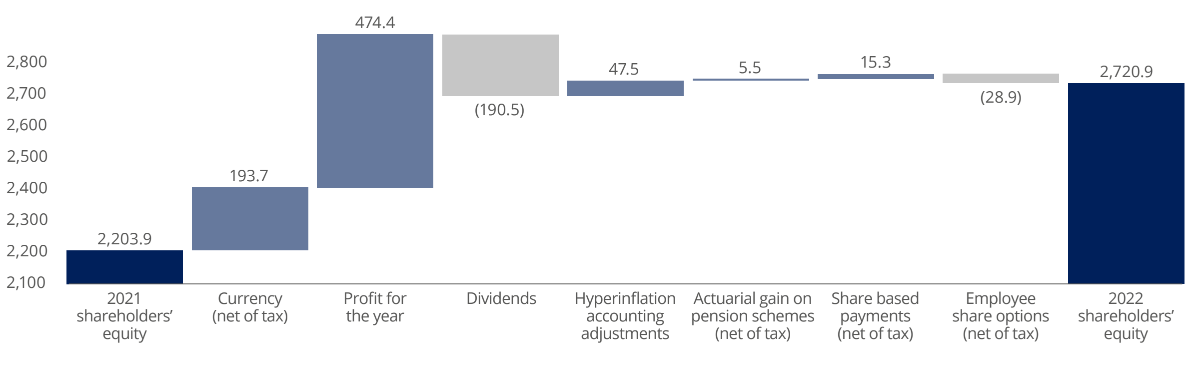
Working capital increased from the prior year end by £69.0 million to £1,096.6 million mainly due to an increase from currency translation of £100.8 million, £41.0 million from acquisitions, and £2.6 million from hyperinflation adjustments in Turkey and Argentina, partly offset by an underlying decrease of £54.5 million as shown in the cash flow statement and a decrease from disposal of business of £27.5 million.

Deferred consideration increased by £32.1 million to £139.9 million due to charges relating to the retention of former owners and adjustments to previously estimated earn outs of £30.2 million, £54.6 million of deferred consideration recognised on current year acquisitions and an increase from currency translation of £8.2 million, partly offset by deferred consideration and retention payments of £60.9 million.

The Group's net pension surplus of £39.9 million at 31 December 2022 has increased by £8.7 million from the net pension surplus of £31.2 million at 31 December 2021, principally due to cash contributions of £9.2 million and an actuarial gain of £6.9 million partly offset by £4.8 million of current service costs. The actuarial gain principally arose from a decrease in pension liabilities due to an increase in discount rates partly offset by lower than expected returns on pension scheme assets.

Shareholders' equity increased by £517.0 million during the year to £2,720.9 million.

Movement in shareholders' equity (£m)



Capital management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group funds its operations through a mixture of shareholders' equity and bank and capital market borrowings. The Group's funding strategy is to maintain an investment grade credit rating and the Company's current credit rating with Standard & Poor's is BBB+. All borrowings are managed by a central treasury function and funds raised are lent onward to operating subsidiaries as required. The overall objective is to manage the funding to ensure the borrowings have a range of maturities, are competitively priced and meet the demands of the business over time. There were no changes to the Group's approach to capital management during the year and the Group is not subject to any externally imposed capital requirements.

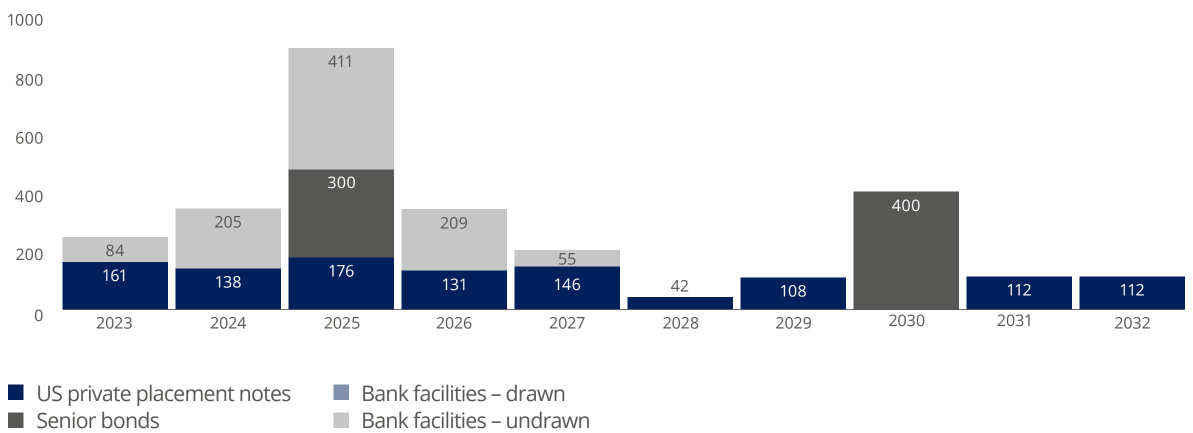
Treasury policies and controls

The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are periodically reviewed by the Board. Controls over exposure changes and transaction authenticity are in place.

The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges borrowings from a variety of sources. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis and formally tested at 30 June and 31 December. The principal covenant limits are net debt, calculated at average exchange rates, to EBITDA of no more than 3.5 times and interest cover of no less than 3.0 times. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. During the year ended 31 December 2022 all covenants were complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. Debt covenants are based on historical accounting standards. The USPPs issued in March 2022 contain a clause whereby upon maturity of the previously issued USPPs, the latest maturity being in 2028, the principal financial covenants referred to above will no longer apply. In addition, during August 2022, these principal financial covenants were removed from the Group's committed bank facilities.

The Group has substantial funding available comprising multi-currency credit facilities from the Group's banks, US private placement notes and senior bonds. At 31 December 2022 the nominal value of US private placement notes outstanding was £1,126.4 million (2021: £834.7 million) with maturities ranging from 2023 to 2032. At 31 December 2022 the available committed bank facilities totalled £963.6 million (2021: £996.2 million) of which none (2021: £14.5 million) was drawn down, providing headroom of £963.6 million (2021: £981.7 million). During 2022, the Group issued $400m of US private placement notes which mature in three tranches in 2029, 2031 and 2032. During the year, £100 million of bank facilities were extended from 2025 to 2026 and the Group expects to extend additional bank maturities further during 2023. The Group expects to make repayments in 2023 of approximately £161 million relating to maturing US private placement notes.

Committed facilities maturity profile by year (£m)



Further details of the Group's capital management and treasury policies and controls are set out in Note 18 on pages 194 to 201.

Going concern

The directors, having reassessed the principal risks and uncertainties, consider it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. In reaching this conclusion, the directors noted the Group's strong cash performance in the year, the substantial funding available to the Group as described above and the resilience of the Group to a range of severe but plausible downside scenarios. Further details are set out in Note 1 on page 168.

Richard Howes
Chief Financial Officer
27 February 2023

Non-financial information statement

In accordance with sections 414CA and 414CB of the Companies Act 2006, the information below sets out how we comply with each reporting requirement and where further information can be found.

Reporting requirement	Key matters
Social matters	Developing responsible supply chains
	Promoting a healthy corporate culture
	Business standards of behaviour
Employees	Encouraging employees to raise matters of concern
	Investing in our people and a diverse workforce
	Providing our employees with a safe working environment
Human rights, anti-corruption and anti-bribery	Prevention of bribery, corruption and fraud
	Promoting ethical supply chains
	Approach to human rights and modern slavery
Environmental matters	Taking action on climate change
	Reducing our impact on the environment
	Providing sustainable solutions

Relevant policies and standards	Further information
Our Supplier Code of Conduct, Global Supply Chain Solutions team and partnership with leading NGO, Stop the Traffik, are some of the measures we take to ensure that products are sourced responsibly and that adequate standards are maintained throughout our supply chains.	READ MORE ON PAGES 51 TO 53
Our values underly the way we conduct our business and ensure that all of our colleagues are working towards the common goal of creating long term sustainable value for the benefit of all stakeholders.	READ MORE ON PAGE 108
Our Business Code of Conduct and Code of Conduct Policy ensure that all business is conducted according to rigorous ethical, professional and legal standards.	READ MORE ON PAGE 246
Where employees have concerns relating to failures to adhere to standards, they can report such concerns on a confidential and anonymous basis using our 'Speak Up' Policy.	READ MORE ON PAGE 246
Our Diversity, Equity and Inclusion Policy was reviewed this year and ensures that employees are treated fairly and equally and that diversity is embraced. We also offer extensive learning and development opportunities to equip employees with the skills and experience they need to succeed and grow in their roles.	READ MORE ON PAGES 54 AND 55
The Bunzl Health & Safety Policy ensures that high standards of health & safety are maintained throughout the business. Incidents are monitored and reported to the Board periodically, which enables the Board to take action when necessary.	READ MORE ON PAGES 244 AND 245
Our Anti-Bribery and Corruption Policy outlines the behaviour and principles required of employees to prevent any form of bribery or corruption. Additionally, we have a Fraud Policy in place, we conduct a rigorous Fraud Risk Assessment annually and the Board regularly receives and considers whistle blowing updates.	READ MORE ON PAGES 119 TO 131
Our Supplier Code of Conduct defines the principles and standards that we expect suppliers to understand and adhere to. This is supported by our industry-leading sourcing and auditing operation in Shanghai, which works in partnership with suppliers in high risk regions to ensure the highest standards of product quality and respect for human rights in our supply chain.	READ MORE ON PAGES 52 AND 53
Revised by the Board this year, our Modern Slavery Statement sets out the steps that we take to ensure, as far as possible, that slavery and human trafficking do not exist in our supply chain or any part of our business.	READ MORE ON PAGES 239 AND 246
We are supporting the recommendations made by the Task Force on Climate related Financial Disclosures and have joined the UN Race to Zero campaign by formally committing to the Business Ambition for 1.5°C.	READ MORE ON PAGE 69
Our Environment Policy promotes the efficient use of resources and energy in our supply chain and ensures a Group wide commitment to continual improvement and compliance with environmental legislation and regulations.	READ MORE ON PAGES 48 TO 68
Our material footprint tools help customers understand the carbon impact of the products they source, helping us to work with them to find sustainable solutions that are better suited to a more circular economy.	READ MORE ON PAGE 51

A DESCRIPTION OF OUR BUSINESS MODEL CAN BE FOUND ON PAGES 32 AND 33

WHERE PRINCIPAL RISKS HAVE BEEN IDENTIFIED IN RELATION TO ANY OF THE MATTERS LISTED ABOVE, THESE CAN BE FOUND ON PAGES 74 TO 82

OUR NON-FINANCIAL KEY PERFORMANCE INDICATORS ARE SET OUT ON PAGE 47

FIND OUT MORE IN OUR POLICY HUB ON OUR WEBSITE

Directors' report

Proactive leadership deepens our customer relationships and our employees are at the heart of our business.


WE
BELIEVE

Introduction from Peter Ventress, Chairman of the Board

Peter Ventress
Chairman

"We believe that in order to effectively monitor, guide and advise, we must be open to director training, upskilling and evolving our governance structure."

On behalf of the Board, I am pleased to present the Corporate governance report for the year ended 31 December 2022. The report that follows, in conjunction with the Nomination, Audit and Remuneration Committee reports, seeks to demonstrate our robust governance framework, prudent risk management, open engagement with stakeholders and compliance with the principles and provisions of the UK Corporate Governance Code (the 'Code').

In July, following an extensive recruitment process, we announced the appointment of Pam Kirby, who joined the Board as a non-executive director with effect from 1 August 2022. Having considered the succession planning priorities for future appointments, the Nomination Committee recommended Pam's appointment to the Board due to her prior leadership in complex multinational businesses, international distribution, strategic and listed company experience. Her skill set has proved valuable to Board discussions and to her roles on the Nomination, Audit, Remuneration and Board Sustainability Committees.

On 7 February 2023 we announced that Jacky Simmonds will be appointed to the Board and its Committees effective 1 March 2023, further details of which will be provided in our 2023 report. I look forward to welcoming Jacky to the Company.

Having an inclusive and diverse culture starts from the top and the Board is pleased to report that following Jacky's appointment, the proportion of female directors on the Board will exceed the Financial Conduct Authority's new diversity target (which applies to financial years starting on or after 1 April 2022), that at least 40% of a company's board should be women. We recognise that in order to achieve greater diversity at senior management level, greater representation needs to be achieved across all levels of the organisation and nurturing a diverse pipeline of talent has been an area of focus throughout the business. Further information can be found on page 42.

The Board met seven times during the year and the June and October meetings were held near group locations in North America and the Netherlands, respectively. We were pleased to be able to connect with employees around the world and be afforded the opportunity to visit sites in person once again. The Board also used these visits as an opportunity to engage with staff at all levels of the organisation and assess the culture of the Company.

We believe that in order to effectively monitor, guide and advise, we must be open to director training, upskilling and evolving our governance structure in line with Bunzl's strategy and changes to the regulatory and risk landscape. During the year, the Board received training on internal controls and cyber security. In addition, to further cultivate Bunzl's risk-aware culture, employees across the business continued to receive training on cyber security and digital risks. In recognition of the importance of sustainability to Bunzl's strategy and in order to improve Board-level oversight of environmental, social and governance ('ESG') matters, the Board approved the formation of the Board Sustainability Committee, which I am pleased to Chair. The Board approved the Committee's terms of reference in June, which include providing strategic advice to the Board on the principal objectives, targets and priorities of the Company's sustainability strategy. Further information on the Board Sustainability Committee can be found on page 68.

The Board is mindful of the difficulties faced by employees worldwide due to the economic and political climate. Inflation and a cost of living crisis have changed the landscape within which we work and the Company has engaged with the workforce and implemented measures to assist colleagues in navigating this climate. For more information, please see page 109.

The Board is pleased to report compliance with the principles and provisions of the Code for the year ended 31 December 2022, with the exception of provision 38 which has been complied with effective 1 January 2023. For more information regarding Bunzl's compliance, see page 104.

The 2022 Annual General Meeting ('AGM') was held in person and, on behalf of the Board, I would like to thank those who attended. The 2023 meeting will be held at 60 Victoria Embankment, London, EC4Y 0JP on 26 April 2023 and we look forward to welcoming shareholders once again.

Peter Ventress
Chairman
27 February 2023

On the Board's mind in 2022

Talent management and development, including succession planning for both executive and non-executive members of the Board

The Board is committed to ensuring that it is balanced, diverse and representative of the markets in which it operates and during the year, Pam Kirby was appointed to the Board and brings with her valuable knowledge and experience. Further, in 2022 the Board started the recruitment process for a new director in line with its succession planning priorities, which concluded in 2023 with the appointment of Jacky Simmonds.

Succession planning for executives is still high on the agenda and was noted as a recommendation to be carried forward into the next financial year. Information on succession planning can be found in the Nomination Committee report.

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Focusing on digitalisation and IT security

2022 has been a year of improving and evolving Bunzl's digitalisation strategy and cyber security. Digital tools are crucial to Bunzl's proposition to tailor products to individual customer needs and enable Bunzl's customers to find better solutions, while knowledge of the risks and opportunities associated with cyber is essential for our workforce. The Board is acutely aware of the risks posed by cyber crime and both the Board and the wider workforce have been upskilled in managing digital risks. The Audit Committee report contains further information on digital security.

Page 124

Continued challenge and support on the progress of the strategic pillars, with a focus on sustainability

The Board has continued to develop the Company's sustainability strategy and oversee its implementation throughout the year. In 2022, the Company:

- supported customers with innovative products better suited to a circular economy; and
- received approval of Bunzl's ambitious carbon emissions reduction targets by the Science Based Targets initiative ('SBTi').

See the Sustainability report for further information on Bunzl's strategy.

Page 48

Driving and monitoring the success of acquisitions

In line with the Company's acquisition growth strategy, the Board approved the acquisition of 12 businesses in 2022. The Board drives and monitors the success of acquisitions through:

- Bunzl's decentralised model which allows previous company owners to retain an entrepreneurial culture and drive further success;
- providing management with training;
- providing acquired companies with support, resources and operational excellence; and
- frequently reviewing the performance of acquired companies against projections.

Further information regarding Bunzl's acquisition strategy can be found in the Strategic report.

Page 16

Defining strategic success over the short/medium term for Bunzl:

Growth	See page 16
ESG success	See page 48
Technology	See page 15
Financial performance	See page 86
People and talent	See page 40

The right balance of skills and experience

Peter Ventress
Chairman

Appointment

Chairman of the Board since April 2020, having been appointed Chairman designate in June 2019. Chair of the Nomination Committee and Board Sustainability Committee.

Experience

He was formerly Chairman of Galliford Try Holdings plc and a non-executive director of Premier Farnell plc, Staples Solutions NV and Softcat plc. He was Chief Executive Officer of Berendsen plc from 2010 to 2016, prior to which he held several senior executive roles, including International President of Staples Inc and Chief Executive Officer of Corporate Express NV, a Dutch quoted company which was subsequently acquired by Staples. Peter is currently Chairman of Howden Joinery Group Plc.

Committee

Frank van Zanten
Chief Executive Officer

Appointment

Chief Executive Officer since April 2016, having been appointed as an executive director in February 2016.

Experience

He joined Bunzl in 1994 when Bunzl acquired his family owned business in the Netherlands and he subsequently assumed responsibility for a number of businesses in other countries. In 2002 he became Chief Executive Officer of PontMeyer NV, a listed company in the Netherlands, before rejoining Bunzl in 2005 as the Managing Director of the Continental Europe business area. He is a member of the Supervisory Board of Koninklijke Ahold Delhaize N.V.

Committee

–

Richard Howes
Chief Financial Officer

Appointment

Chief Financial Officer and a member of the Board since January 2020, having been appointed Chief Financial Officer designate in September 2019.

Experience

He qualified as a Chartered Accountant with Ernst & Young before moving to the investment bank Dresdner Kleinwort Benson. During his career he has held a number of senior positions at Geest plc and Bakkavor Group plc, including that of Chief Financial Officer of Bakkavor Group. He was Chief Financial Officer of Coats Group plc between 2012 and 2016 and prior to joining Bunzl was Chief Financial Officer of Inchcape plc. He is currently a non-executive director of Smiths Group plc.

Committee

–

Vanda Murray OBE
Senior Independent Director

Appointment

Non-executive director since February 2015, Senior Independent Director and Chair of the Remuneration Committee.

Experience

Formerly Chief Executive Officer of Blick plc from 2001 to 2004, she subsequently became UK Managing Director of Ultraframe PLC from 2004 to 2006 and was appointed OBE in 2002 for Services to Industry and Export. She is currently Chair of Marshalls plc.

Committee

Committee membership

- Member of the Audit Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee
- Member of the Board Sustainability Committee
- Independent director
- Denotes Chairman

Lloyd Pitchford
Non-executive director

Non-executive director since March 2017 and Chair of the Audit Committee.

Having previously held a number of senior finance positions with BG Group plc, latterly as Group Financial Controller, he subsequently joined Intertek Group plc, where he was Chief Financial Officer from 2010 to 2014. He is presently Chief Financial Officer of Experian plc.

Stephan Nanninga
Non-executive director

Non-executive director since May 2017.

After holding a number of positions with Sonepar and Royal Dutch Shell, he subsequently became Managing Director, Distribution Europe of CRH plc in 1999. He then joined the Board of SHV Holdings NV in 2007, where he was initially responsible for the Makro and Dyas businesses, before becoming Chief Executive in 2014, a position he held until 2016. He is a member of the Supervisory Boards of CM.com and Cabka N.V and a non-executive director of IMCD N.V.

Vin Murria OBE
Non-executive director

Non-executive director since June 2020.

Formerly Chief Executive Officer of Computer Software Group plc from 2002 until 2007, she subsequently founded and was Chief Executive Officer of Advanced Computer Software Group plc from 2008 until 2015. She was appointed OBE in 2018 for services to the digital economy. She is Chair of AdvancedAdvT Limited and a non-executive director of Softcat plc.

Pam Kirby
Non-executive director

Non-executive director since August 2022.

Formerly Chief Executive Officer of Quintiles Transnational Corporation, having previously held senior executive positions at AstraZeneca PLC and F. Hoffmann-La Roche Ltd. She was also previously a non-executive director of DCC plc, Hikma Pharmaceuticals PLC and Senior Independent Director of Victrex plc. She is presently a non-executive director of Reckitt Benckiser Group PLC and a member of the Supervisory Board of AkzoNobel N.V.

Governance overview

Board

Meetings

The table below sets out directors' attendance at the scheduled Board and Committee meetings held during 2022. Additional meetings of the Board were also held as and when circumstances required it to meet at short notice.

	Board (7)	Audit (4)	Nomination (4)	Remuneration (3)	Board Sustainability (2)
Chairman					
Peter Ventress	7		4		2
Executive directors					
Frank van Zanten	7				
Richard Howes	7				
Independent non-executive directors					
Vanda Murray OBE	7	4	4	3	2
Lloyd Pitchford	7	4	4	3	2
Stephan Nanninga	7	4	4	3	2
Vin Murria OBE	7	4	4	3	2
Maria Fernanda Mejía*	–	–	–	–	–
Pam Kirby*	3	2	0	2	2

* Maria Fernanda Mejía resigned from the Board effective 2 February 2022. Due to a potential conflict of interest, she did not attend the Board nor the Nomination Committee meetings held between 1 January 2022 and 2 February 2022.
* Pam Kirby joined the Board effective 1 August 2022 and attended all Board and Committee meetings held between that date and the end of the year.

Skills held by each director	Frank van Zanten	Richard Howes	Peter Ventress	Vanda Murray OBE	Lloyd Pitchford	Stephan Nanninga	Vin Murria OBE	Pam Kirby
Core industry experience (logistics and distribution)	✓	✓	✓	✓		✓		✓
Digital/cyber security		✓			✓	✓	✓	
International	✓	✓	✓	✓	✓	✓	✓	✓
Sustainability	✓		✓	✓	✓		✓	✓
M&A	✓	✓	✓	✓	✓	✓	✓	✓
Strategy	✓	✓	✓	✓	✓	✓	✓	✓
Remuneration/people	✓	✓	✓	✓	✓	✓	✓	✓
Finance		✓	✓		✓	✓	✓	✓

Legal: The Board has access to the services of the General Counsel and Company Secretary, who is a qualified solicitor.

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, statements and major changes thereto, for example:
  - Tax Strategy;
  - Treasury Policy;
  - Modern Slavery Statement;
  - Diversity, Equity and Inclusion Policy; and
  - Risk Appetite.

People and leadership
- Appointment/removal of directors and Company Secretary
- Non-executive directors' remuneration
- 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

Tenure (non-executive directors, incl. Chairman)
(year ended 31 December 2022)

0 – 3 years	2
3 – 6 years	3
6+ years	1

Executive and non-executive directors
(year ended 31 December 2022)

Executive	2
Non-executive (incl. Chairman)	6

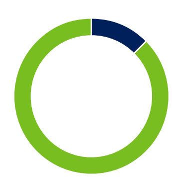
Board gender
(year ended 31 December 2022)

Male	5
Female	3

Independent directors (excl. Chairman)
(year ended 31 December 2022)

Independent	5
Other	2

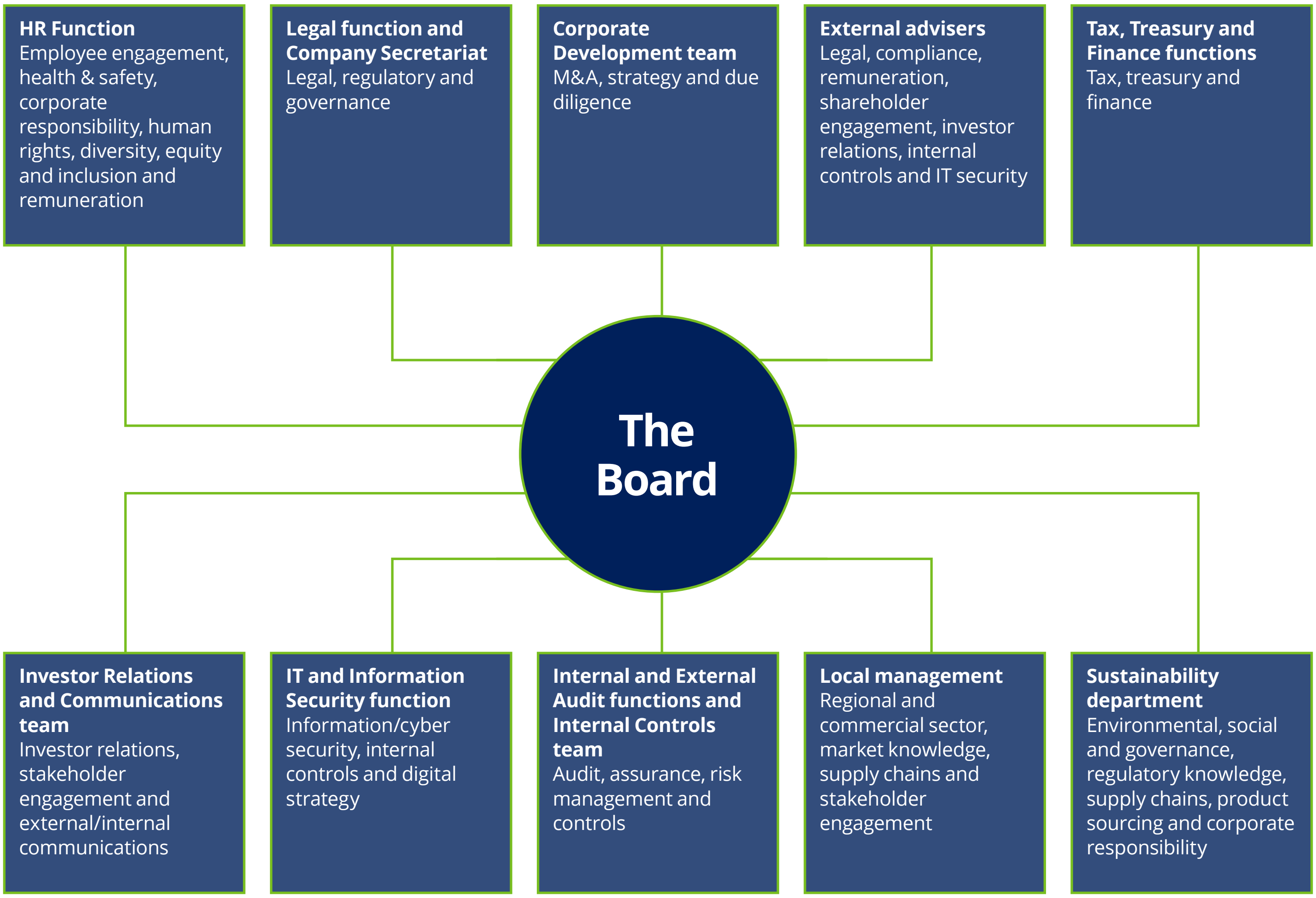
Ethnic diversity
(year ended 31 December 2022)



Director from minority ethnic group	1
Other	7

Knowledge sharing, upskilling and continual development

The Board understands the importance of knowledge sharing, upskilling and continual development. Therefore, senior management, members of different corporate functions and external parties are frequently invited to attend meetings to present to the Board on their respective areas of expertise, aiding better decision making.



Key activities and decisions of the Board

January

- Results of the employee engagement survey
- Presentation on feedback from employee listening groups
- Group risk assessment
- Strategic plan proposal
- Update on climate change, the Group's carbon road map, the Group's new targets and net zero ambitions

February

- Results for the year ended 31 December 2021
- Update on cyber security
- Risk management, internal controls and disclosure of information to auditors
- Re-appointment of auditor
- Approval of 2022 Fraud Policy
- Presentations on acquisition pipeline
- Final dividend for the year ended 31 December 2021
- Fraud risk assessment
- Update on accident statistics
- Presentation on feedback from employee listening groups

April

- Q1 trading update
- Revision of the Modern Slavery Statement
- Approval of updates to the Board Diversity Policy
- Formation of the Board Sustainability Committee

June

- Pre-close trading statement
- Presentation on treasury policies and funding proposals
- Approval of the policy for the prevention of the facilitation of tax evasion
- Review of acquisitions made in 2020
- Presentation on the updated Group Information Security Policy
- Update on corporate responsibility and supplier performance
- Update on whistle blowing reports
- Site visits in the US

August

- Results for the half year ended 30 June 2022
- 2022 interim dividend
- Update on contract with a key customer
- Race to Zero update
- Update on accident statistics

October

- Q3 trading update
- Update on the Euro Medium Term Note programme
- Digital update
- Presentation on the results of the 2022 investor perception audit
- Presentations on acquisition pipeline
- Update on the Continental Europe Insight Day
- Site visits in the Netherlands

December

- Pre-close trading statement
- Board evaluation review
- 2023 budget
- Presentation on acquisition pipeline
- Accident statistics
- Tax strategy statement
- Supplier audit statistics
- Update on whistle blowing reports
- Investor relations presentation
- Review of Committee terms of reference

UK Corporate Governance Code (the 'Code') compliance statement

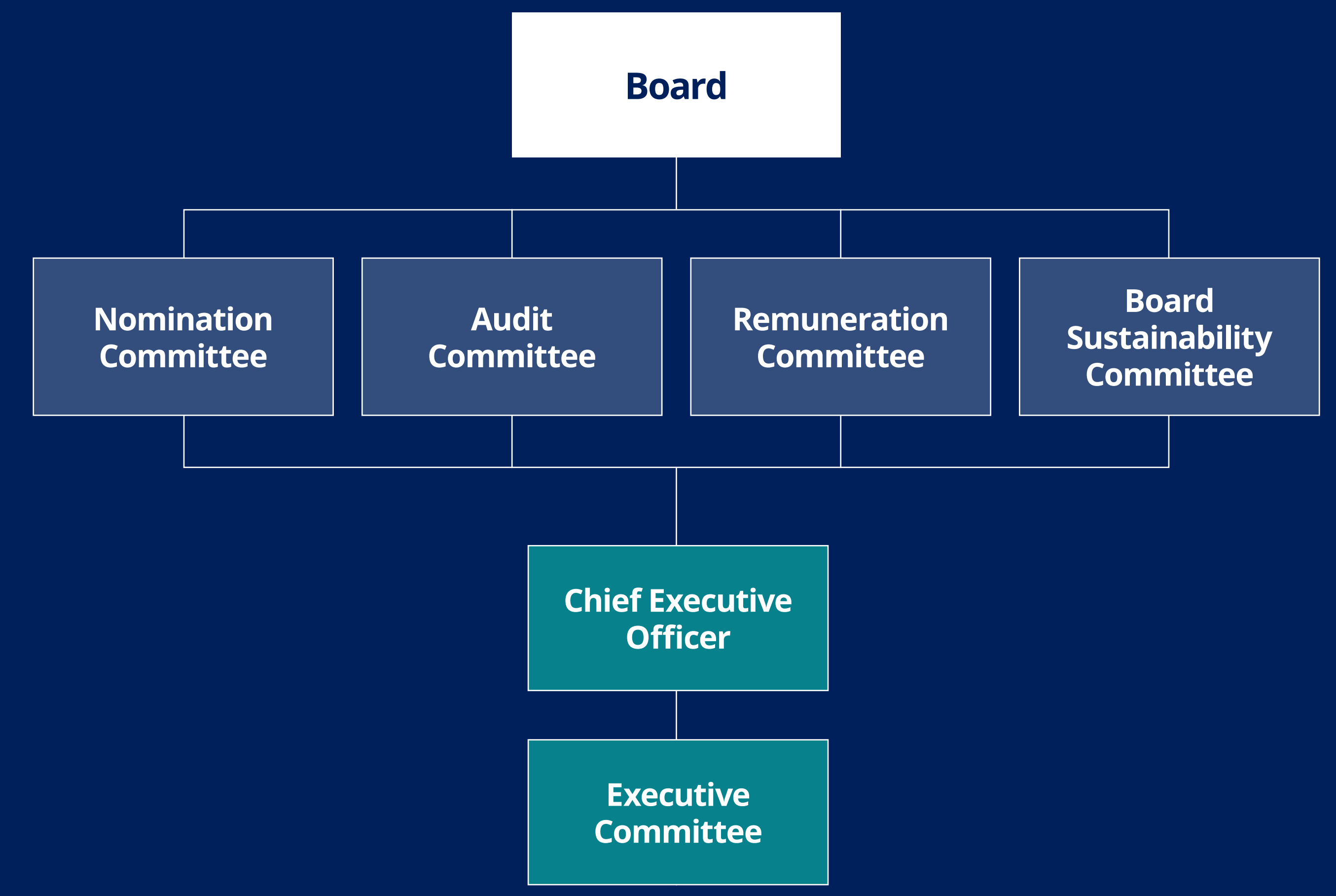
It is the Board's view that, for the year ended 31 December 2022, the Company has been fully compliant with the relevant principles and provisions set out in the Code with the exception of provision 38, which states that the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce.

As previously reported, a programme of reductions was agreed which has brought the cash allowance in lieu of pension contributions for Frank van Zanten in line with the wider workforce, effective January 2023. Further information concerning the Company's approach to pension contribution rates for executive directors can be found on page 150 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.

Board leadership and company purpose	Relevant section of the Annual Report	Page
Effective Board	Biographies of the Board of directors	100 and 101
Purpose, values and strategy	Our purpose, values and strategy	30 to 39
Culture	How the Board monitors culture	108
Prudent and effective controls	Risk management and internal control	111 and 112
Engagement with shareholders	Section 172 statement	70 to 73
S.172 statement and engagement with stakeholders	Section 172 statement	70 to 73
Engagement with employees	Employee engagement statement	109
Workforce policies and practices	Other statutory information	156
Division of responsibilities	**Relevant section of the Annual Report**	**Page**
Division of responsibilities	Board roles and responsibilities	107
Board independence	Director independence chart	102
Board attendance and time commitments	Board attendance table	102
Composition, succession and evaluation	**Relevant section of the Annual Report**	**Page**
Appointment procedure	Nomination Committee report	114 to 118
Succession plans	Nomination Committee report	114 to 118
Composition of the Board and its Committees	Biographies of the Board of directors	100 and 101
Tenure of directors	Board tenure chart	102
Evaluation	Board evaluation and priorities identified	110
Audit, risk and internal control	**Relevant section of the Annual Report**	**Page**
Audit Committee role	Audit Committee report	119 to 131
External audit	Audit Committee report	119 to 131
Fair, balanced, understandable report	Fair, balanced and understandable statement	113
Internal control framework	Audit Committee report	119 to 131
Principal and emerging risks	Principal risks and uncertainties	74 to 82
Remuneration	**Relevant section of the Annual Report**	**Page**
Remuneration policy and practices	Remuneration Committee report	132 to 155
Development of executive remuneration policy	Remuneration Committee report	132 to 155
Independent judgement and discretion	Remuneration Committee report	132 to 155

Governance structure



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 on page 102.

The Board has established four Committees to which it delegates certain matters, 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. The Board recognises the importance of evolving the governance structures of the Company in line with the development of the Company's strategy and, in 2022, the Board Sustainability Committee was formed with a mandate to provide strategic advice to the Board on the principal objectives, targets and priorities of Bunzl's sustainability strategy. All Committees meet at least three times a year, with the exception of the Audit Committee which meets at least four times a year, and 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.

The terms of reference for each Committee can be found on the Company's website, www.bunzl.com.

Board composition

As at 31 December 2022, 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 directors in office at the date of this report are given on pages 100 and 101 and further information on the Nomination Committee's approach to succession planning can be found in its report on pages 114 to 118.

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, further details of which can be found in the skills matrix on page 102.

The Board is satisfied that each non-executive director dedicates appropriate time to their role, continues to contribute effectively to Board decision making and executes their responsibilities to challenge, monitor, advise and guide the Company to a high standard for the benefit of Bunzl's stakeholders as a whole. Further details relating to the time commitments of the directors can be found on page 110.

In accordance with the terms of the Code and Bunzl's Articles of Association, each of the directors in office at the date of this Annual Report will be subject to re-election at the 2023 AGM and the reasons for each director's re-election will be set out in the forthcoming Notice of Meeting.

Board

Nomination Committee

Chair
Peter Ventress

Members
Vanda Murray
Lloyd Pitchford
Stephan Nanninga
Vin Murria
Pam Kirby

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

FOR MORE INFORMATION SEE PAGES 114 TO 118

Audit Committee

Chair
Lloyd Pitchford

Members
Vanda Murray
Stephan Nanninga
Vin Murria
Pam Kirby

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

FOR MORE INFORMATION SEE PAGES 119 TO 131

Remuneration Committee

Chair
Vanda Murray

Members
Lloyd Pitchford
Stephan Nanninga
Vin Murria
Pam Kirby

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 132 TO 155

Board Sustainability Committee

Chair
Peter Ventress

Members
Vanda Murray
Lloyd Pitchford
Stephan Nanninga
Vin Murria
Pam Kirby

Key responsibilities
Provides an oversight function to the Group Sustainability Committee and strategic advice to the Board on the principal objectives, targets and priorities of Bunzl's sustainability strategy.

FOR MORE INFORMATION SEE PAGE 68

Board roles and responsibilities

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

Role	Responsibilities
Chairman	The primary job of the Chairman is to be responsible for the leadership of the Board and to ensure its effectiveness in all aspects of its role. The Chairman: • takes overall responsibility for the composition and capability of the Board and its Committees; • organises the annual evaluation of the Board, its Committees and each individual director; • 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. The Chairman is also viewed by investors as the ultimate steward of the Group and the guardian of the interests of all the shareholders.
Chief Executive Officer	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. The Chief Executive Officer: • manages the executive director 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 on a day-to-day basis as necessary.
Chief Financial Officer	The Chief Financial Officer supports the Chief Executive Officer and is responsible for managing the Group's funding strategy, financial reporting, non-financial reporting, risk management and internal controls, investor relations programme and the leadership of the Finance, Tax and Treasury functions. The Chief Financial Officer communicates with the Company's analysts on a day-to-day basis as necessary.
Senior Independent Director	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.
Independent non-executive directors	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.

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.

Board activity in 2022

The Board meets formally at least seven times a year with two Board meetings held at or near Group locations around the world. During 2022, the Board held meetings in North America and in the Netherlands which gave the directors the opportunity to meet with colleagues and assess the culture of the Company.

At each meeting, Bunzl's operational and financial performance is discussed and presentations are made by the Chief Executive Officer, the Chief Financial Officer and, by invitation, the Business Area Heads. The importance of bringing management into meetings to present on their respective area of expertise, share knowledge and provide updates on the performance of the business is well recognised by the Board. The Director of Corporate Development frequently presents to the Board on potential acquisitions and the Board receives regular updates from management on risk, health & safety, digital strategy, information security, environment, sustainability, governance and people matters.

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. This ensures that all matters reserved for the Board and other key issues are considered at the appropriate time.

Each Board meeting is structured to accommodate sufficient challenge and contribution by all participants. The Board is supplied with full and timely information, including detailed financial information, to enable the directors to discharge their responsibilities. Briefing papers are prepared and circulated to directors approximately one week before the scheduled Board meeting to enable informed decision making. All directors have access to the advice and services of the Company Secretary who ensures 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.

Purpose, values and how we monitor culture

Bunzl's purpose is to deliver essential business solutions around the world and create long term sustainable value for the benefit of all stakeholders. It is the responsibility of the Board to set the purpose, values and strategy of the Company and ensure that these align with the desired culture. In order to achieve the Company's purpose, the Board recognises the importance of a healthy corporate culture where colleagues can reach their potential and everyone is working towards a common goal. Bunzl has a unique and valued entrepreneurial culture which is critical to delivering the Company's strategy and is enabled by its decentralised structure and a focus on developing local talent. As the Group continues to grow, the Board ensures that the culture of Bunzl is sustained and protected.

At the centre of Bunzl's corporate culture are our championed values which underly the way Bunzl conducts its business. Bunzl's strong culture is a key source of competitive advantage and helps the Group to attract and retain the best talent.

Our culture is evidenced by what our people most value about life at Bunzl:

- Our working relationships
- Work/life balance for colleagues
- Respect and ethics
- The atmosphere on the ground
- Teamwork and support
- The skills of employees
- Development opportunities
- Our customer-focused attitude
- Empowerment of colleagues
- Representation of leaders

The Company's values are at the centre of our culture and are reflected in the way we work and interact with stakeholders:

Reliability in action

Bunzl's knowledge, flexibility and expertise in product innovation means it becomes more than just a supplier, but a reliable business partner to its customers. It is this ability to form long-lasting relationships that enables Bunzl to reliably provide a tailored, value-added service.

READ ABOUT OUR RELATIONSHIP WITH CEVA LOGISTICS AND WATCH THE CEVA TESTIMONIAL VIDEO ON PAGE 36

Humility in action

Bunzl's social and environmental work is diverse and spans the globe. In 2022, two employees from Bunzl went to South Africa to join Bunzl's charity partner, WasteAid, in supporting workers in the informal waste collection industry to enhance and build their business skills.

SCAN TO SEE THE WASTEAID INTERVIEW WITH BUNZL'S MELANIE HARRIS

Transparency in action

Bunzl's honest culture engenders confidence in the Company and Bunzl aims to be as transparent as possible in its reporting. The Sustainability report includes extensive reporting on Bunzl's scientifically approved targets and progress, while the Remuneration report details the values and rationale underlying the remuneration policy.

READ THE SUSTAINABILITY REPORT ON PAGE 48

READ THE REMUNERATION REPORT ON PAGE 132

Responsiveness in action

Bunzl provides tailored and innovative solutions to customer needs. Bunzl's digital offering is a key component of its success and during the year, Bunzl assisted customers by creating customised digital solutions.

READ MORE ABOUT THIS ON PAGE 15

Our values guide our culture and impact Company decision making:

Nomination Committee

Actively manages the composition of the Board and the pipeline of diverse talent, embracing a representative Board and inclusive culture for all employees to thrive.
See page 114

Audit Committee

Ensures the honesty and transparency of the Group's financial and narrative reporting and promotes the healthy risk-focused culture within which the Company operates.
See page 119

Board Sustainability Committee

Provides recommendations to the Board on the Group's sustainability strategy, endorsing a culture of continuous improvement.
See page 68

Remuneration Committee

Aligns executive remuneration with Bunzl's culture to encourage desired behaviours, and ties remuneration targets for executives to building the desired inclusive culture at Bunzl. In addition, the Committee monitors gender pay gaps and CEO pay ratio to ensure that remuneration aligns with Bunzl's values.
See page 132

Human Resources team

Creates a work environment within which individuals can thrive. The team implements programmes to enhance inclusivity at Bunzl and monitors employee sentiment through engagement surveys. The team introduces compulsory training modules to upskill colleagues and reviews employee policies to protect the culture of Bunzl.
See page 40

Our culture is measured through our culture metrics:

- Employee voluntary turnover rate: 17.4%
- Employee engagement index score: 85%
- Non-executive director engagement meetings held: 4
- Number of material breaches of Code of Conduct: 0
- Accident/incident rate: 7% improvement versus 2021

Our culture is monitored through:

- Diversity, equity and inclusion ('DEI') activities
- Health & safety data
- Employee forums
- Dialogue with executives and senior management
- Employee survey results
- Regular Board reporting on people matters
- Non-executive director listening groups
- Site visits

Employee engagement statement

In accordance with Provision 5 of the Code, the Board has decided to use alternative arrangements to engage with our colleagues. Bunzl is a global, decentralised 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, the culture of the Company and our workforce. This holistic approach to engagement is the most effective method and allows the Board to understand, monitor and assess employee sentiment.

Some of the mechanisms used to engage with employees during the year are described in the following section. Employees are also encouraged to get involved with the Company's performance through a variety of different means, including the operation of all employee share plans, bonus and commission schemes and other incentive arrangements.

CEO listening sessions

The Chief Executive Officer alongside the Director of Group HR held listening sessions with female colleagues and colleagues from ethnically diverse backgrounds across the Bunzl Group in order to review progress against the Company's diversity objectives, inform future actions of the Board and gain further insights into the results of the employee pulse survey.

What was said in 2021:	What we did in 2022:
The creation of strong role models is critical for diversity, local leaders need to be accessible and local management behaviour is critical.	The Company has increased its communications throughout 2022 to publicise success stories of colleagues across the Group. Further, DEI initiatives were previously organised at regional level; however, during 2022 it was agreed that these initiatives should be localised and managed at divisional/operating company level in order to improve accessibility and deliver on the Inspiring Women in Bunzl and Inspiring Ethnicity in Bunzl purpose, mission and vision.
Following up with real action is important.	• Statements and action from executive directors • Executives calling out bias in external providers • Commitment by the Board to seek at least one female candidate for all senior leadership roles • High-potential female employees given access to a business coach or mentor
The acceptance of different cultural approaches to work is critical, and national cultures matter.	• National Inclusion Week celebrated by Bunzl UK & Ireland • Unconscious bias training extended to further levels of the organisation

The meetings in 2022 involved open and honest conversations on the following topics, which will inform the diversity and employee agendas for 2023:

- What are the actual/perceived barriers to females progressing in our organisation?
- What should our number one priority be for 2023?
- What can we best do as a leadership team to support colleagues?

Non-executive director listening groups

During 2022, four non-executive director listening groups were held by Vanda Murray, Vin Murria, Stephan Nanninga and Lloyd Pitchford who spoke directly with colleagues from the UK & Ireland, Continental Europe, North America and Asia Pacific. The comments raised by colleagues from each geographical location were then presented to the Board by each participating director and the Board used this feedback to inform its actions.

What was said:	What we did:
Colleagues in the UK & Ireland were concerned about the cost of living crisis.	The Board approved one-off support payments to employees below senior leader level throughout the UK & Ireland to assist with the rising cost of living.
Colleagues across the business suggested a more targeted approach to communications, including increased usage of social media.	The Board used this feedback to drive an initiative to increase its inclusive communications. In particular, social media channels were used to showcase ESG initiatives across the Group, talent, success stories, strategic decisions, acquisitions joining the Bunzl Group and the Company's financial results.

MONITORING EMPLOYEE SENTIMENT: SEE THE RESULTS OF THE EMPLOYEE PULSE SURVEY ON PAGE 40

VISITS TO THE NETHERLANDS AND NORTH AMERICA SITES: READ MORE ABOUT THE DIRECTORS' VISITS TO GROUP LOCATIONS ON PAGE 111

Engagement with customers, suppliers and others

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 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 70 to 73 and in the Sustainability report on pages 48 to 68.

External appointments and time commitment of directors

The Board takes the time commitment of directors seriously and the time expected of directors is set out in their letters of appointment. Each director must notify the Chairman prior to accepting a new appointment, and the Chairman must notify the Board. During the year, the Board considered the following external appointments:

- Richard Howes as a non-executive director of Smiths Group plc
- Peter Ventress as non-executive chairman of Howden Joinery Group plc
- Stephan Nanninga as a member of the Supervisory Board of Cabka N.V.

The Board recognises the benefits in terms of director knowledge and experience that external appointments can bring to Board deliberations. When considering the new appointments, the Board considered whether the relevant appointment would impact the time required for each director to prepare for and attend meetings of the Company, engage with stakeholders, undertake any training or personal development and execute their duties to the Company effectively. In addition, the Board considered the current portfolio of each director, the type of company that the director intended to join, whether there were any conflicts or potential conflicts, the time commitment required with the new appointment and whether the appointment would cause the number of directorships held to exceed those set out in the Code or institutional investor and proxy adviser guidance.

The Board is satisfied that each director devotes sufficient time to their role at Bunzl and continues to discharge their duties effectively.

Performance evaluation

The Board is aware of the need to continually review its performance and each year the Board, its Committees and each individual director undergo a formal evaluation process which is overseen by the Chairman. This year, an external evaluation was carried out by Lintstock which included a detailed questionnaire and the Chairman also held individual discussions with each director. 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 this year's evaluation, and progress in respect of the key priorities identified in 2021, are set out below.

Key priorities identified during 2021	Progress made
1. Talent management and development, including succession planning for both executive and non-executive members of the Board. **2. Focusing on digitalisation and IT security.** **3. Continued challenge and support on the progress of the strategic pillars, with a focus on sustainability.** **4. Driving and monitoring the success of acquisitions.**	The Board is satisfied that the priorities identified following the evaluation carried out in 2021 have been adequately addressed during 2022. See page 99 for how these priorities were addressed in 2022.

Key priorities identified during 2022	Outcome of evaluation
1. Focusing on management succession planning and enhancing the Group's organisational structure, talent management, and diversity and inclusion processes. **2. Continuing Bunzl's focus on sustainability and building this into customer relationships.** **3. Supporting management in acquisition and organic growth strategies.** **4. Continued Board oversight of strategic priorities and the execution of Bunzl's strategic plans.**	As a result of the performance evaluation process carried out in 2022, the Board concluded that both it and its Committees are operating effectively.

A comprehensive external evaluation, including interviews with every Board member and the Company Secretary, was carried out for the year ended 31 December 2020 by Lintstock and will be carried out for the year ending 31 December 2023. Lintstock has assisted with the Board's external evaluation for a number of years to ensure that there is consistency and continuity in the presentation of the results from year to year and Lintstock does not provide any other services to, or have any other connection with, the Company.

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.

Induction

Upon appointment, all new directors undertake a formal 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 regularly reviewed and is tailored to each director's individual needs.

A typical induction programme normally includes:

- 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;
- one-to-one meetings with the other members of the Board and the Company Secretary;
- meetings with Committee chairs, as appropriate;
- meetings with senior management;
- visits to some of the Group's locations;
- information on the main areas of the Company's business activity and risks; and
- information on the Company's approach to sustainability and stakeholder engagement.

During the year, the Board welcomed Pam Kirby, whose induction programme covered the aforementioned areas and included a trip to the Netherlands. While there, Pam received presentations on Bunzl's operations in the Netherlands and central Europe and undertook site visits to King Nederland and Bunzl Retail & Industry, where she had the opportunity to speak with managers and non-managerial members of the workforce.

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, their markets and 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 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.

Pam Kirby's induction

October 2022 Netherlands tour

- Presentation on Bunzl's operations in central Europe
- Presentation on Bunzl's operations in the Netherlands
- Site visit to King Nederland
- Site visit to Bunzl Retail & Industry

2022 training and development activities

- Internal Control Essentials programme updates at every Audit Committee meeting
- Updates on the proposed UK Corporate Governance and Audit reforms
- External adviser training on information security, including:
  - the current state of cyber risk and the threat landscape;
  - the growing threat of ransom attacks; and
  - how to protect Bunzl.
- Internal sustainability updates, including on:
  - focus areas for 2023;
  - ESG governance;
  - UK sustainability reporting standards and preparations for the proposed EU mandatory sustainability reporting;
  - results of Bunzl's sustainability audit; and
  - focus on TCFD reporting.
- Presentation on the findings of an investor perception study conducted by an external party

Conflicts of interest

The directors are required to avoid situations in which 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 and the Board considers that these procedures operate effectively.

Risk management and internal control

In accordance with the Code, the Board acknowledges that it has overall responsibility for identifying, evaluating, managing and mitigating the principal and emerging risks, including in respect of cyber and climate 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 2022 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 74 to 82.

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;
- a new second line internal control team was established in 2022 to further develop the Group's framework and approach to internal controls over financial reporting;
- formal standards of business conduct (including code of conduct, anti-bribery and corruption, fraud investigations and reporting, 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;
- strategic plans and comprehensive budgets which are prepared annually by the business areas and approved by the Board;
- clearly defined authorisation procedures for capital investment and acquisitions;
- a well-established consolidation and reporting system for the statutory accounts and monthly management accounts;
- detailed manuals covering Group accounting policies and policies and procedures for the Group's treasury operations supplemented by internal control procedures at a business area level; and
- periodic IT risk assessment aligned with the Group's IT security standard, as well as continual investment in IT systems and security to ensure the security of information systems and data, business continuity and the production of timely and accurate management information.

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:

- 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. Reporting protocols are in place to identify, analyse and respond to actual or potential fraud incidents;
- 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 minimum standard and the self-assessment process were further enhanced during 2022;
- 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;
- developments in tax, treasury and accounting are continually monitored by Group management in association with external advisers;
- regular meetings are held with insurance and risk advisers to assess the risks throughout the Group;
- systems are in place to monitor IT security incidents, analyse and remediate any identified weaknesses. Findings are used to continually improve defences across all Group companies;
- the internal audit department periodically performs business and risk-themed audit work, makes recommendations to improve processes and 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;
- 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 119 to 131;
- 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; and
- health & safety risk assessments, safety audits and a regular review of progress against objectives established by each business area are periodically carried out.

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 222 and the auditors' report on pages 223 to 229 includes a statement by the external auditors about their reporting responsibilities. In accordance with provision 30 of the Code and as set out on page 168, 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.

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 83.

By order of the Board

Suzanne Jefferies
Secretary
27 February 2023

Fair, balanced and understandable – Bunzl's assurance framework

In accordance with provision 27 of the Code, the Board confirms that taken as a whole, the 2022 Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. Considerations of the Board when reviewing whether the 2022 Annual Report, taken as a whole, is fair, balanced and understandable and provides sufficient information to enable the reader to assess the Group's position and performance, business model and strategy, are shown below:

Independent review process
A review was carried out by a senior executive who was not involved in the preparation of the Annual Report.

Senior executive management team
Members of the senior executive management team reviewed and challenged the content and messaging of the Annual Report.

Internal audit
The Board considered the information and assurances provided by the ongoing work of the internal audit function.

External audit
The Board considered reports from external auditors and any significant issues identified in relation to the Annual Report and financial statements.

Audit Committee
The Board considered the work and recommendations of the Audit Committee in relation to its formal processes concerning the Annual Report and financial statements.

Nomination Committee report

"To support the creation of long term value for our stakeholders, it is vital that we continue to build and promote a culture of openness and integrity."

Peter Ventress
Chairman and Chair of the Nomination Committee

Introduction from Peter Ventress

On behalf of the Board, I am pleased to present the Nomination Committee's report for the financial year ended 31 December 2022, which outlines the Committee's role and responsibilities, as well as our activities and areas of focus during the year.

The development and execution of our long term strategic objectives, embedding of our culture and values and promotion of the interests of our stakeholders are all dependent upon effective leadership at both Board and executive level. This report highlights the significant role that the Committee plays in ensuring the Board is sufficiently diverse and has the appropriate balance of skills, knowledge, experience, and background to provide the breadth, depth, diversity of thinking and perspective needed to support our consistent and proven strategy and deliver our purpose.

To support the creation of long term value for our stakeholders, it is vital that we continue to build and promote a culture of openness and integrity. The Committee's activities during the year were conducted within the context of our unwavering commitment to improving inclusion and diversity across the Group and we are committed to the diversity of the Board, just as Bunzl is committed to equal opportunities for all employees at all levels of the Group.

As demonstrated in the following report, we have made significant progress against the priorities identified following the Committee's 2021 performance evaluation. Our work in 2022 has focused on reviewing the composition of the Board and the Executive Committee and the recruitment of an additional non-executive director following the departure of Maria Fernanda Mejía, who stepped down from the Board and its Committees on 2 February 2022.

I am pleased to report that the recruitment process was a success and culminated in the appointment of Pam Kirby as a non-executive director on 1 August 2022. Pam Kirby brings with her a wealth of experience that has further enhanced the knowledge and skills of the Board as a whole. In addition, as announced on 7 February 2023, we will also be welcoming Jacky Simmonds to the Board and its Committees with effect from 1 March 2023. Further detail regarding Jacky Simmonds' appointment will be included in next year's Annual Report.

Additional information concerning the search and selection process for Pam Kirby is included in the report that follows and information concerning her skills and experience is set out on page 101. An overview of Pam Kirby's induction process can be found on page 111.

