

## CHAIRMAN'S INTRODUCTION

Introduction from  
Peter Ventress,  
Chairman of the Board

**Peter Ventress**  
Chairman



**The Board welcomes developments in corporate governance practice, which aim to enhance trust and transparency in our disclosures."**

On behalf of the Board, I am pleased to present the Corporate governance report for the year ended 31 December 2023. This report, in conjunction with the Nomination, Board Sustainability, Audit and Remuneration Committee reports, outlines Bunzl's approach to governance: prudent risk management, transparency, open engagement with stakeholders and compliance with the principles and provisions of the 2018 UK Corporate Governance Code (the 'Code').

I am delighted to welcome Jacky Simmonds, who joined the Board on 1 March 2023, as a non-executive director. Through her executive and non-executive roles, she brings a wealth of international and listed company experience, which, coupled with Jacky's extensive HR expertise, will enhance and strengthen the capabilities of the Board further. Following Jacky's appointment, the proportion of female directors on the Board is 44%, exceeding the Financial Conduct Authority's new 40% board gender diversity target. More information on Jacky's experience and induction process can be found on pages 91 and 99, respectively.

As announced on 26 February 2024, Vanda Murray, Senior Independent Director and Chair of the Remuneration Committee, has informed the Board of her intention to step down as a director at the conclusion of the Company's Annual General Meeting ('AGM') on 24 April 2024. Her independent advice and valued contribution to the Board's deliberations over the years have been greatly appreciated and she leaves with the Company's thanks and best wishes. A robust recruitment process for a new non-executive director is now underway and an announcement will be released in due course, once a suitable candidate has been identified. Full details of the recruitment process will also be included in next year's Annual Report.

Vanda will be succeeded as Chair of the Remuneration Committee by Jacky and Pam Kirby will succeed her as the Board's new Senior Independent Director. The timing of the changes allows for a meaningful handover period with Vanda as part of a planned succession. Further information concerning the Board and Committee changes, and succession planning more generally, can be found in our Nomination Committee report on pages 106 to 109.

In line with recognised best practice, Bunzl undertakes Board reviews on an annual basis to further increase Board effectiveness and to identify areas for improvement. Bunzl engaged Lintstock Ltd in 2023 to conduct an external review of the performance of the Board and its Committees. Additional evaluations of my performance as Chairman, as well as the performance of each individual director, were also undertaken. A wide variety of performance areas were assessed, with key strengths and potential priorities for 2024 identified to drive future discussions. The results of the evaluation were positive and identified that the Board demonstrates an appropriate mix of cohesion and challenge, has a transparent relationship with management, strong clarity of Bunzl's operating model and of the Board's role in driving the Group's strategic outcomes. For additional information on the Board evaluation process and outcomes, see page 103.

Sustainability was highlighted as one of the 2023 priority areas for the Board. Direct oversight of sustainability-related risks and opportunities is key to the continued strengthening of Bunzl's sustainability strategy. In 2022, the Board established a new Board Sustainability Committee ('BSC'), reflecting the importance Bunzl places on the consideration of Environmental, Social and Governance ('ESG') matters. The BSC comprises all of the non-executive directors and invitations to attend the meetings are regularly extended to the Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO'), Director of Group HR and Head of Sustainability. More information about the work undertaken by the BSC during the year, as well as its priorities for 2024, can be found in the BSC report on pages 110 to 111.

## CHAIRMAN'S INTRODUCTION continued

Acquisition growth is a key pillar of Bunzl's compounding growth strategy and remained an area of focus for the Board in 2023. During the year, the Board maintained close oversight of the acquisition pipeline and received regular presentations from senior managers, covering financial, operational and ESG factors, including cultural fit. The Board is mindful of the need to consider the interests of the Company's stakeholders when making decisions, and a case study demonstrating how the Board has had regard to stakeholder interests during the acquisition process can be found on page 67.

The Board welcomes developments in corporate governance practice, which aim to enhance trust and transparency in our disclosures. We are aware that revisions to the Code were published by the Financial Reporting Council ('FRC') in January 2024 and the Board will be giving further consideration to these during the year. We will report formally against the new Code in the Company's future Annual Reports, as the requirements come into effect in 2025 and 2026.

I am pleased to report that, for the year ended 31 December 2023, the Company has complied in full with the provisions of the 2018 version of the Code that is currently in force.

As a Board, we are committed to ensuring that Bunzl's robust governance structure enables sustainable and resilient growth, for the benefit of all of our stakeholders. We hope that you find the following report to be a useful overview of Bunzl's approach to governance and look forward to welcoming you at the Company's forthcoming AGM.

**Peter Ventress**  
Chairman

26 February 2024

## On the Board's mind in 2023

### Focusing on management succession planning and enhancing the Group's organisational structure, talent management, and diversity and inclusion processes

The Board is committed to ensuring that it is balanced, diverse and representative of the markets in which it operates. During the year, Jacky Simmonds was appointed to the Board and brings with her valuable knowledge and experience, particularly in people-related matters.

Succession planning for executives remained high on the agenda and formal Board sessions were held to focus on the topic of talent and leadership succession. These sessions involved the review of succession plans for the senior leadership team, leadership talent within the business areas and young talent initiatives, in the context of fostering diversity. Examples of the diversity and inclusion initiatives that are in place include reverse mentoring, annual leadership conferences and the Bunzl Women in Leadership engagement programmes, which are now present in all business areas.

More information on succession planning, talent management and diversity and inclusion can be found in the Nomination committee report.

[More on page 109](#)

### Continuing Bunzl's focus on sustainability and building this into customer relationships

The Board continued to develop the Company's sustainability strategy and oversee its implementation throughout the year. The establishment of the Board Sustainability Committee in 2022 has allowed for more detailed consideration of sustainability-related risks and opportunities, with one of the focal

points of Bunzl's 2023 sustainability objectives being products and packaging. Approaching this objective with a focus on responsible sourcing has enabled the Group to develop deep and meaningful customer relationships whereby customers are supported with tailored solutions and innovative products better suited to a circular economy.

Further information on Bunzl's tailored solutions can be found in the Sustainability report.

[More on page 56](#)

### Supporting management in acquisition and organic growth strategies

In line with the Company's acquisition growth strategy, the Board approved the acquisition of 19 businesses in 2023. The Board drives and monitors the success of acquisitions through:

- Bunzl's decentralised model, which allows previous company owners to retain an entrepreneurial culture and drive further success;
- providing management with training;
- providing acquired companies with support, resources and operational excellence; and
- frequently reviewing the performance of acquired companies against projections.

Further information regarding Bunzl's acquisition strategy can be found in the Strategic report.

[More on page 29](#)

### Continued Board oversight of strategic priorities and the execution of Bunzl's strategic plans

During the year, the Board continued to focus on Bunzl's strategic pillars of profitable organic growth, operating model improvements and acquisition growth. The Board received frequent updates on business area performance, acquisition reviews and supplier performance, which enhanced its ability to oversee Bunzl's strategic priorities and have meaningful discussions with regard to future plans.

Further information regarding Bunzl's strategic priorities can be found in the Strategic report.

[More on page 26](#)

#### Defining strategic success over the short/medium term for Bunzl:

Growth	See page 22
ESG success	See page 213
Technology	See page 26
Financial performance	See page 150
People and talent	See page 34

## BOARD OF DIRECTORS

# The right balance of skills and experience

Our experienced Board is committed to leading by example to demonstrate Bunzl's strong corporate values and culture, and to promoting the long term sustainable success of the Company for the benefit of all of its stakeholders.

For Committee membership key, see next page.



## 1. Peter Ventress Chairman

**Appointment:** Chairman of the Board since April 2020, having been appointed Chairman designate in June 2019. Chair of the Nomination Committee and Board Sustainability Committee.

**Experience:** He was formerly Chairman of Galliford Try Holdings plc and a non-executive director of Premier Farnell plc, Staples Solutions NV and Softcat plc. He was Chief Executive Officer of Berendsen plc from 2010 to 2016, prior to which he held several senior executive roles, including International President of Staples Inc and Chief Executive Officer of Corporate Express NV, a Dutch quoted company which was subsequently acquired by Staples. Peter is currently Chairman of Howden Joinery Group plc.

**Skills and contribution to the Board:** Peter has a strong track record as both an executive and non-executive director of numerous international distribution businesses, bringing valuable knowledge and experience to the Board. His leadership ability, gained through previous experience as the Chairman of other similarly complex businesses, cultivates a culture of constructive debate and challenge on the Board.

**Committees:** ○○

## 2. Frank van Zanten Chief Executive Officer

**Appointment:** Chief Executive Officer since April 2016, having been appointed as an executive director in February 2016.

**Experience:** He joined Bunzl in 1994, when Bunzl acquired his family owned business in the Netherlands and he subsequently assumed responsibility for a number of businesses in other countries. In 2002, he became Chief Executive Officer of PontMeyer NV, a listed company in the Netherlands, before rejoining Bunzl in 2005 as the Managing Director of the Continental Europe business area. He is a member of the Supervisory Board of Koninklijke Ahold Delhaize NV.

**Skills and contribution to the Board:** Frank has extensive knowledge and experience of our business, acquired over years of dedicated commitment to the Company. He has an outstanding track record of implementing the Company's purpose-led strategy, fostering growth by developing and expanding the Group, both organically and through acquisitions.

**Committees:** None

## BOARD OF DIRECTORS continued

**3. Richard Howes**  
Chief Financial Officer

**Appointment:** Chief Financial Officer and a member of the Board since January 2020, having been appointed Chief Financial Officer designate in September 2019.

**Experience:** He qualified as a Chartered Accountant with Ernst & Young before moving to the investment bank Dresdner Kleinwort Benson. During his career he has held a number of senior positions at Geest plc and Bakkavor Group plc, including that of Chief Financial Officer of Bakkavor Group. He was Chief Financial Officer of Coats Group plc between 2012 and 2016 and prior to joining Bunzl was Chief Financial Officer of Inchcape plc. He is currently a non-executive director of Smiths Group plc and chairs their Audit & Risk Committee.

**Skills and contribution to the Board:** Richard brings a wealth of experience to the Board, gained across several sectors, having led finance functions at a number of international public companies and having worked for multi-site businesses with substantial global footprints. He brings broad financial expertise and commercial skills which are invaluable to his role on the Board and in leading Bunzl's Finance, Tax, and Treasury functions.

**Committees:** None

**4. Vanda Murray OBE**  
Senior Independent Director

**Appointment:** Non-executive director since February 2015, Senior Independent Director and Chair of the Remuneration Committee.

**Experience:** Formerly Chief Executive Officer of Blick plc from 2001 to 2004, she subsequently became UK Managing Director of Ultraframe plc from 2004 to 2006 and was appointed OBE in 2002 for Services to Industry and Export. She is currently Chair of Marshalls plc and a non-executive director of Howden Joinery Group plc.

**Skills and contribution to the Board:** Vanda brings over 25 years of senior management experience to the Board, across a range of industrial, manufacturing and support services sectors in Europe, the US and Asia. Her experience as a Chief Executive Officer and Chair makes her well suited to the role of Senior Independent Director and Chair of the Remuneration Committee.

**Committees:** ● ● ● ● ●

**5. Lloyd Pitchford**  
Non-executive director

**Appointment:** Non-executive director since March 2017 and Chair of the Audit Committee.

**Experience:** Having previously held a number of senior finance positions with BG Group plc, latterly as Group Financial Controller, he subsequently joined Intertek Group plc, where he was Chief Financial Officer from 2010 to 2014. He has been Chief Financial Officer of Experian plc since 2014.

**Skills and contribution to the Board:** Lloyd has extensive financial experience gained from his roles in listed companies, including his current role as Chief Financial Officer of Experian plc. His significant financial expertise has contributed greatly to the Board's and the Committees' discussions and makes him well suited for the Audit Committee Chair role.

**Committees:** ● ● ● ● ●

**6. Stephan Nanninga**  
Non-executive director

**Appointment:** Non-executive director since May 2017.

**Experience:** After holding a number of positions with Sonepar and Royal Dutch Shell, he subsequently became Managing Director, Distribution Europe of CRH plc in 1999. He then joined the Board of SHV Holdings NV in 2007, where he was initially responsible for the Makro and Dyas businesses, before becoming Chief Executive in 2014, a position he held until 2016. He is a member of the Supervisory Boards of CM.com and Cabka N.V. and a non-executive director of IMCD N.V.

**Skills and contribution to the Board:** The Board benefits from Stephan's extensive international experience, which he has gained across a range of businesses operating in the distribution and service sectors. He has solid executive experience which informs his contributions to the Remuneration, Audit and Nomination Committees.

**Committees:** ● ● ● ● ●

**7. Vin Murria OBE**  
Non-executive director

**Appointment:** Non-executive director since June 2020.

**Experience:** Formerly Chief Executive Officer of Computer Software Group plc from 2002 until 2007, she subsequently founded and was Chief Executive Officer of Advanced Computer Software Group plc from 2008 until 2015. She was appointed OBE in 2018 for services to the digital economy. She is Chair of AdvancedAdvT Limited and a non-executive director of Softcat plc.

**Skills and contribution to the Board:** Vin has over 25 years of experience working in the digital and technology sectors, which is valuable given the Company is continually expanding and developing its digital and technological capabilities. Vin's background of developing highly successful growth strategies is especially pertinent to the Board.

**Committees:** ● ● ● ● ●

**8. Pam Kirby**  
Non-executive director

**Appointment:** Non-executive director since August 2022.

**Experience:** Formerly Chief Executive Officer of Quintiles Transnational Corporation, having previously held senior executive positions at AstraZeneca plc and F. Hoffmann-La Roche Ltd. She was also previously a non-executive director of DCC plc and Hikma Pharmaceuticals plc, and Senior Independent Director of Victrex plc. She is presently a non-executive director of Reckitt Benckiser Group plc and a member of the Supervisory Board of AkzoNobel NV.

**Skills and contribution to the Board:** Pam has significant knowledge and expertise in global businesses, having worked in several international roles for over 30 years. Through her executive and non-executive roles, she brings a wealth of international distribution, strategic and UK listed company experience to the Board.

**Committees:** ● ● ● ● ●

**9. Jacky Simmonds**  
Non-executive director

**Appointment:** Non-executive director since March 2023.

**Experience:** She was formerly Chief People Officer at VEON Ltd (a Nasdaq listed digital services company), prior to which she held a number of senior positions, including Group Director of People at easyJet plc and Chief Human Resources Officer of TUI Group, where she sat on the Supervisory Board of TUI Deutschland, GmbH. She was also a non-executive director of Ferguson plc from 2014 until 2022 and is presently Chief People Officer of Experian plc.

**Skills and contribution to the Board:** The Board benefits from Jacky's extensive knowledge and experience in human capital management, including employee engagement, transformational change, board and leadership succession planning, employee relations and talent management. Her international and listed company experience, coupled with her extensive HR acumen, enhances the capabilities of the Board and its Committees.

