



Slavery and Human Trafficking Statement for the 2018 financial year

This statement is made in accordance with Section 54, Part 6 of the Modern Slavery Act 2015 ('the Act') and sets out the steps that Bunzl plc, its subsidiaries and operating divisions (together 'Bunzl' or 'the Group') are taking with a view to ensuring that slavery and human trafficking is not taking place in Bunzl's supply chain or in any part of its business. This statement (or a link to this statement) is published on the Bunzl plc website and on the websites of those Bunzl subsidiaries that are required by the Act to publish an annual statement on modern slavery.

About us, our operations and our supply chain

Bunzl is a specialist international distribution and services Group with revenue in 2018 of £9.1 billion. We operate across more than 30 countries and are divided geographically into Business Areas covering North America, Continental Europe, UK & Ireland and the Rest of the World. Day to day management of the business, including procurement, is devolved to Business Area Heads in each of our operational geographies who are responsible, through the Chief Executive Officer, to the Board of Bunzl plc. Although we are a decentralised Group which gives management autonomy to take decisions relating to our operations locally, our governance framework allows the Board to lead the Company in the right direction as we develop and pursue our future strategy, while ensuring that the tone of the Group's culture and values is set from the top and that the standards established by the Board are maintained throughout the Group.

Bunzl employs c.19,000 people in sourcing, consolidating and delivering a wide range of non-food consumable products across a variety of market sectors including foodservice, grocery, safety, cleaning & hygiene, retail and healthcare. We do not manufacture any of the products we supply and our supply chain is both extensive, numbering thousands of suppliers, and dynamic as we respond to expanding customer requirements. The vast majority of the products we sell are sourced locally by our businesses but many products are sourced elsewhere if it is appropriate to do so.

Our commitment

Modern slavery is a global issue and requires global action. As an international business we are wholly committed to eliminating modern slavery practices and respecting human rights across both our own operations and our supply chain. We take appropriate action to ensure that all our employees understand our policy of eliminating forced labour, child labour and human trafficking. We expect our suppliers to meet or exceed local legislative requirements and applicable international requirements for workers' welfare and conditions of employment, such as those set by the International Labour Organization ('ILO') and the Ethical Trading Initiative ('ETI') and aim to ensure that our suppliers apply these standards within their operations and their own supply chains.

Bunzl's slavery and human trafficking risks

The majority of our businesses are based in North America, Europe and Australasia and are involved solely in the procurement, consolidation and supply of manufactured goods. In our view, the profile of our operations in terms of locations and roles therefore means that the risks of modern slavery are low.

As mentioned above, the majority of our suppliers are based close to our operating companies although we do import some products from lower cost areas, primarily south-east Asia, where we consider the potential risks of forced or child labour to be higher. The Bunzl Corporate Responsibility and Sustainability Committee ('CRSC') periodically completes an external risk assessment of our supplier base to establish direct and indirect material social risks, including modern slavery risks in our worldwide supply chain. This allows us to focus our attention and resources on the areas of greatest exposure to risk. In 2018 we updated this risk assessment and completed a quantitative analysis of material social risks in our worldwide supply chain. Economic

sector data and social risk factors from a range of data sources have been applied to our global supplier data. This has allowed us to rank suppliers against human and labour rights identified by internationally agreed standards, taking account of geography and product. The analysis included a review of direct risks (the likelihood of a social issue arising directly in the economic sector/country of the supplier) as well as the indirect risk (the likelihood of a social issue arising in the supply chain of a supplier).

The analysis confirmed that the vast majority of Bunzl's direct suppliers are based in countries with comparatively low levels of social risk. It has also deepened our insight into the social risk factors in countries with medium, high or very high relative risks. Examples of supplier countries with high or very high relative risks are China, India, Indonesia, Mexico and Turkey. We have used the risk assessment to rank our sourcing countries by risk and to ensure that effective mitigation of social risks is in place and have used the results of the analysis to identify a number of actions to further enhance mitigation of social risks in our supply chain. These actions include more in-depth audits in higher risk countries, use of enhanced checklists, further enhancements of communication of our Corporate Responsibility ('CR') standards to higher risk suppliers and the development of supplier management tools for use by Bunzl businesses. Further details of these actions are referred to in the 'Looking ahead' section of this statement.

The industry sector approach that we have followed has also allowed us to identify the sectors representing the highest risks in our supply chain. Products with the highest potential risk were those made from textiles, leather, rubber, plastics and pulp and paper. While products in the textiles and leather sectors are the highest ranked for modern slavery risks, our spend in these sectors is relatively low and, as a result, the total direct risk in these sectors is comparatively lower than in others such as rubber, plastics and pulp and paper where our spend is relatively high.

