



Modern Slavery and Human Trafficking Statement 2020

April 2021

This statement covers the period 1 January 2020 – 31 December 2020 and was approved by the Board of Bunzl plc on 21 April 2021 and has been signed on its behalf by Frank van Zanten, Chief Executive Officer. This statement is published on the Bunzl plc website and a link to the statement is included on the websites of those Bunzl subsidiaries that are required by the UK Modern Slavery Act 2015 to publish an annual statement on modern slavery.

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Modern Slavery and Human Trafficking Statement 2020

I am pleased to share Bunzl's Modern Slavery and Human Trafficking Statement for 2020. It sets out the steps that we are taking to ensure, as far as possible, that slavery and human trafficking are not taking place in our supply chain or in any part of our business.

Ensuring a responsible and ethical supply chain is one of the key themes of our sustainability programme. Global supply chains have expanded customer choice and lowered costs, but this comes with a responsibility to ensure communities and workers' rights are respected in the process.

We are committed to working to eliminate any occurrence of modern slavery from our operations and our supply chain and will continue to focus on enhancing our practices relating to supply chain oversight. A key element of this is our industry-leading sourcing and auditing operation in Shanghai. This team plays a critical role in ensuring that our suppliers from Asia, the Group's most significant high-risk sourcing region, are subject to frequent and stringent labour and quality checks, which continue to be an important element of our work to eliminate modern slavery from our supply chain.

The year 2020 was a challenging year as lockdowns and travel restrictions in various regions due to the Covid-19 pandemic limited our ability to conduct physical audits and to organise training events with our suppliers. We have increased the use of self-assessments in order to ensure that we could maintain our ability to monitor our suppliers.

In 2021, we expect a return to more normal conditions, and we will fully resume our audit and supplier training programmes and take further steps to extend our ethical sourcing principles by increasing our focus on suppliers from high risk countries outside Asia. Meanwhile, we will continue to train our employees and raise awareness of this important issue across our businesses. This helps our employees, regardless of their roles, to recognise and understand potential modern slavery issues and take appropriate action.

Frank van Zanten

Chief Executive Officer

21 April 2021

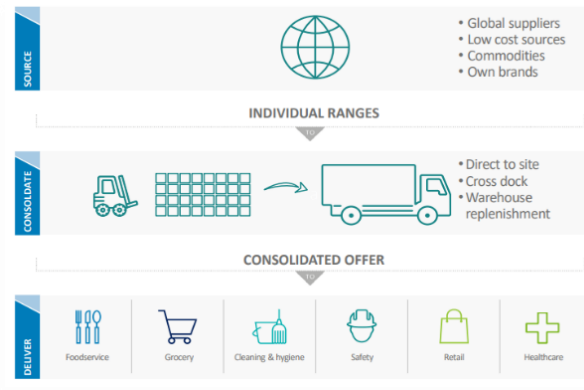
About us, our operations and our supply chain

Bunzl is a specialist international distribution and services Group with revenue in 2020 of £10.1 billion. The Group operates across more than 30 countries.

We employ c. 20,000 people in sourcing, consolidating and delivering a wide range of non-food consumable products across a variety of market sectors including foodservice, grocery, safety, cleaning & hygiene, retail and healthcare.

We generally do not manufacture any of the products we supply and our supply chain is both extensive (numbering thousands of suppliers) and dynamic as we respond to expanding customer requirements. The vast majority of the products we sell are sourced locally by our businesses but many products are sourced elsewhere if it is appropriate to do so. Our supply chain reaches almost every continent and over 70 countries.

Further details on the Group can be found in our [annual reports and accounts](#)



Our commitment

Modern slavery is a global issue and requires global action. As an international business we are wholly committed to eliminating modern slavery practices and respecting human rights across both our own operations and our supply chain.

We take appropriate action to ensure that all our employees understand our policy of eliminating forced labour, child labour and human trafficking. 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'). We aim to ensure that our suppliers apply these standards within their operations and their own supply chains.

