

Corporate responsibility

We are committed to ensuring that our business is conducted in all respects according to rigorous ethical, professional and legal standards. We are a responsible employer that provides our employees with a safe working environment and promotes a positive and supportive culture which values commitment, openness, honesty and respect for everyone.

Our extensive and flexible supply chain offers our customers the opportunity to choose from a wide range of goods and services to meet their commercial needs. Our supply chain management processes ensure that those goods are responsibly sourced, manufactured and delivered. We offer a wide product range to our customers and provide our support and expertise on the sustainable aspects of our products, enabling them to make informed choices, taking into account sustainability, functional and commercial criteria. Our efficient one-stop-shop operating model allows our customers to benefit from a lower cost and environmental impact of doing business.

Business context

We are a focused and successful specialist international distribution and services Group with operations across the Americas, Europe and Asia Pacific. 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 solid and stable relationships with all of our stakeholders. We believe in managing our business with integrity and making sustainable, long term decisions.

Sourcing

We source everyday essential non-food items for a number of market sectors including foodservice, grocery, safety, cleaning & hygiene, retail and healthcare. We are able to offer a wide range of items which satisfy our customers' demands, including offering alternative products which have a lower environmental impact. Our quality assurance/quality control team 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 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, thereby cutting fuel usage, carbon emissions and internal 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 own 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.

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 the 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;



- 1 Reusable cups made from coffee husks
- 2 Food containers made from polylactic acid ('PLA'), a renewable plastic
- 3 Cups made from recycled polyethylene terephthalate ('PET')
- 4 Compostable coffee cups
- 5 Paper based food packaging

- 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 their sustainability needs;
- community: providing support by encouraging employee fundraising and donating to charitable projects and good causes that benefit the communities we work in; and
- customers: developing and offering a full product range and delivering these products to our customers efficiently, thereby enabling them to benefit from a lower environmental impact of doing business. Where appropriate, we partner with customers to identify products and services to minimise waste and provide expert advice on more sustainable alternatives.

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 2018. 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 10 (2017: 13) calls or letters



A sustainable approach to single-use plastics

The environmental impact of single-use plastics is an increasing priority throughout society. It is a complex issue as there are many plastic products for which limited viable alternatives exist today. Many of our customers have ambitious commitments to reduce their plastic waste footprint.

As a leading distributor of a variety of plastic-based products, Bunzl is on the frontline and takes a proactive approach. Our scale and unique position at the centre of the distribution system gives us a powerful opportunity to be part of the solution – working in partnership with our customers and our suppliers to find and promote alternatives to single-use plastics when possible and to support the development of innovative products to increase compostability and recyclability.

We are agile when it comes to changing our product range and see this as an opportunity for growth. Many of our businesses have found alternatives through innovation and in close collaboration with suppliers. We also pursue opportunities to increase awareness about collection and recycling – together with our supply chain partners and the public.

Some examples of our work in this area can be found in the Customers section on page 47.

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, gifts and entertainment and training modules on competition law and identifying and addressing modern slavery concerns, the latter being rolled out in 2018.

Corporate responsibility continued



Supply chain

Price is only one consideration in our purchasing decisions and factors 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 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. We also continue to refine our processes to ensure that imported paper and wood-based products are manufactured from legally sourced timber. To this end, we have reviewed our Asian supplier audit process in 2018 and we will add to our audit process a review of the sources of wood fibres in our products to try to ensure that paper-based products are sourced sustainably.

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.

Our supplier code of conduct defines the principles and standards that Bunzl expects suppliers of goods and services to adhere to. The supplier code is available in several languages and is actively communicated to key suppliers, particularly in those countries with increased risk of modern slavery and other social risks.

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 testing 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. Our central CR audit process covers the geographies with high levels of social risks, which are predominantly countries in Asia. Since 2017 we have also audited suppliers that are based in geographies with medium risks. In 2018 we have, in addition to our Asian audits, carried out audits in Mexico, Turkey and Colombia.

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, 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 2018 we carried out a total of 539 (2017: 503) audits of suppliers located in Asia, and worked with those suppliers where unacceptable standards were identified to resolve any non-conformities. Five suppliers did not make sufficient progress to address the concerns and we have subsequently ceased our relationship with those suppliers.