**Committees:** ● ● ● ● ●

**Committee membership**

- Member of the Audit Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee
- Member of the Board Sustainability Committee
- Independent director
- Denotes Chairman

## CORPORATE GOVERNANCE REPORT

# Governance overview

## Board

### Meetings

The table below sets out directors' attendance at the scheduled Board and Committee meetings held during 2023. Additional meetings of the Board were also held as and when circumstances required it to meet at short notice.

	Board (7)	Audit (4)	Nomination (4)	Remuneration (3)	Board Sustainability (3)
<b>Chairman</b>					
Peter Ventress	7		4		3
<b>Executive directors</b>					
Frank van Zanten	7				
Richard Howes	7				
<b>Independent non-executive directors</b>					
Vanda Murray OBE	7	4	4	3	3
Lloyd Pitchford	7	4	4	3	3
Stephan Nanninga	7	4	4	3	3
Vin Murria OBE	7	4	4	3	3
Pam Kirby	7	4	4	3	3
Jacky Simmonds*	5	3	2	2	3

\* Jacky Simmonds was appointed as a director on 1 March 2023 and attended all Board and Committee meetings held between that date and the end of the year.

Skills held by each director	Frank van Zanten	Richard Howes	Peter Ventress	Vanda Murray OBE	Lloyd Pitchford	Stephan Nanninga	Vin Murria OBE	Pam Kirby	Jacky Simmonds
Core industry experience (logistics and distribution)	•	•	•	•		•		•	•
Digital/cyber security		•			•	•	•		
International	•	•	•	•	•	•	•	•	•
Sustainability	•		•	•	•		•	•	
M&A	•	•	•	•	•	•	•	•	•
Strategy	•	•	•	•	•	•	•	•	•
Remuneration/people	•	•	•	•	•	•	•	•	•
Finance		•	•		•	•	•	•	

Legal: The Board has access to the services of the General Counsel and Company Secretary, who is a qualified solicitor.

## Our Board by numbers

**Tenure (non-executive directors, incl. Chairman)**  
(year ended 31 December 2023)



0 – 3 years	2
3 – 6 years	2
6+ years	3

**Executive and non-executive directors**  
(year ended 31 December 2023)



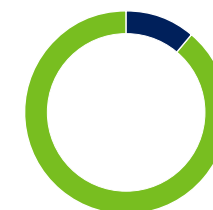
Executive	2
Non-executive (incl. Chairman)	7

**Independent directors (excl. Chairman)**  
(year ended 31 December 2023)



Independent	6
Other	2

**Ethnic diversity**  
(year ended 31 December 2023)



Director from minority ethnic group	1
Other	8

**Board gender**  
(year ended 31 December 2023)



Male	5
Female	4

More on page 109

## CORPORATE GOVERNANCE REPORT continued

**Matters reserved for the Board**

The topics outlined below include some of the matters which are required to be brought to the Board for consideration:

**Shareholders**

- Matters requiring shareholder approval
- Circulars and significant shareholder communications

**Capital allocation and structure**

- Significant capital expenditure/disposals
- Significant business acquisitions/disposals
- Material changes to the Group's capital structure
- Major property leases
- Material increases in borrowing and loan facilities

**Policies and statements**

- Material Group policies, statements and major changes thereto, for example:
  - Tax Strategy;
  - Treasury Policy;
  - Modern Slavery Statement;
  - Diversity, Equity and Inclusion Policy; and Risk Appetite.

**People and leadership**

- Appointment/removal of directors and Company Secretary
- Non-executive directors' remuneration
- Executive directors' remuneration
- Board Committee constitution and terms of reference

**Strategy and management**

- The Group's strategic aims and objectives
- Annual budget and strategic plan

**Financial reporting, risk and controls**

- Financial results and announcements relating thereto
- Final and interim dividends
- Auditor appointment/removal
- Risk management and internal controls

**Knowledge sharing, upskilling and continual development**

The Board understands the importance of knowledge sharing, upskilling and continual development; therefore, senior management, members of different corporate functions and external parties are frequently invited to attend meetings to present to the Board on their respective areas of expertise, aiding better decision making.



## CORPORATE GOVERNANCE REPORT continued

## Key activities and decisions of the Board in 2023

## Q1

**January**

- Strategic plan proposal
- Presentation on acquisition pipeline
- Results of the 2022 employee pulse survey
- Presentation on feedback from employee listening groups
- Group risk assessment

**February**

- Results for the year ended 31 December 2022
- Risk management, internal controls and disclosure of information to auditors
- Re-appointment of auditors
- Presentation on acquisition pipeline
- Final dividend for the year ended 31 December 2022
- Fraud risk assessment
- Update on accident statistics

## Q2

**April**

- Q1 trading update
- Revision of the Modern Slavery Statement
- Update on contract with major customer

**June**

- Pre-close trading statement
- Presentation on treasury policies and funding proposals
- Review of acquisitions made in 2021
- Update on corporate responsibility and supplier performance
- Update on whistleblowing reports
- Update on accident statistics
- Update on the FRC's Code consultation
- Site visits in Toronto

## Q3

**August**

- Results for the half year ended 30 June 2023
- Interim dividend for the year ended 31 December 2023
- Update on information security
- Update on acquisitions
- Update on accident statistics
- Consideration of the Company's draft response to the FRC's Code consultation

## Q4

**October**

- Q3 trading update
- Update on the Euro Medium Term Note programme
- Presentations on acquisition pipeline
- Approval of the Equality and Diversity Policy
- Site visits in Barcelona


**December**

- Pre-close trading statement
- Board performance evaluation
- 2024 budget
- Presentation on acquisition pipeline
- Anti-bribery and corruption training
- Update on accident statistics
- Group tax strategy statement and update
- Supplier audit statistics
- Board and Committee Diversity Policy
- Update on whistleblowing reports
- Review of Committee terms of reference and governance documents

## CORPORATE GOVERNANCE REPORT continued

## UK Corporate Governance Code (the 'Code') compliance statement

For the year ended 31 December 2023, the Company has complied in full with the requirements of the Code.

Pursuant to DTR 7.2.6, information required to be disclosed on the Company's securities structure can be found on page 180. Information on our Board and Committee Diversity Policy, required to be disclosed pursuant to DTR 7.2.8A, can be found on pages 109 to 110. The full Board and Committee Diversity Policy can be found on the Company's website, [www.bunzl.com](http://www.bunzl.com) .

Board leadership and company purpose	Relevant section of the Annual Report	Page(s)
Effective Board	Biographies of the Board of directors	90
Purpose, values and strategy	Our purpose, values and strategy	26 to 31
Culture	How the Board monitors culture	100
Prudent and effective controls	Risk management and internal controls	116 to 117
Engagement with shareholders	Section 172 statement	64 to 67
S.172 statement and engagement with other stakeholders	Section 172 statement	64 to 67
Engagement with employees	Employee engagement statement	101
Workforce policies and practices	Other statutory information	148
Division of responsibilities	Relevant section of the Annual Report	Page(s)
Division of responsibilities	Board roles and responsibilities	98
Board independence	Nomination Committee report	107 to 109
Board attendance and time commitments	Board attendance table	92
Composition, succession and evaluation	Relevant section of the Annual Report	Page(s)
Appointment procedure	Nomination Committee report	108
Succession plans	Nomination Committee report	108
Composition of the Board and its Committees	Biographies of the Board of directors	90 to 91
Tenure of directors	Board tenure chart	92
Evaluation	Board evaluation and priorities identified	103
Audit, risk and internal controls	Relevant section of the Annual Report	Page(s)
Audit Committee role	Audit Committee report	114
External audit	Audit Committee report	119 to 121
Fair, balanced, understandable report	Fair, balanced and understandable statement	195
Internal controls framework	Audit Committee report	117
Principal and emerging risks	Principal risks and uncertainties	68 to 76
Remuneration	Relevant section of the Annual Report	Page(s)
Remuneration policy and practices	Remuneration Committee report	122 to 146
Development of executive remuneration policy	Remuneration Committee report	122 to 146
Independent judgement and discretion	Remuneration Committee report	122 to 146




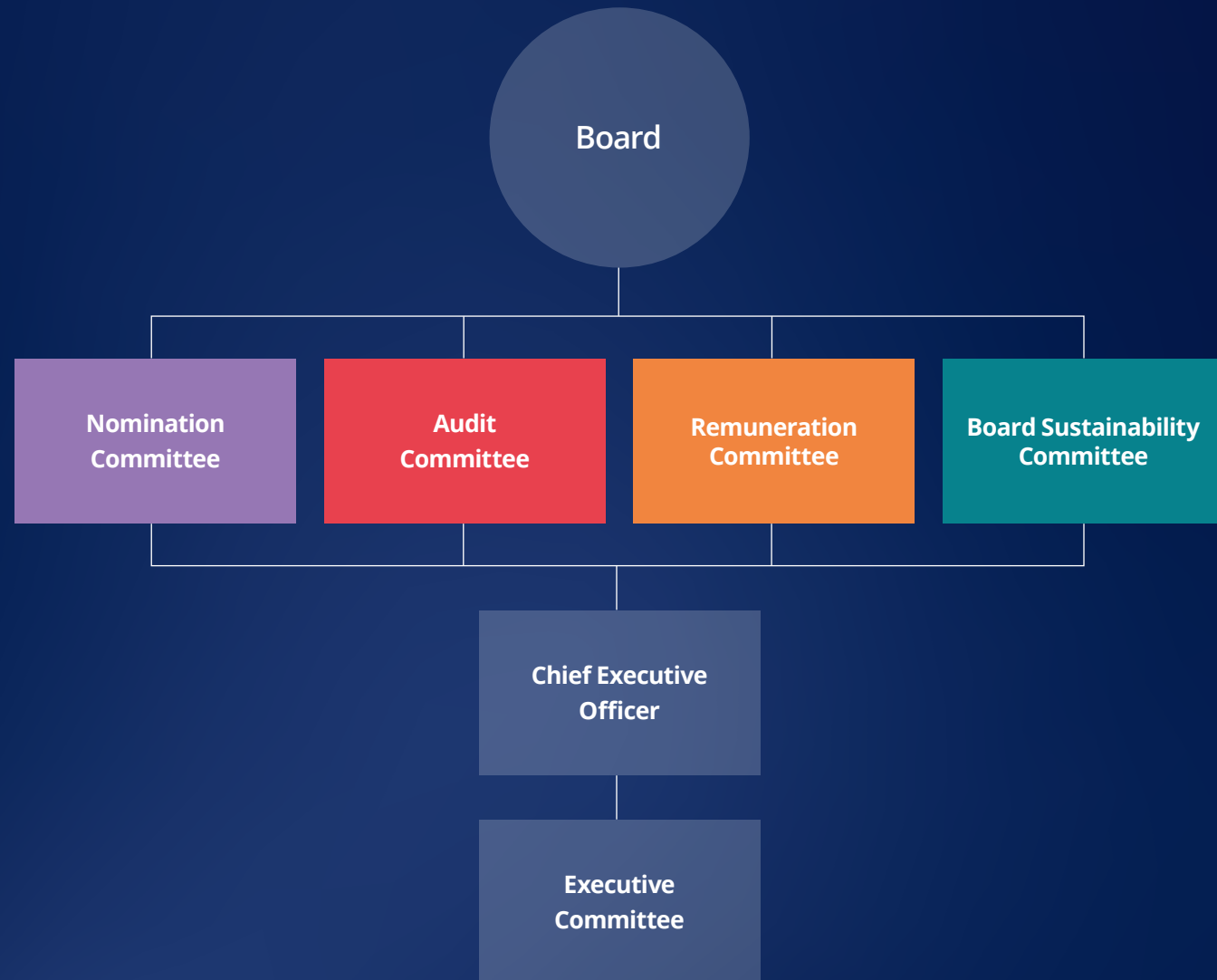
## CORPORATE GOVERNANCE REPORT continued

## Governance structure

The Board has ultimate responsibility for the overall leadership of the Group. To ensure the directors maintain overall control over strategic, financial, operational and compliance issues, the Board meets regularly throughout the year and has formally adopted a schedule of matters which are required to be brought to it for consideration. Further details of the matters reserved for the Board can be found on page 93.

The Board has established four Committees to which it delegates certain matters, all of which comply with the provisions of the Code and play an important governance role through the detailed work they carry out to fulfil the responsibilities delegated to them. The Board recognises the importance of evolving the governance structures of the Company in line with the development of the Company's strategy, and the Board Sustainability Committee was formed with a mandate to provide strategic advice to the Board on the principal objectives, targets and priorities of Bunzl's sustainability strategy. All Committees meet at least three times a year, with the exception of the Audit Committee which meets at least four times a year, and briefing papers are prepared and circulated to Committee members in advance of each meeting.

The terms of reference for each Committee can be found on the Company's website, [www.bunzl.com](http://www.bunzl.com) .



## CORPORATE GOVERNANCE REPORT continued

## Board composition

As at 31 December 2023, the Board was made up of nine members comprising a Chairman, a CEO, a CFO and six non-executive directors, including a Senior Independent Director.

Brief biographical details of the directors in office at the date of this report are given on pages 90 to 91 and further information on the Nomination Committee's approach to succession planning can be found in its report on page 108.

None of the Company's non-executive directors had any previous connection with the Company or its executive directors on appointment to the Board, with the exception of Jacky Simmonds, who is presently Chief People Officer at Experian plc. Lloyd Pitchford, another non-executive director at Bunzl, is the CFO of Experian plc. Notwithstanding this connection, all of Bunzl's non-executive directors, including Jacky, are considered by both the Board and the criteria set out in the Code to be independent. Further details concerning the determination of director independence can be found in the Nomination Committee report on pages 107 to 108.

Each of the non-executive directors is considered to have a breadth of strategic, management and financial experience gained in each of their own fields in a range of multinational businesses, further details of which can be found in the director skills matrix on page 92.

The Board is satisfied that each non-executive director dedicates appropriate time to their role, continues to contribute effectively to Board decision making and executes their responsibilities to challenge, monitor, advise and guide the Company to a high standard for the benefit of Bunzl's stakeholders as a whole. Further details relating to the time commitments of the directors can be found on page 99.

In accordance with the terms of the Code and Bunzl's Articles of Association, with the exception of Vanda Murray, each of the directors in office at the date of this Annual Report will be subject to re-election at the 2024 AGM and the reasons for each director's re-election will be set out in the forthcoming Notice of Meeting.