As described later in this report, other areas of Committee focus during 2022 included succession planning, Board tenure and talent development. The Committee seeks to balance the composition and tenure of the Board and that of its Committees, and to refresh them over time. This enables the Board to benefit from the experience of longer serving directors and the fresh perspectives and insights from newer appointees. Given the Board changes during 2022, it is felt that there is a good balance of newer appointees and longer serving directors who provide consistency of Bunzl knowledge and experience.

We are fully compliant with the requirements of the Parker Review on ethnic diversity and the diversity targets outlined in the Hampton-Alexander Review. The Committee and the Board are also aware of, and fully support, the new diversity targets set by the Financial Conduct Authority (which apply to financial years starting on or after 1 April 2022), including the target that at least 40% of the board should be women (including individuals self-identifying as women). I am pleased to confirm that, following Jacky Simmonds' appointment on 1 March 2023, we will exceed this target.

We end the year satisfied that we have a Board with the right skills and experience to continue providing the highest standards of leadership and oversight in the years ahead.

If you wish to discuss any aspect of the Committee's activities or our priorities for the coming year, I will be attending Bunzl's forthcoming Annual General Meeting ('AGM') and would welcome your questions. Questions relating to the AGM can also be submitted via our dedicated AGM email address, BunzlAGM@bunzl.com.

Peter Ventress
Chairman and Chair of the Nomination Committee
27 February 2023

Composition

During 2022, the Nomination Committee comprised the Chairman of the Company, who chairs the Committee (unless the Committee is dealing with the matter of succession of the Chairman of the Company) and all of the independent non-executive directors. In accordance with the provisions of the UK Corporate Governance Code, all of the members are independent non-executive directors. The Secretary to the Committee is the Company Secretary.

Nomination Committee meetings

The Committee meets as necessary throughout the year to discharge its responsibilities.

The table below sets out directors' attendance at the four scheduled Committee meetings held during 2022.

	Meetings attended
Peter Ventress	4
Vanda Murray	4
Lloyd Pitchford	4
Stephan Nanninga	4
Vin Murria	4
Maria Fernanda Mejía[1]	–
Pam Kirby[2]	–

1 Maria Fernanda Mejía resigned as a director on 2 February 2022. Due to a potential conflict of interest, she did not attend the Committee meeting held in January 2022.
2 Pam Kirby was appointed as a director on 1 August 2022. No Committee meetings were held between that date and the end of the year.

Key areas of focus in 2023

- Succession planning, with a particular focus on executive succession and further enhancing the Committee's insight into the development plans related thereto
- Gaining greater exposure to management below Board level
- Talent management and development, including leadership development
- Continuing to support the journey towards greater diversity

Role and support

The Committee's principal role is to lead the process for appointments to the Board, whether to fill any vacancies that may arise or to change the number of Board members, ensure plans are in place for orderly succession to both the Board and senior management positions and oversee the development of a diverse pipeline for succession. The senior management succession plans take into account the views of all Board members to ensure the plans encompass the benefit of all their skills and experience. In the performance of its duties, the Committee has been authorised to enlist the services of external executive search firms to assist with the recruitment process, including the identification of potential candidates, to fill Board positions and vacancies.

It is the Committee's role to ensure that the Board and its Committees maintain the appropriate balance of skills, knowledge, experience and diversity to ensure their continued effectiveness. Information concerning the training and development activities undertaken by the directors during the year can be found on page 111.

The Committee meets as necessary throughout the year to discharge its responsibilities. The Committee's terms of reference, which were reviewed in 2022, are available on the Company's website, www.bunzl.com.

Performance evaluation

The Committee's performance and effectiveness are reviewed annually by both the Committee and as part of the Board performance evaluation. The Chair of the Committee also meets with each Committee member independently to ensure that their individual views about the operation of the Committee are taken into account. Additional information concerning the results of the 2022 performance evaluation is set out on page 110.

Principal responsibilities of the Committee

Board structure

- Reviewing the structure, size and composition of the Board with regard to maintaining a balance of skills, experience, knowledge and diversity

Succession

- Considering succession planning, taking into account the challenges and opportunities facing the Company and the skills and expertise required by the Board and senior management in the future
- Reviewing annually a succession planning presentation in relation to the Company's senior management

Appointments

- Identifying and nominating appropriate individuals to fill Board vacancies as they arise
- Approving the appointment of any senior executive who is to report directly to the Chief Executive Officer
- Making recommendations to the Board as to the continuation in office and/or re-appointment of directors

Evaluation

- Considering the commitment required of non-executive directors and reviewing their performance

Activities

Recruitment

During 2022, the Committee undertook an extensive search and selection process to recruit a new non-executive director, which resulted in the successful appointment of Pam Kirby on 1 August 2022.

As part of the planning process, the Committee reviewed the Board skills matrix and capability gaps identified and agreed on the areas of experience which would be beneficial to and complement the composition of the Board (the role specification). The Committee also agreed that the behaviours and values of any prospective director should align with the values and culture of the Group.

The Committee subsequently engaged Russell Reynolds Associates to undertake an extensive external search based on the aforesaid role specification, following which a longlist of candidates was compiled. Having reviewed the list, the Committee agreed on a shortlist of candidates to take through to the next stage of the recruitment process, which involved informal meetings between each of the shortlisted candidates and the Committee members to gauge the appetite for the role, likely cultural fit, experience and location/availability considerations. Following feedback from the meetings, it was recommended that those candidates that best met the role specifications be taken forward to meet other members of the Board and members of the Executive Committee. A thorough due diligence and referencing process was then undertaken.

The Committee held a debrief following the conclusion of the interviews and referee meetings, taking account of each candidate's individual attributes, skill sets, knowledge and experience and concurred that a recommendation to appoint Pam Kirby as a non-executive director be put to the Board for approval.

The Committee seeks to follow best practice in all the appointments it recommends, agreeing the criteria for each role and the most appropriate interview panel, before considering a comprehensive and diverse list of candidates. Shortlisted candidates are interviewed and assessed against the chosen criteria and due diligence is then undertaken before the Committee makes its final recommendation. Executive search firms are appointed based on their expertise relative to each role and the Committee seeks to engage only those search firms that are signatories to the Voluntary Code of Conduct of Executive Search Firms on gender diversity and best practice.

Succession planning

The need to refresh the Board but at the same time maintain a knowledgeable and experienced team of non-executive directors is something that we continued to address in our succession planning discussions during 2022.

The Committee recognises that having the right directors and senior management, with the right capabilities, experience and Company and industry knowledge, is fundamental to the Group's long term, sustainable success. In furtherance of this, a key responsibility of the Committee is to satisfy itself that a robust and rigorous succession planning process is in place, over both the medium and long term, to ensure there is the right mix of skills and experience on the Board as the Company evolves. The Company's succession plans, together with the Board skills matrix and tenure tracker are considered regularly. This allows the Committee to identify potential gaps, including in relation to director rotation and in respect of the skills needed to deliver the Group's strategic priorities. Effective and proactive succession planning and assessment also enable the Committee and the Board to ensure that changes to the Board are proactively planned and coordinated.

Enhancing the Committee's oversight of executive succession planning and strengthening executive succession continued to be a key priority for the Committee in 2022 and one which will continue to receive considerable attention in 2023. The Committee also plans to deepen its discussions concerning succession timelines, the various options available and planning.

Recruitment process of Pam Kirby

Role specification	The Committee developed a role specification and list of characteristics deemed essential for the new non-executive director.
Election of external search firm	Following a final review of the role specification, Russell Reynolds Associates was engaged as the external search firm.
Collation of candidate list	Following consultation with the Chairman and the CEO, Russell Reynolds Associates prepared a longlist of potential candidates, which was subsequently reviewed by the Committee and a shortlist agreed.
Candidate interviews	Preliminary interviews with each of the shortlisted candidates were held by the Committee, following which the Committee agreed on the candidates that best met the role specification.
Final stage interviews	The preferred candidates attended additional meetings with the executive directors and members of the Executive Committee.
Candidate references	The Committee sought references for the preferred candidates and held virtual meetings with the associated referees.
Committee recommendation	The Committee held a debrief following the conclusion of all of the interviews and referee meetings and made a recommendation to the Board that Pam Kirby be appointed to the Board and its Committees with effect from 1 August 2022.
Board decision and announcement	The Board accepted the recommendation of the Committee and approved Pam Kirby's appointment, following which an announcement was made via the London Stock Exchange.

Talent

As part of its remit, the Committee continued to monitor the development of Bunzl's Executive Committee, which sits below the Board, to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience.

During the year, the Chief Executive Officer provided regular updates to the Committee on any changes to the composition of the Executive Committee and presented his annual management succession plan to the Committee for its consideration. This included information on people review processes, functional talent development, specific emerging talent pipelines, diversity, equity and inclusion, and learning and development initiatives. This process ensures that high performing individuals within senior management can be developed and nurtured in order to strengthen the succession pipeline further, while at the same time increasing diversity in senior roles across the Group. The Committee also maintained regular interaction with senior management across the Group and within each business area. Such interaction enables the Committee to familiarise itself with the teams, thereby facilitating the identification of high performing talent and informing succession planning. It is the Committee's intention to gain even greater insight into the Group's internal talent pipeline by increasing its exposure to management below Board level in 2023.

Committee composition

Another area of Committee focus during the year related to the composition of a new Board Sustainability Committee ('BSC'). As part of this process, the Committee took account of matters such as the Group's sustainability strategy and objectives in the near and long term, the skills and experience of the executive and non-executive directors, prevailing and future legislation and governance requirements, and market best practice. The Committee also had regard to the directors' skills matrix and Conflicts of Interest register, as well as the directors' training and development priorities identified as part of the 2021 performance evaluation. The Committee's recommendation, that each of the non-executive directors be appointed as members of the BSC and that the Chairman of the Board be appointed as its Chair, was subsequently presented to, and approved by, the Board at its meeting in June 2022.

Inclusion and diversity

It is a well-established fact that boards with an appropriate mix of age, experience, backgrounds and perspectives tend to foster better debate and decision making and less group-think. The Committee strives to embed inclusion in everything that it does, and succession planning and the appointment process are key in promoting diversity in a way that is consistent with Bunzl's long term strategy.

The Committee embraces the importance of diversity and inclusion in all Board and senior management recruitment and challenges external search consultants where necessary to ensure that diversity of gender, social and ethnic backgrounds and cognitive and personal strengths is always considered in the selection of candidates. In addition, the Committee seeks to engage firms that are signatories to the Voluntary Code of Conduct of Executive Search Firms and encourages them to look further afield and access talent from wide and diverse pools.

While taking the important considerations of gender and diversity into account, the Committee will continue to recommend appointments to the Board based on merit and the individual skills and experience of each candidate. It is nevertheless clear that gender, ethnicity, race and other forms of diversity and inclusion must remain key parts of our succession planning discussions and are critical to the long term sustainable success of the business.

The Board and the Committee's approach to inclusion and diversity in the composition of the Board and senior management is set out in the Board Diversity Policy, which is reviewed regularly and can be found on page 118. Additional information concerning diversity and inclusion in Bunzl can be found in the Sustainability report on pages 48 to 69 and in the Corporate governance report on pages 98 to 113.

Evaluation and independence

During the year, the Committee reviewed and took account of the balance of skills, knowledge, experience and diversity of the Board, the time commitment expected of the non-executive directors and the conclusions of the formal performance evaluation process, which was undertaken when considering and recommending the nomination of directors for re-election at the 2022 AGM.

The Committee also conducted a review of individual director conflict authorisations as recorded in the Conflicts of Interest register. The register is maintained by the General Counsel and Company Secretary and sets out any actual or potential conflict of interest situations which a director has disclosed to the Board in line with their statutory duties. In order to form a view of a director's independence, consideration was also given to other external appointments held by each director.

Non-executive directors' independence of thought and judgement is vital to facilitating constructive and challenging debate in the boardroom and is essential to the operational effectiveness of the Board and its Committees. The Committee determines a non-executive director's independence in line with the relevant provisions of the Code and is satisfied that all of the non-executive directors meet the criteria for independence and that the Chairman of the Board met the criteria on appointment to that role.

Further details concerning the Board evaluation process that was carried out during 2022, together with information on the key priorities identified as part of the review, can be found in the Corporate governance report on pages 98 to 113.

Board Diversity Policy

Within the Group's businesses, the Board is committed to greater diversity in its broadest sense, whether in terms of ideas, skills, knowledge, experience, education, gender, social and ethnic backgrounds, cognitive and personal strengths, or any other relevant measure.

When considering director appointments, one of the objectives is to maintain a diverse Board. While the Board will continue to follow a policy of ensuring that the best people are appointed for the relevant roles, based on merit by assessing candidates against objective criteria, the directors recognise the benefits of greater diversity and will take account of this when considering any particular appointment. However, the primary responsibility when making new appointments is to ensure the strength of the Board's composition. The overriding aim is to select and recommend the best candidate for the position, having regard to all of the different stakeholders that Bunzl has as a global organisation, while ensuring that the Board members are able to provide a range of perspectives, insights and challenge required to support effective decision making.

Looking beyond the Board to the Group's wider workforce, Bunzl is committed to treating people fairly and equally by accepting and embracing their diversity and ensuring there is an inclusive and positive working environment for all employees. For a number of years in the annual succession planning reviews, there has been a particular focus on diversity within the business areas and one of the key objectives is to ensure there are no barriers preventing talented people from succeeding. There is also a range of initiatives within the Group to help provide learning and development opportunities for female executives and to ensure unbiased career progression opportunities. The Board has formally approved a Diversity, Equity and Inclusion Policy, which applies to the wider workforce of the Group. A copy of the policy can be found on the Company's website, www.bunzl.com.

Monitoring and reporting

The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board, including the skills, knowledge, experience and diversity of the directors. It is also responsible for identifying and nominating appropriate individuals to fill Board vacancies as they arise. The Committee will report annually, in the Company's Annual Report, on the process followed in relation to any Board appointments made during the relevant period. The Board is responsible for keeping its diversity policy under review and making changes thereto when appropriate to do so.

Audit Committee report

"Successful management of risks and uncertainties enables us to deliver on our purpose and be more resilient across our corporate, financial and operational structures."

Lloyd Pitchford
Chair of the Audit Committee

Introduction from Lloyd Pitchford

I am pleased to present our Audit Committee report for the year ended 31 December 2022 and welcome Pam Kirby, who was appointed on 1 August 2022, as a Committee member. The report provides an overview of the Committee's role and demonstrates how our work contributes to the achievement of the Group's purpose. Further information on our purpose-led strategy can be found on pages 30 and 31.

Acting ethically, lawfully and with integrity is critical to our long term success and operating responsibly is fundamental to the protection of stakeholder value and the delivery of our purpose. The Committee has a significant role to play in this, with one of its primary responsibilities being to assist the Board in fulfilling its responsibilities by monitoring areas such as the integrity of financial reporting and non-financial reporting measures, the effectiveness of the risk management framework and system of internal controls, as well as the consideration of ethics and compliance matters.

During the year, we continued to discharge our duties effectively and to the highest standards, providing appropriate challenge to and oversight of the decisions, assumptions and key judgements made by management to ensure that stakeholder interests are protected. I believe that this, together with the Board's efforts in harnessing and promoting a strong, risk focused culture, play an essential role in assuring the long term viability of the Company.

The Committee has made good progress on the 2022 priorities that were identified in last year's Annual Report, with particular attention being paid to the matters set out below. A summary of the Committee's priorities for the forthcoming year can be found on page 121.

Audit and corporate governance reforms

In its May 2022 response to the BEIS consultation on 'Restoring Trust in Audit and Corporate Governance', the government set out wide-ranging reforms to the UK's audit and corporate governance framework. While the timing of many of the reforms and the precise detail surrounding them is still unclear, preparatory work has already commenced ahead of any changes coming into effect. The Committee has been reassured by the work undertaken to date by management in response. An overview of some of the proposed reforms, and how we anticipate responding, can be found later in this report.

The Committee welcomes those developments which aim to improve transparency in governance and trust in our disclosures and we will continue to monitor the enactment of the government's reforms closely and the Group's proposed response thereto.

Risk management, internal controls, and fraud risk

Successful management of risks and uncertainties enables us to deliver on our purpose and be more resilient across our corporate, financial and operational structures. During 2022, the Committee increased its focus on the Group's Enterprise Risk Management ('ERM') framework and engaged a professional services firm to assess Bunzl's risk management procedures and identify opportunities for improvement. The output from the external review has been used to develop the ERM framework further and set goals for the future.

The Group has continued to strengthen its framework and approach to controls governance and assurance with the establishment of the Internal Control Essentials programme, investment made in the internal control team, and the build out of a network of control professionals embedded in each of the business areas. The work of the programme, which was initially supported by an external consultancy firm, is overseen by the Committee.

In addition, greater Committee scrutiny and challenge of the Group's processes and controls relating to fraud risk has been facilitated by more extensive and frequent reporting of fraud risk under the Internal Control Essentials programme. We have also focussed on strengthening the Group's anti-bribery and corruption procedures during the year.

More information on the Group's ERM framework and internal controls can be found in the Corporate governance report on pages 98 to 113. Readers will also find a Q&A with the Head of Internal Controls on page 126.

Information security
Given their criticality to the successful execution of the Group's strategy and operations, the oversight and scrutiny of information security and cyber security programmes remained key areas of focus for the Committee during the year. The Committee's scrutiny and intervention supported the recruitment of a new Group Chief Information Security Officer ('Group CISO') and additional investment in Bunzl's global IT security resource and capabilities in 2022. I am encouraged by management's plans to reinforce Bunzl's IT security framework further.

Information concerning the Group's approach to information security, and the Committee's responsibilities and activities in relation thereto, can be found later in this report and in an interview with the Group CISO on page 125.

Internal auditors
During 2022, we increased headcount in the Group's internal audit function, including the addition of one IT internal auditor, with further recruitment activity underway. This is a welcome development, which I believe will bolster the function's audit and assurance capacity and support its continued development and effectiveness. Details of Bunzl's assessment of the effectiveness of the Company's internal audit function can be found on page 129.

Financial and non-financial reporting
Another area of focus in 2022 concerned the resilience of the Group finance function, which I am pleased to report was enhanced further during the year. This is a result of the additional resource that has been recruited and the continued development of a systems-based approach to the analysis and reporting of data from across the Group. I would like to acknowledge the quality of PwC's audit of our 2022 financial statements but also the quality of Bunzl's finance resource, processes, approach and transparency in its communication with the external auditors, which are all critical to high quality financial reporting and the delivery of an effective audit. Information concerning external auditor independence and Bunzl's assessment of the effectiveness of the external audit process for the 2021 financial statements can be found later in this report.

During the year, a letter was received from the Conduct Committee of the Financial Reporting Council ('FRC') relating to its limited scope review of the Company's Taskforce on Climate-related Financial Disclosures in the 2021 Annual Report and I am pleased to report that no questions or queries were raised. The letter included suggestions concerning areas where the FRC believes users of the accounts would benefit from improvements to the Company's existing disclosures. These suggestions have been considered in preparing this Annual Report. The Company recognises that the FRC's review was based on a review of its Annual Report for the year ended 31 December 2021 and did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC's review provides no assurance that the Company's Annual Report is correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

The Committee has increased its scrutiny of non-financial reporting and updated its terms of reference to include the review and challenge of non-financial reporting measures, and the review of the Group's assurance activities relating thereto within its remit. The Group's internal audit team and an external professional services firm reviewed the Group's strategy to assess whether its existing governance, processes, controls and management activities support the consistent production of accurate Environmental, Social and Governance ('ESG') data and reporting. The recommendations will be used to enhance the Group's governance, processes, controls and management activities to ensure accurate reporting of ESG data and to prepare for the introduction of further mandatory sustainability reporting.

Performance evaluation
I am pleased to report that, based on the results of the 2022 evaluation, the Board members continue to consider the Committee to be thorough and effective in fulfilling its responsibilities. Further information concerning the evaluation process can be found in the Corporate governance report on pages 98 to 113 and examples of the priorities identified as part of the 2022 Audit Committee review are set out on page 121.

Additional information concerning the Committee's activities during 2022 and the key areas of focus in 2023 can be found later in this report. The Committee will keep its activities under review to ensure that they remain appropriate and continue to meet the changing needs of the business.

Lloyd Pitchford
Chair of the Audit Committee
27 February 2023

Composition and experience

The Committee comprises all of the independent non-executive directors, who were appointed to the Committee by the Board following recommendations by the Nomination Committee. The Secretary to the Committee is the Company Secretary.

All members contribute to the work of the Committee and bring an appropriate balance of financial, risk management, commercial acumen and experience in multinational organisations, combined with a good understanding of the Company's business and are therefore considered by the Board to be collectively competent in the sector in which the Company operates.

As the serving Chief Financial Officer of Experian plc, the Chair of the Committee, Lloyd Pitchford, is considered by the Board to have recent and relevant financial experience. The Committee members are of an independent mindset and bring a diversity of perspectives, knowledge and experience to the Committee's deliberations, which in turn ensures that the Committee is able to provide an appropriate amount of scrutiny, challenge and support to management. Independent thinking is an essential aspect of the Committee's role and is crucial in assessing the work of management and the assurance provided by the internal and external audit functions. Further information concerning the directors' skills and experience can be found in the Corporate governance report on pages 98 to 113 .

Audit Committee meetings

The table below sets out the Committee's composition and its members' attendance at the four scheduled Committee meetings held during 2022.

	Meetings attended*
Lloyd Pitchford	4
Vanda Murray	4
Stephan Nanninga	4
Vin Murria	4
Maria Fernanda Mejía**	–
Pam Kirby***	2

* While the Company Chairman and the executive directors are not members of the Committee, they normally attend Committee meetings by invitation, together with the Head of Internal Audit and Risk, Head of Internal Controls, representatives from the external auditors and members of the Group finance team.

** Maria Fernanda Mejía resigned as a director on 2 February 2022. No Committee meetings were held between 1 January 2022 and 2 February 2022.

*** Pam Kirby was appointed as a director on 1 August 2022 and attended all of the Committee meetings held between that date and the end of the year.

Key areas of focus in 2023

Alongside the regular cycle of matters that the Committee schedules for consideration each year, we are planning over the next 12 months to focus on the following areas:

- response to pending legislation and pronouncements from the FRC/ARGA following the BEIS consultation;
- monitoring new workstreams on internal controls projects;
- tracking the Group's information security programme;
- overseeing the external audit tender;
- overseeing the external review of the internal audit function; and
- a review of non- financial reporting and assurance.

Role and support

The role of the Audit Committee is to act independently of management to safeguard the interests of stakeholders in relation to the Company's financial reporting and internal control arrangements. A fundamental part of this role is ensuring that the Company has effective governance over the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions and the management of the Group's systems of internal control and business risk management and related compliance activities.

The Committee provides appropriate oversight, review and challenge of the decisions and approach taken by management in respect of the content and disclosures within the Company's financial reports, including considering whether such disclosures are set properly in context.

In the performance of its duties, the Committee has independent access to the services of the Company's internal audit function and to the external auditors and may obtain outside professional advice as necessary.

The Committee's terms of reference, which were reviewed by both Committee and the Board in 2022, are available on the Company's website, www.bunzl.com.

Training and briefings

Throughout 2022, the Committee considered market updates and developments in order to ensure that it was fully cognisant of matters which may affect the Group and its operations. This included:

- training from external specialists on information and cyber security;
- technical accounting updates on developments in financial reporting and accounting policy;
- updates on regulatory and governance changes, including the government's response to the BEIS consultation on audit and corporate governance; and
- briefings on specific topics, including tax risk and information security.

Stakeholder engagement

Our relationship with our stakeholders is a fundamental driver of value creation and we place considerable importance on ensuring that we are aware of and understand their views and sentiments. The Committee Chair avails himself of all opportunities to engage with Bunzl's stakeholders when appropriate in order to obtain their feedback and discuss any concerns that they may have concerning the Committee's operations and oversight.

While the results of the Company's proactive engagement with stakeholders during the year did not identify any concerns relating to the Group's risk profile and management thereof, or the Committee's discharge of its responsibilities, this is not taken for granted and the Committee will continue to monitor stakeholder sentiment closely and ensure that engagement is sought whenever it is needed. The Chair of the Committee will also be attending the Company's forthcoming AGM to answer any questions that shareholders may have. Further information concerning stakeholder engagement can be found on pages 70 to 73.

Principal responsibilities of the Committee

Financial and narrative reporting

- Monitoring and reviewing the integrity of the Group's financial and narrative reporting and the significant judgements contained therein
- Reviewing non-financial reporting measures, including non-financial KPIs, for inclusion in the Annual Report

Risk management and internal control

- Reviewing:
  - the Group's risk management processes, procedures and controls;
  - the effectiveness of the Company's internal control systems including operational, compliance and financial controls; and
  - the assurance activities relating to financial and non-financial reporting matters.

Internal audit

- Overseeing the Company's internal audit activities
- Monitoring and reviewing the effectiveness of the internal audit function

External audit

- Making recommendations to the Board in relation to the appointment/re-appointment/removal of the external auditors
- Reviewing the Company's relationship with the external auditors and monitoring their independence and objectivity
- Agreeing the scope, terms of engagement and fees for the statutory audit
- Initiating and supervising a competitive tender process for the external audit as required from time to time
- Developing and implementing a policy on the engagement of the external auditors to supply non-audit services

Financial statements and significant accounting matters

During the year and prior to the publication of the Group's results for 2022, the Committee spent considerable time reviewing and scrutinising the 2022 half yearly financial report and related news release, the 2022 Annual Report (including the financial statements), the 2022 annual results news release and the reports from the external auditors on the outcomes of their half year review and their audit relating to 2022. Management was challenged, where appropriate, on matters such as the appropriateness of accounting policies, critical accounting judgements and key accounting estimates. The appropriateness of the Group's external reporting framework and use of alternative performance measures ('APMs') were also assessed, with the Committee concluding that it is satisfied that the APMs reviewed are consistent with market practice, and that disclosure and reconciliation to statutory measures is appropriate. In conjunction with the Board, the Committee reviewed the financial modelling and stress testing conducted for the going concern assessment, as well as the viability assessment process undertaken in support of the long term viability statement. The Committee also challenged the assumptions and scenarios, noting the effect they would have during the viability period, further details of which can be found on page 83.

As part of its work, the Committee considered a number of significant accounting matters in relation to the Company's financial statements, together with the adequacy of the associated disclosures. These significant accounting matters are summarised in the table below and further information can be found in the relevant Notes to the consolidated financial statements. The Committee believes that the significant accounting matters have been properly recorded in the Company's books and records and accounted for appropriately, including relevant disclosure in the Annual Report.

Significant matters considered in relation to the financial statements

Issue	Review and conclusion
Accounting for business combinations	For business combinations, the Group has a long-standing process for the identification of the fair values of the assets acquired and liabilities assumed, including separate identification of intangible assets using external valuation specialists where required. The Committee reviewed this process and discussed with management and the external auditors the methodology and assumptions used to value the assets and liabilities of the acquisitions completed in 2022, noting that, following the acquisition of Hygi.de, the Group has also recognised a separate technology intangible asset. The Committee concluded that it was satisfied with management's valuations of these assets and liabilities, including the degree to which such valuations are supported by professional advice from external advisers. For business combinations where less than 100% of the issued share capital of a subsidiary is acquired and the acquisition includes an option to purchase the remaining share capital of the subsidiary, the Group has an established process to assess whether a non-controlling interest should be recognised. There were eight such business combinations during the year. The Committee reviewed the Group's assessment of these eight business combinations, noting that no non-controlling interest had been recognised. The Committee concurred with management's conclusion that the risks and rewards associated with the options to purchase the remaining shares had transferred to the Group on each acquisition. Details of the Company's approach to accounting for acquisitions are set out in Note 9 to the consolidated financial statements.
The carrying value of goodwill, customer relationships and brands intangible assets	Goodwill is allocated to cash generating units ('CGUs') and is tested annually for impairment. The Committee critically reviewed and discussed management's report on the impairment testing of the carrying value of goodwill of each of the Group's CGUs. The Committee also critically reviewed and discussed management's consideration of the impairment risk relating to customer relationships and brands intangible assets. In both regards, the Committee considered the sensitivity of the outcome of impairment testing to the use of different assumptions and considered the external auditors' testing thereof. The Committee noted that an impairment charge of £13.0 million had been recognised in the year in relation to the customer relationships intangible assets of two businesses based in Turkey within the Rest of Continental Europe CGU. After due challenge and debate, the Committee concluded that it was satisfied with the assumptions and judgements applied in relation to the impairment testing and agreed that there was no other impairment of goodwill or customer relationships and brands intangible assets. Details of the key assumptions and judgements used are set out in Note 13 to the consolidated financial statements.
Defined benefit pension schemes	The Committee considered reports from management and the external auditors in relation to the valuation of the defined benefit pension schemes and reviewed the key actuarial assumptions used in calculating the defined benefit pension liabilities, especially in relation to discount rates, inflation rates and mortality/life expectancy. The Committee discussed the reasons for the movement in the net pension surplus and was satisfied that the assumptions used were appropriate and were supported by independent actuarial experts. The Committee considered the Company's withdrawal from three multi-employer pension plans ('MEPPs') relating to the Group's US entities, for which a provision for the withdrawal liability had been made in 2020. The Committee noted that, in 2021, the Group had paid a lump sum of £3.2 million to settle the liability in respect of one of the plans. It was acknowledged that negotiations concerning the withdrawal liability for the remaining two plans were ongoing and that the Group carried a provision of £13.8 million for the estimated withdrawal liability on these two plans. The Committee noted that no provision was held in relation to three other MEPPs to which the Group's US entities continue to contribute. Having considered these matters thoroughly and following discussions with the external auditors, the Committee concluded that it agreed with the accounting treatment and disclosures made in relation thereto. Further information on these matters and the key assumptions used are given in Note 25 to the consolidated financial statements.
Taxation	The Committee reviewed a report and received a presentation from the Head of Tax highlighting the principal tax risks that the Group faces and a detailed risk assessment relating to the tax risks identified, including the judgements underpinning the provisions for potential tax liabilities. The Committee also reviewed the results of the external auditors' assessment of provisions for income taxes. Following appropriate debate and challenge, the Committee was satisfied with the key judgements and proposed disclosures related to tax made by management.
Inventory and receivable provisions	The Committee noted that, during 2022 the Group has seen a net utilisation of approximately £5 million in trade receivables and slow moving inventory provisions, with usage of these provisions exceeding net charges to increase the provisions. The Committee also noted that the Group has seen some utilisation of the additional provisions set up in the prior year as a result of market price movements on certain Covid-19 products.
Hyperinflation accounting	The Committee noted that, during 2022, IAS 29 'Financial Reporting in Hyperinflationary Economies' became applicable for entities with a functional currency of the Turkish Lira. As a result of this, the Group's financial statements include the results and financial position of its Turkish operations restated to the measuring unit current at the end of the year, with hyperinflationary gains and losses in respect of monetary items being reported in finance expense. The Committee noted that the total impact on the Consolidated income statement was a charge of £31.7 million. Having considered the aforesaid matters fully, and following discussions with the external auditors, the Committee concluded that it agreed with the accounting treatment and disclosures made. Further details concerning these matters and the key assumptions used are given in Note 1 to the consolidated financial statements.

Risk management

The Board approves the Group's risk management framework and sets the risk appetite, which in turn guides management to proactively identify, monitor, and manage the material and emerging risks that could impact Bunzl. During 2022, the Committee continued its regular review of risk reporting to ensure the balance between risk and opportunity remained in line with the Group's risk appetite and tolerance.

As mentioned earlier in this report, the Committee is responsible for reviewing, on behalf of the Board, the effectiveness of the Company's internal financial controls and the assurance procedures relating to the Company's risk management system. The Group has a culture of effective risk management and risk aware decision making is embedded in our key processes.

During the year, the Committee reviewed the process by which significant current and emerging risks had been identified by management and the Board, the key controls and other processes designed to manage and mitigate such risks, including the assurance provided by the internal audit function, the external auditors and other oversight from management and the Board. The Committee uses a number of tools to review the Group's risk management processes, including the Group's Risk and Assurance Map. These tools are reviewed regularly to ensure that they remain fit for purpose and continue to meet the needs of the business. In addition, during 2022, the Committee engaged a professional services firm to undertake an external assurance review of the maturity of the Group's risk management procedures. The output from the review has been used to develop the Group's ERM framework further and set goals for the future.

Cyber risk

Cyber threat and information security remained a major focus for the Committee in 2022 given the importance of technology for the Group's strategy and operations and the evolving risks in this area. Our cyber security controls and governance have been strengthened considerably in recent years in response to the increasing threat this poses to our businesses, including further developing our security policies, practices and training. We have remained focused on increasing the maturity of our cyber security capabilities and have invested heavily in the resources and initiatives necessary to maintain and improve our information security framework, including preventative technologies such as end point detection systems, user training and carrying out regular health checks and testing.

Cyber security at Bunzl

Identify Know what we have, what we do, and what's important	**Asset Management** **Business Environment** **Governance** **Risk Assessment** **Risk Management**
Protect Stop the things we should and do the basics well	**Identity Management** **Awareness and Training** **Data Security** **Information Protection**
Detect Quickly, simply, and efficiently find what needs to be stopped	**Anomalies and Events** **Detection Processes** **Security Continuous Monitoring**
Respond Implement processes to deal with events in real time	**Analysis** **Mitigation** **Improvements** **Communications** **Response Planning**
Recover Return to known good state and focus on continuous improvement	**Disaster Recovery** **Continuous Improvement** **Communications**

We believe that having an overlapping strategy based on security tools, people, and processes yields the most effective defences. Our layered approach to cyber security provides multiple opportunities for threats to be identified and addressed before they can cause significant harm.

Fundamental to the success of our digital security and strategy is our digital security culture, which is fostered and embedded through several channels. We recognise that a culture of security has to start at the top and the Board and Committees lead by example by dedicating considerable time and attention to the risks associated with cyber and information security. The Group Chief Information Officer ('Group CIO'), Group CISO and the Head of Internal Audit and Risk are regularly invited to Committee meetings to give an assessment of cyber risk and provide updates on the measures being taken by management to mitigate the cyber and information security risks and other evolving threats faced by the business.

Making security a part of everyone's responsibilities is a key part of instilling Bunzl's security culture and seeing senior management embody the security culture through their words and actions has been an important part of this. Regular communications and presentations from the Group CIO and Group CISO also increase employees' awareness and understanding of cyber risks and reinforce the significance security has for the entire Group. A Q&A with the Group CISO can be found in the adjacent section of this page.

The Group experienced a number of cyber-attacks during 2022, none of which were considered material and all of which were effectively managed through our Group Information Security teams. The Company regularly monitors its information security KPIs to ensure a process of continual improvement and development, and during the year an external professional services firm was engaged to assess how the Group's cyber security controls could be enhanced further.

Additional information concerning the principal risks and uncertainties facing the Group can be found on pages 74 to 82.

Q&A

Interview with Moses Bulus, Group Chief Information Security Officer

Q. What is Bunzl's strategy on digital security and how is the strategy communicated throughout the organisation?

We have a multi-stage information security strategy that scales to both the larger and smaller operating companies across the Group. This strategy was developed through collaboration with industry experts, Group technology resources and the executive team, with support from the Board of directors. Proactive communications between the business areas, technology directors, and corporate development teams is key to our strategy. We have further embedded this strategy throughout the organisation by deploying cyber security awareness campaigns across all regions to enhance the knowledge of Bunzl personnel and their resilience to cyber threats.

Q. What has the Board done to foster a culture of digital security?

The Board has been actively engaged with the information security programme from the start. During 2022, the Board supported investments in technology, process support, and the development and acquisition of talent into the organisation. Its support and regular review of information security KPIs also ensures that we continue to foster a culture of measurement and continuous improvement.

Q. What training is provided to the directors in relation to digital security?

The Board is provided with annual training on digital security, which is delivered by the Group CIO and me. The training is adapted based on the ever changing threat environment and external expertise is leveraged whenever necessary to ensure the Board has sufficient knowledge to effectively monitor the Group's digital security strategy and risks. This year, training covered topics including global trends, threat intelligence and risk mitigation strategies.

Q. What role does the Audit Committee play in relation to digital security, digital transformation and strategy risks?

The Committee is proactive in addressing the principal and emerging risks facing the Group, including information security risks. We are continually making improvements to the information security programme thanks to the Committee's regular engagement, auditing and management of mitigation strategies (as necessary). The Committee also plays a key role in evaluating and selecting external advisers to assist with programme management, implementing best practice, and benchmarking in line with industry standards, which are critical to the successful delivery of a programme such as this.

Internal controls

The Group has an internal control environment designed to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls and the Committee has responsibility for ensuring the effectiveness of those controls. These controls and procedures are designed to manage, but not eliminate, the risk of failure of the Company to meet its business objectives and, as such, provide reasonable, but not absolute, assurance against material misstatement or loss.

The Committee monitored the effectiveness of the internal financial controls framework through reports from the Chief Financial Officer ('CFO'), the Head of Internal Controls, the Head of Internal Audit and Risk and the external auditors. In particular, the Committee considered the scope and results of the work of internal audit, the findings of the external auditors in relation to the year end audit, management's assessment of fraud risk, the controls over the Company's financial consolidation and reporting process, treasury controls, tax risks and the process for monitoring the ongoing performance of the Company. It is the responsibility of management to provide confirmation that the controls and processes are being adhered to throughout the business and this is continually tested by the work of the internal audit function as part of its annual plan of work, which the Committee approves. Compliance with the internal control system is monitored via an annual internal controls self-assessment with sign off and review of key financial and non-financial controls for all businesses. Self-assessed responses are challenged locally by business area internal control teams, reviewed centrally and audited on a sample basis by the internal audit function, and reported to the Committee.

As previously mentioned, the Committee also oversaw the Group's Internal Control Essentials programme which is influenced by the audit and governance reforms and aims to further develop the Group's internal control framework for financial reporting. As part of this programme, a Group Steering Committee has been established to further the strategy and monitor progress against key programme deliverables. The Committee received the results of a deep dive on control enhancement work within our largest Bunzl North America business and challenged management on the initial test

Q&A

with Ian Burrows, Head of Internal Controls

Q. How has the internal controls framework evolved over the past few years at Bunzl?

I joined Bunzl in 2021 to help implement a Group wide internal control programme. With the help of an external consultancy, we launched the Bunzl Internal Control Essentials programme early in 2022, designed to continuously improve and strengthen risk management and the internal control framework at Bunzl.

Our work has accelerated throughout the past year with the expansion of our global team of internal control specialists, the majority of whom are embedded in each of our business areas so that we remain close business partners and we mirror the organisational structure of Bunzl. Our team now consists of a range of colleagues with broad experience in internal controls, IT general controls, assurance, and risk management. Allied to our investment in the team is our investment in technology. We are progressively rolling out a technology platform to automate and manage our internal control and risk management processes and continue to upgrade underlying financial and operational systems to improve efficiency.

Q. How have internal controls been further integrated into Company strategy?

The programme is aligned with strategy and seeks to build on existing strengths such as our decentralised structure and the strong culture of ownership and accountability amongst Bunzl's business leaders. One of our key objectives is to ensure the programme adds value to the business, builds on existing processes and controls and provides a firm foundation for further growth. To achieve this, we are conscious of ensuring our work does not become a compliance or box-ticking exercise; the Group is composed of a range of diversified businesses so our internal control framework is designed to be risk-based and flexible such that it can be tailored for each business.

Notwithstanding, we also place great importance on aligning our work with Bunzl's broader risk management, information security and internal audit programme so that we work in an integrated and holistic manner.

Q. What level of engagement does your team have with the Audit Committee?

Monitoring the Group's internal control systems has always been a core part of the Audit Committee's remit and the Internal Control Essentials programme was established under its direction. The initiation of the programme was a key focus for the Audit Committee throughout 2022 and the Committee dedicated time at each meeting to monitor both progress and the ongoing control monitoring activities carried out by the Group. Having strong leadership and 'tone at the top' is critical for programmes like ours, so the continued strong commitment shown by the Audit Committee and wider executive team is critical for success.

Q. Looking ahead, what are some of the key areas that your team will be focusing on?

The Internal Control Essentials programme is designed to address the relevant requirements of the UK government's proposed reforms to the audit and corporate governance regime. While we await final details on the requirements, our work to date has focused on 'no regret' actions. The pace of activity will increase further in 2023 and 2024 as we work with management across our businesses to embed risk and control enhancements into our business and IT processes. We also intend to progress work to develop the scope and content of the Group's Audit and Assurance Policy and will continue to monitor developments from the FRC and the government.

work performed, the remedial actions and the completion timeframes proposed.

Having reviewed the process by which management assessed the control environment, in accordance with the requirements of the Guidance on Risk Management, Internal Control and related Financial and Business Reporting published by the FRC, the Committee confirms that the system of internal control operated effectively for the 2022 financial year. Where specific areas for improvement were identified, mitigating alternative controls and processes were in place. This allows us to provide positive assurance to the Board to help fulfil its obligations under the FRC's UK Corporate Governance Code.

Further information on internal controls and risk management is included in the Corporate governance report on pages 111 and 112 and in the Q&A with the Head of Internal Controls which is included on page 126. Additional information concerning the Group's approach to risk management and the principal risks and uncertainties that it faces can also be found on pages 74 to 82.

Audit and governance reforms

The table below provides an overview of some of the audit and corporate governance reforms announced by the government and how we anticipate addressing these within Bunzl. The Committee's terms of reference will be updated as appropriate to reflect the new responsibilities placed on audit committees by the reforms.

Meetings and activities

Committee meetings are generally scheduled close to Board meetings in order to facilitate an effective and timely reporting process.

The Committee has a structured, rolling, forward-looking planner which is developed with the Company Secretary and is designed to both ensure that the Committee's responsibilities are discharged in full during the year, and to facilitate more in-depth reviews of those topics which are of particular importance or pertinence. Items on the agenda are set with consideration of regulatory requirements, the Company's reporting timetable and after considering key issues identified by the CFO, management, the Head of Internal Audit and Risk and the external auditors. The forward agenda planner is reviewed regularly and adapted, where necessary, to ensure that it meets the changing needs of the business.

The Chair of the Committee holds preparatory discussions with the Company's senior management, the Head of Internal Audit and Risk and the external auditors prior to Committee meetings to discuss the items to be considered at the meetings. The Committee Chair also meets individually throughout the year with Committee members to obtain their feedback on the areas of Committee focus. Separate discussions are held periodically during Committee meetings between the Committee and the Head of Internal Audit and Risk and the external auditors without management present.

Following each Committee meeting, any significant findings are reported to the Board and copies of the minutes of the Committee meetings are circulated to all directors and to the external auditors.

The Committee Chair attends the AGM to respond to any shareholder questions that might be raised concerning the Committee's activities.

A summary of the Committee's key activities in 2022 and its priorities for 2023 can be found on page 128 and page 121 respectively. The Committee will continue to keep its activities under review and adapt them wherever necessary in anticipation of, and in response to, developments within the business and changes in the financial reporting, regulatory and governance landscape.

Audit and governance reforms – proposed actions

Internal controls systems and fraud statement	As part of the Internal Control Essentials programme, a project plan has been developed to assist the Company to comply with the new reforms, as they are currently understood.
Audit and assurance policy	In preparation for the introduction of an Audit and Assurance Policy, management has completed an exercise to map important risks and disclosures to the different types of assurance in place currently across the Group.
Resilience statement	A 'resilience statement' will be included in future annual reports, in compliance with prevailing regulation/legislation and governance requirements. In the meantime, we will continue to further our understanding of the government's resilience reporting requirements and how best to meet them.
Dividends and capital maintenance	It is our present intention to widen our disclosures in respect of distributable reserves in our future financial reporting.
New sanctions for director wrongdoing	The Remuneration Committee will consider the inclusion of additional conditions to its malus and clawback provisions ahead of the Company's 2024 AGM, at which the directors' remuneration policy will be put to a shareholder vote.

Audit Committee meetings and activities

Financial reporting

- Receiving and, where appropriate, challenging reports from management and the external auditors in relation to the half yearly financial report and the annual financial statements
- Reviewing the half yearly financial report and the annual financial statements and the formal announcements relating thereto
- Reviewing the amendments made by management to the definitions of APMs and considering the appropriateness of disclosures made in the half yearly financial report and annual financial statements
- Considering thematic reviews and guidance from the FRC concerning annual report disclosures

Risk management and internal controls

- Reviewing the effectiveness of the Company's internal financial controls and the assurance procedures relating to risk management systems, including receiving and considering a Risk and Assurance Map
- Reviewing the Company's annual controls self-assessment and fraud processes and related controls framework
- Reviewing the effectiveness of the Company's risk management processes, including considering a paper from a professional services firm on the results of its assessment of Bunzl's risk management processes and procedures and debating management's proposed actions in response thereto
- Reviewing the Company's principal tax risks and the steps taken to manage such risks
- Considering updates from the Head of Internal Controls on the Internal Control Essentials programme
- Receiving updates on the Group's Information Security Policy and activities in 2022, including incidents encountered, the results of reviews by external professional services firms of the Group's approach to information security, the work undertaken as part of the Information Security Governance and Operational Plans Review, and the opportunities identified as part of an in-house 'continuous improvement' session
- Undergoing training from a third party provider on the current state of cyber risk
- Receiving updates from the Head of Internal Audit and Risk on the Information Security Assurance Audit Plan and associated audit results, including progress on GDPR and data privacy, and the Group's risk-based security framework

Audit matters

- Reviewing the effectiveness of both the external auditors and the internal audit function following completion of detailed questionnaires by both the Board and senior management within the Company
- Approving the engagement of a professional services firm to undertake an external review of the Group's risk management
- Making recommendations to the Board concerning the re-appointment of the external auditors and approving the remuneration and terms of engagement of the auditors, including the audit strategy
- Reviewing and approving the policy for the provision of non-audit services by the external auditors
- Reviewing and approving the level and nature of non-audit work which the external auditors performed during the year, including the fees paid for such work, and planning process for the current financial year
- Considering a paper on the proposed strategy for the tender of the external audit contract
- Reviewing and approving the internal audit work programme for the coming year
- Considering a paper concerning the initiatives undertaken by the internal audit function to further develop the team and increase collaboration across the Group's businesses
- Receiving and considering reports from the Head of Internal Audit and Risk concerning the work undertaken by the internal audit function, including in relation to the function's ongoing quality assurance and improvement programme
- Reviewing and approving the Company's internal audit charter
- Receiving and considering the results of the 2022 anti-bribery and corruption audit

Governance and other

- Reviewing the Committee's effectiveness following an externally facilitated performance evaluation
- Reviewing the Committee's terms of reference
- Reviewing and approving the Group's Tax Strategy for the 2022 financial year
- Considering a paper on the reforms identified by the government in its response to the BEIS consultation 'Restoring trust in audit and corporate governance'
- Considering a letter from the FRC's Conduct Committee relating to its limited scope review of the Company's Annual Report 2021

Internal audit

The work of the internal audit function provides the Committee with a further means of monitoring the processes and actions to manage and mitigate those risks identified as posing the greatest threat to the Company.

The scope of work covers all systems and activities of the Group and work is prioritised according to the Company's risk profile. The internal audit plan is approved by the Committee annually and is reviewed regularly thereafter to ensure that it continues to be fit for purpose and to enable the Committee to assess how internal audit is delivering against the plan.

The quality and effectiveness of the internal audit function's work is monitored continually using a variety of formal and informal inputs, including discussions with management, reviews and assessments of the quality of testing results and reporting, questionnaires, and feedback from the external auditors. Periodically, the quality and effectiveness of the internal audit function is also assessed externally, with the most recent review being undertaken in 2019.

The Head of Internal Audit and Risk has direct access to the Committee Chair, with whom a number of meetings were held during the year outside formal Committee meetings. The Chair of the Committee also liaises with the CFO as necessary to ensure robust oversight and challenge in relation to financial control and risk management and to ensure that the Committee is kept informed of any changes in response to new issues or changing circumstances.

The external audit partner and the Head of Internal Audit and Risk attend and table reports at each scheduled Audit Committee meeting, which ensures that the Committee members have the opportunity to provide real-time feedback and, where appropriate, challenge in relation to all audit related matters. The internal audit reports include details of the audit findings, the relevant management actions required in order to address any issues arising, as well as updates on management's progress in addressing any outstanding recommendations from previously reported findings. The reports also highlight any significant issues relating to the processes for controlling the activities of the Group and the adequacy and effectiveness of such processes.

A detailed questionnaire is circulated annually to gather feedback from a broad range of internal stakeholders, including directors and senior management at Group and business area levels who have regular contact with the internal audit function. In 2022, the questionnaire covered a total of 36 different aspects of the internal audit function, including: purpose, authority and responsibility; independence, objectivity and proficiency; quality assurance processes; adequacy of resources; auditors' skills and capabilities; and the quality of reporting. Taking all of these elements into account, the Committee concluded that the internal audit function continued to be effective, efficient and appropriately resourced. The Committee will carry out a similar effectiveness review in 2023.

External auditors

An important part of the Committee's work consists of overseeing the Group's relationship with the external auditors. The Committee is responsible for ensuring that the three-way relationship between the Committee, the external auditors and the Company's management is appropriate and that the independence, quality, rigour, and challenge of the external audit process is maintained.

As part of its decision making process concerning whether to tender, offer, or continue an audit engagement, there are a number of key considerations that the Committee takes into account, the principal elements of which are set out below and on page 130.

Conflicts of interest

In assessing the independence of the auditors from the Company, the Committee takes into account the information and assurances provided by the auditors confirming that all its partners and staff involved with the audit are independent of any links to the Company.

PwC confirmed during the year that all its partners and staff complied with its ethics and independence policies and procedures which are consistent with the FRC's Revised Ethical Standard (2019) and other relevant regulatory and professional requirements, including that none of its employees working on Bunzl's audit hold any shares in Bunzl plc. PwC is required to provide an independence confirmation letter at the planning stage of the audit, including any relationships that may reasonably be thought to have an impact on its independence and the integrity and objectivity of the audit engagement partner and the audit staff.

Non-audit services

Bunzl has a detailed policy relating to the provision of non-audit services by the external auditors which is overseen by the Committee. It is the Company's policy to assess the non-audit services to be performed by the Company's auditors on a case-by-case basis to ensure adherence to the prevailing ethical standards and regulations.

In the main, Bunzl uses other firms to provide non-audit services. However, if the provision of a service by the Company's auditors is permitted and adequate safeguards are in place, it is sometimes appropriate for this additional work to be carried out by the Company's auditors.

Details of the fees paid to the external auditors in 2022 in respect of the audit and for non-audit services are set out in Note 5 to the consolidated financial statements. The fees relating to non-audit services work in 2022 equated to 8.0% of the fees relating to audit services.

Tenure and effectiveness

The Committee takes into account the tenure of the auditors in addition to the results of its review of the effectiveness of the external auditors and considers whether there should be a full tender process, either as a result of that review or as may be required by the relevant regulations. There are no contractual obligations restricting the Committee's choice of external auditors.

As reported last year, PwC has been Bunzl's external auditors since its appointment in 2014 following a competitive tender process. In accordance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the 'CMA Order'), the Company is required to put the external audit contract out to tender every 10 years and it is the Committee's intention to conduct a formal competitive tender process in 2023. Should the Company decide to change auditors, this will allow sufficient time for the chosen auditors to meet the requirements for independence and develop their audit plan in advance of the 2024 financial year.

Extensive preparatory work has already been undertaken by the CFO and management, with the Committee being briefed fully on the proposed timetable and process for the tender. As part of this work, particular attention has been paid to The Statutory Auditors and Third Country Auditors Regulations 2016 legislation, which contains specific requirements for audit committees of Public Interest Entities ('PIEs') in respect of tender processes. Full details of Bunzl's tender process and the Group's ultimate decision will be provided in next year's Annual Report.

Given the continuing effectiveness of PwC in its role as external auditors, the Committee believes it is in the best interests of shareholders for PwC to remain in the role for the next year pending the outcome of the tender process. The current audit partner, Neil Grimes, took over the position as audit partner with effect from 1 January 2019. Accordingly, the Company confirms that it has complied with the provisions of the CMA Order for the 2022 financial year.

As a consequence of its satisfaction with the results of its review of the external auditors' activities during the year, the Committee has again recommended to the Board that a resolution proposing the re-appointment of PwC as external auditors for the year ending 31 December 2023 be put to shareholders at the forthcoming AGM.

Effectiveness of the statutory audit process

PwC presented the Committee with its detailed audit plan for the forthcoming financial year, which outlined its audit scope, planning materiality and its assessment of key audit risks. The identification of key audit risks is critical in the overall effectiveness of the external audit process.

In assessing the adequacy of the audit plan, the Committee considers and, where necessary, challenges the auditors on how far the scope of the audit addresses the Board's assessment of risks.

The Committee was provided with updates on PwC's progress against the audit scope at subsequent Committee meetings, providing Committee members with the opportunity to challenge management and PwC and raise questions where necessary.

Regular dialogue between the Committee and the auditors ensures that any significant issues are identified, and the appropriate audit responses are discussed, at the earliest opportunity. The external auditors also have direct access to the Chair of the Committee who held a number of meetings with PwC during the year outside formal Committee meetings.

As part of the ongoing monitoring process, the Committee considers the results of any periodic reviews by the FRC's Audit Quality Review Team of PwC's audit of the Company, as well as the results of the FRC's reviews of PwC's audits more broadly, and challenges PwC to ensure continuous improvement.

During the year, private meetings were held between the Committee and PwC without management present to encourage open and honest feedback by both parties on any matters they wished to raise. This afforded the Committee the opportunity to obtain greater insight concerning the extent to which management's analysis and presentation of information had been challenged by the auditors.

Following the completion of the audit, those involved in the process were invited to provide feedback on PwC's performance. This involved the completion of a questionnaire by the Committee members, key members of senior management and those who regularly provide input into the Committee or have regular contact with the auditors.

The questionnaire covered a total of 24 different aspects of the external audit process, grouped under four separate headings: the robustness of the audit process; the quality of delivery; the quality of people and service; and the quality of reporting. The responses were collated and presented to the Committee for consideration.

Prior to the Board's approval of the annual financial statements, the Committee provided the Board with its views on the outcome of the statutory audit. Such feedback generally covers: the outcome of the auditors' assessment of key audit matters; management's key accounting issues and judgements; other areas of audit focus; and how the statutory audit has contributed to the integrity of the financial reporting process.

The Committee also discusses the outcome of any quality monitoring processes that may have been undertaken by the auditors' own firm, including any lessons learnt and the actions taken to address those areas identified for improvement.

Based on the feedback received and the results of the Committee's ongoing audit monitoring throughout the year, the Committee concluded that PwC had demonstrated appropriate focus and challenge on the primary areas of the audit and had applied robust challenge and scepticism throughout the process, with additional measures for further enhancement encouraged.

Directors' remuneration report

> **Despite facing a number of headwinds and a degree of uncertainty, Bunzl has delivered another exceptional all-round performance in both financial and strategic terms."**
>
> **Vanda Murray OBE**
> Chair of the Remuneration Committee

Introduction from Vanda Murray

I am pleased to present the Directors' remuneration report for the year ended 31 December 2022. It has been another busy year for the Remuneration Committee and I was delighted to welcome Pam Kirby as a member in August 2022.

Context of remuneration

2022 was a very difficult year to plan for. At the beginning of the year we were still managing the impact of the Omicron variant, facing significant supply chain issues, a tightening labour market and managing the deflation of some key Covid-19 related products.

Amidst all these challenges Bunzl's business performance was outstanding. At constant exchange we achieved 9.8% revenue growth, both organic and through acquisition (we announced 12 new acquisitions over the course of the year), and 11.1% growth in adjusted operating profit. We continued to manage cash in a disciplined way and our diversified and essential product portfolio helped us to remain resilient in a high-inflation environment.