Social risk assessment of supply chain

In 2018 we completed a quantitative analysis of material social risks in our worldwide supply chain. Economic sector data and social risk factors from a range of data sources have been applied to our global supplier data. The analysis allows us to rank suppliers against human and labour rights identified by internationally agreed standards, taking account of geography and

product. The analysis included a review of direct risks (the likelihood of a social issue arising directly in the economic sector/country of the supplier) as well as the indirect risk (the likelihood of a social issue arising in the supply chain of a supplier – tier 2 and tier 3 suppliers).

The analysis confirmed that the vast majority of Bunzl's direct suppliers are based in countries with comparatively low levels of social risk. It has also deepened our insight into the social risk factors in countries with high relative risks such as China, India and Indonesia, several other countries in Asia and countries with medium social risks such as Mexico, Turkey and a number of other Eastern European countries. The industry sector approach that we followed allowed us to identify the sectors representing the highest risks in our supply chain.

We have used the results of the analysis to identify a number of actions to further enhance mitigation of social risks in our supply chain. These actions include more in-depth audits in high risk countries, use of enhanced checklists, further enhancement of communication of our CR standards to high risk suppliers and the development of supplier management tools for use by local Bunzl businesses.

Engagement with suppliers

We work with our suppliers to help them prevent CR issues arising and to address them if they are found. In 2018 we started to expand our approach from audit and monitoring to more 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. After a first successful supplier training event in 2017, we organised another supplier conference in Shanghai to showcase examples of good practice and build awareness of social compliance issues. The focus of this year's conference was on discussing case studies and establishing an active dialogue with and between suppliers about practical and effective approaches to deal with modern slavery issues and other social risks. The conference was attended by 32 suppliers and this year included six prospective suppliers. The event helps to develop local expertise and build the business case for suppliers to achieve better productivity, quality and employee retention.

Incidence rate

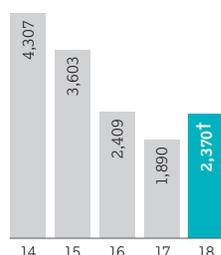
Average number of incidents per month per 100,000 employees



12 months to 30 September.

Severity rate

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



12 months to 30 September.

† Included in the external auditors' limited assurance scope referred to on page 48. The data for 2014, 2015, 2016 and 2017 was also assured as detailed in the respective Annual Reports. In 2018, the methodology of reporting lost time accidents in France has been improved. To ensure consistency and comparability to data reported in previous years, Group safety performance figures in 2014, 2015, 2016 and 2017 have been adjusted accordingly.

Training

We have rolled out 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 has helped 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.



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.

We monitor the age of our own workforce across the world. Bunzl does not restrict 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 pages 36 to 39.

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.



Health & safety

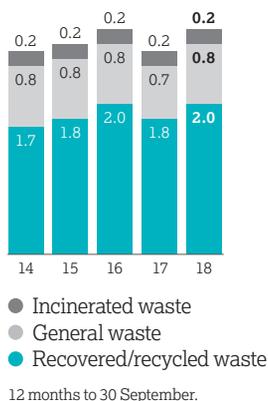
Health and safety remains a priority for Bunzl and it is our aim that no employee or other person should be injured as a result of our operations. Regrettably, in the 2018 reporting period there was one fatality (2017: none). The incident took place at one of our facilities in Australia and involved a warehouse employee who was stung by a bee on his face in the car park. This brought on a severe allergic reaction, which after a very short period led to his death.

After several years of solid improvement, our incidence and severity rates in 2018 are up by 17% and 25% respectively, although they are still below the rates seen in 2016 and prior years. One factor that impacted this increase is the challenging conditions in the employment market worldwide. Tight employment markets are leading to increased employee turnover and shorter job tenures. This has a negative impact on injury rates as less experienced employees have an increased risk of being involved in a workplace injury. This impact is particularly significant in North America where unemployment is at a historical low level. We have therefore improved our new employee onboarding programmes in North America. This included an increased focus on ergonomics training for new employees.