## CORPORATE GOVERNANCE REPORT continued

## Board roles and responsibilities

The following table summarises the role and responsibilities of the different members of the Board:

Role	Responsibilities
<b>Chairman</b>	<p>The primary job of the Chairman is to be responsible for the leadership of the Board and to ensure its effectiveness in all aspects of its role. The Chairman:</p> <ul style="list-style-type: none"> <li>• takes overall responsibility for the composition and capability of the Board and its Committees;</li> <li>• organises the annual evaluation of the Board, its Committees and each individual director;</li> <li>• consults regularly with the Chief Executive Officer and is available on a flexible basis to provide advice, counsel and support to the Chief Executive Officer; and</li> <li>• ensures corporate governance is conducted in accordance with current best practice, as appropriate to the Group.</li> </ul> <p>The Chairman is also viewed by investors as the ultimate steward of the Group and the guardian of the interests of all the shareholders.</p>
<b>Chief Executive Officer</b>	<p>The Chief Executive Officer is responsible for the leadership and the operational and performance management of the Company within the strategy agreed by the Board. The Chief Executive Officer:</p> <ul style="list-style-type: none"> <li>• manages the CFO and the Group's management and day-to-day activities;</li> <li>• prepares and presents the strategy for growth in shareholder value to the Board;</li> <li>• sets the operating plans and budgets required to deliver the agreed strategy;</li> <li>• ensures that the Group has appropriate risk management and control mechanisms in place; and</li> <li>• communicates with the Company's shareholders on a day-to-day basis as necessary.</li> </ul>
<b>Chief Financial Officer</b>	<p>The Chief Financial Officer supports the Chief Executive Officer and is responsible for managing the Group's funding strategy, financial reporting, non-financial reporting, risk management and internal controls, investor relations programme and the leadership of the Finance, Tax and Treasury functions. The Chief Financial Officer communicates with the Company's analysts on a day-to-day basis as necessary.</p>
<b>Senior Independent Director</b>	<p>The Senior Independent Director is available to shareholders if they have concerns, which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or for which such contact is inappropriate. The Senior Independent Director is also available to the other directors should they have any concerns, which are not appropriate to raise with the Chairman or that have not been satisfactorily resolved by the Chairman.</p>
<b>Independent non-executive directors</b>	<p>The non-executive directors play an important role in corporate governance and accountability, through both their attendance at Board meetings and their membership of the various Board Committees. The non-executive directors bring a broad range of business and financial expertise and experience to the Board, which complements and supplements the experience of the executive directors. This enables them to offer strategic guidance, evaluate information provided and constructively challenge management's viewpoints, assumptions and performance.</p>

**There is a clear division of responsibilities between the Chairman and the Chief Executive Officer, which is set out in writing and has been agreed by the Board.**

## Board activity

The Board meets formally at least seven times a year, with two Board meetings held at or near Group locations around the world. During 2023, the Board held meetings in Spain and in Canada, which gave the directors the opportunity to meet with local employees and assess the culture of the Company.

At each Board meeting, Bunzl's operational and financial performance is discussed and presentations are made by the CEO and the CFO. The Business Area Heads attend certain meetings by invitation to present on key topics within their remit. The importance of bringing management into meetings to present on their respective area of expertise, share knowledge and provide updates on the performance of the business is well recognised by the Board. The Director of Corporate Development frequently presents to the Board on potential acquisitions and the Board receives regular updates from management on risk, health & safety, digital strategy, information security, environment, sustainability, governance and people matters.

Board agendas are set by the Chairman in consultation with the CEO and with the assistance of the Company Secretary, who maintains a rolling programme of items for discussion by the Board. This ensures that all matters reserved for the Board and other key issues are considered at the appropriate time.

Each Board meeting is structured to accommodate sufficient challenge and contribution by all participants. The Board is supplied with full and timely information to enable informed decision making. All directors have access to the advice and services of the Company Secretary who ensures that Board procedures are complied with, and the Board is fully briefed on relevant legislative, regulatory and corporate governance developments. Directors may also take independent professional advice at the Company's expense where they judge this to be necessary in the furtherance of their duties to discharge their responsibilities as directors.

## CORPORATE GOVERNANCE REPORT continued

**Conflicts of interest**

The directors are required to avoid situations in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit.

Directors are required to give notice of any potential situational and/or transactional conflicts, which are then considered by the Board and, if deemed appropriate, authorised accordingly. A director is not however permitted to participate in such considerations or to vote in relation to their own conflicts.

The Board has considered and authorised a number of potential situational conflicts, all of which relate to the holding of external directorships and have been entered on the Company's conflicts register. No actual conflicts have been identified during the year and the Board considers that these procedures operate effectively.

**External appointments and time commitment of directors**

The Board takes the time commitment of directors seriously and the time expected of directors is set out in their letters of appointment. Each director must notify the Chairman prior to accepting a new appointment, and the Chairman must notify the Board. During the year, the Board considered the external appointment of Vanda Murray as a non-executive director of Howden Joinery Group plc with effect from 1 February 2024. Additional information on how the Board assessed this external appointment is available on pages 107 to 108 of the Nomination Committee report.

The Board recognises the benefits in terms of director knowledge and experience that external appointments can bring to Board deliberations. In 2023, when considering Vanda's new appointment, the Board considered whether it would impact the time required for her to prepare

for and attend meetings of the Company, engage with stakeholders, undertake any training or personal development and execute her duties to the Company effectively. In addition, the Board considered her current portfolio, whether there were any conflicts or potential conflicts, the time commitment required with the new appointment and whether the appointment would cause the number of directorships she held to exceed those set out in the Code or institutional investor and proxy adviser guidance.

The Board is satisfied that each director devotes sufficient time to their role at Bunzl and continues to discharge their duties effectively.

**Induction**

The Company Secretary assists the Chairman in designing and delivering a tailored induction programme for each new member of the Board. This takes into account each director's individual needs, aims to outline their roles, responsibilities and duties as a director of the Company and facilitate their understanding of the Group's business, people, processes, purpose, values and culture.

A typical induction programme normally includes:

- a detailed information pack that includes details of directors' duties and responsibilities, procedures for dealing in Bunzl plc's shares and other governance-related issues;
- one-to-one meetings with the other members of the Board and the Company Secretary;
- meetings with Committee Chairs, as appropriate;
- meetings with senior management;
- visits to some of the Group's locations;
- information on the main areas of the Group's business activity and risks; and
- information on the Company's approach to sustainability and stakeholder engagement.

**INDUCTION:****Jacky Simmonds**

Meeting with members of senior management and employees in Bunzl's business areas has provided me with an understanding of the culture within the Company and an awareness of the views and priorities of employees throughout the Group. This knowledge allows me to consider the employee perspective in Board deliberations and is something that I look forward to developing further in 2024 and beyond."

**June 2023 Canada tour**

- Presentation on Bunzl's operations in Canada
- Site visit to Bunzl Canada
- Meeting with young talent group
- Bunzl Canada facility tour

**October 2023 Barcelona tour**

- Update on business performance in Continental Europe
- Presentation on growth in Southern Europe, the Middle East, and Central and Eastern Europe
- Site visit to Bunzl Distribution Spain
- Presentation on Spanish businesses
- Presentation on Bunzl's online business in Continental Europe

**Training and development**

The Board recognises the importance of continually developing existing directors and believes good decision making is enabled by a deep understanding of the Group's operations and people. During the course of the year, directors receive training and presentations to keep their knowledge current and enhance their experience. They are updated continually on the Group's businesses, their markets and changes to the competitive and regulatory environments in which they operate. In addition, the Board is kept informed of relevant legal, regulatory and financial developments or changes by the Company Secretary and the CFO. The Company's legal advisers and auditors give presentations and training to the Board on specific topics of interest.

Training and development needs of the Board are kept under review and directors attend external courses where it is considered appropriate for them to do so.

**2023 training and development activities**

- External adviser training on anti-bribery and corruption, including:
  - an overview of the offences under the UK Bribery Act 2010, the adequate procedures defence, the key risk areas for the Company; and
  - an update on the Economic Crime and Transparency Act 2023 and the forthcoming reforms.
- Internal sustainability updates, including on:
  - sustainability objectives for 2023 and net zero transition plan and targets;
  - KPIs and focus areas for business areas;
  - supplier engagement programme; and
  - UK sustainability reporting standards and preparations for the proposed EU mandatory sustainability reporting, including our proposed double materiality assessment.

## CORPORATE GOVERNANCE REPORT continued

## Purpose, values and how we monitor culture

Bunzl's purpose is to deliver essential business solutions around the world and create long term sustainable value for the benefit of all stakeholders. It is the responsibility of the Board to set the purpose, values and strategy of the Company and ensure that these align with the desired culture. In order to achieve the Company's purpose, the Board recognises the importance of a healthy corporate culture where employees can reach their potential and everyone is working towards a common goal. Bunzl has a unique and valued entrepreneurial culture which is critical to delivering the Company's strategy and is enabled by its decentralised structure and a focus on developing local talent. The Board ensures that the culture of Bunzl is well communicated and embedded throughout the organisation, consistently measured and sustained.

Our championed values are at the centre of our corporate culture and underly the way we conduct our business. Bunzl's strong culture is a key source of competitive advantage and helps the Group to attract and retain the best talent.

## The Company's values are at the centre of our culture and are reflected in the way we work and interact with stakeholders:

**Reliability in action**

Bunzl's network, digital capabilities, and sustainable products, enable us to become a reliable partner to our customers, driving long term customer relationships.

Read about our successful retender outcome with ISS on page 27.

**Humility in action**

Bunzl's corporate charity programme supports environmental projects related to recycling, litter prevention, clean-up and waste management infrastructure.

Read about our charitable initiatives on page 220.

**Transparency in action**

Bunzl's honest culture engenders confidence in the Company and Bunzl aims to be as transparent as possible in its reporting.

Read about our assurance framework on page 105.

**Responsiveness in action**

Bunzl's own and exclusive brand offering, expertise, and close customer relationships allow the Company to respond to specific customer needs.

Read about an example of our own and exclusive brand offering on pages 20 to 21.

## Our values guide our culture and impact Company decision making:

**Nomination Committee**

Actively manages the composition of the Board and the pipeline of diverse talent, embracing a representative Board and inclusive culture for all employees to thrive. See pages 106 to 109.

**Audit Committee**

Ensures the integrity and transparency of the Group's financial and narrative reporting and promotes the transparent risk-focused culture within which the Company operates. See pages 112 to 121.

**Board Sustainability Committee**

Provides recommendations to the Board on the Group's sustainability strategy, endorsing a culture of continuous improvement. See pages 110 to 111.

**Remuneration Committee**

Monitors executive remuneration, the gender pay gap and CEO pay ratio, to ensure that remuneration aligns with Bunzl's values and culture, and encourages the Company's desired behaviours. See pages 122 to 146.

**Human Resources team**

Implements programmes to promote our values and monitors employee sentiment via surveys. Introduces compulsory training to upskill employees and reviews policies to protect Bunzl's culture. See pages 34 to 39.

## Our culture is...

**...evidenced by what our people most value about life at Bunzl:**

- Our working relationships
- Work-life balance for employees
- Respect and ethics
- The atmosphere on the ground
- Teamwork and support
- The skills of employees
- Development opportunities
- Our customer-focused attitude
- Empowerment of employees

**...embedded through:**

- Annual conferences and learning sessions
- Quarterly distribution of the Group Employee Magazine, which celebrates success stories, shares case studies and highlights mentoring initiatives
- Objective setting and development plans
- Group policies to guide employee behaviour
- Employee equity participation
- An acquisition strategy that retains former business owners, fostering an entrepreneurial mindset

**...measured through our culture metrics:**

- Employee voluntary turnover rate: 15.3%
- Great Place to Work Overall Perception score: 70%
- Non-executive director engagement meetings held: 5
- Number of material breaches of Code of Conduct: 4
- Accident/incident severity rate: 4% improvement versus 2022

**...monitored through:**

- Diversity, equity and inclusion activities
- Health & safety data
- Employee forums
- Dialogue with executives and senior management
- Employee survey results
- Regular Board reporting on people matters
- Non-executive director listening groups
- Site visits

## CORPORATE GOVERNANCE REPORT continued

**Employee engagement statement**

In accordance with Provision 5 of the Code, the Board has decided to use alternative arrangements to engage with employees. Bunzl is a global, decentralised business with operations in multiple locations and our employees fulfil a broad range of roles with many different perspectives. It is therefore essential that our engagement methods suit the nature of our business, the culture of the Company and our workforce. This holistic approach to engagement is the most effective method and allows the Board to understand, monitor and assess employee sentiment.

Some of the mechanisms used to engage with employees during the year are described in the following section. Employees are also encouraged to get involved with the Company's performance through a variety of different means, including the operation of all employee share plans, bonus and commission schemes and other incentive arrangements. Our employee engagement mechanisms are discussed at Board meetings and kept under review to ensure that they remain appropriate and effective.

**Site visits**

In 2023, visits to operational sites gave the Board a chance to hear views from employees at all levels, providing a platform for meaningful engagement while enhancing their understanding of Bunzl's operations and culture. Additional information on the Board's site visits can be found on page 99.

Bunzl's CEO, Frank van Zanten, carried out additional site visits during the year including a five day trip to Latin America, where he met employees within the teams of 17 Bunzl businesses. This has bolstered his ability as an executive director to bring the employee voice into Board deliberations.

**CEO listening session**

In 2023, the CEO, alongside the Director of Group HR, held a third annual listening session with female employees, and employees from ethnically diverse backgrounds, across the Group. Bunzl's CEO listening sessions enable direct engagement between the CEO and employees, which is used to review progress against the Company's diversity objectives, inform future Board decisions and gain further insight into the results of the employee pulse survey.

Key themes were identified from the employee feedback provided in the 2023 CEO listening session, which have been compiled and used to inform decision making around Bunzl's diversity and inclusion initiatives in 2024.

Theme	Key point(s) raised
<b>Role models</b>	<ul style="list-style-type: none"> <li>The creation of strong role models is critical, as employees can find it motivating to see people from similar backgrounds in senior positions throughout the organisation</li> <li>Success stories covering role models should be more widely publicised through internal communications channels</li> </ul>
<b>Targets</b>	<ul style="list-style-type: none"> <li>Employees were pleased to see progress towards diversity targets in 2023 and appreciated the ambitious targets set for 2024</li> <li>Targets were considered crucial in demonstrating clear measures of success, ensuring that progress is not left to chance</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>Different cultures, including faiths and nationalities, should continue to be celebrated through effective communications</li> </ul>

Bunzl's CEO listening sessions have been a valuable engagement mechanism, facilitating the provision of feedback from employees of diverse backgrounds direct to Board level. Further information on our diversity and inclusion initiatives can be found on page 36.

**Non-executive director listening sessions**

To gain insight into the 2023 employee experience, Lloyd Pitchford and Vanda Murray held several non-executive director listening sessions, speaking directly with employees from the Continental Europe, North America and Asia Pacific business areas. These sessions are held to facilitate direct engagement between the non-executive directors and Bunzl employees across all levels of the Group, on topics such as the effectiveness of communications, the quality of IT resources, and the alignment of executive remuneration with wider company pay policy. The matters raised by employees are fed back to the Board and the Board uses this feedback to inform its decisions.

