



**31%**

Reduction in accident  
severity rate

## BEING A RESPONSIBLE BUSINESS

We focus on maintaining high levels of corporate responsibility within our business.

To this end we actively work with our suppliers to increase sustainability within our supply chain and provide products and solutions to our customers that are sourced and delivered efficiently, safely and sustainably. As a responsible employer we provide our employees with a safe working environment and promote a positive and supportive culture.



**503**

Asian supplier  
CR audits

# CORPORATE RESPONSIBILITY

## Business context

We are a focused and successful international distribution and outsourcing group with operations across the Americas, Europe, Australasia and Asia. By outsourcing the purchasing, consolidation and delivery of a broad range of everyday items, our customers are able to focus on their core businesses, achieve purchasing efficiencies and savings, free up working capital, improve distribution capabilities, reduce carbon emissions and simplify their internal administration.

We do not manufacture any products but as part of our business strategy we source and procure branded, own brand and unbranded products globally. These products are then consolidated into our extensive global warehouse infrastructure, giving our customers a one-stop-shop solution to help reduce or eliminate the hidden costs of self-distribution and reduce their environmental impact. We also offer several delivery options to ensure our customers receive their products when and where they are needed.

As well as day-to-day operations, our business relies on developing strong and stable relationships with all of our stakeholders. We believe in managing our business with integrity, making sustainable, long term decisions.

## Sourcing

We source everyday essential non-food items for a number of market sectors including foodservice, grocery, cleaning & hygiene, safety, retail and healthcare. We are able to offer a full range of items which satisfy our customers' demands, including offering alternative products which have a lower environmental impact. Our quality assurance/quality control department based in Shanghai monitors and works with our key direct suppliers in Asia and elsewhere to ensure that appropriate corporate responsibility ('CR') standards are in place.

## Consolidation

We have an extensive operations' footprint across 30 countries. Our broad range of products 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 to our customers, thereby cutting fuel usage, carbon emissions and administration.

## Distribution

With our fleets of delivery vehicles and third party carriers, we are able to get products to our customers in a timely manner. Our flexible delivery service allows our customers to increase the efficiency and competitiveness of their operations.

## Strategy, framework and materiality

We believe that positive actions with respect to CR are not only desirable in their own right but are also of potential economic and commercial benefit to the Group. A strong reputation for CR can provide business advantage and contribute to shareholder value. Conversely, perceived weakness in CR may damage our reputation and cause risks. Bunzl's good practice in sustainability has again been recognised by its FTSE4Good listing and CDP (formerly Carbon Disclosure Project) score. Details of our strategy and framework in relation to CR can be found on the Bunzl plc website in the Responsibility section at [www.bunzl.com](http://www.bunzl.com).

## Materiality

Understanding our material issues is important to enable us to manage our CR related impacts and stakeholder relationships effectively. It also helps to focus our resources, engagement and reporting activities by addressing those issues most material to our business. Our current areas of focus are:

- business conduct/code of ethics: training to ensure everyone understands our standards;
- supply chain: responsible sourcing, working as partners with our suppliers to encourage high levels of CR and ethical trading initiatives;
- employees: engaging through clear communication using a variety of channels, as well as provision of training and development opportunities;
- health & safety: improving safety in our warehouses and on our vehicles and ensuring that everyone takes personal responsibility for this;
- environment/climate change: reducing our and our customers' impacts on the environment by reducing carbon emissions, promoting the reduction of waste and providing innovative products and services to meet our customers' needs, for example environmentally friendly packaging;

- community: providing support by encouraging employee fundraising and donating to charitable projects and good causes that benefit the communities we work in; and
- customers: offering a full product range and delivering these products to our customers efficiently, thereby enabling our customers to benefit from a lower environmental impact of doing business.

These issues are governed by a policy framework, which is approved and monitored by the Board, with implementation at a business area level.

## Business conduct/code of ethics

The Group's business conduct/code of ethics policy is disseminated to every employee as a guide to how employees are expected to conduct themselves both from a corporate and individual perspective. The policy clearly states that employees should 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.

No material breaches of our business conduct/code of ethics policy were recorded in 2017. 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 13 (2016: 16) calls/letters were received through our confidential whistleblowing process, 'Speak Up', none of which related to any issues of material concern.