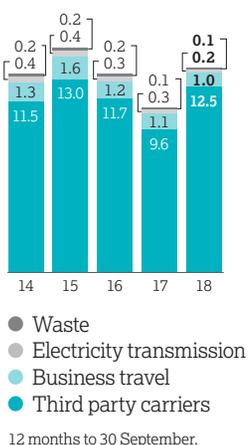
In 2017 and 2018 the number of employees increased significantly due to acquisitions. It is our aim to help businesses acquired to achieve the desired Group safety level as soon as possible but in some cases this process requires time. The acquisition of Hedis in France had an impact on our Group safety rates in 2018. Approximately 32% of the increase in the incidence rate in 2018 was due to accidents that occurred at Hedis. This year we have worked on increasing environmental, health and safety ('EHS') awareness by greater and improved coordination of EHS matters in certain regions through enhanced communication of our EHS standards and by organising various health and safety campaigns across our business areas. As a result, the completeness of accident reporting in some areas has improved.

Corporate responsibility continued

Waste Tonnes per £m revenue



Scope 3 carbon emissions Tonnes of CO₂e per £m revenue



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 remain the highest causes of accidents and days lost. Together these hazards represent 75% of incidents and 85% 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. In 2018 we reviewed and updated our internal EHS standards to ensure that they reflect the legal requirements in the countries in which we operate as well as industry best practices. The 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.

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. The UK & Ireland businesses have fitted commercial vehicles with multiple cameras, side proximity sensors and audible left turn and reversing warnings to improve road safety both for our drivers and for other road users, as well as to reduce vehicle damage. In North America, where we have our largest fleet, we have rolled out two new road safety training programmes in 2018. Many fleet locations now have their own certified trainer, who is responsible for training new and existing drivers and completing check rides with all drivers on an annual basis. As a result of this training, drivers have improved their hazard perceptions, including reversing, lane changes and proper use of mirrors leading to a 12% reduction of preventable commercial vehicle accidents per mile driven in North America. In France Hygiene, where we have our largest commercial fleet in Continental Europe, all drivers – commercial, sales and after-sales employees – were retrained in safe driving and road risks.

Our warehouse safety observation programmes in North America have led to increased reporting of near misses and have improved visibility of safety incidents. We have seen increased engagement of our business leaders, safety committees and employees in identifying and correcting

hazards and the introduction of pre-shift stretching programmes has also helped to increase vigilance. France Hygiene, which has the highest incidence and severity rate in the Group, strengthened its training programmes, specifically introducing programmes for drivers (on handling hazardous situations during product deliveries) and after-sales technicians (on chemical risks and electrical safety).

In 2019 we will be focusing our health and safety priorities on mitigating the impact of the tighter employment markets, bringing businesses acquired to the desired Group level and further embedding a proactive safety culture across Bunzl, with the aim of restoring the trend of improvement of our incidence and severity rates.

Details of our performance from 2014 to 2018 are provided in the bar charts on page 43. 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 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 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 2018.

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. The revenue from these businesses is not included when calculating the indexed emissions. All acquisitions made prior to the 2018 reporting year are now providing environmental data. The reported data covers around 98% 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.

Greenhouse gas emissions

Data for the period 1 October to 30 September

	Tonnes of CO ₂ e		
	Base year 2010	2017	2018 [†]
Scope 1	95,249	92,687	99,848
Scope 2	28,757	30,451	31,615
Total gross emissions	124,006	123,138	131,463
Total carbon emissions per £m revenue	26.3	15.0	15.0

[†] Included in the external auditors' limited assurance scope referred to on page 48. The data for 2017 was also assured as detailed in the 2017 Annual Report.

A number of locations in UK & Ireland, Asia Pacific and Continental Europe have renewed their ISO 14001 certification. Currently, measured by revenue, 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.

Carbon emissions

Scope 1: Fuel for transportation remains our highest source of CO₂e emissions, contributing 81% of Scope 1 and 61% of combined Scope 1 and 2 emissions. Of those emissions relating to transportation, almost 80% 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, a new routing programme has been implemented throughout 2017 and 2018. This has enabled us to utilise our own fleet assets more efficiently and save fuel. The purchase of more fuel efficient commercial vehicles has also led to improved fuel economy. The combination of these measures provided a 5% improvement in fuel efficiency during the year. This has resulted in an annualised saving of approximately 0.9 million litres of diesel fuel.

At Group level, diesel consumed by our commercial fleet increased by 5% mainly due to 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. In France, the use of telematics has contributed to the 12% decrease in fuel usage by our commercial vehicles (approximately 140,000 litres of diesel).

