

# Being part of the responsible solution

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We know that our customers, suppliers and the societies in which our businesses operate around the world all want to find ways to protect our environment and to make better use of natural resources. That is why sustainability is core to how Bunzl does business and how we will grow in the future.

**Frank van Zanten**  
Chief Executive Officer

From sourcing products in an ethical and responsible way, to consolidating them in an environmentally efficient operating model, our approach to sustainability helps us to minimise risk while maximising value.

Our goal is for Bunzl to be a socially and environmentally responsible organisation that inspires and implements solutions that protect the environment, while being commercially successful for our stakeholders. To support this ambition, we have developed a new sustainability framework and strengthened our team of sustainability experts who will work with our businesses to deliver this.

We will continue to communicate our performance in an open and honest way and report on our performance through our Annual Report and third party assessments such as the FTSE4Good and CDP (formerly Carbon Disclosure Project) index. More details of our sustainability strategy and framework can be found on the Bunzl plc website in the Sustainability section at [www.bunzl.com](http://www.bunzl.com).

### **A new sustainability framework for Bunzl**

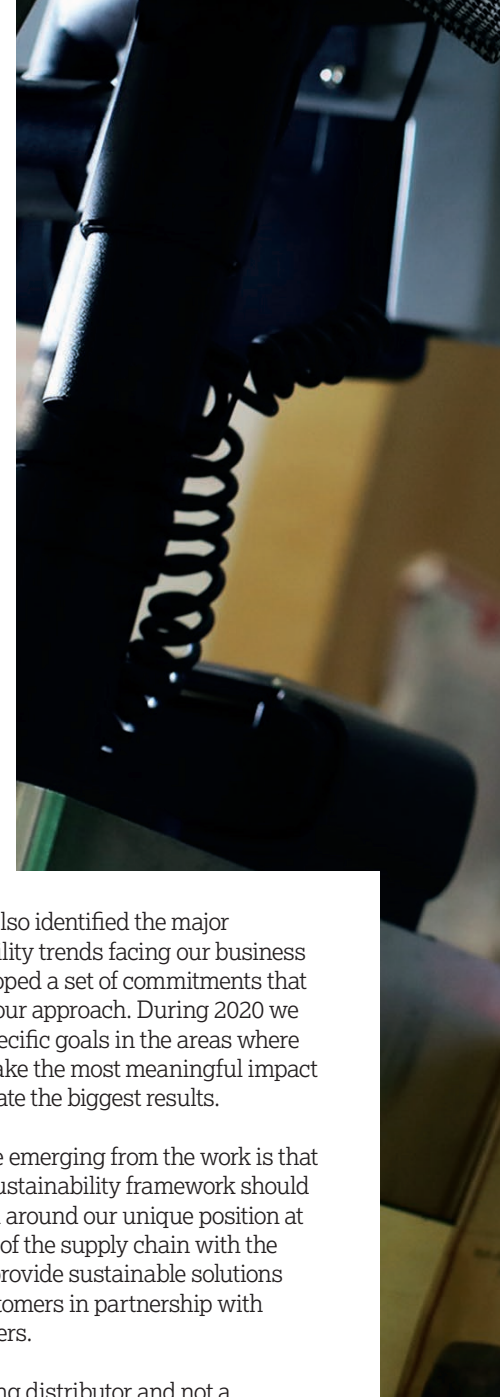
It is only when sustainability issues are dealt with in the same way as other core business issues that real, long term value is created. To ensure our new framework is successful and relevant, it is aligned to the Bunzl business model and applicable to all the market sectors and geographies in which we operate.

We have also identified the major sustainability trends facing our business and developed a set of commitments that underpin our approach. During 2020 we will set specific goals in the areas where we can make the most meaningful impact and generate the biggest results.

The theme emerging from the work is that our new sustainability framework should be centred around our unique position at the centre of the supply chain with the ability to provide sustainable solutions to our customers in partnership with our suppliers.

As a leading distributor and not a manufacturer, Bunzl is not tied to any types of materials or products and, as a result, we can have a positive impact across the entire supply chain by having an objective overview of the best sustainability solutions for each customer. Our framework is about more than simply providing new products; it is about how we work with our suppliers to provide solutions ethically and responsibly, the work we do to minimise the environmental impact of our own operations and the role we play in our communities.

Our framework has three key pillars that align to the Bunzl business model: Our suppliers (source), Our business (consolidate) and Our customers (deliver). Each of these pillars has its own commitments and we will be setting goals for these during the next year. Further details of our framework pillars, their commitments and our work to date are set out in this report.





## Delivering sustainable solutions



### Our suppliers

Making sustainability accessible  
Sourcing responsibly and  
with integrity  
Working with our suppliers  
to deliver innovative solutions

pg 36



### Our business

A great place to work  
Reducing our impact  
on the environment  
Supporting charities and  
local communities

pg 38



### Our customers

Providing sustainable solutions  
Expert advice on emerging  
trends and products  
Partnerships to close  
the loop

pg 46



Our values: humility, responsiveness, creativity, diversity, customer-centricity, reliability, transparency



## Our suppliers

### We will source an innovative range of products ethically and responsibly.

- 1** We will use our scale and position in the supply chain to make sustainable solutions accessible and prevent shortage of supply issues as new materials become preferable.
- 2** We will source responsibly and with integrity.
- 3** We will proactively engage our suppliers and work collaboratively with them to be first to market with new, innovative sustainability solutions for our customers.

**1**

#### Making sustainability accessible

In response to the introduction of new legislation and feedback from their consumers, many of our customers are setting ambitious targets to become more sustainable. To help them on this journey, we are leveraging the scale of our supply chain to make sustainable solutions more accessible for our customers and bring lower impact products to market.

For instance, in the Netherlands, our customers are required to pay a waste collection charge for the packaging materials they use. Plastics have the highest individual collection charge and products made from multiple materials carry a higher overall cost. We supply bags to retailers to use with bakery products that are made from paper with a plastic film window that makes the product visible to the consumer. This means the packaging attracts two waste collection charges and a higher individual cost for the plastic film component.

We have worked with one of our suppliers to develop an innovative bag made entirely from paper, that uses a glassine paper window to ensure the product is still visible to the consumer. Glassine is a smooth, translucent form of paper that is air, water and grease resistant. Because the bag is made from one material, it attracts a lower waste collection charge while maintaining the functionality our customers require. In addition to making a sustainable product that complies with legislation in a more affordable way, the new bag is made entirely from a renewable resource.

Price is only one consideration in our purchasing decisions. Factors such as quality, availability, our customers' preferences and our sourcing policies are also taken into account. We work with our suppliers with the aim of ensuring that the products we supply are, wherever possible, manufactured from sustainably sourced raw materials and seek to increase the range of sustainable products made from recycled materials or are themselves recyclable or compostable.