Bunzl's slavery and human trafficking risks

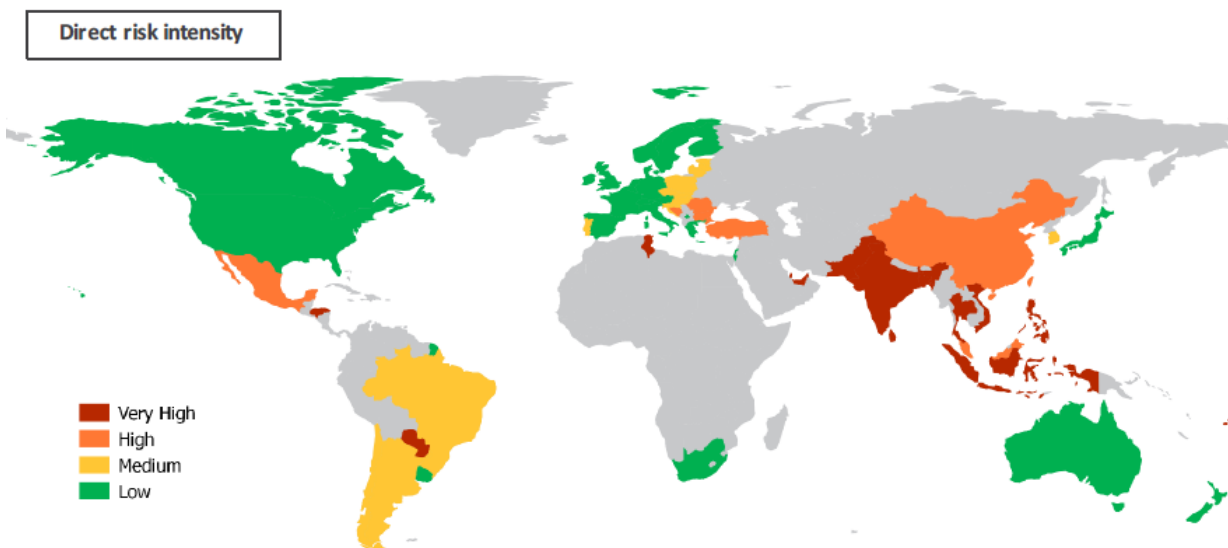
Risks in our direct operations

The majority of our businesses are based in North America, Europe and Australasia and are involved solely in the procurement, consolidation and supply of manufactured goods. In our view, the profile of our operations in terms of locations and roles therefore means that the risks of modern slavery are low. However, because of our global footprint and diversity of sectors, we know that human rights abuses may exist in any market in which we operate. Such issues may involve our own workers as well as agency workers and other types of sub-contracted labour. All Bunzl companies have developed and implemented policies and procedures in line with the UN Universal Declaration of Human Rights, local legislative requirements and Group HR policies with a view to ensuring that our own people, agency workers and other sub-contracted labour are treated fairly and equally.

Risks in our supply chain

In every country and sector where we buy goods and services, there are people working to extract and grow raw materials, to manufacture goods and to pack and ship them to our businesses around the world. Any global supply chain carries social risk. The majority of our suppliers are based close to our operating companies although we do import some products from lower cost areas, primarily south-east Asia, where we consider the potential risks of forced or child labour to be higher. We periodically complete an external risk assessment of our supplier base to establish social risks in our worldwide supply chain. This allows us to focus our attention and resources on the areas of greatest exposure to risk. This assessment, in which economic sector data and social risk factors from a range of data sources and indices, such as the Modern Slavery index, have been applied to our global supplier data, allows us to rank suppliers against human and labour rights identified by internationally agreed standards. The risk assessment methodology will be reviewed in 2021, in order to ensure that our approach remains appropriate and allows us to understand whether there are particular areas or market sectors within countries that require higher focus.

The vast majority of Bunzl's direct suppliers are based in countries with comparatively low or medium levels of social risk. Approximately 15% of our procurement spend takes place at suppliers in countries with high risk. Examples of supplier countries with high or very high risk are China, India, Malaysia, Indonesia, Mexico and Turkey.



We have also identified the sectors representing the highest risks in our supply chain. While products in the textiles and leather sectors are the highest ranked for modern slavery risks, our spend in these sectors

is relatively low and, as a result, the total direct risk in these sectors is comparatively lower than in others such as rubber, plastics and pulp and paper where our spend is relatively high.