All directors, managers, sales representatives and purchasing staff are required to undertake all of the CR e-learning modules which have been developed and enhanced since their original launch. There are now a total of 11 modules which provide an overview of the business conduct/code of ethics policy and anti-bribery issues such as facilitation payments and gifts and entertainment. We have recently developed a training module on combatting modern slavery and are currently in the process of rolling this out.

## CORPORATE RESPONSIBILITY CONTINUED



### Supply chain

Price is only one factor in our purchasing decisions and matters such as quality, availability, our customers' preferences and our policies are also taken into account. The vast majority of our products are sourced locally by our businesses but many products are sourced elsewhere if it is appropriate to do so. We work with our suppliers with the aim of ensuring the products we supply are manufactured from sustainably sourced raw materials. We also continue to refine our processes to ensure that imported paper and wood based products are manufactured from legally sourced timber. Each business area is responsible for implementing appropriate processes to assess key suppliers' compliance with the relevant CR standards and to monitor performance and improvements against such standards.

### Auditing

To assist the business areas, we have our own quality assurance/quality control department based in Shanghai which performs regular audits of our direct suppliers in Asia to ensure that they meet international standards, as well as tests the factories' production capabilities and their quality assurance and quality control systems. Employees' terms and conditions of work, customer service capabilities, hygiene management systems and their policies and practices on environmental issues are also checked. We expect our suppliers to meet or exceed local legislative requirements and 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 (ETI). During 2017 the team in Shanghai has continued to grow and refine its CR audit programme further to categorise suppliers appropriately in relation to their standards and practices.

Suppliers who are unable to meet all the requirements after an initial assessment/audit are given the opportunity to comply fully within a period of time which is deemed appropriate for the circumstances. If a serious breach is identified following assessment, an action plan is documented and the supplier is expected to commit to addressing all the areas where discrepancies have been identified. The process of improvement via this method is principally reliant on the commitment of the supplier's management team/owner/agent to ensure that all areas are addressed. If we have reason to believe that the supplier is not making sufficient or committed progress, this could lead to a suspension in the relationship until such time that we are confident that all areas are being satisfactorily addressed. 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 and 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 2016 we completed a quantitative analysis of material social risks in our worldwide supply chain. Suppliers were ranked against human and labour rights identified by internationally agreed standards and credible data taking account of geography and product. This analysis confirmed that our central CR audit process covers the geographies with high levels of social risks, which are predominantly countries in Asia.

However during 2017 we started to expand our CR audits into geographies with medium levels of social risk by carrying out audits outside of Asia, namely in Mexico, Brazil, Romania and Turkey. We will expand this process further in 2018.

### Capacity building and training

We work with our suppliers to help them prevent CR issues arising and to address them if they are found. In 2017 we continued to expand our approach from audit and monitoring to collaborative solutions. We believe that building relationships, capacity and trust with suppliers is critical when it comes to preventing and identifying incidences of modern slavery. We also organised a supplier conference in Shanghai to showcase examples of good practice and build awareness of social compliance issues. This helped to develop local expertise and build the business case for suppliers to achieve better productivity, quality and worker retention. The training included increasing awareness of modern slavery issues and other social risks and how to identify and remedy them if found and enabled the sharing of good practice and learning with other suppliers. The conference was attended by 30 suppliers.

### Training

We will shortly be launching a CR training module which specifically covers social risks, including modern slavery. This training module is mandatory for all of our senior management as well as senior sales representatives and procurement employees. The training will help our employees to understand and recognise social risk issues that might occur in our supply chain and to inform them of the appropriate actions that should be taken if such issues are found.



### Supplier training conference – Group

A supplier conference was held in Shanghai in 2017. The key objectives of the event were to increase suppliers' awareness of modern slavery issues and other social risks and to enable sharing of good practices about how to remedy those risks if found. The event was very successful and well received by the 30 suppliers that attended.

“Attending the supplier training conference in Shanghai provided a unique opportunity to speak with Bunzl and other suppliers about social risk issues in an atmosphere of openness. Bunzl's commitment to this training programme demonstrates its willingness to develop stronger supplier partnerships. As a supplier to Bunzl, we feel privileged to be part of this.”

Lu Yue-Zhong – EBIC, Asian supplier to Bunzl



## Communications

We continue to ensure that our CR policies, including our requirements relating to social risks, are communicated and enforced adequately in our supply chain through communication with our suppliers. In the past we have written to our top suppliers by value. In 2017 we refined this approach and started the process of writing to all suppliers in countries with medium or high social risks and to our main suppliers in other countries with relatively low direct social risks. For this purpose, we have developed a Supplier Code of Conduct that defines the principles and standards that Bunzl expects suppliers of goods and services to adhere to.