**2**

#### Sourcing responsibly and with integrity

We work with thousands of suppliers around the world. We expect all suppliers to meet the same internationally recognised human rights, environmental and quality standards that we expect of our own businesses. These include meeting local legislative requirements but also applicable international requirements for workers' welfare and conditions of employment, such as those set by the International Labour Organization ('ILO') and the Ethical Trading Initiative.

Most of Bunzl's direct suppliers are based in countries with comparatively low levels of social risk. We periodically carry out a social risk assessment of our supply chain and this helps us to deepen our understanding into the social risk factors in countries with high relative risks, many of which are in Asia. With this information, we continuously enhance and refine our work to mitigate social risks in our supply chain, e.g. by performing more in-depth audits in high risk countries, optimising training materials and increasing the communication of our standards to high risk suppliers.

We expect all suppliers to adhere to our supplier code of conduct as a condition of doing business with us. The supplier code is available in many languages and is actively communicated by our businesses to our suppliers, particularly in those countries with increased risk of modern slavery and other social risks.

#### Audits

We have an assurance and quality control team based in Shanghai which performs regular audits of our direct suppliers in Asia to ensure that they meet our standards in relation to human rights, conditions of work, hygiene management systems and environmental performance.

Suppliers who are unable to meet all the requirements after an initial audit are given the opportunity to comply fully within a period of time which is deemed appropriate for the circumstances. Bunzl companies reserve the right to cease a relationship with a supplier if it is found that unacceptable practices are being employed at any sites used for producing or sourcing Bunzl products. Such practices include use of child, forced or bonded labour, illegal discrimination, wages not meeting local minimum requirements, not providing



adequate days of rest and any other breach of local or applicable international requirements for workers' welfare and conditions of employment. Suppliers that are being monitored and assessed due to identification of a serious breach are periodically reported to, and reviewed by, the Board.

In 2019 we carried out a total of 707 (2018: 539) audits of suppliers located in Asia and worked with those suppliers where unacceptable standards were identified to resolve any non-conformities. Thirteen suppliers did not make sufficient progress to address the concerns and we have subsequently ceased our relationship with those suppliers.

### Supplier engagement

We believe that building relationships, capacity and trust with suppliers is critical when it comes to preventing and identifying incidents of modern slavery. Every year, we organise training events in Asia to work with our suppliers to help them prevent issues arising and to address them if they are found.

In 2019 we carried out training events in Kolkata, India and Shanghai, China (see case study).

### Training

All of our senior staff, including managers and procurement and sales executives, are required to complete corporate responsibility training on social risks, including modern slavery. The training helps our employees to understand and recognise social risks that might occur in our supply chain and to inform them of the appropriate actions that should be taken if such risks materialise.

Further details are provided in our Group Modern Slavery Statement which can be found on the Bunzl plc website.

### Key performance indicators

## Suppliers

Responsible sourcing, working as partners with our suppliers to encourage high levels of sustainable and ethical trading initiatives

	Performance			What we said we would do in 2019	What we did	What we plan to do in 2020
	2017	2018	2019			
Supplier audits and assessments covering environmental and social standards (number of audits/assessments carried out)	503	539	707	More in-depth audits of high-risk suppliers. Continue to optimise and expand our audit programme.	We have increased the number of Asian suppliers that we audit by more than 30% covering now almost all our direct Asian suppliers. We have reviewed our audit scope, have added additional check-points and increased the number of employee interviews to help ensure that all applicable risks are covered.	Continue to expand our ethical sourcing principles across the Bunzl Group.  Extend the scope of our supplier audits to increasingly include 'downstream' environmental considerations.



## Supplier training

A supplier training event in Kolkata, India was held in June 2019. The aim of the event was to raise suppliers' awareness of modern slavery and other social risks and to provide support to suppliers on how to remedy those issues. The training featured various interactive workshops during which best practices and challenges were discussed in an open and informal dialogue with Bunzl and other suppliers.

The supplier training event was attended by 30 suppliers and was very well received. The event is an example of how enhancing supplier relationships and creating an atmosphere of collaboration helps to drive progress.

## 3 Working with our suppliers to deliver innovative solutions

One example of how we are working with our suppliers to bring innovative new products to market is a project we have been working on in partnership with Co-op in the UK. In recent years several UK supermarkets have moved away from using single-use plastic carrier bags in favour of reusable plastic 'bags for life' made from recycled material. In addition to offering reusable bags, Co-op wanted to explore whether they could also introduce a compostable bag in their shops located in UK council areas that offered a food waste collection from residents' homes. Bunzl Retail Supplies (BRS) were given the challenge of working with their suppliers to source an appropriate solution.

The compostable bags needed to meet the following strict performance criteria:

- compliance with the European Directive on compostability (EN13432) and the ability to be compostable at home; and
- comparable in structural integrity and performance with the single-use plastic carrier bags they were replacing.

We worked in partnership with Co-op's food policy team to understand compostable materials, the relevant European legislation and the process of composting through both industrial and home composting routes. Once this was established, we reviewed potential suppliers and performance tested the samples received.

Through numerous product iterations, BRS managed to source a product that met the criteria above. The compostable bags are dual purpose, firstly as a carrier for shopping and secondly for disposing of food waste at home and are the first to be introduced by a UK retailer. The bag is in over 1,000 of Co-op's food stores and replaced around 60 million single-use plastic bags in the first year.

As a material-agnostic distributor, Bunzl is well placed to provide its customers with trusted and objective advice on complex sustainability solutions like this. It also demonstrates the strength of Bunzl's consolidated supply and distribution model as the compostable bags need to be delivered to specific distribution centres (which supply stores located in areas with food waste collection services), with different products delivered to other stores.

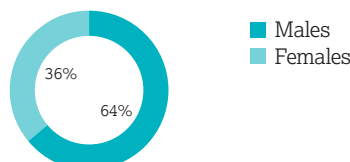


## Our business

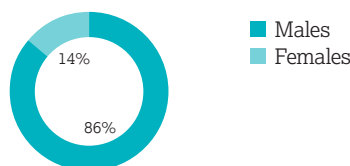
We will make a positive contribution to our people, the environment and local communities.

- 1 We will be a great place to work and enable our people to thrive.
- 2 We will reduce our impact on the environment.
- 3 We will support environmental charities and projects that are meaningful to our local communities and teams.

### Total workforce



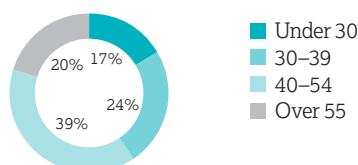
### Senior management



### Average number of employees



### Total workforce age



1

## A great place to work

### Introduction

In a world that is changing rapidly, attracting the best people for our roles and ensuring they are equipped with the relevant skills and experience is critical to maintaining a competitive advantage. The decentralised nature of Bunzl means that there is greater opportunity to give people the appropriate freedom and accountability to be able to succeed. We are very proud of our people and all they achieve and recognise the importance of investing in their growth.