Policies in relation to slavery and human trafficking

Bunzl adheres to a comprehensive suite of Corporate Responsibility ('CR') policies and standards. Those policies and standards reflect the UN Universal Declaration of Human Rights and require compliance with internationally recognised requirements for workers' welfare and conditions of employment as defined by the ILO or the ETI which specifically prohibit forced labour i.e. slavery and human trafficking, unfair wages and working hours, discrimination and denying freedom of association. The key CR policies are summarised below:

The **Bunzl code of conduct** defines the principles and standards that we expect our employees to understand and adhere to. It is never acceptable for our employees to deviate from the code to achieve a business objective. The code is communicated in local language to our employees worldwide.

Our **Ethical sourcing policy** ensures that Bunzl sources products in an ethical and consistent manner. A key element is our **Supplier code of conduct**, which establishes our expectations for suppliers in the areas of labour and human rights, environment, health and safety, ethics and management systems. More information about the supplier code of conduct is provided in the 'Managing our supply chains' section of this statement.

Our **Speak up policy** sets out our internal grievance reporting procedures. We expect our employees to make management aware of all non-compliances to our code of conduct, any applicable law and/or company policies. The Speak Up posters are displayed on notice boards in each facility including information on how to report matters confidentially and anonymously. At the end of 2019 we introduced a new way to report concerns confidentially which enabled employees to raise issues online or via a local telephone service and in their native language. This has led to much more effective reporting of the issues being raised in 2020. Although the number of issues reported increased, which we see as a positive development, none of the calls received through our speak up line in 2020 related to modern slavery.

Our **Equality and diversity policy** sets out the principles of our employment procedures and practices, which are based on a principle to treat people fairly and equally and opposing to all forms of discrimination. All businesses develop and implement local HR policies and procedures that support and demonstrate the principles of the global equality and diversity policy.

Our policies can be found in the [Policies section](#) of the Bunzl plc website.

Monitoring our policies

Implementation of our policies is monitored by a team of Human Resources professionals and is reviewed by our internal auditors who periodically visit Bunzl locations and audit the operations to ensure that they meet the relevant standards. In addition to this, every business is required to complete an annual self-assessment process. The self-assessment is a key element of monitoring the implementation and effectiveness of our modern slavery policies, with key areas of scrutiny being employee training, communicating the supplier code of conduct and the auditing process. In 2020 we have refined this self-assessment which allow us to monitor the implementation of our ethical sourcing and human rights programmes across Bunzl in more detail.

Supply chain monitoring, such as the execution and follow up to social risk audits, is undertaken by our local procurement professionals and our Quality Control/Quality Assurance department based in Shanghai. The effectiveness of our audit programme and ethical sourcing policies are monitored by our

supply chain subcommittee (see governance section on page 6), with regular reports to the Group Sustainability Committee.

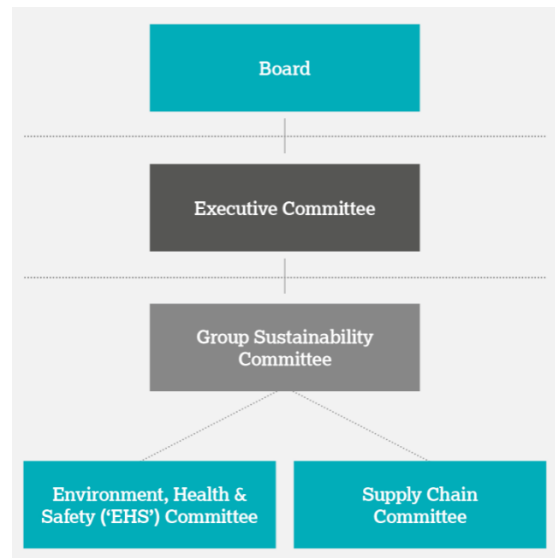
Regular reports are submitted to, and reviewed by, the Bunzl plc Board of Directors summarising the audits that have been carried out, the material issues that have been identified from such audits and the follow up actions taken to address such issues.

