

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

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Investing in a diverse workforce

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Taking action on climate change

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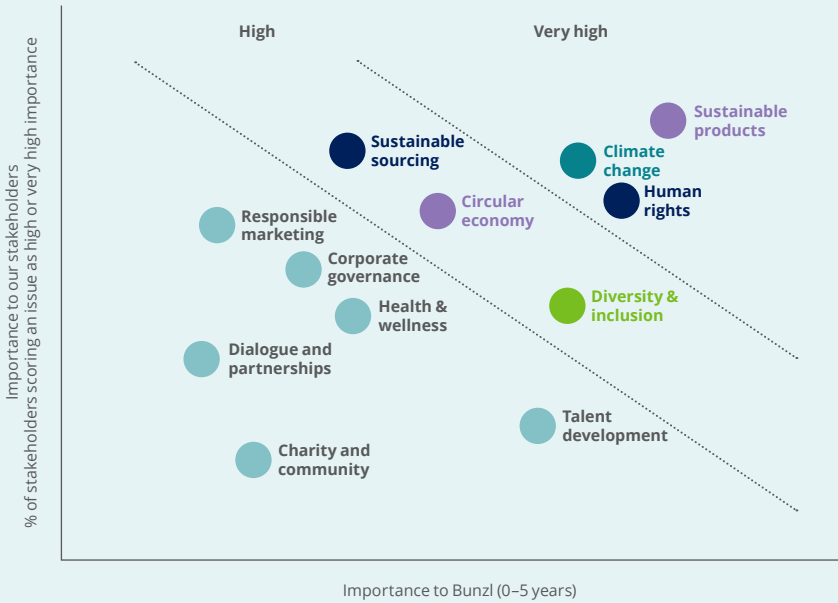


Providing tailored solutions

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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
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • 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



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



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



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



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 labour¹. 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



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.

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.

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 ₂ e emissions (tonnes)	141,320 ¹	120,742 ^o	15%
Emission intensity (tonnes CO ₂ e/£m revenue)	13.8 ¹	10.5 ^o	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.

^o 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 CO₂e 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
<p>Shifting customer expectations Bunzl's customers are setting more stringent environmental targets.</p> <p>Bunzl is increasingly expected to help customers achieve their ambitions and goals.</p>	<p>Risks Failing to align with our customers' ambitions could lead to reputational damage and loss of sales.</p> <p>Opportunities Aligning with customers' ambitions could strengthen customer relationships, build resilience to new environmental legislation and policy, and create brand differentiation.</p> <p>The risks and opportunities are applicable for all time horizons and are most significant in the short and medium term.</p>	<p>Proactive scanning of customer trends and expectations to ensure our activities meet or exceed customer expectations.</p> <p>Building sustainability expertise within the Group to provide customers with:</p> <ul style="list-style-type: none"> • 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). <p>Setting emissions reduction targets to decarbonise our operations and supply chain in line with climate science (see page 17).</p>
<p>Environmental impacts of technology Technological advances will drive decarbonisation of Bunzl's commercial fleet and shipping suppliers.</p> <p>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.</p> <p>Increased regulatory pressure on the use of fossil fuels for mobility is expected.</p>	<p>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.</p> <p>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.</p> <p>The risks and opportunities are applicable for all time horizons and are most significant in the medium term.</p>	<p>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).</p> <p>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.</p>
<p>Adaptation to extreme weather Bunzl's suppliers and operations have already experienced the impacts of extreme weather.</p> <p>For example, hurricanes in North America have disrupted Bunzl's distribution activities and wildfires have threatened Bunzl's Australian operations.</p> <p>In both cases, we have been able to mitigate the risks to ensure supply.</p>	<p>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.</p> <p>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.</p> <p>The risks and opportunities are applicable for all time horizons and are most significant in the medium and long term.</p>	<p>Proven business continuity plans have ensured continued service to customers.</p> <p>Resilience through supply chain flexibility and lack of fixed manufacturing assets.</p>
<p>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.</p> <p>Climate change may create a demand for low carbon products or the supply of products which help mitigate the physical impacts of climate change.</p> <p>Certain markets may also be increasingly affected by extreme weather.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

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.