### Developing our people

Throughout the Group we are committed to developing people through a variety of methods such as formal development programmes, online learning opportunities, coaching and mentoring as well as providing opportunities for learning and growth in their roles.

There are numerous examples in Bunzl of courses that have been designed and developed specifically with our employees in mind, from 'Desorollate' in Latin America (focused on the development of collaboration tools) to the Young Leaders Forum in Australia. Ensuring that we grow our internal talent through developing those with potential to be our leaders of the future is a key area of focus. Two examples of this are, the 'DRIVE' programme in North America, aimed at emerging and senior leaders, and the Bunzl University, a programme for prospective leaders in Continental Europe. Focusing on career development is not only for those already in management roles. Within UK & Ireland there is an academy aimed at warehouse operatives and drivers who want to advance their careers. At a Group-wide level, 2019 saw the launch of our new Senior Leadership Development Programme aimed at senior leaders around the world (see case study on page 40). Starting in 2019, a group of around 20 leaders from across our business have come together for four intensive learning modules and project activities during the 18-month long programme. We will launch a new cohort of the programme every year.

Recognising different learning styles and the fact that it is not always possible to attend courses away from the workplace, online learning gives our employees access to a wide range of options for both work and personal development areas. In most parts of our business people can access online

training and e-learning products to develop themselves. For example in the UK & Ireland, instantly accessible to all is YELP (Your E-Learning Portal), an online library of over 1,500 courses.

### Engagement

Following the 2018 employee survey the focus has been at a local and team level in creating action plans that address the points raised in an individual business's survey results. In North America there are action plans for each branch location with updates planned every six months to ensure the plans can be refined and updated based on real-time feedback. The types of actions that have resulted from these local discussions range from reviewing flexible benefit options and sharing product information with employees to installing communication screens in sites, enabling the instant sharing of information and business updates.

Some issues raised via feedback in the employee survey were common to more than one area or region, for example having career opportunities made more visible. The UK & Ireland have moved performance reviews, career development and succession plans online, increasing the visibility of the skills requirements for roles and potential career paths for managers. This enables the creation of targeted development solutions as well as making it easier to fill roles internally with the best possible candidates.

### Rewarding for performance

Within Bunzl we pay our employees fairly based on their skills and experience. In line with our overall business model, reward and recognition for the workforce is aligned to the markets in which the businesses operate and reward structures are appropriate for that environment. Locally our businesses own and manage recognition schemes and provide employee benefits that motivate and retain their people.

### Equality and diversity

Increasing the diversity of our workforce strengthens our business and enables us to respond to changing environments. Through developing an inclusive environment that encourages new ideas and innovation we will improve our offering to customers and enhance our processes and ways of working. Although an imperfect indicator of diversity, we have paid more attention to our Gender pay report.

The data for gender pay gap in 2019 will be the third year of reporting for both our UK legal entities. Our combined gender pay gap for 2019 for both the two UK legal entities and plc employees is as follows:

- 16.6% gender pay gap (mean hourly pay)
- -6.9% gender pay gap (median hourly pay)
- 69.8% of women receive a bonus
- 73.2% of men receive a bonus

The two entities on which we report have changed their workforce mix through acquisitions and disposals which has a greater impact than the normal, more gradual, changes of employees leaving and joining a business. The underlying reason for our gender pay gap, however, remains the same as previous years. We have more men in senior and therefore higher paid positions and a relative low turnover in these senior roles.

The focus continues to be on practical interventions to ensure we can truly deliver the aims of our diversity policy. For example the introduction of a new competency framework to ensure consistency in the performance review process; and ensuring that our recruitment, performance review, career development and succession planning processes continue to be free from gender bias. We recognise that to reduce the gender pay gap in the future the focus needs to be on attracting and developing women into Bunzl at all levels and to this aim the Inspiring Women in Bunzl ('IWIB') network has been set up (see case study).



The IWIB network is such a positive step. By sharing our vision and mission with colleagues and with the support of the Board we will inspire other women to see that Bunzl is a diverse and equal company to work for.

**Lucy Wilkinson**  
Head of Brand, Protec Direct

## Inspiring Women in Bunzl

We are taking action to address a common issue that faces many large organisations, the under-representation of women at a senior level. In the UK & Ireland the MD for our retail business, Helen Cockerham, has created a network for a number of women who have been identified as having the potential to advance into leadership roles within the Group. Called the 'Inspiring Women in Bunzl' network, its goal is to be a catalyst for Bunzl leading the way in creating a supportive and empowering culture for women to achieve their goals.

Over the course of 2019, the network has defined its objectives, which are to foster and nurture a pipeline of confident and talented women who can progress their careers alongside their male colleagues to the benefit of Bunzl. Every member of the group has worked hard to engage the leaders of their operating companies and we have already seen an increase in the proportion of director roles held by women.

## Key performance indicators

### Employees

Engaging with our employees with clear communications and the provision of training and development opportunities

	Performance			What we said we would do in 2019	What we did	What we plan to do in 2020
	2017	2018	2019			
Employee turnover: Voluntary	13.0%	14.6%	15.4%	Continue to monitor turnover and take action where necessary.	Exit interviews in largest regions. Online tracking of joiners and leavers enables greater visibility and analysis.	Continue to conduct exit interviews and monitor voluntary turnover.
Gender diversity: Women at senior management level	11%	13%	14%	Raise awareness and further develop training and look for opportunities for wider participation.	Succession planning improvements. Inspiring Women in Bunzl (see case study).	Broaden networks for women in Bunzl. Provide focused development interventions for high potential women.
Employee engagement index score	–	74%	–	Detailed action plans to be devised to address significant issues raised and celebrate successes.	Regular review of action plans at site level.	Relaunch our employee engagement survey in 2020.



## Board engagement

The annual meeting of the European Information and Consultation Forum was held in June in the UK. The representatives heard from both Business Area Heads, Alberto Grau and Andrew Tedbury about performance, strategy and plans for their respective business areas, Continental Europe and UK & Ireland. In addition, for the first time a non-executive director, Vanda Murray, attended the meeting. She held a private session with the forum representatives, concentrating on issues arising from the employee survey, and gathering views and opinions on Bunzl as a place to work.

A similar session was held by Lloyd Pitchford, another non-executive director, with employees from Bunzl North America ('BNA'). Feedback was very positive and both employees and non-executive directors really appreciated hearing a different perspective and understanding more deeply the issues and concerns of the wider workforce.

## Senior Leadership Development Programme

The Senior Leadership Development Programme is a custom designed programme delivered by an external faculty which brings around 20 senior leaders from around the world together over a period of 18 months to develop their leadership capability. The four modules (strategic leadership, entrepreneurial leadership, commercial leadership and organisational leadership) combine formal learning with visits to relevant Bunzl businesses and participants undertake project and coaching activities between modules. A huge benefit of this programme is the informal learning and networking that happens during and after the programme has run.