## Employees/human rights

Bunzl adheres to the Universal Declaration of Human Rights ('UDHR') and upholds the Fundamental Principles and Rights at Work policies, defined by the ILO, as well as applicable local laws. The majority of countries in which Bunzl operates have their own laws banning child and forced labour and promoting human rights. We monitor the age of our workforce across the world and identify any potential succession issues. Bunzl does not restrict any of its employees in any of the countries in which it operates from joining a trade union if they wish to do so. More details about our employees can be found in the Our people section of this Annual Report on page 38.

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 and is available on our website, [www.bunzl.com](http://www.bunzl.com).



## Health & safety

Health and safety remains a priority for Bunzl and it is our aim that no employee or other person should be injured as a result of our operations. In the 2017 reporting period there were no fatalities (2016: one).

Our incidence and severity rates have improved by 23% and 31% respectively. This improvement was particularly driven by strong performances in North America and Australia where the number of accidents

decreased by 33% and 60% respectively. This has been underpinned by our safety observation programme which provides ongoing feedback to our employees on both good and poor safety performance. During 2018, it will continue to be extended across the business. In North America, warehouse managers and supervisors perform one safety observation per day. The results are reviewed monthly in a safety committee meeting. All sites in the US have introduced pre-shift stretching programmes as a way to reduce manual handling injuries. The roll-out will continue into Canada in 2018.

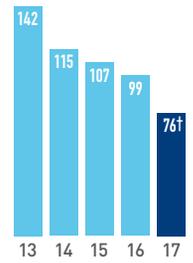
We continue to invest in premises and equipment to improve the safety of our employees and others. Although we aim to minimise the risks which occur, particularly relating to the operation of our warehouses and vehicles, incidents involving manual handling, falling, slipping and tripping and impact with equipment/objects remain the highest causes of accidents and days lost. Together these hazards represent 93% of incidents and 95% of days lost. All our businesses are required to comply with Group policies issued through the Corporate Responsibility and Sustainability Committee which reviews the Group's safety performance on a quarterly basis. Implementation of Group policies is audited by a team of safety professionals and safety standards are also reviewed as part of our internal audit process.

## Incidence rate

Average number of incidents per month per 100,000 employees

23% ↓

Reduction in incidents

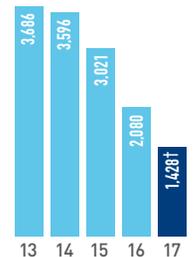


## Severity rate

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

31% ↓

Reduction in days lost



† Included in the external auditors limited assurance scope referred to on page 48. 2016, 2015 and 2014 data was also assured as detailed in the respective Annual Reports. 12 months to 30 September.

## Stretch It Out Campaign – North America

Two years ago, Bunzl North America began a programme called Stretch It Out ('SIO'), focusing on pre-shift stretching in order to address ergonomic related sprains and strains. SIO has not only helped to reduce the leading cause of injuries within our operations, but has also led to increased employee engagement and participation. The SIO programme centres around employees' involvement with their teams.

"I really enjoy leading the SIO programme in Bunzl Anaheim. SIO has helped our team focus more on safe behaviours, both inside and outside of work."

William Lemus,  
Warehouse employee  
and Safety team  
member at  
Bunzl Anaheim



## CORPORATE RESPONSIBILITY CONTINUED

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 their own specific focus but all of them are aimed at reducing accidents and injuries on the road. In 2016, telematics equipment was installed throughout France Hygiene's commercial fleet, which is our largest fleet in Continental Europe. In 2017, France Hygiene further focused on the implementation of safe driving programmes by training, coaching and engaging drivers, helping them to demonstrate best-in-class safe driving behaviours. UK & Ireland now has all commercial vehicles fitted with multiple cameras, side proximity sensors and audible left turn and reversing warnings to improve road safety both for our drivers and other road users, as well as reduce vehicle damage.

Our safety awareness programmes are management led within the business areas. France Hygiene, which has the highest incidence and severity rate in the Group, developed a programme to improve safety and strengthen the focus on their high risk groups of workers. Various initiatives were implemented across the business. Additional training programmes covering the specific risks that these groups of workers can be exposed to during their work helped employees to apply safe working methods to mitigate these risks.