Theme	Key point(s) raised
<b>Communications</b>	<ul style="list-style-type: none"> <li>Employees considered that internal communications had improved, resulting in a greater feeling of connectedness</li> <li>Increased communication around Group strategy was identified as being something that employees would welcome</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>Employees were supportive of improvements to IT resources and systems in 2023 and encouraged continued investment</li> </ul>
<b>Surveys</b>	<ul style="list-style-type: none"> <li>The Great Place to Work survey had been expanded to cover all regions in 2023 and this was positively received as an additional way for employees to have their voices heard across the Group</li> </ul>
<b>Reward</b>	<ul style="list-style-type: none"> <li>The basis of reward for frontline staff, when compared with that of management, was considered to be consistent</li> </ul>

**DIVERSITY: READ MORE ABOUT OUR DIVERSITY TARGETS ON PAGE 109**

**MONITORING EMPLOYEE SENTIMENT: SEE THE RESULTS OF THE GREAT PLACE TO WORK SURVEY ON PAGE 35**

## CORPORATE GOVERNANCE REPORT continued

**Engagement with customers, suppliers and other stakeholders**

Understanding the views of the Company's stakeholders is a key priority for the Board and Bunzl as a whole. It helps to focus the Company's resources, engagement and reporting activities by addressing those issues that matter most to the Group's businesses and to the Company's wider stakeholders. Fostering strong business relationships is an intrinsic part of the Company's long established and successful compounding strategy and a key consideration in all decision making. More information about Bunzl's engagement with its suppliers, customers and wider stakeholder groups can be found on pages 64 to 67 and in the Sustainability report on pages 54 to 62.

**Bunzl Insight series**

In 2022, Bunzl began hosting Insight events, designed to enhance communication and engagement with key stakeholders by providing more detailed and comprehensive information regarding the Group's international business operations. Given the intricate and expansive nature of Bunzl's decentralised operations, providing additional detail beyond that outlined in Bunzl's Annual Report, Capital Markets Days and other engagement activities allows stakeholders to gain a better insight into the Group's culture and operational activities.

With a focus on Bunzl's Continental Europe businesses in 2022, and North America in 2023, the Insight events were hosted by local senior leadership and focused on a wide variety of topics, including value-added solutions for customers, an overview of Bunzl's expanding acquisition model and highlights of our established platform for future growth. The Group aims to enhance its engagement with stakeholders by actively fostering interaction through discussion and feedback.

The Group's Insight events have been well received by stakeholders, with additional Insight events having been requested covering specific areas of the business.

**Shareholder meetings**

The Board is committed to maintaining strong communications with our shareholders. Committee Chairs seek engagement with major shareholders on pertinent matters within their responsibility and, in 2023, the Chair of the Remuneration Committee sought engagement with major shareholders, regarding Bunzl's proposed 2024 director's remuneration policy, details of which can be found on pages 122 to 146.

Additionally, major shareholders are routinely invited to meet with the Chairman, Chair of the Audit Committee and Company Secretary to discuss governance at Bunzl. Some of the topics that were discussed during our 2023 shareholder meetings are outlined below. The outcomes of all of the meetings were positive, with no specific matters of concern being raised. The Board looks forward to continuing its engagement activity in the coming year.

**Topics discussed in 2023 meetings**

- Outcomes of the 2023 Board evaluation and the Board's mechanism for tracking progress against those outcomes
- Succession planning, skills on the Board and priorities for the recruitment of new directors
- Talent management priorities and the Board's involvement in relation to talent management below Board level
- The strategic oversight role of the Board with regard to capital allocation and the acquisition pipeline
- Diversity of directors on the Board

**Outcome of meetings**

The outcomes of all of the meetings were positive, and the Board will continue its engagement activity in the coming year.



Scan the QR code to find out more about bunzl's insight events, including links to our slides and webcast recordings

More information on how we work with our customers and suppliers can be found in the Sustainability section of our website, [www.bunzl.com](http://www.bunzl.com)

## CORPORATE GOVERNANCE REPORT continued

**Board performance review**

The Board believes that maintaining a trajectory of continual improvement of its performance is pivotal to its success. A formal and rigorous Board performance review, evaluating the Board, its Committees, the Chairman and each individual director is carried out annually and externally facilitated every three years, with a comprehensive external review having taken place during 2023. The process and outcomes of the 2023 performance review, along with actions taken to address the findings of the 2022 review, are outlined below.

<b>1. Selection</b>	The review was undertaken by Lintstock, an independent advisory firm that does not provide any other services to, or have any connection with, the Company. The Board, following the recommendation of the Nomination Committee, felt that engaging Lintstock was appropriate given their in-depth understanding of the Company. Such appointment would also ensure consistency and continuity in the presentation of results from year to year, allowing progress to be tracked effectively.
<b>2. Planning</b>	The objectives, scope and areas of focus of the review were agreed between the Chairman and the Company Secretary and discussed with Lintstock. It was agreed that the performance of the Board, its Committees, the Board Chairman, Committee Chairs and each individual director would be reviewed and that it would cover core aspects of governance such as information, composition and dynamics, as well as people, strategy and risk areas relevant to the performance of Bunzl.
<b>3. Surveys and Questionnaires</b>	With the agreed scope and objectives in mind, Lintstock invited each director to complete a survey, following which Lintstock held in-depth one-to-one interviews with each of them. The Company Secretary coordinated the process and provided Lintstock with the necessary support throughout.
<b>4. Findings</b>	Reports on the results of the reviews were presented to the Chairman and Company Secretary and subsequently discussed by the Board and its Committees. Reports on individual director performance were presented to the Chairman and a report on the Chairman was provided to the Senior Independent Director, who discussed the findings with the other non-executive directors. The contributions, independence and time commitment of each director were found to be effective.
<b>5. Next steps</b>	Having considered the findings of the review, the Board agreed on key priorities to further improve performance in 2024 and the follow up actions in relation thereto. These actions, further details of which are detailed below, have been built into the Board's agenda and activities for 2024.

Led by the Senior Independent Director, the non-executive directors meet without the Chairman present at least annually to appraise the Chairman's performance, including a review of his other commitments, to ensure that he is able to allocate sufficient time to the Company to discharge his responsibilities effectively. The Chairman also periodically holds meetings with the non-executive directors without the executive directors present. All of these processes were carried out satisfactorily during the year.

Details of progress made in respect of the key priorities identified in 2022, are set out below.

Key priorities identified during 2022	Progress made	Key priorities identified during 2023	Outcome of evaluation
<p><b>1. Focusing on management succession planning and enhancing the Group's organisational structure, talent management, and diversity and inclusion processes.</b></p> <p><b>2. Continuing Bunzl's focus on sustainability and building this into customer relationships.</b></p> <p><b>3. Supporting management in acquisition and organic growth strategies.</b></p> <p><b>4. Continued Board oversight of strategic priorities and the execution of Bunzl's strategic plans.</b></p>	<p>The Board is satisfied that the priorities identified following the evaluation carried out in 2022 have been adequately addressed during 2023.</p> <p>See page 89 for further information.</p>	<p><b>1. Supporting the continuing evolution of the Board's composition.</b></p> <p><b>2. Deepening the Board's understanding of key stakeholder developments, including customers.</b></p> <p><b>3. Monitoring management succession and development plans to build the long term talent pipeline.</b></p> <p><b>4. Continuing to monitor the external context, particularly in areas such as sustainability and technology.</b></p>	<p>As a result of the external evaluation process carried out in 2023, the Board concluded that both it and its Committees are operating effectively.</p>



## CORPORATE GOVERNANCE REPORT continued

## Risk management and internal controls overview

The Board has delegated to an Executive Committee, consisting of the CEO, CFO and other functional managers, the initial responsibility for identifying, evaluating, managing and mitigating the risks facing the Group and for deciding how these are best managed, as well as responsibility for establishing a system of internal controls appropriate to the business environments in which the Group operates. The principal features of this system include:

- a procedure for monitoring the effectiveness of the internal controls system through a tiered management structure with clearly defined lines of responsibility and delegation of authority;
- a second line of defence Internal Controls team to continually develop the Group's framework and approach to internal controls over financial reporting;
- formal standards of business conduct (including code of conduct, anti-bribery and corruption, fraud investigations and reporting, and whistleblowing policies) based on honesty, integrity, fair dealing and compliance with the local laws and regulations of the countries in which the Group operates;
- strategic plans and comprehensive budgets which are prepared annually by the business areas and approved by the Board;
- clearly defined authorisation procedures for capital investment and acquisitions;
- a well-established consolidation and reporting system for the statutory accounts and monthly management accounts;
- detailed manuals covering Group accounting policies, and policies and procedures for the Group's treasury operations supplemented by internal controls procedures at a business area level;
- periodic IT risk assessment aligned with the Group's IT security standard, as well as continual investment in IT systems and security to ensure the security of information systems and data, business continuity and the production of timely and accurate management information; and
- considering ESG and non-financial reporting and assurance.

Some of the procedures carried out in order to monitor the effectiveness of the internal controls system and to identify, manage and mitigate business risk are:

- central management holds regular meetings with business area management to discuss strategic, operational and financial issues, including a review of the principal risks affecting each of the business areas and the policies and procedures by which these risks are managed;
- the Executive Committee reviews the outcome of the discussions held at business area meetings on internal controls and risk management issues;
- the Board in turn reviews the outcome of the Executive Committee discussions on internal controls and risk management issues, which ensures a documented and auditable trail of accountability;
- each business area, the Executive Committee and the Board carry out an annual fraud risk assessment. Reporting protocols are in place to identify, analyse and respond to actual or potential fraud incidents;
- an annual self-assessment of the status of internal controls measured against a prescribed list of minimum standards is performed by every business and action plans are agreed where remedial action is required;
- actual results are reviewed monthly against budget, forecasts and the previous year and explanations are obtained for all significant variances;
- all treasury activities, including in relation to the management of foreign exchange exposures and Group borrowings, are reported and reviewed monthly. The Group's bank balances around the world are monitored on a weekly basis and significant movements are reviewed centrally;
- developments in tax, treasury and accounting are continually monitored by Group management in association with external advisers;
- regular meetings are held with insurance and risk advisers to assess the risks throughout the Group;
- systems are in place to monitor IT security incidents, analyse and remediate any identified weaknesses. Findings are used to continually improve defences across all Group companies;

- the Internal Audit function periodically performs business and risk-themed audit work, makes recommendations to improve processes and controls and follows up to ensure that management implements the recommendations made. The Internal Audit function's work is determined on a risk assessment basis and its findings are reported to Group and business area management as well as to the Audit Committee and the external auditors;
- the Audit Committee, which comprises all of the independent non-executive directors of the Company, meets regularly throughout the year. Further details of the work of the Committee, which includes a review of the effectiveness of the Company's internal financial controls and the assurance procedures relating to the Company's risk management system, are set out in the Audit Committee report on pages 112 to 121;
- management committees (known as the Group Sustainability Committee, the Environment & Climate Change Committee, the Health & Safety Committee, and the Supply Chain Committee) which oversee issues relating principally to environment, health & safety and business continuity planning matters, set relevant policies and practices and monitor their implementation; and
- health & safety risk assessments, safety audits and a regular review of progress against objectives established by each business area are periodically carried out.

**CORPORATE GOVERNANCE REPORT** continued**Risk management and internal controls**

In accordance with the Code, the Board acknowledges that it has overall responsibility for identifying, evaluating, managing and mitigating the principal and emerging risks faced by the Group, and for monitoring the Group's risk management and internal controls systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with the Code and the related guidance, the Company has established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating, managing and mitigating the principal risks faced by the Group and for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives (its 'risk appetite'). The directors confirm that such procedures have been in place for the year ended 31 December 2023 and, up to the date of approval of these financial statements, that the Group's risk management and internal controls systems have been monitored during the year.

Further information about the Group's approach to risk management and the principal risks and uncertainties facing the Group can be found on pages 68 to 76.

**Financial and business reporting**

The responsibilities of the directors in respect of the preparation of the Group and parent company financial statements are set out on page 195 and the auditors' report on pages 196 to 201 includes a statement by the external auditors about their reporting responsibilities. In accordance with provision 30 of the Code and as set out on page 154, the directors are of the opinion that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The process of preparing the Annual Report has included the following:

- comprehensive reviews undertaken at different levels of the Group in order to ensure the accuracy, consistency and overall balance of the Annual Report; and
- procedures to verify the factual accuracy of the Annual Report.

**Fair, balanced and understandable – Bunzl's assurance framework**

In accordance with provision 27 of the Code, the Board confirms that taken as a whole, the 2023 Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. Considerations of the Board when reviewing whether the 2023 Annual Report, taken as a whole, is fair, balanced and understandable and provides sufficient information to enable the reader to assess the Group's position and performance, business model and strategy, are shown below:

**1.****Independent review process**

A review was carried out by a senior manager who was not involved in the preparation of the Annual Report.

**2.****Senior executive management team**

Members of the senior executive management team reviewed and challenged the content and messaging of the Annual Report.

**3.****Internal audit**

The Board considered the information and assurances provided by the ongoing work of the internal audit function.

**4.****External audit**

The Board considered reports from external auditors and any significant issues identified in relation to the Annual Report and financial statements.

**5.****Audit Committee**

The Board considered the work and recommendations of the Audit Committee in relation to its formal processes concerning the Annual Report and financial statements.

**Assessment of the prospects of the Company and its viability statement**

In accordance with provision 31 of the Code, details of how the directors have assessed the prospects of the Company, over what period the prospects have been assessed and the Company's formal viability statement are included in the Strategic report on page 77.

By order of the Board

**Suzanne Jefferies**  
Secretary

26 February 2024

## NOMINATION COMMITTEE REPORT



**Peter Ventress**  
Chairman and Chair of the  
Nomination Committee



**I am delighted to welcome Jacky Simmonds as a member of the Committee, following her appointment as a non-executive director."**

### Introduction from Peter Ventress

On behalf of the Board, I am pleased to present the Nomination Committee's report for the financial year ended 31 December 2023, which outlines the Committee's role and responsibilities, as well as our activities and areas of focus during the year.

I am delighted to welcome Jacky Simmonds as a member of the Committee, following her appointment as a non-executive director on 1 March 2023. Jacky was appointed after an extensive search and selection process, considered in the context of the existing balance of skills and diversity on the Board. She has significant knowledge and experience across all aspects of HR, with particular expertise in employee engagement, transformational change, board and leadership succession planning, employee relations, and talent management. Additional information concerning the search and selection process for Jacky is included in the report that follows, and information concerning her skills and experience is set out on page 91. An overview of Jacky's induction process can be found on page 99.

As I mentioned in my introduction to the Corporate governance report, Vanda Murray, Senior Independent Director and Chair of the Remuneration Committee, has served as a director for over nine years and will therefore, in accordance with best practice and the Code, step down from the Board at the conclusion of the AGM on 24 April 2024. A recruitment process for a new non-executive director is now underway and an announcement will be released in due course, once a suitable candidate has been identified.

The Nomination Committee dedicated time during the year to succession planning for the roles of Senior Independent Director and Remuneration Committee Chair and an overview of the matters considered by the Committee as part of its deliberations can be found later in this report.

In 2023, the Committee has focused on the key priorities identified during the 2022 Board evaluation, which included management succession planning, enhancing the Group's organisational structure, talent management, and the diversity and inclusion process. Information on the Committee's progress in respect of these priorities can be found on pages 107 to 109.