Despite all the operational challenges, 2022 was also a year when we were able to make significant progress with our Environmental Social and Governance ('ESG') agenda. Our climate change targets were approved by the SBTi in October, and we expanded the reach of our supplier audit programme beyond Asia. Our ability to supply sustainable alternative products, including newly launched own brands, to our key customers has become a source of real competitive advantage. We were also able to demonstrate our focus on our people by improving the diversity of our workforce at a leadership level and providing much-needed cost of living support to employees in some parts of the business.

In summary, the Group has delivered another excellent all-round business performance, and this has been rewarded with strong outturns from both the annual bonus scheme and those long term incentive plans which included 2022 as a performance year.

Performance and reward for 2022

Annual bonus

Annual bonus payments were based on a combination of key financial measures comprising adjusted earnings per share, return on average operating capital and operating cash flow, with a minority (30% of the total opportunity) based on personal strategic objectives and, for the second year running, specific ESG targets. In setting our incentive targets, we have regard to the performance potential of the different parts of the business and of the whole Group. The on-target performance level for the financial elements of the bonus for 2022 was set at, or close to, the budgeted level of performance. The personal and ESG objectives selected are closely aligned to the strategic priorities for the business and are clearly measurable.

As outlined above, this was an exceptionally strong all-round performance from the business and the leadership team, and therefore the variable pay awarded has been deservedly high. The Committee's evaluation of the annual bonus targets resulted in a payment of 98% of maximum for Frank van Zanten and 98% of maximum for Richard Howes. On the financial elements, no discretion was applied by the Committee to adjust the bonus outcomes, as overall payments reflected business performance.
The Committee conducted a detailed review of the evidence to support the evaluation of the personal and ESG objectives. In line with the remuneration policy, 50% of the annual bonuses will be delivered in shares, subject to a three year deferral period.

Long Term Incentive Plans ('LTIPs')

The Committee assessed the performance for the LTIP awards with performance conditions linked to performance periods that ended during, or at the end of, the 2022 financial year. The share options were subject to adjusted earnings per share ('eps') growth targets and the performance shares were subject to both eps growth and relative total shareholder return ('TSR') targets. It is worth noting that the share option grants were made in the spring and autumn of 2020, in the midst of the Covid pandemic. Although the performance conditions for the autumn grants were set in the context of the outlook at the time, the spring grants were made under the previously set eps growth targets over a three year period, which were exceptionally stretching. The Committee also considered the potential for windfall gains as a result of granting awards at share prices impacted by Covid-19.

Despite a decline in our share price directly after the outbreak of the pandemic, the share price recovered strongly in the second half of 2020. As a result of granting LTIP awards biannually the average grant prices during 2020 were less than 10% below 2019 prices. Therefore, the Committee is satisfied that there is no windfall gain and that no adjustment is required. In addition, the Committee has not exercised discretion to amend the vesting outcomes for any of these share awards, although it did adjust the eps performance to reflect the impact of the accounting change during 2022 in respect of hyperinflation in Turkey. The 2019 performance share awards vested in April and October 2022 at 45.4% and 73.6% of the maximum respectively, and the 2020 share option awards at 100% and 100% respectively.

Restricted Share Awards have been in place for the senior team since 2021 when the Directors' Remuneration Policy was approved by shareholders. These replaced the previous performance share plan (LTIP B) and share option awards (LTIP A) referred to above. In 2022, awards of shares were therefore granted to approximately 25 of the most senior leaders, with around a further 470 managers continuing to receive share options under the LTIP A in 2022.

Chief Executive Officer pay ratio

As required by the Regulations we have again disclosed in this year's Directors' remuneration report the ratio between the Chief Executive Officer's remuneration and the median, lower quartile and upper quartile of UK employees. The Committee considers the executive remuneration in the context of this and other internal and external reference points.

Implementing the policy for the 2023 financial year

Base salary

The base salaries for the executive directors, Frank van Zanten and Richard Howes, have been increased by 5.9% and 5% respectively, effective from 1 January 2023. Both these increases are broadly in line with those of the leadership populations across the business, which were between 4-6%. In the UK, the average pay awards for the leadership team were slightly higher. The Committee took the decision to award Frank van Zanten a slightly higher percentage increase because of his excellent performance over his almost seven year tenure as Chief Executive Officer, during which time Bunzl has achieved exceptional growth against all key financial and non-financial metrics. Since 2015, revenue has increased by around 80% and adjusted operating profit has almost doubled at actual exchange rates. 72 new businesses have been acquired, making Bunzl a much larger and more global business than it was when Frank van Zanten was appointed as Chief Executive Officer.

Annual bonus

For the 2023 financial year, the maximum annual bonus opportunity will remain unchanged at 180% of base salary for the Chief Executive Officer and 160% for the Chief Financial Officer, with on-target bonus at 50% of the maximum.

The annual bonus performance measures continue to be a balanced scorecard of key financial metrics – eps, return on average operating capital ('RAOC') and operating cash flow. 20% of the bonus opportunity will be dependent on personal performance linked to certain specified strategic non-financial goals and again, 10% of the opportunity for both directors will be dependent on the achievement of specific ESG objectives. This reflects how central the sustainability agenda is to Bunzl's strategy, around the four key pillars of the transition to Alternative Products, Climate Change, Ethical Sourcing, and Diversity. The objectives agreed for 2023 are a clear build on the 2022 targets and reflect the long-term nature of the roadmap.

50% of any bonus awarded will be deferred into shares for a period of three years.

When setting the target levels, the Committee considers carefully the growth ambitions for the Group and the market challenges which may impact performance. The overall aim is to set targets that are stretching without encouraging inappropriate levels of risk. The range itself varies each year, taking into account the specific opportunities and challenges facing the business. Target setting, year by year, results in stretching ambition, while ensuring that the scale of reward on offer is proportionate and always linked to performance.

LTIP

In March 2023, the Committee expects to make further grants of restricted shares under the 2021 approved policy to the executive directors and other participants. These will be at the same percentages of salary as in 2022, and will vest in March 2026, subject to continued employment and the assessment of the underpin. Vested awards will be subject to a two-year holding period. The Committee may scale back the awards (including to zero) if it is not satisfied that the underpin has been met.

Priorities for 2023

Over the course of 2023, the Committee will be considering possible revisions to the Directors' Remuneration Policy to be presented to shareholders early in 2024. As always, we will take into account the future strategy and growth agenda of Bunzl, as well as considering external market trends and developments in executive pay. I will be very grateful for the feedback of shareholders on our proposals later in the year.

Conclusions

Despite the challenges facing Bunzl at the beginning of the year, the Group has yet again proven the strength of its diversified model, strong local focus on customers and resilient supply chain. Adjusted eps in 2022 at constant exchange rates was 41% higher than in 2019. This is a testament to the quality of the leadership team, who have been able to combine forensic operational focus with strategic vision and a strong appetite for growth. The variable pay outturns are deservedly high.

In the following pages you will find details of:

- the 'at a glance' guide to executive directors' remuneration for 2022;
- the annual report on remuneration for 2022, including our approach to the application of the remuneration policy in 2023; and
- the 2021 directors' remuneration policy.

I hope that you will find this report to be clear and helpful in understanding our remuneration policy and practices.

Vanda Murray OBE
Chair of the Remuneration Committee
27 February 2023

The responsibilities and operation of the Committee

Committee membership role and remit

The Committee comprises all of the independent non-executive directors of the Company. While neither the Chairman nor the Chief Executive Officer are members of the Committee, they attend meetings by invitation. The Director of Group Human Resources, who acts as secretary to the Committee, also attends meetings. The Committee's terms of reference, which were reviewed by both the Committee and the Board in 2022, but remain unchanged, are available on the Company's website, www.bunzl.com.

No director plays any part in determining his or her remuneration. During the year ended 31 December 2022, both the Chief Executive Officer and the Chairman were consulted and invited to attend meetings of the Committee but were not present during any part of the meeting when their own remuneration was under consideration.

The independent non-executive directors who were members of the Committee during 2022 are listed on pages 100 and 101.

The primary role of the Committee is to determine the framework and broad policy for the remuneration of the Chairman, the executive directors of the Board and the senior management group directly below Board level. The Committee proposes the directors' remuneration policy for shareholder approval at least every three years. It also governs the implementation of the policy, ensuring that the remuneration of the executive directors and senior management supports the sustainable performance of the business and that it is aligned with the Company's shareholders' interests. The Committee considers market practice, shareholders' views and the Group's broader remuneration arrangements when setting the Group's performance-related incentives and ensures compliance with UK corporate governance good practice.

The key responsibilities of the Committee include:

- ensuring that executive directors and senior executives are properly incentivised to attract, retain and fairly reward them for their individual contribution to the Company, having due regard to the policies and practices applied to the rest of the employees within the Group;
- determining the framework and broad policy for the remuneration of the Chairman and the executive directors of the Board;
- ensuring that remuneration is aligned with and supports the Company's strategy and performance, having due regard to the interests of the shareholders and to the financial and commercial health of the Company, while at the same time not encouraging undue risk taking;
- communicating and discussing any remuneration issues with the Company's stakeholders as and when appropriate;
- setting and reviewing the executive directors' remuneration and benefits including, but not limited to, base salary, bonus, long term incentive plans and retirement benefits;
- ensuring that all remuneration paid to the executive directors is in accordance with the Company's previously approved remuneration policy;
- ensuring all contractual terms on termination, and any payments made, are fair to the individual and the Company;
- monitoring the policies and practices applied in respect of the remuneration of senior executives directly below Board level and making recommendations as appropriate;
- overseeing the Company's long term incentive plans for all employees; and
- ensuring that provisions relating to disclosure of remuneration as set out in the relevant legislation, the Financial Conduct Authority's Listing Rules and the Code are fulfilled.

Committee membership

	Date of appointment to the Committee
Vanda Murray	1 February 2015
Lloyd Pitchford	1 March 2017
Stephan Nanninga	1 May 2017
Vin Murria	1 June 2020
Maria Fernanda Mejía	23 December 2020
Pam Kirby	1 August 2022

Meetings

	Meetings eligible to attend	Meetings attended
Vanda Murray	3	3
Lloyd Pitchford	3	3
Stephan Nanninga	3	3
Vin Murria	3	3
Maria Fernanda Mejía*	–	–
Pam Kirby**	2	2

* Maria Fernanda Mejía stepped down from the Board on 2 February 2022.
**Pam Kirby was appointed to the Board on 1 August 2022.

Compliance statement

This report has been prepared on behalf of, and has been approved by, the Board. It complies with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the 'Regulations'), the Code and the Financial Conduct Authority's Listing Rules and takes into account the accompanying Directors' Remuneration Reporting Guidance and the relevant policies of shareholder representative bodies.

In accordance with the Regulations, at the 2023 AGM the Company will be asking shareholders to put forward an advisory vote on the Directors' remuneration report, excluding the directors' remuneration policy, as set out on pages 147 to 155. This provides details of the remuneration earned by directors for performance in the year ended 31 December 2022. The directors' remuneration policy was approved by shareholders in a binding vote at the 2021 AGM.

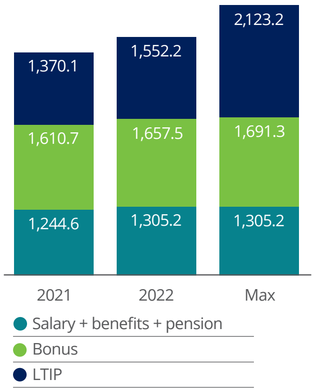
2022 remuneration at a glance

Remuneration principles

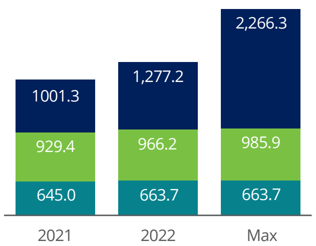
- Materially differentiate reward according to performance.
- Reward competitively to attract and retain the best talent.
- Breakdown of fixed and variable pay to be appropriate to each role.
- Framework to be transparent with clear line of sight from performance to individual outcomes.

Summary of executive directors' remuneration for the year

Chief Executive Officer
Frank van Zanten (£000)



Chief Financial Officer
Richard Howes (£000)



Alignment of incentive outcomes in 2022

To motivate and reward the achievement of the Company's strategic and operational objectives.

Alignment of performance and remuneration 2022

	Measure	Director	Outcome
Annual bonus To motivate and reward the achievement of the Company's strategic and operational objectives	**Eps** Linked financial KPI: eps		35%
	RAOC Linked financial KPI: RAOC and operating profit		10%
	Operating cash flow Linked financial KPI: cash conversion		25%
	Non-financial strategic goals Payable to the executive directors in relation to agreed non-financial strategic goals	Frank van Zanten	20%
		Richard Howes	20%
	ESG goals	Frank van Zanten	10%
		Richard Howes	10%
	Total bonus opportunity/result	Frank van Zanten	100%
		Richard Howes	100%
LTIP To motivate and reward performance linked to long term success	**Eps** Linked financial KPI: eps	LTIP A	100%
		LTIP B	50%
	TSR Linked financial KPI: dividend per share and share price		50%
	Total LTIP opportunity/result		100%

- Total opportunity
- Result

Highlights of wider workforce remuneration in 2022

- 471 leaders across the Group receive share options as part of their remuneration
- One-off cost of living support payments made to all UK based employees below senior leader level.
- c.11,600 people benefit from the opportunity to take part in employee share save plans
- c.12,300 people have an element of performance related pay in their remuneration.

Annual report on directors' remuneration for 2022

This report sets out the elements of remuneration paid to, or earned by, the directors in respect of the financial year 2022.

Single total figure of remuneration 2022 (audited information)

Executive directors

	Salary £000		Taxable benefits £000		Bonus £000		LTIP £000		Pension £000		Total £000		Sub-total of fixed pay £000	Sub-total of variable pay £000
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	**2022**
Frank van Zanten	**939.6**	913.1	**234.1**	148.9	**1,657.5**	1,610.7	**1,552.2**	1,370.1	**131.5**	182.6	**4,514.9**	4,225.4	**1,305.2**	**3,209.7**
Richard Howes	**616.2**	598.8	**16.7**	16.3	**966.2**	929.4	**1,277.2**	1,001.3	**30.8**	29.9	**2,907.1**	2,575.7	**663.7**	**2,243.4**
Total	**1,555.8**	1,511.9	**250.8**	165.2	**2,623.7**	2,540.1	**2,829.4**	2,371.4	**162.3**	212.5	**7,422.0**	6,801.1	**1,968.9**	**5,453.1**

Notes

a) The figures above represent remuneration earned as directors during the relevant financial year including the bonus of which the cash element, 50% of the bonus, is paid in the year following that in which it is earned. The other 50% of the bonus shown above is deferred and conditionally awarded as shares under the rules of the Deferred Annual Share Bonus Scheme ('DASBS'). Shares relating to the 2021 deferred bonus were awarded in 2022 as shown in the table on page 145 and the shares relating to the 2022 deferred bonus will be awarded in 2023.

b) The annual bonus for 2022 was determined according to a formulaic calculation in respect of eps, RAOC and operating cash flow measures, while the Committee used its judgement to assess performance of individual objectives (20% of the bonus) and ESG objectives (10% of the bonus). No discretion was applied.

c) Benefits provided for all executive directors include a car or car allowance and medical insurance coverage for them and their families. Frank van Zanten's benefits are higher in 2022 as he undertook more travel between his home in the Netherlands and the London office. In addition, the Committee introduced a hybrid working allowance to support the more flexible working patterns demanded of a global CEO post-pandemic.

d) The long term incentives are in the form of awards under the LTIP granted in April, September and October 2019 and March and September 2020. The performance metrics for LTIP A were eps growth and for LTIP B were eps growth and TSR, further details of which are on page 140. The share price used to calculate the value of LTIP A is the three month average share price for the period ending 31 December 2022 (2,888p) and for LTIP B it is the closing mid-market share price on dates of vesting, 3,111p and 2,686p on 8 April 2022 and 7 October 2022 respectively for Frank van Zanten and 3,069p on 11 April 2022 for Richard Howes. There are no dividend equivalents included in the LTIP figures. The portion of total LTIP figures (2022: £2,829,400 2021: £2,371,400) that are attributable to share price growth are £607,003 for Frank van Zanten and £154,264 for Richard Howes in 2021 and £884,951 for Frank van Zanten and £723,641 for Richard Howes in 2022.

e) The figures shown in relation to 2021 for the LTIP have been restated from those figures shown in the 2021 Annual Report to reflect the difference between the relevant grant price and the estimated value (£375,755, using a three month average to December 2021) and the actual value of the LTIP share option awards on the date of vesting on 28 February 2022 and 12 September 2022 (£528,705) the first working day after the date of vesting, at the closing mid-market share price of 2,969p and 2,921p respectively.

Non-executive directors

	Board fees £000		Committee Chair/SID fees £000		Taxable payments/ expenses £000		Total £000	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Peter Ventress – Chairman	**386.0**	368.0		–	–	0.2	**386.0**	368.2
Vanda Murray	**75.0**	73.2	**41.0**	39.0	**2.4**	1.2	**118.4**	113.4
Lloyd Pitchford	**75.0**	73.2	**21.0**	20.0	–	–	**96.0**	93.2
Stephan Nanninga	**75.0**	73.2		–	**7.9**	–	**82.9**	73.2
Vin Murria	**75.0**	73.2		–	**0.6**	–	**75.6**	73.2
Maria Fernanda Mejía	**6.1**	73.2		–	–	–	**6.1**	73.2
Pam Kirby	**31.3**	–		–	–	–	**31.3**	–
Total	**723.4**	734.0	**62.0**	59.0	**10.9**	1.4	**796.3**	794.4

Notes

a) Taxable payments/expenses for non-executive directors are costs incurred for travel and accommodation in order to attend Board meetings. These costs have been grossed up to include the relevant income tax payable where applicable (e.g. to travel expenses).

b) Maria Fernanda Mejía stepped down from the Board on 2 February 2022.

c) Pam Kirby was appointed to the Board on 1 August 2022.

Payments for loss of office (audited information)

No payments were or are to be made to directors in respect of loss of office.

Payments to past directors (audited information)

Brian May was granted share options in 2019 as an executive director of Bunzl plc. During 2022 Brian May exercised 44,039 LTIP A share options at a value of £185,148 on the vesting dates. In addition, in 2022 Brian May exercised 1,490 LTIP B performance shares at a value of £46,354 on the date of vesting.

Executive directors' annual salary

As disclosed last year, executive directors' salaries were reviewed with effect from 1 January 2022 in accordance with normal policy and were increased taking into account the average salary increases for employees across the Group.

	Salary from 1 January 2022	Salary from 1 January 2021	Increase in salary 2021 to 2022
Frank van Zanten	**£939,600**	£913,078	2.9%
Richard Howes	**£616,193**	£598,827	2.9%

Executive directors' salaries were also reviewed with effect from 1 January 2023 and the increases awarded are shown on page 144.

Executive directors' external appointments

During 2022 Frank van Zanten served as a non-executive director of Ahold Delhaize N.V. and Richard Howes served as a non-executive director of Smiths Group plc. During the year, Frank van Zanten retained fees of €152,500 from Ahold Delhaize N.V. and Richard Howes retained fees of £24,800 from Smiths Group plc.

Non-executive directors' fees

The Chairman's fee and non-executive directors' fees were reviewed with effect from 1 January 2022 in accordance with the normal fees policy, which is once every two years for the Chairman's fee and annually for the non-executive directors' fees.

	With effect from 1 January 2022	Fees paid in 2021	Increase in fees 2021 to 2022
Chairman's fee	**£386,000**	£368,000	4.9%
Non-executive director fee	**£75,000**	£73,240	2.4%
Supplements:			
Senior Independent Director	**£20,000**	£19,000	5.3%
Audit Committee Chair	**£21,000**	£20,000	5.0%
Remuneration Committee Chair	**£21,000**	£20,000	5.0%

The Chairman and non-executive directors' fees were reviewed again with effect from 1 January 2023 and the increases awarded are shown on page 144.

Performance against annual bonus targets (audited information)

The annual bonus plan and DASBS currently operate as set out in the policy section on page 148. The bonus measures for 2022 were Group eps, RAOC, operating cash flow, personal performance on individual objectives and specific objectives related to ESG matters.

The maximum bonus achievable was 180% of salary for Frank van Zanten and 160% for Richard Howes. The results for 2022 reflect another year of excellent performance and were as follows. The Committee did not exercise any discretion over these formulaic outturns.

Group performance

The Committee set the 2022 annual bonus targets early in the year, and the target ranges for all three financial metrics were ahead of the bonus ranges set for 2021. At the time, the Committee was conscious that 2021 was a record year for Bunzl with exceptional performance, in particular from our Healthcare, Safety and Cleaning & Hygiene businesses which were boosted by significant sales of Covid-19 related products. In addition, the Committee recognised the risks of product cost deflation at a time of increasing operating cost inflation.

In this context, the Committee set challenging ranges for 2022 relative to budget and market consensus. To demonstrate this, the 2022 eps consensus (constant currency) when targets were set was 151.5p compared to an eps bonus range of 143.9p to 165.5p. 2022 was another exceptional year with financial performance significantly exceeding expectations. This is further demonstrated by very strong cashflow and returns on capital.

Weighting	Scorecard performance metric	Threshold	Target	Stretch	Actual outturn calculated at constant exchange rates	% of maximum
35%	eps (p)	143.9	154.7	165.5	169.2	
	% of target	93.0%	100.0%	107.0%	109.4%	100%
	% payable – Frank van Zanten	15.8%	31.5%	63.0%		
	% payable – Richard Howes	14.0%	28.0%	56.0%		
10%	RAOC %	37.2%	39.2%	41.2%	43.0%	
	% of target	95.0%	100.0%	105.0%	109.7%	100%
	% payable – Frank van Zanten	4.5%	9.0%	18.0%		
	% payable – Richard Howes	4.0%	8.0%	16.0%		
25%	Operating cash flow (£m)	617.7	650.2	682.7	852.4	
	% of target	95.0%	100.0%	105.0%	131.1%	100%
	% payable – Frank van Zanten	11.3%	22.5%	45.0%		
	% payable – Richard Howes	10.0%	20.0%	40.0%		
20%	Individual objectives	see details below				
10%	ESG objectives	see details below				

Notes
a) The eps outturn for 2021 (169.5p) calculated at the exchange rates used in setting the 2022 target is 161.2p
b) The actual outturn calculated at constant exchange rates is the actual result of the relevant measures retranslated at the exchange rates used in setting the target for that measure.
c) % payable represents the percentage of base salary payable.
d) The eps outturn has not been adjusted for the impact of hyperinflation accounting. The adjusted eps outturn was 180.0p

Non-financial strategic goals

Following a review of performance against specific personal objectives for 2022, the Committee determined the bonus percentages payable to the executive directors in relation to the non-financial strategic goals. Performance was considered in the context of the uncertain economic environment. The specific objectives, and the related evaluation of performance, are shown in the table below:

Frank van Zanten – Chief Executive Officer Non-financial objectives	Evaluation
• Conduct a review of the leadership model for the business in Asia Pacific, recognising the volume of new acquisitions and the multi-sector, multi-geographical focus of the strategy. Specifically, this will include managing a robust process for the replacement of the Managing Director, ensuring a smooth transition to the successor, and determining the most appropriate organisational positioning of the sourcing operation in Shanghai.	• The leadership model for the Asia Pacific Region was considered in response to the planned retirement of the current Managing Director, Kim Hetherington. It was determined that the initial focus of the Managing Director role should be on maximising the performance of the Australia and New Zealand businesses. After a very thorough selection process (including interviews, a leadership assessment and projects), Scott Mayne, previously the Managing Director of the Australian Safety Business, was appointed into this role in January 2023, and a smooth transition was achieved. A separate part time role was created to oversee business development and the integration of acquisitions across the region, and also to support the Shanghai sourcing and QA/QC team and the LSH business in Singapore.
• Deliver evidence of progress made in the digital and technology space (tools, investments, people) by providing more insights into the development of our distribution businesses during 2022. Progress will be supported by data on growth in key areas such as digital orders and supplier invoices handled automatically.	• Significant progress made in the digital and technology space. Digital sales orders (as at December 2022) increased from 67% to 69% in 2022, and the increase since 2019 is significantly higher (+10%) if recent acquisitions are excluded. The percentage of digital supplier invoices also increased by a similar margin. • New digital tools, such as the materials footprinting tool launched in Bunzl North America, have been developed and the implementation accelerated through greater sharing of learnings and best practice across the Group. For example, the Digital Forum established in Continental Europe has significantly expanded to include other regions.
• Undertake an independent external investor review during 2022 that will provide the Board with external feedback on how Bunzl is seen, including the evaluation of progress in specific areas of strategic focus, such as sustainability. Ensure that the learnings from the review are fed into a clear action plan to further enhance our investor engagement.	• A highly regarded business advisory firm, h2glenfern, undertook an extensive Investor Perception Audit and this was presented to the Board in October 2022. The conclusions were positive with a long-term commitment, and a high degree of confidence in the leadership team from key investors. The specific recommendations, including the continuation of the work to articulate Bunzl's business proposition as clearly and simply as possible, and the creation of more investor insight into individual business areas, have been taken on board and integrated into the Investor Relations plans for the future.
% of base salary awarded	**34.2%**
% of maximum	**95%**

Richard Howes – Chief Financial Officer Non-financial objectives	Evaluation
• Undertake a review of existing adviser relationships ensuring that the ongoing strategic focus of the Group is properly supported. Undertake a robust process to identify and appoint advisers who can demonstrate a real focus on sustainability and wider ESG themes as well as an active approach to enhancing our relationships with existing and prospective investors. Deliver a comprehensive induction programme for new advisers to ensure they can fully support the Group through the 2022 year end process.	• An extensive process in H1 2022 assessed potential advisors on the quality of the brokering team and salesforce, the targeting of new investors, an understanding of the Group's equity story and innovative ideas to drive a best in class Investor Relations programme. As a result, a new advisor was selected and supported through a thorough induction programme, to enable them to add value to the half-year results process.
• Carry out a strategic review of the future provision of pension benefits in the UK. As part of negotiating and finalising the triennial valuation, establish an action plan with trustees including liability management initiatives, investment strategy and future contributions to ensure the ongoing health of the defined benefit scheme. As part of the review, assess the financial and HR considerations in defining a future roadmap for the scheme.	• The triennial valuation of the UK defined benefit scheme was completed in 2022 with the scheme in an improved position. A broad roadmap for the scheme has been agreed with the Trustees with the ongoing continuation of company contributions. • Ongoing dialogue with the Pension Trustees remains constructive and there is clear alignment in the wish to manage the financial liability to Bunzl whilst protecting the interests of scheme members and ensuring that any change programme is effectively resourced.
• Deliver the agreed 2022 milestones for the Internal Control Essentials programme by the end of December 2022.	• The Internal Controls strategy was agreed with the Audit Committee in February 2022. The broader business has been engaged on the approach which is appropriate for Bunzl's decentralised structure and prioritises the areas of greatest risk. Within the agreed approach, controls matrices and implementation plans have been developed to a consistent format, and a team of dedicated resources, mostly embedded within the business areas, has been recruited to manage the programme. An appropriate technology platform has also been selected to facilitate the implementation and the ongoing monitoring of controls.

• Deliver and complete the agreed 2022 milestones for the information security programme by the end of December 2022.	• Stage 1 controls and governance and operational plans have been created with the appropriate Business Area input. The governance over Information Security has been improved with the creation of a new Group Information Security Risk Committee and the appointment of a new Information Security Officer. A rigorous process has been put into place to track leading and lagging indicators of overall programme health, and continuous improvement workshops have been held to learn from audits and share best practice across the Group.
% of base salary awarded	**30.4%**
% of maximum	**95%**

ESG objectives	**Evaluation**	

• **Climate change** – ensure that our climate change ambitions are accredited by the Science-Based Target Initiative, commencing in July 2022.	• Our Climate Change Targets were approved by the SBTi in October 2022:
	  • Scope 1 and 2 – 50% more carbon efficient (equating to 27.5% absolute reduction) by 2030;
	  • Scope 3 – 79% of suppliers by emissions will have science-based targets by 2027;
	• Our long-term target of net-zero emissions by 2050 will be reviewed by SBTi in 2024.	

• **Products** – ensure that the senior leadership team in every business area has delivered clear progress in the roll out of material footprint reporting in the retail, foodservice and grocery businesses, as the basis for measurable competitive advantage in our markets.	• Significant progress made in every business area – notably Bunzl North America launched their first materials footprinting tool with the top 10 grocery customers. • 15 operating companies in UK/Ireland and Continental Europe are using similar tools to engage foodservice, retail and grocery customers. Asia Pacific is also well developed in terms of tools, own brand ranges and capabilities. • Systems improvements have been made to improve the visibility of new product ranges • Own brand ranges of sustainable products have been extended and a new own brand range (Ecosystems) launched in North America.	
• **Ethical sourcing** – expand the responsible sourcing programme, with a focus on the high-risk countries outside of Asia, as the first year of the plan to ensure that 90% of our spend on products from all high-risk regions is sourced from assessed and compliant suppliers by 2025. Ensure that there is a robust process in place for the collection and validation of supplier data as the basis for tracking progress against the objective.	• As of December 2022, 78% of "high risk" spend (using 2022 spend data) has been assessed. This is strong progress towards the 2025 target of 90% of spend, acknowledging that progress may be slower moving forward as we will work with a larger number of small suppliers. • The audit programme is being monitored by the recently-created Supplier Data Management System and is being further developed to include "B Risk" suppliers – those based in lower risk countries but in higher risk product groups (e.g. textiles and leather).	
• **Diversity** – accelerate the representation of females in leadership roles (currently 19%) by ensuring that, unless there is an obvious and clearly identified successor, female candidate(s) are considered for every leadership role and that high-potential females are offered internal or external mentors.	• All regional Managing Directors had the improvement of the % of leadership roles occupied by females as a bonusable objective for 2022. • The % of leadership roles occupied by females now stands at 21% across the Group (19 last year) and there has been further significant improvement in the UK business. • The "Inspiring Women in Bunzl" model has been expanded to North America and Asia Pacific and female leadership events have been held in both regions. • Female candidates have been considered for the majority of leadership roles and all high potential females in leadership positions have been offered an internal or external mentor.	
% of base salary awarded	**Frank van Zanten -16.2%**	**Richard Howes – 14.4%**
% of maximum	**90%**	**90%**

When assessing performance and outcomes the Committee was mindful of the Company's broader achievements and stakeholder experience. The outcomes are considered appropriate in light of the Company's exceptional financial and operational performance delivered in challenging conditions, and the Committee also recognised the significant growth in the revenue and profitability of the business since 2019. Accordingly, the total payments under the annual bonus plans were:

	Total bonus payment (cash and deferred shares) as a % of salary				
	2022 %	**2021 %**	**2020 %**	**2019 %**	**2018 %**
Frank van Zanten	**176.4**	176.4	180.0	107.1	126.7
Richard Howes	**156.8**	155.2	160.0	–	–

The monetary values of the bonus payments for 2022 and 2021 are included in the table on page 136. The deferred shares portion of the bonus is required to be held under the DASBS rules for a period of three years and is subject to continued employment.

LTIP grants/awards with performance periods ending in 2022 (audited information)

Executive share options – LTIP Part A

In 2020 Executive share option awards were granted in two tranches and they are due to vest on 10 March 2023 and 9 September 2023. Between the two grants in 2020, and recognising the significant uncertainty created by the pandemic, the Committee revised the three year performance targets for the September grants. Pleasingly, the Group performed exceptionally well and would have achieved maximum vesting even if the much more stretching targets applied to the March grant had been retained. The Committee assessed the performance of the Company against the relevant performance condition and no discretion was exercised to override the formulaic outcomes including as a result of the share price movement over the performance period. It did, however, agree to adjust the eps performance to reflect the impact of the accounting change in respect of hyperinflation in Turkey.

LTIP Part A – 10 March 2020 and 9 September 2020 grants

LTIP Part A – 10 March 2020

Performance measure	Vesting schedule	Threshold target (5% p.a. compounded)	Maximum target (8% p.a. compounded)	Actual eps growth	% vesting (max 100%)
Eps growth (over three year period to 31 December 2022)	25% vesting for threshold performance 100% vesting for maximum performance	15.76%	25.97%	43.72%	100.00%
% payable at target		25%	100%		

LTIP Part A – 9 September 2020

Performance measure	Vesting schedule	Threshold target (0.5% p.a. compounded)	Maximum target (3.5% p.a. compounded)	Actual eps growth	% vesting (max 100%)
Eps growth (over three year period to 31 December 2022)	25% vesting for threshold performance 100% vesting for maximum performance	1.51%	10.87%	43.72%	100.00%
% payable at target		25%	100%		

	Date of grant	Exercise price	Number of awards granted	Vesting outcome	Estimated value of award vesting
Frank van Zanten	10 March 2020	1,840	48,225	100%	£505,398
	9 September 2020	2,392	37,096	100%	£183,996
Richard Howes	10 March 2020	1,840	31,627	100%	£331,451
	9 September 2020	2,392	24,329	100%	£120,672

Note
The estimated values of grants vesting are based on the difference between the exercise price and the average of the Company's closing mid-market share price for the three month period ended 31 December 2022 (2,888p) and are included in the single total figure of remuneration table on page 136.

Performance shares – LTIP Part B

Awards of performance shares were made to Frank van Zanten on 8 April 2019 and 7 October 2019 under the 2014 LTIP and vested during 2022. The Committee assessed the performance of the Company against the relevant performance conditions and no discretion was exercised to override the formulaic outcomes including as a result of the share price movement over the vesting period.

LTIP Part B – 8 April and 7 October 2019 awards

Performance measure	Vesting schedule	Threshold target (6% p.a. compounded)	Maximum target (12% p.a. compounded)	Actual eps growth	% vesting (50% of award)
Eps growth (over three year period to 31 December 2021)	25% vesting for threshold performance 100% vesting for maximum performance	19.10%	40.49%	25.49%*	47.38%
% payable		12.5%	50.0%		

Performance measure	Performance period	Vesting schedule	Threshold target (median)	Maximum target (upper quartile)	Actual TSR	% vesting (50% of award)
TSR relative to comparator group of bespoke peer companies	1 April 2019 to 31 March 2022	25% vesting for threshold performance	17.8% 17 out of 40	47.5% 8.75 out of 40	22.5% 14.96 out of 40	43.58%
	1 October 2019 to 30 September 2022	100% vesting for maximum performance	4.6% 18 out of 45	23.3% 9.24 out of 45	49.2% 2.21 out of 45	100.00%
% payable			12.5%	50.0%		

	Date of grant	Number of shares granted	Vesting outcome – eps	Vesting outcome – TSR	Value of award vesting
Frank van Zanten	8 April 2019	22,072	47.38%	43.58%	£312,251
	7 October 2019	27,817	47.38%	100.00%	£550,549
Richard Howes	11 September 2019	59,112	47.38%	43.58%	£825,039

Notes
a) Included in the single total figure of remuneration on page 136 is the value of these vested awards for Frank van Zanten at the closing mid-market share price on the dates of vesting, 8 April 2022 and 7 October 2022, which were 3,111p and 2,686p respectively and for Richard Howes at the closing mid-market share price on 11 April 2022 which was 3,069p.
b) As detailed on page 109 of the 2019 Annual Report and Accounts, Richard Howes received an award on 11 September 2019 to compensate him for unvested awards under his previous employer's long term incentive scheme.

* The eps growth for the three years to 31 December 2021 has been calculated by (i) restating the eps for the year ended 31 December 2021 on a proforma basis under IAS 17 in order to allow a direct comparison with the eps for the year ended 31 December 2018; and (ii) adjusting the eps growth to exclude two businesses, one in France and one in the UK, that were disposed of during the period of calculation. The Committee approved the adjustment relating to the disposals on the basis that the directors and the other share option recipients should not be penalised for the decision to dispose of non-core businesses.

Total pension entitlements (audited information)

	Value of cash allowance in 2022	Total pension 2022
Frank van Zanten	£131,544	**£131,544**
Richard Howes	£30,810	**£30,810**

Note
The Chief Executive Officer Frank van Zanten received a pension allowance of 14% of base salary in 2022. In 2023 this has been reduced to 5%. As Chief Financial Officer, Richard Howes receives a pension allowance of 5% of base salary.

LTIP grants in 2022

In 2022 a single Restricted Share Award was made on 1 March 2022 under the LTIP Part B in accordance with the policy as approved at the 2021 AGM.

LTIP interests awarded during the financial year (audited information)

	Plan	Date of grant	Basis of award	Face value £000	Number of shares	Performance period end date
Frank van Zanten	RSA	1 March 2022	125% of salary	£1,174.5	42,693	31 December 2024
Richard Howes	RSA	1 March 2022	100% of salary	£616.2	22,398	31 December 2024

Notes
a) The face value of the awards is calculated using the average of the closing mid-market share price on the 60 calendar days prior to the grant of the award. The RSA options were awarded under the LTIP Part B on 1 March 2022 at a value of 2,751p per share.
b) The RSA is subject to an underpin, as detailed in the policy table. On the vesting date if the underpin is met 100% of the award will vest. Alternatively, if significant elements of the underpin are not met the award may be scaled back or lapse in exceptional circumstances.

Performance underpins

Restricted Share Award – LTIP 1 March 2022

The extent to which the Restricted Share Award awarded under the LTIP to the Company's executive directors, Executive Committee members and selected key employees in 2022 may vest is subject to a performance underpin which will be closely reviewed by the Committee before these awards vest in 2025. Further details of the performance underpin are on page 148 in the remuneration policy. Vested awards are then subject to a further two year holding period.

Shareholder dilution

In accordance with The Investment Association's Principles of Remuneration, the Company can satisfy awards to employees under all of its share plans with new issue shares or shares issued from treasury up to a maximum of 10% of its issued share capital (adjusted for share issuance and cancellation) in a rolling 10 year period. Within this 10% limit, the Company can only issue (as newly issued shares or from treasury), 5% of its issued share capital (adjusted for share issuance and cancellation) to satisfy awards under executive (discretionary) plans.

As well as the LTIP, the Company operates various all employee share schemes as described on page 149. Newly issued shares are currently used to satisfy the exercise of options under the Sharesave Scheme and the International and Irish Sharesave Plans. Awards under the LTIP of executive options and performance shares are principally satisfied by shares delivered from the Employee Benefit Trust which buys shares on the market, unless security laws in relevant jurisdictions prevent this.

Limit on awards	Cumulative options and performance shares granted as a percentage of issued share capital as at 31 December 2022
10% in any rolling 10 year period	1.0%
5% in any rolling 10 year period (executive (discretionary) plans)	0.2%

Statement of directors' shareholding and share interests (audited information)

As at 31 December 2022, each of the executive directors and their connected persons have a shareholding as follows:

	Requirement for share ownership as a percentage of salary (31 December 2022)	Actual share ownership as a percentage of salary at 30 December 2022 at the closing mid-market price (2759p)
Frank van Zanten	300%	663%
Richard Howes	200%	308%

Note
Shares contributing to the share ownership percentage include deferred shares held under the DASBS (net of tax) but not any unvested or vested but unexercised LTIP awards.

Interests in shares and share options (audited disclosure)

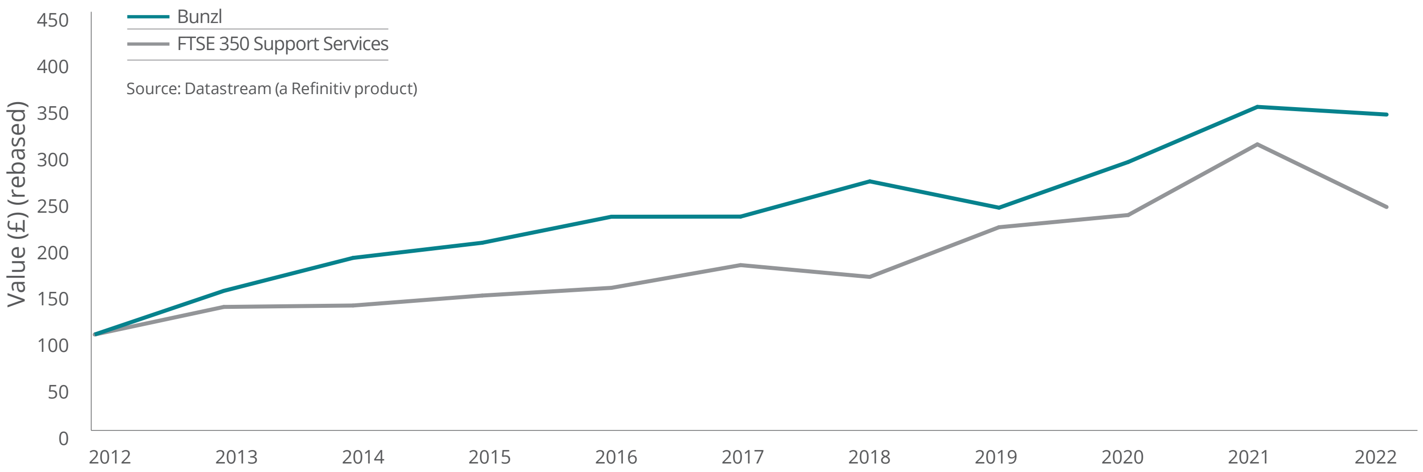
The interests of the directors, and their connected persons, in the Company's ordinary shares and share options at 31 December 2022 were:

		Shares (LTIP B and RSA)			Options (LTIP Part A and Sharesave)			Total interests held
	Owned outright	Unvested (DASBS)	Unvested and subject to performance conditions (LTIP Part B)	Unvested and subject to underpin (RSA)	Unvested and subject to performance conditions	Unvested subject to continued employment	Vested but not exercised	
Frank van Zanten	**180,751**	88,461	69,313	88,552	85,321	1,463	229,779	743,640
Richard Howes	**43,996**	46,800	36,366	46,458	55,956	1,010		230,586
Peter Ventress	**2,608**							2,608
Vin Murria	–							–
Vanda Murray	**3,000**							3,000
Lloyd Pitchford	**4,000**							4,000
Stephan Nanninga	–							–
Pam Kirby	**1,800**							1,800

Notes
a) No changes to the directors' ordinary share interests shown in this remuneration report have taken place between 31 December 2022 and 27 February 2023.
b) LTIP A share options are structured as market value options and LTIP B performance shares are structured as nil-cost options.

Performance graph and table

Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that the Company must provide a graph comparing the TSR performance of a hypothetical holding of shares in the Company with a broad equity market index over a 10 year period. The Company's TSR performance against the FTSE 350 Support Services Sector, considered to be the most appropriate comparator group, over a 10 year period commencing on 4 January 2012 is shown below.



Chief Executive Officer's single figure history

The table below summarises the Chief Executive Officer's single total figure of remuneration, annual bonus and long term incentive payout as a percentage of maximum opportunity for 2022 and the previous nine years.

		2013	2014	2015	2016 MR	2016 FvZ	2017	2018	2019	2020	2021	**2022**
Single total figure of remuneration £000		4,387.6	4,766.8	3,937.9	2,353.3	1,492.0	2,812.0	2,828.8	2,769.4	3,490.3	4,225.4	**4,514.9**
Annual bonus payment as a percentage of maximum		91%	85%	64%	0%	67%	73%	70%	60%	100%	98%	**98%**
Long term incentive vesting as a percentage of maximum	LTIP Part A (options)	100%	100%	100%	100%	0%	100%	100%	100%	100%	96.4%	**100%**
	LTIP Part B (performance shares)	62%	89%	69%	82%	0%	69%	54%	63%	45%	81%	**60%**

Notes
a) The data for 2016 includes the amounts relating to Michael Roney ('MR') from 1 January 2016 to 19 April 2016 and also includes the LTIP awards made to him that vested in the period from 20 April to 31 December 2016. There was no bonus award for Michael Roney in relation to 2016.
b) The data for 2016 also includes the amounts relating to Frank van Zanten ('FvZ') from 20 April to 31 December 2016 including the bonus award for that period and the international relocation package with accommodation benefit support, but excludes the LTIP awards made to him in his previous role that vested during the period from 20 April to 31 December 2016.
c) All years prior to 2016 relate to Michael Roney.
d) The single total figure of remuneration in relation to 2021 has been restated from the figure shown in the 2021 Annual Report to reflect the difference between the grant price and the estimated value of vesting using the three month average share price to 31 December 2021 and the value of the relevant LTIP awards on the actual date of vesting as detailed in Note e) to the table of the single total figure of remuneration 2022 on page 136.

Percentage change in each director's remuneration

The table below sets out the change between 2021 and 2022, 2020 and 2021, and 2019 and 2020 in the salary, benefits, and bonus values of all directors and employees of the legal entity which employs the Chief Executive Officer, Bunzl plc. Where it is not possible to compare employees from Bunzl plc between years due to employees joining or leaving the Company or moving role, these employees have been removed from the data to prevent distortion.

	Salary/Fees			Benefits			Bonus		
	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**
Chief Executive Officer – Frank van Zanten	3.0%	2.9%	**2.9%**	(42.0%)	(14.1%)	**57.2%**	73.0%	0.8%	**2.9%**
Chief Financial Officer – Richard Howes	3.0%	2.9%	**2.9%**	n/a	1.2%	**2.5%**	n/a	(0.2%)	**4.0%**
Chairman – Peter Ventress	3.1%	0.0%	**4.9%**	n/a	100.0%	**(100.0%)**	n/a	n/a	**n/a**
Non-executive director – Vanda Murray	0.9%	2.2%	**3.4%**	(100.0%)	100.0%	**104.0%**	n/a	n/a	**n/a**
Non-executive director – Lloyd Pitchford	1.1%	1.6%	**3.0%**	(100.0%)	0.0%	**0.0%**	n/a	n/a	**n/a**
Non-executive director – Stephan Nanninga	n/a	2.0%	**2.5%**	(64.0%)	(100.0%)	**100.0%**	n/a	n/a	**n/a**
Non-executive director – Vin Murria	n/a	2.0%	**2.5%**	n/a	0.0%	**100.0%**	n/a	n/a	**n/a**
Non-executive director – Maria Fernanda Mejía	n/a	2.0%	**n/a**	n/a	0.0%	**n/a**	n/a	n/a	**n/a**
Non-executive director – Pam Kirby	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Average of employees in Bunzl plc	3.2%	3.1%	**4.7%**	(25.0%)	33.2%	**21.3%**	162.0%	(15.9%)	**(2.2%)**

Notes
a) Benefits are annualised. See footnote (c) under the table on page 136 for explanation of increase to Frank van Zanten's benefits.
b) Bunzl plc employees exclude any increases due to a change of role that occurred during either year.
c) Benefits for the non-executive directors are costs incurred for travel and accommodation in order to attend Board meetings in London.
d) Benefits for plc are health insurance cover and the increases or decreases are primarily driven by the premium costs.

Chief Executive Officer pay ratio

The table below sets out the comparisons between the 25th, median, and 75th percentile employees in the UK, with reference to 31 December 2022, and the Chief Executive Officer's salary and total remuneration as detailed in the single figure table. To calculate these ratios, the Company has used Option A and determined full time equivalent total remuneration as this is the most statistically robust method. This includes scaling up salary for part time employees. Each employee's pay and benefits are calculated using each element of employee remuneration consistent with the Chief Executive Officer and no element of pay has been omitted.

Adjustments have been made to include the bonuses paid to employees in the year reported, compared to the Chief Executive Officer's bonus due to be paid early in the year following the performance year. The process for calculating the employee pay and benefits has been modified after identifying an issue in the way the ratios were calculated in previous years. Therefore the 2021 ratios have been restated to reflect this change. In addition, the total remuneration ratio has been restated to reflect the difference between the grant price and estimated value of vesting of the relevant LTIP awards. The total remuneration ratio has remained broadly consistent to the previous year and is due to the strong performance of the Group impacting the Chief Executive Officer's variable pay as well as increase in the share price reflected in the value of the Chief Executive Officer's LTIPs.

	CEO single figure	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Salary	£939,600	2022	Option A	41:1	35:1	25:1
Total remuneration	£4,514,868	2022	Option A	193:1	163:1	108:1
Salary	£913,078	2021	Option A	43:1	37:1	26:1
Total remuneration	£4,225,361	2021	Option A	196:1	164:1	106:1

	Salary	Total remuneration
Chief Executive Officer	£939,600	£4,514,868
25th percentile employee	£23,000	£23,375
Median employee	£26,800	£27,779
75th percentile employee	£37,000	£41,822

Note
The single total figure of remuneration in relation to 2021 has been restated from the figure shown in the 2021 Annual Report to reflect the difference between the grant price and the estimated value of vesting of the relevant LTIP awards on the actual date of vesting as detailed in Note e) to the table of the single total figure of remuneration 2022 on page 136.

Relative importance of spend on pay

The table below shows a comparison between the overall expenditure on pay and dividends paid to shareholders as well as the adjusted earnings per share for 2021 and 2022 (as stated in Note 26, Note 22 and Note 3 to the consolidated financial statements on pages 210, 205 and 179 respectively).

£m	2022	2021	Percentage change
Overall expenditure on pay	**984.5**	844.0	16.6%
Dividends paid in the year	**190.5**	180.4	5.6%
Adjusted earnings per share (p)	**184.3**	162.5	13.4%

Notes
a) Overall expenditure on pay excludes employer's social security costs.
b) The percentage change in overall expenditure on pay includes the impact of changes in exchange rates from 2021 to 2022, details of which are referred to in the Chief Executive Officer's review on page 12 and in the Financial review on page 87.
c) Adjusted earnings per share is used as a comparator as it is a key financial indicator.

Remuneration arrangements for 2023

Salary

The salary increases for the executive directors for 2023, which are broadly in line with increases that have been implemented for the wider leadership team, are as follows:

	Salary from 1 January 2023	Salary from 1 January 2022	Increase in salary 2022 to 2023
Frank van Zanten	£995,050	£939,600	5.9%
Richard Howes	£647,000	£616,193	5.0%

2023 bonus measures

The structure for Frank van Zanten's and Richard Howes' annual bonus for 2023 is a balanced scorecard of performance measures, based on eps, RAOC, operating cash flow and specified strategic goals. The weighting of these measures remains 70% financial measures and 30% non-financial measures (20% strategic goals and 10% ESG goals). The relevant performance points are: threshold; target; and maximum (the level at which the bonus for that measure is capped). These performance points are determined at the start of the year. No elements of the bonus are guaranteed. As in previous years, the performance measures, including the financial targets, are commercially sensitive and therefore are not disclosed until the following year.

Performance measures and pricing basis for long term incentives to be awarded in 2023

Grants of restricted share awards to be made to executive directors and senior executives will not be subject to performance measures but vesting will be subject to the achievement of an underpin as set out in the policy table. The Committee conducts an annual review of the underpin to ensure there is no reason why the shares should not vest in full at the end of three years. In 2023 Frank van Zanten will be granted a restricted share award to the value of 125% of his salary and Richard Howes will be granted a restricted share award to the value of 100% of his salary. In respect of determining the number of awards to be granted in 2023, the 60 day average share price preceding the grant date will be used for such purposes.

In assessing the underpin, in normal circumstances the Committee may consider the Group's overall performance, including financial and non-financial performance over the course of the vesting period and any material risk/regulatory failures identified. Financial performance may include elements such as revenue, profitability, cash generation, and return on capital. Non-financial performance relates to strategic priority areas focused on delivering the long term success of the Company and implementing the Group's long term strategy. These include, for instance, making operating model improvements, own brand development, acquisition growth, building on our competitive advantage, digital and technology improvements, focus on ESG, including sustainability, employee satisfaction and managing risk in the business.

Chairman's and non-executive directors' fees for 2023

The Chairman's fee is reviewed every two years and the non-executive directors' fees are reviewed annually with the most recent reviews for both taking effect from 1 January 2022 and 1 January 2023 respectively. The current fee structure for the Chairman and the non-executive directors is shown below:

	With effect from 1 January 2023	Fees paid in 2022	Increase in fees 2022 to 2023
Chairman's fee	£386,000	£386,000	0.0%
Non-executive director fee	£78,500	£75,000	4.7%
Supplements:			
Senior Independent Director	£21,000	£20,000	5.0%
Audit Committee Chair	£22,000	£21,000	4.8%
Remuneration Committee Chair	£22,000	£21,000	4.8%

Additional information on directors' interests (audited information)

Details of the executive directors' interests in outstanding share awards under the DASBS, LTIP and all employee share plans are set out below.

Deferred share awards as at 31 December 2022

The awards granted to each director of the Company and any director with an interest in the Company under the DASBS are set out in the table below. Further information relating to the deferred bonus is provided on page 148.

	Awards (shares) held at 1 January 2022	Shares awarded during 2022	Shares vested during 2022	**Total number of awards (shares) at 31 December 2022**	Normal vesting date	Share price at grant p	Market price at vesting p	Monetary value of vested awards £000
Frank van Zanten	22,328		23,881	**–**	01.03.22	2,373	2,902	693
	24,670			**24,670**	01.03.23	1,870		
	36,667			**36,667**	01.03.24	2,178		
	–	27,124		**27,124**	01.03.25	2,969		
Richard Howes	9,774			**9,774**	01.03.23	1,870		
	21,375			**21,375**	01.03.24	2,178		
	–	15,651		**15,651**	01.03.25	2,969		

Notes
a) The deferred element of the 2022 annual bonus plan as shown on page 137 is not included in the table above as the appropriate number of shares have not yet been awarded. No shares lapsed during the year.
b) The deferred shares vested during 2022 include the dividend equivalents.
c) The deferred shares awarded during 2022 relate to 50% of the bonus for 2021 and are structured as nil-cost options, with the number of shares being determined by reference to the mid market closing share price on the day preceding the grant date.
d) Frank van Zanten exercised 23,881 deferred shares granted in 2019 on 1 March 2022 with a total gain of £693,589.

LTIP

The tables below show the number of executive share options and performance shares held by the executive directors under the LTIP during 2022 with shaded details indicating options or shares that have vested.

Executive share options – LTIP Part A

	Options held at 1 January 2022	**Grant date**	**Exercise price p**	**Options exercisable between**	**Options held at 31 December 2022**
Frank van Zanten	42,636	02.09.16	2,336	02.09.19 – 01.09.26	**42,636**
	34,946	02.03.17	2,335	02.03.20 – 01.03.27	**34,946**
	42,782	01.03.18	1,955	01.03.21 – 29.02.28	**42,782**
	35,010	31.08.18	2,389	31.08.21 – 30.08.28	**35,010**
	36,273	28.02.19	2,375	28.02.22 – 27.02.29	**34,978**
	40,887	11.09.19	2,107	11.09.22 – 10.09.29	**39,427**
	48,225	10.03.20	1,840	10.03.23 – 09.03.30	**48,225**
	37,096	09.09.20	2,392	09.09.23 – 08.09.30	**37,096**
Total	**317,855**				**315,100**
Richard Howes	31,627	10.03.20	1,840	10.03.23 – 09.03.30	**31,627**
	24,329	09.09.20	2,392	09.09.23 – 08.09.30	**24,329**
Total	**55,956**				**55,956**

Notes
a) The mid-market price of a share on 30 December 2022 (last working day of 2022) was 2,759p and the range during 2022 was 2,575p to 3,163p.
b) Executive share options are structured as market value options.

Performance shares – LTIP Part B

	Awards (shares) held at 1 January 2022	**Conditional shares awarded during 2022**	**Award date**	**Market price per share at award p**	**Lapsed awards (shares) during 2022**	**Exercised awards (shares) during 2022**	**Market price per share at exercise p**	**Value at exercise £000**	**Awards (shares) held at 31 December 2022**
Frank van Zanten	22,072		08.04.19	2,537	12,035	10,037	3,110	312	**–**
	27,817		07.10.19	2,013	7,320	20,497	2,709	555	**–**
	42,936		06.04.20	1,550	–	–	–	–	**42,936**
	26,377		05.10.20	2,523	–	–	–	–	**26,377**
Total	**119,202**	**0**			**19,355**	**30,534**			**69,313**
Richard Howes	59,112		11.09.19	2,059	32,229	26,883	3,049	820	**–**
	22,527		06.04.20	1,550	–	–	–	–	**22,527**
	13,839		05.10.20	2,523	–	–	–	–	**13,839**
Total	**95,478**	**0**			**32,229**	**26,883**			**36,366**

Note
Performance shares are structured as nil-cost options.