## Health and wellness

Bunzl believes in creating an environment which enables employees to be happy and motivated at work. There has therefore been investment in programmes that are specifically aimed at employee well-being. In several business areas, there are formal support tools and services such as Employee Assistance Programmes ('EAP') or Wellness Programmes that enable employees to access health screening assessments. Employees are encouraged to adopt healthy habits and working practices throughout Bunzl and examples in the businesses range from providing employees with fruit and lunchtime yoga sessions to sharing advice and tips on how to improve both their mental and physical health.

## Code of conduct

The Group's business code of conduct is disseminated to every employee as a guide to how employees are expected to conduct themselves both from a corporate and individual perspective. The code of conduct clearly states that employees must avoid conflicts of interest, provides guidance on the giving and receiving of gifts and entertainment, prohibits illegal payments as well as political donations and reinforces the need to comply with laws, rules and regulations, protect confidential information and company assets and maintain high standards in relationships with our customers and suppliers. The code of conduct is supported by a set of e-learning modules, covering matters such as anti-bribery, health & safety, competition laws and modern slavery. The business code of conduct has been revised and reissued to employees in 2019.

No material breaches of our code of conduct were recorded in 2019. However, some minor incidents relating to employee conduct, such as theft or misuse of the Group's property, did occur and were dealt with during the normal course of business using Group HR policies and procedures. In the reporting year 2 (2018: 10) calls or letters were received through our confidential whistle blowing process, 'Speak Up', none of which related to any issues of material concern.

At the end of 2019 we partnered with an independent organisation to introduce a new way to report or 'whistle blow' concerns. This new approach enables employees to raise issues online or via a local telephone service and describe their concerns in their native language in a totally confidential manner.

## Key performance indicators

### Health & safety

Improving safety in our warehouses and on our vehicles

	Performance			What we said we would do in 2019	What we did	What we plan to do in 2020
	2017	2018	2019			
Reduction in accident incidence rate (% change year on year)	-20%	+17%	+1%	Reduce the Group accident incidence rate by 5% from 2018.	In 2019, the accident incidence rate increased by 1% while the accident severity rate increased by 31%. We continued to see the impact of tight employment markets with higher numbers of new recruits, and have therefore improved our safety onboarding programmes to ensure that new employees are adequately trained for the job. The increase in the severity rate is principally related to a number of accidents with long periods of absence in North America and France.	Reduce the Group accident incidence rate by 5% from 2019.
Reduction in accident severity rate (% change year on year)	-22%	+25%	+31%	Reduce the Group accident severity rate by 5% from 2018.		Reduce the Group accident severity rate by 5% from 2019.

We anticipate this will increase the number of cases raised by making access easier. This will also provide us with better data on the types of concerns identified and the locations from where they have been raised.

### Employees/human rights

Bunzl adheres to the Universal Declaration of Human Rights and upholds the Fundamental Principles and Rights at Work policies, defined by the ILO, as well as applicable local laws. The countries in which Bunzl operates have their own laws banning child and forced labour and promoting human rights.

The UK Modern Slavery Act 2015 requires certain businesses to produce an annual statement that sets out the steps these businesses have taken during the financial year to ensure that slavery and human trafficking are not taking place in their operations and supply chains. This requirement affects Bunzl plc and a number of operating companies in the UK. The current Bunzl slavery and human trafficking statement has been approved by the Bunzl plc Board of directors and is available on our website, [www.bunzl.com](http://www.bunzl.com).

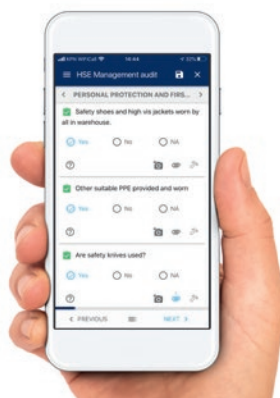
### Health & safety

As a business with a large warehouse footprint and fleet, health & safety is an area of significant focus by the Board. One factor that continued to impact our incidence and severity rates in 2019 is the challenging conditions in the employment markets worldwide. Tight employment markets are leading to increased employee turnover and shorter job tenures which can have a negative impact on injury rates as less experienced employees have an increased risk of being involved in a workplace injury. Our businesses have various onboarding tools and programmes in place to ensure that all new employees are adequately trained for the job and coached by more experienced colleagues. In North America we have focused on implementation of a new onboarding programme in 2019. New safety and HR onboarding booklets were rolled out and training requirements revised. A step-by-step introduction of the employee to their new work environment was implemented.

In 2019, we continued to invest in new facilities across the Group. We started operating in several new state-of-the-art warehouse facilities that were designed from the ground up. This allowed us to make layouts more efficient and logical and implement many safety improvements such as improved segregation of pedestrians and

forklift trucks, use of newer and safer machinery and equipment and customised areas for storage of hazardous materials. New forklift trucks are fitted with warning lights and cameras.

Our objective is to minimise the risks, particularly relating to the operation of our warehouses and vehicles, in order to reduce accidents involving manual handling, falling, slipping and tripping and impact with equipment which remain the highest causes of accidents. All our businesses are required to comply with local legislation and Group safety policies. The compliance with these regulations and policies is audited by a team of safety professionals. Safety standards are also reviewed as part of our internal audit process.



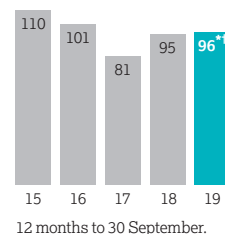
## B-Safe

In order to drive compliance with regulations and internal standards, we have introduced various digital solutions across Bunzl, one of which is B-Safe. B-Safe is a flexible mobile data collection platform that was designed to Bunzl specifications. It has an intuitive user interface making the collection of health & safety related data simpler and more accurate. Bunzl locations can build their own custom inspection and checklist forms or use the corporate pre-populated forms. Inspections can be completed on-the-go, tasks assigned and alerts and reminders set up.

Launched in early 2019, B-Safe already has 400 users across Bunzl and is used for various purposes such as warehouse safety inspections, pre-use inspections of vehicles and evaluation of emergency evacuations.

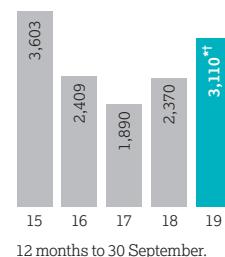
### Incidence rate

Average number of incidents per month per 100,000 employees



### Severity rate

Average number of days lost per month per 100,000 employees



\* In 2019 we improved our accident recording standards and updated the guidance on recording work-related accidents.

† Included in the external auditors' limited assurance scope. See data assurance statement which is available on our website, [www.bunzl.com](http://www.bunzl.com). The data for previous years was also assured as detailed in the respective Annual Reports.