The 2023 Board evaluation was externally facilitated and concluded that the Committee continues to operate effectively and benefits from strong internal and external support. Recommended areas of focus for 2024 included executive succession and talent development, as well as ongoing monitoring of the director skills matrix in the wider context of the Group's business and strategic needs. For a comprehensive summary of the Board evaluation process and outcomes, see page 103. An overview of the Committee's priorities for 2024 can be found on the following page.

The Board's composition is fully compliant with the requirements of the Parker Review on ethnic diversity and the gender diversity targets outlined in the Hampton-Alexander Review. I am also pleased to confirm that, following the appointment of Jacky, we exceed the Financial Conduct Authority's new board diversity targets implemented under Listing Rule 9.8.6. Further information concerning our performance against these targets can be found on page 109.

The Committee will continue to champion an inclusive and diverse approach to talent management and closely monitor Board and Committee performance against best practice.

**Peter Ventress**  
Chairman and Chair of the  
Nomination Committee

26 February 2024

## NOMINATION COMMITTEE REPORT continued








### Composition

During 2023, the Nomination Committee comprised the Chairman of the Company, who chairs the Committee (unless the Committee is dealing with the matter of succession of the Chairman of the Company) and all of the independent non-executive directors. In accordance with the provisions of the UK Corporate Governance Code, all of the members are independent non-executive directors. The Secretary to the Committee is the Company Secretary.

### Nomination Committee meetings

The Committee meets as necessary throughout the year to discharge its responsibilities.

The table below sets out directors' attendance at the four scheduled Committee meetings held during 2023.

	Meetings attended
Peter Ventress	 4/4
Vanda Murray	 4/4
Lloyd Pitchford	 4/4
Stephan Nanninga	 4/4
Vin Murria	 4/4
Pam Kirby	 4/4
Jacky Simmonds*	 2/2

\* Jacky Simmonds was appointed as a director on 1 March 2023 and attended all Committee meetings held between that date and the end of the year.

### Key areas of focus in 2024

- Long term succession planning, with a particular focus on the skills matrix for the Board and senior executives
- Executive succession and talent development
- The balance of internal experience and external fresh perspectives on the Board
- Consideration of the Company's profile from a talent management perspective

### Role and support

The Committee's principal role is to lead the process for appointments to the Board, whether to fill any vacancies that may arise or to change the number of Board members, ensure plans are in place for orderly succession to both the Board and senior management positions and oversee the development of a diverse pipeline for succession. The senior management succession plans take into account the views of all Board members to ensure the plans encompass the benefit of all their skills and experience. In the performance of its duties, the Committee has been authorised to enlist the services of external executive search firms to assist with the recruitment process, including the identification of potential candidates, to fill Board positions and vacancies.

It is the Committee's role to ensure that the Board and its Committees maintain the appropriate balance of skills, knowledge, experience and diversity to ensure their continued effectiveness. Information concerning the training and development activities undertaken by the directors during the year can be found on page 99.

The Committee meets as necessary throughout the year to discharge its responsibilities. The Committee's terms of reference are available on the Company's website, [www.bunzl.com](http://www.bunzl.com).

### Performance evaluation

The Committee's performance and effectiveness are reviewed annually by both the Committee and as part of the Board performance evaluation. The Chair of the Committee also meets with each Committee member independently to ensure that their individual views about the operation of the Committee are taken into account. This year, the Board evaluation was externally facilitated by Lintstock. Additional information concerning the results of the 2023 performance evaluation is set out on page 103.

### Principal responsibilities of the Committee

#### Board structure

- Reviewing the structure, size and composition of the Board with regard to maintaining a balance of skills, experience, knowledge and diversity

#### Succession

- Considering succession planning, taking into account the challenges and opportunities facing the Company and the skills and expertise required by the Board and senior management in the future
- Reviewing annually a succession planning presentation in relation to the Company's senior management

#### Appointments

- Identifying and nominating appropriate individuals to fill Board vacancies as they arise
- Approving the appointment of any senior executive who is to report directly to the Chief Executive Officer
- Making recommendations to the Board as to the continuation in office and/or reappointment of directors

#### Evaluation

- Considering the commitment required of non-executive directors and reviewing their performance

### Activities

#### Evaluation and independence

When determining whether to recommend that the directors be reappointed at the 2024 AGM, the Committee considered a number of factors, including the output of the 2023 external Board evaluation. These factors were also considered, in 2023, when recommending that the Board approve additional three-year terms for Lloyd Pitchford, Stephan Nanninga and Vin Murria. Having served on the Board for more than six years, Lloyd Pitchford and Stephan Nanninga's continued objectivity and independence were subject to particularly rigorous review.

Further details concerning the Board evaluation process that was carried out during 2023, which identified that the Committee continues to operate effectively, can be found in the Corporate governance report on page 103. Examples of the priorities identified as part of the Committee's 2023 evaluation can be found under the Key areas of focus in 2024 section on this page.

The Committee also conducted a review of individual director conflict authorisations as recorded in the Conflicts of Interest register. The register is maintained by the Company Secretary and sets out any actual or potential conflict of interest situations which a director has disclosed to the Board in line with their statutory duties. To form a view of a director's independence, consideration was also given to other external appointments held by each director.

Jacky Simmonds is currently Chief People Officer at Experian plc and Lloyd Pitchford, another of Bunzl's non-executive directors is the Chief Financial Officer of Experian plc. The Board is mindful that the Code states that where a non-executive director holds cross-directorships or has significant links with other directors through involvement in other companies or bodies, this is likely to impair, or could appear to impair, a non-executive director's independence.

Prior to Jacky Simmonds' appointment to Bunzl, the Nomination Committee and the Board considered whether the appointment would impair the independence of either director.

**NOMINATION COMMITTEE REPORT** continued

The Committee and the Board were satisfied that there were no business conflicts between the two companies and both directors demonstrate independence of thought and will offer challenge, including of each other's views. Further, the Committee and the Board were satisfied that Jacky Simmonds has sufficient time to discharge her duties to the Board and Committees of Bunzl and that there were no other factors, which would impair either director's independence. Accordingly, the Board does not consider that Jacky Simmonds' and Lloyd Pitchford's positions as independent non-executive directors of the Company are adversely impacted by their roles at Experian plc and are satisfied that, notwithstanding these roles, they are to be regarded as independent.

Non-executive directors' independence of thought and judgement is vital to facilitating constructive and challenging debate in the boardroom and is essential to the operational effectiveness of the Board and its Committees. The Committee determines a non-executive director's independence in line with the relevant provisions of the Code and is satisfied that all of the non-executive directors meet the criteria for independence and that the Chairman of the Board met the criteria on appointment to that role.

**Succession planning**

As previously mentioned, Vanda Murray will retire from the Board and its Committees at the conclusion of the Company's upcoming AGM in April 2024. Having served on the Board for over nine years, Vanda's departure had been factored into the Committee's director succession plans.

Pam Kirby and Jacky Simmonds will be appointed to succeed Vanda in the Senior Independent Director and Remuneration Committee Chair roles, respectively. Pam is a seasoned director with extensive executive and non-executive experience in large, listed companies, and was a clear candidate for the Senior Independent Director role. Jacky has a strong background across all aspects of HR, including remuneration,

and has previously served as Chair of the Remuneration Committee of Ferguson plc. She has also served as a member of Bunzl's Remuneration Committee since her appointment. She was therefore considered to be ideally suited to the role of Remuneration Committee Chair at Bunzl. The need to refresh the Board but at the same time maintain a knowledgeable and experienced team of non-executive directors is something that the Committee continued to address in succession planning discussions during 2023.

The Committee recognises that having the right directors and senior management, with the right capabilities, experience and Company and industry knowledge, is fundamental to the Group's long term, sustainable success. In furtherance of this, a key responsibility of the Committee is to satisfy itself that a robust and rigorous succession planning process is in place, over both the medium and long term, to ensure there is the right mix of skills and experience on the Board as the Company evolves. The Company's succession plans, together with the Board skills matrix and tenure tracker, are considered regularly. This allows the Committee to identify potential gaps, including in relation to director rotation and in respect of the skills needed to deliver the Group's strategic priorities. Effective and proactive succession planning and assessment also enable the Committee and the Board to ensure that changes to the Board are proactively planned and coordinated.

Enhancing the Committee's oversight of executive succession planning continued to be a key priority for the Committee in 2023 and one which will continue to be an area of focus in 2024. The Committee also plans to deepen its discussions concerning the Board skills matrix, and executive succession requirements in the context of longer term strategic business requirements.

**Recruitment**

Appointments to the Board are subject to rigorous and transparent procedures, and the Committee plays a key role in these. The Committee oversees and makes recommendations to the Board in respect of the identification, assessment and selection of candidates for appointment.

The Committee seeks to follow best practice in all the appointments it recommends, agreeing the criteria for each role and the most appropriate interview panel, before considering a comprehensive and diverse list of candidates. Shortlisted candidates are interviewed and

assessed against the chosen criteria and due diligence is then undertaken before the Committee makes its final recommendation. Executive search firms are appointed based on their expertise relative to each role, with Russell Reynolds Associates being engaged in 2023. Russell Reynolds Associates do not provide any other services to, or have any connection with, the Company or its individual directors. Russell Reynolds Associates are a signatory to the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. An overview of the search and selection process undertaken in respect of the appointment of Jacky Simmonds can be found below.

**Recruitment of Jacky Simmonds**

<b>Role specification</b>	The Committee developed a role specification and list of preferred skills, experience and characteristics for the new non-executive director.
<b>Election of external search firm</b>	Following a final review of the role specification, Russell Reynolds Associates was engaged as the external search firm.
<b>Collation of candidate list</b>	Following consultation with the Chairman and the CEO, Russell Reynolds Associates prepared a longlist of potential candidates, which was subsequently reviewed by the Committee and a shortlist agreed.
<b>Candidate interviews</b>	Preliminary interviews with each of the shortlisted candidates were held by the Committee, following which the Committee agreed on the candidates that best met the role specification.
<b>Final stage interviews</b>	The preferred candidates attended additional meetings with the executive directors and members of the Executive Committee.
<b>Candidate references</b>	The Committee sought references for the preferred candidates and held virtual meetings with the associated referees.
<b>Committee recommendation</b>	The Committee held a debrief following the conclusion of all of the interviews and referee meetings and made a recommendation to the Board that Jacky Simmonds be appointed to the Board and its Committees with effect from 1 March 2023.
<b>Board decision and announcement</b>	The Board accepted the recommendation of the Committee and approved Jacky Simmonds' appointment, following which an announcement was made via the London Stock Exchange.

**NOMINATION COMMITTEE REPORT** continued**Talent**

The Committee takes an active interest in the quality and development of the talent and capabilities within Bunzl, ensuring that appropriate opportunities are in place to develop high-performing individuals. As part of its remit, during 2023, the Committee continued to monitor the development of Bunzl's Executive Committee, which sits below the Board, to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience.

During the year, the Company completed annual talent and succession planning reviews with the Business Area Heads and HR Directors, a summary of which was discussed by the Committee. Additionally, the CEO presented his annual management succession plan to the Committee for its consideration. This included information on people review processes, functional talent development, specific emerging talent pipelines, diversity, equity and inclusion, and learning and development initiatives. This process ensures that high performing individuals within senior management can be developed and nurtured in order to strengthen the succession pipeline further, while at the same time increasing diversity in senior roles across the Group. The Committee also maintained regular interaction with senior management across the Group and within each business area. Such interaction enables the Committee to familiarise itself with the teams, thereby facilitating the identification of high performing talent and informing succession planning.

**Inclusion and diversity**

Boards with an appropriate mix of experience, backgrounds and perspectives are widely acknowledged to foster robust dialogue of differing views and be less susceptible to groupthink. The Committee strives to embed inclusion in everything that it does, and succession planning and the appointment process are key in promoting diversity in a way that is consistent with Bunzl's long term strategy.

The Committee embraces the importance of diversity and inclusion in all Board and senior management recruitment and challenges external search consultants where necessary to ensure that diversity of gender, social and ethnic backgrounds and cognitive and personal strengths is always considered in the selection of candidates. In addition, the Committee seeks to engage firms that are signatories to the Voluntary Code of Conduct of Executive Search Firms and encourages them to look further afield and access talent from wide and diverse pools.

While taking the important considerations of gender and diversity into account, the Committee will continue to recommend appointments to the Board based on merit and the individual skills and experience of each candidate. It is nevertheless clear that gender, ethnicity, race and other forms of diversity and inclusion must remain key parts of our succession planning discussions and are critical to the long term sustainable success of the business.

The Board and the Committee's approach to inclusion and diversity in respect of the Board and senior management is set out in the Board and Committee Diversity Policy, which is reviewed regularly and can be found on the Company's website at [www.bunzl.com](http://www.bunzl.com). The Board Sustainability Committee refreshed the Board and Committee Diversity Policy in 2023, increasing the explicitly mentioned diversity characteristics and adding tangible targets that the Board will seek to continue to meet in future. Additional information concerning diversity and inclusion in Bunzl can be found in the Sustainability report on pages 44 to 62 and in the Our People section on page 36.

**Performance against targets under LR 9.8.6**

The Company is pleased to announce that it already meets the following diversity targets, at the reference date of 31 December 2023:

- I. at least 40% of the individuals on the Board of directors are women;
- II. at least one of the following senior positions on the Board of directors is held by a woman:
  - A. the Chair;
  - B. the Chief Executive;
  - C. the Senior Independent Director; or
  - D. the Chief Financial Officer; and
- III. at least one individual on the Board of directors is from a minority ethnic background.

There have been no changes to Board directorships that have affected attainment of the above targets between 31 December 2023 and 26 February 2024.

As at the reference date of 31 December 2023, the composition of the Board and Executive Management was as follows:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management <sup>1</sup>	Percentage of Executive Management <sup>1</sup>
<b>Gender (sex)</b>					
Men	5	56%	3	3	60%
Women	4	44%	1	2	40%
Not specified/prefer not to say					
<b>Ethnic background</b>					
White British or other White (including minority-white groups)	8	89%	4	5	100%
Mixed/Multiple Ethnic Groups					
Asian/Asian British	1	11%			
Black/African/Caribbean/Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say					

1. Under the definition provided by the Listing Rules, for the purposes of this disclosure, the definition of Bunzl's Executive Management comprises members of the Company's Executive Committee, including the Company Secretary.

## BOARD SUSTAINABILITY COMMITTEE REPORT



**Peter Ventress**  
Chairman and Chair of the Board Sustainability Committee



**Our commitment to sustainability is a source of competitive advantage, encouraging innovation and long term decision making, aligned with our purpose-led strategy."**

### Introduction from Peter Ventress

I am pleased to present the first report of the Board Sustainability Committee (the 'BSC') for the financial year ended 31 December 2023. This report provides an overview of the Committee's responsibilities and activities throughout the year, and demonstrates how our work contributes to sustainable value creation for the Company and its stakeholders.

Bunzl is on a journey with respect to sustainability, an area of critical strategic importance in which the Company aims to be an industry leader. Established in 2022, the Committee acts as an oversight function for the Group Sustainability Committee and provides strategic advice to the Board on the objectives, targets and priorities of the Group's sustainability strategy. While principal responsibility for determining the sustainability strategy and its implementation remain decisions for the Board, the Committee supplements its work in this area to allow for more detailed consideration of sustainability-related risks and opportunities. This reflects the centrality of sustainability to Bunzl's strategy and the Company's recognition of the increasing importance of sustainability matters globally.