Restricted Share Awards

	Awards (shares) held at 1 January 2022	Conditional shares awarded during 2022	Award date	Market price per share at award p	Lapsed awards (shares) during 2022	Exercised awards (shares) during 2022	Market price per share at exercise p	Value at exercise £000	Awards (shares) held at 31 December 2022
Frank van Zanten	45,859		21.04.21	2,488.8	–	–	–	–	**45,859**
	–	42,693	01.03.22	2,751.0	–	–	–	–	**42,693**
Total	**45,859**	**42,693**			**0**	**0**			**88,552**
Richard Howes	24,060		21.04.21	2,488.8	–	–	–	–	**24,060**
	–	22,398	01.03.22	2,751.0	–	–	–	–	**22,398**
Total	**24,060**	**22,398**			**0**	**0**			**46,458**

Note
Restricted Share Awards are structured as nil-cost options.

All employee share scheme

The table below shows the number of share options granted to the executive directors under the Sharesave Schemes. Details of the Sharesave Schemes are set out on page 149.

Sharesave Schemes

	Options at 1 January 2022	Grant date	Exercise price p	Options exercisable between	Options at 31 December 2022
Frank van Zanten	959	27.03.18	1,564	01.05.23–31.10.23	**959**
	504	31.03.21	1,781	01.05.24–31.10.24	**504**
Richard Howes	1,010	31.03.21	1,781	01.05.24–31.10.24	**1,010**

Advisers to the Remuneration Committee

In carrying out their responsibilities, the Committee seeks external remuneration advice as necessary. During the year the Committee received advice from Willis Towers Watson ('WTW') and FIT Remuneration Consultants LLP ('FIT'). WTW provided external survey data on directors' remuneration and benefit levels.

The fees payable to each adviser, based on hourly rates, were: £15,768 (WTW), and £76,096 (FIT) respectively for such work undertaken in 2022. Advisers are appointed by the Committee and reviewed periodically. A tender exercise was conducted in 2020 and FIT were selected to provide independent advice to the Remuneration Committee on senior executive pay matters. The Committee conducts regular reviews of the effectiveness of the advisers and is satisfied that they remain objective and independent.

Statement of voting at the 2022 AGM for the remuneration report

The remuneration report and remuneration policy respectively received the following shareholder votes at the 2022 AGM held on 21 April 2022 and the 2021 AGM held on 20th April 2021 these being the years they were last voted on by shareholders:

	Votes cast	Votes for	% of shares voted for	Votes against	% of shares voted against	Votes withheld
Remuneration report (2022)	279,543,838	261,072,563	93.39%	18,471,275	6.61%	3,176,520
Remuneration policy (2021)	273,777,510	258,507,726	94.42%	15,269,784	5.58%	3,880,511

Notes
a) The votes 'For' include votes given at the Company Chairman's discretion.
b) A vote 'Withheld' is not a vote in law and is not counted in the calculation of the votes 'For' or 'Against' the resolution. Votes 'For' and 'Against' are expressed as a percentage of the votes cast.

Directors' remuneration policy

Following its approval in 2021 the overall approach to remuneration remains consistent and is designed to ensure that the policy continues to support the performance of the business and addresses the requirements of the Code.

Objectives of the policy

The directors' remuneration policy, which became effective from the date of the 2021 AGM, continues to meet the following objectives:

- Clarity: maintain transparency, clear alignment with shareholder value and promotion of longer term, sustained performance. For example, the restricted share plan encourages a focus on the longer term success of the business;
- Predictability: continue to ensure that targets are stretching (but realistic), the quantum of reward reflects both Company and individual performance and there are appropriate award caps and Committee discretions in place. For example, the underpin is broad and encourages the Committee to focus on 'in the round' performance;
- Support for the Company's business strategy: for example, aligning the executive directors' and management's incentives with the Company's growth objectives;
- Simplicity: ensure that the remuneration structures avoid unnecessary complexity. For example, the restricted share plan has only a single annual grant of shares;
- Risk is appropriately managed: variable pay should drive performance within the Company's risk appetite and encourage a prudent and balanced approach to the business;
- Alignment to culture: the remuneration principles encourage the behaviour from the executive directors that the Committee expects to see throughout the business; and
- Proportionality: the link between individual awards, the delivery of strategy and long term performance of the Group is clear.

In setting the remuneration policy for the executive directors, the Committee also takes into consideration a number of different factors:

- the Committee applies the principles set out in the Code and also takes into account best practice guidance issued by the major UK institutional investor bodies, the Financial Conduct Authority (including the provisions of any applicable remuneration codes) and other relevant organisations;
- the Committee has overall responsibility for the remuneration policies and structures for employees of the Group as a whole and it reviews remuneration policy on a Group wide basis. When the Committee determines and reviews the remuneration policy for the executive directors it considers and compares it against the pay, policy and employment conditions of the rest of the Group to ensure that there is alignment between the two; and
- the Committee considers the external market in which the Group operates and uses comparator remuneration data from time to time to inform its decisions. However, the Committee recognises that such data should be used as a guide only (data can be volatile and may not be directly relevant) and that there is often a need to phase-in changes over a period of time.

The Committee's overall policy, having had due regard to the factors above, continues to be for a proportion of total remuneration to be based on variable pay. This is achieved by setting base pay and benefits by reference to mid-market levels, with annual bonus linked to the achievement of demanding performance targets and long term incentives which are designed to align the interests of the directors with those of shareholders and the long term sustainable success of the business.

Remuneration policy for executive directors

The following table summarises each element of the remuneration policy for the executive directors, explaining how each element operates and links to the corporate strategy. It remains unchanged from that published in last year's report.

Base salary	
Purpose	• Recognise knowledge, skills and experience as well as reflect the scope and size of the role • Reward individual performance without encouraging undue risk
Operation	• Paid in 12 equal monthly instalments during the year • Normally reviewed annually in December (with any changes usually effective from January). An out-of-cycle review may be conducted if the Committee determines that it is appropriate • Takes into consideration a number of factors including (but not limited to) individual and Group performance, the size and scope of the individual's responsibilities, salary increases across the Group, typical salary levels for comparable roles using appropriate comparator groups, for example similarly sized companies with a large international presence • Pensionable
Maximum potential value	• While there is no maximum salary level, salary increases are normally considered in relation to the salary increases of other employees in the Group and performance of the individual. Higher salary increases may be made under certain circumstances, such as when there has been a change in role or responsibility, a major market movement or when a director has been appointed to the Board at a lower than typical salary initially. The annual salaries for the executive directors for 2022 and 2023 are set out on pages 136 and 144 respectively
Performance metrics	• While there are no performance conditions attached to the payment of base salary, individual performance in the role, as well as the performance of the Group and achievements related to environmental, social and governance issues, are all taken into consideration

Annual bonus	
Purpose	• Incentivise the attainment of annual corporate targets • Retain and reward high performing employees • Align with shareholders' and wider stakeholders' interests
Operation	• Bonus awards are based on performance targets and objectives set by the Committee for the financial year • At the end of the performance period, the Committee assesses the extent to which the performance measures have been achieved. The level of bonus for each measure is determined by reference to the actual performance against the relevant performance targets • Up to half the bonus is paid in cash and the remainder in shares (with the shares normally deferred for three years under the Deferred Annual Share Bonus Scheme ('DASBS')) in respect of which dividend equivalents may apply to the extent that such deferred awards vest. If a director resigns during the period of deferral any outstanding DASBS awards would normally lapse • Malus and clawback provisions apply to the cash element of the bonus and awards made under DASBS to allow the recoupment of bonus for three years from the end of the relevant performance year. They would be enforced in the event of material misstatement, significant failure of risk control, serious misconduct, corporate failure (entailing the appointment of an administrator or liquidator) or serious reputational damage, when it is clear that the issue has been caused by a management failure to which the relevant individual has made a direct and material contribution • Bonus awards are non-pensionable and are payable at the Committee's discretion
Maximum potential value	• The annual bonus policy maximum is 180% of base salary • The annual target bonus opportunity is normally set at 50% of the maximum • The level of annual bonus for threshold performance is up to 25% of the maximum
Performance metrics	Metrics will be set each year by the Committee taking into account the Company's key strategic objectives for the year. For example, bonus metrics may include: • Financial measures chosen to align bonus outcomes with the underlying financial performance of the business, such as profit, return on average operating capital ('RAOC') and cash flow; • Non-financial measures are linked to the achievement of personal goals or certain specified strategic goals, including environmental, social and governance matters; • The performance metrics and targets are reviewed each year to ensure that they remain appropriate. The Committee retains the discretion to set alternative metrics as appropriate; and • The specific targets will be disclosed on a retrospective basis following the end of the financial year unless they are deemed to be commercially sensitive. The Committee sets targets that are appropriately stretching in the context of the business outlook and taking into account internal and external factors. Targets are set to ensure that there is appropriate alignment between stakeholder outcomes and to ensure that they do not drive inappropriate behaviours or unacceptable levels of risk taking.

Long term incentives	
Purpose	• Incentivise long term decision making as the basis for sustainable growth • Align with shareholders' interests • Recruit and retain senior employees across the Group
Operation	Executive directors receive restricted share awards as the long term variable element of remuneration: • Restricted share awards are discretionary and will normally vest subject to continued employment after no less than three years; • A holding period will apply which means that restricted shares may not ordinarily be sold until at least five years after the grant date (other than to pay relevant taxes due on vested awards); • Malus and clawback provisions apply under which part or the full amount of a vested award may be recovered, by a reduction in the amount of any future bonus, subsisting award, the vesting of any subsisting award or future share awards and/or a requirement to make a cash payment for a period of three years from the relevant performance period. They would be enforced in the event of material misstatement, significant failure of risk control, serious misconduct, corporate failure (entailing the appointment of an administrator or liquidator) or serious reputational damage, when it is clear that the issue has been caused by a management failure to which the relevant individual has made a direct and material contribution; • Dividend equivalents shall accrue in respect of restricted share awards to the extent that they vest, including in relation to any holding periods; and • All awards are subject to the discretions contained in the relevant plan rules.
Maximum potential value	• The individual restricted share limit per financial year is 125% of base salary • The Chief Executive Officer may receive restricted shares per financial year with a face value of up to 125% of salary • The Chief Financial Officer may receive restricted shares per financial year with a face value of up to 100% of salary
Performance metrics	• Restricted share awards are not subject to performance measures but vesting is subject to the achievement of an underpin normally reviewed over the three financial years commencing with the financial year in which awards are granted • In assessing the underpin, in normal circumstances the Committee may consider the Group's overall performance, including financial and non-financial performance over the course of the vesting period and any material risk/regulatory failures identified. Financial performance may include elements such as revenue, profitability, cash generation, and return on capital. Non-financial performance relates to strategic priority areas focused on delivering long term success of the Company and implementing the Group's long term strategy. These include, for instance, making operating model improvements, own brand development, acquisition growth, building on our competitive advantage, digital and technology improvements, focus on ESG, including sustainability, employee satisfaction and managing risk in the business • When considering these factors, the Committee will assess performance in the round, with the expectation of full vesting unless there has been identified material underperformance over the period. The Committee may scale back the awards (including to zero) if it is not satisfied the underpin has been met

Long term incentives – previous policy applied for awards up to and including October 2020	
Purpose	• Subject to the approval of the remuneration policy, awards issued under the previous policy with respect to long term incentives will continue to vest until October 2023 and therefore the policy described below will continue to apply, including the performance metrics described
Operation	• Discretionary biannual grants of executive share option awards and performance share awards which vest subject to performance conditions measured over three years and subject to continuous service. Subject to the approval of the new policy, no further grants will be awarded to the executive directors • A malus and clawback facility is in operation under which part or the full amount of a vested award may be recovered, by a reduction in the amount of any future bonus, subsisting award, the vesting of any subsisting award or future share awards and/or a requirement to make a cash payment, for a period of three years from the relevant performance year, to the extent that the value of a vested award is subsequently found to have been overstated as a result of a material misstatement of performance or there has been a significant failure of risk control or serious misconduct • Two year post-vesting holding requirement for shares that vest, net of sales to settle tax or other withholding due on vesting or exercise of awards • If any executive resigns during the period before vesting, awards would normally lapse • All awards are subject to the discretions contained in the relevant plan rules
Maximum potential value	**Executive share options** • Maximum annual award of 225% of base salary • Annual grant levels for executive directors will not normally exceed 200% of base salary • For 2020, grants did not exceed 200% of base salary for the incumbent executive directors **Performance shares** • Maximum annual award of 175% of base salary • For 2020, awards did not exceed 150% of base salary for the Chief Executive Officer and 120% for the Chief Financial Officer
Performance metrics	• Performance and service conditions must be met over a three year performance period. Metrics and targets are set each year by the Committee. The current metrics are as follows: **Executive share options** • The eps performance measure relates to the absolute growth in the Company's eps against the targets set for the performance period • The vesting is scaled as follows: – no vesting for performance below the threshold target; – 25% of an award will vest for achieving the threshold target; – 100% of an award will vest for achieving or exceeding the maximum target; and – for performance between these targets, the level of vesting will vary on a straight line sliding scale. • The Committee annually reviews the performance conditions outlined above and, in line with the rules of the LTIP, reserves the right to set different targets for forthcoming annual grants provided it is deemed that the relevant performance conditions remain appropriately challenging in the prevailing economic environment **Performance shares** • The TSR performance measure (50% of the total award) compares a combination of both the Company's share price and dividend performance during the performance period against a comparator group of the constituents of the FTSE 11–100. It aligns the rewards received by executives with the returns received by shareholders • The other 50% of the award is subject to an eps performance measure which relates to the absolute growth in the Company's eps against the targets set for the performance period • The vesting for both performance measures is scaled as follows: – no vesting for performance below median performance (TSR) or below the threshold target (eps); – 25% of an award will vest for achieving median performance (TSR) or the threshold target (eps); – 100% of an award will vest for achieving or exceeding upper quartile performance (TSR) or the maximum target (eps); and – for performance between these targets, the level of vesting will vary on a straight line sliding scale. • The Committee annually reviews the performance conditions outlined above and, in line with the rules of the LTIP, reserves the right to set different targets for forthcoming annual grants provided it is deemed that the relevant performance conditions remain appropriately challenging in the prevailing economic environment

All employee share plans	
Purpose	• Encourage employees, including the executive directors, to build a shareholding through the operation of all employee share plans such as the HM Revenue & Customs ('HMRC') tax advantaged Sharesave Scheme and the Internal Revenue Service ('IRS') approved Employee Stock Purchase Plan (US) ('ESPP') in the US
Operation	• Executive directors may participate in all employee schemes on the same basis as other eligible employees • The Sharesave Scheme has standard terms under which participants can normally enter into a savings contract, over a period of either three or five years, in return for which they are granted options to acquire shares at a discount of up to 20% of the market price prevailing on the day immediately preceding the date of invitation to apply for the option. Options are normally exercisable either three or five years after they have been granted • New plan rules were approved by shareholders at the 2021 AGM
Maximum potential value	• In the UK, the Sharesave Scheme is linked to a contract for monthly savings within the HMRC limits over a period of either three or five years (currently £500 per month)
Performance metrics	• Service conditions apply

Retirement benefits	
Purpose	• Provision of retirement benefits • Retain executive directors
Operation	• All defined benefit pension plans in the Group have been closed to new entrants since 2003 with any new recruits being offered defined contribution retirement arrangements and/or a pension allowance. • Legacy arrangements exist for the Chief Executive Officer as detailed below • Pension contributions and allowances are normally paid monthly
Maximum potential value	• Company pension contributions to defined contribution retirement arrangements or cash allowances are capped at 5% of base salary for new executive directors and the current Chief Financial Officer • The current Chief Executive Officer's pension contribution has been reduced from 20% of base salary to 14% of base salary with effect from 1 January 2022 and has reduced to 5% from 1 January 2023
Performance metrics	• Not applicable

Other benefits	
Purpose	• Provision of competitive benefits which helps to recruit and retain executive directors
Operation	• Benefits may include a car allowance or a car which may be fully expensed, various insurances such as life, disability and medical and, in some jurisdictions, club expenses and other benefits provided from time to time. • Some benefits may only be provided in the case of relocation, such as removal expenses, and in the case of an international relocation might also include fees for accommodation, children's schooling, home leave, tax equalisation and professional advice etc.
Maximum potential value	• The value of benefits is based on the cost to the Company and varies according to individual circumstances. For example, the cost of medical insurance varies according to family circumstances and the jurisdiction in which the family is based
Performance metrics	• Not applicable

Shareholding requirement	
Purpose	• Strengthen the alignment between the interests of the executive directors and those of shareholders
Operation	• In employment guideline: executive directors will normally be expected to retain shares, net of sales to settle tax, through the exercise of awards under the DASBS and the LTIP until they attain the required holding. Three years is the typical expectation for executives who are promoted from within the Company to achieve the required shareholding. It is recognised that a longer time period may be required for externally recruited executives to achieve the expected shareholding. Unvested deferred shares held under the DASBS will count towards the guideline (net of the expected sales for tax that would apply on vesting) • Post-cessation guideline: Upon cessation of employment, executive directors should maintain a shareholding for two years thereafter at a level equal to the lower of the in-employment guideline and the number of shares vested as at cessation (net of tax) under restricted share awards granted.
Maximum potential value	• The Chief Executive Officer's in-employment shareholding requirement is 300% of base salary. The in-employment requirement for other executive directors is 200% of base salary
Performance metrics	• Not applicable

Fees policy for Chairman and non-executive directors (the 'NEDs')

The following table summarises the fees policy for the Chairman and the NEDs.

Fees	
Purpose	• Provision of a competitive fee to attract NEDs who have a broad range of experience and skills to oversee the implementation of the Company's strategy
Operation	• Determined in light of market practice and with reference to time commitment and responsibilities associated with the roles • Annual fees are paid in 12 equal monthly instalments during the year • The Senior Independent Director and Chairman of the Audit and Remuneration Committees are paid an extra fee to reflect their additional responsibilities • The NEDs and the Chairs are not eligible to receive benefits and do not participate in pension or incentive plans. Expenses incurred in respect of their duties as directors of the Company are reimbursed • The NEDs' fees are reviewed annually in January each year and the Chairman's fee is reviewed biennially, the latest review being with effect from January 2023 for NED fees and January 2022 for the Chairman's fees • The Board as a whole considers the policy and structure for the NEDs' fees on the recommendation of the Chairman and the Chief Executive Officer. The NEDs do not participate in discussions on their specific levels of remuneration; the Chairman's fees are set by the Committee
Maximum potential value	• Determined within the overall aggregate annual limit of £1,500,000 authorised by shareholders with reference to the Company's Articles of Association approved at the 2021 AGM
Performance metrics	• Not eligible to participate in any performance related elements of remuneration
Taxable benefits and expenses	• Taxable expenses incurred in the course of carrying out NED duties are reimbursed and grossed up to include tax payable

Selection of performance measures and targets

The Committee determines the performance measures applying to the annual bonus based on the strategic priorities of the Group at the time. The measures and their weightings may change from year to year. The bonus measures in place include the use of eps, RAOC and operating cash flow measures. Each of these are aligned with the Group's key performance indicators ('KPIs'). The management of capital employed together with profitability and cash flow ensures the focus on cash generation, enabling the Group to pay dividends and to support the growth strategy by making acquisitions and reinvesting in the underlying business. Strategic non-financial goals reward individual contribution to the success of the Group and allow a focus each year on important operational goals and strategic milestones. This combination of performance measures provides a balance relevant to the Group's business and market conditions as well as providing a common goal for the executive directors, senior managers and shareholders. They have been chosen as, although growing the profitability of the business is a key objective, equally important is the focus on cash and effective investment in capital.

Statement of consideration of shareholder views

The Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representatives more generally. In addition, the Committee consults proactively with its major shareholders prior to making significant changes to its policy.

Discretions retained by the Committee in operating the incentive plans

The Committee operates the Group's various incentive plans according to their respective rules and in accordance with HMRC and IRS rules where relevant. To ensure the efficient administration of these plans, the Committee may apply certain operational discretions. These include the following:

- selecting the participants in the plans:
- determining the timing of grants and/or payments;
- determining the quantum of grants and/or payments (within the limits set out in the policy table above);
- determining the extent of vesting based on the assessment of performance, including the vesting of restricted share awards;
- determining 'good leaver' status and the extent of vesting in the case of the share based plans;
- determining the extent of vesting of awards under share based plans in the event of a change of control;
- making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends);
- determining the appropriate choice of measures, weightings and targets for the annual bonus plan from year to year, including discretion to amend the bonus outcome, as appropriate; and
- varying the performance conditions applying to share based awards if an event occurs which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Legacy arrangements

The directors' remuneration policy approved by shareholders at the 2021 AGM gave authority to the Company to honour any commitments entered into with current or former directors (that have been disclosed to shareholders in previous remuneration reports) or internally promoted future directors (in each case, such as the payment of a pension or the unwind of legacy share plans). Details of any payments to former directors will be set out in the relevant remuneration report as they arise.

Executive directors' external appointments

With the specific approval of the Board in each case, executive directors may accept external appointments as non-executive directors of other companies and retain any related fees paid to them.

Recruitment of executive directors – approach to remuneration

Executive directors

For the ongoing stability and growth of the Group, it is important to secure, as necessary, the appointment of high calibre executives to the Board by either external recruitment or internal promotion. The overarching principles applied by the Committee in developing the remuneration package will be to set an appropriate base salary together with retirement and other benefits and short and long term incentives taking into consideration the skills and experience of the individual, the complexity and breadth of the role, the particular needs and situation of the Group, internal relativities, the marketplace in which the executive will operate and an individual's current remuneration package and location. In addition, the Committee recognises that it may need to meet certain relocation expenses or expatriate benefits as appropriate.

Any fixed or variable pay awards for new executive directors will not exceed the maximum limits set out in the policy table above. However, in addition, for external appointments the Committee may consider offering additional cash and/or share based elements to replace deferred remuneration forfeited by the individual on leaving their existing employment when it considers these to be in the best interests of the Company and its shareholders. Such elements, as appropriate, may be made under section 9.4.2 of the Listing Rules and would normally take account of the nature, time horizons and performance requirements attached to the awards forfeited.

Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions for the first performance year of appointment. A long term incentive award can be made shortly following an appointment (or as soon as is practical if the Company is in a close period).

Non-executive directors

On appointment of a new Chairman of the Board or non-executive director, the fees will be set taking into account the experience and calibre of the individual and the prevailing rates of the other non-executive directors at the time.

Executive directors' service contracts

The service contracts for Frank van Zanten and Richard Howes provide for an equal notice period from the Company and the executive of a maximum 12 months' notice and any contracts for newly appointed executive directors will provide for equal notice in the future. The date of each service contract is noted in the table below:

	Date of service contract
Frank van Zanten	13 January 2016
Richard Howes	10 May 2019

Non-executive directors' terms of appointment

The non-executive directors do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the most recent re-appointment and the length of service for each non-executive director are shown in the table below:

	Date of appointment	Date of last re-appointment at AGM	Length of service as at 2023 AGM
Peter Ventress	1 June 2019	20 April 2022	3 years 10 months
Vanda Murray	1 February 2015	20 April 2022	8 years 2 months
Lloyd Pitchford	1 March 2017	20 April 2022	6 years 1 month
Stephan Nanninga	1 May 2017	20 April 2022	5 years 11 months
Vin Murria	1 June 2020	20 April 2022	2 years 10 months
Pam Kirby	1 August 2022	–	8 months

Note
a) On termination, at any time, a non-executive director is entitled to any accrued but unpaid director's fees but not to any other compensation.

Policy on payment for departure from office

On termination of an executive director's service contract, the Committee will take into account the departing director's duty to mitigate his loss when determining the amount of compensation. The Committee's policy in respect of the treatment of executive directors leaving the Group is described below and is designed to support a smooth transition from the Company taking into account the interests of shareholders:

Component of pay	Voluntary resignation or termination for cause	Departure as a 'good leaver' or in other specific circumstances including on agreed terms
Base salary, pension and benefits	Paid for the proportion of the notice period worked and any untaken holidays pro-rated to the leaving date	Paid up to the date of departure or death, including any untaken holidays pro-rated to such date. In the case of ill health, a payment in lieu of notice may be made and, according to the circumstances, may be subject to mitigation. In such circumstances some benefits, such as company car or medical insurance may be retained until the end of the notice period.
Annual bonus cash	Cessation of employment during a bonus year will normally result in no cash bonus being paid	Cessation of employment during a bonus year or after the year end but prior to the normal bonus payment date will result in cash and deferred bonus being paid and pro-rated for the relevant portion of the financial year worked and performance achieved.
Annual bonus deferred shares	Unvested deferred shares will lapse	In the case of the death of an executive, all deferred shares will be transferred to the estate as soon as possible after death. In all other cases, subject to the discretion of the Committee, unvested deferred shares will be transferred to the individual on a date determined by the Committee.
Executive share options	Unvested executive share options will lapse	Tax advantaged options will vest in full on the cessation of employment and be exercisable for the following 12 months after which any unexercised options will lapse. Subject to the discretion of the Committee, unvested non-tax advantaged share options will normally be retained by the individual for the remainder of the vesting period and remain subject to the relevant performance conditions. Holding period terms will ordinarily continue to run until (or be set to expire no later than) the second anniversary of departure, commensurate with the post-cessation shareholding requirement. However, in the case of the death of an executive, the Committee will determine the extent to which the unvested options may be exercised within 12 months of the date of death.
Performance shares	Unvested performance shares will lapse	Subject to the discretion of the Committee, unvested performance share awards will normally be retained by the individual for the remainder of the vesting period, remain subject to the performance conditions and will ordinarily be subject to time pro-ration. Holding period terms will ordinarily continue to run until (or be set to expire on no later than) the second anniversary of departure from employment, commensurate with the post-cessation shareholding requirement. However, in the case of the death of an executive, the Committee will determine the extent to which the unvested restricted shares may be exercised within 12 months of the date of death.
Restricted shares	Unvested restricted share awards will lapse	Subject to the discretion of the Committee, unvested restricted share awards will normally be retained by the individual for the remainder of the vesting period, remain subject to the underpin conditions and will ordinarily be subject to time pro-ration. Holding period terms will ordinarily continue to run until (or be set to expire on or no later than) the second anniversary of departure from employment, commensurate with the post-cessation shareholding requirement. However, in the case of the death of an executive, the Committee will determine the extent to which the unvested shares may be exercised within 12 months of the date of death.
Options under Sharesave	As per HMRC regulations	As per HMRC regulations.
Other	None	Disbursements, such as legal costs and outplacement fees may be paid.

Note
The Committee will have the authority to settle any legal claims against the Company, e.g. for unfair dismissal etc, that might arise on termination.

Differences in remuneration policy for executive directors and employees in general

The main difference in remuneration policy between the executive directors and employees in general is the split of fixed and performance related pay, such as bonus and long term incentives. Overall the percentage of performance related pay, in particular longer term incentive pay, is greater for the executive directors. This reflects that executive directors have more freedom to act and the consequences of their decisions are likely to have a broader and more far reaching time span of effect than those decisions made by employees with more limited responsibility. As a consequence only executive directors, Executive Committee members and other key employees (currently 27 people) are granted restricted share awards. Approximately 470 senior managers are granted executive share option awards on an annual basis, which helps to provide a common focus for management in the Company's decentralised organisation structure. In most cases, the annual bonuses are related to the performance of individual operating units.

Bonus arrangements vary throughout the Group and are related to the specific role and the country in which the employee operates. The majority of bonus plans have quantitative targets, but the performance measures and targets vary according to each specific role. Sales representatives often have annual bonus payments which may be commission based.

When there is a critical mass of employees within a country to make it cost-effective to do so, to encourage wider employee share ownership, an all employee share plan may be offered. Currently plans are offered to all employees based in Australia, New Zealand, Canada, Germany, Ireland, the Netherlands, the US and the UK. In France, employees take part in profit sharing arrangements in accordance with local regulations.

Retirement and other benefits offered to employees across the Group differ according to the country in which the job is based and the function and seniority of the relevant role.

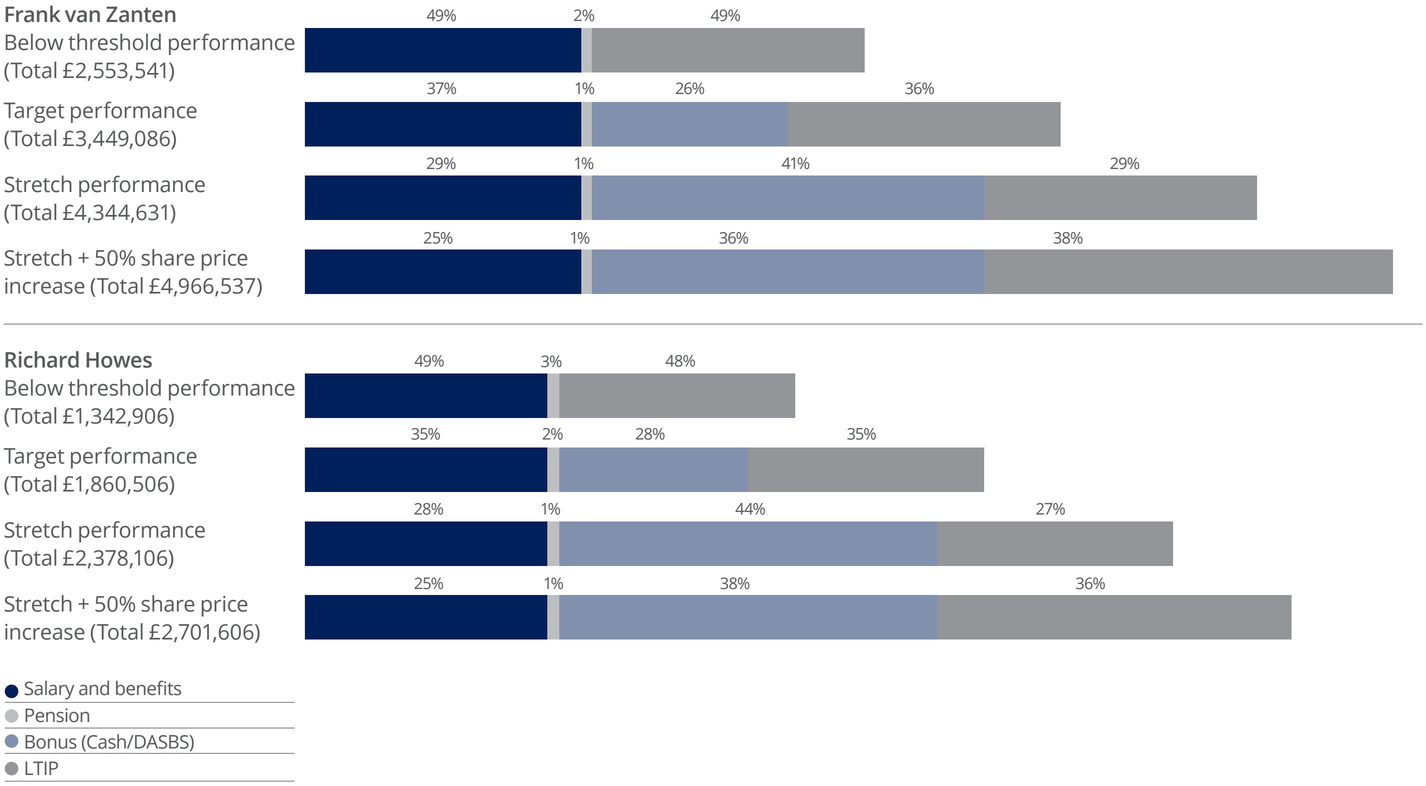
Statement of consideration of employment conditions elsewhere in the Group

The Committee is provided annually with information on the salaries and proposed increases for the Executive Committee members and other senior direct reports of the Chief Executive Officer, as well as data on the average salary increases for leadership teams in each region within the Group. In addition, the Committee reviews and agrees all grants of executive share options, performance share awards and restricted share awards.

The Committee considers the general basic salary increase within the geographical regions for the broader employee population when determining the annual salary increases for the executive directors and is cognisant of the Group's overall employment arrangements when reviewing and implementing the executive directors' remuneration policy. Members of the Committee held feedback sessions with employees in all regions and part of the discussion sought the employee's view on the executive remuneration approach and application. In addition, the Company monitors employees' views through regular employee surveys.

Remuneration scenarios

The remuneration package comprises both core fixed elements (base salary, pension and other benefits) and performance based variable elements (cash bonus, the DASBS and the LTIP). The structure of the remuneration packages for on-target and stretch performance for each of the two executive directors for 2023, in line with the remuneration policy, is illustrated in the bar charts below.



Notes
a) Salary represents annual salary for 2023. Benefits such as a car or car allowance and private medical insurance have been included based on 2022 figures. In the case of Frank van Zanten benefits also include a hybrid working allowance and an education allowance.
b) Stretch performance plus 50% share price increase shows the effect of a 50% growth in the Company share price on the value of the restricted share awards.
c) Pension represents the value of the annual pension allowance for 2023 for Frank van Zanten and Richard Howes.
d) Below threshold performance comprises salary, benefits, pension with no bonus award and for restricted share awards an assumption that 100% will vest.
e) Target performance comprises annual bonus awarded at target level (i.e. for 2023 at 90% of salary for Frank van Zanten and 80% of salary for Richard Howes comprised of half cash and half deferred shares under the DASBS) and for restricted share awards an assumption that 100% will vest.
f) Stretch performance comprises annual bonus awarded at stretch level (i.e. for 2023 at 180% of salary for Frank van Zanten and 160% of salary for Richard Howes comprised of half cash and half deferred shares under the DASBS) and for restricted share awards an assumption that 100% will vest.

Vanda Murray OBE
Chair of the Remuneration Committee
27 February 2023

Other statutory information

Annual General Meeting
The Notice convening the Company's Annual General Meeting ('AGM'), to be held at 60 Victoria Embankment, London, EC4Y 0JP on Wednesday 26 April 2023 at 11.00 am, is set out in a separate letter from the Chairman to shareholders.

Dividends
An interim dividend of 17.3p was paid on 4 January 2023 in respect of 2022 and the directors are recommending a final dividend of 45.4p, making a total for the year of 62.7p per share (2021: 57.0p). Dividend details are given in Note 22 to the consolidated financial statements. Subject to shareholder approval at the 2023 AGM, the final dividend will be paid on 4 July 2023 to those shareholders on the register at the close of business on 19 May 2023.

Share capital
The Company has a single class of share capital which is divided into ordinary shares of 32 1⁄7p each which rank pari passu in respect of participation and voting rights. The shares are in registered form, are fully paid up and are quoted on the London Stock Exchange. In addition, the Company operates a Level 1 American Depositary Receipt programme with Citibank N.A. under which the Company's shares are traded on the over-the-counter market in the form of American Depositary Receipts.

Details of changes to the issued share capital during the year are set out in Note 21 to the consolidated financial statements.

Bunzl Group General Employee Benefit Trust
The trustee of the Bunzl Group General Employee Benefit Trust (the 'EBT') holds shares in respect of employee share options and awards that have not been exercised or vested. The EBT abstains from voting in respect of these shares. The trustee has agreed to waive the right to dividend payments on shares held within the EBT. Details of the shares so held are set out in Note 21 to the consolidated financial statements.

Rights and obligations attaching to shares
Subject to the provisions of the Companies Act 2006 and without prejudice to any rights attached to any existing shares, the Company may resolve by ordinary resolution to issue shares with such rights and restrictions as set out in such resolution or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Subject to the provisions of the Companies Act 2006 and of any resolution of the Company passed pursuant thereto and without prejudice to any rights attached to existing shares, the Board is duly authorised to issue and allot, grant options over or otherwise dispose of the Company's shares on such terms and conditions and at such times as it thinks fit. If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated by special resolution passed at a separate general meeting of such holders. Subject to the rights attached to any existing shares, rights attached to shares will be deemed to be varied by the reduction of capital paid up on the shares and by the allotment of further shares ranking in priority in respect of dividend or capital or which confer on the holders more favourable voting rights than the first-mentioned shares, but will not otherwise be deemed to be varied by the creation or issue of further shares.

Power to issue and allot shares
The directors are generally and unconditionally authorised under the authorities granted at the 2022 AGM to allot shares in the Company up to approximately one third of the Company's issued share capital or two thirds in respect of a rights issue. The directors were also given the power to allot ordinary shares for cash up to a limit representing approximately 10% of the Company's issued share capital as at 10 March 2022, without regard to the pre-emption provisions of the Companies Act 2006 (however, more than 5% can only be used in connection with an acquisition or specified capital investment). No such shares were issued or allotted under these authorities in 2022, nor is there any current intention to do so, other than to satisfy share options under the Company's share option schemes and, if necessary, to satisfy the consideration payable for businesses to be acquired.

These authorities are valid until the conclusion of the forthcoming AGM and the directors again propose to seek equivalent authorities at such AGM.

Restrictions on transfer of shares
Dealings in the Company's ordinary shares by its directors, persons discharging managerial responsibilities, certain employees of the Company and, in each case, any persons closely associated with them, are subject to the Company's Share Dealing Code.

Certain restrictions, which are customary for a listed company, apply to transfers of shares in the Company. The Board may refuse to register an instrument of transfer of any share which is not a fully paid share and of a certificated share at its discretion unless it is:
- lodged, duly stamped or duly certified, at the offices of the Company's registrar or such other place as the Board may specify and is accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

- in respect of only one class of share; and
- in favour of not more than four transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

In addition, no instrument of transfer for certificated shares shall be registered if the transferor has been served with a restriction notice as defined in the Company's Articles of Association (the 'Articles') after failure to provide the Company with information concerning certain interests in the Company's shares required to be provided under the Companies Act 2006, unless the transfer is shown to the Board to be pursuant to an arm's length sale. The Board has the power to procure that uncertificated shares are converted into certificated shares and kept in certificated form for as long as the Board requires.

The Company is not aware of any agreements between shareholders that may result in any restriction of the transfer of shares or voting rights.

Restrictions on voting rights

A member shall not be entitled to vote, unless the Board otherwise decides, at any general meeting or class meeting in respect of any shares held by them if any call or other sums payable remain unpaid. Currently, all issued shares are fully paid. In addition, no member shall be entitled to vote if they have been served with a restriction notice after failing to provide the Company with information concerning certain interests in the Company's shares required to be provided under the Companies Act 2006. Votes may be exercised in person or by proxy. The Articles currently provide a deadline for submission of proxy forms of 48 hours before the relevant meeting, 24 hours before a poll is taken if such poll is taken more than 48 hours after it was demanded or during the meeting at which the poll was demanded if the poll is not taken straight away but is taken not more than 48 hours after it was demanded.

Purchase of own shares

At the 2022 AGM, shareholders gave the Company authority to purchase up to a maximum amount equivalent to approximately 10% of its issued share capital. During the year ended 31 December 2022, the Company did not purchase any of its own shares pursuant to this authority or the authority granted at the 2021 AGM and no shares have been purchased between 31 December 2022 and 27 February 2023. As a result, directors again propose to seek the equivalent authority at the 2023 AGM.

Directors

Directors may be elected by ordinary resolution at a duly convened general meeting or appointed by the Board. Under the Articles, the minimum number of directors shall be two and the maximum shall be 15. In accordance with the Articles, at every annual general meeting all the directors at the date of the notice convening the annual general meeting shall retire from office and may offer themselves for re-appointment by the members. The Board may also appoint a person willing to act as a director during the year either to fill a vacancy or as an additional director but so that the total number of directors shall not at any time exceed 15. However, such appointee shall only hold office until the next AGM of the Company.

In addition to any power to remove a director from office conferred by company law, the Company may also by special resolution remove a director from office before the expiration of his or her period of office under the Articles.

The office of a director shall also be vacated pursuant to the Articles if the director:

- resigns by giving notice in writing sent to or received at the office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a meeting of the Board and that resignation becomes effective, or is asked to resign by all of the other directors who are not less than three in number; or
- is or has been suffering from mental or physical ill health and the Board resolves that his or her office be vacated; or
- is absent without permission from Board meetings for six consecutive months and the Board resolves that his or her office be vacated; or
- becomes bankrupt or compounds with his or her creditors generally; or
- is prohibited by law from being a director; or
- ceases to be a director by virtue of any provisions of company law or is removed from office pursuant to the Articles.

Biographical details of all of the current directors are set out on pages 100 and 101. Each of the directors will retire and offer themselves for re-appointment at the forthcoming AGM.

Directors' interests in the Company's ordinary shares are shown in Note 24 to the consolidated financial statements. None of the directors were materially interested in any contract of significance with the Company or any of its subsidiary undertakings during or at the end of 2022. Information relating to the directors' service agreements and their remuneration for the year and details of the directors' share options under the Company's share option schemes and awards under the Long Term Incentive Plan and Deferred Annual Share Bonus Scheme are set out in the Directors' remuneration report on pages 132 to 155.

Powers of the directors
Subject to the Articles, the Companies Act 2006 and any directions given by the Company by special resolution, the business of the Company is managed by the Board who may exercise all powers of the Company. The Board may, by power of attorney or otherwise, appoint any person or persons to be the agent or agents of the Company for such purposes and on such conditions as the Board determines.

Directors' indemnities
Indemnities were in force throughout 2022 and remain in force as at the date of this report under which the Company has agreed to indemnify the directors and the Company Secretary, in addition to other senior executives who are directors of subsidiaries of the Company, to the extent permitted by law and the Articles in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as a director or officer of the Company or any of its subsidiaries.

Amendment of articles
Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of a special resolution of the Company's shareholders at a general meeting.

Environmental and social responsibility
The directors recognise that the Company is part of a wider community and that it has a responsibility to act in a way that respects the environment and social and community issues. Further information relating to the Company's approach to these matters is set out in the Sustainability report on pages 48 to 68.

Greenhouse gas emissions
Information relating to greenhouse gas emissions has been set out in the ESG appendix on pages 240 to 247.

Employment policies
The employment policies of the Group have been developed to meet the needs of its different business areas and the locations in which they operate worldwide, embodying the principles of equal opportunity. The Group has standards of business conduct with which it expects all its employees to comply. Bunzl encourages the involvement of its employees in the performance of the business in which they are employed and aims to achieve a sense of shared commitment. In addition to a regular magazine and the Company's intranet, which provide a variety of information on activities and developments within the Group and incorporate half year and annual financial reports, announcements are periodically circulated to give details of corporate and employee matters, together with a number of subsidiary or business area publications dealing with activities in specific parts of the Group.

It is the Group's policy that applicants with a disability should be considered for employment and career development on the basis of their aptitudes and abilities. Employees who develop a disability during their working life will be retained in employment wherever possible and given help with rehabilitation and training.

Further information relating to the Group's employees can be found in the Our people section on pages 40 to 43.

Significant agreements
The Company's wholly owned subsidiary, Bunzl Finance plc, has a number of bilateral loan facilities with a range of different counterparties, all of which are guaranteed by the Company, are in substantially the same form and are repayable at the option of the lender in the event of a change of control of the Company. Similar change of control provisions in relation to the Company are included in the US dollar, sterling and euro US private placement notes and the senior unsecured bonds (which are listed on the Main Market and International Securities Market of the London Stock Exchange), all of which have been entered into by Bunzl Finance plc and the Company and are also guaranteed by the Company.

Political donations
During 2022, no contributions were made for political purposes.

Use of financial instruments
Information on the use of financial instruments can be found in the Financial review on pages 86 to 93 and in the Notes to the financial statements on pages 168 to 213.

Disclosures required under UK Listing Rule 9.8.4
Apart from the dividend waiver which has been issued in respect of shares held by the EBT referred to in Note 21 to the consolidated financial statements on page 203, there are no disclosures required to be made under UK Listing Rule 9.8.4.

Substantial shareholdings
As at 31 December 2022, the Company had been notified of the following significant interests in the issued share capital of the Company, in accordance with rule 5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Shareholder	Date of notification	Number of shares	% of issued share capital
BlackRock, Inc.	30.06.20	17,120,005	5.08
Mawer Investment Management Ltd.	18.07.19	16,961,895	5.04

No other notifications have been received between 31 December 2022 and 27 February 2023.

External auditors

Each of the directors in office at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group and the Company's auditors are unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make the director aware of any relevant audit information and to establish that the Group and the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Resolutions are to be proposed at the forthcoming AGM for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company, at a rate of remuneration to be determined by the directors.

Future developments within the Group

An indication of likely future developments in the Group's business can be found in the Strategic report on pages 2 to 95.

Strategic report and Directors' report

Pages 2 to 95 inclusive consist of the Strategic report and pages 96 to 159 inclusive consist of the Directors' report. These reports have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include certain matters in its Strategic report that would otherwise be required to be disclosed in this Directors' report. These matters are referred to above and are explained in more detail in the Strategic report on pages 2 to 95.

Under the Companies Act 2006, a safe harbour limits the liability of directors in respect of statements in and omissions from a strategic report and a directors' report. Under English law, the directors would be liable to the Company, but not to any third party, if the Strategic report or the Directors' report contain errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

The Strategic report and the Directors' report were approved by the Board on 27 February 2023.

By order of the Board

Suzanne Jefferies
Secretary
27 February 2023

Financial statements

Our daily focus on making our business more efficient and our diversified portfolio of essential solutions gives us strong cash generation and a balance sheet with significant headroom.

Consolidated income statement

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Revenue	4	**12,039.5**	10,285.1
Operating profit	4	**701.6**	623.3
Finance income	6	**22.3**	10.7
Finance expense	6	**(90.2)**	(65.3)
Disposal of business	10	**0.9**	–
Profit before income tax		**634.6**	568.7
Income tax	7	**(160.2)**	(125.9)
Profit for the year attributable to the Company's equity holders		**474.4**	442.8
Earnings per share attributable to the Company's equity holders			
Basic	8	**141.7p**	132.7p
Diluted	8	**140.7p**	131.8p

	Notes	2022 £m	2021 £m
Alternative performance measures†			
Operating profit	4	**701.6**	623.3
Adjusted for:			
Customer relationships, brands and technology amortisation	4	**128.4**	106.5
Acquisition related items	4	**55.9**	23.0
Adjusted operating profit		**885.9**	752.8
Finance income	6	**22.3**	10.7
Finance expense	6	**(90.2)**	(65.3)
Adjusted profit before income tax		**818.0**	698.2
Tax on adjusted profit	7	**(201.2)**	(155.7)
Adjusted profit for the year		**616.8**	542.5
Adjusted earnings per share	8	**184.3p**	162.5p

† See Note 3 on page 178 for further details of the alternative performance measures.

The Accounting policies and other Notes on pages 168 to 213 form part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Profit for the year		**474.4**	442.8
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit pension schemes	25	**6.9**	74.1
Gain recognised in cash flow hedge reserve		**10.3**	4.4
Tax on items that will not be reclassified to profit or loss	7	**(4.0)**	(19.3)
Total items that will not be reclassified to profit or loss		**13.2**	59.2
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		**232.9**	(89.8)
(Loss)/gain taken to equity as a result of effective net investment hedges		**(38.2)**	11.5
Tax on items that may be reclassified to profit or loss	7	**0.3**	–
Total items that may be reclassified subsequently to profit or loss		**195.0**	(78.3)
Other comprehensive income/(expense) for the year		**208.2**	(19.1)
Total comprehensive income attributable to the Company's equity holders		**682.6**	423.7

Consolidated balance sheet

at 31 December 2022

	Notes	2022 £m	2021 £m
Assets			
Property, plant and equipment	11	**137.2**	120.9
Right-of-use assets	12	**529.6**	448.3
Intangible assets	13	**3,093.9**	2,766.8
Defined benefit pension assets	25	**60.5**	63.6
Derivative financial assets		**–**	6.9
Deferred tax assets	20	**4.0**	2.8
Total non-current assets		**3,825.2**	3,409.3
Inventories	15	**1,748.6**	1,474.0
Trade and other receivables	16	**1,557.4**	1,431.0
Income tax receivable		**12.6**	8.0
Derivative financial assets		**19.0**	14.9
Cash at bank and in hand	28	**1,504.0**	776.9
Total current assets		**4,841.6**	3,704.8
Total assets		**8,666.8**	7,114.1
Equity			
Share capital	21	**108.5**	108.4
Share premium		**199.4**	194.2
Translation reserve		**(74.2)**	(269.2)
Other reserves		**17.7**	19.0
Retained earnings		**2,469.5**	2,151.5
Total equity attributable to the Company's equity holders		**2,720.9**	2,203.9
Liabilities			
Interest bearing loans and borrowings	28	**1,574.0**	1,433.7
Defined benefit pension liabilities	25	**20.6**	32.4
Other payables	17	**117.2**	72.9
Income tax payable		**1.1**	1.5
Provisions	19	**50.5**	56.3
Lease liabilities	27	**424.0**	359.6
Derivative financial liabilities		**100.5**	27.9
Deferred tax liabilities	20	**192.7**	151.0
Total non-current liabilities		**2,480.6**	2,135.3
Bank overdrafts	28	**825.9**	551.6
Interest bearing loans and borrowings	28	**161.0**	111.9
Trade and other payables	17	**2,249.4**	1,921.3
Income tax payable		**40.6**	42.1
Provisions	19	**24.2**	8.5
Lease liabilities	27	**145.9**	129.1
Derivative financial liabilities		**18.3**	10.4
Total current liabilities		**3,465.3**	2,774.9
Total liabilities		**5,945.9**	4,910.2
Total equity and liabilities		**8,666.8**	7,114.1

Approved by the Board of directors of Bunzl plc (Company registration number 358948) on 27 February 2023 and signed on its behalf by Frank van Zanten, Chief Executive Officer and Richard Howes, Chief Financial Officer.

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves			Retained earnings		Total equity £m
				Merger £m	Capital redemption £m	Cash flow hedge £m	Own shares £m	Earnings £m	
At 31 December 2021	**108.4**	**194.2**	**(269.2)**	**2.5**	**16.1**	**0.4**	**(52.9)**	**2,204.4**	**2,203.9**
Adjustment to 2021 closing equity in respect of hyperinflation in Turkey[1]								**12.6**	**12.6**
Restated equity at 1 January 2022	**108.4**	**194.2**	**(269.2)**	**2.5**	**16.1**	**0.4**	**(52.9)**	**2,217.0**	**2,216.5**
Profit for the year								**474.4**	**474.4**
Actuarial gain on defined benefit pension schemes								**6.9**	**6.9**
Foreign currency translation differences on foreign operations			**232.9**						**232.9**
Loss taken to equity as a result of effective net investment hedges			**(38.2)**						**(38.2)**
Gain recognised in cash flow hedge reserve						**10.3**			**10.3**
Income tax charge on other comprehensive income			**0.3**			**(2.6)**		**(1.4)**	**(3.7)**
Total comprehensive income			**195.0**			**7.7**		**479.9**	**682.6**
2021 interim dividend								**(54.3)**	**(54.3)**
2021 final dividend								**(136.2)**	**(136.2)**
Movement from cash flow hedge reserve to inventory						**(9.0)**			**(9.0)**
Hyperinflation accounting adjustments[1]								**34.9**	**34.9**
Issue of share capital	**0.1**	**5.2**							**5.3**
Employee trust shares							**(34.2)**		**(34.2)**
Movement on own share reserves							**23.7**	**(23.7)**	**–**
Share based payments								**15.3**	**15.3**
At 31 December 2022	**108.5**	**199.4**	**(74.2)**	**2.5**	**16.1**	**(0.9)**	**(63.4)**	**2,532.9**	**2,720.9**

[1] During the year to 31 December 2022, IAS 29 'Financial Reporting in Hyperinflationary Economies' became applicable for entities with a functional currency of the Turkish Lira. Following this, the results of the Group's businesses in Turkey, along with its business in Argentina which has been subject to hyperinflation accounting since 2018, have been adjusted for the effects of inflation in accordance with IAS 29. See Note 1 for further details.

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves			Retained earnings		Total equity £m
				Merger £m	Capital redemption £m	Cash flow hedge £m	Own shares £m	Earnings £m	
At 1 January 2021	108.3	187.7	(190.9)	2.5	16.1	(4.3)	(73.4)	1,873.1	1,919.1
Profit for the year								442.8	442.8
Actuarial gain on defined benefit pension schemes								74.1	74.1
Foreign currency translation differences on foreign operations			(89.8)						(89.8)
Gain taken to equity as a result of effective net investment hedges			11.5						11.5
Gain recognised in cash flow hedge reserve						4.4			4.4
Income tax charge on other comprehensive income			–			(0.8)		(18.5)	(19.3)
Total comprehensive income			(78.3)			3.6		498.4	423.7
2020 interim dividend								(52.8)	(52.8)
2020 final dividend								(127.6)	(127.6)
Movement from cash flow hedge reserve to inventory						1.1			1.1
Issue of share capital	0.1	6.5							6.6
Employee trust shares							15.5		15.5
Movement on own share reserves							5.0	(5.0)	–
Share based payments								18.3	18.3
At 31 December 2021	108.4	194.2	(269.2)	2.5	16.1	0.4	(52.9)	2,204.4	2,203.9

Consolidated cash flow statement

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Cash flow from operating activities			
Profit before income tax		**634.6**	568.7
Adjusted for:			
net finance expense	6	**67.9**	54.6
customer relationships, brands and technology amortisation	13	**128.4**	106.5
acquisition related items	4	**55.9**	23.0
disposal of business	10	**(0.9)**	–
Adjusted operating profit		**885.9**	752.8
Adjustments:			
depreciation and software amortisation	30	**189.5**	171.2
other non-cash items	30	**15.9**	4.4
working capital movement	30	**54.5**	2.1
Cash generated from operations before acquisition related items		**1,145.8**	930.5
Cash outflow from acquisition related items	9	**(20.6)**	(16.0)
Income tax paid		**(173.6)**	(181.4)
Cash inflow from operating activities		**951.6**	733.1
Cash flow from investing activities			
Interest received		**16.2**	8.7
Purchase of property, plant and equipment and software	11,13	**(46.7)**	(32.7)
Sale of property, plant and equipment		**1.0**	2.7
Purchase of businesses	9	**(243.6)**	(436.7)
Disposal of business	10	**49.9**	–
Cash outflow from investing activities		**(223.2)**	(458.0)
Cash flow from financing activities			
Interest paid excluding interest on lease liabilities		**(61.9)**	(43.5)
Dividends paid	22	**(190.5)**	(180.4)
Increase in borrowings		**346.4**	14.5
Repayment of borrowings		**(131.8)**	(134.9)
Realised (losses)/gains on foreign exchange contracts		**(86.2)**	25.0
Payment of lease liabilities – principal	27	**(153.1)**	(138.6)
Payment of lease liabilities – interest	27	**(22.0)**	(20.3)
Proceeds from issue of ordinary shares to settle share options		**5.3**	6.6
Proceeds from exercise of market purchase share options		**36.8**	47.1
Purchase of employee trust shares		**(74.0)**	(34.2)
Cash outflow from financing activities		**(331.0)**	(458.7)
Increase/(decrease) in cash and cash equivalents		**397.4**	(183.6)
Cash and cash equivalents at start of year		**225.3**	429.7
Increase/(decrease) in cash and cash equivalents		**397.4**	(183.6)
Currency translation		**55.4**	(20.8)
Cash and cash equivalents at end of year	28	**678.1**	225.3

Consolidated cash flow statement continued

for the year ended 31 December 2022

Alternative performance measures[†]	Notes	2022 £m	2021 £m
Cash generated from operations before acquisition related items		**1,145.8**	930.5
Purchase of property, plant and equipment and software		**(46.7)**	(32.7)
Sale of property, plant and equipment		**1.0**	2.7
Payment of lease liabilities	27	**(175.1)**	(158.9)
Operating cash flow		**925.0**	741.6
Adjusted operating profit		**885.9**	752.8
Add back depreciation of right-of-use assets	12	**151.1**	134.8
Deduct payment of lease liabilities	27	**(175.1)**	(158.9)
Lease adjusted operating profit		**861.9**	728.7
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)		**107%**	102%
Operating cash flow		**925.0**	741.6
Net interest excluding interest on lease liabilities		**(45.7)**	(34.8)
Income tax paid		**(173.6)**	(181.4)
Free cash flow		**705.7**	525.4

[†] See Note 3 on page 178 for further details of the alternative performance measures.