Our primary method for distributing the goods that we sell is the use of delivery vehicles. Consequently, geographical regions have placed considerable emphasis on training programmes for drivers. Each of these programmes has its own specific focus but all are aimed at reducing accidents and injuries on the road. Three of our UK businesses have implemented the Fleet Operator Recognition Scheme ('FORS'), a nationally accredited scheme which promotes best transport practices, across all of their operating locations. The scheme measures fleet performance and aims to drive up standards across areas such as fuel efficiency, carbon emissions and road safety.

In North America, where we have our largest fleet, we are constantly looking for ways to educate our drivers on how to be more safe behind the wheel. In 2018 we introduced two new defensive driving programmes and as a result we have seen in 2019 a significant reduction in serious vehicular accidents.



We continue to take steps to embed a more proactive safety culture in Bunzl. In North America, we have carried out a comprehensive safety perception survey for our Bunzl Retail Services Division. The survey was completed by 800 participants across 14 locations. The survey measured the percent positive responses by the participants to a set of recognised safety indicators. The results were compared against a multi-industry database and a gap analysis was performed. The survey resulted in an action plan for each location. Improvement actions included engaging with employees at each level to participate in a safety steering team, identifying the top issues that were most important to employees and creating continuous improvement teams to identify solutions to the issues.

In France, where we have the highest incidence and severity rates in the Group, we have started to roll out a comprehensive training programme for middle management. The training will help create a more proactive safety culture by developing the skills needed to conduct effective safety observations and enable discussions to take place with employees about safe and unsafe work practices. This series of training sessions is a first step towards planned ISO 45001 certification in France.

Our businesses in North America have implemented a new online Environmental Health and Safety ('EHS') management system. The new system has streamlined our reporting processes and helped maintain compliance with local reporting requirements. Additionally, it is playing a role in an EHS culture shift, through the system's ability to report leading indicators (such as 'near miss' incidents), dashboard metrics and customised reports. Another example of continuous improvement within North America was the piloting of a new ergonomics training programme aimed at challenging the way employees perform their job functions. Targeting the reduction of injuries with specific work instructions ('moves') that have been customised to the facility's work environment, the training also covers wellness, recovery and stretching.

Details of our performance from 2015 to 2019 are provided in the bar charts on page 41. The accident data provided covers more than 99% of the Group by revenue.

## Greenhouse gas emissions (Group)

Data for the period 1 October to 30 September

	Tonnes of CO <sub>2</sub> e		
	Base year 2010	2018	2019†
Scope 1	95,249	99,848	<b>99,193</b>
Scope 2	28,757	31,615	<b>29,594</b>
Total gross emissions	124,006	131,463	<b>128,787</b>
Total carbon emissions per £m revenue	26.3	15.0	<b>13.9</b>

## Greenhouse gas emissions (UK)\*

	Tonnes of CO <sub>2</sub> e	
	2018	2019
Scope 1	17,606	<b>17,211</b>
Scope 2	3,263	<b>2,660</b>
Total gross emissions	20,869	<b>19,871</b>
Total carbon emissions per £m revenue	17.5	<b>17.0</b>

## Energy consumption (UK)\*

	2018	2019
Natural gas (cubic meter)	617,969	<b>469,573</b>
Fuel (litres)	6,224,877	<b>6,271,182</b>
Electricity (kWh)	11,526,592	<b>10,405,385</b>

† Included in the external auditors' limited assurance scope. See data assurance statement on our website [www.bunzl.com](http://www.bunzl.com). The data for 2018 was also assured as detailed in the 2018 Annual Report.

\* Energy usage and carbon emissions disclosed separately to early adopt to the requirements of the UK Streamlined Energy and Carbon Reporting ('SECR') policy.

## 2 Reducing our impact on the environment

Our efficient one-stop-shop operating model allows our customers to benefit from both a lower cost and a lower environmental impact of doing business. We have an extensive operations footprint across more than 30 countries. The products available from our broad range are therefore never far from where they need to be, allowing us to meet our customers' needs quickly and easily, as well as reducing the number of deliveries, cutting fuel usage and carbon emissions.

Climate change poses a number of potential risks for Bunzl, from both a physical (e.g. isolated events such as increased intensity of storms, heatwaves or higher average operating temperatures) and regulatory (e.g. new or strengthened carbon reduction commitments) perspective.

We seek to minimise the contribution of Bunzl's operations to climate change and to prevent other harmful effects on the environment. Operational efficiency forms part of a long-established and successful strategy to develop the business and the reduction of energy consumption is an integral part of this. Our policy of leasing premises provides flexibility in the configuration of our footprint to optimise the efficiency of our distribution. Bunzl had no significant environmental incidents in 2020.

Our businesses in the US have been increasingly exposed to hurricanes and other severe weather conditions. To ensure the safety of our employees and the continuity of our service to our customers, we have developed detailed business continuity plans. When we learn that a hurricane could make landfall and impact an area where we have Bunzl operations, the emergency preparation and response plans are put into action. Those plans could include deployment of emergency equipment (such as back-up power generators, extra trucks and trailers), extra support (temporary or permanent Bunzl employees), review of the safety of housing and commuting routes of employees, IT backup and, if necessary, evacuation of the location concerned.

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 around 99.5% of the Group by revenue.

A number of locations in UK & Ireland, Asia Pacific and Continental Europe have renewed their ISO 14001 certification. Approximately 23% of the Group's operations are certified to ISO 14001 (measured by revenue). Certification is based on processes and practices which

are implemented Group wide through our EHS management programme, although some parts of the business have not elected to become formally certified.

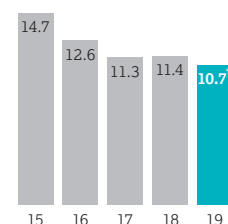
Scope 1 emissions: Fuel for transportation remains our highest source of CO<sub>2</sub>e emissions, contributing 81% of Scope 1 and 62% of combined Scope 1 and 2 emissions. Of those emissions relating to transportation, 78% are generated by our fleet of commercial vehicles. Fuel represents a significant cost to the business and we are focused on maximising the efficiency of our fleet through regular replacement and maintenance of vehicles, route optimisation, the use of vehicle telematics and driver

training programmes. At Group level, diesel consumed by our commercial fleet remained constant, despite sales growth. We seek to minimise the number of miles that our vehicles travel empty on the road by backhauling, typically using empty vehicles to collect stock from suppliers. Automated vehicle routing systems help our business to ensure deliveries are planned to limit the distance covered by each vehicle in order to reduce fuel costs, as well as environmentally harmful emissions. Our fleet of commercial vehicles in North America is the largest in the Group with over 700 vehicles. North America has implemented state-of-the-art routing software, allowing its operations teams to maximise fleet utilisation, meaning that the same number of vehicles can deliver more goods more efficiently, reducing fuel usage and cutting emissions to air. In 2019, the use of routing optimisation in North America contributed to a reduction of total distance driven in that business area, equivalent to a saving in fuel consumption of approximately 0.8 million litres of diesel.

Natural gas is principally used for the heating of buildings. This depends on weather conditions and therefore varies considerably by business area. At Group level, the consumption of natural gas remained constant.