Natural gas is principally used for the heating of buildings and depends strongly on weather conditions. At Group level, the consumption of natural gas increased by 28% in 2018, primarily due to colder weather conditions in North America and the inclusion of natural gas usage of DDS locations (an acquisition in 2017) in our report. These locations are in relatively colder geographical areas, leading to higher building heating requirements.

Scope 2: Electricity consumption has increased by 9% as a result of an increase in warehouse space due to acquisitions and the organic growth of the business. Per £ of revenue, our electricity consumption has remained almost unchanged 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 new projects, predominantly in Continental Europe, have been carried out to upgrade lighting. Together with projects carried out in 2017, and taking full effect in 2018, the savings provided by the upgrades represent approximately 4% of our electricity consumption. Other locations are being considered for potential LED lighting projects to determine the available incentives and anticipated payback. In North America, we are in the process of upgrading fluorescent lighting to LED lighting in an additional 15 warehouse locations and further upgrades are also planned in other business areas. All new buildings designed as Bunzl warehouses have the specification of LED lighting.

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.

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 44 shows that third party carriers produce the largest proportion of our reported Scope 3 emissions. Our Scope 3 emissions in 2018 increased due to the acquisition of businesses without commercial vehicle fleets in North America and due to overall sales growth. Bunzl is an international company 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 all flights are justified according to business needs and are subject to authorisation by senior management. In 2018 we have completed a quantitative analysis of the environmental impact of our worldwide supply chain. We used supplier data and industry data (taking account of geographies and products) to determine our supply chain carbon emissions. Our estimated Scope 3 supply chain emissions are 6.3 million tonnes of CO₂ equivalents.

Corporate responsibility continued

Waste

Reduction and segregation of waste continues to be an area of focus and the data provided covers approximately 94% of the Group by revenue. Despite including this in our Scope 3 emissions calculation, we have, for transparency, continued to provide waste data separately. In 2018 we carried out an internal survey of our waste reporting methodologies. This survey included a systematic review of our processes to measure, monitor and report on the waste that is generated across our businesses. We have identified various improvements to our processes which will be implemented in 2019.

This will help to improve consistency and accuracy of waste measurement and reporting, although accurate waste measurement remains challenging in geographies with less advanced waste management infrastructures. We will also work to enhance further the waste recycling rates at our facilities.

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 150,000 m³ 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 Group locations where the water is treated by interceptors in accordance with local legislation.



Community

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 people with physical disabilities.

This is supplemented by donations made at Group level to charities predominantly in the fields of healthcare, disability, environment and education, 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 £607,000 to charitable causes during 2018. This does not include amounts donated by Bunzl in matching funds raised by employees for local charities.

An example of an environmental charity we supported in 2018, is #LeedsByExample, an environmental research campaign launched by a UK charity, Hubbub. The charity has strong ties within the packaging supply chain and a reputation for delivering impactful research projects. #LeedsByExample is a high profile six month pilot project designed to boost the recycling of disposable food and drink packaging in Leeds. Supported by a collaboration of companies from the food and drink sector, the campaign will promote, test and evaluate different methods of encouraging recycling packaging 'on the go' using a range of eye-catching communications and designs.



Thank you Bunzl for the money raised by this tremendous initiative which will help many people with a disability participate in activities that simply would not be possible without your invaluable support.

Marc Damen
Director of charity 'De Zonnebloem'

Tour de Bunzl – Continental Europe

The Tour de Bunzl is an annual fundraiser for a Dutch charity supporting people with physical disabilities. On a beautiful summer day in 2018, 65 employees from Bunzl Netherlands and its suppliers took to their bikes and completed a tough tour course with a number of challenging climbs. The cyclists raised a total of €37,000 for charity 'De Zonnebloem'. The charity helps create a society in which people with physical disabilities can participate without restrictions through the organisation of social and recreational activities.



Research data will be independently evaluated and openly shared with interested parties in the UK government and the food and drink, packaging and recycling industries.

In 2019, we aim to continue our charity programme with an increased focus on sustainability charities.

For more information on all of Bunzl's CR policies and activities please visit the Responsibility section of our website, www.bunzl.com.



Customers

As part of our policy to provide our customers with high quality products and services, 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. Bunzl works with its customers in the development of new, redesigned or substantially improved products. Many Bunzl businesses adopt partnerships and source innovative products to help their customers be responsible users of disposable packaging and reduce their waste footprints. We aim to provide customers with expert advice and answers regarding sustainable products, through customer 'hotlines', seminars, forums and communication materials (e.g. brochures and product factsheets). All products are delivered to the customer by Bunzl's one-stop-shop service. This consolidated product offering minimises the number of deliveries to customers and fleet miles required.