Notes

1 Basis of preparation
Bunzl plc (the 'Company') is a public company, which is limited by shares and is listed on the London Stock Exchange. The Company is incorporated and domiciled in the United Kingdom and is registered in England and Wales.

a. Basis of accounting
The consolidated financial statements for the year ended 31 December 2022 have been approved by the Board of directors of Bunzl plc. They are prepared in accordance with UK-adopted International Accounting Standards ('IASs') in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006. The consolidated financial statements also comply fully with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'). They are prepared under the historical cost convention with the exception of certain items which are measured at fair value as described in the accounting policies below.

(i) Going concern
The directors, having reassessed the principal risks and uncertainties, consider it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

In reaching this conclusion, the directors noted the Group's strong operating cash flow performance in the year and the substantial funding available to the Group as described in the Financial review. The directors also considered a range of different forecast scenarios for the 18 month period from the date of these financial statements to the end of June 2024 starting with a base case projection derived from the Group's 2023 Budget excluding any non-committed acquisition spend or changes in funding. The resilience of the Group to a range of severe but plausible downside scenarios was factored into the directors' considerations through two levels of stress testing against the base case projection.

These severe but plausible downside scenarios included the following assumptions:

- A 15% reduction in adjusted operating profit from the potential for adverse impacts from the crystallisation of the principal strategic and operational risks to the Group's organic growth and a 10% increase in working capital
- A 25% reduction in adjusted operating profit from a more severe impact from the crystallisation of the principal strategic and operational risks to the Group's organic growth and a 20% increase in working capital

In addition, the Group has carried out reverse stress tests against the base case to determine the level of performance that would result in a breach of financial covenants. In order for a breach of covenants to occur during the 18 month period to the end of June 2024 the Group would need to experience a reduction in EBITDA of over 55% compared to the base case.

In the first two stress tests it was found that the Group was resilient and in particular it remained in compliance with the relevant financial covenants. The conditions required to create the reverse stress test scenario were so severe that they were considered to be implausible. The directors are therefore satisfied that the Group's forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

1 Basis of preparation continued

(ii) Impact of Hyperinflation on the financial statements at 31 December 2022

During the year to 31 December 2022 the three-year cumulative inflation in Turkey exceeded 100% and as a result, IAS 29 'Financial Reporting in Hyperinflationary Economies' became applicable for entities with a functional currency of the Turkish Lira.

The Group's financial statements include the results and financial position of its Turkish operations restated to the measuring unit current at the end of the year with hyperinflationary gains and losses in respect of monetary items being reported in finance expense. Comparative amounts presented in the financial statements have not been restated. In accordance with IAS 29, hyperinflationary accounting has been applied as if Turkey has always been a hyperinflationary economy, and as an accounting policy choice allowed under IAS 29, the differences between equity at 31 December 2021 as reported and the equity after the restatement of the non-monetary items to the measuring unit current at 31 December 2021 have been recognised directly in retained earnings, rather than in other comprehensive income. The inflation rate used by the Group is the official rate published by the Turkish Statistical Institute, TurkStat. The movement in the publicly available official price index for the year to 31 December 2022 was an increase of 64% (12 months to 31 December 2021: increase of 36%).

The impact of the continuing application of hyperinflationary accounting to the Group's business in Argentina was immaterial both in the current and comparative years.

IAS 29 requires that the income statement is adjusted for inflation in the year and translated at the year-end foreign exchange rates and that non-monetary assets and liabilities on the balance sheet are inflated to reflect the change in purchasing power caused by inflation from the date of initial recognition. For the year ended 31 December 2022, this resulted in an increase in goodwill of £16.4m and a net increase in other intangibles of £12.3m before impairment charges. The impacts on other non-monetary assets and liabilities were immaterial. The total impact to retained earnings during the year was a gain of £47.5m, comprising the adjustment to opening balances for our businesses in Turkey of £12.6m and the impact of inflation in the current year for our businesses in Turkey and Argentina of £34.9m. The total impact to the Consolidated income statement during the year was a charge of £21.2m to profit after tax from hyperinflation accounting adjustments, comprising an £18.7m adverse impact on adjusted profit before tax, increased customer relationships amortisation of £1.8m and an increased tax charge of £0.7m, and also a hyperinflation accounting related impairment charge of £13.0m to the customer relationships assets in the Group's businesses in Turkey partly offset by a tax credit of £2.5m related to the impairment charge.

When applying IAS 29 on an ongoing basis, comparatives in a stable currency are not restated with the translation effect presented within other comprehensive income during the year, and the effect of inflating opening balances to the measuring unit current at the end of the reporting period presented as a change in equity.

b. Newly adopted accounting policies

There are no new standards or amendments to existing standards that are effective that have had a material impact on the Group, nor does the Group anticipate any new or revised standards and interpretations that are effective from 1 January 2023 and beyond to have a material impact on its consolidated results or financial position.

2 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in the consolidated financial statements.

a. Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is either exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of all of the Company's subsidiary undertakings is included in the Related undertakings note in the Shareholder information section on pages 230 to 235 and is subject to audit. The results of all of the subsidiary undertakings are included in full in these consolidated financial statements.

The following UK subsidiaries are exempt from the requirements under the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A of the Act.

Company Name	Registered number
Bunzl American Holdings (No. 1) Limited	02865710
Bunzl American Holdings (No. 2) Limited	05286676
Bunzl Holding GTL Limited	0685352
Bunzl Holding LCE Limited	0970892
Bunzl Mexico Holdings 1 Limited	13558260
Bunzl Mexico Holdings 2 Limited	13558193
Bunzl Overseas Holdings Limited	02865701
Bunzl Overseas Holdings (No. 2) Limited	02090880
Bunzl Overseas Holdings (No. 3) Limited	08224950
Henares Limited	06387342
Yorse No. 1 Limited	04373660
Yorse No. 3 Limited	02317609
Selectuser Limited	03829908

(ii) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The consideration paid or payable in respect of acquisitions comprises amounts paid on completion and deferred consideration, excluding payments which are contingent on the continued employment of former owners of businesses acquired. The excess of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill. Payments that are contingent on future employment and transaction costs and expenses such as professional fees are charged to the income statement.

When less than 100% of the issued share capital of a subsidiary is acquired and the acquisition includes an option to purchase the remaining share capital of the subsidiary, the anticipated acquisition method is applied, where judged appropriate to do so based on the risks and rewards associated with the option to purchase, meaning that no non-controlling interest is recognised. A liability is carried on the balance sheet equal to the fair value of the option and this is revised to fair value at each reporting date with differences being recorded in acquisition related items in the income statement.

(iii) Disposal of businesses

Where a subsidiary undertaking is sold, the profit or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the carrying amount of the assets and liabilities of the subsidiary on the date of disposal less any transaction costs relating to the disposal. On the disposal of a subsidiary with assets and liabilities denominated in foreign currency, the cumulative translation difference associated with that subsidiary in the translation reserve is credited or debited to the profit or loss on disposal recognised in the income statement. Cash received on disposal of businesses is shown within investing activities in the Consolidated cash flow statement, net of cash and cash equivalents disposed of and transaction costs paid.

(iv) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

2 Accounting policies continued

b. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the income statement, unless they qualify for cash flow or net investment hedge accounting treatment, in which case the effective portion is recognised directly in other comprehensive income.

Assets and liabilities of foreign operations are translated at the exchange rate prevailing at the balance sheet date. Income and expenses of foreign operations are translated at average exchange rates. All resulting exchange differences, including exchange differences arising from the translation of borrowings and other financial instruments designated as hedges of such balances, are recognised directly in other comprehensive income and accumulated in the translation reserve. Differences that have arisen since 1 January 2004, the date of transition to IFRS, are presented in this separate component of equity.

c. Revenue

The Group is principally engaged in the delivery of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods. Revenue related to the provision of services is recognised when the service is provided, which for the majority of the Group's service revenue represents a single performance obligation. Revenue is not recognised if there is significant uncertainty regarding recovery of the consideration due.

Revenue is valued at invoiced amounts, excluding sales taxes and including estimates for variable consideration where relevant, such as returns and discounts, for which a liability is recognised as required. Returns and early settlement discount liabilities are based on experience over an appropriate period whereas volume discount liabilities are based on agreements with customers and expected volumes.

d. Cost of goods sold

Cost of goods sold consists of the cost of the inventories sold or disposed of in the period where the cost of inventories is net of supplier rebate income related to those inventories.

e. Supplier rebates

The Group has various rebate arrangements with a number of suppliers. Some of these arrangements are based on the volume of products purchased and others are based on the volume of products sold. Supplier rebate income is recognised in cost of goods sold concurrent with the sale of the inventories to which it relates and is calculated by reference to the expected consideration receivable from each rebate arrangement. Substantially all supplier rebate income is unconditional and non-judgemental. Supplier rebate income is not recognised if there is significant uncertainty regarding recovery of the amount due. Supplier rebate income accrued but not yet received is included in other receivables.

f. Share based payments

The Group operates a number of equity settled share based payment compensation plans. Details of these plans are outlined in Note 21 and the Directors' remuneration report. The total expected expense is based on the fair value of options and other share based incentives on the grant date, calculated using a valuation model, and is spread over the expected vesting period with a corresponding credit to equity.

g. Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot readily be determined, as is the case in the vast majority of the leasing activities of the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index/rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

Judgements are involved in determining the lease term, particularly because termination options are included in a number of property leases across the Group to facilitate operational flexibility. The majority of termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a termination option. Periods after the date of a termination option are only included in the lease term if it is reasonably certain that the lease will not be terminated. The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the Group.

2 Accounting policies continued

g. Leases continued

Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are assets with a value of less than £5,000 when new, typically small items of IT equipment, office equipment and office furniture.

h. Income tax

Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the balance sheet date and any adjustments in respect of prior years. Current tax payable is recognised when it is probable that the Group will be required to settle the obligation. The Group's policy for accounting for current tax payable or receivable where it is uncertain is described in more detail in Note 2y – Sources of estimation uncertainty – Taxation.

Deferred tax is provided using the balance sheet liability method providing for temporary differences arising between tax bases and carrying amounts in the consolidated financial statements. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is not recognised for the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and where the Company controls the timing of the reversal. A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

i. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses. The carrying values of property, plant and equipment are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

j. Depreciation

Depreciation is charged to the income statement on a straight line basis to write off cost less estimated residual value over the assets' estimated remaining useful lives. The estimated useful lives are as follows:

Buildings	50 years (or depreciated over life of lease if shorter than 50 years)
Plant and machinery	3 to 12 years
Fixtures, fittings and equipment	3 to 12 years
Freehold land	Not depreciated

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

k. Intangible assets

(i) Goodwill

Acquisitions are accounted for using the acquisition method. As permitted by IFRS 1 'First-time Adoption of International Financial Reporting Standards', the Group chose to apply IFRS 3 'Business Combinations' from 1 January 2004 and elected not to restate previous business combinations. For acquisitions made before 1 January 2004, goodwill represents the amount previously recorded under UK Generally Accepted Accounting Practice ('UK GAAP'). For acquisitions that occurred between 1 January 2004 and 31 December 2009, goodwill represents the cost of the business combination in excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. For acquisitions that have occurred on or after 1 January 2010, goodwill represents the cost of the business combination (excluding payments contingent on future employment and transaction costs and expenses) in excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is allocated to cash generating units ('CGUs') and is tested annually for impairment. Negative goodwill arising on acquisition is recognised immediately in the income statement.

(ii) Customer relationships, brands and technology

Customer relationships, brands and technology intangible assets acquired in a business combination are recognised on acquisition and recorded at fair value. Subsequent to initial recognition, customer relationships, brands and technology intangible assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged to the income statement on a straight line basis over the estimated useful economic lives which range from 3 to 19 years.

2 Accounting policies continued

k. Intangible assets continued

(iii) Software

Software is stated at historical cost less accumulated amortisation and any impairment losses. The carrying values of software are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Amortisation is charged to the income statement on a straight line basis over the estimated useful economic lives which range from 3 to 10 years.

l. Impairment

The carrying amounts of the Group's assets are reviewed annually to determine if there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. The recoverable amounts of assets carried at amortised cost are calculated as the present value of estimated future cash flows, discounted at appropriate pre-tax discount rates. The recoverable amounts of other assets are the greater of their fair value less the costs of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present values using appropriate pre-tax discount rates. Impairment losses are recognised when the carrying amount of an asset or CGU exceeds its recoverable amount, with impairment losses being recognised in the income statement.

m. Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and comprises the purchase price, net of any related supplier volume rebates, plus import duties and other taxes, inbound freight and haulage costs and other related costs incurred to bring the product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale. Provision is made for obsolete, slow moving or defective items and market price movements where appropriate.

n. Trade and other receivables

Trade and other receivables are initially measured at fair value, which for trade receivables is equal to the consideration expected to be received from the satisfaction of performance obligations, plus any directly attributable transaction costs. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses including expected credit losses. In accordance with IFRS 9 'Financial Instruments' the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as the ageing of the debt and the credit risk of the customers. An historical credit loss rate is then calculated for each group and adjusted to reflect expectations about future credit losses. Inputs and assumptions used for expected credit loss provisions are based on local operating company historical experience and expectations about future credit losses. The Group does not have any significant contract assets.

o. Trade and other payables

Trade and other payables are initially measured at fair value including any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost. The Group has contract liabilities in the form of deferred income which arises from consideration received in advance of the satisfaction of performance obligations.

p. Financial instruments

Classification and measurement

Under IFRS 9, financial instruments are initially measured at fair value with subsequent measurement depending upon the classification of the instrument. IFRS 13 'Fair Value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All non-derivative financial assets and liabilities are subsequently held at amortised cost unless they are in a fair value hedge relationship. Financial assets and liabilities held in a fair value hedge relationship are held at amortised cost with a fair value adjustment with subsequent changes in this fair value adjustment recorded in the income statement.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- a hedge of the fair value of recognised assets or liabilities or a firm commitment ('fair value hedge');
- a hedge of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions ('cash flow hedge'); or
- a hedge of a net investment in a foreign operation ('net investment hedge').

2 Accounting policies continued

p. Financial instruments continued

The Group documents its risk management objectives and strategy for undertaking its hedge transactions. At inception of hedge relationships, the Group documents the economic relationship between the hedging instruments and the hedged items.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is 12 months or less.

(i) Fair value hedge

Where a derivative instrument is designated and qualifies as a hedge of a recognised asset or liability, all changes in the fair value of the derivative are recognised immediately in the income statement within finance expense. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged with changes recognised in the income statement, also within finance expense. The gain or loss relating to any ineffective portion of the hedging arrangement is recognised immediately in the income statement.

If the hedge relationship is de-designated, then from the point of de-designation there is no further fair valuing of the hedged item. Any previous adjustment to the carrying amount of the hedged item is amortised over the remaining maturity of the hedged item.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement.

Where a derivative instrument is designated and qualifies as a hedge of a forecast transaction, only the change in fair value of the forward contract related to the spot component is designated as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contract are initially recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognised in the income statement.

Gains or losses accumulated in equity are reclassified to the income statement when the hedged item affects profit or loss. When the hedged item results in the recognition of a non-financial asset, the gains or losses accumulated in equity are transferred from equity and included in the carrying amount of the non-financial asset, with the deferred gains or losses ultimately being recognised in the income statement as the non-financial asset affects profit or loss. This transfer is not a reclassification adjustment.

When a hedging instrument expires, any cumulative deferred gain/loss in equity relating to that instrument remains in equity until the forecast transaction occurs at which point it is reclassified to the income statement. When the forecast transaction is no longer expected to occur, the cumulative deferred gain/loss recorded in equity is immediately reclassified to the income statement.

(iii) Net investment hedge

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in foreign operations are recognised directly in equity to the extent the hedge is effective and are accumulated in a separate reserve within equity. To the extent that the hedge is ineffective such differences are recognised in the income statement.

(iv) Other derivative instruments

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

q. Cash and cash equivalents

Cash and cash equivalents, as reported in the cash flow statement, comprises cash at bank and in hand and bank overdrafts. Cash at bank and in hand includes cash balances and short term deposits with maturities of three months or less from the date the deposit is made.

r. Net debt

Net debt is defined as interest bearing loans and borrowings adjusted for the fair value of interest rate swaps on fixed interest rate borrowings and other derivatives managing the interest rate risk and currency profile less cash and cash equivalents.

s. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2 Accounting policies continued

t. Investment in own shares

The cost of shares held either directly (treasury shares) or indirectly (employee benefit trust shares) is deducted from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is recognised in retained earnings.

At each reporting date the Group remeasures the value of the shares held in the employee benefit trust to present them in the own shares reserve at the market value of those shares at the reporting date. This is done through a reclassification from retained earnings to the own shares reserve. This movement has no effect on the actual numbers of shares held by the employee benefit trust.

u. Retirement benefits

(i) Defined contribution pension schemes

A defined contribution pension scheme is a post-employment benefit scheme under which the Company pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement in the periods during which services are rendered by employees.

(ii) Defined benefit pension schemes

A defined benefit pension scheme is a post-employment benefit plan other than a defined contribution pension scheme. Defined benefit pension schemes are recognised on the balance sheet as a defined benefit pension asset or a defined benefit pension liability based on the difference between the fair value of pension scheme assets and the present value of pension scheme liabilities.

The present value of pension scheme liabilities is calculated by a qualified actuary using the projected unit method by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted using the rate applicable to AA rated corporate bonds that have a similar maturity and currency to the pension scheme liabilities. The fair value of any pension scheme assets (at bid price) is deducted from the present value of pension scheme liabilities to determine the net deficit or surplus of each scheme. Remeasurements arising from defined benefit pension schemes comprise actuarial gains and losses on pension scheme liabilities and the actual return on pension scheme assets excluding amounts already included in net interest. The net actuarial gain or loss for the year is recorded in full in the statement of comprehensive income.

Current service cost, past service cost or gain and gains and losses on any settlements and curtailments are credited or charged to the income statement. Past service cost is recognised immediately to the extent benefits are already vested. Net interest on the net defined benefit pension liability or asset is calculated by applying the discount rate used to measure the defined benefit pension scheme deficit or surplus at the beginning of the year to the net defined benefit pension liability or asset at the beginning of the year. Net interest is recorded within finance expense or finance income in the income statement.

When the valuation of a defined benefit pension scheme results in a surplus, the recognised defined benefit pension asset is limited to the present value of benefits available in the form of any future refunds from the pension scheme or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

v. Dividends

The interim dividend is recognised in the statement of changes in equity in the period in which it is paid and the final dividend in the period in which it is approved by shareholders at the Annual General Meeting.

w. Hyperinflationary economies

Where the Group has operations in countries to which hyperinflation accounting applies, the financial statements of the business concerned are accounted for under IAS 29 'Financial Reporting in Hyperinflationary Economies'. See Note 1a(ii) for details on the impact of hyperinflation accounting in the current year.

x. Judgements made in applying the Group's accounting policies

In the course of preparing the financial statements, other than judgements involved in determining lease terms under the application of IFRS 16 'Leases' and in determining estimates and assumptions (see Note 2y below), no other judgements have been made in the process of applying the Group's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

In measuring its right-of-use assets and lease liabilities, management is required to make judgements, particularly in relation to lease termination options. Periods after the date of a termination option are only included in the lease term if it is reasonably certain that the lease will not be terminated. While management determine lease terms across the Group on a case-by-case basis, if different judgements were applied relating to a number of leases, it could have a significant effect on the overall amounts recognised in the financial statements.

2 Accounting policies continued

y. Sources of estimation uncertainty

In applying the Group's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. As at 31 December 2022, sources of estimation uncertainty where there was a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year was limited to the following item:

Defined benefit pension schemes

The measurement of the present value of defined benefit pension scheme liabilities involves the use of various actuarial assumptions. The Group uses independent actuarial experts to assist with the estimation of the discount rates, inflation rates and longevity assumptions used for the measurement of defined benefit pension scheme liabilities but the actual liabilities could be materially different. The main risks to which the Group is exposed in relation to the valuation of the defined benefit pension schemes are described in Note 25. The Group's net pension asset balance as at 31 December 2022 was £39.9m (2021: £31.2m).

While not expected to result in a material change in the carrying value of assets or liabilities in the next 12 months the following estimates or assumptions were also used in applying the Group's accounting policies:

Accounting for business combinations

Part of the Company's strategy is to grow through acquisitions. Acquisitions are accounted for using the acquisition method as described in the business combinations accounting policy, Note 2a(ii), and the goodwill accounting policy, Note 2k(i). This includes the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates and are therefore subjective. The Group has developed a process to meet the requirements of IFRS 3 including the separate identification of customer relationships, brands and technology intangible assets based on estimated future performance and customer attrition rates. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. The process applied is described in Note 9.

Recoverability of goodwill, customer relationships, brands and technology intangible assets

As noted above, part of the Company's strategy is to grow through acquisitions which has led to material goodwill, customer relationships, brands and technology intangible assets being recognised on the balance sheet. Goodwill, which is allocated across CGUs, is tested annually to determine if there is any indication of impairment by comparing the carrying amount of the goodwill to the recoverable amount of the CGU to which it has been allocated. Assumptions and estimates are used to determine the recoverable amount of each CGU, principally based on the present value of estimated future cash flows. Actual performance may differ from management's expectations. The estimates and assumptions used in performing impairment testing are described in Note 13. Customer relationships, brands and technology intangible assets are also reviewed annually for indicators of impairment and if an indicator of impairment exists then similar recoverability testing, involving the use of estimates and assumptions, is performed for the business to which the customer relationships, brands and technology intangible assets relate. The useful economic lives of customer relationships, brands and technology intangible assets are also reviewed at least annually, with any revisions to the original estimated useful economic lives accounted for prospectively. As at 31 December 2022 the goodwill balance was £1,931.6m (2021: £1,698.5m), the amount of customer relationships intangible assets was £1,090.9m (2021: £1,022.0m), the amount of brands intangible assets was £34.9m (2021: £24.0m) and the amount of technology intangible assets was £9.1m (2021: £nil).

2 Accounting policies continued

y. Sources of estimation uncertainty continued

Trade receivables and inventory provisions

Due to the uncertainty created by the Covid-19 pandemic and the continuing challenging economic conditions, trade receivables and inventory provisions are considered to be a source of estimation uncertainty. In 2020 and 2021, the Group saw increases in provisions for expected credit losses on trade receivables and slow moving inventory provisions, and additional provisions were made as a result of market price deflation on certain Covid-19 products. During 2022, the Group has seen a net utilisation of approximately £5m in trade receivables and slow moving inventory provisions, and also some utilisation of the provisions set up in the prior year for market price movements on Covid-19 products. As at 31 December 2022, the Group carried trade receivables provisions of £29.1m (2021: £27.4m) and provisions for slow moving, obsolete or defective inventories and market price movements of £179.9m (2021: £179.9m).

Taxation

The Group operates in many countries and is therefore subject to tax laws in a number of different tax jurisdictions. The amount of tax payable or receivable on profits or losses for any period is subject to the agreement of the tax authority in each respective jurisdiction and the tax liability or asset position is open to review for several years after the relevant accounting period ends. In determining the provisions for income taxes, management is required to make assumptions based on interpretations of tax statute and case law, which it does after taking account of professional advice and prior experience.

The majority of the Group's tax payable balance of £41.7m (2021: £43.6m) relates to provisions for uncertain tax matters. Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured by management according to the guidance provided by IFRIC 23 'Uncertainty over Income Tax Treatments' but the amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the consolidated financial statements as a result of the estimates and assumptions used.

Management does not consider there to be any significant risks of material adjustment within the next financial year because tax provisions cover a range of matters across multiple tax jurisdictions with a variety of timescales before such matters are expected to be concluded.

3 Alternative performance measures

In addition to the various performance measures defined under IFRS, the Group reports a number of other measures that are designed to assist with the understanding of the underlying performance of the Group and its businesses. These measures are not defined under IFRS and, as a result, do not comply with Generally Accepted Accounting Practice ('GAAP') and are therefore known as 'alternative performance measures'. Accordingly, these measures, which are not designed to be a substitute for any of the IFRS measures of performance, may not be directly comparable with other companies' alternative performance measures. The principal alternative performance measures used within the consolidated financial statements and the location of the reconciliation to equivalent IFRS measures are shown and defined in the table below:

Underlying revenue growth	Revenue excluding the incremental impact of acquisitions and disposals compared to revenue in prior years at constant exchange, adjusted for differences in trading days between years and adjusted to exclude growth in excess of 26% per annum in hyperinflationary economies (reconciled in the Financial Review)
Adjusted operating profit	Operating profit before customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables and in the Consolidated income statement)
Operating margin	Adjusted operating profit as a percentage of revenue
Adjusted profit before income tax	Profit before income tax, customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables)
Adjusted profit for the year	Profit for the year before customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and the associated tax (reconciled in the following tables)
Effective tax rate	Tax on adjusted profit before income tax as a percentage of adjusted profit before income tax (reconciled in Note 7)
Adjusted earnings per share	Adjusted profit for the year divided by the weighted average number of ordinary shares in issue (reconciled in the following tables and in Note 8)
Adjusted diluted earnings per share	Adjusted profit for the year divided by the diluted weighted average number of ordinary shares (reconciled in Note 8)
Operating cash flow	Cash generated from operations before acquisition related items after deducting purchases of property, plant and equipment and software and adding back the proceeds from the sale of property, plant and equipment and software and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Free cash flow	Operating cash flow after deducting payments for tax and net interest excluding interest on lease liabilities (as shown in the Consolidated cash flow statement)
Lease adjusted operating profit	Adjusted operating profit after adding back the depreciation of right-of-use assets and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Cash conversion	Operating cash flow as a percentage of lease adjusted operating profit (as shown in the Consolidated cash flow statement)
Working capital	Inventories and trade and other receivables less trade and other payables, excluding non-operating related receivables, non-operating related payables (including those relating to acquisition payments) and dividends payable (reconciled in Note 14)
Return on average operating capital	The ratio of adjusted operating profit to the average of the month end operating capital employed (being property, plant and equipment, right-of-use assets, software, inventories and trade and other receivables less trade and other payables)
Return on invested capital	The ratio of adjusted operating profit to the average of the month end invested capital (being equity after adding back net debt, lease liabilities, net defined benefit pension scheme liabilities, cumulative customer relationships, brands and technology amortisation, acquisition related items and amounts written off goodwill, net of the associated tax)
EBITDA	Adjusted operating profit on a historical GAAP basis, before depreciation of property, plant and equipment and software amortisation and after adjustments as permitted by the Group's debt covenants, principally to exclude share option charges and to annualise for the effect of acquisitions and disposal of businesses
Net debt excluding lease liabilities	Net debt excluding the carrying value of lease liabilities (reconciled in Note 28)
Constant exchange rates	Growth rates at constant exchange rates are calculated by retranslating the results for prior years at the average rates for the year ended 31 December 2022 so that they can be compared without the distorting impact of changes caused by foreign exchange translation. The principal exchange rates used for 2022 and 2021 can be found in the Financial review on page 87

Cumulative inflation over 100% (26% per annum compounded) over three years is one of the key indicators within IAS 29 to assess whether an economy is deemed to be hyperinflationary. As a result, the definition of 'Underlying revenue growth' has been updated to exclude growth in hyperinflationary economies above 26% per annum at constant exchange rates. In addition, the list of adjusting items excluded from the profitability alternative performance measures has been amended to include amortisation of technology intangibles recognised on acquisition.

Except for the amendments noted above, there have been no new alternative performance measures during the year and all other alternative performance measures have been calculated consistently with the methods applied in the consolidated financial statements for the year ended 31 December 2021. The amendments to the alternative performance measures, alongside an assessment of the relevance of the existing alternative performance measures, were agreed with the Audit Committee.

3 Alternative performance measures continued

The alternative performance measures listed above exclude the charge for customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and any associated tax, where relevant.

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, adjustments to previously estimated earn outs, customer relationships asset impairment charges, goodwill impairment charges and interest on acquisition related income tax. Customer relationships, brands and technology amortisation, acquisition related items and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions. The non-recurring pension scheme charges relate to non-recurring charges arising from the Group's participation in a number of defined benefit pension schemes. In the year ended 31 December 2022 and the year ended 31 December 2021 there were no non-recurring pension scheme charges. Disposal of business relates to the profit on disposal of the Group's UK Healthcare division in the year ended 31 December 2022. None of these items relate to the underlying operating performance of the business and, as a result, they distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating the profitability measures by which management assesses the performance of the Group. However it should be noted that they do exclude charges that nevertheless do impact the Group's cash flow and GAAP financial performance.

Other alternative performance measures, including the Group's key performance indicators which are set out and defined on pages 46 and 47, are used to monitor the performance of the Group and a number of these are based on, or derived from, the alternative performance measures noted above.

Reconciliation of alternative performance measures to IFRS measures

The principal profit related alternative performance measures, being adjusted operating profit, adjusted profit before income tax, adjusted profit for the year and adjusted earnings per share, are reconciled to the most directly reconcilable statutory measures in the tables below:

Year ended 31 December 2022

		Adjusting items				
	Alternative performance measures £m	Customer relationships, brands and technology amortisation £m	Acquisition related items £m	Disposal of business £m	Statutory measures £m	
Adjusted operating profit	**885.9**	**(128.4)**	**(55.9)**		**701.6**	**Operating profit**
Finance income	**22.3**				**22.3**	Finance income
Finance expense	**(90.2)**				**(90.2)**	Finance expense
Disposal of business	**–**			**0.9**	**0.9**	Disposal of business
Adjusted profit before income tax	**818.0**	**(128.4)**	**(55.9)**	**0.9**	**634.6**	**Profit before income tax**
Tax on adjusted profit	**(201.2)**	**34.7**	**6.3**	**–**	**(160.2)**	Income tax
Adjusted profit for the year	**616.8**	**(93.7)**	**(49.6)**	**0.9**	**474.4**	**Profit for the year**
Adjusted earnings per share	**184.3p**	**(28.0)p**	**(14.8)p**	**0.2p**	**141.7p**	**Basic earnings per share**

Year ended 31 December 2021

		Adjusting items				
	Alternative performance measures £m	Customer relationships, brands and technology amortisation £m	Acquisition related items £m	Disposal of business £m	Statutory measures £m	
Adjusted operating profit	752.8	(106.5)	(23.0)		623.3	Operating profit
Finance income	10.7				10.7	Finance income
Finance expense	(65.3)				(65.3)	Finance expense
Disposal of business	–			–	–	Disposal of business
Adjusted profit before income tax	698.2	(106.5)	(23.0)	–	568.7	Profit before income tax
Tax on adjusted profit	(155.7)	27.3	2.5	–	(125.9)	Income tax
Adjusted profit for the year	542.5	(79.2)	(20.5)	–	442.8	Profit for the year
Adjusted earnings per share	162.5p	(23.7)p	(6.1)p	–	132.7p	Basic earnings per share

4 Segment analysis

The Group results are reported as four business areas based on geographical regions which are reviewed regularly by the Company's chief operating decision maker, the Board of directors. The principal results reviewed for each business area are revenue and adjusted operating profit.

Year ended 31 December 2022

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	**7,366.0**	**2,173.4**	**1,442.5**	**1,057.6**		**12,039.5**
Adjusted operating profit/(loss)	**511.5**	**195.1**	**95.3**	**111.7**	**(27.7)**	**885.9**
Customer relationships, brands and technology amortisation	**(57.3)**	**(40.6)**	**(11.0)**	**(19.5)**		**(128.4)**
Acquisition related items	**(15.8)**	**(27.5)**	**(7.4)**	**(5.2)**		**(55.9)**
Operating profit/(loss)	**438.4**	**127.0**	**76.9**	**87.0**	**(27.7)**	**701.6**
Finance income						**22.3**
Finance expense						**(90.2)**
Disposal of business						**0.9**
Profit before income tax						**634.6**
Adjusted profit before income tax						**818.0**
Income tax						**(160.2)**
Profit for the year						**474.4**
Operating margin	**6.9%**	**9.0%**	**6.6%**	**10.6%**		**7.4%**
Return on average operating capital	**45.4%**	**43.7%**	**52.2%**	**35.3%**		**43.0%**
Purchase of property, plant and equipment	**13.0**	**9.7**	**5.9**	**5.8**	**0.3**	**34.7**
Depreciation of property, plant and equipment	**11.3**	**9.1**	**4.8**	**4.3**	**0.1**	**29.6**
Additions to right-of-use assets	**65.8**	**15.3**	**18.9**	**23.3**	**–**	**123.3**
Depreciation of right-of-use assets	**74.7**	**33.6**	**23.8**	**18.4**	**0.6**	**151.1**
Purchase of software	**3.1**	**5.2**	**2.6**	**0.9**	**0.2**	**12.0**
Software amortisation	**3.7**	**2.2**	**1.6**	**1.1**	**0.2**	**8.8**

Year ended 31 December 2021

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	6,144.7	1,972.9	1,254.2	913.3		10,285.1
Adjusted operating profit/(loss)	401.3	191.8	67.0	116.5	(23.8)	752.8
Customer relationships, brands and technology amortisation	(44.5)	(36.4)	(9.1)	(16.5)		(106.5)
Acquisition related items	(7.6)	(8.2)	(3.1)	(4.1)		(23.0)
Operating profit/(loss)	349.2	147.2	54.8	95.9	(23.8)	623.3
Finance income						10.7
Finance expense						(65.3)
Profit before income tax						568.7
Adjusted profit before income tax						698.2
Income tax						(125.9)
Profit for the year						442.8
Operating margin	6.5%	9.7%	5.3%	12.8%		7.3%
Return on average operating capital	42.9%	47.3%	38.4%	48.9%		43.3%
Purchase of property, plant and equipment	7.7	8.1	4.3	4.6	0.1	24.8
Depreciation of property, plant and equipment	9.7	8.8	5.2	4.2	0.1	28.0
Additions to right-of-use assets	55.2	32.0	8.8	16.6	–	112.6
Depreciation of right-of-use assets	65.1	31.8	22.3	15.1	0.5	134.8
Purchase of software	2.8	2.9	1.6	0.6	–	7.9
Software amortisation	3.5	2.4	1.0	1.3	0.2	8.4

4 Segment analysis continued

Acquisition related items	2022 £m	2021 £m
Deferred consideration payments relating to the retention of former owners of businesses acquired	**24.9**	15.0
Transaction costs and expenses	**10.9**	8.3
Adjustments to previously estimated earn outs	**7.1**	(0.3)
	42.9	23.0
Customer relationships impairment charges (Note 13)	**13.0**	–
	55.9	23.0

Reportable segments are determined based on quantitative thresholds in accordance with IFRS 8 'Operating Segments'. The three business areas of North America, Continental Europe and UK & Ireland are operating segments that meet the quantitative thresholds for reportable segments and are therefore disclosed separately above. The Rest of the World business area contains businesses in Latin America and Asia Pacific which individually do not meet the quantitative thresholds for separate disclosure as reportable segments. Rest of the World is therefore an 'other' segment that is disclosed above as a reportable segment as this information is considered to be useful to users of the financial statements and it also helps to reconcile the results of the reportable segments to the Group's consolidated results.

The revenue presented relates to external customers. Sales between the business areas are not material. Each of the business areas supplies a range of products to customers operating primarily in the grocery, foodservice, safety, cleaning & hygiene, retail and healthcare market sectors but results are not monitored on this basis. The performance of the four business areas is assessed by reference to adjusted operating profit and this measure also represents the segment results for the purposes of reporting in accordance with IFRS 8. Debt and associated interest is managed at a Group level and therefore has not been allocated across the business areas.

In the year ended 31 December 2022 the Group had no customer that represented 10% or more of total Group revenue (2021: no customers).

As noted above, the businesses within each operating segment operate in a number of different countries and sell products across a range of market sectors, with the vast majority of revenue generated from the delivery of goods to customers. The following table provides a breakdown of revenue by market sector. The other category covers a wide range of market sectors, none of which is sufficiently material to warrant separate disclosure.

Revenue by market sector	2022 £m	2021 £m
Foodservice	**3,592.9**	2,879.8
Grocery	**3,139.3**	2,623.5
Safety	**1,786.8**	1,564.9
Retail	**1,153.7**	1,011.2
Cleaning & Hygiene	**1,124.5**	1,048.3
Healthcare	**839.0**	809.9
Other	**403.3**	347.5
	12,039.5	10,285.1

Revenue attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2022 was £1,354.5m, representing 11% of the Group's total (2021: £1,165.9m, representing 11% of the Group's total). Revenue attributable to foreign countries in total was £10,685.0m, representing 89% of the Group's total (2021: £9,119.2m, representing 89% of the Group's total). Six foreign countries account for the majority of the revenue attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 74% of the Group's revenue (2021: 75%).

Non-current assets attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2022 were £545.9m, representing 14% of the Group's total (2021: £569.8m, representing 17% of the Group's total). Non-current assets attributable to foreign countries in total were £3,279.3m, representing 86% of the Group's total (2021: £2,839.5m, representing 83% of the Group's total). Six foreign countries account for the majority of the non-current assets attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 64% of the Group's total non-current assets (2021: 66%).

4 Segment analysis continued

The table below reconciles segment assets and liabilities to the Group's total assets and total liabilities. Unallocated assets and liabilities include corporate assets and liabilities, tax assets and liabilities, cash at bank and in hand, bank overdrafts, interest bearing loans and borrowings, derivative financial assets and liabilities and defined benefit pension assets and liabilities.

At 31 December 2022

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	**3,268.8**	**1,956.5**	**939.2**	**878.8**		**7,043.3**
Unallocated assets					**1,623.5**	**1,623.5**
Total assets	**3,268.8**	**1,956.5**	**939.2**	**878.8**	**1,623.5**	**8,666.8**
Segment liabilities	**1,363.1**	**768.9**	**516.8**	**279.5**		**2,928.3**
Unallocated liabilities					**3,017.6**	**3,017.6**
Total liabilities	**1,363.1**	**768.9**	**516.8**	**279.5**	**3,017.6**	**5,945.9**

At 31 December 2021

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	2,952.4	1,614.9	968.3	692.3		6,227.9
Unallocated assets					886.2	886.2
Total assets	2,952.4	1,614.9	968.3	692.3	886.2	7,114.1
Segment liabilities	1,138.0	607.9	508.9	220.8		2,475.6
Unallocated liabilities					2,434.6	2,434.6
Total liabilities	1,138.0	607.9	508.9	220.8	2,434.6	4,910.2

5 Analysis of operating income and expenses

	2022 £m	2021 £m
Cost of goods sold	**9,015.0**	7,762.5
Employee costs (Note 26)	**1,085.1**	934.8
Depreciation of property, plant and equipment (Note 11)	**29.6**	28.0
Depreciation of right-of-use assets (Note 12)	**151.1**	134.8
Customer relationships, brands and technology amortisation (Note 13)	**128.4**	106.5
Amortisation of software (Note 13)	**8.8**	8.4
Acquisition related items (Note 4)	**55.9**	23.0
Net impairment losses/(reversals) on trade receivables (Note 16)	**3.7**	(4.7)
Profit on disposal of property, plant and equipment	**(0.4)**	(0.9)
Expense relating to short term leases and low value assets	**5.2**	6.2
Lease and sublease income	**(3.2)**	(2.3)
Other operating expenses	**858.7**	665.5
Net operating expenses	**11,337.9**	9,661.8

Cost of goods sold consists of the cost of the inventories sold or disposed of in the year where the cost of inventories is net of supplier rebate income related to those inventories.

5 Analysis of operating income and expenses continued

Auditors' remuneration	2022 UK £m	2022 Overseas £m	2022 Total £m	2021 UK £m	2021 Overseas £m	2021 Total £m
Audit of these financial statements	**0.8**	**–**	**0.8**	0.8	–	0.8
Amounts receivable by the Company's auditors* in respect of:						
audit of financial statements of subsidiaries of the Company	**0.5**	**3.6**	**4.1**	0.5	2.9	3.4
audit related assurance services	**0.1**	**–**	**0.1**	0.1	–	0.1
all other services	**0.3**	**–**	**0.3**	0.2	–	0.2
Total auditors' remuneration	**1.7**	**3.6**	**5.3**	1.6	2.9	4.5

* Including their associates.

Audit related assurance services comprise the review of the half yearly financial report for the six months ended 30 June. All other services comprise other non-audit work which was permissible in accordance with the Company's policy and the prevailing regulations concerning the provision of non-audit services by the Company's external auditors. It is the Company's policy to assess the non-audit services to be performed by the Company's auditors on a case-by-case basis to ensure adherence to the prevailing ethical standards and regulations. Other firms are normally used by the Company to provide non-audit services. However, if the provision of a service by the Company's auditors is permitted and adequate safeguards are in place, it is sometimes appropriate for this additional work to be carried out by the Company's auditors.

The Audit Committee, which consists entirely of independent non-executive directors, reviews and approves the level and type of non-audit work which the external auditors perform, including the fees paid for such work, to ensure that the auditors' objectivity and independence are not compromised. Further information is set out in the Audit Committee's report on pages 119 to 131.

6 Finance income/(expense)

	2022 £m	2021 £m
Interest on cash and cash equivalents	**10.5**	3.5
Interest income from foreign exchange contracts	**9.2**	5.0
Net interest income on defined benefit pension schemes in surplus	**1.2**	0.1
Interest related to income tax	**–**	0.7
Other finance income	**1.4**	1.4
Finance income	**22.3**	10.7
Interest on loans and overdrafts	**(58.5)**	(40.7)
Lease interest expense	**(22.0)**	(20.3)
Interest expense from foreign exchange contracts	**(0.8)**	(1.5)
Net interest expense on defined benefit pension schemes in deficit	**(0.8)**	(0.8)
Fair value gain on US private placement notes and senior bond in a hedge relationship	**83.2**	33.3
Fair value loss on interest rate swaps in a hedge relationship	**(79.2)**	(33.1)
Foreign exchange gain/(loss) on intercompany funding	**126.7**	(25.3)
Foreign exchange (loss)/gain on external debt and foreign exchange forward contracts	**(126.7)**	25.2
Interest related to income tax	**(0.5)**	(0.5)
Monetary loss from hyperinflation accounting[1]	**(10.7)**	(0.2)
Other finance expense	**(0.9)**	(1.4)
Finance expense	**(90.2)**	(65.3)
Net finance expense	**(67.9)**	(54.6)

[1] See Note 1 for further details.

The foreign exchange gain on intercompany funding arises as a result of the retranslation of foreign currency intercompany loans. This gain on intercompany funding is substantially matched by the foreign exchange loss on external debt and foreign exchange forward contracts not in a hedge relationship which minimises the foreign currency exposure in the income statement.

7 Income tax

	2022 £m	2021 £m
Current tax on profit		
current year	**172.7**	152.9
adjustments in respect of prior years	**(9.2)**	(14.1)
	163.5	138.8
Deferred tax on profit		
current year	**(4.8)**	(10.6)
adjustments in respect of prior years	**1.5**	(2.3)
	(3.3)	(12.9)
Income tax on profit	**160.2**	125.9

In assessing the underlying performance of the Group, management uses adjusted profit before income tax. The tax effect of the adjusting items (see Note 3) is excluded in monitoring the effective tax rate (being the tax rate on adjusted profit before income tax) which is shown in the table below.

	2022 £m	2021 £m
Income tax on profit	**160.2**	125.9
Tax associated with adjusting items	**41.0**	29.8
Tax on adjusted profit	**201.2**	155.7
Profit before income tax	**634.6**	568.7
Adjusting items	**183.4**	129.5
Adjusted profit before income tax	**818.0**	698.2
Reported tax rate	**25.2%**	22.1%
Effective tax rate	**24.6%**	22.3%

			2022			2021
Tax on other comprehensive income/(expense) and equity	**Gross £m**	**Tax (charge)/ credit £m**	**Net £m**	Gross £m	Tax (charge)/ credit £m	Net £m
Actuarial gain on defined benefit pension schemes	**6.9**	**(1.4)**	**5.5**	74.1	(18.5)	55.6
Foreign currency translation differences on foreign operations	**232.9**	**0.3**	**233.2**	(89.8)	–	(89.8)
(Loss)/gain taken to equity as a result of effective net investment hedges	**(38.2)**	**–**	**(38.2)**	11.5	–	11.5
Gain recognised in cash flow hedge reserve	**10.3**	**(2.6)**	**7.7**	4.4	(0.8)	3.6
Other comprehensive income/(expense)	**211.9**	**(3.7)**	**208.2**	0.2	(19.3)	(19.1)
Dividends	**(190.5)**	**–**	**(190.5)**	(180.4)	–	(180.4)
Movement from cash flow hedge reserve to inventory	**(12.0)**	**3.0**	**(9.0)**	1.4	(0.3)	1.1
Hyperinflation accounting adjustments	**36.7**	**(1.8)**	**34.9**	–	–	–
Issue of share capital	**5.3**	**–**	**5.3**	6.6	–	6.6
Employee trust shares	**(34.2)**	**–**	**(34.2)**	15.5	–	15.5
Share based payments	**14.1**	**1.2**	**15.3**	12.7	5.6	18.3
Other comprehensive income/(expense) and equity	**31.3**	**(1.3)**	**30.0**	(144.0)	(14.0)	(158.0)

7 Income tax continued

Factors affecting the tax charge for the year

The Group operates in many countries and is subject to different rates of income tax in those countries. The expected tax rate is calculated as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, most of which are higher than the UK statutory rate for the year of 19.0% (2021: 19.0%). The adjustments to the tax charge at the weighted average rate to determine the income tax on profit are as follows:

	2022 £m	2021 £m
Profit before income tax	**634.6**	568.7
Tax charge at weighted average rate (2022: 24.6%; 2021: 24.9%)	**156.1**	141.7
Effects of:		
non-deductible expenditure	**8.9**	2.4
impact of intercompany finance	**(2.0)**	(0.2)
change in tax rates	**0.4**	(0.7)
hyperinflation accounting adjustments	**4.7**	–
prior year adjustments	**(7.7)**	(16.4)
other current year items	**(0.2)**	(0.9)
Income tax on profit	**160.2**	125.9

Deferred tax in the income statement	2022 £m	2021 £m
Property, plant and equipment	**1.2**	(0.9)
Defined benefit pension schemes	**(0.1)**	1.7
Goodwill, customer relationships, brands and technology	**(17.4)**	(13.0)
Provisions and accruals	**–**	4.3
Inventories	**10.5**	(5.5)
Leases	**0.7**	0.2
Other	**1.8**	0.3
Deferred tax on profit	**(3.3)**	(12.9)

8 Earnings per share

	2022 £m	2021 £m
Profit for the year	**474.4**	442.8
Adjusted for:		
customer relationships, brands and technology amortisation	**128.4**	106.5
acquisition related items	**55.9**	23.0
profit on disposal of business	**(0.9)**	–
tax credit on adjusting items	**(41.0)**	(29.8)
Adjusted profit for the year	**616.8**	542.5

	2022	2021
Basic weighted average number of ordinary shares in issue (million)	**334.7**	333.8
Dilutive effect of employee share plans (million)	**2.5**	2.2
Diluted weighted average number of ordinary shares (million)	**337.2**	336.0
Basic earnings per share	**141.7p**	132.7p
Adjustment	**42.6p**	29.8p
Adjusted earnings per share	**184.3p**	162.5p
Diluted basic earnings per share	**140.7p**	131.8p
Adjustment	**42.2p**	29.7p
Adjusted diluted earnings per share	**182.9p**	161.5p

9 Acquisitions

Acquisitions involving the purchase of the acquiree's share capital or, as the case may be, the relevant assets of the businesses acquired, have been accounted for under the acquisition method of accounting. A key part of the Group's strategy is to grow through acquisition. The Group has developed a process to assist with the identification of the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets in accordance with IFRS 3 'Business Combinations' as revised. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. At 31 December 2022 the allocation period for all acquisitions completed since 1 January 2022 remained open and accordingly the fair values presented are provisional.

Adjustments are made to the assets acquired and liabilities assumed during the allocation period to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date. Adjustments are made to the value of assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly, adjustments are made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments are also made to reflect the associated tax effects. During the year ended 31 December 2022 adjustments have been recognised to the fair value of assets and liabilities acquired related to acquisitions made in the prior year, resulting in a net decrease to goodwill of £3.4m (2021: net increase to goodwill of £3.4m). Given the immaterial amounts involved the fair value of assets and liabilities acquired as reported in the prior year have not been restated.

The consideration paid or payable in respect of acquisitions comprises amounts paid on completion, deferred consideration and payments which are contingent on the retention of former owners of businesses acquired. Any payments that are contingent on future employment, including payments which are contingent on the retention of former owners of businesses acquired, are charged to the income statement. All other consideration has been allocated against the identified net assets, with the balance recorded as goodwill. Transaction costs and expenses such as professional fees are charged to the income statement. The acquisitions provide opportunities for further development of the Group's activities and to create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses do not translate to separately identifiable intangible assets but do represent much of the assessed value that supports the recognised goodwill.

For each of the businesses acquired and announced during the year, the name of the business, the market sector served, its location and date of acquisition, as well as the estimated annualised revenue it would have contributed to the Group for the year if such acquisitions had been made at the beginning of the year, are separately disclosed. The remaining disclosures required by IFRS 3 are provided separately for those individual acquisitions that are considered to be material and in aggregate for individually immaterial acquisitions. An acquisition would generally be considered individually material if the impact on the Group's revenue or profit measures (on an annualised basis) or the relevant amounts on the balance sheet is greater than 5%. Management also applies judgement in considering whether there are any material qualitative differences from other acquisitions made.

2022

Summary details of the businesses acquired during the year ended 31 December 2022 are shown in the table below:

Business	Sector	Country	Acquisition date 2022	Percentage of share capital acquired	Annualised revenue £m
USL	Healthcare	New Zealand	31 May	90%	56.0
Hygi.de	Cleaning & Hygiene	Germany	11 July	75%	94.3
AFL Groep	Other	Netherlands	20 July	90%	18.1
London Catering & Hygiene Solutions	Cleaning & Hygiene	United Kingdom	29 July	100%	5.4
Containit	Safety	Australia	1 August	80%	12.9
Corsul Group	Safety	Brazil	2 September	100%	42.3
Enviropack	Foodservice	United Kingdom	13 October	85%	6.9
VM Footwear	Safety	Czech Republic	31 October	70%	14.2
PM Pack	Foodservice	Denmark	30 November	70%	16.3
Toomac Ophthalmic & Solutions	Healthcare	New Zealand	2 December	100%	6.6
Grupo R. Queralto	Healthcare	Spain	21 December	85%	23.3
Acquisitions completed in the current year					**296.3**
GRC	Healthcare	Australia	1 January 2023	100%	2.7
Acquisitions agreed in the current year					**299.0**

9 Acquisitions continued

There were no individually significant acquisitions in 2022. In 2021 the acquisition of McCue Corporation was considered to be significant and is shown separately in the table below. A summary of the effect of acquisitions in 2022 and 2021 is shown below:

	2022	2021		
	Total £m	Total £m	McCue £m	Other £m
Customer relationships	**107.7**	234.8	107.1	127.7
Brands	**11.6**	11.8	8.6	3.2
Technology	**9.1**	–	–	–
Property, plant and equipment and software	**4.8**	7.7	1.2	6.5
Right-of-use assets	**21.5**	12.6	3.4	9.2
Inventories	**44.9**	32.8	10.1	22.7
Trade and other receivables	**27.0**	63.8	25.1	38.7
Trade and other payables	**(30.9)**	(60.9)	(18.5)	(42.4)
Net (overdrafts)/cash	**(6.8)**	11.3	5.0	6.3
Provisions	**(7.9)**	(4.7)	(0.4)	(4.3)
Lease liabilities	**(21.5)**	(12.9)	(3.6)	(9.3)
Derivative assets/(liabilities)	**0.4**	(0.1)	–	(0.1)
Income tax payable and deferred tax liabilities	**(31.3)**	(57.3)	(29.1)	(28.2)
Fair value of net assets acquired	**128.6**	238.9	108.9	130.0
Goodwill	**106.6**	240.8	132.5	108.3
Consideration	**235.2**	479.7	241.4	238.3
Satisfied by:				
cash consideration	**180.6**	442.8	234.3	208.5
deferred consideration	**54.6**	36.9	7.1	29.8
	235.2	479.7	241.4	238.3
Contingent payments relating to retention of former owners	**66.4**	30.9	8.4	22.5
Net overdrafts/(cash) acquired	**6.8**	(11.3)	(5.0)	(6.3)
Transaction costs and expenses	**10.9**	8.3	1.7	6.6
Total committed spend in respect of acquisitions completed in the year	**319.3**	507.6	246.5	261.1
Spend on acquisitions committed but not completed at the year end	**2.9**	–	–	–
Total committed spend in respect of acquisitions agreed in the year	**322.2**	507.6	246.5	261.1

The net cash outflow in the year in respect of acquisitions comprised:

	2022	2021		
	Total £m	Total £m	McCue £m	Other £m
Cash consideration	**180.6**	442.8	234.3	208.5
Net overdrafts/(cash) acquired	**6.8**	(11.3)	(5.0)	(6.3)
Deferred consideration payments	**56.2**	5.2	–	5.2
Net cash outflow in respect of acquisitions	**243.6**	436.7	229.3	207.4
Transaction costs and expenses paid	**11.0**	9.1	1.5	7.6
Payments relating to retention of former owners	**9.6**	6.9	–	6.9
Total cash outflow in respect of acquisitions	**264.2**	452.7	230.8	221.9

Acquisitions completed in the year ended 31 December 2022 contributed £115.8m (2021: £123.2m) to the Group's revenue, £9.5m (2021: £17.3m) to the Group's adjusted operating profit and £5.9m (2021: £10.6m) to the Group's operating profit for the year ended 31 December 2022.

9 Acquisitions continued

The estimated contributions from acquisitions completed and agreed during the year to the results of the Group for the year ended 31 December if such acquisitions had been made at the beginning of the year, are as follows:

	2022 £m	2021 £m
Revenue	**299.0**	322.4
Adjusted operating profit	**29.3**	46.3

The total amount of goodwill expected to be deductible for tax purposes in relation to acquisitions completed during the year is £6.8m (2021: £9.3m).

Deferred consideration

The table below gives further details of the Group's deferred consideration liabilities.

	2022 £m	2021 £m
Minority options	**92.4**	41.9
Earn outs	**39.3**	57.7
Deferred consideration held at fair value	**131.7**	99.6
Other	**8.2**	8.2
Total deferred consideration	**139.9**	107.8
Current	**42.0**	46.5
Non-current	**97.9**	61.3
Total deferred consideration	**139.9**	107.8

Including expected future payments which are contingent on the continued retention of former owners of businesses acquired of £76.3m, total deferred and contingent consideration as at 31 December 2022 is £216.2m.