This year, the Committee met three times and discussed a range of matters, details of which are set out later in this report. Our meetings are regularly attended by Bunzl's Head of Sustainability and Director of Group HR who, throughout the year have provided valuable insights into ESG-related matters, including deep dives on the Company's net zero transition plan, responsible sourcing at Bunzl, and the Company's double materiality assessment in 2023 and beyond. These sessions have bolstered the Committee's understanding of key sustainability issues at play within the Company, enabling the Committee to leverage its experience and expertise to have meaningful discussions and provide informed recommendations to the Board.

Bunzl's commitment to sustainability is a source of competitive advantage, encouraging innovation and long term decision making, aligned with our purpose-led strategy. During the year, the Committee helped the Company to deliver on this commitment by reviewing workstreams such as the proposed approach for Bunzl's supplier engagement programme, considering an update on the Science Based Target initiative's ('SBTI's') Net Zero Standard (which has formed the basis of the Company's net zero transition plan) and assessing performance against the Group's carbon reduction and other sustainability targets. The Committee recognises that accountability and transparency are key to building trust in the Company's sustainability efforts and endeavours to report effectively against sustainability-related targets. These disclosures and further information regarding Bunzl's approach to sustainability can be found in the Sustainability report on pages 44 to 62.

During the year, the Committee also reviewed and updated the Board and Committee Diversity Policy to widen the diversity characteristics explicitly outlined for consideration and to incorporate the Company's diversity targets, in relation to both Board and Committee appointments. A link to the Board and Committee Diversity Policy can be found on the Company's website, [www.bunzl.com](http://www.bunzl.com).

The 2023 Board evaluation concluded that the Committee has come together well since its formation and I look forward to sustainability becoming even further embedded in our governance framework going forward.

**Peter Ventress**  
Chairman and Chair of the BSC

26 February 2024

**BOARD SUSTAINABILITY COMMITTEE REPORT** continued**Composition**

During 2023, the BSC comprised the Chairman of the Company, who chairs the Committee, and all of the independent non-executive directors. The Secretary to the Committee is the Company Secretary. The CEO, CFO, Director of Group HR and Head of Sustainability are also usually invited to attend Committee meetings and other senior executives are invited to attend meetings as required.

**BSC meetings**

The Committee meets as necessary throughout the year to discharge its responsibilities.

The table below sets out directors' attendance at the three scheduled Committee meetings held during 2023.

	Meetings attended
Peter Ventress	3/3
Vanda Murray	3/3
Lloyd Pitchford	3/3
Stephan Nanninga	3/3
Vin Murria	3/3
Pam Kirby	3/3
Jacky Simmonds*	3/3

\* Jacky Simmonds was appointed as a director on 1 March 2023 and attended all Committee meetings held between that date and the end of the year.

**Principal responsibilities of the Committee**

- Assist the Board in overseeing policies and programmes to ensure that the Company meets objectives, targets and priorities set out in the sustainability strategy
- Ensure that the Board is kept updated on key sustainability matters
- Provide recommendations to the Board on changes to Bunzl's governance framework and the sustainability strategy
- Make recommendations to the Board to mitigate any sustainability related risks identified by management

- Review the work of other Board level Committees to ensure that adequate consideration is afforded to sustainability objectives
- Provide recommendations to the Board on approval of any corporate communications with material sustainability content
- Assist the Board in its oversight of Bunzl's conduct with regard to its obligations as a corporate citizen

**Activities of the Committee during 2023**

- Received an update on Bunzl's 2023 double materiality assessment and discussed next steps
- Reviewed reports on Bunzl's Supplier Engagement Programme
- Received updates on Bunzl's net zero transition plan and the SBTi Net Zero Standard
- Reviewed the Company's sustainability objectives for 2023, with a focus on products and packaging, climate change and diversity and inclusion
- Discussed changes to the Group Diversity, Equity and Inclusion policy and recommended the reviewed policy to the Board for approval
- Participated in a deep dive into responsible sourcing at Bunzl, with a focus on standards and governance, risks, auditing and recent workstreams
- Recommended the 2023 Modern Slavery Statement to the Board for approval
- Submitted the Board and Committee Diversity Policy to the Board for approval

**Q&A:****with James Pitcher, Group Head of Sustainability****Q. How has the formation of the BSC influenced Bunzl's governance of sustainability related issues?**

Sustainability has always been a regular agenda item at Bunzl's Board meetings, but the creation of the BSC has allowed for more time to be dedicated to discussion of sustainability-related matters and more frequent updates to be provided to the Board on the progress of our key initiatives. This allows Board members to consider sustainability-related issues in more detail and ask more questions on particular topics, for example the development of our net zero transition plan.

The formation of the BSC has also facilitated deeper Board-level consideration of emerging issues, such as new sustainability reporting standards. The Committee's oversight of this area ensures that Bunzl delivers on its commitment to clear and transparent disclosures and enhances the Group's contribution to a more sustainable future.

**Q. What level of engagement does your team have with the BSC?**

As Group Head of Sustainability, I attend and present to the Board at Committee meetings, supported by other members of the team as necessary.

I then provide updates from meetings to our regional sustainability teams so they can understand and act on the Committee's feedback as appropriate.

**Q. How does the BSC include stakeholder considerations in its discussions?**

At Bunzl one of our key strengths is being able to offer our customers a tailored approach based on their individual needs. The local expertise and supply flexibility that our decentralised structure offers means we are perfectly placed



to solve the individual problems our customers face rather than taking a 'one size fits all' approach to their sustainability challenges. For example, we can provide solutions to suit different types of regional or local packaging legislation that a customer with a national presence needs, and can tailor our deliveries to a customer's network of sites to reduce carbon emissions.

Since the formation of the BSC, we have been able to share feedback and examples from our customer's perspectives with the Board and, in doing so, give Board members a greater appreciation of the sustainability-related priorities of our customers and how any issues are addressed across Bunzl's decentralised business. The Board is then able to take these priorities and issues into consideration and make well-informed decisions with the interests of Bunzl's key stakeholders in mind.



## AUDIT COMMITTEE REPORT



**Lloyd Pitchford**  
Chair of the Audit Committee



**Assuring the reliability of our reporting is critical to the Group's long term success and to building trust with our stakeholders."**

### Introduction from Lloyd Pitchford

I am pleased to present our Audit Committee report for the year ended 31 December 2023 and welcome Jacky Simmonds, who was appointed on 1 March 2023, as a Committee member. The report provides an overview of the Committee's role and demonstrates how our work contributes to the achievement of the Group's purpose-led strategy, further information of which can be found on page 26.

Assuring the reliability of our reporting is critical to the Group's long term success and to building trust with our stakeholders. The Committee assists the Board in fulfilling its responsibilities in this regard by monitoring areas such as the integrity of financial and non-financial reporting and the effectiveness of the risk management framework and system of internal controls.

During 2023, the Committee made good progress on the key areas of focus that were identified as part of its 2022 evaluation, further details of which are set out in the report that follows. The Committee continues to keep its activities under review to ensure they remain appropriate, and insights into the Committee's priorities for the forthcoming year can be found on page 113.

### External audit tender

In accordance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the 'CMA Order'), the Company is required to put its external audit contract out to tender every 10 years. As PricewaterhouseCoopers LLP ('PwC') were appointed as Bunzl's external auditors in 2014, it was decided that a formal and competitive tender process, overseen by the Committee, would be carried out in 2023.

The tender concluded with the Board accepting the Committee's recommendation that, subject to shareholder approval at the Company's 2024 AGM, PwC be reappointed as the Company's statutory auditors for the 2024 financial year. An overview of the tender process can be found on page 120.

### Audit and corporate governance reforms

During 2023, the Committee monitored the draft Companies (Strategic Report and Directors' Report) (Amendment) Regulations 2023 and undertook preparatory work to ensure that the Company would be well positioned to implement the new requirements. While the statutory instrument has been withdrawn, the principle of increasing the effectiveness of the Company's risk management and internal controls systems remains a priority for the Committee.

In addition, the Audit Committees and the External Audit: Minimum Standard (the 'Minimum Standard') was issued by the Financial Reporting Council (the 'FRC') in 2023. Prior to its implementation, a gap analysis was undertaken to ensure that the Company's current practices are in line with the requirements set out therein. Although the Minimum Standard is not currently mandated, I am pleased to share that the Company complies with its provisions.

The Committee is also aware of the amendments to the UK Corporate Governance Code, which were published by the FRC in January 2024. As mentioned in the Corporate governance report, a full review of the new requirements will be undertaken in 2024 and the Committee will report formally against the relevant provisions as they are brought into effect in 2025 and 2026.

### Risk management, internal controls, and fraud risk

Bunzl's internal controls environment is designed to protect the business from any material risks it faces. Overseen by the Committee, Bunzl's Internal Controls Essentials programme was implemented in 2022 to address the UK government's proposed reforms to the audit and corporate governance regime. Although some of the proposed reforms were withdrawn in October 2023, the programme was implemented with a 'no-regrets' approach and designed to support Bunzl's growing businesses with a clear global framework and guidance but localised design and implementation. As such, core programme

objectives around financial controls remain and implementation work continues. Progress in respect of the work carried out under the programme was considered at each Committee meeting during 2023 and the Committee is pleased with the positive impact that the programme has had on the Group's risk and control environment. The Committee will review the Internal Controls Essentials programme approach and alignment with the relevant provisions of the revised Code in 2024, with a particular focus on non-financial controls.

The Internal Controls Essentials programme has also brought about more extensive and frequent reporting of fraud risk and, in 2023, the Committee evaluated a new cross-functional Fraud Response and Investigation Standard, developed in conjunction with a third party security firm. The standard was designed to supplement the Group Fraud Policy, which itself was refreshed in 2022, with the aim of advancing minimum standards and providing best practice guidelines on investigation activity. The impact of the new standard will be kept under review and risk management and internal controls will remain an area of focus for the Committee throughout 2024.

Additional information on our governance of risk management and internal controls can be found later in this report and in the Corporate governance report on pages 116 to 117.

### Information and cyber security

Bunzl's information and cyber security programmes are vital to the sustainable success of the Group's operations. Ensuring that robust and adaptable governance processes are in place to detect and respond to ever-evolving cyber security risks remained a key focus of the Committee in 2023. During the year, the Committee received regular updates on the Group's information security internal controls framework from both the Group Chief Information Officer ('Group CIO') and the Group Chief Information Security Officer ('Group CISO'), including the output from an externally facilitated cyber incident simulation.

**AUDIT COMMITTEE REPORT** continued

Additional information on the Group's approach to information and cyber security is outlined later in this report on page 116.

**Financial and non-financial reporting**

During the year, the Finance function's remit was expanded to include responsibility for the Internal Controls team, as well as ESG and non-financial reporting. This is a welcome development, which I believe will streamline the Group's reporting processes and further enhance the quality of Bunzl's disclosures.

Monitoring the integrity of the Group's financial and narrative reporting and the significant judgements contained therein continued to be a key priority in 2023. The Committee received regular updates on legal and regulatory developments relating to ESG and non-financial reporting and considered existing processes in the context of these new requirements and emerging best practice. The Committee is aware of incoming legislation, such as the Corporate Sustainability Reporting Directive, and will monitor developments in this area closely to ensure that it is well positioned to oversee and, where necessary, challenge, the Company's plans and actions to comply therewith.

During the year, a letter was received from the Conduct Committee of the FRC relating to its limited scope review of the Company's Annual Report for the year ended 31 December 2022. Further information was requested in relation to two principal areas. However, following our letter of response, no substantive changes were required to the Company's disclosures.<sup>1</sup>

<sup>1</sup> The FRC makes suggestions, where it believes the users of the accounts would benefit from improvements to the Company's existing disclosures. Each year, the Company considers any suggestions made by the FRC in preparing the Company's Annual Report. The Company recognises that the FRC's review was based on a review of its Annual Report for the year ended 31 December 2022 and did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC's review provides no assurance that the Company's Annual Report is correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

**Internal Audit function**

In accordance with the internal audit charter, the Company's Internal Audit function was subject to a rigorous external quality assessment ('EQA') process in 2023, facilitated by an independent third party. The Committee considered and discussed the results of the assessment and I am pleased to report that, since the previous EQA, all actions identified to mature the approach and role of the function have been taken. Further details concerning the 2023 EQA process can be found on page 119.

**Performance evaluation**

I am pleased to report that the 2023 Board evaluation demonstrated that we are performing our duties effectively and providing robust challenge and support to management. Further information concerning the evaluation can be found in the Corporate governance report on page 103.

Additional disclosures on the Committee's activities in 2023, and planned areas of focus in 2024, can be found later in this report. I hope that this report and the insights it provides on the Committee's activities assures you that we continue to approach our duties with rigour, integrity and transparency.

**Lloyd Pitchford  
Chair of the Audit Committee**

26 February 2024

**Composition and experience**






The Committee comprises all of the independent non-executive directors, who were appointed to the Committee by the Board following recommendations by the Nomination Committee. The Secretary to the Committee is the Company Secretary.

All members contribute to the work of the Committee and bring an appropriate balance of financial, risk management, commercial acumen and experience in multinational organisations, combined with a good understanding of the Company's business and are therefore considered by the Board to be collectively competent in the sector in which the Company operates.

As the serving Chief Financial Officer of Experian plc, the Chair of the Committee, Lloyd Pitchford, is considered by the Board to have recent and relevant financial experience. The Committee members are of an independent mindset and bring a diversity of perspectives, knowledge and experience to the Committee's deliberations, which in turn ensures that the Committee is able to provide an appropriate amount of scrutiny, challenge and support to management. Independent thinking is an essential aspect of the Committee's role and is crucial in assessing the work of management and the assurance provided by the internal and external audit functions. Further information concerning the directors' skills and experience can be found in the Corporate governance report on pages 90 to 92.

**Audit Committee meetings**

The table below sets out the Committee's composition and its members' attendance at the four scheduled Committee meetings held during 2023.

	Meetings attended*
Lloyd Pitchford	 4/4
Vanda Murray	 4/4
Stephan Nanninga	 4/4
Vin Murria	 4/4
Pam Kirby	 4/4
Jacky Simmonds**	 3/3

\* While the Company Chairman and the executive directors are not members of the Committee, they normally attend Committee meetings by invitation, together with the Head of Internal Audit and Risk, the Group Financial Controller, representatives from the external auditors and other members of the Group finance team.

\*\* Jacky Simmonds was appointed as a director on 1 March 2023 and attended all Committee meetings held between that date and the end of the year.