Governance

Although we are a decentralised Group which gives management autonomy to take decisions relating to our operations locally, we have a clear governance framework that allows the Board and the Executive Committee to lead the Company in the right direction. Our Chief Executive Officer and members of the Executive Committee have overarching accountability for the standards in our operations and supply chain and are responsible to the plc Board. The Audit Committee (a sub-committee of the Board) also plays a role in ensuring that an adequate risk management framework is in place. Day to day management of the business, including procurement, is devolved to Business Area Heads in each of our operational geographies.

Through our governance meetings we ensure that we adequately and pro-actively address the key sustainability and CR trends facing our business. Our Sustainability Committee, chaired by the Chief Executive Officer, sets and oversees implementation of all policies and programmes in the whole value chain (sourcing – operations – customers) including those for social risk matters related to our operations and our supply chain.

The Sustainability Committee is supported by a supply chain subcommittee, comprising the procurement leads in all business areas, which is responsible for developing processes and procedures to assess opportunities and mitigate risks within our global supply chains, ensuring regulatory compliance as a minimum. The subcommittee focuses on providing transparency on social risks in our global supply chain and coordinating and overseeing actions to mitigate those risks.



Sustainability governance structure.

Employee training

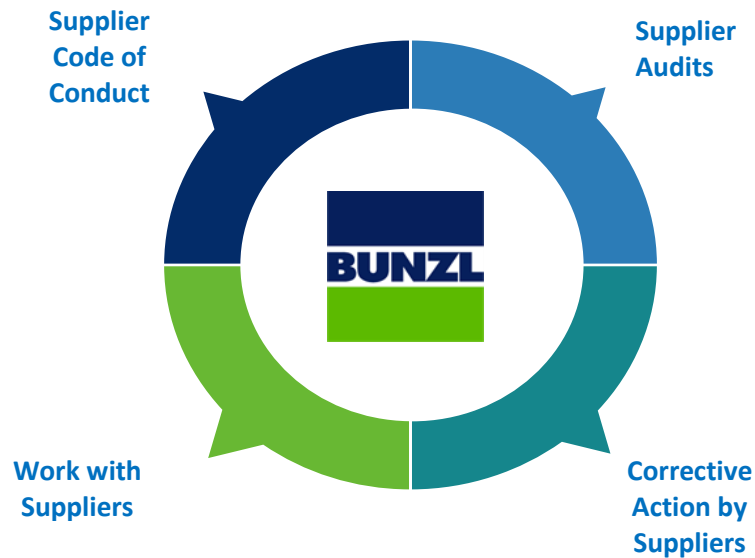
One of our focus areas continues to be on training our people and raising awareness of modern slavery. All of our senior employees, including managers, procurement and sales executives, are required to complete the corporate responsibility e-learning modules on modern slavery risks. The training helps our employees to understand and recognise social risk issues that might occur in our supply chain and informs them of the appropriate actions that should be taken if such issues materialise. All businesses are required to ensure that new and existing employees view the updated training materials applicable to their role, including the modern slavery risk module.

Additional to the e-learning modules, we have developed social risk training materials aimed at further increasing our businesses' awareness of the risks of modern slavery and our programmes to mitigate these risks.

Our Global Sourcing team comprises professional auditors who are trained in identifying and reporting social risks.

Managing our supply chains

We use the results of our supply chain risk assessment (referred to in the 'Bunzl's slavery and human trafficking risks' section of this statement) to continuously enhance the mitigation of social risks in our supply chain. We rank our sourcing countries by risk level and ensure that effective mitigation of slavery and human trafficking risks is in place, appropriate to the risk level. Our due diligence processes in relation to these risks in our supply chain are centred around four elements:



Supplier training

We work with our suppliers to help them prevent social risk issues arising in the first place as well as addressing them if they are found through our audit programme. We believe that building relationships and trust with suppliers is critical when it comes to preventing and identifying incidences of modern slavery. We regularly organise supplier conferences, predominantly in Southeast Asia, to showcase examples of good practice and build awareness of social compliance issues.

These events usually take one or two days and consist of lectures and various interactive workshops during which best practices and challenges are discussed in an open and informal dialogue. In addition to collective training events, we also engage with suppliers directly. Direct 1-on-1 training has proven to be a very effective way to help suppliers make very quick progress with the added benefit of creating a strong relationship with those suppliers.