Some examples of Bunzl businesses offering products and services with increased sustainability can be found below.

Earthwise is a brand of eco-friendly products in North America. The reusable Earthwise shopping bag is an environmentally friendly, sustainable alternative to the plastic and paper bags mostly found at grocery stores, retail shops and department stores. By supplying millions of reusable bags to retailers nationwide, Earthwise supports customers to achieve their sustainability goals. Another example in North America is our distribution business in the Seattle area. This business has a long term relationship with a large supermarket customer with strict environmental standards. Over the years the business relationship between Bunzl Seattle and the customer has grown, largely due to Bunzl Seattle's successful mission to supply the customer with the most sustainable products available on the market. Bunzl Seattle's partnership with this customer is an excellent example of how a focus on sustainability can give companies a competitive edge. Another example can be found in the case study on page 48.

Bunzl Catering Supplies ('BCS') is an example of a business in UK & Ireland that is working closely with customers to understand better their plastic packaging footprint and to reduce their environmental impact. The business has been helping customers by recommending alternative material types and consolidating their packaging ranges to either fully recyclable or fully compostable materials. In November 2018, BCS hosted a Sustainable Future customer forum in London. With 11 national

customers in attendance, the customer forum provided an open platform for education and discussion on the current issues surrounding single-use packaging in the catering and hospitality industry. This event was one in a series of forum meetings, aimed at bringing customers together to share best practice and discuss innovation opportunities in response to regulatory changes. BCS has been spearheading change for a more material responsible future as part of its ongoing Sustainable Future programme.

The Bunzl Netherlands BELIEVE programme puts direct action on sustainability at the heart of the business. The programme's five sub themes – Be Sustainable, Be Fair, Be Green, Be Different and Be Happy – are rolled out across all businesses in the Netherlands and have led to numerous operational improvements, customer partnerships and sustainable product offerings.

Multiline Denmark is one of our businesses that has set up a customer 'hotline' for responding to questions from customers about sustainability aspects of our products. Like many other Bunzl businesses, the business has a 'green' catalogue that was updated in 2018 and which includes more than 50 pages with sustainable alternatives to conventional products. The catalogue also contains a comprehensive list of terms, symbols and definitions of sustainable products and behaviour.

Corporate responsibility continued



Earth Fare – North America

Several locations of Bunzl North America's distribution network service Earth Fare, a growing customer with 50 stores across 10 states. Earth Fare has an ambitious sustainability mission to reduce the impact on the environment. Over the past nine years, Bunzl has been partnering with Earth Fare to meet their sustainability goals by providing packaging and store supply options that are recyclable, compostable or made from post-consumer materials. For example, all hot food to-go containers are made from plant-based, compostable materials.



Earth Fare's packaging program is designed around a focus on sustainability, quality and cost-effectiveness. We actively work with our suppliers to support Earth Fare's desire to provide their customers with eco-friendly packaging options that align with their natural, organic food offerings.

Tom Emge

Sr Vice President, National Accounts
Bunzl North America



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 19 and the data on pages 43 and 45, in each case that has been highlighted with the symbol '†'. PwC has provided an unqualified opinion in relation to the relevant KPIs and data and their full assurance opinion is available in the Responsibility section of our Group website, www.bunzl.com.

A limited assurance engagement is substantially smaller 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 two sites in UK & Ireland, 24 sites in North America and six 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 CR 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.

CR risks

CR risks are considered as 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 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 oversees 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.
Reduction of demand for certain single-use plastic products	Legislation relating to certain plastic based products, including the introduction of new taxes, is increasing, particularly in Europe. Together with growing consumer awareness of environmental concerns, these legislative measures are likely to reduce demand for single-use plastic disposable products. At the same time, the demand for sustainably sourced, recyclable or reusable alternatives will be increasing.	Bunzl's scale and unique position at the centre of the distribution system should enable the Group to utilise the opportunity to provide customers with more sustainable solutions. Bunzl will continue to work proactively with customers, suppliers and other stakeholders to promote and support a more sustainable approach to single-use plastics.

