



## **ETHICAL SOURCING POLICY**

### **Bunzl plc and its subsidiaries ('Bunzl' or 'the Group')**

#### **Policy statement**

Our extensive and flexible supply chain offers our customers the opportunity to choose from a wide range of products to meet their commercial needs. Our supply chain management processes ensure these products are manufactured and sourced responsibly. We intend to develop and maintain supplier relationships that are ethical, based on mutual benefit and focused on a shared commitment to meet our customers' requirements.

We regard suppliers as partners and work with them to help us achieve our corporate responsibility ('CR') policy aspirations in the delivery of our products and services. We are committed to working with our key suppliers of products to ensure that adequate standards are maintained in all areas of CR.

This policy is intended to ensure that Bunzl sources products in an ethical and consistent manner while working with suppliers to improve their social and environmental practices. It contains the following elements:

#### **Risk assessment**

We periodically complete a risk assessment of our global supplier base to establish social risks, including modern slavery and bribery risks in our supply chain. This allows us to focus our attention and resources on the areas of greatest exposure to risk. We undertake adverse media screening on a regular basis to proactively identify emerging modern slavery risks in the key sectors and key countries in which Bunzl operates and the potential implication of our key suppliers in modern slavery incidents.

We aim to improve our understanding of the social and environmental impacts of our supply chain. To achieve this, we will actively work with our supply chain to collect information on the impact of the materials used and the origin of the materials.

#### **Supplier standards**

The Supplier code of conduct establishes our expectations for suppliers in the areas of labour and human rights, environment, health and safety, ethics and management systems. The Code applies to the selection and retention of all suppliers that provide products and services to Bunzl worldwide. By trading with Bunzl, we expect suppliers to accept and apply our standards. This also applies to subcontractors.

The key elements of the Supplier code of conduct are as follows:

- We require compliance with internationally recognised minimum requirements for workers' welfare and conditions of employment as defined by the International Labour Organization or the Ethical Trading Initiative, which specifically prohibit child labour, forced labour (including slavery and human trafficking), unfair wages and working hours, discrimination and denying freedom of association.
- We expect our suppliers to be honest in their dealings with others, obeying all applicable laws and corresponding regulations governing fraud and anti-bribery and corruption. Our suppliers should follow the principles of fair competition and must comply with the antitrust and competition laws of the countries in which they conduct business.

Where contractual agreements exist with suppliers, it is expected that they will contain clauses that require the relevant supplier to comply with our Supplier code of conduct.

Suppliers that are based in countries with elevated risks of modern slavery and bribery will be expected to confirm compliance with the Supplier code of conduct by completing and returning to Bunzl a statement of conformity.

### **Supplier evaluation and auditing**

We take a risk-based approach towards supplier auditing. We selectively audit supplier performance in the areas of human rights, corruption, legal compliance and quality standards. Suppliers that, based on risk assessment, are categorised as 'high-risk' will be audited on social risks at the facilities used for the manufacture of Bunzl products.

Suppliers who are unable to meet all the requirements after an initial assessment/audit will be given the opportunity to comply fully within a period which is deemed appropriate for the circumstances. If a serious breach is identified, an action plan should be documented and the supplier will be expected to commit to addressing all the areas where discrepancies have been identified. The process of improvement is principally down to 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, then this could lead to a suspension in the relationship until such time that we are confident that all areas were 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 but are not limited to the use of child labour, forced or bonded labour, physical abuse or discipline and intimidation as well as non-compliance with anti-bribery legislation.

### **Partnerships with suppliers**

Where appropriate, we aim to work with our suppliers to improve work practices in our value chain, for example through knowledge transfer and continued education and training about environmental and social standards.

### **Staff training**

All of our senior procurement staff are required to complete the CR training on bribery, modern slavery and other social risks. The training helps these employees to understand and recognise risk issues that might occur in our supply chain and informs them of the appropriate actions that should be taken if such issues are found.