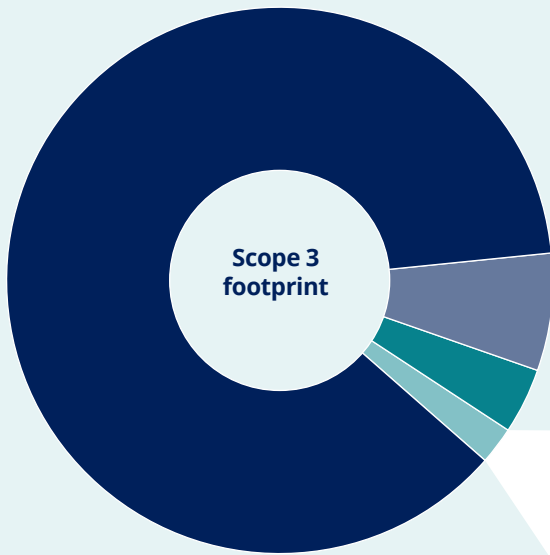
Scope 1 and 2 emission source Commercial vehicles 	KPIs to 2025 25% biofuel usage in UK & Ireland and Continental Europe	2022 update Biofuel conversion where we have a fuel tank on site is progressing as planned	Rating On track 
	250 vehicles changed to electric	2022 update The trialling of zero emission 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	Rating Behind plan but will recover to meet target 
Scope 1 and 2 emission source Company cars 	KPI to 2025 Hybrid and electric company cars to increase by 25%	2022 update 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	Rating On track 
Scope 1 and 2 emission source Electricity 	KPIs to 2025 80% facilities in North America will have LED lighting	2022 update 95 installations completed to date (65%)	Rating On track 
	100% renewable energy procurement in UK & Ireland and Continental Europe	2022 update 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	Rating 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.

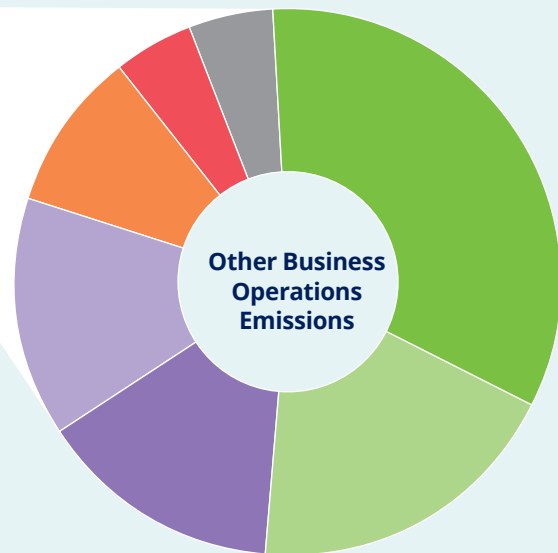
Bunzl's Scope 3 carbon footprint for 2021 was c.7.1 million tonnes of CO₂e. The top three most material emission categories of our scope 3 footprint are:

- 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 ₂ e	
● 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	<ul style="list-style-type: none"> c.35% emissions from spend on plastic resins c.17% pulp based products c.9% chemicals 	<ul style="list-style-type: none"> c.69% disposal of pulp products c.12% disposal of textile products c.6% disposal of packaging products 	<ul style="list-style-type: none"> c.55% road transportation c.40% sea freight c.4% air freight
Example reduction activities	<ul style="list-style-type: none"> Working with suppliers to increase the recycled content of their products (plastic and paper) 	<ul style="list-style-type: none"> Continuing to transition customers to products made from recyclable materials or reusable options 	<ul style="list-style-type: none"> Prioritising lower emission transportation options such as sea and rail over air freight
	<ul style="list-style-type: none"> 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% (CO₂e per £1,000 spend).
- In addition to the CO₂e reduction, BCHS has committed to offset the remaining CO₂e (185.5 tonnes) through certified programmes.

Carbon forecast tool: how it works



Ordering patterns and customer spend reviewed, deliveries and routing mapped



Forecast tool identifies ordering adjustments and carbon savings



Adjustments made, average order value increases and deliveries reduce

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.



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 CO₂ 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 CO₂ 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.



Bespoke carbon reporting to customers

Remaining emissions can be offset through certified schemes



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

£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

Group revenue 2022
£12.0bn

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

Tracking over 900 separate pieces of enacted plastics and packaging legislation across cities, counties, and states in North America

28,000 delivery locations and routes mapped in Spain to populate carbon forecast tool

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



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



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.

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.