Scope 2 emissions: Electricity consumption has decreased by 0.4%. The increases we have seen in some areas as a result of increases in warehouse space have been offset by energy efficiency improvements and closure of some other locations. Per £ of revenue, our electricity consumption has reduced by 4% at constant exchange rates.

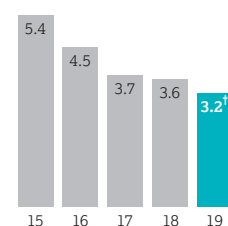
### Scope 1 carbon emissions Tonnes of CO<sub>2</sub> per £m revenue



Measured in accordance with the Greenhouse Gas Protocol applying DEFRA conversion factors.

12 months to 30 September.

### Scope 2 carbon emissions Tonnes of CO<sub>2</sub> per £m revenue



Measured in accordance with the Greenhouse Gas Protocol applying DEFRA UK conversion factors and IEA factors for overseas electricity.

12 months to 30 September.

† Included in the external auditors' limited assurance scope. See data assurance statement which is available on our website, [www.bunzl.com](http://www.bunzl.com). The data for previous years was also assured as detailed in the respective Annual Reports.

## LED lighting

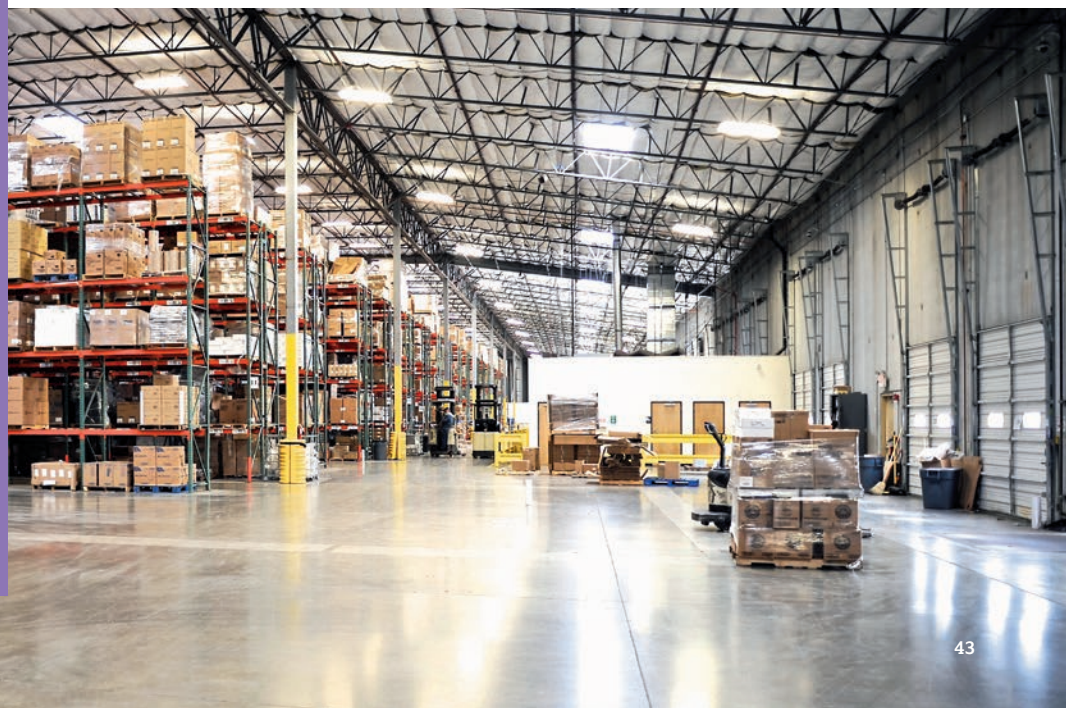
Lighting is our highest category of electricity consumption. With today's lighting technologies, the energy of lighting a warehouse can be reduced by as much as 50% to 70% over traditional lighting.

In the UK & Ireland, all our major warehouse locations have been converted to LED lighting to make our work environment brighter, safer and less expensive to operate. The improved light levels help reduce accidents, improve the working environment and eliminate significant work at height activities such as bulb replacement, reducing our workplace risk.



Whenever there is an opportunity at one of our locations, we upgrade the lighting to LED and implement other energy saving measures such as occupancy sensors. In 2019, we completed 11 LED retrofit projects in North America which will result in savings of 1.9 million kWh every year. Also, three new facilities were opened which were equipped with LED lighting as part of our standard specification. Our North American team is continuing to look to make more lighting upgrades in the coming year as we seek to further reduce our carbon footprint and make a positive impact on the environment.

**Denton Bruce,**  
Senior EHS director Bunzl North America.



## Sustainability continued

In addition, as energy contracts are renewed, our businesses are moving to low carbon energy where this makes commercial sense and is supported by the local infrastructure.

**Scope 3:** Our reporting comprises emissions from third party carriers, business flights, waste and electricity transmission losses. The bar graph opposite shows that third party carriers produce the largest proportion of our reported Scope 3 emissions. These emissions arise due to some of our businesses not having their own fleet and, in addition, all our businesses, irrespective of whether they have their own fleet, will distribute a proportion of goods by third party carriers where it is more efficient and cost-effective to do so.

### Waste

In 2019 we worked to improve the consistency and accuracy of waste measurement and reporting, although accurate waste measurement remains challenging in geographies with less advanced waste management infrastructures. The amount of waste generated in our facilities is

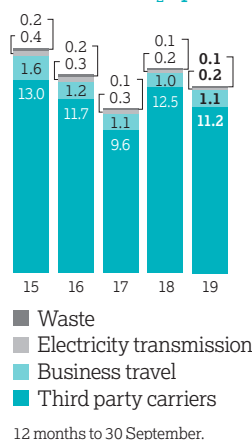
approximately 22,900 tonnes which is similar to the amount of waste generated in previous years. We actively work to reduce the waste and enhance waste recycling rates at our facilities. Recycling rates strongly depend on the locally available waste recycling options. In 2019, approximately 63% of the waste was recycled. This excludes any post-disposal waste treatment and recycling carried out by waste handlers.

The reported waste data covers approximately 95% of the Group by revenue. Waste is also included in our Scope 3 emissions calculation.

### Water

Direct water usage is not a significant environmental impact for our business as it is principally confined to staff hygiene and workplace cleaning. Our estimated water usage is 170,000m<sup>3</sup> of water per year. As we do not manufacture any of the goods we sell, water discharges, apart from internal sanitation, are limited to rainwater run-off from the yards of our locations.