Unfortunately, due to Covid-19 related restrictions, we had to scale down our training events in 2020. Our support of suppliers to help them resolve issues identified has continued, but most of the interactions were done remotely.

We are looking to organise a training event in China in the second half of 2021 for approximately 30 suppliers.

Supplier code of conduct

Our requirements relating to modern slavery risks are established in our supplier code of conduct. We expect all suppliers to adhere to our supplier code of conduct as a condition of doing business with us. The

supplier code is available in more than 15 languages and is actively communicated by our businesses to our suppliers, particularly in those countries with increased risk of modern slavery and other social risks. Suppliers in high risk countries receive the code every year and we require a signature to confirm acknowledgement and adherence to the code. We are increasingly switching to digital platforms to facilitate the monitoring of sign-off processes.

Supplier assessments and audits

We have an assurance and quality control team based in Shanghai which performs regular audits of our direct suppliers in Asia to ensure that they meet our standards in relation to human rights and conditions of work. The audits cover various aspects including child, forced or bonded labour, disciplinary practices, management of homeworkers and foreign migrant workers, freedom of association, wages, working hours and health & safety.



We continually update our audit guidelines to ensure they represent best practice and cover all the relevant risks. For example, in 2020 we added new checkpoints on fire protection measures in supplier factories and employee dormitories, in order to ensure that we more thoroughly cover this risk in our audits.

A summary of the social risk areas in our audit is as follows:

- Child labour and young workers
 - o Completeness of employee rosters and registration of young workers.
 - o Policies and observed practices against child labour and on young workers, including a review of young workers' work requirements.
- Forced labour and disciplinary practices
 - o Policies and observed practices against forced labour, physical punishment, discrimination, harassment & abuse.
 - o Payment of deposits or debts to supplier or recruitment agency.
 - o Any non-voluntary overtime work, ID card or passport confiscation or any physical containment of workers.
- Migrant workers
 - o Recruitment practices, employment and living conditions.
 - o Confiscation of the ID copy, legal certificate to work of foreign migrant worker.
- Freedom of Association
 - o Right of employees to join or form trade unions and to bargain collectively.
 - o Facilitation of means for independent and free association and bargaining, when right to freedom of association and collective bargaining is restricted under law.
- Wages and working hours
 - o Timely payment of normal and overtime wages and meeting minimum wage standard, no illegal or unreasonable wage deductions.
 - o Sufficient rest hours and days, daily and monthly overtime controlled within legal requirements.

- Fire safety
 - o Adequacy, availability and maintenance of fire extinguishers, fire alarm, emergency lights, emergency exits, training and evacuation plans in workers' language
 - o Dormitory located in a building separated from the workshops and warehouses
- Safety and environment
 - o Machine guarding, warning labels and procedures to operate equipment.
 - o Protection from exposure to hazardous materials and provision of personal protective equipment

In 2020 we carried out 680 audits of Asian suppliers. The number of audits decreased slightly (2019: 701 audits) due to lockdowns and travel restrictions in Asia. 98% of our supply chain in Asia, where we have the largest proportion of suppliers situated in countries identified in international rankings (such as the Global Slavery Index) as high-risk for human rights issues, is currently covered by direct auditing and assurance practices.

2020 was a challenging year as lockdowns and travel restrictions in various regions due to the Covid-19 pandemic limited our ability to conduct physical audits and to organise training events with our suppliers. The Covid-19 pandemic has increased the demand for certain products and this increased the challenge of ensuring that all suppliers underwent the same level of screening despite travel restrictions.

We increased the use of self-assessments in order to ensure that we could maintain our ability to monitor our suppliers. In addition to the 680 audits we required 204 suppliers to complete a social risk assessment. Approximately 50 percent of those suppliers were based in high risk countries in Asia, such as China, India and Malaysia. The other 50% were sent to suppliers in high risk countries outside Asia (such as Mexico, Brazil and Turkey). This is another step in our process to expand our ethical sourcing principles to other high risk countries across the Group. The assessment allowed us to collect key information on supplier labour and employment practices. We have worked with suppliers to remediate non-conformities that were identified through this process.