The root cause of many incidents is found to be a failure to implement established safe working practices. France Sécurité started a safety observation programme in 2017. The programme included training for supervisors on how to perform behaviour observations and coaching on effective feedback conversations with employees.

During the year we improved our web-based Environmental, Health & Safety ('EHS') reporting system by enhancing the reporting functionalities. The system includes an audit system which enables progress on corrective actions to be tracked by our EHS managers.

Details of our performance from 2013 to 2017 are provided in the bar charts on page 45. The accident data provided covers more than 99% of the Group by revenue.



### Environment/climate change

We seek to minimise the contribution of Bunzl's operations to climate change and to prevent other harmful effects of Bunzl's operations on the environment. Operational efficiency forms part of our long-established and successful strategy to develop the business and the reduction of energy consumption is an integral part of operational efficiency. Our facilities worldwide operate to Group standards and we promote environmental awareness throughout the business. 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 2017.

Direct water usage is not a significant environmental impact for our business as it is principally confined to staff hygiene and workplace cleaning purposes. Our estimated water usage is 140,000 m<sup>3</sup> of water. 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 Group locations where the water is treated by interceptors in accordance with local legislation.

Our reported environmental data includes all businesses that are subsidiaries of the Group for financial reporting purposes, with the exception of those recent acquisitions where there has been insufficient opportunity for the businesses to adopt our reporting guidelines, in which case the revenue from the businesses is not included when calculating the indexed emissions. All acquisitions made prior to the 2017 reporting year are now providing environmental data. Revenue relating to more recent acquisitions which are not yet reporting emissions is excluded. The reported data covers around 99% of the Group by revenue.

We integrate our environmental reporting with our financial reporting through the annual budget review. Businesses provide commentary on their environmental performance and set targets for the following year. Environmental data is reviewed and agreed by the relevant Finance Directors.

The requirements of the EU Energy Efficiency Directive have been implemented in all relevant businesses across Continental Europe and UK & Ireland. In addition, a number of locations in UK & Ireland, Australasia and Continental Europe have renewed their ISO 14001 certification. Currently, measured by revenue,

### Waste

Tonnes per €m revenue



### Scope 3 carbon emissions

Waste  
Electricity transmission  
Business travel  
Third party carriers



approximately 24% of the Group's operations are certified to ISO 14001. 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.

In Continental Europe, France Sécurité is MASE (Manuel d'Amélioration Sécurité des Entreprises) certified to reflect the requirements of its customer base. This certification encompasses continuous improvement in EHS performance and is externally assessed.

### Carbon emissions

**Scope 1:** Fuel for transportation remains our highest source of CO<sub>2</sub>e emissions contributing c. 83% of Scope 1 and c. 63% of combined Scope 1 and 2 emissions. Of those emissions relating to transportation, more than 75% 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. In North America, where we have our largest commercial fleet, the combination of these measures provided a 2.5% improvement in fuel efficiency during the year. This has resulted in an annualised saving of approximately 400,000 litres of diesel fuel. At Group level, diesel consumed by our commercial fleet increased by 2.5% mainly due to sales growth. In Australasia, the need for greater flexibility of transport methods and efficiency in distribution has

## Greenhouse gas emissions

Data for the period 1 October to 30 September

	Tonnes of CO <sub>2</sub> e		
	Base year 2010	2016	2017†
Scope 1	95,249	89,186	92,687
Scope 2	28,757	32,201	30,451
Total gross emissions	124,006	121,387	123,138
Total carbon emissions per £m revenue	26.3	17.1	15.0

† Included in the external auditors' limited assurance scope referred to on page 48. The data for 2016 was also assured as detailed in the 2016 Annual Report.

resulted in the decision to transfer a major part of our distribution to third party carriers. This transfer started in 2016 and was completed in 2017. 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. In France, the use of telematics has contributed to a 5% decrease in fuel usage by our commercial vehicles (66,000 litres of diesel).

Consumption of gas during the year increased by nearly 11% primarily due to colder weather conditions in North America, and increased presence in colder geographical areas (e.g. Canada) leading to higher building heating requirements.