**Scope 3 carbon emissions**  
Tonnes of CO<sub>2</sub>e per £m revenue



## Key performance indicators

### Environment/climate change

Reducing our impact on the environment by reducing carbon emissions

	Performance			What we said we would do in 2019	What we did	What we plan to do in 2020
	2017	2018	2019			
Carbon emissions: Scope 1 (tonnes of CO <sub>2</sub> e/£m revenue)	11.3	11.4	10.7 <sup>†</sup>	Reduce emissions by 1% against 2018. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2019 figure represents a 6% decrease in Scope 1 emissions versus 2018, including the effect of foreign exchange rate fluctuation. At constant exchange rates the emissions reduced by 4%. Reduction of these emissions is primarily driven by fuel and routing efficiency improvements.	Reduce emissions by 1% against 2019. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)
Carbon emissions: Scope 2 (tonnes of CO <sub>2</sub> e/£m revenue)	3.7	3.6	3.2 <sup>†</sup>	Reduce emissions by 2% against 2018. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2019 figure represents a 11% reduction in Scope 2 emissions versus 2018, including the effect of foreign exchange rate fluctuation. At constant exchange rates the reduction in emissions is 10%. Our Scope 2 emissions take into account changes to the average country specific emission factors, but do not take into account low carbon electricity purchases (representing approximately 13% of electricity purchased). The remaining improvement in the Scope 2 index has been driven by the continued implementation of energy efficiency improvements such as low energy lighting.	Reduce emissions by 2% against 2019. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)
Total Scope 1 & 2 emissions (tonnes of CO <sub>2</sub> e/£m revenue)	15.0	15.0	13.9 <sup>†</sup>	Reduce emissions by 1% against 2018. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2019 figure represents a 7% reduction in total Scope 1 and 2 emissions versus 2018, including the effect of foreign exchange translation. At constant exchange rates the reduction in emissions is 5%.	Reduce emissions by 1% against 2019. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)

<sup>†</sup> Included in the external auditors' limited assurance scope. See data assurance statement which is available on our website, [www.bunzl.com](http://www.bunzl.com). The data for previous years was also assured as detailed in the respective Annual Reports.





## Charity partnerships

Bunzl Healthcare has a long-standing partnership with St John Ambulance. A donation to the 'Young People's First Aid' programme has given over 10,000 pupils free training in key first aid skills, that could one day help them to save a life.

This year St John Ambulance has taken delivery of a third, custom built treatment vehicle donated by Bunzl. It will provide support at major events and medical care in city centres and at community projects which will help reduce the pressure on the NHS.

3

## Supporting charities and local communities

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. For example, there have been various charity runs in the UK, the Netherlands, Switzerland and France which raised money for charities including Alzheimer's research and those supporting disabled people.

We are complementing our new sustainability framework and approach to single-use plastics by realigning the focus of our Group charity work to support environmental activities in three key 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.

Where possible and appropriate, Bunzl also looks to donate stock free of charge ('in-kind'). Group wide, Bunzl donated a total of £659,000 to charitable causes during 2019. This does not include amounts donated by Bunzl in matching funds raised by employees for local charities.

An example of an initiative we supported in 2019 was our funding for a detailed research project which monitored the levels of air pollution that people in London are exposed to daily. The research involved fitting air quality monitors to a diverse group of Londoners. This included a school pupil, a college student, a member of the UK Parliament, a construction worker, a lorry driver, a gas engineer, a cyclist, a doctor, an office worker, a runner and Ben Webster, Environment Editor of the UK's Times newspaper, who ran a feature on the project.

The results are being analysed but the intention is that the findings will lead to a series of practical interventions under the 'Air We Share' banner that will reduce Londoners' exposure to poor air quality. For example, based on the findings so far, Bunzl is exploring the development of a well-being programme to help employees reduce their risk of exposure to poor air quality. Other interventions will include social media communication to help people take less polluted routes between busy areas and community awareness campaigns aimed at schools, colleges and other groups.

## Key performance indicators

### Community

Providing support to our local communities through employee fundraising, matched funding and donations of stock and cash to charitable organisations

	Performance			What we said we would do in 2019	What we did	What we plan to do in 2020
	2017	2018	2019			
Charity donations (£000s)	742	607	659	Continue to support relevant charities.	We have supported a number of projects for healthcare, environmental and conservation charities both locally within our businesses and centrally at Bunzl plc. Our focus next year will be to support environmental charities and we expect donations to be similar to 2019.	Continue charity programme with increased focus on environmental charities.



### Our customers

We will deliver sustainable products and solutions that improve our customers' businesses.

- 1** We will support our customers to become more environmentally sustainable by providing innovative solutions and lower impact products.
- 2** We will give our customers trusted, objective and expert advice on complex sustainability issues.
- 3** We will partner with organisations across our supply chain to bring a circular economy approach to the products we distribute.

We offer a wide product range to our customers and provide the support and expertise required for them to make informed choices. We also work with our suppliers to ensure that the products we supply are, wherever possible, manufactured from sustainably sourced raw materials and seek to increase the range of sustainable products that are made from recycled materials or are themselves recyclable or compostable.

#### Why the plastic challenge matters to Bunzl

Plastic is a material with many positive attributes. It keeps the weight and fuel emissions of vehicles down and contributes significantly to minimising food waste in retail supply chains. When considering the overall environmental impact (energy use, water consumption, carbon emissions, land use) of a product, plastic will frequently be the most resource efficient material for a given application. As a material it typically uses less water, land and energy to manufacture and keeps carbon emissions low during transportation because it is lightweight.

When plastic is used only once or is not properly recycled, it damages our environment, pollutes our oceans and can enter the food chain. As a leading distributor of a variety of plastic-based products, we recognise that we have a responsibility to act. Our ambition is to work with our customers and suppliers to lead the industry towards a more sustainable approach to single-use plastics.

Our customers, who are some of the world's leading brands, are being put under pressure by their own customers to reduce their plastic waste footprint. It is a complex challenge: the daily running of their businesses depends on the products we provide and there are many plastic products where no viable alternative exists today.

We are however determined to rise to the challenge. Our scale and unique position at the centre of the supply chain gives us a powerful opportunity to be part of the solution. We can offer alternatives to single-use plastics, and plastics that are more recyclable and compostable, because we are not wedded to any particular materials. We are agile when it comes to changing our range and see this as an opportunity for growth in both our customers' businesses and our own. We are improving our service to customers with clear information on the total environmental impact of the products we distribute. We are also exploring ways to connect supplier innovation with customer needs to develop more sustainable solutions.

It will not happen overnight but in time we believe we can help contribute to a world with much less plastic waste in our environment – working with our customers, suppliers and other stakeholders to make this crucial shared goal a reality.

Our ambition is to work with our customers and suppliers to lead the industry towards a more sustainable approach to single-use plastics.



Reusable foodservice products from Bunzl Catering Supplies

## A partnership to close the loop

One of our safety businesses, France Sécurité, has collaborated with the specialist recycling company Terracycle to offer customers an end of life solution for the personal protection equipment ('PPE') they buy. Customers can purchase a 'zero waste box' which they then fill with their chosen PPE. Once full, the box gets collected and sent to Terracycle who organise the recycling of the materials. By offering this service to customers, France Sécurité is providing their customers with an end of life solution for disposable products, while promoting a circular economy.