In addition to the audits conducted by our team in Asia, our local operating companies carry out audits of suppliers in the regions in which they operate, based on local risk assessments.

Corrective action by suppliers

The team in Shanghai and the Bunzl procurement professionals work with suppliers to achieve acceptable standards in all areas of the audit and, where breaches are identified, appropriate action is taken to address such breaches. 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. We show zero tolerance for unacceptable practices at any site used for producing or sourcing Bunzl products. Such unacceptable 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

Case study: Recruitment fees paid by migrant workers

During an audit in 2020 in Taiwan, our audit team found that foreign migrant workers were required by the supplier to pay recruitment fees.

Migrant workers frequently pay fees to agencies for recruitment and placement in jobs abroad. This means that workers are already exploited and vulnerable before they even arrive at their place of work.

Our audit team, together with the Bunzl operating companies that procure goods from that supplier, have worked closely together to explain and guide the supplier to better practices. The supplier agreed to stop charging the recruitment fee to workers and realized that paying the recruitment fee itself was the right way forward. After the audit, we continued to monitor performance and review the submitted evidence by the supplier in order to ensure that the supplier did not fall back in old habits.

Banning the charging of recruitment fees to workers is a key way for us to mitigate against potential exploitation in the supply chain.

employment. Relationships with suppliers that fail to make improvements in those areas will be terminated.

In 2020, 15 suppliers did not make sufficient progress to address the concerns and we have subsequently ceased our relationship with those suppliers. Approximately 50% of the concerns were related to not providing sufficient rest days, approximately 20% was associated with not paying minimum wages to workers. The remaining 30% were related to (suspected) cases of child labour, forced labour or discrimination.

We are committed to taking what we have learned and expanding our ethical sourcing principles across other geographies in the Group. In 2020 we have commissioned an independent review of our ethical sourcing policies and principles to benchmark our approach against best practice and help us to plan the extension of the scope of our supplier engagement programme.

Progress made in 2020

Our progress in 2020 is summarised below. Further details can be found in the respective sections in this statement.

- *Grievance process:* None of the calls received through our speak up line related to modern slavery.
- *Code of conduct:* We have continued to ensure that the Group code of conduct is communicated to our employees and that the associated learning modules are completed by all employees.
- *Monitoring:* We have refined our global self-evaluation tool which allows us to monitor implementation of our ethical sourcing and human rights programmes across Bunzl in more detail.
- *Supplier engagement:* Due to travel restrictions we were unable to organise any supplier training events in 2020.
- *Audits:* During 2020, our team in Asia audited 680 suppliers. The number of audits decreased slightly (2019: 701 audits) due to lockdowns and travel restrictions in Asia. 98% of our supply chain in Asia, where we have the largest proportion of suppliers situated in countries identified as high-risk for human rights issues, is currently covered by direct auditing and assurance practices.
- We have requested 204 suppliers to complete an in-depth social risk self-assessment. We have worked with suppliers to remediate the non-conformities that were identified through this process.
- Corrective action in our supply chain: Our team in Asia audited 680 suppliers. In 61 of those audits critical social risk issues were identified. We have actively collaborated with these suppliers to bring them up to the required standard. 15 suppliers did not make sufficient progress to address the concerns and we have subsequently ceased our relationship with those suppliers.
- We have started an in-depth review of the implementation and effectiveness of our ethical sourcing programmes with an aim to further extend our ethical sourcing principles across the Bunzl Group and increase our focus on suppliers from high risk countries outside Asia.

Looking ahead

We remain fully committed to improving our programmes to eliminate modern slavery from our operations and supply chain. Our main objectives for 2021 are the following:

- Update our social risk assessment methodology to ensure that our approach remains appropriate and sufficient and allows us to understand whether there are particular areas or market sectors within countries that require higher focus.
- Increase our supplier engagement process for suppliers outside of Asia (self-assessment and / or auditing) and further developing appropriate systems for tracking the distribution of our Supplier Code of Conduct, self-assessment responses and audit results.
- Continue to expand capacity building and training of our suppliers in Asia by organising supplier conferences in Asia.