**Scope 2:** Electricity consumption has increased by 1.0% as a result of an increase in warehouse space due to acquisitions and organic growth of the business. Per £ of revenue, our electricity consumption has decreased by 4% at constant exchange rates. Lighting is our highest category of electricity consumption and we continue to review the return on investment on low energy lighting at all our sites worldwide as the technology progresses and improves the efficiency of such lighting. We also fit voltage optimisers where this is beneficial. During the year there have been 17 projects, predominantly in North America and UK & Ireland, to upgrade lighting, providing annualised savings of approximately 3 million kWh of electricity. These savings represent approximately 4% of our electricity consumption. Other locations are being looked at for potential LED lighting projects to determine the available incentives and anticipated payback. In addition, as energy contracts are renewed, businesses are moving to low carbon energy where this makes commercial sense and is supported by the local infrastructure. In the UK & Ireland we have moved to a central electricity supply contract with low carbon electricity. This contract covers all business units in this business area except a few recent acquisitions that are still on existing contracts.

**Scope 3:** We are continuing to refine the data collection for our Scope 3 carbon emissions. Our reporting comprises emissions from third party carriers, business flights, waste and electricity transmission losses. The majority of the businesses which have been acquired since 2010 do not have 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. The bar graph on page 46 shows that third party carriers produce the largest proportion of our reported Scope 3 emissions. Bunzl is an international company with an active global acquisition programme and business flights are essential for the effective management and growth of our business. We increasingly use alternative means of communication such as video and telephone conferencing and flights are justified by business needs and are subject to authorisation by senior management. Reduction and segregation of waste continues to be an area of focus and the data provided covers approximately 94% of the Group by revenue, although accurate waste measurement remains challenging. Despite including this in our Scope 3 emissions calculation, we have for transparency continued to provide waste data separately as well.



### Community

Although Bunzl's operations are international, our strength lies in the local nature of our businesses. In keeping with this ethos, we particularly support the fundraising activities championed by our employees locally. This is supplemented by donations made at Group level to charities predominantly in the fields of healthcare and the environment to support projects often in the communities where our operations are based. Where possible and appropriate, Bunzl also looks to donate stock free of charge ('in-kind'). Group wide, Bunzl donated a total of £742,000 to charitable causes during 2017 (2016: £712,000). This does not

include in-kind donations or employee fundraising. We continue to support our employees in their charitable fundraising, for example a charity run in Switzerland to raise money for Alzheimer's research, as well as supporting projects for healthcare and environmental charities, such as providing funding to the British Red Cross Solidarity Fund which was launched to support people who had been injured, bereaved or traumatised by terrorist attacks in the UK.

For more information on all of Bunzl's CR policies and activities please visit the Responsibility section of our website, [www.bunzl.com](http://www.bunzl.com).



### Customers

As part of our policy to provide our customers with high quality products and good value for money, businesses within the Group are constantly developing and sourcing new products. Our aim is not only to satisfy changing customer requirements but also to give ourselves a competitive advantage in the marketplace. From colour coded 'free from' labels for the hospitality sector to the use of innovative fabrics to give greater protection to workers against challenging weather conditions or where there is a risk of contamination from viruses, bacteria and fungi, Bunzl works with its customers in the development of new, redesigned or substantially improved products.

A number of Bunzl businesses adopt partnerships and source innovative products to help their customers be responsible users of disposable packaging and reduce their waste footprints. To increase our offering of environmentally friendly products which can minimise waste, North America expanded its offering through the acquisition of Earthwise Bag Company. The business specialises in the supply of reusable eco-friendly bags including multi-use totes, insulated bags, wine totes and produce bags to supermarkets and other retailers.

Bunzl Catering Supplies ('BCS') is a founding member of the Simply Cups Scheme, the UK's only dedicated collection and recycling solution for paper cups. The team at BCS has hosted a series of launch days for a number of customers, engaging with consumers and working hard to change perceptions around paper cup recycling. BCS has continued to work closely alongside the Simply Cups team and, together with environmental charity

## CORPORATE RESPONSIBILITY CONTINUED

Hubbub and a number of supplier partners and retailers, joined forces to launch a high profile coffee cup recycling challenge in the City of London – the Square Mile Challenge. This was hugely successful and almost all businesses that participated in the event decided to continue with the cup collection scheme afterwards.

Bunzl's one-stop-shop service saves delivery miles. Bunzl sources and consolidates a broad range of products to offer our customers an efficient consolidated product offering, thereby minimising the number of deliveries and fleet miles required.