2021

Summary details of the businesses acquired or agreed to be acquired during the year ended 31 December 2021 are shown in the table below:

Business	Sector	Country	Acquisition date 2021	Percentage of share capital acquired	Annualised revenue £m
Deliver Net	Healthcare	UK	31 January	100%	19.5
Pinnacle	Cleaning & Hygiene	Canada	1 February	100%	11.3
Disposable Discounter	Foodservice	Netherlands	2 February	75.1%	23.6
Comax	Cleaning & Hygiene	UK	31 May	100%	16.4
Harvey Distributors	Cleaning & Hygiene	Australia	31 May	100%	4.4
Obex Medical Holdings	Healthcare	New Zealand	1 June	99.1%	28.7
Proin Pinilla	Safety	Spain	22 July	100%	14.3
Arprosa	Safety	Spain	31 July	100%	6.6
Medshop	Healthcare	Australia	8 September	75.1%	14.4
Intergro	Foodservice	US	30 September	100%	22.3
McCue Corporation	Safety	US	15 October	96.9%	72.6
Workwear Express	Safety	UK	26 October	96.3%	33.2
Hydropac[1]	Foodservice	UK	4 November	100%	8.4
Tingley Rubber	Safety	US	21 December	100%	46.7
Acquisitions agreed and completed in 2021					**322.4**

1 Located in the UK, but reporting through Continental Europe.

10 Disposal of business

The Group completed the disposal of its UK Healthcare division on 19 December 2022. As a result, the net assets of the Group increased by £0.9m representing the profit on disposal of £0.9m. The profit on disposal reflects the cash consideration received of £63.7m, offset by the net book value of the assets disposed of £53.0m, including the associated customer relationships intangible assets of £2.2m and the carrying value of allocated goodwill of £17.0m, less the associated transaction costs.

The net cash inflow in the year in respect of disposal of business comprised:

Cash flow from disposal of business	2022 £m
Cash consideration received	63.7
Cash and cash equivalents disposed	(10.2)
Net cash proceeds	53.5
Transaction costs paid	(3.6)
Net cash inflow	49.9

11 Property, plant and equipment

2022	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	91.5	167.6	110.5	369.6
Acquisitions (Note 9)	–	3.2	0.9	4.1
Disposal of business (Note 10)	(2.6)	(1.7)	(3.6)	(7.9)
Additions	5.3	19.0	10.4	34.7
Disposals	(1.8)	(2.7)	(6.5)	(11.0)
Currency translation	6.5	16.2	5.5	28.2
End of year	98.9	201.6	117.2	417.7
Accumulated depreciation				
Beginning of year	50.6	116.8	81.3	248.7
Charge in year	5.2	15.1	9.3	29.6
Disposal of business (Note 10)	(1.3)	(1.7)	(3.0)	(6.0)
Disposals	(1.8)	(2.3)	(6.3)	(10.4)
Currency translation	3.9	10.6	4.1	18.6
End of year	56.6	138.5	85.4	280.5
Net book value at 31 December 2022	42.3	63.1	31.8	137.2

2021	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	93.9	159.6	107.1	360.6
Acquisitions (Note 9)	0.9	5.3	1.0	7.2
Additions	2.2	9.9	12.7	24.8
Disposals	(3.7)	(6.5)	(3.7)	(13.9)
Currency translation	(1.8)	(0.7)	(6.6)	(9.1)
End of year	91.5	167.6	110.5	369.6
Accumulated depreciation				
Beginning of year	49.0	110.4	78.5	237.9
Charge in year	4.7	13.4	9.9	28.0
Disposals	(2.4)	(6.0)	(3.7)	(12.1)
Currency translation	(0.7)	(1.0)	(3.4)	(5.1)
End of year	50.6	116.8	81.3	248.7
Net book value at 31 December 2021	40.9	50.8	29.2	120.9

12 Right-of-use assets

2022	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	**366.4**	**57.8**	**24.1**	**448.3**
Acquisitions (Note 9)	**20.9**	**0.3**	**0.3**	**21.5**
Disposal of business (Note 10)	**(1.5)**	**(0.2)**	**–**	**(1.7)**
Additions	**84.2**	**28.1**	**11.0**	**123.3**
Depreciation charge in the year	**(111.7)**	**(28.6)**	**(10.8)**	**(151.1)**
Remeasurement adjustments	**54.7**	**1.9**	**–**	**56.6**
Currency translation	**26.6**	**4.0**	**2.1**	**32.7**
Net book value at 31 December 2022	**439.6**	**63.3**	**26.7**	**529.6**

2021	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	358.3	66.4	28.7	453.4
Acquisitions (Note 9)	12.5	0.1	–	12.6
Additions	81.3	24.3	7.0	112.6
Depreciation charge in the year	(96.4)	(28.6)	(9.8)	(134.8)
Remeasurement adjustments	16.5	(3.5)	(1.5)	11.5
Currency translation	(5.8)	(0.9)	(0.3)	(7.0)
Net book value at 31 December 2021	366.4	57.8	24.1	448.3

13 Intangible assets

2022	Goodwill £m	Customer relationships £m	Brands £m	Technology £m	Software £m	Total £m
Cost						
At 31 December 2021	**1,710.9**	**2,055.2**	**25.0**	**–**	**90.2**	**3,881.3**
Adjustment to opening balances in respect of hyperinflation in Turkey[1]	**6.7**	**10.0**	**–**	**–**	**–**	**16.7**
Restated as at 1 January 2022	**1,717.6**	**2,065.2**	**25.0**	**–**	**90.2**	**3,898.0**
Acquisitions (Note 9)	**106.6**	**107.7**	**11.6**	**9.1**	**0.7**	**235.7**
Disposal of business (Note 10)	**(17.0)**	**(5.1)**	**–**	**–**	**(0.8)**	**(22.9)**
Adjustment for hyperinflation accounting[1]	**9.7**	**13.5**	**–**	**–**	**–**	**23.2**
Additions					**12.0**	**12.0**
Disposals					**(3.4)**	**(3.4)**
Currency translation	**127.5**	**167.7**	**3.1**	**0.4**	**8.7**	**307.4**
End of year	**1,944.4**	**2,349.0**	**39.7**	**9.5**	**107.4**	**4,450.0**
Accumulated amortisation and impairment						
At 31 December 2021	**12.4**	**1,033.2**	**1.0**	**–**	**67.9**	**1,114.5**
Adjustment to opening balances in respect of hyperinflation in Turkey[1]	**–**	**4.4**	**–**	**–**	**–**	**4.4**
Restated as at 1 January 2022	**12.4**	**1,037.6**	**1.0**	**–**	**67.9**	**1,118.9**
Amortisation charge in the year		**124.8**	**3.2**	**0.4**	**8.8**	**137.2**
Impairment charge in the year	**–**	**13.0**	**–**	**–**	**–**	**13.0**
Disposal of business (Note 10)	**–**	**(2.9)**	**–**	**–**	**(0.6)**	**(3.5)**
Adjustment for hyperinflation accounting[1]	**–**	**6.8**	**–**	**–**	**–**	**6.8**
Disposals					**(3.4)**	**(3.4)**
Currency translation	**0.4**	**78.8**	**0.6**	**–**	**7.3**	**87.1**
End of year	**12.8**	**1,258.1**	**4.8**	**0.4**	**80.0**	**1,356.1**
Net book value at 31 December 2022	**1,931.6**	**1,090.9**	**34.9**	**9.1**	**27.4**	**3,093.9**

[1] See Note 1 for further details.

13 Intangible assets continued

2021	Goodwill £m	Customer relationships £m	Brands £m	Technology £m	Software £m	Total £m
Cost						
Beginning of year	1,506.7	1,874.2	12.8	–	85.5	3,479.2
Acquisitions (Note 9)	240.8	234.8	11.8	–	0.5	487.9
Additions					7.9	7.9
Disposals		–	–	–	(1.9)	(1.9)
Currency translation	(36.6)	(53.8)	0.4	–	(1.8)	(91.8)
End of year	1,710.9	2,055.2	25.0	–	90.2	3,881.3
Accumulated amortisation and impairment						
Beginning of year	12.1	961.5	0.3	–	63.4	1,037.3
Amortisation charge in year		105.5	1.0	–	8.4	114.9
Disposals		–	–	–	(1.9)	(1.9)
Currency translation	0.3	(33.8)	(0.3)	–	(2.0)	(35.8)
End of year	12.4	1,033.2	1.0	–	67.9	1,114.5
Net book value at 31 December 2021	1,698.5	1,022.0	24.0	–	22.3	2,766.8

Goodwill, customer relationships, brands and technology intangible assets have been acquired as part of business combinations. Further details of acquisitions made in the year are set out in Note 9.

Customer relationships include three businesses with individually significant customer relationships assets, McCue Corporation acquired in October 2021 and based in North America, MCR Safety acquired in September 2020 and based in North America and Hedis acquired in 2017 and based in France. The net book value of customer relationships in McCue Corporation as at 31 December 2022 was £113.1m (2021: £107.9m) with a remaining useful economic life of 13.7 years (2021: 14.7 years). The net book value of customer relationships in MCR Safety as at 31 December 2022 was £94.2m (2021: £90.0m) with a remaining useful economic life of 12.7 years (2021: 13.7 years). The net book value of customer relationships in Hedis as at 31 December 2022 was £86.9m (2021: £90.8m) with a remaining useful economic life of 10.9 years (2021: 11.9 years).

Impairment testing

The carrying amount of goodwill is allocated across CGUs and is tested annually for impairment by comparing the recoverable amount of each CGU with its carrying value.

A description of the Group's principal activities is set out in the Chief Executive Officer's review. There is no significant difference in the nature of activities across different geographies. The identification of CGUs reflects the way the business is managed and monitored on a geographical basis, taking into account the generation of cash flows and the sharing of synergies. Given the similar nature of the activities of each CGU, a consistent methodology is applied across the Group in assessing CGU recoverable amounts. The recoverable amount is the higher of the value in use and the fair value less the costs of disposal. The value in use is the present value of the cash flows expected to be generated by the CGU over a projection period together with a terminal value. The projection period is the time period over which future cash flows are predicted. The Group's methodology is to use a projection period of five years consisting of detailed cash flow forecasts for the first two years and CGU specific growth assumptions for years three, four and five. For periods after this five year period, the methodology applies a long term growth rate specific to the CGU to derive a terminal value. Cash flow expectations exclude any future cash flows that may arise from restructuring or other enhancements to the cash generating activities of the CGU and reflect management's expectations of the range of economic conditions that may exist over the projection period.

The value in use calculations are principally sensitive to revenue growth, including any significant changes to the customer base, achievability of future profit margins and the discount rates used in the present value calculation. The information used for valuation purposes takes into consideration past experience and the current economic environment with regard to customer attrition rates and additions to the customer base, the ability to introduce price increases and new products and experience in controlling the underlying cost base. This information is used to determine a long term growth rate which is consistent with the geographic segments in which the Group operates and management's assessment of future operating performance and market share movements. The discount rates used are determined with assistance provided by external valuation specialists.

The Group allocates goodwill across seven CGUs (2021: seven). Based on our impairment testing, no impairments were identified to the carrying value of goodwill within the Group.

13 Intangible assets continued

As at 31 December 2022 North America, UK & Ireland, France and Rest of Continental Europe carried a significant amount of goodwill in comparison with the total value of the Group's goodwill. At 31 December 2022 the carrying value of goodwill in respect of North America was £722.7m (2021: £649.3m), UK & Ireland was £314.7m (2021: £325.3m), France was £258.0m (2021: £245.0m) and Rest of Continental Europe was £276.8m (2021: £199.1m). As at 31 December 2022 the aggregate amount of goodwill attributable to the Group's CGUs, excluding North America, UK & Ireland, France and Rest of Continental Europe, was £359.4m (2021: £279.8m), none of which is individually significant.

For North America, UK & Ireland, France and Rest of Continental Europe, the weighted average long term growth rate used in 2022 was in the range of 2.5 %–4.0 % (2021: 2.5%–3.7%) reflecting anticipated revenue and profit growth. A pre-tax discount rate in the range of 8%–11% (2021: 8%–10%) has been applied to the value in use calculations reflecting market assessments of the time value of money at the balance sheet date. Similar assumptions have been applied to the other CGUs but where appropriate the directors have considered alternative market risk assumptions to reflect the specific conditions arising in individual CGUs with long term growth rates ranging from 2.5%–5.4% (2021: 2.5%–5.9%) and discount rates ranging from 7%–15% (2021: 7%–14%).

As part of the annual impairment testing for goodwill, the Group also considered whether there were any indicators that individual customer relationships and brands intangible assets were impaired. As for the impairment testing for the Group's CGUs noted above, value in use calculations were prepared based on management's latest expectations of the performance of the relevant business over a five year projection period and appropriate long term growth and discount rates. Following the application of hyperinflation accounting to Turkey in the year, the Group completed an impairment assessment in relation to the carrying value of customer relationship assets held in the Group's businesses in Turkey. As a result of this impairment assessment an impairment of £13.0m was recognised in relation to these assets.

Sensitivity to changes in key assumptions

Impairment testing is dependent on management's estimates and judgements, particularly as they relate to the forecasting of future cash flows, expected long term growth rates and the discount rates selected. Key assumptions on which value in use calculations are dependent relate to the discount rates used and revenue growth including the impact of changes to the underlying customer base from customer attrition and the rate at which new customer relationships are introduced and established.

As part of the annual impairment testing, management performed sensitivity analysis by modelling the impact of higher discount rates, and reviewing the combination of discount rates and long term growth rates which would bring the value in use to the net book value or below. From this sensitivity testing management has concluded that no reasonably possible change in key assumptions would result in a material change to the carrying amounts of any of the Group's intangible assets in the next 12 months.

The Group has also considered whether climate change would have a significant impact on the approach taken to the annual impairment testing. As part of this the Group has assessed three alternative climate change scenarios up to 2050. Two of our scenarios align with the global warming trajectory of between 1ºC to 2ºC by 2100 but differ in the speed and extent of global decarbonisation over the next 30 years (orderly and disorderly). Our final scenario assessed the potential impacts of a world in which global warming exceeds 3ºC by 2100 (hot-house world scenario). Having assessed these scenarios the Group has concluded that, although climate change is a principal risk, it does not warrant any amendment to the assumptions used in the Group's impairment testing, and would not have a material impact on the results of the impairment testing.

14 Working capital

	2022 £m	2021 £m
Inventories (Note 15)	**1,748.6**	1,474.0
Trade and other receivables (Note 16)	**1,557.4**	1,431.0
Trade and other payables – current (Note 17)	**(2,249.4)**	(1,921.3)
Add back net non-trading related receivables and payables	**40.0**	43.9
	1,096.6	1,027.6

See Note 30 for the cash flow impact of movements in working capital which exclude the impact from foreign exchange movements, acquisitions and the disposal of business.

15 Inventories

	2022 £m	2021 £m
Goods for resale	**1,748.6**	1,474.0

During the year £10.8m (2021: £8.5m) was written off directly from inventories due to obsolescence or damage. Inventory provisions, including provisions for slow moving, obsolete or defective inventories and market price movements, as at 31 December 2022 were £179.9m (2021: £179.9m). During the year, the Group saw a net utilisation of approximately £4m on provisions for slow moving inventory, as well as some utilisation of provisions related to market price movements on Covid-19 related products.

16 Trade and other receivables

	2022 £m	2021 £m
Trade receivables	**1,266.0**	1,173.3
Prepayments	**87.9**	86.8
Other receivables	**203.5**	170.9
	1,557.4	1,431.0

The Group does not have any significant contract assets.

The ageing of trade receivables at 31 December was:

	2022		2021	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	**1,037.5**	**6.0**	983.8	4.8
0–30 days overdue	**174.1**	**2.3**	147.6	2.1
31–90 days overdue	**48.3**	**2.7**	43.5	2.4
Over 90 days overdue	**35.2**	**18.1**	25.8	18.1
	1,295.1	**29.1**	1,200.7	27.4

The trade receivables provision includes provisions for expected credit losses and credit notes to be issued. The movement in the provision during the year was as follows:

	2022 £m	2021 £m
Beginning of year	**27.4**	35.2
Acquisitions	**0.8**	1.5
Disposal of business	**(0.6)**	–
Charge	**8.5**	5.7
Released	**(4.8)**	(10.4)
Utilised	**(4.3)**	(3.7)
Currency translation	**2.1**	(0.9)
End of year	**29.1**	27.4

17 Trade and other payables

Current

	2022 £m	2021 £m
Trade payables	**1,440.9**	1,216.6
Other tax and social security contributions	**31.2**	28.0
Other payables	**245.3**	222.4
Accruals and contract liabilities	**532.0**	454.3
	2,249.4	1,921.3

Other payables includes £42.0m (2021: £46.5m) related to deferred consideration on acquisitions.

The Group's contract liabilities are limited to deferred income of £10.4m (2021: £34.5m). This arises from contracts with customers in the form of consideration that has been received in advance of the satisfaction of performance obligations.

Non-current

Other payables greater than one year of £117.2m (2021: £72.9m) includes £97.9m (2021: £61.3m) related to deferred consideration on acquisitions.

18 Risk management and financial instruments

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on average operating capital employed and the return on invested capital (as defined on page 178) as well as the level of total shareholders' equity and sets the amount of dividends paid to ordinary shareholders.

The principal covenant limits are net debt to EBITDA, calculated at average exchange rates and in accordance with the Group's external debt covenants, of no more than 3.5 times and interest cover of no less than 3.0 times. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis and formally tested at 30 June and 31 December. During 2022 all covenants have been complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. Debt covenants are based on historical accounting standards. The USPPs issued in March 2022 contain a clause whereby upon maturity of the previously issued USPPs, the latest maturity being in 2028, the principal financial covenants referred to above will no longer apply. In addition, during August 2022, these principal financial covenants were removed from the Group's committed bank facilities.

The Group funds its operations through a mixture of shareholders' equity and bank and capital market borrowings. All of the borrowings are managed by a central treasury function and funds raised are lent onward to operating subsidiaries as required. The overall objective is to manage the funding to ensure the borrowings have a range of maturities, are competitively priced and meet the demands of the business over time and, in order to do so, the Group arranges a mixture of borrowings from different sources with a variety of maturity dates.

The Group's businesses provide a high and consistent level of cash generation which helps fund future development and growth. The Group seeks to maintain an appropriate balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes to the Group's approach to capital management during the year and the Group is not subject to any externally imposed capital requirements.

Treasury policies and controls

The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are periodically reviewed by the Board. Controls over exposure changes and transaction authenticity are in place.

Derivatives and hedge accounting

The Group designates derivatives which qualify as hedges for accounting purposes as either (a) a hedge of the fair value of a recognised asset or liability; (b) a hedge of the cash flow risk resulting from changes in interest rates or foreign exchange rates; or (c) a hedge of a net investment in a foreign operation. The accounting treatment for hedges and derivatives is set out in the financial instruments accounting policy in Note 2p. The Group tests the effectiveness of hedges on a prospective basis to ensure compliance with IFRS 9. Information about the methods and assumptions used in determining the fair value of derivatives is provided under the Financial instruments section on page 200.

Hedge effectiveness

For hedges of foreign currency purchases and sales, the Group enters into cash flow hedge relationships where the critical terms of the hedging instrument are similar to those of the hedged item, such as notional amount, expected maturity date and currency. Hedge ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated. The Group therefore performs a quantitative hedge effectiveness assessment to calculate any ineffectiveness during the period.

Part of the Group's fixed rate debt portfolio is swapped to floating rates using interest rate swaps where the hedged items are individual tranches of fixed rate debt. These interest rate swaps are held in fair value hedges with critical terms exactly matching those of the underlying hedged items, such as notional amounts, payment dates, reset dates, maturity dates and currencies. As all critical terms matched during the year, the economic relationship was 100% effective. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group will perform a quantitative assessment of effectiveness. Hedge ineffectiveness may arise due to a change in credit risk of the counterparty or if there is a change in timings or amounts of the hedged cash flows.

There was no material ineffectiveness during 2022 in relation to the interest rate swaps or the forward currency contracts.

18 Risk management and financial instruments continued

Risk management

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges borrowings from a variety of sources.

The Group has substantial funding available comprising multi-currency credit facilities from the Group's banks, US private placement notes and senior bonds. During 2022, the Group issued $400m of US private placement notes which mature in three tranches in 2029, 2031 and 2032. During the year, £100 million of bank facilities were extended from 2025 to 2026 and the Group expects to extend additional bank maturities further during 2023.

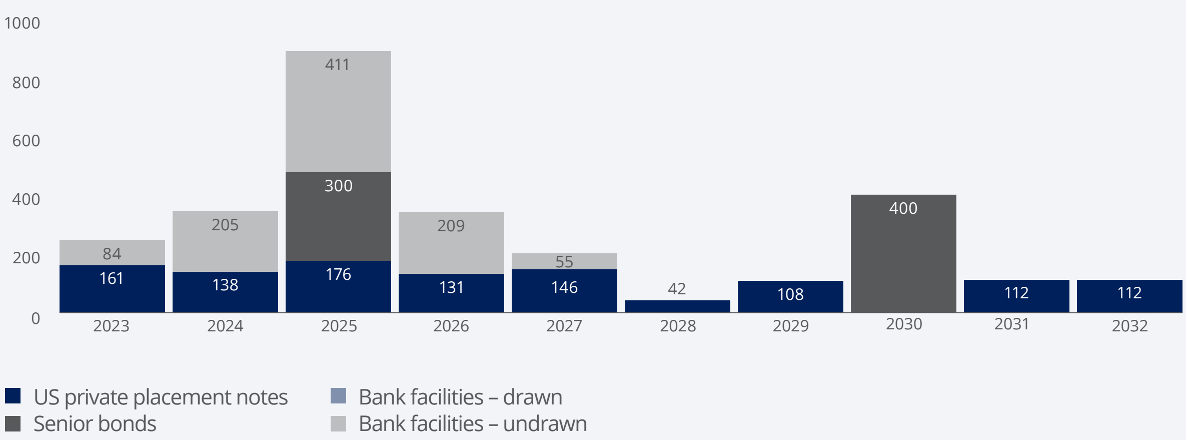
Loans, borrowings and net debt

	2022 £m	2021 £m
Bank overdrafts	**(825.9)**	(551.6)
US private placement notes	**(161.0)**	(111.9)
Borrowings due within one year	**(986.9)**	(663.5)
Bank loans	**–**	(14.6)
US private placement notes	**(975.7)**	(750.5)
Senior bonds	**(598.3)**	(668.6)
Borrowings due after one year	**(1,574.0)**	(1,433.7)
Derivatives managing the interest rate risk and currency profile of the debt	**(103.2)**	(17.1)
Gross debt	**(2,664.1)**	(2,114.3)
Cash at bank and in hand	**1,504.0**	776.9
Net debt excluding lease liabilities	**(1,160.1)**	(1,337.4)
Lease liabilities	**(569.9)**	(488.7)
Net debt including lease liabilities	**(1,730.0)**	(1,826.1)

Further information on the movement in net debt and lease liabilities is shown in Note 29.

The total available committed funding at 31 December 2022 was £2,790.0m (2021: £2,530.9m). The committed funding maturity profile at 31 December 2022 is set out in the chart below:

Committed funding maturity profile by year (£m)



The undrawn committed bank facilities available at 31 December were as follows:

	2022 £m	2021 £m
Expiring within one year	**84.1**	–
Expiring after one year but within two years	**205.4**	139.8
Expiring after two years	**674.1**	841.9
	963.6	981.7

In addition, the Group maintains overdraft and uncommitted facilities to provide short term flexibility. As at 31 December 2022 there were no loans secured by fixed charges on property (2021: none).

18 Risk management and financial instruments continued

Contractual maturity profile

The contractual maturity profile of the Group's financial liabilities at 31 December is set out in the tables below. The amounts disclosed are the contractual undiscounted cash flows and therefore include interest cash flows (forecast using SONIA and USD LIBOR interest rates at 31 December in the case of floating rate financial assets and liabilities). Derivative assets and liabilities have been included within the tables since they predominantly relate to derivatives which are used to manage the interest cash flows on the Group's debt. Bank loans have been drawn under committed facilities and can be refinanced on maturity from these same facilities. Accordingly, they have been aged based on the maturity dates of the underlying facilities. Foreign currency cash flows have been translated using spot rates as at 31 December.

		Contractual cash (outflows)/inflows			
2022	**Total contractual cash flows £m**	**Within one year £m**	**After one year but within two years £m**	**After two years but within five years £m**	**After five years £m**
Financial liabilities					
Bank overdrafts	**(825.9)**	**(825.9)**			
Bank loans	**–**	**–**			
US private placement notes	**(1,325.9)**	**(200.8)**	**(172.7)**	**(527.1)**	**(425.3)**
Senior bonds	**(768.4)**	**(12.8)**	**(12.8)**	**(324.8)**	**(418.0)**
Lease payments	**(706.6)**	**(167.6)**	**(136.0)**	**(263.3)**	**(139.7)**
Trade and other payables	**(2,325.0)**	**(2,207.8)**	**(117.2)**		
	(5,951.8)	**(3,414.9)**	**(438.7)**	**(1,115.2)**	**(983.0)**
Derivative financial instruments					
Net settled:					
Interest rate swaps	**(115.7)**	**(15.2)**	**(15.2)**	**(44.7)**	**(40.6)**
Gross settled:					
Foreign exchange inflows	**1,831.6**	**1,829.8**	**1.8**		
Foreign exchange outflows	**(1,830.0)**	**(1,828.2)**	**(1.8)**		
	(114.1)	**(13.6)**	**(15.2)**	**(44.7)**	**(40.6)**
Total	**(6,065.9)**	**(3,428.5)**	**(453.9)**	**(1,159.9)**	**(1,023.6)**

		Contractual cash (outflows)/inflows			
2021	Total contractual cash flows £m	Within one year £m	After one year but within two years £m	After two years but within five years £m	After five years £m
Financial liabilities					
Bank overdrafts	(551.6)	(551.6)			
Bank loans	(14.9)	(0.1)	(0.2)	(14.6)	
US private placement notes	(939.8)	(140.0)	(174.5)	(450.6)	(174.7)
Senior bonds	(781.1)	(12.8)	(12.8)	(331.5)	(424.0)
Lease payments	(562.2)	(143.9)	(108.2)	(186.9)	(123.2)
Trade and other payables	(1,966.2)	(1,893.3)	(72.9)		
	(4,815.8)	(2,741.7)	(368.6)	(983.6)	(721.9)
Derivative financial instruments					
Net settled:					
Interest rate swaps	10.9	2.1	2.1	6.3	0.4
Gross settled:					
Foreign exchange inflows	2,081.5	2,081.5			
Foreign exchange outflows	(2,075.6)	(2,075.6)			
	16.8	8.0	2.1	6.3	0.4
Total	(4,799.0)	(2,733.7)	(366.5)	(977.3)	(721.5)

18 Risk management and financial instruments continued

(b) Interest rate risk

The Group is funded by a mixture of fixed and floating rate debt with the Group's main interest rate risk arising on its floating rate debt. Interest rate swaps and interest rate caps are used to manage the interest rate risk profile.

The table below shows the fixed/floating rate debt mix after interest rate swaps. Of the US private placement notes of £1,136.7m (2021: £862.4m), there are US dollar denominated amounts totalling £94.6m (2021: £95.8m), with maturities ranging from 2026 to 2028, which have been swapped to floating rates using interest rate swaps which reprice every three or six months. Of the senior bonds of £598.3m (2021: £668.6m), an amount totalling £299.2m (2021: £369.9m), with a maturity of 2030, has been swapped to floating rates using interest rate swaps which reprice daily.

The US private placement notes of £1,136.7m include a fair value adjustment of £16.6m (2021: £20.8m) related to interest rate swaps terminated in previous years. The terminations resulted in discontinuation of a number of fair value hedge relationships. At the date of de-designation, there was a fair value adjustment on the US private placement notes which will be amortised to the income statement across the remaining life of the debt. The amortisation of the fair value adjustment in 2022 was a credit to the income statement of £4.2m (2021: £4.3m).

The interest rate risk on the floating rate liability is managed using interest rate options. The strike rates of these options are based on EURIBOR and are repriced every three months.

Bank loans are drawn for periods up to one month at interest rates linked to SONIA.

Fixed vs floating interest rate table

	2022 £m	2021 £m
Fixed rate debt		
US private placement notes	**(1,136.7)**	(862.4)
Senior bonds	**(598.3)**	(668.6)
Total fixed rate debt	**(1,735.0)**	(1,531.0)
Interest rate swaps (fixed leg)	**393.8**	465.7
Fixed rate liability	**(1,341.2)**	(1,065.3)
Floating rate debt		
Bank overdrafts	**(825.9)**	(551.6)
Bank loans	**–**	(14.6)
Total floating rate debt	**(825.9)**	(566.2)
Interest rate swaps (floating leg)	**(393.8)**	(465.7)
Floating rate liability	**(1,219.7)**	(1,031.9)
Derivatives managing the interest rate risk and currency profile of the debt	**(103.2)**	(17.1)
Gross debt	**(2,664.1)**	(2,114.3)

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2022	2021
Interest rate swaps		
Net carrying amount liability (£m)	**(100.5)**	(21.3)
Notional amount (£m)	**500.0**	488.9
Maturity date range	**2026-2030**	2026–2030
Hedge ratio	**1:1**	1:1
Fair value gain on US private placement notes and senior bond in a hedge relationship (£m)	**83.2**	33.3
Fair value loss on interest rate swaps in a hedge relationship (£m)	**(79.2)**	(33.1)

18 Risk management and financial instruments continued

Sensitivity to movements in interest rates

After taking account of hedge relationships, a change of 1% in the interest rate forward curves on 31 December would have affected profit before income tax for the year and equity as at the year end as a result of changes in the fair values of derivative assets and liabilities at that date by the amounts shown below:

	Impact on profit before tax		Impact on equity	
	+1% £m	–1% £m	+1% £m	–1% £m
2022	**1.5**	**(1.4)**	**1.5**	**(1.4)**
2021	1.3	(0.3)	1.3	(0.3)

(c) Foreign currency risk

The majority of the Group's sales are made and income is earned in US dollars, euros and other foreign currencies. The Group does not hedge the impact of exchange rate movements arising on translation of earnings into sterling at average exchange rates.

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2022	2021	**2022**	2021
US dollar	**1.24**	1.38	**1.20**	1.35
Euro	**1.17**	1.16	**1.13**	1.19

The majority of the Group's transactions are carried out in the respective functional currencies of the Group's operations and so transaction exposures are usually relatively limited. Where they do occur the Group's policy is to hedge exposures of highly probable forecast transactions using forward foreign exchange contracts and these are designated as cash flow hedges. During the year the Group hedged highly probable forecast transactions for periods of up to 21 months. However, the economic impact of foreign exchange on the value of uncommitted future purchases and sales is not hedged. As a result, sudden and significant movements in foreign exchange rates can impact profit margins where there is a delay in passing the resulting price increases on to customers.

For the year ended 31 December 2022, all foreign exchange cash flow hedges were effective with a cumulative pre-tax loss of £1.2m (2021: cumulative pre-tax gain of £0.5m) recognised in equity at the end of the year and this will affect the income statement during 2023 and 2024.

Effects of hedge accounting on the financial position and performance

	2022	2021
Forward foreign currency hedges in relation to inventory purchases		
Net carrying amount (liability)/asset (£m)	**(1.2)**	0.5
Notional amount at 31 December (£m)	**169.0**	149.3
Maturity date range	**2023-2024**	2022
Hedge ratio	**1:1**	1:1
Change in value of hedged items since 1 January (£m)	**1.7**	(5.8)
Change in fair value of outstanding foreign currency forward contracts since 1 January (£m)	**(1.7)**	5.8

The majority of the Group's borrowings are effectively denominated in US dollars, sterling and euros, aligning them to the respective functional currencies of the component parts of the Group's EBITDA. This currency profile is achieved using short term foreign exchange contracts and foreign currency debt which are designated as hedging instruments to achieve net investment hedge accounting at a Group level. This currency composition minimises the impact of movements in foreign exchange rates on the ratio of net debt to EBITDA. No ineffectiveness was recorded from net investments in foreign entity hedges.

18 Risk management and financial instruments continued

The currency profile of the Group's net debt excluding lease liabilities at 31 December is set out in the table below:

	2022 £m	2021 £m
US dollar	**475.9**	572.1
Sterling	**48.9**	135.1
Euro	**551.6**	502.4
Other	**83.7**	127.8
	1,160.1	1,337.4

The Group also enters into foreign currency derivatives to hedge intercompany loans economically although these do not qualify for hedge accounting and therefore gains and losses are recorded in the income statement. These currency derivatives are subject to the same risk management policies as all other derivative contracts.

Sensitivity to movements in foreign exchange rates

For the year ended 31 December 2022, a movement of one cent in the US dollar and euro average exchange rates would have changed profit before income tax by £2.7m and £0.9m respectively (2021: £2.0m and £0.9m) and adjusted profit before income tax by £3.2m and £1.2m respectively (2021: £2.3m and £1.2m).

If a 10% strengthening or weakening of sterling had taken place on 31 December it would have increased/(decreased) profit before income tax and (decreased)/increased equity for the year by the amounts shown below. The impact of this translation is much greater on equity than it is on profit before income tax since equity is translated using the closing exchange rates at the year end and profit before income tax is translated using the average exchange rates for the year. As a result, the value of equity is more sensitive than the value of profit before income tax to a movement in exchange rates on 31 December and the resulting movement in profit before income tax is due solely to the translation effect on monetary items. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact on profit before tax		Impact on equity	
	+10% £m	–10% £m	+10% £m	–10% £m
2022	**0.2**	**(0.2)**	**(211.1)**	**277.9**
2021	0.4	(0.5)	(177.0)	212.9

(d) Credit risk

Credit risk is the risk of loss in relation to a financial asset due to non-payment by the relevant counterparty. The Group's objective is to reduce its exposure to counterparty default by restricting the type of counterparty it deals with and by employing an appropriate policy in relation to the collection of financial assets.

The Group's financial assets are cash at bank and in hand, derivative financial instruments and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets. The maximum exposure to credit risk for cash at bank and in hand, derivative financial assets (see page 201) and trade and other receivables (see Note 16) is their respective carrying amounts.

Dealings are restricted to those banks with the relevant combination of geographic presence and suitable credit rating. The Group continually monitors the credit ratings of its counterparties and the credit exposure to each counterparty.

For trade and other receivables, the amounts represented in the balance sheet are net of any impairment losses measured using the expected credit loss model. Note 16 sets out an analysis of trade and other receivables and the provision for doubtful debts in respect of trade receivables.

At the balance sheet date there were no significant concentrations of credit risk (2021: none).

18 Risk management and financial instruments continued
(e) Financial instruments
Financial assets and liabilities

	2022 £m	2021 £m
Financial assets held at amortised cost		
Cash at bank and in hand	**1,504.0**	776.9
Trade and other receivables	**1,469.5**	1,344.2
Financial assets held at fair value		
Interest rate derivatives in fair value hedges	**–**	6.6
Foreign exchange derivatives in cash flow hedges	**1.5**	1.4
Foreign exchange derivatives in net investment hedges	**8.3**	7.0
Other foreign exchange and interest rate derivatives	**9.2**	6.8
Total financial assets	**2,992.5**	2,142.9
Financial liabilities held at amortised cost		
Bank overdrafts	**(825.9)**	(551.6)
Bank loans	**–**	(14.6)
US private placement notes	**(1,136.7)**	(862.4)
Senior bonds	**(598.3)**	(668.6)
Lease liabilities	**(569.9)**	(488.7)
Trade and other payables	**(2,193.3)**	(1,866.6)
Financial liabilities held at fair value		
Interest rate derivatives in fair value hedges	**(100.5)**	(27.9)
Foreign exchange derivatives in cash flow hedges	**(2.7)**	(0.9)
Foreign exchange derivatives in net investment hedges	**(5.7)**	(3.9)
Other foreign exchange derivatives	**(9.9)**	(5.6)
Other payables	**(131.7)**	(99.6)
Total financial liabilities	**(5,574.6)**	(4,590.4)

Financial assets and liabilities stated as being measured at fair value in the tables above (including all derivative financial instruments), with the exception of other payables, have carrying amounts where the fair value is, and has been throughout the year, a level two fair value measurement. Level two fair value measurements use inputs other than quoted prices that are observable for the relevant asset or liability, either directly or indirectly. The fair values of financial assets and liabilities stated at level two fair value have been determined by discounting expected future cash flows, translated at the appropriate balance sheet date exchange rates and adjusted for counterparty or own credit risk as applicable. Other payables measured at fair value relate to earn outs and options on businesses acquired. This is a level three fair value which is initially measured based on the expected future profitability of the businesses acquired at the acquisition date and subsequently reassessed at each reporting date based on the most recent data available on the expected profitability of the businesses acquired. These balances are sensitive to a change in the expected profitability of the businesses acquired. A 1% increase in the expected profitability of the relevant businesses acquired would result in an increase to other payables of £2.5m and 1% decrease in the expected profitability would result in a decrease of £3.0m.

There were no transfers between levels for recurring fair value measurements during the year.

As at 31 December 2022 the fair values, based on unadjusted market data, of the US private placement notes was £1,063.4m (2021: £882.1m) and of the senior bonds was £572.7m (2021: £694.0m).

For other financial assets and financial liabilities not measured at fair value, including cash at bank and in hand, bank loans and overdrafts, trade and other receivables and trade and other payables, their carrying amount is a reasonable approximation of fair value due to their short term nature. Bank loans are priced based on floating interest rates and the credit spread has not changed since the inception of the loan.

18 Risk management and financial instruments continued

Offsetting of financial assets and liabilities

The following table sets out the Group's derivative financial assets and liabilities that are subject to counterparty offsetting or master netting agreements.

2022	Gross amounts £m	Gross amounts offset in the balance sheet £m	Net amounts recognised in the balance sheet £m	Amounts not offset in the balance sheet £m	Net amounts £m
Derivative financial assets	**19.0**	**–**	**19.0**	**(10.9)**	**8.1**
Derivative financial liabilities	**(118.8)**	**–**	**(118.8)**	**10.9**	**(107.9)**
2021					
Derivative financial assets	21.8	–	21.8	(12.1)	9.7
Derivative financial liabilities	(38.3)	–	(38.3)	12.1	(26.2)

19 Provisions

	2022 £m	2021 £m
Current	**24.2**	8.5
Non-current	**50.5**	56.3
	74.7	64.8

	2022				2021			
	Properties £m	MEPP withdrawal £m	Other £m	Total £m	Properties £m	MEPP withdrawal £m	Other £m	Total £m
Beginning of year	**25.2**	**12.3**	**27.3**	**64.8**	24.3	15.3	24.6	64.2
Charge	**2.0**	**–**	**12.5**	**14.5**	1.6	–	4.4	6.0
Acquisitions	**1.4**	**–**	**6.5**	**7.9**	2.1	–	2.6	4.7
Disposal of business	**(1.3)**	**–**	**–**	**(1.3)**	–	–	–	–
Utilised or released	**(2.2)**	**–**	**(13.7)**	**(15.9)**	(2.5)	(3.2)	(3.1)	(8.8)
Currency translation	**0.2**	**1.5**	**3.0**	**4.7**	(0.3)	0.2	(1.2)	(1.3)
End of year	**25.3**	**13.8**	**35.6**	**74.7**	25.2	12.3	27.3	64.8

The Properties provision includes provisions for repairs and dilapidations. These provisions cover the relevant periods of the lease agreements, which typically extend from one to 10 years, up to the expected termination date.

The MEPP withdrawal provision relates to the withdrawal liability on multi-employer pension plans in North America. See Note 25 for further details.

Group companies are, from time to time, subject to certain claims and litigation incidental to their operations and arising in the ordinary course of business including, but not limited to, those relating to the products and services that they supply, contractual and commercial disputes, environmental claims and employment related disputes. Other provisions include management's best estimate of the liabilities for such claims and litigation at the balance sheet date, determined by reference to known factors and past experience of similar items. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. Management expects these matters to be settled within the next one to five years. While any dispute has an element of uncertainty, management does not expect that the actual outcome of any such claims and litigation, either individually or in the aggregate, will be materially different to the amounts provided. In the case of unfavourable outcomes, the Group may benefit from applicable insurance protection.

20 Deferred tax

	2022			2021		
	Asset £m	**Liability £m**	**Net £m**	Asset £m	Liability £m	Net £m
Property, plant and equipment	**1.0**	**(11.6)**	**(10.6)**	1.4	(9.4)	(8.0)
Defined benefit pension schemes	**5.2**	**(14.8)**	**(9.6)**	7.8	(15.7)	(7.9)
Goodwill, customer relationships, brands and technology	**5.9**	**(226.2)**	**(220.3)**	4.1	(195.6)	(191.5)
Share based payments	**11.7**	**–**	**11.7**	12.8	–	12.8
Leases	**6.7**	**(0.1)**	**6.6**	6.9	–	6.9
Provisions and accruals	**42.6**	**(3.4)**	**39.2**	33.7	(2.2)	31.5
Inventories	**12.2**	**(21.6)**	**(9.4)**	10.9	(7.1)	3.8
Other	**8.6**	**(4.9)**	**3.7**	8.2	(4.0)	4.2
Deferred tax asset/(liability)	**93.9**	**(282.6)**	**(188.7)**	85.8	(234.0)	(148.2)
Set-off of tax	**(89.9)**	**89.9**	**–**	(83.0)	83.0	–
Net deferred tax asset/(liability)	**4.0**	**(192.7)**	**(188.7)**	2.8	(151.0)	(148.2)

Except as noted below, deferred tax is calculated in full on temporary differences under the liability method using the tax rate of the country of operation.

The Company is able to control the dividend policy of its subsidiaries and, therefore, the timing of the remittance of the undistributed earnings of overseas subsidiaries. In general, the Company has determined either that such earnings will not be distributed in the foreseeable future or, where there are plans to remit those earnings, no tax liability is expected to arise except for a liability of £1.4m (2021: £1.4m) which has been provided for.

Deferred tax assets in respect of temporary differences have only been recognised in respect of tax losses and other temporary differences where it is probable that these assets will be realised. No deferred tax asset has been recognised in respect of unutilised tax losses of £8.6m (2021: £4.1m).

No deferred tax has been recognised in respect of unutilised capital losses of £87.2m (2021: £94.6m) as it is not considered probable that there will be suitable future taxable profits against which they can be utilised.

The movement in the net deferred tax liability is shown below:

	2022 £m	2021 £m
Beginning of year	**148.2**	102.6
Acquisitions	**26.9**	51.7
Credit to income statement	**(3.3)**	(12.9)
Recognised in other comprehensive income and equity	**3.0**	16.1
Reclassified from/(to) current tax	**0.3**	(5.8)
Currency translation	**13.6**	(3.5)
End of year	**188.7**	148.2

21 Share capital and share based payments

	2022 £m	2021 £m
Issued and fully paid ordinary shares of 32¹⁄₇p each	**108.5**	108.4

Number of ordinary shares in issue and fully paid	2022	2021
Beginning of year	**337,398,796**	336,998,961
Issued – option exercises	**269,050**	399,835
End of year	**337,667,846**	337,398,796

The Company operates a number of share plans for the benefit of employees of the Company and its subsidiaries. Further details of the share plans as they relate to the directors of the Company are set out in the Directors' remuneration report.

Sharesave Scheme, International Sharesave Plan and Irish Sharesave Plan

For many years, the Company has operated all employee savings related share option schemes. The existing scheme in the UK, the Bunzl plc Sharesave Scheme, was approved by shareholders at the 2011 Annual General Meeting ('AGM') and renewal amendments were approved by shareholders at the 2021 AGM. It is an HMRC tax advantaged scheme and is open to all eligible UK employees, including UK based executive directors.

The Bunzl Irish Sharesave Plan, which is approved by the Irish Revenue Commissioners, and the Bunzl plc International Sharesave Plan, were first introduced in 2006 and have since been extended, most recently following the renewal of the Bunzl plc Sharesave Scheme in 2021.

The Bunzl plc Sharesave Scheme, Bunzl plc International Sharesave Plan and the Bunzl Irish Sharesave Plan operate on a similar basis with options granted to participating employees who have completed at least three months of continuous service at a discount of up to 20% of the market price prevailing shortly before the invitation to apply for the options. Depending on the scheme, options are normally exercisable either three or five years after they have been granted with employees saving up to £500 (2021: £500) per month (or the equivalent value in other currencies under the Bunzl plc International Sharesave Plan) or €500 (2021: €500) per month under the Bunzl Irish Sharesave Plan.

Long Term Incentive Plan 2004 ('2004 LTIP') and 2014 ('2014 LTIP')

The 2004 LTIP was approved by shareholders at the 2004 Annual General Meeting and expired in May 2014. No further share options or performance share awards have been granted under the 2004 LTIP since that date. The 2014 LTIP was approved by shareholders at the 2014 Annual General Meeting and replaced the 2004 LTIP. The operation of both LTIPs is overseen by the Remuneration Committee of the Board and each is divided into two parts.

Part A of the LTIP relates to the grant of market priced executive share options. In normal circumstances options granted under Part A are only exercisable if the relevant performance condition has been satisfied. The performance condition is based on the Company's adjusted earnings per share growth exceeding UK RPI inflation over three financial years by a specified margin (for the 2004 LTIP) or meeting certain specified targets (for the 2014 LTIP).

Part B of the LTIP relates to the grant of performance share awards and restricted share awards both of which are conditional rights to receive shares in the Company for nil consideration. Performance share awards and restricted share awards will usually vest (i.e. become exercisable) on the third anniversary of their grant. The extent to which a performance share award will vest is usually subject to the extent to which the applicable performance conditions have been satisfied, based partly on the Company's total shareholder return performance, relative to a comparator group of companies over a three year period, and partly subject to the Company's adjusted earnings per share growth exceeding UK RPI inflation over three years by meeting certain specified targets (for the 2014 LTIP). The extent to which a restricted share award will vest is usually subject to the extent to which the applicable underpin condition has been satisfied. There are no set measures or targets in relation to the underpin condition. The basis of assessment is at the absolute discretion of the Remuneration Committee.

Investment in own shares

The Company holds a number of its ordinary shares in an employee benefit trust. The principal purpose of this trust is to hold shares in the Company for subsequent transfer to certain senior employees and executive directors in relation to options granted and awards made under the LTIPs and the Deferred Annual Share Bonus Scheme ('DASBS') over market purchase shares. Details of these plans are set out above and in the Directors' remuneration report. The assets, liabilities and expenditure of the trust have been incorporated in the consolidated financial statements. Finance expenses and administration charges are included in the income statement on an accruals basis. As at 31 December 2022 the trust held 2,298,301 (2021: 1,831,893) shares, upon which dividends have been waived, with an aggregate nominal value of £0.7m (2021: £0.6m) and market value of £63.4m (2021: £52.9m).

21 Share capital and share based payments continued

IFRS 2 disclosures

Options granted during the year have been valued using a Black-Scholes model. The fair value per option granted during the year and the assumptions used in the calculations are as follows:

	2022	2021
Grant date	**01.03.22–14.09.22**	31.03.21–15.09.21
Share price at grant date (£)	**28.10–31.03**	23.23–25.28
Exercise price (£)	**nil–28.97**	nil–26.03
Number of options granted during the year (shares)	**2,226,096**	2,405,719
Vesting period (years)	**3–5**	3–5
Expected volatility (%)	**19–21**	19–21
Option life (years)	**3.0–10**	3.0–10
Expected life (years)	**3.0–5.9**	3.0–6.5
Risk free rate of return (%)	**0.8–1.7**	0.1–0.6
Expected dividends expressed as a dividend yield (%)	**0.0–1.9**	0.0–2.3
Fair value per option (£)	**4.77–26.38**	2.87–18.54

The expected volatility is based on historical volatility over the last three to seven years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

The weighted average share price for options exercised by employees of the Company and its subsidiaries during the year was £29.53 (2021: £26.37). The total charge for the year relating to share based payments was £14.1m (2021: £12.7m). After tax the total charge was £12.4m (2021: £8.4m).

Details of share options and awards which have been granted and exercised, those which have lapsed during 2022 and those outstanding and available to exercise at 31 December 2022, whether over new issue or market purchase shares, under the Sharesave Scheme, International Sharesave Plan, Irish Sharesave Plan, the 2004 LTIP Part A and 2014 LTIP Part A and Part B, are set out in the following table:

	Options outstanding at 01.01.2022	Grants/awards 2022		Exercises 2022		Lapses* 2022	Options outstanding at 31.12.22		Options available to exercise at 31.12.22
	Number	Number	Price (£)	Number	Price (£)	Number	Number	Price (£)	Number
Sharesave Scheme	653,727	164,553	22.56	126,200	15.28–19.16	68,600	623,480	15.28–22.56	5,320
International Sharesave Plan	264,277	62,088	22.56	49,831	15.28–19.16	29,800	246,734	15.28–22.56	1,152
Irish Sharesave Plan	30,520	–	–	8,550	19.16	2,821	19,149	15.28–17.81	–
2004 LTIP Part A	266,691	–	–	167,091	10.90–15.66	7,000	92,600	13.56–13.75	92,600
2014 LTIP Part A	9,582,788	1,744,061	28.97	1,668,772	16.38–28.97	300,088	9,357,989	16.38–28.97	4,036,924
2014 LTIP Part B	1,336,985	255,394	nil	190,296	nil	188,659	1,213,424	nil	105,774
	12,134,988	**2,226,096**		**2,210,740**		**596,968**	**11,553,376**		**4,241,770**

* Share option lapses relate to those which have either been forfeited or have expired during the year.

For the options outstanding at 31 December 2022, the weighted average fair values and the weighted average remaining contractual lives (being the time period from 31 December 2022 until the lapse date of each share option) are set out below:

	Weighted average fair value of options outstanding (£)	Weighted average remaining contractual life (years)
Sharesave Scheme	4.90	1.95
International Sharesave Plan	4.73	1.74
Irish Sharesave Plan	3.94	1.46
2004 LTIP and 2014 LTIP Part A	3.25	7.13
2014 LTIP Part B	18.56	3.96

The outstanding share options and performance share awards are exercisable at various dates up to September 2032.

22 Dividends

Total dividends for the years in which they are recognised are:

	2022 £m	2021 £m
2020 interim		52.8
2020 final		127.6
2021 interim	**54.3**	
2021 final	**136.2**	
Total	**190.5**	180.4

Total dividends per share for the year to which they relate are:

	Per share	
	2022	2021
Interim	**17.3p**	16.2p
Final	**45.4p**	40.8p
Total	**62.7p**	57.0p

The 2022 interim dividend of 17.3p per share was paid on 4 January 2023 and comprised £57.9m of cash. The 2022 final dividend of 45.4p per share will be paid on 4 July 2023 to shareholders on the register at the close of business on 19 May 2023. The 2022 final dividend will comprise approximately £152m of cash.

23 Contingent liabilities

	2022 £m	2021 £m
Bank guarantees	**1.8**	1.5

24 Directors' ordinary share interests

The interests of the directors, and their connected persons, in the share capital of the Company at 31 December were:

	2022	2021
Peter Ventress	**2,608**	2,608
Frank van Zanten	**180,751**	153,116
Richard Howes	**43,996**	30,117
Vanda Murray	**3,000**	3,000
Lloyd Pitchford	**4,000**	4,000
Pam Kirby	**1,800**	–
Stephan Nanninga	**–**	–
Vinodka Murria	**–**	–
	236,155	192,841

Details of the directors' options and awards over ordinary shares made under the 2014 LTIP, Sharesave Scheme and DASBS are set out in the Directors' remuneration report. No changes to the directors' ordinary share interests shown in this Note and the Directors' remuneration report have taken place between 31 December 2022 and 27 February 2023.

25 Retirement benefits

The Group operates a number of defined benefit and defined contribution retirement benefit schemes in the US, the UK and elsewhere in Europe (including France, the Netherlands and the Republic of Ireland). The funds of the principal defined benefit schemes are administered by trustees and are held independently from the Group. Pension costs of defined benefit schemes are assessed in accordance with the advice of independent professionally qualified actuaries. Contributions to all schemes are determined in line with actuarial advice and local conditions and practices. Scheme assets for the purpose of IAS 19 'Employee Benefits' are stated at their bid value.

Characteristics of defined benefit pension schemes

UK

The UK defined benefit scheme is a contributory defined benefit pension scheme providing benefits based on final pensionable pay. The scheme has been closed to new members since 2003. The valuation of the UK defined benefit pension scheme has been updated to 31 December 2022 by the Group's actuaries.

The UK scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. This means that the payment of contributions and benefits are subject to the appropriate tax treatments and restrictions and the scheme is subject to the scheme funding requirements outlined in section 224 of the Pensions Act 2004.

In accordance with UK trust and pensions law, the pension scheme has a corporate trustee. Although the Company bears the financial cost of the scheme, the responsibility for the management and governance of the scheme lies with the trustee, which has a duty to act in the best interest of members at all times. The assets of the scheme are held in trust by the trustee who consults with the Company on investment strategy decisions.

The trustee, in agreement with the Company, has hedging in place to reduce the impact of inflation and interest rate movements on the funding of the plan.

The last full triennial valuation on the UK defined benefit pension scheme was carried out by a qualified actuary as at 5 April 2021 and showed that there was a surplus on the agreed funding basis. To address the deficit from the 2018 valuation, the Company had agreed to contribute an additional £5.5m per year from March 2019 to 30 June 2022. To help bring the funding of the Plan to a level to be able to secure the benefits with an external provider the Company has agreed to pay up to £5.0m a year until 31 March 2025.

US

The principal US defined benefit pension scheme is a non-contributory defined benefit pension scheme providing benefits based on final pensionable pay. The scheme has been closed to new members since 2003. The valuation of the US defined benefit pension scheme has been updated to 31 December 2022 by the Group's actuaries.

The US scheme is a qualified pension scheme and is subject to standard regulations under the Employee Retirement Income Security Act of 1974, the Pension Protection Act of 2006 and the Department of Labor and Internal Revenue reporting requirements. The scheme pays annual premiums to the Pension Benefit Guaranty Corporation to insure the benefits of the scheme.

The assets of the scheme are held in trust by an independent custodian. The Company has established a Retirement Scheme Investment Committee. The members of the Committee are the scheme fiduciaries and, as such, are ultimately responsible for the management of the scheme assets. The Committee performs the oversight function and delegates the day-to-day management process to appropriate staff. A registered investment adviser advises the Committee regarding the investment of scheme assets.

A de-risking strategy has been agreed for the scheme to reduce the mismatch between the assets and liabilities, whereby investments are switched from return seeking assets to liability matching assets as the funding improves, based on pre-agreed triggers.

Annual actuarial valuations are performed on the US defined benefit pension scheme. The last annual review was carried out by a qualified actuary as at 1 January 2022 and showed that there was a required annual contribution of $2.9m. Bunzl plans to cover this required contribution using prefunding balance. In 2022, Bunzl paid a contribution of $4.8m for the 2021 plan year, which included a contribution as part of the plan termination. The annual review as at 1 January 2023 is ongoing.

Risks

The main risks to which the Group is exposed in relation to the defined benefit pension schemes are described below:

- Inflation risk – the majority of the UK scheme's liabilities increase in line with inflation and, as a result, if inflation is greater than expected the liabilities will increase. The impact of high inflation is capped each year for the UK scheme's benefits. The US scheme's liabilities are not directly tied to inflationary increases.
- Interest rate risk – a fall in bond yields will increase the value of the schemes' liabilities. A proportion of both the UK and US schemes' assets are invested in liability matching assets to mitigate the interest rate and also the inflation risk.

25 Retirement benefits continued

Risks continued

- Mortality risk – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the schemes and consequently increases in the schemes' liabilities. The mortality assumptions are reviewed on a regular basis to minimise the risk of using an inappropriate assumption.
- Investment risk – the schemes invest in a diversified range of asset classes to mitigate the risk of falls in any one area of the investments. In the UK, the trustee implements partial currency hedging on the overseas assets to mitigate currency risk.

The risks mentioned above could lead to a material change to the deficit or surplus of the pension schemes. Given the long term time horizon of the schemes' cash flows, the assumptions used can lead to volatility in the scheme valuations from year to year. The Company and the trustee of the UK scheme seek to mitigate actively the risks associated with the schemes.