**Key areas of focus in 2024**

- Continuing to monitor financial reporting, the embedding of new control systems, the development of risk management as well as artificial intelligence and data protection
- Continuing to monitor and develop a response to proposed reforms to the UK governance and audit framework, including progress made to comply with relevant Code requirements relating to audit, risk and internal controls
- Reviewing progression of the Internal Controls Essentials programme
- Considering non-financial and ESG reporting and assurance
- Regular updates on Information Security, including progress implementing the agreed multi-year plan, and deep dive training sessions covering key risks and the Company's actions in response thereto

**AUDIT COMMITTEE REPORT** continued**Role and support**

The role of the Audit Committee is to act independently of management to safeguard the interests of stakeholders in relation to the Company's financial reporting and internal controls arrangements. A fundamental part of this role is ensuring that the Company has effective governance over the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions and the management of the Group's systems of internal controls and business risk management and related compliance activities.

The Committee provides appropriate oversight, review and challenge of the decisions and approach taken by management in respect of the content and disclosures within the Company's financial reports, including considering whether such disclosures are set properly in context.

In the performance of its duties, the Committee has independent access to the services of the Company's internal audit function and to the external auditors and may obtain outside professional advice as necessary.

The Committee's terms of reference, which were reviewed by both the Committee and the Board in 2023, are available on the Company's website, [www.bunzl.com](http://www.bunzl.com).

**Training and briefings**

Throughout 2023, the Committee considered market updates and developments to ensure that it was fully cognisant of matters that may affect the Group and its operations. This included:

- Internal Controls Essentials programme and fraud updates at every Committee meeting;
- review of non-financial reporting and assurance;
- updates on the proposed UK corporate governance and audit reforms;

- information security updates;
- PwC Audit Committee training, including:
  - accounting update;
  - corporate reporting & governance update; and
  - regulatory and public policy matters.

**Stakeholder engagement**

Our relationship with our stakeholders is a fundamental driver of value creation and we place considerable importance on ensuring that we are aware of and understand their views and sentiments. The Committee Chair avails himself of all opportunities to engage with Bunzl's stakeholders when appropriate in order to obtain their feedback and discuss any concerns that they may have concerning the Committee's operations and oversight. In 2023, members of the Committee, including the Chair, proactively reached out to various institutional shareholders to solicit meetings to discuss the work of the Committee and to answer any questions that the shareholders may have concerning matters within the Committee's remit. Additional information on this engagement can be found on page 102.

While the results of the Company's proactive engagement with stakeholders during the year did not identify any concerns relating to the Group's risk profile and management thereof, or the Committee's discharge of its responsibilities, this is not taken for granted and the Committee will continue to monitor stakeholder sentiment closely and ensure that engagement is sought whenever it is needed. The Chair of the Committee will also be attending the Company's forthcoming AGM to answer any questions that shareholders may have. Further information concerning stakeholder engagement can be found on pages 64 to 67.

**Principal responsibilities of the Committee****Financial and narrative reporting**

- Monitoring and reviewing the integrity of the Group's financial and narrative reporting and the significant judgements contained therein
- Reviewing non-financial reporting measures, including non-financial KPIs, for inclusion in the Annual Report

**Risk management and internal controls**

- Reviewing:
  - the Group's risk management processes, procedures and controls;
  - the effectiveness of the Company's internal controls systems including operational, compliance and financial controls; and
  - the assurance activities relating to financial and non-financial reporting matters.

**Internal audit**

- Overseeing the Company's internal audit activities
- Monitoring and reviewing the effectiveness of the internal audit function

**External audit**

- Making recommendations to the Board in relation to the appointment/reappointment/removal of the external auditors
- Reviewing the Company's relationship with the external auditors and monitoring their independence and objectivity
- Agreeing the scope, terms of engagement and fees for the statutory audit
- Initiating and supervising a competitive tender process for the external audit as required from time to time
- Developing and implementing a policy on the engagement of the external auditors to supply non-audit services

**Financial statements and significant accounting matters**

During the year and prior to the publication of the Group's results for 2023, the Committee spent considerable time reviewing and scrutinising the 2023 half year financial report and related news release, the 2023 Annual Report (including the financial statements), the 2023 annual results news release and the reports from the external auditors on the outcomes of their half year review and their audit relating to 2023. Management was challenged, where appropriate, on matters such as the appropriateness of accounting policies, critical accounting judgements and key accounting estimates. The appropriateness of the Group's external reporting framework and use of alternative performance measures ('APMs') were also assessed, with the Committee concluding that it is satisfied that the APMs reviewed are consistent with market practice, and that disclosure and reconciliation to statutory measures is appropriate. In conjunction with the Board, the Committee reviewed the financial modelling and stress testing conducted for the going concern assessment, as well as the viability assessment process undertaken in support of the long term viability statement. The Committee also challenged the assumptions and scenarios, noting the effect they would have during the viability period, further details of which can be found on page 77.

As part of its work, the Committee considered a number of significant accounting matters in relation to the Company's financial statements, together with the adequacy of the associated disclosures. These significant accounting matters are summarised in the table below and further information can be found in the relevant notes to the consolidated financial statements. The Committee believes that the significant accounting matters have been properly recorded in the Company's books and records and accounted for appropriately, including relevant disclosure in the Annual Report.

## AUDIT COMMITTEE REPORT continued

## Significant matters considered in relation to the financial statements

Matter	Review and conclusion
<b>Accounting for business combinations</b>	For business combinations, the Group has a long-standing process for the identification of the fair values of the assets acquired and liabilities assumed, including separate identification of intangible assets using external valuation specialists where required. The Committee reviewed this process and discussed with management and the external auditors the methodology and assumptions used to value the assets and liabilities of the acquisitions completed in 2023. The Committee concluded that it was satisfied with management's valuations of these assets and liabilities, including the degree to which such valuations are supported by professional advice from external advisers. For business combinations where less than 100% of the issued share capital of a subsidiary is acquired and the acquisition includes put and call options over the remaining share capital of the subsidiary, the Group has an established process to assess whether a non-controlling interest should be recognised. There were six such business combinations during the year. The Committee reviewed the Group's assessment of these six business combinations, noting that no non-controlling interest had been recognised. The Committee concurred with management's conclusion that the risks and rewards associated with the options to purchase the remaining shares had transferred to the Group on each acquisition. Details of the Company's approach to accounting for acquisitions are set out in Note 9 to the consolidated financial statements.
<b>The carrying value of goodwill, customer relationships and brands intangible assets</b>	Goodwill is allocated to cash generating units ('CGUs') and is tested annually for impairment. The Committee critically reviewed and discussed management's report on the impairment testing of the carrying value of goodwill of each of the Group's CGUs. The Committee also critically reviewed and discussed management's consideration of the impairment risk relating to customer relationships, brands and technology intangible assets. In both regards, the Committee considered the sensitivity of the outcome of impairment testing to the use of different assumptions and considered the external auditors' testing thereof.  After due challenge and debate, the Committee concluded that it was satisfied with the assumptions and judgements applied in relation to the impairment testing and agreed that there was no impairment of goodwill or customer relationships, brands and technology intangible assets. Details of the key assumptions and judgements used are set out in Note 13 to the consolidated financial statements.
<b>Defined benefit pension schemes</b>	The Committee considered reports from management and the external auditors in relation to the valuation of the defined benefit pension schemes and reviewed the key actuarial assumptions used in calculating the defined benefit pension liabilities, especially in relation to discount rates, inflation rates and mortality/life expectancy. The Committee discussed the reasons for the movement in the net pension surplus and was satisfied that the assumptions used were appropriate and were supported by independent actuarial experts.
<b>Inventory and receivable provisions</b>	The Committee considered the analysis from management detailing the provision percentages and reconciliation of the provision balance from 31 December 2022 to 31 December 2023 and noted that, during the year, the Group had a net utilisation of approximately £25 million in trade receivables and slow-moving inventory provisions, with usage of these provisions exceeding net charges to increase the provisions.  The Committee also noted that the Group had some utilisation of the additional provisions set up in the prior year as a result of market price movements on certain Covid-19 products.

**AUDIT COMMITTEE REPORT** continued**Risk management**

The Board approves the Group's risk management framework and sets the risk appetite, which in turn guides management to proactively identify, monitor, and manage the material and emerging risks that could impact Bunzl. During 2023, the Committee continued its regular review of risk reporting to ensure the balance between risk and opportunity remained in line with the Group's risk appetite and tolerance.

In 2023, the Committee reviewed the process by which significant current and emerging risks had been identified by management and the Board, the key controls and other processes designed to manage and mitigate such risks, including the assurance provided by the internal audit function, the external auditors and other oversight from management and the Board. The Committee uses a number of tools to review the Group's risk management processes, including the Group's Risk and Assurance Map. These tools are reviewed regularly to ensure that they remain fit for purpose and continue to meet the needs of the business. External assurance reviews, which are focused on the maturity of the Group's risk management procedures, are held every five years, with the latest taking place in 2022. In 2023, the Committee reviewed the output of annual internal reviews of the maturity of the Group's risk management procedures, which have been used to develop the Group's ERM framework further and set goals for the future.

**Cyber risk**

We have continued to strengthen our cyber security controls and governance in recent years in response to the increasing threat cyber risks pose to our businesses, including further developing our security policies, practices and training. We have remained focused on increasing the maturity of our cyber security capabilities and have invested heavily in the resources and initiatives necessary to maintain and improve our information security framework, including preventative technologies such as end point detection systems, user training and carrying out regular health checks and testing.

We believe that having an overlapping strategy based on security tools, people, and processes yields the most effective defences. Our layered approach to cyber security provides multiple opportunities for threats to be identified and addressed before they can cause significant harm.

Fundamental to the success of our digital security and strategy is our digital security culture, which is fostered and embedded through several channels. We recognise that a culture of security has to start at the top and the Board and Committees lead by example by dedicating considerable time and attention to the risks associated with cyber and information security. The Group CIO, Group CISO and the Head of Internal Audit and Risk are regularly invited to Committee meetings to give an assessment of cyber risk and provide updates on the measures being taken by management to mitigate the cyber and information security risks and other evolving threats faced by the business.

Making security a part of everyone's responsibilities is a key part of instilling Bunzl's security culture and seeing senior management embody the security culture through their words and actions has been an important part of this. Regular communications and presentations from the Group CIO and Group CISO also increase employees' awareness and understanding of cyber risks and reinforce the significance security has for the entire Group. Similar to many large companies, Bunzl is the subject of regular cyber threats and attacks, none of which were considered material and all of which were managed effectively by our Group Information Security teams in 2023.

In 2023, the Committee received reports on a cyber incident simulation exercise facilitated by a third party. A cross-functional group undertook the exercise, considering how they would address the simulated incident at each stage of the process. At the end of the simulation, key learnings and future actions were summarised with additional feedback provided by the third party to further improve each function's approach to addressing potential cyber security incidents.

The Committee also received updates on the Group's information security risk assessment process and an internal controls overview, supported by a detailed internal audit of the current information security internal controls framework. External assurance reviews of our information security systems are undertaken regularly, with the last review being carried out in 2022, and the next one scheduled for 2024.

We believe that having an overlapping strategy based on security tools, people, and processes yields the most effective defences. Our layered approach to cyber security provides multiple opportunities for threats to be identified and addressed before they can cause significant harm.

**Cyber security at Bunzl****Identify**

Know what we have, what we do, and what's important

- Asset Management
- Business Environment
- Governance
- Risk Assessment
- Risk Management

**Protect**

Stop the things we should and do the basics well

- Identity Management
- Awareness and Training
- Data Security
- Information Protection

**Detect**

Quickly, simply, and efficiently find what needs to be stopped

- Anomalies and Events
- Detection Processes
- Security Continuous Monitoring

**Respond**

Implement processes to deal with events in real time

- Analysis
- Mitigation
- Improvements
- Communications
- Response Planning

**Recover**

Return to known good state and focus on continuous improvement

- Disaster Recovery
- Continuous Improvement
- Communications

**AUDIT COMMITTEE REPORT** continued**Internal controls**

The Group has an internal controls environment designed to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls and the Committee has responsibility for ensuring the effectiveness of those controls. These controls and procedures are designed to manage, but not eliminate, the risk of failure of the Company to meet its business objectives and, as such, provide reasonable, but not absolute, assurance against material misstatement or loss.

The Committee monitored the effectiveness of the internal financial controls framework through reports from the Chief Financial Officer ('CFO'), the Group Financial Controller, the Head of Internal Audit and Risk and the external auditors. In particular, the Committee considered the scope and results of the work of internal audit, the findings of the external auditors in relation to the year end audit, management's assessment of fraud risk, the controls over the Company's financial consolidation and reporting process, treasury controls, tax risks and the process for monitoring the ongoing performance of the Company. It is the responsibility of management to provide confirmation that the controls and processes are being adhered to throughout the business and this is continually tested by the work of the internal audit function as part of its annual plan of work, which the Committee approves. Compliance with the internal controls system is monitored via an annual internal controls self-assessment with sign-off and review of key financial and non-financial controls for all businesses. Self-assessed responses are challenged locally by business area internal controls teams, reviewed centrally and audited on a sample basis by the internal audit function, and reported to the Committee.

The Committee also oversaw the Group's Internal Controls Essentials programme, which aims to further develop the Group's internal controls framework for financial reporting. As part of this programme, a Group Steering Committee works to further the strategy and monitor progress against key programme deliverables. In 2024, the Committee will review the Internal Controls Essentials programme to ensure it is aligned to the FRC's revised Code, including in respect of non-financial controls.

Having reviewed the process by which management assessed the control environment, in accordance with the requirements of the Guidance on Risk Management, Internal Controls and related Financial and Business Reporting published by the FRC, the Committee confirms that the system of internal controls operated effectively for the 2023 financial year. Where specific areas for improvement were identified, mitigating alternative controls and processes were in place. This allows us to provide positive assurance to the Board to help fulfil its obligations under the FRC's UK Corporate Governance Code.

Further information on internal controls and risk management is included in the Corporate governance report on pages 104 to 105. Additional information concerning the Group's approach to risk management and the principal risks and uncertainties that it faces can also be found on pages 68 to 76.

**Meetings and activities**

Committee meetings are generally scheduled close to Board meetings in order to facilitate an effective and timely reporting process.

The Committee has a structured, rolling, forward-looking planner which is developed with the Company Secretary and is designed to both ensure that the Committee's responsibilities are discharged in full during the year, and to facilitate more in-depth reviews of those topics which are of particular importance or pertinence. Items on the agenda are set with consideration of regulatory requirements, the Company's reporting timetable and after considering key issues identified by the CFO, management, the Head of Internal Audit and Risk and the external auditors.

The forward agenda planner is reviewed regularly and adapted, where necessary, to ensure that it meets the changing needs of the business.

The Chair of the Committee holds preparatory discussions with the Company's senior management, the Head of Internal Audit and Risk and the external auditors prior to Committee meetings to discuss the items to be considered at the meetings. The Committee Chair also meets individually throughout the year with Committee members to obtain their feedback on the areas of Committee focus. Separate discussions are held periodically during Committee meetings between the Committee and the Head of Internal Audit and Risk and the external auditors without management present.

Following each Committee meeting, any significant findings are reported to the Board and copies of the minutes of the Committee meetings are circulated to all directors and to the external auditors.

The Committee Chair attends the AGM to respond to any shareholder questions that might be raised concerning the Committee's activities.