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 2018	What we did	What we plan to do in 2019
	2016	2017	2018			
 Health & safety Improving safety in our warehouses and on our vehicles						
Reduction in accident incidence rate (% change year on year)	-8%	-20%	+17%	Reduce the Group accident incidence rate by 5% from 2017.	After years of solid improvement, the accident incidence rate increased by 17% and the accident severity rate increased by 25%.* In 2018 our incidence and severity rates have been negatively impacted by increased employee turnover and shorter job tenures, leading to a higher number of less experienced employees who have an increased risk of being involved in a workplace injury. Another factor is incidents taking place at recent acquisitions which are in the process of implementing Group standards.	Reduce the Group accident incidence rate by 5% from 2018.
Reduction in accident severity rate (% change year on year)	-33%	-22%	+25%	Reduce the Group accident severity rate by 5% from 2017.	Key initiatives in 2018 included improvement of new employee onboarding programmes, refreshing of training programmes for drivers, aimed at reducing accidents and injuries on the road, and new safety awareness programmes. We also continued to work with recent acquisitions to bring them up to Group standards.	Reduce the Group accident severity rate by 5% from 2018.

* Included in the external auditors' limited assurance scope referred to on page 48. The data for 2014, 2015, 2016 and 2017 was also assured as detailed in the respective Annual Reports. In 2018, the methodology of reporting lost time accidents in France has been improved. To ensure consistency and comparability to data reported in previous years, Group safety performance figures in 2014, 2015, 2016 and 2017 have been adjusted accordingly.

Corporate responsibility continued

Key performance indicators continued

	Performance			What we said we would do in 2018	What we did	What we plan to do in 2019
	2016	2017	2018			

 Environment/climate change Reducing our impact on the environment by reducing carbon emissions						
Carbon emissions: Scope 1 (tonnes of CO ₂ e/£m revenue)	12.6	11.3	11.4	Reduce emissions by 1% against 2017. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2018 figure represents a 1% increase in Scope 1 emissions versus 2017, including the effect of foreign exchange rate fluctuation. At constant exchange rates the emissions reduced by 2%. Fuel for transportation contributes c. 80% 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). At a Group level, diesel consumed by our commercial fleet per £m revenue decreased by 5% at constant exchange rates. 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 first time reporting of acquisitions, our Group natural gas usage increased by nearly 28%.	Reduce emissions by 1% against 2018. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)
Carbon emissions: Scope 2 (tonnes of CO ₂ e/£m revenue)	4.5	3.7	3.6	Reduce emissions by 2% against 2017. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2018 figure represents a 3% reduction in Scope 2 emissions versus 2017, including the effect of foreign exchange rate fluctuation. At constant exchange rates the reduction in emissions is 5%. 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 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 2018. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)
Total Scope 1 & 2 emissions (tonnes of CO ₂ e/£m revenue)	17.1	15.0	15.0	Reduce emissions by 1% against 2017. (This reduction target excludes any foreign exchange translation effect on revenue numbers.)	The 2018 figure represents no change in total Scope 1 and 2 emissions versus 2017, including the effect of foreign exchange translation. At constant exchange rates the reduction in emissions is 3%.	Reduce emissions by 1% against 2018. (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 2018 reporting year, caused by the movement in the exchange rates of sterling against other currencies during the 2018 reporting year compared to the 2017 reporting year, was to decrease the reported reduction in emissions by approximately 3%.

 Suppliers 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)	449	503	539	Further expansion of our CR audit programme into geographies with medium levels of social risk.	We have rolled out a CR training module which specifically covers social risks, including modern slavery. The CR audit programme was further expanded into geographies outside Asia with medium levels of social risk by carrying out audits in Mexico, Turkey and Colombia. We have completed a quantitative analysis of material social risks in our worldwide supply chain.	More in-depth audits of high risk suppliers. Continue to optimise and expand our audit programme.

 Community Providing support to our local communities through employee fundraising, matched funding and donations of stock and cash to charitable organisations						
Charity donations (£000s)	712	742	607	Continue to support relevant charities.	Bunzl supported a variety of projects for healthcare and environment related charities. Donations to charities in 2018 were lower compared to 2017 as some businesses had fewer opportunities to donate stock and some sales events, during which donations were previously given, were not held in 2018. We expect that donations will return to previous levels in 2019.	Continue charity programme with increased focus on sustainability charities.