A higher defined benefit obligation could lead to additional funding requirements in future years. Any deficit measured on a funding valuation basis, which may differ from the actuarial valuation under IAS 19, will generally be financed over a period that ensures the contributions are appropriate to the Group and in line with the relevant regulations.

Financial information

The amounts included in the consolidated financial statements at 31 December were:

Amounts included in the income statement	**2022 £m**	2021 £m
Defined contribution pension schemes	**26.2**	23.0
Defined benefit pension schemes		
current service cost (net of contributions by employees)	**4.8**	5.7
past service cost	**–**	0.1
losses on curtailment and settlement	**0.5**	0.7
Total included in employee costs	**31.5**	29.5
Amounts included in finance (income)/expense		
Net interest income on defined benefit pension schemes in surplus	**(1.2)**	(0.1)
Net interest expense on defined benefit pension schemes in deficit	**0.8**	0.8
Total charge to the income statement	**31.1**	30.2

Amounts recognised in the statement of comprehensive income	**2022 £m**	2021 £m
Actual return less expected return on pension scheme assets	**(179.6)**	26.1
Experience (loss)/gain on pension scheme liabilities	**(16.3)**	20.1
Impact of changes in financial assumptions relating to the present value of pension scheme liabilities	**205.6**	20.1
Impact of changes in demographic assumptions relating to the present value of pension scheme liabilities	**(2.8)**	7.8
Actuarial gain on defined benefit pension schemes	**6.9**	74.1

The cumulative amount of net actuarial losses arising since 1 January 2004 recognised in the statement of comprehensive income at 31 December 2022 was £35.0m (2021: £41.9m).

The principal assumptions used by the independent qualified actuaries for the purposes of IAS 19 were:

UK	**2022**	2021
Longevity at age 65 for current pensioners (years)	**22.1**	22.0
Longevity at age 65 for future pensioners (years)	**23.4**	23.4
US		
Longevity at age 65 for current and future pensioners (years)	**21.6**	21.6

			UK			**US**
	2022	2021	2020	**2022**	2021	2020
Rate of increase in salaries	**3.6%**	3.8%	3.4%	**3.0%**	3.0%	3.0%
Rate of increase in pensions	**2.7%**	2.8%	2.4%	**–**	–	–
Discount rate	**5.0%**	1.8%	1.4%	**5.0%**	2.6%	2.3%
Inflation rate	**2.7%**	2.8%	2.4%	**2.3%**	2.3%	2.3%

25 Retirement benefits continued
Financial information continued

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice.

The increase/(decrease) that would arise on the overall net pension surplus as at 31 December 2022 as a result of reasonably possible changes to key assumptions was:

	Impact of change in longevity		Impact of change in inflation rate		Impact of change in discount rate	
	+1 year £m	–1 year £m	+0.25% £m	–0.25% £m	+0.25% £m	–0.25% £m
UK	**(7.0)**	**7.0**	**(4.9)**	**5.2**	**8.2**	**(8.6)**
US	**(2.3)**	**2.5**	**–**	**–**	**2.0**	**(2.1)**

The market value of pension scheme assets and the present value of retirement benefit obligations at 31 December were:

2022	**UK £m**	**US £m**	**Other £m**	**Total £m**
Equities	**75.6**	**38.0**	**1.2**	**114.8**
Bonds	**230.4**	**38.4**	**9.9**	**278.7**
Other	**0.3**	**18.4**	**9.3**	**28.0**
Total market value of pension scheme assets	**306.3**	**94.8**	**20.4**	**421.5**
Present value of funded obligations	**(247.0)**	**(95.1)**	**(20.6)**	**(362.7)**
Present value of unfunded obligations	**–**	**(10.0)**	**(8.9)**	**(18.9)**
Present value of funded and unfunded obligations	**(247.0)**	**(105.1)**	**(29.5)**	**(381.6)**
Defined benefit pension schemes in deficit	**–**	**(10.3)**	**(10.3)**	**(20.6)**
Defined benefit pension schemes in surplus	**59.3**	**–**	**1.2**	**60.5**
Total surplus/(deficit) before tax	**59.3**	**(10.3)**	**(9.1)**	**39.9**
Deferred tax	**(14.8)**	**2.6**	**2.6**	**(9.6)**
Total surplus/(deficit) after tax	**44.5**	**(7.7)**	**(6.5)**	**30.3**

2021	UK £m	US £m	Other £m	Total £m
Equities	149.9	52.1	3.0	205.0
Bonds	308.8	46.4	9.9	365.1
Other	0.3	16.1	13.9	30.3
Total market value of pension scheme assets	459.0	114.6	26.8	600.4
Present value of funded obligations	(396.2)	(122.4)	(28.1)	(546.7)
Present value of unfunded obligations	–	(11.2)	(11.3)	(22.5)
Present value of funded and unfunded obligations	(396.2)	(133.6)	(39.4)	(569.2)
Defined benefit pension schemes in deficit	–	(19.0)	(13.4)	(32.4)
Defined benefit pension schemes in surplus	62.8	–	0.8	63.6
Total surplus/(deficit) before tax	62.8	(19.0)	(12.6)	31.2
Deferred tax	(15.7)	4.4	3.4	(7.9)
Total surplus/(deficit) after tax	47.1	(14.6)	(9.2)	23.3

There is a net surplus of £44.5m (£59.3m before deferred tax) (2021: £47.1m (£62.8m before deferred tax)) on the UK scheme, which is recorded separately as a defined benefit pension asset on the balance sheet. In accordance with IFRIC 14, the surplus on the scheme is recognised as a defined benefit asset because the Group considers that it has an unconditional right to a refund of any surplus from the UK scheme.

Of the pension scheme assets, £397.4m (2021: £574.9m) are valued based on quoted market prices.

25 Retirement benefits continued
Financial information continued

Movement in net surplus/(deficit)	2022 £m	2021 £m
Beginning of year	31.2	(44.8)
Current service cost	(4.8)	(5.7)
Past service cost	–	(0.1)
Contributions	9.2	8.4
Net interest income/(expense)	0.4	(0.7)
Actuarial gain	6.9	74.1
Net impact of benefit obligation settlement	(0.5)	(0.7)
Currency translation	(2.5)	0.7
End of year	39.9	31.2

Changes in the present value of defined benefit pension scheme liabilities	2022 £m	2021 £m
Beginning of year	569.2	637.1
Current service cost	4.8	5.7
Past service cost	–	0.1
Interest expense	10.9	9.8
Contributions by employees	0.4	0.5
Benefit obligation attributable to settlement	(8.8)	(7.7)
Actuarial gain	(186.5)	(48.0)
Benefits paid	(25.2)	(27.7)
Currency translation	16.8	(0.6)
End of year	381.6	569.2

Changes in the fair value of defined benefit pension scheme assets	2022 £m	2021 £m
Beginning of year	600.4	592.3
Interest income	11.3	9.1
Actuarial (loss)/gain	(179.6)	26.1
Contributions by employer	9.2	8.4
Contributions by employees	0.4	0.5
Benefits paid due to settlement	(9.3)	(8.4)
Benefits paid	(25.2)	(27.7)
Currency translation	14.3	0.1
End of year	421.5	600.4

Benefits paid due to settlement of £9.3m (2021: £8.4m) relate to payments to participants to the Bunzl USA, LLC Pension Plan which was spun off from the principal US pension scheme in 2017 and terminated on 31 December 2020.

The actual return on pension scheme assets was a loss of £168.3m (2021: gain of £35.2m).

The Group expects to pay approximately £6.1m in contributions to the defined benefit pension schemes in the year ending 31 December 2023 (expected as at 31 December 2021 for the year ending 31 December 2022: £12.0m) including £4.7m for the UK (expected as at 31 December 2021 for the year ending 31 December 2022: £6.8m).

The weighted average duration of the defined benefit pension scheme liabilities at 31 December 2022 was approximately 14.5 years (2021: 18.2 years) for the UK and 9.0 years (2021: 10.4 years) for the US.

The total defined benefit pension scheme liabilities are divided between active members (£102.6m (2021: £155.5m)), deferred members (£137.3m (2021: £186.0m)) and pensioners (£141.6m (2021: £227.7m)).

25 Retirement benefits continued

Multi-employer pension plans

The Group participates in six multi-employer pensions plans ('MEPPs') in North America. Although these plans are defined benefit plans the Group does not have sufficient information to account for them as defined benefit plans and, therefore, in accordance with IAS 19, accounts for them as defined contribution plans.

For MEPPs, US law requires payment of a withdrawal liability when employers cease contributing to underfunded MEPPs. The liability for withdrawal payments is shared by all members of the group of companies in any particular plan and solvent entities must cover the unfunded liabilities of employers who are unable to pay due to insolvency or bankruptcy. On withdrawal from a plan, an employer's withdrawal liability amount is calculated by reference to the employer's proportionate share of the MEPP's unfunded vested benefits based on the employer's share of all contributions made to the plan over the previous 10 years.

In 2020 the Group reviewed its exposure to the six MEPPs in which it participated and determined that it was in its best interests to serve notice to withdraw from three of the plans due to their critical funding status, recognising a provision for the estimated withdrawal liability for these three plans of £15.3m as at 31 December 2020. In 2021, the Group paid a lump sum to settle the liability at the amount equal to that provided (£3.2m) for one of these plans. Negotiations on the Group's exit from the other two plans remain ongoing. The Group carries a provision of £13.8m at 31 December 2022 for the estimated withdrawal liability on these two plans.

The Group continues to participate in the other three MEPPs and continues to account for these as defined contribution plans with the combined ongoing annual contributions for the three plans in 2023 expected to be no more than £2m per annum.

26 Directors and employees

	Closing		Average	
Number of employees	**2022**	2021	**2022**	2021
North America	**8,697**	8,189	**8,482**	7,936
Continental Europe	**5,841**	5,292	**5,517**	5,221
UK & Ireland	**3,935**	4,082	**4,182**	3,812
Rest of the World	**3,901**	3,386	**3,628**	3,368
	22,374	20,949	**21,809**	20,337
Corporate	**77**	72	**74**	69
	22,451	21,021	**21,883**	20,406

Employee costs	**2022 £m**	2021 £m
Wages and salaries	**938.9**	801.8
Social security costs	**100.6**	90.8
Pension costs	**31.5**	29.5
Share based payments	**14.1**	12.7
	1,085.1	934.8

In addition to the above, acquisition related items for the year ended 31 December 2022 include deferred consideration payments of £24.9m (2021: £15.0m) relating to the retention of former owners of businesses acquired.

Key management remuneration	**2022 £m**	2021 £m
Salaries and short term employee benefits	**7.3**	6.7
Share based payments	**3.1**	2.7
Retirement benefits	**0.6**	0.7
	11.0	10.1

26 Directors and employees continued

The Group considers key management personnel as defined in IAS 24 'Related Party Disclosures' to be the directors of the Company and those members of the Executive Committee and the Managing Directors of the major geographic regions who are not directors of the Company.

Directors' emoluments	2022 £m	2021 £m
Non-executive directors	**0.8**	0.8
Executive directors:		
remuneration excluding performance related elements	**1.8**	1.7
annual bonus	**1.3**	1.3
	3.9	3.8

More detailed information concerning directors' emoluments and long term incentives is set out in the Directors' remuneration report. The aggregate amount of gains made by directors on the exercise of share options during the year was £nil (2021: £nil). The aggregate market value of performance share awards exercised by directors under long term incentive schemes during the year was £1.7m (2021: £1.8m). The aggregate market value of share awards exercised by directors under the DASBS was £0.7m (2021: £0.5m).

27 Lease liabilities

The Group leases certain property, plant, equipment and vehicles under non-cancellable operating lease agreements. These leases have varying terms and renewal rights. Details of the Group's right-of-use assets recognised under these lease agreements are shown in note 12.

Movement in lease liabilities

	2022 £m	2021 £m
Beginning of year	**488.7**	497.5
Acquisitions (Note 9)	**21.5**	12.9
Disposal of business (Note 10)	**(2.1)**	–
New leases	**123.3**	112.6
Interest charge in the year	**22.0**	20.3
Payment of lease liabilities	**(175.1)**	(158.9)
Remeasurement adjustments	**56.6**	11.5
Currency translation	**35.0**	(7.2)
End of year	**569.9**	488.7
Ageing of lease liabilities:		
Current lease liabilities	**145.9**	129.1
Non-current lease liabilities	**424.0**	359.6
End of year	**569.9**	488.7

As at 31 December 2022, the Group had £44.5m (2021: £21.2m) of leases which had been committed to but which had not yet started. Such leases are not included in the Group's lease liabilities as at 31 December 2022. In relation to leases which are included in lease liabilities, there are potential further future cash flows of £46.3m (2021: £28.5m) if termination options are not exercised and extension options are exercised.

The cash outflow for low value and short term leases was £5.2m for the year ended 31 December 2022 (2021: £6.2m).

28 Cash and cash equivalents and net debt

	2022 £m	2021 £m
Cash at bank and in hand	**1,504.0**	776.9
Bank overdrafts	**(825.9)**	(551.6)
Cash and cash equivalents	**678.1**	225.3
Interest bearing loans and borrowings – current liabilities	**(161.0)**	(111.9)
Interest bearing loans and borrowings – non-current liabilities	**(1,574.0)**	(1,433.7)
Derivatives managing the interest rate risk and currency profile of the debt	**(103.2)**	(17.1)
Net debt excluding lease liabilities	**(1,160.1)**	(1,337.4)
Lease liabilities	**(569.9)**	(488.7)
Net debt including lease liabilities	**(1,730.0)**	(1,826.1)

The cash at bank and in hand and bank overdrafts amounts included in the table above include the amounts associated with the Group's cash pool. The cash pool enables the Group to access cash in its subsidiaries to pay down the Group's borrowings. The Group has the legal right of set-off of balances within the cash pool which is an enforceable right which the Group intends to use. The cash at bank and in hand and bank overdrafts figures net of the amounts in the cash pool are disclosed below for reference:

	2022 £m	2021 £m
Cash at bank and in hand net of amounts in the cash pool	**700.5**	274.6
Bank overdrafts net of amounts in the cash pool	**(22.4)**	(49.3)
Cash and cash equivalents	**678.1**	225.3

29 Movement in net debt

2022	**Net debt £m**	**Cash and cash equivalents £m**	**Other components £m**
Beginning of year excluding lease liabilities	**(1,337.4)**	**225.3**	**(1,562.7)**
Net cash inflow	**269.0**	**397.4**	**(128.4)**
Non-cash movement in debt	**8.2**	**–**	**8.2**
Realised losses on foreign exchange contracts	**(86.2)**	**–**	**(86.2)**
Currency translation	**(13.7)**	**55.4**	**(69.1)**
End of year excluding lease liabilities	**(1,160.1)**	**678.1**	**(1,838.2)**
Lease liabilities	**(569.9)**	**–**	**(569.9)**
End of year including lease liabilities	**(1,730.0)**	**678.1**	**(2,408.1)**

2021	Net debt £m	Cash and cash equivalents £m	Other components £m
Beginning of year excluding lease liabilities	(1,255.0)	429.7	(1,684.7)
Net cash outflow	(88.2)	(183.6)	95.4
Realised gains on foreign exchange contracts	25.0	–	25.0
Currency translation	(19.2)	(20.8)	1.6
End of year excluding lease liabilities	(1,337.4)	225.3	(1,562.7)
Lease liabilities	(488.7)	–	(488.7)
End of year including lease liabilities	(1,826.1)	225.3	(2,051.4)

The net cash outflow of £128.4m (2021: inflow of £95.4m) on other components of net debt comprises an increase in borrowings of £346.4m (2021: £14.5m), a repayment of borrowings of £131.8m (2021: £134.9m) and the impact of a realised loss of £86.2m on foreign exchange contracts (2021: gain of £25.0m).

30 Cash flow from operating activities

The tables below give further details on the adjustments for depreciation and software amortisation, other non-cash items and the working capital movement shown in the Consolidated cash flow statement.

Depreciation and software amortisation	2022 £m	2021 £m
Depreciation of right-of-use assets	**151.1**	134.8
Other depreciation and software amortisation	**38.4**	36.4
	189.5	171.2

Other non-cash items	2022 £m	2021 £m
Share based payments	**14.1**	12.7
Provisions	**(3.9)**	(8.0)
Retirement benefit obligations	**(3.9)**	(1.9)
Hyperinflation accounting adjustments	**8.0**	–
Other	**1.6**	1.6
	15.9	4.4

Working capital movement	2022 £m	2021 £m
Increase in inventories	**(118.7)**	(32.9)
Increase in trade and other receivables	**(13.0)**	(10.7)
Increase in trade and other payables	**186.2**	45.7
	54.5	2.1

31 Related party disclosures

The Group has identified the directors of the Company, their close family members, the Group's defined benefit pension schemes and its key management as related parties for the purpose of IAS 24. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report, Note 25 and Note 26 respectively. All transactions with subsidiaries are eliminated on consolidation.

Company balance sheet

at 31 December 2022

	Notes	2022 £m	2021 £m
Fixed assets			
Property, plant and equipment	3	**0.6**	0.3
Right-of-use assets	4	**3.6**	0.2
Intangible assets	3	**0.8**	0.8
Investments	5	**741.0**	729.8
		746.0	731.1
Current assets			
Defined benefit pension asset	11	**59.3**	62.8
Debtors: amounts falling due after more than one year	7	**–**	837.9
Debtors: amounts falling due within one year	7	**1,449.9**	764.9
Cash at bank and in hand		**15.1**	30.6
		1,524.3	1,696.2
Current liabilities			
Creditors: amounts falling due within one year	8	**(108.0)**	(98.8)
Lease liabilities	10	**(0.7)**	(0.2)
Net current assets		**1,415.6**	1,597.2
Total assets less current liabilities		**2,161.6**	2,328.3
Non-current liabilities			
Provisions	9	**(0.9)**	(1.0)
Lease liabilities	10	**(3.1)**	–
Deferred tax liability	6	**(11.2)**	(12.0)
Net assets		**2,146.4**	2,315.3
Capital and reserves			
Share capital	12	**108.5**	108.4
Share premium		**199.4**	194.2
Other reserves		**5.6**	5.6
Capital redemption reserve	13	**16.1**	16.1
Profit and loss account†	13	**1,816.8**	1,991.0
Total shareholders' funds		**2,146.4**	2,315.3

Approved by the Board of directors of Bunzl plc (Company registration number 358948) on 27 February 2023 and signed on its behalf by Frank van Zanten, Chief Executive Officer and Richard Howes, Chief Financial Officer.

The Accounting policies and other Notes on pages 216 to 221 form part of these financial statements.

† Profit and loss account includes a net profit after tax for the year of £39.1m (2021: £304.1m). As permitted by section 408(3) of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in these financial statements.

Company statement of changes in equity
for the year ended 31 December 2022

	Share capital £m	Share premium £m	Other reserves £m	Capital redemption reserve £m	Profit and loss account: Own shares £m	Profit and loss account: Retained earnings £m	Total shareholders' funds £m
At 1 January 2022	**108.4**	**194.2**	**5.6**	**16.1**	**(52.9)**	**2,043.9**	**2,315.3**
Profit for the year						**39.1**	**39.1**
Other comprehensive expense							
Contributions to pension scheme by participating subsidiaries						**3.0**	**3.0**
Actuarial loss on defined benefit pension scheme						**(6.5)**	**(6.5)**
Income tax credit on other comprehensive expense						**0.9**	**0.9**
Total comprehensive income						**36.5**	**36.5**
2021 interim dividend						**(54.3)**	**(54.3)**
2021 final dividend						**(136.2)**	**(136.2)**
Issue of share capital	**0.1**	**5.2**					**5.3**
Employee trust shares					**(34.2)**		**(34.2)**
Movement on own share reserves					**23.7**	**(23.7)**	**–**
Share based payments						**14.0**	**14.0**
At 31 December 2022	**108.5**	**199.4**	**5.6**	**16.1**	**(63.4)**	**1,880.2**	**2,146.4**

	Share capital £m	Share premium £m	Other reserves £m	Capital redemption reserve £m	Profit and loss account: Own shares £m	Profit and loss account: Retained earnings £m	Total shareholders' funds £m
At 1 January 2021	108.3	187.7	5.6	16.1	(73.4)	1,863.7	2,108.0
Profit for the year						304.1	304.1
Other comprehensive income							
Contributions to pension scheme by participating subsidiaries						4.6	4.6
Actuarial gain on defined benefit pension scheme						58.0	58.0
Income tax charge on other comprehensive income						(15.6)	(15.6)
Total comprehensive income						351.1	351.1
2020 interim dividend						(52.8)	(52.8)
2020 final dividend						(127.6)	(127.6)
Issue of share capital	0.1	6.5					6.6
Employee trust shares					15.5		15.5
Movement on own share reserves					5.0	(5.0)	–
Share based payments						14.5	14.5
At 31 December 2021	108.4	194.2	5.6	16.1	(52.9)	2,043.9	2,315.3

Notes to the Company financial statements

1 Basis of preparation

Bunzl plc (the 'Company') is a company incorporated and domiciled in the United Kingdom and is registered in England and Wales. These financial statements present information about the Company as an individual undertaking and not about its Group. The financial statements of the Company have been prepared on a going concern basis and under the historical cost convention with the exception of certain items which are measured at fair value as described in the accounting policies below.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 as applicable to companies using FRS 101. There are no new standards, amendments or interpretations that are applicable to the Company for the year ended 31 December 2022. In preparing these financial statements the Company has applied the exemptions available under FRS 101 in respect of:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures relating to transactions with wholly owned subsidiaries and capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures relating to the compensation of key management personnel.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also applied the exemptions available under FRS 101 in respect of:

- certain disclosures required by IFRS 2 'Share Based Payments' in respect of Group settled share based payments; and
- certain disclosures required by IFRS 13 'Fair Value Measurement' and disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

2 Accounting policies

The accounting policies of the Company have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. In most cases the accounting policies for the Company are fully aligned with the equivalent accounting policies for the Group as stated on pages 170 to 177 in Note 2 to the consolidated financial statements. The accounting policies of the Company which are aligned with those of the Group are the policies for tangible assets, leases, intangible assets, income tax, trade and other payables, provisions, retirement benefits, investment in own shares, dividends and leases. The accounting policies that are specific to the Company are set out below.

a. Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less any provision for impairment. The subsidiary undertakings which the Company held at 31 December 2022 are disclosed in the Related undertakings Note in the Shareholder information section on pages 230 to 235.

b. Share based payments

The Company operates a number of equity settled share based payment compensation plans. Details of these plans are outlined in Note 21 to the consolidated financial statements and the Directors' remuneration report. The total expected expense is based on the fair value of options and other share based incentives on the grant date, calculated using a valuation model, and is spread over the expected vesting period with a corresponding credit to equity.

Where the Company grants options over its own shares to the employees of its subsidiaries and it has not recharged the cost to the relevant subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised directly in equity.

c. Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2 Accounting policies continued

d. Intercompany and other receivables

Intercompany and other receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for expected credit losses. The Group measures expected credit losses using the expected credit loss model in accordance with IFRS 9. There were no impairment losses on intercompany or other receivables during the year (2021: none).

e. Defined benefit pension schemes

The Company is the sponsoring company of the UK defined benefit pension scheme. As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the scheme to participating subsidiaries, the net defined benefit pension cost or benefit is recognised fully by the Company. The contributions paid by the participating subsidiaries other than the Company are credited to profit or loss of the Company where the amounts relate to service and are independent of the number of years of service or to other comprehensive income if not linked to service.

f. Judgements made in applying the Company's accounting policies

In the course of preparing the financial statements, other than judgements involved in determining estimates and assumptions (see Note 2g below), no judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

g. Sources of estimation uncertainty

In applying the Company's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. As at 31 December 2022, the only source of estimation uncertainty that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the measurement of the defined benefit pension scheme liability which is explained in Note 2u to the consolidated financial statements.

3 Property, plant and equipment and intangible assets

	Short leasehold improvement £m	Fixtures, fittings and equipment £m	Total tangible assets £m	Total intangible assets £m
Cost				
Beginning of year	**0.1**	**1.7**	**1.8**	**2.1**
Additions	**0.3**	**0.1**	**0.4**	**0.2**
End of year	**0.4**	**1.8**	**2.2**	**2.3**
Accumulated depreciation and amortisation				
Beginning of year	**0.1**	**1.4**	**1.5**	**1.3**
Charge in year	**–**	**0.1**	**0.1**	**0.2**
End of year	**0.1**	**1.5**	**1.6**	**1.5**
Net book value at 31 December 2022	**0.3**	**0.3**	**0.6**	**0.8**
Net book value at 31 December 2021	–	0.3	0.3	0.8

4 Right-of-use assets: Property

Net book value	2022 £m	2021 £m
Beginning of year	**0.2**	0.7
Remeasurement adjustments	**4.0**	–
Depreciation charge in the year	**(0.6)**	(0.5)
End of year	**3.6**	0.2

5 Investments

Investments in subsidiary undertakings	2022 £m	2021 £m
Cost		
Beginning of year	**733.1**	721.7
Additions	**11.2**	11.4
End of year	**744.3**	733.1
Impairment provisions		
Beginning and end of year	**3.3**	3.3
Net book value at 31 December	**741.0**	729.8

6 Deferred tax asset/(liability)

Recognised deferred tax assets net of deferred tax liabilities are attributable to the following:

	Defined benefit pension scheme £m	Share based payments £m	Other £m	Net deferred tax asset/ (liability) £m
At 1 January 2021	(0.1)	1.7	0.2	1.8
Recognised in profit or loss	–	–	–	–
Recognised in other comprehensive income or directly in equity	(15.6)	1.8	–	(13.8)
At 31 December 2021/1 January 2022	**(15.7)**	**3.5**	**0.2**	**(12.0)**
Recognised in profit or loss	**–**	**–**	**–**	**–**
Recognised in other comprehensive income or directly in equity	**0.9**	**(0.1)**	**–**	**0.8**
At 31 December 2022	**(14.8)**	**3.4**	**0.2**	**(11.2)**

No deferred tax asset has been recognised in respect of unutilised capital losses of £68.5m (2021: £68.5m).

7 Debtors

	2022 £m	2021 £m
Debtors: amounts falling due within one year		
Amounts owed by Group undertakings	**1,440.1**	760.3
Prepayments and other debtors	**9.8**	4.6
	1,449.9	764.9
Debtors: amounts falling due after more than one year		
Amounts owed by Group undertakings	**–**	837.9

Amounts owed by Group undertakings falling due within one year are unsecured and repayable on demand with no fixed date of repayment. Interest rates are linked to the Bank of England Base Rate.

8 Creditors: amounts falling due within one year

	2022 £m	2021 £m
Trade creditors	**4.7**	1.1
Amounts owed to Group undertakings	**82.1**	83.0
Other tax and social security contributions	**0.5**	0.8
Income tax payable	**3.0**	0.5
Accruals	**17.7**	13.4
	108.0	98.8

Amounts due to Group undertakings are repayable on demand and are not interest bearing.

9 Provisions

	2022 £m	2021 £m
Beginning of year	**1.0**	1.6
Utilised or released	**(0.1)**	(0.6)
End of year	**0.9**	1.0

The provisions relate to properties, where amounts are held against liabilities for repairs and dilapidations, and other claims.

10 Lease liabilities

	2022 £m	2021 £m
Beginning of year	**(0.2)**	(0.9)
Interest charge in the year	**(0.1)**	–
Remeasurement adjustments	**(4.3)**	–
Payments of lease liabilities	**0.8**	0.7
End of year	**(3.8)**	(0.2)
Ageing of lease liabilities:		
Current lease liabilities	**(0.7)**	(0.2)
Non-current lease liabilities	**(3.1)**	–
End of year	**(3.8)**	(0.2)

11 Retirement benefits

The Company operates a number of retirement benefit schemes in the UK, including both defined benefit and defined contribution schemes. A description of the characteristics and risks to which the Company is exposed in relation to the UK defined benefit pension scheme together with the principal assumptions used and sensitivity to changes in assumptions are detailed in Note 25 to the consolidated financial statements. The amounts included in the Company financial statements relating to the defined benefit pension scheme at 31 December were:

Amounts included in profit for the year	2022 £m	2021 £m
Current service cost (net of contributions by employees)	**2.1**	2.4
Net interest income	**(1.2)**	(0.1)
Contributions paid by participating subsidiaries linked to service	**(0.3)**	(1.0)
Total charge to profit for the year	**0.6**	1.3

11 Retirement benefits continued

Amounts recognised in other comprehensive income	2022 £m	2021 £m
Actual return less expected return on pension scheme assets	**(150.9)**	18.5
Experience (loss)/gain on pension scheme liabilities	**(15.1)**	20.7
Impact of changes in assumptions relating to the present value of pension scheme liabilities	**159.5**	18.8
Actuarial (loss)/gain on defined benefit pension scheme	**(6.5)**	58.0
Contributions paid by participating subsidiaries not linked to service	**3.0**	4.6
Total (charge)/credit to other comprehensive income	**(3.5)**	62.6

Movement in defined benefit pension scheme surplus/(deficit)	2022 £m	2021 £m
Beginning of year	**62.8**	0.4
Current service cost	**(2.1)**	(2.4)
Contributions	**3.9**	6.7
Net interest income	**1.2**	0.1
Actuarial (loss)/gain	**(6.5)**	58.0
End of year	**59.3**	62.8

Changes in the present value of defined benefit pension scheme liabilities	2022 £m	2021 £m
Beginning of year	**396.2**	437.9
Current service cost	**2.1**	2.4
Interest expense	**7.0**	6.1
Contributions by employees	**0.4**	0.5
Actuarial gain	**(144.4)**	(39.5)
Benefits paid	**(14.3)**	(11.2)
End of year	**247.0**	396.2

Changes in the fair value of defined benefit pension scheme assets	2022 £m	2021 £m
Beginning of year	**459.0**	438.3
Interest income	**8.2**	6.2
Actuarial (loss)/gain	**(150.9)**	18.5
Contributions by the Company	**0.6**	1.1
Contributions by participating subsidiaries	**3.3**	5.6
Contributions by employees	**0.4**	0.5
Benefits paid	**(14.3)**	(11.2)
End of year	**306.3**	459.0

The actual return on pension scheme assets was a loss of £142.7m (2021: gain of £24.7m). The market value of scheme assets and the present value of retirement benefit obligations at 31 December are detailed in Note 25 to the consolidated financial statements. The total defined benefit pension liability is divided between active members (£43.2m (2021: £77.9m)), deferred members (£92.4m (2021: £156.5m)) and pensioners (£111.4m (2021: £161.8m)).

12 Share capital

	2022 £m	2021 £m
Issued and fully paid ordinary shares of 32½p each	**108.5**	108.4

Number of ordinary shares in issue and fully paid	2022	2021
Beginning of year	**337,398,796**	336,998,961
Issued – option exercises	**269,050**	399,835
End of year	**337,667,846**	337,398,796

13 Reserves
The capital redemption reserve of £16.1m (2021: £16.1m) as presented in the statement of changes in equity records the aggregate nominal value of treasury shares that have been cancelled.

The own shares reserve of £63.4m (2021: £52.9m) as presented in the statement of changes in equity comprises ordinary shares of the Company held by the Company in an employee benefit trust. The assets, liabilities and expenditure of the trust are included in the Company financial statements. Details of the trust and investment in own shares reserve are set out in Note 21 to the consolidated financial statements.

The dividends paid and declared in the current and prior year are detailed in Note 22 to the consolidated financial statements.

14 Contingent liabilities
Borrowings by subsidiary undertakings totalling £1,822.6m (2021: £1,549.2m) which are included in the Group's borrowings have been guaranteed by the Company.

15 Employees' and directors' remuneration
The average number of persons employed by the Company during the year (including directors) was 61 (2021: 56) and the aggregate employee costs relating to these persons were:

	2022 £m	2021 £m
Wages and salaries	**12.4**	11.1
Social security costs	**1.7**	1.7
Share based payments	**0.9**	(0.2)
Pension costs	**0.8**	0.8
	15.8	13.4

Conditional awards of executive share options and performance shares are granted to executive directors and other senior employees of the Company. Employees of the Company can also participate in the Company's Sharesave Scheme. Further information on the Company's share plans is disclosed in Note 21 to the consolidated financial statements.

16 Related party disclosures
The Company has identified the directors of the Company, their close family members, its key management, the UK pension scheme and its subsidiary undertakings as related parties for the purpose of IAS 24 'Related Party Disclosures'. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report, Note 25 and Note 26 to the consolidated financial statements and the Related undertakings note in the Shareholder information section on pages 230 to 235.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, which includes the Directors' remuneration report and the financial statements, in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards ('IASs') and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). In preparing the Group financial statements, the directors have also elected to comply with International Financial Reporting Standards ('IFRSs'), issued by the International Accounting Standards Board ('IASB') ('IFRSs as issued by the IASB').

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted IASs and IFRSs as issued by the IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are set out on pages 100 and 101 of the Annual Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted IASs and IFRSs as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Frank van Zanten
Chief Executive Officer
27 February 2023

Richard Howes
Chief Financial Officer

Independent auditors' report to the members of Bunzl plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Bunzl plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated balance sheet and the Company balance sheet as at 31 December 2022; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the Group financial statements have been properly prepared in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5 to the Group financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope	• We performed full scope audits and other procedures of the financial information of 87 components spread across 28 different countries across North America, Continental Europe, UK & Ireland and Rest of the World. • Specific audit procedures in relation to various Group activities, including consolidation, taxation, pensions, business combinations and the carrying value of goodwill and intangible assets, were performed by the Group audit team centrally.
Key audit matters	• Accounting for business combinations (Group) • Valuation of defined benefit pension schemes' obligations (Group and Company) • Valuation of inventory provisions (Group)
Materiality	• Overall Group materiality: £40 million (2021: £34 million) based on 5% of adjusted profit before tax. • Overall Company materiality: £21 million (2021: £23 million) based on 1% of net assets. • Performance materiality: £30 million (2021: £25.5 million) (Group) and £15.7 million (2021: £17.2 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Carrying value of goodwill (Group) and Valuation of expected credit loss provisions against trade receivables (Group), which were key audit matters last year, are no longer included because of the reduction of risk of both items in 2022. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Accounting for business combinations (Group)	
Refer to the Audit Committee report, Note 2 and Note 9 of the Group financial statements. Given that the Group continues to make significant investment in acquisitions, accounting for business combinations is an area of focus due to the level of judgement involved. Business combinations can involve judgements in relation to the value of assets and liabilities that are recognised on acquisition, particularly the allocation of purchase consideration to goodwill and separately identified intangible assets.	Management relies on external valuation specialists for larger acquisitions to value significant intangibles acquired in business combinations. Where management has relied on such specialists, with the support of our own valuation specialists, we assessed their objectivity and competence and tested the results of their work. We focused in particular on the following areas: • We assessed the methodology and key assumptions used in determining the value of the customer relationship assets for the more significant acquisitions; • We determined whether the cash flows applied within the valuation models and the key assumptions such as the discount rates, growth rates, customer attrition and period for amortisation, were appropriate; • We evaluated the consideration paid or payable in respect of certain acquisitions made; and • We considered the disclosures in Note 9 of the Group financial statements and we are satisfied that these disclosures are appropriate. Based on the procedures performed, we noted no material issues arising from our work.
Valuation of defined benefit pension schemes' obligations (Group and Company)	
Refer to the Audit Committee report, Note 2 and Note 25 of the Group financial statements. The Group has defined benefit pension schemes (with material schemes in the US and the UK) with a net surplus of £39.9m at the current year end (2021: net surplus of £31.2m). The gross assets and liabilities in each scheme are significant in the context of the Consolidated balance sheet. Management estimation is required in relation to the measurement of pension scheme obligations, and management employs independent actuarial experts to assist it in determining appropriate assumptions such as inflation levels, discount rates, salary increases and mortality rates. Movements in these assumptions can have a material impact on the determination of the liability and, therefore, the extent of any net surplus or deficit.	We used our own actuarial experts to satisfy ourselves that the assumptions used in calculating the US and UK pension scheme liabilities are appropriate, including confirming that salary increases were appropriate and that mortality rate assumptions were consistent with relevant benchmarks. We determined that the discount and inflation rates used in the valuation of the pension scheme liabilities were consistent with our internally developed benchmarks. In each case we considered the assumptions made by management to be reasonable in light of the available evidence. We also performed procedures to satisfy ourselves over the completeness and accuracy of the employee data used in the calculation. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory provisions (Group)	
Refer to the Audit Committee report, Note 2, Note 14 and Note 15 of the Group financial statements. The Group has seen an increased risk of net realisable value for certain Covid-19 related inventories due to price normalisation following the disruption caused by the pandemic. We focused on this area because of the risk surrounding the level of estimation and judgement that is necessary in determining the provisions required.	We assessed the basis for the inventory provisions, the consistency of provisioning in line with the Group's policy and the reasonableness of the overall provisioning in light of the price normalisation following the disruption caused by the pandemic. We did this through the following procedures: • We tested the completeness and the accuracy of the ageing of the reports used to calculate the provisions; • We tested that the calculation of provisions had been performed in accordance with the Group policy; • We understood management's process for identifying specific inventory requiring a provision and recalculated the provisions against this inventory using latest market prices and volume data; • We tested the net realisable value of a sample of inventory items to ensure that the listing of inventory requiring a provision identified was complete; and • We determined whether the calculations were in line with the accounting standards and that the methodology and principles had been applied consistently. Based on the procedures performed, we determined that the provisions reflect management's current best estimate of the expected economic outflows. We also considered the appropriateness of the related disclosures in the financial statements. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We identified one financially significant component, being North America, where a full scope audit has been performed. In addition, we have identified two material components being the Netherlands and Australia. To achieve the coverage desired, we identified five components across the UK and France for which a full scope audit of their financial information has been performed. In order to satisfy the request of the Audit Committee and management, we performed either full scope audits or other specified procedures on a further 79 components. The components where we performed audit procedures covered over 94% of Group revenue and adjusted profit before taxation.

Where work was performed by component auditors, detailed instructions were issued by us and the Group audit team conducted conference calls with component teams. For our financially significant and material components, oversight procedures included regular communication with the component team, reviewing their working papers, and attending the clearance meeting either virtually or in person. Specific audit procedures over central functions and areas of significant judgement, including consolidation, taxation, pensions, business combinations and the carrying value of goodwill and other intangible assets, were performed by the Group audit team centrally.

The impact of climate risk on our audit

As part of the audit, we inquired of management to understand and evaluate the Group's risk assessment process in relation to climate change. Management has sought advice from external sustainability experts to help them understand the environmental challenges they face, and to source science-based inputs for their assessment of climate risk. We reviewed management's paper which sets out their assessment of climate change risk to the Group and the impact, if any, on the financial statements and impairment testing. In evaluating the completeness of the risks identified, we assessed the objectivity and competence of management's experts, we engaged our internal climate change experts to review management's assessment, we considered the return submitted to the Carbon Disclosure Project by the Group and challenged management on how they considered the Group's net zero commitment in their assessment. In responding to the risk identified, we specifically considered how climate change risk would impact the assumptions made in the forecasts prepared by management used in their assessment of the carrying value of goodwill. We read the disclosures in relation to climate change made in the other information within the Annual Report to ascertain whether the disclosures are materially consistent with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the Reporting on other information section of our report.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - Company
Overall materiality	£40 million (2021: £34 million).	£21 million (2021: £23 million).
How we determined it	5% of adjusted profit before tax	1% of net assets
Rationale for benchmark applied	Given that the Group's businesses are profit oriented and the directors use adjusted profit measures to assess the performance of the business, we believe that adjusted profit before tax is the best benchmark to use.	Considering the nature of the business and activities in Bunzl plc (holding activities) we use the Company net asset value as a basis for the calculation of the overall materiality level.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was up to £34 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £30 million (2021: £25.5 million) for the Group financial statements and £15.7 million (2021: £17.2 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.9 million (Group audit) (2021: £1.5 million) and £1.9 million (Company audit) (2021: £1.5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the appropriateness of the cash flow forecasts in the context of the Group's 2022 financial position and evaluated the directors' downside sensitivities against these forecasts.
- We evaluated the key assumptions in the forecasts and considered whether these were supported by the evidence we obtained.
- We examined the headroom under the base case cash flow forecasts, as well as the directors' sensitised cases, and evaluated whether the directors' conclusion that headroom remained in all events was supported by the evidence we obtained.
- We obtained the Group's covenant calculations and reperformed the calculation including applying sensitivities to assess the potential impact of downside sensitivities on covenant compliance.
- We also reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims.
- Reviewing minutes of meetings of those charged with governance including the Board, Audit committee and Executive committee.
- Reviewing internal audit reports.
- Assessment of matters reported on the Group's whistleblowing helpline.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias).

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 19 May 2014 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2014 to 31 December 2022.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Neil Grimes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2023

Shareholder information

Related undertakings as at 31 December 2022

In accordance with section 409 of the Companies Act 2006 a full list of Bunzl plc's subsidiary undertakings and other shares held by the Company as at 31 December 2022 is disclosed below. The registered office address of each entity or, in the case of unincorporated entities, the principal place of business, is disclosed on pages 233 to 235. Unless otherwise stated the subsidiary undertakings listed are wholly owned and held indirectly by Bunzl plc with ordinary shares issued (or the equivalent of ordinary shares in the relevant country of incorporation). In some of the jurisdictions in which the Group operates share classes are not defined and in these instances, for the purposes of this disclosure, the shares issued have been classified as ordinary shares. Bunzl plc does not have any joint venture companies or associated undertakings.

Subsidiary undertakings	Registered office address
Argentina	
Vicsa Steelpro S.A.	1
Australia	
Atlas Health Care Pty Limited	6
Bunzl Australasia Limited	5
Bunzl Brands & Operations Pty Limited	3
Bunzl Catering Supplies Limited	6
Bunzl Food Processor Supplies Pty Limited	6
Bunzl Outsourcing Services Limited	6
Containit Pty Ltd[iii] (80%)	3
Fire Rescue Safety Australia Pty Ltd (80%)	2
GRC Medical Pty Ltd	5
Inkell Pty. Limited	4
Interpath Services Pty. Ltd.	5
Multipoint Technologies Pty Ltd (75.1%)	7
Network Packaging Pty Limited	3
Obex Australia Holdings Pty Ltd	5
Robertsons Lifting & Rigging Pty Limited	3
Sanicare Australia Pty Limited	5
Worksense Workwear and Safety Pty Limited	3
Austria	
Bunzl Holdings Austria GmbH	8
Meier Verpackungen GmbH	8
Belgium	
AFL Belgium BV (90%)	12
Établissements Glorieux SA	9
King Belgium NV	13
Total Safety Supply Belgium BVBA	11
Varia-Pack NV	10
Brazil	
Bunzl Equipamentos para Proteção Individual Ltda.	18
Corsul Comercio e Representações do Sul Ltda.	15
Corsul Representações Comerciais Ltda.	15
Dental Sorria Ltda.	22
DVT Comércio, Importação E Exportação Ltda.	17
Labor Import Comercial Importadora Exportadora Ltda	20
MCR Safety de Brasil Distribuiacao de Equipamentos	19
Medcorp Saúde tecnologia Ltda	14
SP Equipamentos de Proteção ao trabalho e MRO Ltda.	16
VCH – Importadora, Exportadora e Distribuição de Produtos Ltda.	21
Canada	
8948399 Canada Inc. d/b/a Sur-Seal Packaging[iii]	27
Bunzl Canada, Inc.	28
Dura Plus Inc.	25
Ghost Distribution Inc.	24
McCue Corporation Canada (96.9%)	26
Pinnacle Paper & Sanitation Inc.[ii]	27
Snelling Paper & Sanitation Ltd.[iii]	27
Tingley Inc.	23
Chile	
B2B Web Distribuicao de Produtos Chile SpA	30
Bunzl Chile Holdings SpA	30

Subsidiary undertakings	Registered office address
DPS Chile Comercial Limitada	32
Enepack SpA	32
MCR Chile SpA	29
Tecno Boga Comercial Limitada	31
Vicsa Safety Comercial Limitada	30
China	
Beijing HSESF Safety Technology Co., Ltd.	34
Bunzl Trading (Shanghai) Limited	47
Diversified Distribution Systems Trading (Shanghai) Ltd.	37
Keenpac (Shenzhen) Trading Company Limited	38
McCue (Xiamen) Security Technology Co., Ltd. (96.9%)	43
MCR Safety Foshan South Co., Ltd.	44
MCR Safety Products Foshan Co., Ltd.	45
Shanghai BeiZhi Industrial Technology Co., Ltd.	36
Shanghai Cosafety Technology Co., Ltd.	33
Shanghai HSESF Safety Technology Co., Ltd.	42
Shanghai Mai Xi Protection Technology Co., Ltd.	41
Shanghai Yinghao Protection Technology Co., Ltd.	40
Suzhou Sai Wo Trading Co., Ltd.	46
Vicsa Commerce and Trading (Shanghai) Co., Ltd.	39
Colombia	
B2B Web Distribução De Produtos Colombia Spa S.A.S	48
Importadores Y Exportadores Solmaq SAS	48
MCR Safety Colombia S.A.S.	49
Vicsa Steelpro Colombia S.A.S.	50
Czech Republic	
Blyth s.r.o.	52
Bunzl CS s.r.o.	51
VM Footwear s.r.o. (70%)	53
VM Obuv s.r.o. (70%)	53
Denmark	
Bunzl Distribution Danmark A/S	54
Bunzl Holding Danmark A/S	54
Clean Care A/S	55
ICM A/S (78.9%)	56
MultiLine A/S	57
PACK-LINK ApS (70%)	58
PM Pack A/S (70%)	58
France	
Adage SAS	66
Alpes Entretien Distribution SAS	71
Blanc SAS	80
Bourgogne Hygiene Entretien SAS	62
Bunzl Holdings France SAS	73
Comatec SAS	72
Daugeron & Fils SAS	74
Fichot Hygiene SAS	65
France Sécurité SAS	69
Gama 29 SAS	68
GM Equipement S.A.S.	59
Groupe Comptoir SAS	63
Hedis SAS	61
Industrie du Compactage Alimentaire Hygiene ICA Hygiene L'image du Propre SAS	76

Subsidiary undertakings	Registered office address
Keenpac France SAS	64
Ligne T SAS	67
Mat'hygiene SAS	70
Nicolas Entretien SAS	79
ORRU SAS	75
PLG Finances SAS	78
PLG SAS	78
Prorisk S.A.S.	59
SCI des Saules SCI	66
Société Civile Immobilière Sainte Claire Deville SC	66
Sodiscol SAS	60
Sopecal Hygiene SAS	77
Germany	
Bäumer Betriebshygiene Vertriebsgesellschaft mbH[iii]	84
Bunzl Großhandel GmbH	81
Bunzl Healthcare GmbH	83
Bunzl Healthcare Holding GmbH[iii]	81
Bunzl Holding GmbH[iii]	81
Bunzl Holding No. 2 GmbH (75%)	81
hygi GmbH & Co. KG (75%)	85
hygi.de Holding GmbH[iii] (75%)	85
hygi.de Import GmbH (75%)	85
hygi.de Management GmbH (75%)	85
Majestic GmbH	86
PKA Klöcker GmbH[iii]	82
Protemo GmbH	84
Hong Kong	
Bunzl Asia Limited[iii]	87
Bunzl Retail Services of Hong Kong Limited	88
Keenpac Asia Limited	90
MCR Safety Asia Company Limited	89
Hungary	
Bunzl CEE Kft	92
Bunzl Magyarország Kft.	92
Ireland	
Abco Kovex Limited (80%)	93
Bunzl Ireland Limited	93
Thomas McLaughlin (Ireland) Limited	93
Israel	
M.S. Global Limited	94
Meichaley Zahav Packages Ltd	95
Silco (Utensils) A.S. Limited[iii]	94
Italy	
B2B Distribution Italy Holdings S.r.l.	97
Keenpac Italia S.r.l.	96
Neri S.p.A.	97
Secure Service S.r.l.	98
Malaysia	
Medshop Malaysia Sdn. Bhd. (75.1%)	99
Mexico	
Bunzl De Mexico S. De R. L. De C.V[iii]	105
Bunzl Retail Services of Mexico, S. de R.L. de C.V.[iii]	101
Bunzl Servicios, S. De R. L. De C.V[iii]	105
Cool Pak AG Packaging, S. de R. L. de C.V.[iii]	103
Cool Pak Exports S. de R.L. de C.V.[iii]	104
Espomega S. de R.L. de C.V.[iii]	108
Proepta, S.A. DE C.V.[iii]	106
Shelby Manufacturing De Mexico, S.A. de C.V.	100
Steel pro S.A de C.V.[iii]	102
TRC Protective Footwear, S.A. de C.V.[iii]	107
Web Distribucion Safety Mexico, S. de R.L. de C.V.[iii]	109

Subsidiary undertakings	Registered office address
Morocco	
Proin Maroc, S.à r.l.	110
Netherlands	
AFL Groep B.V. (90%)	119
Allshoes Benelux B.V.	118
Bunzl Outsourcing Services B.V.	121
Bunzl Verpakkingen Arnhem B.V.	112
De Ridder B.V.	115
King Nederland B.V.	114
Le Roux Verpakkingen & Disposables B.V. (75.1%)	120
Majestic Products B.V.	116
MCR Safety Europe B.V.	117
QS Nederland B.V. (85%)	111
Vespinae International B.V. (75.1%)	122
Worldpack Trading B.V.	113
New Zealand	
Bunzl New Zealand Holdings (No. 2) Limited[iii]	123
Bunzl New Zealand Holdings Limited[iii] (99.1%)	123
Bunzl Outsourcing Services NZ Limited	127
Corded Strap (NZ) Limited	128
Downs Distributors Limited (99.1%)	129
Fire Rescue Safety New Zealand Limited (80%)	127
ICB Cleaning Supplies Limited	126
Isobex Medical Limited (99.1%)	129
Nelson Packaging Supplies Limited	128
Obex (NZ) Limited (99.1%)	129
Obex Medical Limited (99.1%)	129
OXC (NZ) Limited[ii] (99.1%)	129
Toomac Holdings Limited	124
Universal Specialities Limited (90%)	125
Norway	
Art Trading AS	131
Culina AS	131
Enor AS	132
Riise & G G Storkjøkken AS	132
Skien Storkjøkken AS	130
Peru	
B2B WEB DISTRIBUICAO DE PRODUTOS PERU SPA S.A.C	133
Vicsa Safety Peru S.A.C.	133
Puerto Rico	
Melissa Sales Corp.	134
Romania	
Bunzl Romania SRL	135
Singapore	
LSH Industrial Solutions Pte. Ltd	136
Medshop Holdings Pte. Ltd. (75.1%)	137
Medshop Singapore Pte. Ltd. (75.1%)	137
Slovakia	
Eurobal, spol. s.r.o.	138
Spain	
Artículos de Protección, S.A.	148
Bunzl Distribution Spain, S.A.U.	141
Bunzl Mallorca 2018, S.L.U.	142
Faru, S.L.U.	147
Grupo R Queraltó, S.A. (85%)	143
Juba Personal Protective Equipment, S.L.U.	149
Marca Proteccion Laboral, S.L.U.	145
PROIN-PINILLA, S.L.	139
PROTEC & MARTI, S.L.	144
Quirumed, S.L.U.	146
Safety Quickers Europe, S.L.U.	141
Tecnopacking, S.L.U.	140

Related undertakings continued

Subsidiary undertakings	Registered office address
Switzerland	
Bunzl Holding Switzerland AG	151
Distrimondo AG	152
Keenpac (Switzerland) SA	153
Weita AG	151
Weita Service AG	150
Turkey	
Bursa Pazarı İnşaat Sanayi Ve Ticaret Anonim Şirketi	154
İstanbul Ticaret Hırdavat Sanayi A.Ş.	156
İstanbul Ticaret İş Güvenliği ve Endüstriyel Sanayi Ürünler A.Ş	157
Kullanatmarket Elektronik Pazarlama Ticaret Anonim Şirketi	155
United Kingdom	
Abco Kovex (N.I.) Limited (80%)	158
Abco Kovex (UK) Limited (80%)	161
Aggora (Technical) Limited(iii)	161
Aggora Group Ltd(iii)	161
Aggora Limited	161
Aggora Projects Ltd(iii)	161
B3S Healthcare Limited	161
B3S No.2 Limited	161
Bodyguard Workwear Limited	161
Bunzl American Holdings (No.1) Limited	161
Bunzl American Holdings (No.2) Limited(i)	161
Bunzl Finance Public Limited Company(i)	161
Bunzl Group Services Limited(i)	161
Bunzl Holding GTL Limited(i)	161
Bunzl Holding LCE Limited	161
Bunzl Holding WWE Limited(iii) (96.3%)	161
Bunzl Mexico Holdings 1 Limited	161
Bunzl Mexico Holdings 2 Limited	161
Bunzl Overseas Holdings (No. 2) Limited	161
Bunzl Overseas Holdings (No. 3) Limited(ii)	161
Bunzl Overseas Holdings (No.4) Limited	161
Bunzl Overseas Holdings Limited	161
Bunzl Pension Trustees Limited(i)	161
Bunzl Plastics Limited(i)	161
Bunzl Properties Limited(i)	161
Bunzl UK Limited	161
Catered 4 Limited	161
Classic Bag Company Holdings Limited	161
Comax (UK) Limited	161
Continental Chef Supplies Limited	161
Deliver Net Holdings Limited	161
Deliver Net Limited	161
Dialene Limited	161
Enviropack Ltd(iii) (85%)	161
Guardsman Limited	161
Henares Limited(i)	161
Howper 800 Limited(iii)	161
Hydropac Limited	161
Kingsbury Packaging (Limavady) Ltd	158
Lee Brothers Bilston Limited	161
Lightning Packaging Supplies Limited	161
London Bio Packaging Limited	161
London Catering and Hygiene Solutions Limited	161
McCue Corporation Limited (96.9%)	160
Packaging 2 Buy Limited	161
Parmelee Limited	159
Portabottle Limited	161
Portabrands Limited	161
Selectuser Limited(ii)	161
Spectrum Hygiene Limited(iii)	161
The Classic Printed Bag Company Limited	161
The Porta Group Limited	161
Tornado Gloves Limited	159
Tornado Holdings Limited	159
Tri-Star Packaging Supplies Limited	161
Woodway Packaging Limited	161
Woodway UK Limited	161
Woodway UK South Limited(iii)	161
Workwear Express Limited(iii) (96.3%)	161
Wycombe Marsh Paper Mills Limited(i)	161
Yorse No. 1 Limited	161
Yorse No. 3 Limited(i)	161
United States	
ANB Distribution Holdings Inc.	178
Arch Logistics, LLC	178
Banner Stakes LLC (96.9%)	180
Bunzl Corporate Holdings, Inc.	178
Bunzl Distribution California, LLC	163
Bunzl Distribution Leasing, Inc.	167
Bunzl Distribution Midatlantic, LLC	169
Bunzl Distribution Midcentral, Inc.	178
Bunzl Distribution Northeast, LLC	178
Bunzl Distribution Oklahoma, Inc.	164
Bunzl Distribution Southeast, LLC	178
Bunzl Distribution Southwest, L.P.	166
Bunzl Distribution USA, LLC	163
Bunzl Holdings Inc.	163
Bunzl International Services, Inc.	163
Bunzl IP Holdings, LLC	163
Bunzl Mexican Holdings II, LLC	178
Bunzl Mexican Holdings III, LLC	178
Bunzl Mexican Holdings IV, LLC	178
Bunzl Mexican Holdings, LLC	178
Bunzl Midatlantic, LLC	178
Bunzl Minneapolis, LLC	167
Bunzl North American Holdings, Inc.	163
Bunzl Northeast, LLC	178
Bunzl Processor Distribution, LLC	178
Bunzl Retail Services, LLC	163
Bunzl Retail, LLC	178
Bunzl Southwest Holdings, LLC	168
Bunzl US Holdings LLC	163
Bunzl USA Holdings LLC	163
Bunzl USA LLC	163
Bunzl Utah, LLC	165
Bunzl Western Holdings, Inc.	178
Cool-Pak, LLC	163
Destiny Packaging, LLC	163
Earthwise Bag Company, Inc.	170
Eco Systems Holdings LLC	178
Foodhandler Inc.	174
Green Source, LLC	178
Hi-Valu, LLC	178
Intergro, LLC	162
International Sourcing Company Inc.(iii)	171
John Tillman Company	163
Joshen Paper & Packaging Co.(iii)	177