A summary of the Committee's key activities in 2023 and its priorities for 2024 can be found on page 118 and page 113 respectively. The Committee will continue to keep its activities under review and adapt them wherever necessary in anticipation of, and in response to, developments within the business and changes in the financial reporting, regulatory and governance landscape.

## AUDIT COMMITTEE REPORT continued

## Audit Committee meetings and activities

## Financial reporting

- Receiving and, where appropriate, challenging reports from management and the external auditors in relation to the half year financial report and the annual financial statements
- Reviewing the half year financial report and the annual financial statements and the formal announcements relating thereto
- Considering the appropriateness of disclosures made in the half year financial report and annual financial statements
- Considering thematic reviews and guidance from the FRC concerning annual report disclosures

## Risk management, internal controls and fraud risk

- Reviewing the effectiveness of the Company's internal financial controls and the assurance procedures relating to risk management systems, including receiving and considering a Risk and Assurance Map
- Considering ESG and non-financial reporting and assurance
- Reviewing the Company's annual controls self-assessment and fraud processes and related controls framework
- Reviewing the effectiveness of the Company's risk management processes
- Reviewing the Company's principal tax risks and the steps taken to manage such risks
- Considering updates from the Group Financial Controller on the Internal Controls Essentials programme and fraud updates
- Receiving updates on the Group's Information Security Policy and activities in 2023, including incidents encountered, threat monitoring, control priorities, focus areas and key performance indicators
- Receiving updates from the Head of Internal Audit and Risk on the Information Security Assurance Audit Plan and associated audit results, including progress on GDPR and data privacy, and the Group's risk-based security framework
- Considering the new Fraud and Investigation Standard

## Audit matters

- Reviewing the effectiveness of both the external auditors and the internal audit function following completion of detailed questionnaires by both the Board and senior management within the Company
- Approving the tender of the external audit contract
- Making recommendations to the Board, based on considerations of the output of the external audit tender, concerning the reappointment of the external auditors
- Approving the remuneration and terms of engagement of the auditors, including the audit strategy
- Reviewing and approving the policy for the provision of non-audit services by the external auditors
- Reviewing and approving the level and nature of non-audit work which the external auditors performed during the year, including the fees paid for such work, and planning process for the current financial year
- Reviewing and approving the internal audit work programme for the coming year
- Considering a paper concerning the initiatives undertaken by the internal audit function to further develop the team and increase collaboration across the Group's businesses
- Receiving and considering reports from the Head of Internal Audit and Risk concerning the work undertaken by the internal audit function, including in relation to the function's ongoing quality assurance and improvement programme
- Receiving and considering the output of the External Quality Assurance review of the internal audit function
- Reviewing and approving the Company's internal audit charter

## Governance and other

- Reviewing the Committee's effectiveness following an externally facilitated performance evaluation
- Reviewing the Committee's terms of reference
- Reviewing and approving the Group's Tax Strategy for the 2023 financial year
- Considering incoming regulatory reforms and the Company's proposed in response to the BEIS consultation 'Restoring trust in audit and corporate governance'
- Considering a letter from the FRC's Conduct Committee relating to its limited scope review of the Company's 2023 Annual Report
- Receiving training on proposed regulatory and governance changes, corporate reporting, and accounting

**AUDIT COMMITTEE REPORT** continued**Internal audit**

The work of the internal audit function provides the Committee with a further means of monitoring the processes and actions to manage and mitigate those risks identified as posing the greatest threat to the Company.

The scope of work covers all systems and activities of the Group and work is prioritised according to the Company's risk profile. The internal audit plan is approved by the Committee annually and is reviewed regularly thereafter to ensure that it continues to be fit for purpose and to enable the Committee to assess how internal audit is delivering against the plan.

The quality and effectiveness of the internal audit function's work is monitored continually using a variety of formal and informal inputs, including discussions with management, reviews and assessments of the quality of testing results and reporting, questionnaires, and feedback from the external auditors. This year, an externally facilitated evaluation of the effectiveness of the internal audit function was undertaken by a third party.

The external audit partner and the Head of Internal Audit and Risk attend and table reports at each scheduled Audit Committee meeting, which ensures that the Committee members have the opportunity to provide real-time feedback and, where appropriate, challenge in relation to all audit related matters. The internal audit reports include details of the audit findings, the relevant management actions required in order to address any issues arising, as well as updates on management's progress in addressing any outstanding recommendations from previously reported findings. The reports also highlight any significant issues relating to the processes for controlling the activities of the Group and the adequacy and effectiveness of such processes.

A detailed questionnaire is circulated annually to gather feedback from a broad range of internal stakeholders, including directors and senior management at Group and business area levels who have regular contact with the internal audit function. In 2023, the questionnaire covered a

total of 35 different aspects of the internal audit function, including: purpose, authority and responsibility; independence, objectivity and proficiency; quality assurance processes; adequacy of resources; auditors' skills and capabilities; and the quality of reporting. Taking all of these elements into account, the Committee concluded that the Internal Audit function continued to be effective, efficient and appropriately resourced.

The Head of Internal Audit and Risk has direct access to the Committee Chair, with whom a number of meetings were held during the year outside formal Committee meetings. The Chair of the Committee also liaises with the CFO as necessary to ensure robust oversight and challenge in relation to financial control and risk management and to ensure that the Committee is kept informed of any changes in response to new issues or changing circumstances.

In 2023, the Committee considered an external quality assessment report on the Internal Audit function. The findings of the report were positive, revealing that the function benefitted from support from the Board, had embedded quality assurance processes, and engaged effectively with the business while maintaining independence and objectivity. The report outlined actions to further strengthen and mature the Internal Audit function, all of which will be addressed as part of the function's future work programme. The Committee will carry out an internal effectiveness review of the Internal Audit function in 2024.

**External auditors**

An important part of the Committee's work consists of overseeing the Group's relationship with the external auditors. The Committee is responsible for ensuring that the three-way relationship between the Committee, the external auditors and the Company's management is appropriate and that the independence, quality, rigour, and challenge of the external audit process is maintained.

As part of its decision making process concerning whether to tender, offer, or continue an audit engagement, there are a number of key considerations that the Committee takes into account, the principal elements of which are set out below and on pages 120 to 121.

**Conflicts of interest**

In assessing the independence of the auditors from the Company, the Committee takes into account the information and assurances provided by the auditors confirming that all its partners and staff involved with the audit are independent of any links to the Company.

PwC confirmed during the year that all its partners and staff complied with its ethics and independence policies and procedures which are consistent with the FRC's Revised Ethical Standard (2019) and other relevant regulatory and professional requirements, including that none of its employees working on Bunzl's audit hold any shares in Bunzl plc. PwC is required to provide an independence confirmation letter at the completion stage of the audit, including any relationships that may reasonably be thought to have an impact on its independence and the integrity and objectivity of the audit engagement partner and the audit staff.

**Non-audit services**

Bunzl has a detailed policy relating to the provision of non-audit services by the external auditors which is overseen by the Committee. It is the Company's policy to assess the non-audit services to be performed by the Company's auditors on a case-by-case basis to ensure adherence to the prevailing ethical standards and regulations.

Principally, Bunzl uses other firms to provide non-audit services. However, if the provision of a service by the Company's auditors is permitted and adequate safeguards are in place, it is sometimes appropriate for this additional work to be carried out by the Company's auditors.

Details of the fees paid to the external auditors in 2023 in respect of the audit and for non-audit services are set out in Note 5 to the consolidated financial statements. The fees relating to non-audit services work in 2023 equated to 7.2% of the fees relating to audit services.

**Tenure and effectiveness**

The Committee takes into account the tenure of the auditors in addition to the results of its review of the effectiveness of the external auditors and considers whether there should be a full tender process, either as a result of that review or as may be required by the relevant regulations. As previously mentioned, a tender process for the external audit was undertaken in 2023 and an overview of this process can be found on the following page. There are no contractual obligations restricting the Committee's choice of external auditors. The Company confirms that it has complied with the provisions of the CMA Order for the 2023 financial year.

Given the continuing effectiveness of PwC in its role as external auditors, the Committee believes it is in the best interests of shareholders for PwC to remain in the role for the next year. Neil Grimes took over the position as audit partner with effect from 1 January 2019 and remained the audit partner throughout 2023. Having acted as audit partner to the Company for five years, Neil Grimes will rotate off as audit partner in 2024, being replaced by Simon Morley, in line with the Auditing Practices Board's Ethical Standards.

The Committee was satisfied with the results of its review of the external auditors' activities, and performance throughout the tender process, during the year. The Committee has therefore recommended to the Board, that a resolution proposing the reappointment of PwC as external auditors for the year ending 31 December 2024 be put to shareholders at the forthcoming AGM. Additional information on the 2023 external auditor effectiveness review can be found on page 121.



## AUDIT COMMITTEE REPORT continued

## External audit tender process

## Scope

Bunzl is required to undertake an external audit tender every 10 years and rotate audit firms every 20 years. Given PwC was appointed in 2014, the Audit Committee initiated and supervised a competitive tender process for the Company's external audit. The Committee approved a project plan for the tender and the selection criteria that would be used.

A Selection Panel comprising the individuals listed below was established to facilitate the tender process:

## Members

Lloyd Pitchford	Chair of the Audit Committee
Peter Ventress	Chairman of the Board
Vin Murria OBE	Non-executive director
Pam Kirby	Non-executive director
Richard Howes	Chief Financial Officer
Ian Burrows	Group Financial Controller

The Selection Panel was responsible for identifying audit firms to potentially participate in the tender and subsequently evaluating participating firms' performance using transparent and non-discriminatory criteria. Committee members were involved throughout the tender process, with regular updates being provided by the Selection Panel. Participating firms were provided with an information pack covering key information about the Group and were provided access to discussions with senior managers at Group and local business level.

## Evaluation

All members of the Selection Panel attended oral presentations by candidate firms held at the Bunzl plc registered office on 9 June 2023.

The resources that were available to the Selection Panel in the evaluation process included the proposal documents received from the three candidate firms, the feedback received from Bunzl management following the meetings with each firms' representatives, an extract from the FRC's published quality reviews of each firm and an analysis of the fees proposed by each firm in relation to proposed audit scopes.

The Selection Panel evaluated the proposals according to five non-financial criteria:

- audit firm capability and service delivery;
- audit team capability;
- understanding our business;
- audit approach and materiality; and
- audit quality.

The candidate firm fee proposals were also considered in the context of whether they were competitive and offered strong value to Bunzl, although the principal focus of the evaluation was on maximising future audit quality.

## Decision

A report setting out the results of the evaluation was presented to the Committee by the Selection Panel.

Having considered the report, the Committee submitted two possible audit firm options to the Board, with PwC being the preferred candidate.

Key factors in the decision to recommend the reappointment of PwC included:

- strong performance against the evaluation criteria;
- continuity in the audit approach and experience of working with Bunzl;
- understanding of Bunzl's culture and decentralised business;
- a demonstrable desire to evolve and improve the existing audit approach; and
- detailed improvement proposals and recommendations to the non-financial audit approach.

The recommendation made by the Committee to the Board was free from third party influence and there were no contractual restrictions on the choice of auditor.

After due consideration, the Board approved the reappointment of PwC as the Company's statutory auditors for the 2024 financial year. The reappointment is subject to shareholder approval at the Company's 2024 AGM.

The Committee will continue to undertake annual effectiveness reviews of the external auditors' performance and consider the FRC's annual Audit Quality Inspection and Supervision reports.

## Tender response requirements

The Audit Committee Chair reviewed and approved the invitation to tender letter and tender response requirements. Large and challenger firms were invited to participate in the tender process; however, due to the size and geographical spread of the Group, none of the challenger firms accepted the invitation. Participating firms were required to submit a draft audit plan and audit proposal.

## Draft audit plan

- Demonstrates an understanding of Bunzl's business and risks
- Outlines a proposed audit approach, specifically considering the 2024 half year review and year end audit
- Includes an audit plan of the Company's non-financial data
- Outlines an approach to auditing specific business geographies including North America, Continental Europe and the UK

## Audit proposal

- Demonstrates capability to serve clients of large and international scope of similar complexity to Bunzl
- Details the experience and technical capabilities of the service teams
- Demonstrates independence and quality, including the FRC audit quality record

- Outlines the firm's approach to resolving accounting and financial reporting issues
- Outlines the firm's available expertise relating to the reporting of sustainability and other non-financial information

The draft audit plans and the audit proposals were a key source of information outlining the capability of shortlisted firms and were used by the Committee and Selection Panel in the evaluation process.

## AUDIT COMMITTEE REPORT continued

## Effectiveness of the statutory external audit process

PwC presented the Committee with its detailed audit plan for the forthcoming financial year, which outlined its audit scope, planning materiality and its assessment of key audit risks. The identification of key audit risks is critical in the overall effectiveness of the external audit process.

In assessing the adequacy of the audit plan, the Committee considers and, where necessary, challenges the auditors on how far the scope of the audit addresses the Board's assessment of risks.

The Committee was provided with updates on PwC's progress against the audit scope at subsequent Committee meetings, providing Committee members with the opportunity to challenge management and PwC and raise questions where necessary.

Regular dialogue between the Committee and the auditors ensures that any significant issues are identified, and the appropriate audit responses are discussed, at the earliest opportunity. The external auditors also have direct access to the Chair of the Committee who held a number of meetings with PwC during the year outside formal Committee meetings.

As part of the ongoing monitoring process, the Committee considers the results of any periodic reviews by the FRC's Audit Quality Review Team of PwC's audit of the Company, as well as the results of the FRC's reviews of PwC's audits more broadly, and challenges PwC to ensure continuous improvement.

Prior to the Board's approval of the annual financial statements, the Committee provided the Board with its views on the outcome of the statutory audit. Such feedback generally covers: the outcome of the auditors' assessment of key audit matters; management's key accounting issues and judgements; other areas of audit focus; and how the statutory audit has contributed to the integrity of the financial reporting process.

The Committee also discusses the outcome of any quality monitoring processes that may have been undertaken by the auditors' own firm, including any lessons learnt and the actions taken to address those areas identified for improvement.

Following the completion of the audit, those involved in the process were invited to provide feedback on PwC's performance. This involved the completion of a questionnaire by the Committee members, key members of senior management and those who regularly provide input into the Committee or have regular contact with the auditors.

The questionnaire covered a total of 24 different aspects of the external audit process, grouped under four separate headings: the robustness of the audit process; the quality of delivery; the quality of people and service; and the quality of reporting. The responses were collated and a summary was presented to the Committee for consideration.

During the year, private meetings were held between the Committee and PwC without management present to encourage open and honest feedback by both parties on any matters they wished to raise. This afforded the Committee the opportunity to obtain greater insight concerning the extent to which management's analysis and presentation of information had been challenged by the auditors.

Based on the feedback received and the results of the Committee's ongoing audit monitoring throughout the year, the Committee concluded that PwC had demonstrated appropriate focus and challenge on the primary areas of the audit and had applied robust challenge and scepticism throughout the process, with additional measures for further enhancement encouraged.