## **Application of the policy**

### **Regular risk assessment**

The Supply Chain Subcommittee ('SCSC') of the Sustainability Committee periodically completes a supply chain risk assessment to establish social risks, including modern slavery, in our supply chain. The risk assessment will also include bribery risks. The risk assessment will be used to maintain a list of countries and, if applicable, industry sectors with the applicable risk categories (ranging from low to very high risk). The SCSC will communicate the list and any changes to it to Bunzl businesses.

We will use the risk assessment to improve transparency of our supply chain and will request selected suppliers in at risk supply chains to provide information on the manufacturing process and the origin of the materials used for the manufacture of the products supplied to us.

### **Communication of supplier standards**

Bunzl Global Sourcing and QA/QC in Shanghai is responsible for sending the Supplier code of conduct to suppliers in Asian countries. Bunzl businesses are responsible for sending the Supplier code of conduct to suppliers in other non-Asian countries. The process and frequency of communication are determined by the SCSC and are communicated to the businesses and Bunzl Global Sourcing and QA/QC at least annually.

Where contractual agreements exist with suppliers, it is expected that they will contain clauses that require the relevant supplier to comply with our Supplier code of conduct.

### **Supplier evaluation and auditing**

Bunzl Global Sourcing and QA/QC is responsible for implementing and maintaining a supplier audit programme for all Asian Countries and all other countries with high risk. The audit process and audit locations will be reviewed periodically to ensure these reflect changes in regulations, industry standards, supplier base and Bunzl's ethical sourcing requirements.

Bunzl Global Sourcing and QA/QC will make Bunzl businesses aware of any serious breach identified in supplier audits. Bunzl Global Sourcing and QA/QC and the local Bunzl business will jointly ensure enforcement of appropriate corrective actions by the supplier involved. If the corrective actions have not been implemented within the timeframe set by Bunzl Global Sourcing and QA/QC, the business will cease trading with the relevant supplier. Bunzl Global Sourcing and QA/QC will maintain and communicate a list of delisted suppliers.

### **New suppliers**

Bunzl businesses that plan to trade with a new supplier should ensure that a new supplier receives a Supplier code of conduct in accordance with the process determined by the SCSC. Businesses are allowed to start trading with a new supplier in Asia or in other high-risk countries outside Asia if the following conditions are met:

- The supplier has confirmed by returning a signed statement that they are committed to meet the principles and requirements of the Supplier code of conduct.
- The supplier is not on the list of delisted suppliers.

Bunzl businesses will notify Bunzl Global Sourcing and QA/QC of a new supplier in a high-risk country. After receiving the notification, Bunzl Global Sourcing and QA/QC will evaluate the supplier for inclusion in the supplier audit programme.

Trading with suppliers in very high-risk countries is not allowed without specific approval by Bunzl Global Sourcing and QA/QC.

Businesses will report twice a year to Bunzl Global Sourcing and QA/QC their new and existing suppliers in Asian and high-risk countries, which will include details of product spend, country and product sector.

### **Training**

All businesses should ensure that all senior staff, including managers and procurement and sales executives, complete the CR training modules on business ethics and modern slavery with a minimum frequency of at least once every three years. Completion of the training will be recorded and reported to Group HR annually.

### **Reporting**

Bunzl Global Sourcing and QA/QC will report periodically to business area management a summary of the critical social risk issues that have been identified during the audits.

## **Policy ownership and monitoring**

The Ethical sourcing policy is owned by the Director of Group HR. The policy and the Supplier code of conduct are subject to review and revision on an ongoing basis. A formal review of the policy and the Supplier code of conduct will be carried out at a minimum once every three years by the SCSC.

The compliance with the requirements of the policy is monitored by SCSC. This includes an annual review of:

- compliance with the requirement to communicate the Supplier code of conduct to suppliers;
- the effectiveness of the supplier evaluation and auditing procedures.

The chair of the SCSC provides a quarterly update to the Bunzl Sustainability Committee on the status of the ethical sourcing programme, procedures and performance.

The Director of Group HR provides twice a year an update to the Board of Bunzl plc on the status of the critical issues identified in supplier audits undertaken and overseen by Bunzl Global Sourcing and QA/QC.

**2 January 2023**