Subsidiary undertakings	Registered office address
Keenpac, LLC	178
Liberty Glove & Safety, LLC	163
M.L. Kishigo Manufacturing Company, LLC	168
Masteragents LLC	178
McCue Corporation (96.9%)	175
McCue International, Inc. (96.9%)	175
MCQ Holdings, Inc.(iii) (96.9%)	168
MCR Holdings, Inc.	171
Monte Package Company, LLC	163
Papercraft Southwest, LLC	163
Premier Essential LLC	178
Prime Source, LLC	178
R3 Safety, LLC	178
R3, LLC	173
Revco Industries, Inc.(iii)	170
Right Choice Distribution, LLC	178
SAS Safety Corporation	163
SH Glove LLC	178
Shelby Group International, Inc.(iii)	171
Steiner Industries, Inc.	179
The Warehouse Rack, LLC	163
Tingley Rubber Corporation(iii)	176
TSN East, LLC	178
TSN West, LLC	178
U.S. Glove Co., Inc.	172
Uruguay	
Steelpro Safety S.A.	181

Other shareholdings	Registered office address
MCR Hanvo Safety Products (Nantong) Co., Ltd. (20%)	35
Viner-Pack Gyártó Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság(iii) (20%)	91

Classifications key

(i) Directly owned by Bunzl plc
(ii) Holding of ordinary and preference shares
(iii) Holding of more than one class of ordinary share

List of registered office addresses

Registered office address	Key
Maipú 1300, piso 13, Ciudad de Buenos Aires, Argentina	1
17 Millrose Drive, Malaga WA 6090, Australia	2
55 Sarah Andrews Close, Erskine Park NSW 2759, Australia	3
Bunzl Australia & New Zealand, Unit 1/52 Fox Drive, Dandenong South VIC 3175, Australia	4
Level 2, 700 Springvale Road, Mulgrave VIC 3170, Australia	5
Unit 1, 52 Fox Drive, Dandenong South VIC 3175, Australia	6
Unit 3, 110 Chifley Drive, Preston VIC 3072, Australia	7
Diepoldsauer Straße 37, 6845, Hohenems, Austria	8
1 Rue du Bois des Hospices, 2iémé étage, 7522 Tournai, Belgium	9
Aarschotsesteenweg 114 3012 Leuven (Wilsele), Belgium	10
Oudenaardsesteenweg 19 9000 Ghent, Belgium	11
Port Atlantic House, Noorderlaan 147, bus 9, 2030 Antwerp, Belgium	12
Rue du Cerf 190 1332 Genval, Belgium	13
Av. Fagundes de Oliveira 538, Warehouse A5, Piraporinha, Cidade de Diadema, CEP, 09950-300, Brazil	14
Avenida Centenário, No. 900, Bairro Pinheirinho, Criciuma, Santa Catarina, 88.804-000	15
Avenida Robert Kennedy 675, Jardim Felix, City of São Bernardo do Campo, São Paulo, 09895-030, Brazil	16
Estado de Santa Catarina, na Rua Fermino Vieira Cordeiro, 380 – Shed 2 module B, district of Espinheiros, City of Itajaí, State of Santa, 88.317-200, Brazil	17
Estrada Velha de Guarulhos – São Miguel, 5135, Box 301 – Jardim Arapongas, city of Guarulhos, São Paulo, CEP 07210-250, Brazil	18
Rua Dr. Guilherme Bannitz, No. 126, 2nd floor, sets 21 and 22, District of Itaim Bibi, City of São Paulo, State of São Paulo, 04532-060, Brazil	19
Rua Padre Damaso 165, 173 e 187, Osasco, São Paulo, CEP 06016-010, Brazil	20
Rua Salem Bechara, 140, 10th floor, Centro, City of Osasco, Sao Paulo, CEP 06018-180, Brazil	21
Via Expressa de Contagem, 3115, galpão 1, Bairro Agua Branca, City of Contagem, Minas Gerais, CEP 32370-485, Brazil	22
#310, 5700 Boul. Des Galeries, Québec G2K 0H5, Canada	23
1212 – 1175 Douglas St, Victoria, BC V8W 2E1, Canada	24
160 Elgin Street, Suite 2600, Ottawa, CA, ON K1P 1C3, Canada	25
1801 Hollis St Ste 1800, Halifax NS B3J 3N4, Canada	26
Dentons Canada LLP, 2500 Stantec Tower, 10220 – 130 Avenue NW, Edmonton AB T5J 0K4, Canada	27
Parlee McLaws LLP, 3300 TD Canada Trust Tower, 421-7th Avenue, SW, Calgary AB T2P 4K9, Canada	28
Av. del Valle Nte. 765, Huechuraba, Región Metropolitana, 8580000	29
Av. Presidente Eduardo Frei Montalva 5151, Conchalí, 8550678 Santiago, Chile	30
Avenida Boulevard, Aeropuerto Norte #9649, Pudahuel, Santiago, Chile	31
Camino Coquimbo N' 16.000, Colina, Sanitago, Chile	32
M05-02 Floor 11, Building 11, No. 1569, Yushu Road, Songjiang District, Shanghai, China	33
No. 9 Fuqian Road, Shandong Zhuang Town, Pinggu District, Beijing, China	34
No.128 Jinshajiang Road, Rudong Economic Development Zone, Jiangsu, China	35
Room 108, Floor 1, Building 6, No. 777, Songfu Road, Qingpu District, Shanghai, China	36

List of registered office addresses

Registered office address	Key
Room 1509, Building 2, No. 1266 Nanjing West Road, Jingan District, Shanghai, China	37
Room 1805, Central Business Tower, 88 Fuhua 1st Road, Futian, Shenzhen Guangdong, China	38
Room 3123, Building 3, 112-118 Gaoyi Road, Baoshan District, Shanghai, China	39
Room 315 Lane 777 , Guangfulin Road, Songjiang District, Shanghai, China	40
Room 368, Part 302, No. 211 Fute North Road, Free Trade Zone, Shanghai, China	41
Room 568, Floor 5, Building 1, No. 1318, Xiangda East Road, Qingpu District, Shanghai, China	42
Room 901, No. 595 West Lianqian Road, Siming District, Xiamen, Fujian Province, China	43
Room 908, Building 16, Zone 2, International Chuangzhi Park, No.8 Gangkou Road, Guicheng Street, Nanhai District, Foshan, Guangdong, China	44
Room A39, Floor 6, Building 2, Dongfang MAO Business Center, Xiacheng District, Hangzhou, Zhejiang, China	45
Southwest of No.1 House, 3F, Building A, Tower 2, Xinhaiyi, No. 58 Heshun Road, Suzhou Industrial Park, Jiangsu, China	46
Units 501A, 501B, 501C, 5th Floor, No. 4, Lane 255, Dongyu Road, Pudong New Area, Shanghai, China	47
Carrera 30 No. 15-30, Bogota D.C., Colombia	48
CR 71 No 94 – 23 AP, 1134 TO 9, Colombia	49
Km 7 Vía Medellín, Parque Empresarial Celta, Módulo 1, Bodega 49, Funza (Cundinamarca), Colombia	50
Dolnokrčská 1966/54, Praha 4, 140 00, Czech Republic	51
Přátelstvi 1011/17, Uhřiněves, Praha 10, 10 400, Czech Republic	52
Veselská 1935, Strážnice, 696 62	53
Greve Main 30, 2670 Greve, Denmark	54
Indkildevej 2 c, DK-9210, Aalborg SØ, Denmark	55
Kærvej 25, DK-2970 Hørsholm, Denmark	56
Kirkebjergvej 17, 4180 Sorø, Denmark	57
Satellitvej 7, 8700, Horsens, Denmark	58
11 C rue des Aulnes, 69410 Champagne-au-Mont-d'or, France	59
13 rue des Battants RN 20, 31140, Saint-Alban, France	60
130-136 rue Victor Hugo, 92300 Levallois-Perret, France	61
14 rue Lavoisier, 21 700 Nuits Saint Georges, France	62
17 Boulevard du Trieux, Zone d'aménagement Concerté les touches, 35740, Pacé, France	63
191-195 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, Paris, France	64
26/28 rue Jean Perrin, 28300, Mainvilliers, France	65
440 route de Rosporden, Le Grand Guelen, 29000 Quimper, France	66
50 Avenue d'Allemagne, Rond Point de L'Europe ZA Albasud, 82000 Montauban, France	67
530 rue Jacqueline Auriol ZA de Saint Thudon, 29490, Guipavas, France	68
585, Rue Alain Colas, 29200, Brest, France	69
7 route de Villiers, 77780, Bourron-Marlotte, France	70
725 Route des Vernes Pringy, 74370, Annecy, France	71
Boulevard Francois-Xavier Faffeur, Zone Industrielle Lannolier, 11000, Carcassonne, France	72
La Fregate, 19 avenue Jacques Cartier, 44800, Saint-Herblain, France	73

Registered office address	Key
Lieudit la Trentaine, 77690, La Genevraye, France	74
Route Nationale 97, ZA Les Plantades, 83130 La Garde, France	75
Route Nationale, 57420, Louvigny, France	76
Rue de Pau, 40500 Saint-Server, France	77
Rue Nungesser et Coli d2A Nantes Atlantique, 44860 Saint-Aignan de Grand Lieu, France	78
Rue Pierre Pascal Fauvelle, 66000 Perpignan, France	79
Zone Artisanale Maritime du Bassin de Thau, Route de Séte, 34540 Ballaruc Les Bains, France	80
Elbestraße 1-3, 45768 Marl, Germany	81
Friedrichstrasse 2, 40699 Erkrath, Germany	82
Kitzingstr. 15-19, 12277, Berlin, Germany	83
Maysweg 11, 47918 Tönisvorst, Germany	84
Otto-Diehls-Straße 13-17, 48291 Telgte, Germany	85
Stadtweide 17, 46446 Emmerich, Germany	86
11th Floor, One Pacific Place, 88 Queensway, Hong Kong	87
Room 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, Hong Kong	88
Unit 26, 22/F, Metro Centre II, Lam Hing St., Kowloon Bay, Kowloon, Hong Kong	89
Unit 3-4 18F Tower 6, China Hong Kong City, Tsim Sha Tsui, Kowloon, Hong Kong	90
2336 Dunavarsány, 071/33 hrsz, Hungary	91
Vendel Park, Erdőalja út 3, 2051 Biatorbágy, Hungary	92
10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland	93
4 Kinneret Street, POB 1139, Airport City, Ben Gurion Airport, 7019802, Israel	94
Emek Ha'Ela 250, Modi'in, P.O.B 553, LOD 7110601, Israel	95
Corsa Italia n.6, 50123 Florence, Italy	96
Via 8 Marzo n. 6, 42025 Corte Tegge di Cavriago, Reggio Emilia, Italy	97
Via Brigata Reggio no. 24, Reggio Emilia, Italy	98
8.03, 8th Floor Plaza First Nationwide 161, Jalan Tun H.S. Lee 50000 Kuala Lumpur, Malaysia	99
Av. del sauce número 1600, Col. La angostura, City of San Luis Potosí, S.L.P, 78117, Mexico	100
Avenida Cafetales No. 1702, Interior 201, between streets Rancho Recoveco and Rancho Estopila, Hacienda de Coyoacán, Coyoacán, 04970, Mexico	101
Calle Rio San Lorenzo No. 503, Col. Fuentes del Valle, CP 6620, CD San Pedro Garza Garcia, Nuevo León, Mexico	102
Carretera al Cucba No. 400 Interior 5, Colonia La Venta del Astillero, C.P. 45221 Zapopan, Jalisco, Mexico	103
Carretera Corredor Tijuana Rosarito 2000 Exterior 15202., Interior Mt3 A, Colonia Zona Cerril General, Tijuana, Baja California, Mexico	104
Carretera Miguel Alemán KM21 Edificio 4C Prologis Park, Apodaca, N.L., México C.P, 66627, Mexico	105
Galileo # 11, Colonia Polanco V Secc., Delagación Miguel Hidalgo, 11560, Ciudad de México, Mexico	106
Nicaragua 205, Arbide, León, Guanajuato, 37360, Mexico	107
Pablo A. Gonzalez Garza Pte., 820, Chepevera, Monterrey, Nuevo León, 64030, Mexico	108
Rio San Lorenzo No. 503 Local I, Col. Fuentes Del Valle, San Pedro Garza Garcia, C.P. 66220, Mexico	109
C/O CAE, ILOT 43B Bureau 9/18, Zone Franche d'Exportation, 90000 Tanger, Morocco	110

Registered office address	Key
Bijsterhuizen 3005C, 6604 LP Wijchen, Netherlands	111
Delta 57, 6825 ML Arnhem, Netherlands	112
Ekkersrijt 3102A, 5692CC, Son en Breugel, Netherlands	113
Grotewei 2, 4004 LW Tiel, Netherlands	114
Industrieweg 11B, 1566JN, Assendelft, Netherlands	115
Jan Campertlaan 6, 3201AX, Spijkenisse, Netherlands	116
Keizersgracht 241, 1016EA, Amsterdam, Netherlands	117
Koivistokade 80, 1013 BB, Amsterdam, Netherlands	118
Kraaiendonk 46, 5428 NZ Venhorst, Netherlands	119
Portugallaan 3, 9403DR, Assen, Netherlands	120
Rondebeltweg 82, 1329 BG Almere, Netherlands	121
Spanjelaan 1, 9403DN, Assen, Netherlands	122
109 Carlton Gore Road, Newmarket, Auckland 1023, New Zealand	123
32D Poland Road, Wairau Valley, Auckland, 0627, New Zealand	124
494 Rosebank Road, Avondale, Auckland, 1026, New Zealand	125
686 Rosebank Road, Avondale, Auckland, 1026, New Zealand	126
97 Sawyers Arm Road, Christchurch, 8052, New Zealand	127
KPMG Level 5, 79 Cashel Street, Christchurch, 8140, New Zealand	128
Level 3, 109 Carlton Gore Road, Newmarket, Auckland, 1023, New Zealand	129
Bedriftsveien 24, 3735 Skien, Norway	130
c/o Enor AS, Holmaveien 20, 1339 Vøyenenga, Norway	131
Holmaveien 20, 1339 Vøyenenga, Norway	132
Av. Santa Rosa 350. Ate., Lima, Peru	133
PO Box 6494, PR 00914-6494, San Juan, Puerto Rico	134
Sat Dragomiresti-Deal, Comuna Dragomiresti-Vale, DE 287/1, Bucharest West Logistic Park, Cladirea C, Unitatea C01, Ilfov, Romania	135
1 Penjuru Close, 608617, Singapore	136
190 Middle Road #16-01, Fortune Centre, 188979, Singapore	137
Na pántoch 18, 831 06 Bratislava, Slovakia	138
Calle Ana Abarca de Bolea 22, Nave A, polígono industrial El Pilar, Zaragoza, Spain	139
Calle Castilla-León, Parcela 45 Onda, 12200, Castellón, Spain	140
Calle Filats 8, Polg. Industrial Prologis Park, 08830 Sant Boi de Llobregat, Barcelona, Spain	141
Calle las Palmeras 7, Polígono Industrial La Sendeilla, 28350 Ciempozuelos, Spain	142
Calle Pino Albar, number 24, P.I. El Pino, Seville, C.P. 41016	143
Carretera de Madrid Km 314 – Nave 3ª, polígono industrial Jesús Vicente, Zaragoza, Spain	144
Cartagena, Murcia, poligono industrial Cabezo Beaza, Avenida Bruselas, 30353, esquina calle Amsterdam, parcela R 100, Spain	145
Corretger No 115-117-119, Parque Empresarial Táctica, Paterna, 46980, Valencia, Spain	146
Edificio Plaza, Nave 5, Ali-4 Plataforma Logistica de Zaragoza, 50197, Zaragoza, Spain	147
Rosalia de Castro, 5, As Pontes de García Rodríguez, A Coruña, Spain	148
Santo Domingo De La Calzada, La Rioja, 26250, Carretera De Logrono, Spain	149
Güterstrasse, 4313 Möhlin, Switzerland	150
Nordring 2, 4147 Aesch, Switzerland	151
Oberebenestrasse 53, CH-5620 Bremgarten, Switzerland	152
Route des Jeunes 5D, c/o Télios SA, 1227 Les Acacias, Genève, Switzerland	153
Akçaburgaz Mahallesi, 3137. Sokak, No.19, Esenyurt, Istanbul, Turkey	154
Akçaburgaz Mahallesi, 3137. Sokak, No.19, K. 1, Esenyurt, Istanbul, Turkey	155
Arapcami Mah, Tersane Cad, No. 115, Beyoğlu, Istanbul, Turkey	156
Barbaros Mah., Begonya Sk., Nidakule Kuzey Ataşehir Apt., No:3/157, Ataşehir, İstanbul, Turkey	157
Arthur Cox, Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS, United Kingdom	158
Middlemore Lane West, Aldridge, Walsall, WS9 8BG, United Kingdom	159
Mount House Bond Avenue, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1SF, United Kingdom	160
York House, 45 Seymour Street, London, W1H 7JT, United Kingdom	161
2915 SR 590, Suite 15, Clearwater FL 33759, United States	162
Corporation Service Company, 100 Shockoe Slip, 2nd Floor, Richmond VA 23219, United States	163
Corporation Service Company, 10300 Greenbriar Place, Oklahoma City OK 73159, United States	164
Corporation Service Company, 15 West South Temple, Suite 600, Salt Lake City UT 84101, United States	165
Corporation Service Company, 211 E. 7th Street, Suite 620, Austin TX 78701, United States	166
Corporation Service Company, 2345 Rice Street, Suite 230, Roseville MN 55113, United States	167
Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States	168
Corporation Service Company, 2595 Interstate Drive, Suite 103, Harrisburg PA 17710, United States	169
Corporation Service Company, 2710 Gateway Oaks Drive, Suite 150N, Sacramento CA 95833-3505, United States	170
Corporation Service Company, 2908 Poston Avenue, Nashville TN 37203-1312, United States	171
Corporation Service Company, 300 Deschutes Way SW, Suite 304, Turnwater WA 98501, United States	172
Corporation Service Company, 505 5th Street, Suite 729, Des Moines IA 50309, United States	173
Corporation Service Company, 80 State Street, Albany NY 12207-2543, United States	174
Corporation Service Company, 84 State Street, Boston MA 02109, United States	175
Corporation Service Company, Princeton South Corporate Center, Suite 160, 100 Charles Ewing Boulevard, Ewing NJ 08628, United States	176
Corporation Services Company, 50 West Broad Street, Suite 1330, Columbus OH 43215, United States	177
CSC-Lawyers Incorporating Service Company, 221 Bolivar Street, Jefferson City MO 65101, United States	178
Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield IL 62703-4261, United States	179
The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	180
César Cortinas 2037, Montevideo, Uruguay	181

Financial calendar

	2023
Annual General Meeting	26 April
Results for the half year to 30 June 2023	29 August

	2024
Results for the year to 31 December 2023	February
Annual Report circulated	March

Dividend payments are normally made on the second working day of the following months:

Ordinary shares (final)	July
Ordinary shares (interim)	January

Analysis of ordinary shareholders

At 31 December 2022 the Company had 4,559 (2021: 4,839) registered shareholders who held 337.7 million (2021: 337.4 million) ordinary shares between them, analysed as follows:

Size of holding	Number of shareholders	% of issued share capital
0 – 10,000	3,824	1
10,001 – 100,000	450	5
100,001 – 500,000	195	13
500,001 – 1,000,000	40	8
1,000,001 and over	50	73
	4,559	100

Registrar

Computershare Investor Services PLC
The Pavilions
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Bristol BS99 6ZZ
Telephone +44 (0) 370 889 3257
Email webqueries@computershare.co.uk
Website www.computershare.com

Investor Centre

Shareholders can manage their shareholding online at www.investorcentre.co.uk. The Investor Centre is our registrar's easy to use website, available 24 hours a day, seven days a week, where the following services are available:

- elect for electronic communications;
- change of address;
- view share balance information;
- join the dividend reinvestment plan; and
- view dividend payment and tax information.

In order to register for the Investor Centre, shareholders will need their shareholder reference number which can be found on either their share certificate or dividend confirmations.

Dividend payment by BACS

Shareholders can have their dividends paid directly into their bank or building society account using the Bankers' Automated Clearing Service ('BACS'). This means that dividends will be in the account on the same day the dividend payment is made. To use this method of payment please contact our registrar on +44 (0) 370 889 3257 or visit the Investor Centre website. Please note that this option will not override any existing dividend scheme mandate, which would need to be revoked in writing. Shareholders who have elected to have their dividends paid by BACS and who have registered a valid email address with the registrar will be able to access their dividend confirmations electronically at www.investorcentre.co.uk. If no such email address has been registered, shareholders will receive their dividend confirmations by post.

Dividend reinvestment plan

The Company operates a dividend reinvestment plan which allows shareholders in eligible countries to use the whole of their cash dividend to buy additional shares in the Company, thereby increasing their shareholding.

Shareholders can check their eligibility in the terms and conditions and apply to join the plan online in the Investor Centre or can contact the Company's registrar to request the terms and conditions of the plan and a printed mandate form.

American Depositary Receipts

The Company has a sponsored Level 1 American Depositary Receipt programme that trades on the over-the-counter market in the US with ticker BZLFY. Citibank N.A. acts as the Depositary Bank.
Telephone Citibank +1 781 575 4555
Email citibank@shareholders-online.com
Website www.citi.com/dr

Shareholders may if they wish have their dividend payments paid directly into their bank account in certain foreign currencies. Please contact the Company's registrar on +44 (0) 370 889 3257 to request further information about the currencies for which this service is available.

Share dealing

Bunzl plc shares can be traded through most banks and stockbrokers. The Company's registrar also offers an internet and postal dealing service. Further details can be found at https://www-uk.computershare.com/Investor/#ShareDealingInfo or by telephoning +44 (0) 370 889 3257.

ShareGift

Sometimes shareholders have only a small holding of shares which may be uneconomical to sell. Shareholders who wish to donate these shares to charity can do so through ShareGift, an independent charity share donation scheme (registered charity no. 1052686). Further information about ShareGift may be obtained from ShareGift on +44 (0) 20 7930 3737 or at www.sharegift.org.

Shareholder security

Shareholders are advised to be cautious about any unsolicited financial advice, offers to buy shares at a discount or offers of free company reports. More detailed information about this can be found at www.fca.org.uk in the Consumers section and at www.fca.org.uk/scamsmart. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Independent auditors

PricewaterhouseCoopers LLP

Corporate brokers

J.P. Morgan Cazenove
Credit Suisse

Company Secretary

Suzanne Jefferies

Registered office

York House
45 Seymour Street
London W1H 7JT
Telephone +44 (0) 20 7725 5000
Fax +44 (0) 20 7725 5001
Website www.bunzl.com
Registered in England no. 358948

Forward-looking statements

The Annual Report contains certain statements about the future outlook for the Group. Although the Company believes that the expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

SASB Reporting for Bunzl Sustainability Metrics

The Sustainability Accounting Standards Board 'SASB' has industry-specific sustainability standards which identify material topics and associated metrics. The table below summarises where relevant SASB disclosures can be found throughout Bunzl's annual reporting. This is based on several standards from the materiality map as Bunzl does not fall within one clear sector. We have based our disclosure on the most relevant standards for the business that align to and cover the key sustainability themes arising from our recent materiality assessment. All of the data provided below is from 2022 unless otherwise stated.

SASB metric	Bunzl Disclosures
Product lifecycle management	
Revenue from products that are reusable, recyclable, and/or compostable	In 2022, £2.3bn revenue was generated from packaging and products made from materials that are recyclable, compostable, reusable or made from renewable sources Page 64
Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	We have discussed how we work with our suppliers and customers to reduce the environmental impact of packaging and products in both our Annual Report and Capital Markets Day material Pages 64 and 65 Pages 23 to 37: Capital Markets Day
Greenhouse Gas Emissions	
Gross global Scope 1 emissions Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	93,405◊ tonnes of CO_2e Our climate change/carbon strategy has been detailed in the sustainability section of our Annual Report on pages 56 to 63 A comprehensive view into how we understand, assess and manage the risks and opportunities associated with climate change can be found in our TCFD Index and associated reporting. Pages 69, 56 to 63, 242 and 243 Our integrated process for identifying and assessing risks is detailed in the strategic report section of our Annual Report on pages 74 to 76 Our carbon reduction targets can be found on pages 17 and 51 of our Annual Report with our performance shown on pages 56 and 243 The targets are (baseline year: 2019): • Scope 1 & 2 – 50% more carbon efficient (equivalent to a 27.5% absolute reduction by 2030)* • Scope 3 – 79% of suppliers by emissions will have science-based targets by 2027* • Net zero emissions by 2050 at the latest We have also committed to the Business Ambition for 1.5ºC initiative and joined the UN Race to Zero campaign * These targets have been approved by the Science-Based Targets initiative (SBTi). ◊ Included in the external auditors limited assurance scope. See Data Assurance statement, which is available on our website, www.bunzl.com.
(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	(1) Total fuel consumed: 1,495,373 GJ (2) percentage natural gas: 26% (3) percentage renewable fuel: 0.3%
(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) Operational energy consumed: 1,837,885 GJ (2) percentage grid electricity: 18% (3) percentage renewable: 3.3% (total energy), 17% (total electricity)

SASB metric	Bunzl Disclosures
Labour conditions in the supply chain	
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	Our auditing process is our first line of defence to prevent defective products being shipped and to ensure products comply with our ethical standards. (1) Tier 1 suppliers: All products supplied directly from Asia are through suppliers that are verified by our Global Supply Chain Solutions team and our audits typically cover c.98% of Bunzl spend across 13 Asian countries every two years. We take a proactive, risk based approach to responsible sourcing, identifying common issues in our supply chain and working closely with suppliers to reduce the future incidences of these. The spend coverage above relates to our suppliers based in regions identified as very high risk in international rankings of human rights issues (e.g. Global Slavery Index). (2) Tier 2 suppliers: None audited as we are taking a risk based approach to working through our supply chain with our programme (and focusing on Tier 1 as a priority). Our audits and Supplier Code of Conduct demand that our Tier 1 suppliers ensure that the Code is maintained and enforced within their own supply chains, including by any sub-contractors used in executing any orders received from our Company. (3) Percentage of total audits conducted by a third-party auditor: 20% due to Covid-19 related travel restrictions impacting our Global Supply Chain Solutions team. For more information see: Pages 52 and 53 Bunzl Supplier Code of Conduct Bunzl Modern Slavery Statement
Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	During 2022, our Global Supply Chain Solutions team audited 930 suppliers: • 834 had no critical issues (89.7% of suppliers audited). • 96 underwent remediation efforts to bring them up to the required standard (10.3% of suppliers audited). • Following these remediation efforts, we terminated relationships with 16 suppliers who failed to make enough progress (1.7% of suppliers audited, 16.7% of suppliers requiring remediation). • Corrective action rate for suppliers requiring remediation: 83.3%.
Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain	Our Global Supply Chain Solutions team have identified the following risks: (1) Labour: • Forced Labour (Modern Slavery) – including the use of recruitment fees. • Continuous work for more than 30 consecutive days without at least one day's rest. • Unfair discrimination. • Wages not meeting local legal minimum requirements. • Child Labour. (2) Environmental, health and safety risks: • Whether the supplier has an Environmental Policy and an appointed business owner. • Are evacuation routes and safety exits kept clear and unblocked, and firefighting equipment easy to access. • Whether the dormitory is located in a building separate from the workshops and warehouses. • Are the production/warehouse buildings structurally safe.
Workforce diversity and inclusion	
Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	We monitor the percentage of our workforce by gender and have a total workforce of over 22,000 employees, 63% of them male and 37% are female. In our senior management population (c. 470 leaders) there are 21% females and 79% males. We cannot monitor ethnicity of our total workforce or senior management population due to restrictions on capturing data in certain countries in which we operate.
Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	No compensation costs were paid in 2022.
Voluntary and involuntary turnover rates for employees	Voluntary turnover was 17.1%.

ESG Appendix

Packaging categories

- Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure.
- Packaging sales only includes those sales of products that will be ultimately bought or used by consumers. Sales of packaging related products bought by business customers for non retail purposes are captured as non packaging revenue.
- In future years packaging and products may move between categories and/or may be added or removed (for example, as legislation changes, recyclability improves or if a new line of products is launched).
- We have exercised our judgement to allocate sales to the packaging and non-packaging categories as explained below. There are certain limitations with respect to the accuracy and completeness of the packaging categories as it is not always possible to evidence the exact composition of our products across the vast range that we sell. Judgements with respect to allocating products to categories are taken at a point in time, and both evolving legislation and changes in product composition mean that it is likely we will recognise adjustments, both current and retrospective, akin to those we have disclosed below this year as we continue to enhance the quality of our data. We will continue to disclose such adjustments where they are of significance to year on year trends in our packaging-related data.

We review the categorisation of our products and packaging on a quarterly basis as part of our internal controls process and have made two changes this year.

- Food containers made from Expanded Polystyrene ‘EPS’ have been moved from category 3 to category 2. Several of the countries where we operate have announced legislation restricting the use of this material in the takeaway foodservice sector and we are actively transitioning customers to alternative materials with no reductions in volume. As these restrictions have not been applied consistently across our Group (for example, c.94% of our sales in this product category are in United States of America where EPS is not widely restricted) and they do not impact the fresh produce sector in some of our markets, we have positioned these sales in ‘Consumable plastics likely to transition’.
- Baking paper and parchment products have moved from category 4 to category 3. Despite c.99% of the material in the product being renewable and recyclable, the presence of a silicone coating means these products cannot be widely recycled. As papers of this nature serve a functional purpose and alternatives are not commercially available, we have positioned these sales in ‘Packaging and products with an important purpose’.

Category detail and name applied by Bunzl	#	Description	Example products in category
Category detail: Single-use plastic products facing restriction **Bunzl name:** Consumable plastics facing regulation	1	The single-use plastic products most commonly facing restriction – i.e. outright bans or complete restriction on placing into the market within the majority of the countries in which we operate – this is the category where we expect to see some volume reduction and transition may not happen on a like-for-like basis. We have expanded these specific regulations to all business areas where such products are sold. This is to provide consistency, as it can be reasonably expected that legislation will follow in those areas where it does not currently apply.	Including but not limited to: Plastic cutlery Plastic plates, bowls, platters, and lids
Category detail: Single-use plastic products facing regulation (not outright restriction) **Bunzl name:** Consumable plastics likely to transition	2	Single-use plastic products that have existing measures in place (either legislative in countries we operate or voluntarily by some brands/businesses we sell to) to control their usage. As the use of these products across our Group is not completely restricted (i.e. there are no consistent bans as with category 1) and the products themselves serve a functional purpose, customers typically transition away from these products to alternatives on a like-for-like basis (including reusable options). We have expanded these specific regulations to all business areas where such products are sold to provide consistency.	Including but not limited to: Single-use plastic cups Paper cups and soup containers with plastic lining Lightweight plastic carrier bags EPS food containers

Category detail and name applied by Bunzl	#	Description	Example products in category
Category detail: Single-use plastic products where plastic is an appropriate material for the job, where alternatives are not commercially available or where substitution could cause unintended environmental consequences **Bunzl name:** Packaging and products with an important purpose	3	Single-use plastic products where plastic is an appropriate material for the job from a functional perspective, where alternatives do not currently exist at scale or where unmitigated, careless substitution of plastic could lead to significant negative, unintended consequences such as higher carbon emissions, water use and food waste.	Including but not limited to: Plastic food containers Plastic pouches, packets, and wrappers Baking paper and parchment
Category detail: Recyclable, reusable, compostable products, and those made from renewable resources **Bunzl name:** Packaging and products made from alternative materials	4	These are products that are recyclable or compostable, made from a renewable resource, for example palm leaf or sugar cane, plastic products containing a proportion of recycled content (where these products are also recyclable) and reusable products such as 'bags for life' or refillable coffee cups that are products specifically designed to be used more than once. These represent the alternative solutions our customers typically transition their single-use packaging and products to. National guidance (where it exists) has been used to determine the recyclability of a product. Due to the huge variation in recycling provisions globally, to provide consistency we have expanded these criteria to all business areas where such products are sold.	Including but not limited to: PET and rPET food containers Cardboard or paperboard containers Compostable plastic cups Reusable cups Alternative materials cutlery Alternative materials plates, bowls, platters, and lids Paper bags Decorative retail boxes (paper and corrugate) Reusable carrier bags

Climate change scenarios

The climate change scenarios align with the environmental and economic conditions represented in the Network for Greening the Financial System 'NGFS' scenario framework. This framework was used as the basis for the Bank of England's 2021 Biennial Exploratory Scenario on climate risks and is based on the following assumptions:

Scenario 1 – 'Orderly'

This reflects Net Zero 2050 commitments from COP26 which limit global warming to 1.5°C through stringent climate policies and innovation and assumes those jurisdictions which have committed to Net Zero (including US, EU, UK, Canada, Australia and Japan) will achieve those goals. This scenario assumes climate policies are introduced early and become gradually more stringent and that physical and transition risks increase gradually. Carbon prices increase steadily in key Bunzl countries and the use of internal combustion engine 'ICE' vehicles will be limited by regulations and market pressures. Physical and transition risks are both relatively low, however carbon prices are initially higher than the Disorderly scenario in order to encourage an earlier curbing of emissions. Customers may also increasingly express their preferences relating to the type of transportation used by Bunzl to deliver their products.

Scenario 2 – 'Disorderly'

This scenario assumes a lack of coordinated response to climate change and therefore emissions reductions are limited until 2030. Climate policies are delayed or divergent across countries and since actions are taken relatively late and are limited by available technologies, emissions reductions need to be greater than in the Orderly scenario to limit warming to below 2°C. The result is higher transition risks and higher carbon prices.

Scenario 3 – 'Hothouse world'

The final scenario assumes that Governments fail to introduce the policies needed to address climate change beyond those that are already in place. Climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Global average carbon prices remain low and emissions grow until 2080 leading to +3°C of warming with severe physical risks and irreversible global impacts.

Evaluating potential impacts of climate change on our business

The Group has considered three possible outcomes (best, medium, worst) across our key potential climate-related business impacts, under the three climate scenarios. We have assessed the impacts on a short term (to 2025) mid term (to 2030) and long term (to 2050) basis.

Shifting customer expectations

The timing of the emissions reductions required varies significantly between the Orderly, Disorderly and Hothouse scenarios. Many customers have committed to dramatically reduce carbon emissions by 2050 (with some committing to net zero) and they expect suppliers such as Bunzl to contribute to achieving these targets. Bunzl has already established a science-based reduction target in line with an Orderly scenario and will assess on an ongoing basis whether this emissions trajectory continues to meet customers' ambitions.

Environmental impacts of technology

Whilst the transition to electric and plug-in hybrid vehicles has begun, the pace and breadth of change will depend upon the climate scenarios above. Bunzl is aware of relevant current trends including the deployment of electric 'EV' and plug-in hybrid electric vehicles 'PHEV', the energy density and range limitations of batteries for long haul trucks, and the likely future cost of biofuels, which represent an important transition fuel. We considered whether a rapid increase in carbon pricing after 2030 in the Disorderly scenario could leave Bunzl with stranded assets, if trucks were to become uneconomical to run. Consideration of the environment in which we may operate under each of the climate scenarios above has led us to conclude that Bunzl will implement a fleet strategy that ensures a timely transition to alternative fuels at a cost that is comparable to the current cost, or that any increase in costs is marketwide and can be incorporated into sales prices. We also conclude that the risk of stranded assets is minimal, as the average life remaining on our truck and car leases is limited (estimated to 3 to 4 years).

Adaptation to extreme weather

The business impact of extreme weather is already included in our climate model, as it could be a driver of lower GDP growth. Bunzl monitors the current impact of extreme weather on our operations to ensure we remain well prepared for worsening conditions in the future. In recent years we have seen disruptions due to extreme weather in North America (hurricanes and wildfires) and Australasia (wildfires and flooding). These events were predominantly regional and in most cases we were able to serve customers from a different location. If this was not possible, then it is expected revenue would recover in a short time after conditions normalise. We have concluded that extreme weather conditions currently do not represent a material financial risk to Bunzl in excess of the impacts already modelled by considering the impact climate change will have on GDP.

Changing market dynamics

We have modelled the business impact of changing market conditions, by considering the potential for climate change to lead to lower GDP growth and higher carbon taxes:

Global GDP: Bunzl's revenue is to some extent correlated with the health and progress of the global economy. Economic damage from climate change could be caused by a number of outcomes, including shocks from extreme weather events, losses in agricultural productivity, temperature effects on labour productivity and human health, energy demands, and flows of tourism. All impacts are considered within our scenarios.

Carbon pricing is a cost levied by governments to encourage polluters to reduce the amount of greenhouse gases they emit. The Orderly scenario assumes increased carbon pricing in key Bunzl countries as a result of Government intervention and sustained consumer pressure. The Disorderly scenario reflects moderate pressure from consumers for climate action, resulting in a much lower carbon price than the Orderly scenario until 2030, when the substantial financial impacts of extreme weather events leads to a rapid policy response from Governments. A high carbon price is required from this point to drive large emissions reductions to limit global warming. Within the Hot House scenario, increases in carbon pricing remain negligible up to and beyond 2050.

Greenhouse gas emissions data (Group)

Data for the period 1 October to 30 September	2019	2020	2021	**2022**
Scope 1				
Total emissions (tonnes of CO_2e)	99,193	90,568	87,125	93,405◊
Emission intensity (tonnes of CO_2e/£m revenue)	10.7	9.5	8.5	8.1◊
Natural gas usage (m^3)	8,912,413	8,082,813	8,272,123	9,650,228
Fuel usage (ltr)	31,523,097	29,306,537	28,060,702	29,099,858
Fuel intensity (ltr/£m revenue)	3.4	3.1	2.7	2.5◊
Scope 2				
Emissions location-based (tonnes of CO_2e)	29,594	27,421	25,043	27,895◊
Emission intensity location-based (tonnes of CO_2e/£m revenue)	3.2	2.9	2.4	2.4◊
Emissions market-based (tonnes of CO_2e)	29,835	26,183	25,025	27,337
Emission intensity market-based (tonnes of CO_2e/£m revenue)	3.2	2.7	2.4	2.4
Electricity usage (MWh)	83,062	80,276	79,057	93,224
% renewable electricity	NA	15	14	17
Total Scope 1 and 2 emissions				
Emissions location-based (tonnes of CO_2e)	128,787	117,989	112,168	121,300◊
Emission intensity location-based (tonnes of CO_2e/£m revenue)	13.9	12.4	10.9	10.5◊
Emissions market-based (tonnes of CO_2e)	129,028	116,751	112,150	120,742◊
Emission intensity market-based (tonnes of CO_2e/£m revenue)	13.7	12.2	10.9	10.5◊
Total energy (MWh)	516,775	480,711	470,941	510,524

◊ Included in the external auditors limited assurance scope. See Data Assurance statement, which is available on our website, www.bunzl.com. The location-based emissions and intensity data for previous years was also assured as detailed in the respective Annual Reports.

Our absolute carbon emissions increased by 8% during the year primarily caused by acquisitions. Carbon emissions in the remaining business were stable as our growth was offset by reductions from an increased uptake of electric vehicles, energy efficiency improvements and increased procurement of renewable energy. Fuel used for transportation remains our highest source of operational emissions, contributing c.79% of our scope 1 emissions. Of those emissions relating to transportation, c.82% are generated by our fleet of commercial vehicles.

Performance against carbon reduction targets

Data for the period 1 October to 30 September	2019	2022	2022 % reduction (vs 2019)	**2030 target (vs 2019)**
Total scope 1 and scope 2 Emissions market-based (tonnes of CO_2e)	141,320[1]	120,742◊	15	27.5%
Emission intensity market-based (tonnes of CO_2e/£m revenue)	13.8[1]	10.5◊	24	50%

1 Emissions in our baseline year have been recalculated to reflect the impact of acquisitions. Emissions intensity has been recalculated using revenue at constant currency. This process has been agreed with the SBTi.
◊ Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com.

Greenhouse gas emissions data (UK)*

Data for the period 1 October to 30 September	2019	2020	2021	**2022**
Scope 1 emissions (tonnes of CO_2e)	17,211	15,261	14,845	15,479
Scope 2 Emissions (tonnes of CO_2e) (location-based)	2,660	2,847	2,511	2,215
Total scope 1 and 2 Emissions (tonnes of CO_2e)	19,871	18,108	17,356	17,694
Emission intensity (tonnes of CO_2e/£m revenue)	17.0	14.9	14.6	13.4
Natural gas usage (m3)	469,573	486,661	419,138	425,053
Fuel usage (ltr)	6,271,182	5,606,760	5,572,556	5,716,256
Electricity usage (MWh)	10,405	11,140	9,823	11,292
Total energy consumption (MWh)	82,084	75,812	73,815	76,744

* Energy usage and carbon emissions disclosed separately to adopt to the requirements of the UK Streamlined Energy and Carbon Reporting ('SECR') policy.

Our reported environmental data includes all businesses that are subsidiaries of the Group for financial reporting purposes, except for recent acquisitions where there has been insufficient opportunity for the businesses to adopt our reporting guidelines. The revenue from these businesses is not included when calculating the indexed emissions. The reported data covers 99.3% of the Group by revenue.

Bunzl has a Group-wide approach to recording, measuring and reporting energy and climate change data. Business Areas are responsible for data input and monitoring progress against targets and providing commentary on significant variances and on the implementation of projects aimed at improving EHS performance. All data is reported in the Group's central EHS reporting and consolidation system. More details can be found in the Group reporting guidelines on our website https://www.bunzl.com/sustainability/sustainability-reporting.

Scope 3:

During 2022 we performed a full assessment of our scope 3 carbon emissions, covering both 2019 (as our baseline year) and 2021. This work has been covered in more detail on page 60. The carbon emissions are summarised in the table below.

Greenhouse gas emissions scope 3 data (Group)

Scope 3 category	2019 (kt CO_2e)	2021 (kt CO_2e)
Purchased goods and services	5,212	6,200
Capital goods	18	18
Fuel and energy-related activities not included in scope 1 or scope 2	29	30
Upstream transportation and distribution	247	282
Waste generation in operations	5	5
Business travel	20	11
Employee commuting	21	20
Downstream transportation and distribution	53	47
Use of sold products	20	13
End-of-life treatment of sold products	468	483
Total scope 3 emissions	**6,093**	**7,109**

Waste

The amount of waste generated in our facilities in 2022 is 22,200 tonnes which is a decrease of 1% compared to last year, mainly due to increased completeness and accuracy of reporting. The recycling rates strongly depend on the locally available waste recycling options. In 2022, the recycling rate remained stable at approximately 50% of the generated waste. This excludes any post-disposal waste treatment and recycling carried out by waste handlers. The reported waste data covers more than 99% of the Group by revenue although accurate waste measurement remains challenging in geographies with less advanced waste management infrastructures. We continue to work on improvement of the completeness and accuracy of waste reporting across the Group.

Water

Direct water usage is not a significant environmental impact for our business as it is principally confined to staff hygiene and workplace cleaning, with the exception of a very small number of sites where we process gel or ice packs which contain water. Water discharges, apart from internal sanitation, are limited to rainwater run-off from the yards of our locations. Our estimated water usage is 230,000 m3 of water per year. The usage is significantly higher than last year (175,000 m3) due to an increased number of FTEs in the group, increased completeness of reporting and increased water consumption due to a higher sales of ice packs, which are produced at a very small number of sites.

Environmental management system certification

We have developed an internal EHS management system standard that is based on ISO 14001 and ISO 45001. Some parts of the business, mainly in UK & Ireland, Asia Pacific and Continental Europe, have elected to become formally certified. These businesses cover approximately 25% of the Group's operations (measured by revenue).

Health & safety

Health & safety indicators	2018	2019	2020	2021	**2022**
Average number of incidents per month per 100,000 employees	95	96	85	86	**80**◊
Average number of days lost per month per 100,000 employees	2,370	3,110	3,040	2,615	**2,441**◊
Fatalities	1	0	0	0	**0**

◊ Included in the external auditors' limited assurance scope. See the data assurance statement on the Company's website, www.bunzl.com. The data for previous years was also assured as detailed in the respective Annual Reports.

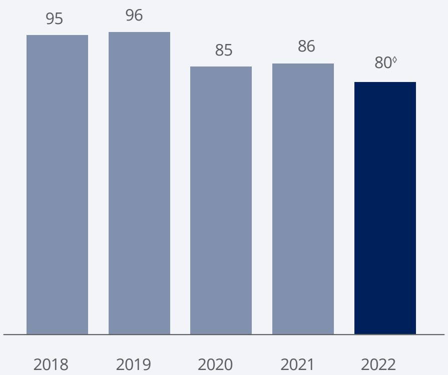
Targets for 2022:

Reduce the Group accident incidence rate by 5% from 2021. Reduce the Group accident severity rate by 5% from 2021.

The 2022 group accident incidence rate of 80 represents a 7% improvement versus 2021. The 2022 group accident severity rate of 2,441 represents a 7% improvement versus 2021. The continued improvement of our safety performance has been the result of our ongoing focus on minimising health and safety risks and creating a safe work environment for our employees. We have continued to refine our programmes to reduce injuries relating to the operation of our warehouses and vehicles, such as manual handling, falling, slipping and tripping and impact with equipment which remain the highest causes of accidents. We have also made further improvement in our programmes to report on leading indicators such as near misses, safety meetings and inspections. A key project in 2022 which will continue into 2023, has been the replacement of our current EHS reporting system by on global integrated EHS data management system.

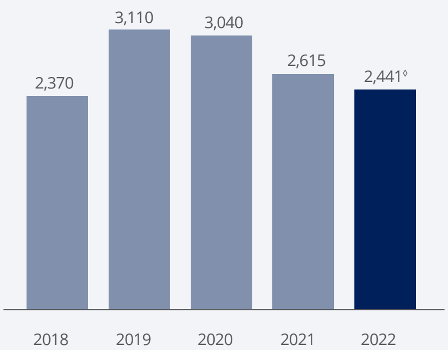
Targets for 2023:
Reduce the Group accident incidence rate by 3% from 2022
Reduce the Group accident severity rate by 3% from 2022

Incidence rate
Average number of incidents per month per 100,000 employees



12 months to 30 September.

Severity rate
Average number of days lost per month per 100,000 employees



12 months to 30 September.

◊ Included in the external auditors' assurance scope
See Data Assurance statement which is available on our website, www.bunzl.com
The data for previous years was also assured as detailed at https://www.bunzl.com/sustainability/sustainability-reporting/external-assurance-opinion-statement

External assurance

We engaged PricewaterhouseCoopers LLP 'PwC' to undertake a limited assurance engagement, reporting to Bunzl plc only, using International Standard on Assurance Engagements 'ISAE' 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and ISAE 3410: 'Assurance Engagements on Greenhouse Gas Statements' over the two non-financial KPIs highlighted on page 47 and the selected data on page 56 of the Sustainability Report and in the ESG Appendix. In each case that has been highlighted with the symbol '◊'.

PwC has provided an unqualified opinion in relation to the relevant KPIs and data and their full assurance opinion is available in the Sustainability section of our Group website, www.bunzl.com. Non-financial performance information, including greenhouse gas quantification in particular, is subject to more inherent limitations than financial information. It is important to read the selected information contained in this Annual Report in the context of PwC's full limited assurance opinion and the Company's EHS Reporting Guidelines which are also available in the Sustainability section of our website.

Supply chain risk assessment

To guide our responsible sourcing work effectively, we partnered with the Non-Governmental Organisation (NGO) Stop the Traffik which has applied its methodology to rank the inherent modern slavery and human rights risks in our supply chain. This work was based on a combination of the sourcing country and market sector applicable to the products and services being procured.

In our supplier risk assessment work we place primary focus on the inherent modern slavery risks in the countries that we source our products from (see Category A below for examples). However, we are aware that lower risk countries can contain industry sectors with an increased risk of modern slavery issues (see Category B below for examples and our approach to mitigation). The table below provides an overview of how we categorise the modern slavery risks associated with our suppliers and the risk mitigations we apply.

Category	Description	Countries and product sectors	Risk mitigation
Category A (low overall spend)	Suppliers operating in very high or high risk countries regardless of product risk sector. Our responsible sourcing target to 2025 covers this category.	Most Asian countries. Key countries outside of Asia are Brazil, Turkey, Mexico, Poland and Israel.	• Standard or enhanced Bunzl audit process in Asia. • Risk-based assessment and audit process outside Asia (self-assessment will be used to determine the most appropriate approach). • Type of audit (standard or enhanced) to be determined by product risk sector and other leverage factors such as spend and number of employees at supplier location.
Category B (low overall spend)	Suppliers operating in lower risk countries but operating in a very high or high product risk sector. Very high and high risk product sectors: • Manufacturing of wearing apparel • Manufacturing of textiles • Manufacture of leather products	In various countries such as USA, UK and France.	• Similar assessment and auditing techniques to Category A but targeting specific sectors in these countries. These will be conducted at a lower frequency or by using proactive spot checks.
Category C (high overall spend)	Suppliers operating in lower risk countries and operating in lower risk product sectors. Lower risk product sectors: • Manufacture of rubber and plastic products • Manufacture of paper and paper products • Manufacture of chemicals and chemical products	In various countries such as USA, UK, France and the Netherlands.	These suppliers are provided with Bunzl's Supplier Code of Conduct.

Code of conduct

The Group's business code of conduct is a guide for every employee explaining how they are expected to conduct themselves both from a corporate and individual perspective.

	2020	2021	**2022**	**Comment**
Material breaches of code of conduct	0	0	0	No material breaches of our code of conduct were recorded in 2022.
Speak up	43	33	83	In 2022 we received 83 reports through our confidential whistle blowing process, 'Speak Up', none of which related to any issues of material concern. Over half of the cases were from the LATAM region. A number of the reports raised were from the same site or related to the same issue and were treated as separate reports.

Employees

Engaging with our employees with clear communications and the provision of learning and development opportunities

	2020	2021	2022	What we said we would do in 2022	What we did	What we plan to do in 2023
Employee turnover: Voluntary	12.2%	17.3%	17.1%	Build on the strong engagement results and focus on the employee experience. Ensure employees continue to feel safe at work. Establish models of hybrid working.	Focus on understanding key drivers for teams with higher turnover of employees including use of employee survey data.	Ensure that we have a competitive employment proposition which reflects the local labour market. Continue our strategy of listening to understand employee engagement in more detail.
Gender diversity: Women at senior management level	16%	19%	21%	Encourage more women into leadership roles though focused and targeted activities and a continuation of leadership development initiatives.	Continued to monitor engagement survey results by gender. Provided high-potential women with access to mentors.	Promote female role models through a focused programme of communications and extended networking events such as female leadership conferences in North America and Latin America.
Employee engagement index score	88%	86%	85%*	Ensure employees are involved in conversations to develop plans based on their local survey results. Run tailored local surveys to focus on specific areas to be improved or understood in more depth.	Identified a common improvement area of communications. Ran a communications pulse survey for all employees to gain a greater understanding of communication needs and improvement opportunities.	Extend the pilot of GPTW in our Continental Europe region. Undertake pulse surveys with specific teams to monitor progress on action plan and impact on results.

* The measure of engagement has changed to sustainable engagement and this is a 5% improvement from the survey completed in 2021

Senior management (%) and employees			Total workforce (%) and employees			Average number of employees (%)		Total workforce age profile (%)	
Males	79%	374	Males	63%	13,577	North America	39%	Under 30	16%
						Continental Europe	25%	30–39	23%
Females	21%*	97	Females	37%	7,969	UK & Ireland	19%	40–54	38%
						Rest of the World	17%	Over 55	23%

* 27.3% of the Executive Committee's direct reports are female (6 employees)

Source: HR from September 2022 (those employees eligible to receive grants of executive share options) | Source: HR from BRMS | Source: Note 26 on page 210 | Source: HR from BRMS

Charitable contributions

Bunzl's operations are international but our strength lies in the local nature of our businesses. We support the communities where our employees live and work and encourage fundraising activities championed by our businesses and their employees locally.

In 2019, we realigned our corporate charity programme to focus on environmental projects related to recycling, litter prevention, clean-up and waste management infrastructure.

During 2022 we continued to support activities in these three areas:
- charitable projects that encourage packaging reuse and recycling, and work to educate consumers;
- litter clean-up and prevention initiatives operating in our markets, giving our employees the opportunity to get involved; and
- projects that build new waste management infrastructure and develop recycling skills in some of the world's poorest places, often in areas where plastic leakage to the natural environment is highest.

Example initiatives

Charity name	Project(s)
Hubbub	Reusable packaging systems research and guide for businesses
Sea Changers	Coastal fountain fund (provision of water bottle refill fountains at some of the UK's busiest beaches)
Marine Conservation Society 'MCS'	Sponsorship of MCS Ocean Schools programme
Plastics for Change	Supported informal waste collectors in India with the resources and skills to work with dignity and the launch a new scholarship and education programme for local children
WasteAid	Informal waste collectors in Johannesburg provided with training and capex funding to help them grow their waste collection businesses.

Group wide, Bunzl donated a total of c.£2.3 million to charitable causes during 2022. This does not include amounts donated by Bunzl in matching funds raised by employees for local charities.

Five year review

	IFRS				IAS 17	
	2022 £m	**2021 £m**	2020 £m	2019 £m	2019◊ £m	2018 £m
Revenue	**12,039.5**	10,285.1	10,111.1	9,326.7	9,326.7	9,079.4
Operating profit	**701.6**	623.3	618.5	528.4	506.0	466.2
Finance income	**22.3**	10.7	10.4	12.4	12.4	11.6
Finance expense	**(90.2)**	(65.3)	(73.2)	(87.5)	(64.2)	(66.6)
Disposal of businesses	**0.9**	–	–	–	–	13.6
Profit before income tax	**634.6**	568.7	555.7	453.3	454.2	424.8
Income tax	**(160.2)**	(125.9)	(125.7)	(104.1)	(104.3)	(98.3)
Profit for the year attributable to the Company's equity holders	**474.4**	442.8	430.0	349.2	349.9	326.5
Basic earnings per share	**141.7p**	132.7p	128.8p	104.8p	105.0p	98.4p

Alternative performance measures†						
Adjusted operating profit	**885.9**	752.8	778.4	653.3	630.9	614.0
Adjusted profit before income tax	**818.0**	698.2	715.6	578.2	579.1	559.0
Adjusted profit for the year	**616.8**	542.5	550.5	440.6	441.3	429.9
Adjusted earnings per share	**184.3p**	162.5p	164.9p	132.2p	132.4p	129.6p

◊ Following the adoption of IFRS 16 'Leases' with effect from 1 January 2019, because the Group adopted the accounting standard using the modified retrospective approach to transition and accordingly did not restate prior periods, the results for the years ending 31 December 2019 and onwards are not directly comparable with those reported in the prior years under the previous applicable accounting standard, IAS 17 'Leases'. To provide a meaningful comparative for the year ended 31 December 2019, the results for 2019 have been presented under both IAS 17 and IFRS 16 accounting standards.

† See Note 3 on page 178 for further details of the alternative performance measures.

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