### External assurance

We engaged PricewaterhouseCoopers LLP ('PwC') to undertake a limited assurance engagement, reporting to Bunzl plc only, using International Standard on Assurance Engagements ('ISAE') 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and ISAE 3410: 'Assurance Engagements on Greenhouse Gas Statements' over the three non-financial KPIs on page 23 and the data on pages 45 and 47, in each case that has been highlighted with the symbol '+'. They have provided an unqualified opinion in relation to the relevant KPIs and data and their full assurance opinion is available in the Responsibility section of our Group website, [www.bunzl.com](http://www.bunzl.com).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. In order to reach their opinion, PwC performed a range of procedures including making enquiries of relevant Bunzl management, and evaluating the design of the key structures, systems, processes and controls for managing, recording and reporting the selected information. This included analysing and testing over a number of sites selected on the basis of their inherent risk and materiality to the Group, to understand the key processes and controls for reporting site performance data and to obtain supporting information. Finally, PwC performed limited substantive testing on a selective basis of the selected information in relation to one site in UK & Ireland, 15 sites in North America and seven sites in Continental Europe to check that data had been appropriately measured, included, collated and reported.

Non-financial performance information, including greenhouse gas quantification in particular, is subject to more inherent limitations than financial information. It is important to read the selected corporate responsibility information contained in this Annual Report in the context of PwC's full limited assurance opinion and the Company's Corporate Responsibility Performance Reporting Guidelines which are also available in the Responsibility section of our website.

### Square Mile Challenge in the City of London – UK and Ireland

BCS joined with key supply chain partners to launch a paper cup recycling initiative called the Square Mile Challenge at London's Liverpool Street station. The initiative was organised in partnership with Simply Cups, of which BCS is a founding member, and aimed to recruit businesses and consumers to work together to recover and recycle half a million paper cups within one month. It was a huge success and the work has continued since then.

"While no one has the solution to this problem, collectively we can use the Square Mile Challenge as a catalyst for new thinking."

Joanna Gilroy, Head of Sustainability, Bunzl Catering & Hospitality Division and Corporate Responsibility Manager, Bunzl plc



## CR Risks

Corporate responsibility risks are considered to be part of the Group's risk management process, as set out on pages 51 to 55, but none are considered to represent principal risks to the Group. A number of CR risks which could impact the Group's business have been identified and these are set out below together with the steps taken by management to mitigate such risks.

Principal CR risk facing the Group	Description of risk and how it might affect the Group's prospects	How the risk is managed or mitigated
CR compliance failures	Lack of adherence to the Group's CR policies could result in a variety of issues including those relating to inappropriate business practices, accidents at work and increased levies due to levels of waste or carbon emissions.	The Group has comprehensive CR policies and procedures (including those relating to anti-bribery and corruption) in place throughout the business as well as an established reporting framework. Regular training in all areas of CR takes place using our suite of e-training modules.
Loss of key employees	The Group is not capital intensive but the business is based on strong customer and supplier relationships which are built up locally. Stability of key relationship roles amongst the Group's employees is therefore important.	The Group seeks to secure key staff with appropriate incentive packages, development opportunities and career progression. Voluntary staff turnover and sickness absence is measured on a monthly basis and employee age profiles are reviewed annually. This enables any issues to be identified and resolved.
Loss of operating facilities/ unavailability of staff	Climate change may result in higher frequency of extreme weather conditions. This could result in some of the Group's facilities being affected or employees being unable to attend for work.	The Group often has multi-site facilities with products stocked in more than one location, as a result of which the Group usually has the ability to distribute products from nearby facilities. Business continuity plans are in place to minimise the impact of any such issues.
Suppliers' non-compliance with good CR practices	The Group is not a manufacturer and has many international suppliers. The failure of one of the Group's key suppliers to adhere to recognised CR standards could affect the Group's reputation.	The Group's key suppliers are principally multinational organisations with high standards of operations. Suppliers are monitored by the Group's purchasing departments and the quality assurance/quality control department based in Shanghai audits key direct suppliers throughout Asia and overseas audits carried out by third parties elsewhere. All key suppliers and suppliers in countries with increased social risk are made aware of the Group's CR aspirations. We have developed a Supplier Code of Conduct that defines the principles and standards that Bunzl expect suppliers of goods and services to adhere to.

These risks are seen to be counterbalanced by a variety of opportunities that arise as a consequence of CR and its impact on the business environment as previously outlined in this report.