**Link to sustainability**

[www.bunzl.com/sustainability](http://www.bunzl.com/sustainability)

1

## Providing sustainable solutions

To save resources and protect our natural environment, many of the world's leading companies are setting targets for their packaging to become more sustainable. Because we are not wedded to any particular materials, we can:

- provide objective advice and expertise on sustainable products for our customers;
- work with our customers to find solutions for their sustainability challenges; and
- collaborate with our suppliers and join the dots with end customer needs to bring innovative solutions to market.

Across the business and in multiple geographies, we are already working with suppliers and customers to find sustainable solutions for the products they use. Since 2015, we have been working in partnership with the Climate Neutral Group to supply Coop Supermarkten in the Netherlands with a 'climate neutral' reusable carrier bag. The process for developing a climate neutral product involves calculating the lifecycle greenhouse gas emissions associated with the carrier bag (the carbon footprint). We then develop and implement measures that reduce the carbon footprint of the product. Bunzl Retail and Industry Netherlands worked to reduce the carbon footprint of the reusable carrier bag by using 97% post-consumer recycled plastic in its composition. This plastic comes from recycled PET bottles, a material that has a much lower carbon footprint when compared to using virgin plastic.



Coop Netherlands works closely together with Bunzl to meet our sustainability goals for packaging. Bunzl not only understands where we want to go from a sustainability point of view but also has a good understanding of the retail sector. This combination makes for a very effective collaboration which we very much appreciate.

**Ralph Lenoire**

Manager Facilitair, Coop Netherlands

Finally Coop offset the remaining greenhouse gas emissions that cannot be avoided. The offset project Coop are supporting invests in the manufacture, distribution and sale of efficient cookstoves in Uganda, Africa. The objective is to improve access to cleaner, healthier, more cost-effective cooking methods for local households, replacing open fires that cause deforestation, produce large amounts of smoke and cause respiratory disease.

The project not only provides a carrier bag made from recycled plastic, but also combats climate change, improves indoor air quality in many Ugandan households and improves the living conditions of women and children who spend less time collecting firewood for cooking. The entire process for developing the reusable carrier bag has been externally verified by the Climate Neutral Group which is shown by the Climate Neutral product logo on the bag.

This is an example of how Bunzl is helping customers reach their sustainability targets by innovating the way that the packaging products we supply are designed and produced as well as effectively collaborating across the supply chain to bring more sustainable alternatives to market.





Over the past three years Bunzl Catering Supplies (BCS) has been a valued and trusted partner to us at DFDS. Their approach to sustainability and the resources they offer has been crucial in supporting our ambition to be the most sustainable ferry service. It was great to be able to welcome Justin, BCS's new Head of Sustainability aboard earlier in the year to understand our business and we look forward to continuing to work with him and his team to lead the way and be as sustainable as possible.

**Dave Lewis**  
Food & Beverage Category Manager  
DFDS



2

### Expert advice on emerging trends and products

Many of our customers are under pressure to reduce their plastic waste footprint. This is a complex challenge as the daily running of our customers' businesses depends on the products we provide and there are many single-use plastic products where no viable alternative exists today. As a materials-agnostic distributor and with a dedicated team of plastics and sustainability experts, Bunzl is well placed to provide customers with trusted and objective advice on complex sustainability issues.

Across the business, our expert advice has already helped our customers find sustainable solutions for the challenges they face. For example, Bunzl Catering Supplies (BCS) in the UK has been working with DFDS, one of the world's leading ferry operators, to provide practical advice and up-to-the-minute expertise on which alternative packaging can meet their operational needs while making their business operations more sustainable.

The BCS sustainability team participated in onboard service visits of popular ferry routes and reviewed the packaging used and end of life options onboard. As with a number of their other customers, BCS also employed their 'Sustainable Future Footprint Tool' which helped to assess DFDS's current product portfolio and identified opportunities to reduce their impact by shifting to more sustainable alternatives.

To simplify the number and complexity of materials being used, the most recyclable alternative options were recommended, with a clear focus on single-material solutions.

Following the recommendations made by the BCS team, DFDS began discussions with port authorities in Calais and Dunkirk in France to ensure all parties are collaborating to improve ongoing recycling processes. The onboard segregation of food, glass, plastic (primarily recycled PET), cardboard and general waste has improved and single-use plastic cutlery, toothpicks and stirrers have been replaced with more sustainable alternatives.

3

### Partnerships to close the loop

We recognise that the lifecycle of packaging does not end at the point of sale. Organisations across the recycling and waste disposal systems sectors are looking for inventive ways to create a world where packaging waste is significantly reduced. By working together with these groups and our customers, suppliers and other stakeholders, we want to ensure Bunzl becomes part of that solution.

We want to partner with organisations throughout the supply chain to tackle sustainability issues, such as securing better end of life options for packaging and our ultimate aim is to bring a circular economy approach to the products we distribute. One example of how we have been doing this is a partnership with one of our grocery customers in North America.

A grocery customer approached Bunzl North America for information on recycling opportunities for film-based plastics in 2018. Instead of just offering knowledge and advice, we decided to partner with the customer to create a film-based recycling programme using Bunzl North America's infrastructure.

The store teams collect clear, film-based plastic (e.g. produce bags, pallet wrap, etc) throughout the week, our drivers then load the collected plastic at the time of each store's weekly Bunzl delivery and backhaul the material to one of our Distribution Centres. Our warehouse teams then use our waste management equipment to bale the plastic before it is sent for recycling by a local service provider.

## TCFD recommendations

We welcome the development of the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. Climate and environmental risks are currently already included in our risk management processes and we consider our disclosures on governance, strategy, risk management and metrics and targets to be already broadly in line with most of the TCFD recommendations. In 2020 we will undertake a gap analysis of our reporting against the TCFD recommendations to

identify action to bring disclosure further in line with the recommendations. This analysis will also include a review of our climate change risk management process, with an aim to broaden our consideration of the actual and potential business impacts of climate change. The assessment of the materiality of the impacts of climate-related risks and opportunities on our business will take into consideration different long term climate-related scenarios.

## Non-financial information statement

In accordance with sections 414CA and 414CB of the Companies Act 2006, we have set out where the relevant non-financial information we need to report against can be found in this Annual Report:

<b>Business model</b> pg 16 →	<b>Social matters</b> pg 34 →	<b>Employees</b> pg 34 →
<b>Anti-bribery and corruption matters</b> pg 34 →	<b>Human rights</b> pg 34 →	<b>Environmental matters</b> pg 34 →

Where principal risks have been identified in relation to any of the matters listed above, these can be found on pages 50 to 55. Our non-financial key performance indicators are set out on pages 22 to 23.



View our sustainability codes, policies and standards, together with information concerning the due diligence and monitoring procedures carried out in relation thereto, at [www.bunzl.com](http://www.bunzl.com)