## Key performance indicators

	Performance			What we said we would do in 2017	What we did	What we plan to do in 2018
	2015	2016	2017			



### Health & safety

Improving safety in our warehouses and on our vehicles

Reduction in accident incidence rate (% change year-on-year)	-7%	-7%	-23%	Reduce the Group accident incidence rate by 5% from 2016.	The accident incidence rate reduced by 23% and the accident severity rate reduced by 31%. The accident incidence rate improved in all business areas. The accident severity rate decreased in all business areas except UK & Ireland where we saw a small increase.	Reduce the Group accident incidence rate by 5% from 2017.
Reduction in accident severity rate (% change year-on-year)	-16%	-31%	-31%	Reduce the Group accident severity rate by 5% from 2016.	The improvements were achieved by focusing on the implementation of our internal safe working standards that address the key hazards of our operations and improved safety observation programmes.  Businesses that operate their own commercial vehicles have placed considerable emphasis on training programmes for drivers, aimed at reducing accidents and injuries on the road.  We continued to enhance and extend our training and awareness programmes that aim to address the behavioural factors which cause injuries.	Reduce the Group accident severity rate by 5% from 2017.

## CORPORATE RESPONSIBILITY CONTINUED

### Key performance indicators continued

	Performance			What we said we would do in 2017	What we did	What we plan to do in 2018
	2015	2016	2017			
 <b>Environment/climate change</b> Reducing our impact on the environment by reducing carbon emissions						
Carbon emissions: Scope 1 (Tonnes of CO <sub>2</sub> e/£m revenue)	14.7	12.6	11.3	Reduce emissions by 1% against 2016. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2017 figure represents a 10% reduction in Scope 1 emissions versus 2016, including the effect of foreign exchange translation. At constant exchange rates the reduction in emissions is 1%.  Fuel for transportation contributes c. 83% of Scope 1 emissions. Reduction of these emissions is primarily driven by fuel efficiency improvements (including regular replacement of vehicles, use of vehicle telematics and driver training programmes). In North America, where we have our largest commercial fleet we have improved our fuel efficiency by 2.5% during the year. At a Group level, diesel consumed by our commercial fleet per £m revenue decreased by 2.5% excluding foreign exchange translation effect.  Scope 1 emissions are also impacted by weather conditions (influencing the fuel needed for heating of buildings). As a result of the relatively cold winter in North America and increased presence in colder geographical areas our Group natural gas usage increased by nearly 11%.	Reduce emissions by 1% against 2017. (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)	5.4	4.5	3.7	Reduce emissions by 2% against 2016. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2017 figure represents an 18% reduction in Scope 2 emissions versus 2016, including the effect of foreign exchange translation. At constant exchange rates the reduction in emissions is 10%.  The Scope 2 emissions are calculated with location based emission factors that are updated annually. The impact of the update of the conversion factors in 2017 on the Scope 2 index is a reduction of 4% versus 2016. Our Scope 2 emissions do not take into account low carbon electricity purchases (representing approximately 15% of electricity purchased).  The remaining improvement in the Scope 2 index has been driven by the continued implementation of low energy lighting.	Reduce emissions by 2% against 2017. (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)	20.1	17.1	15.0	Reduce emissions by 1% against 2016. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2017 figure represents a 12% reduction in total Scope 1 and 2 emissions versus 2016, including the effect of foreign exchange translation. At constant exchange rates the reduction in emissions is 4%.	Reduce emissions by 1% against 2017. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)

Our Scope 1 and 2 emissions are represented as an index against £m revenue. The foreign exchange translation effect in the 2017 reporting year, caused by the movement in the exchange rates of sterling against other currencies during the 2017 reporting year compared to the 2016 reporting year, was to increase the reported reduction in emissions by approximately 9%.

 <b>Suppliers</b> Responsible sourcing, working as partners with our suppliers to encourage high levels of CR and ethical trading initiatives						
Supplier CR audits and assessments covering environmental and social standards (Number of audits/assessments carried out)	382	449	503	Launch a training programme covering social risks in our global supply chain.  Refine supplier CR risk profiling.	We have developed and will shortly be launching a CR training module which specifically covers social risks, including modern slavery. This training is mandatory for all of our senior management as well as sales representatives and procurement employees.  The CR audit programme was expanded into geographies outside Asia with medium levels of social risk.	Further expansion of our CR audit programme into geographies with medium levels of social risk.

 <b>Community</b> Providing support to our local communities through employee fundraising, matched funding and donations of stock and cash to charitable organisations						
Charity donations (£000s)	631	712	742	Continue to support relevant charities.	Bunzl supported a variety of projects for healthcare and environment related charities. For example, we have expanded our work with St John Ambulance.	Continue to support relevant charities.