Policies in relation to slavery and human trafficking

For over ten years, Bunzl has adhered to a comprehensive suite of CR policies that cover key impacts to our business. Our policies require all businesses to develop policies which reflect the UN Universal Declaration of Human Rights and local legislative requirements together with other Group standards. Our policies and Supplier code of conduct also require compliance with internationally recognised minimum requirements for workers' welfare and conditions of employment as defined by the ILO or the ETI which specifically prohibit forced labour i.e. slavery and human trafficking.

Our policies are implemented and monitored by a team of human resource professionals and are reviewed by our internal auditors who periodically visit Bunzl locations and audit the operations to ensure that they meet the relevant standards. In addition we have a 'Speak Up' policy providing a dedicated confidential reporting mechanism where employees can raise issues of concern.

We have developed a Supplier code of conduct that defines the principles and standards that Bunzl expects suppliers of goods and services to adhere to, both within their operations and their supply chains. In particular, we expect our suppliers to meet or exceed local legislative requirements and applicable international requirements for workers' welfare and conditions of employment, such as those set by the ILO and the ETI. The Supplier code of conduct is available in several languages and is actively communicated to suppliers, particularly in those countries with increased risk of modern slavery and other social risks.

Further details of our policies can be found in the [Responsibility section](#) of the Bunzl plc website.

Due diligence processes in relation to slavery and human trafficking in supply chains

Governance

The CRSC, chaired by the Director of Group HR who is a member of the Executive Committee, sets and oversees implementation of the CR policies and programmes in the whole value chain (sourcing – operations – customers), including those for social risk matters related to our

operations and our supply chain. The CRSC is supported by the CR supply chain subcommittee. This subcommittee is responsible for providing transparency of social risks in our global supply chain and to coordinate and oversee actions planned and taken to mitigate those risks. Further supply chain monitoring is undertaken by our local procurement professionals and our Quality Control/Quality Assurance department based in Shanghai.

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

Communication with suppliers

The sustainability of our business is based on building long term partnerships with our suppliers. We continue to ensure that our CR policies, including our requirements relating to modern slavery risks, are communicated and enforced adequately in our supply chain through communication with our suppliers. In 2018 we have completed the process of writing to all suppliers in countries with medium, high and very high social risks and to our main suppliers by value in countries with relatively low direct social risks.

Auditing

In 2008 Bunzl established its Global Sourcing team, comprising a procurement office and a Quality Control/Quality Assurance team based in Shanghai, who perform regular audits of our suppliers in Asia with a view to ensuring that they meet international standards. In 2018 the Global Sourcing team completed 539 supplier audits covering approximately 90% of our spend in Asia. The audits cover various aspects of social accountability including child, forced or bonded labour, disciplinary practices, homeworkers and foreign migrant workers, freedom of association, wages, working hours and health & safety.

The team in Shanghai and the relevant Bunzl procurement professionals will work with suppliers to achieve acceptable standards in all areas of the audit and, where breaches are identified, appropriate action is taken to address such breaches in accordance with Bunzl's policy. Suppliers who are unable to meet all the requirements after an initial assessment/audit are given the opportunity to comply fully within a period of time which is deemed appropriate for the circumstances. If we have reason to believe that the supplier is not making sufficient or committed progress, this could lead to a suspension in the relationship until such time that we are confident that all areas are being satisfactorily addressed.

We reserve the right to cease a relationship with a supplier if it is found that unacceptable practices are being employed at any sites used for producing or sourcing Bunzl products and those suppliers fail to make improvements over an agreed timeframe or make no commitment to making the improvements required. Such practices include use of child, forced or bonded labour, illegal discrimination, wages not meeting local minimum requirements, not providing adequate days of rest and any other breach of local or applicable international requirements for workers' welfare and conditions of employment.

The CR audit process overseen by our Global Sourcing team has historically covered the geographies in Asia, which are predominantly countries with higher levels of social risks. During 2017 we started to expand our CR audits into geographies with elevated levels of social risks outside Asia. In 2018 we have continued this process and have, in addition to our Asian audits, carried out audits in Mexico, Turkey and Colombia.

Engagement with suppliers

We work with our suppliers to help them prevent CR issues arising in the first place as well as addressing them if they are found through our audit programme. In 2018 we continued to expand our approach from audit and monitoring to more collaborative solutions. We believe that building relationships, capacity and trust with suppliers is critical when it comes to preventing and identifying incidences of modern slavery. After a first successful supplier training event in 2017, we organised another supplier conference in Shanghai to showcase examples of good practice and build awareness of social compliance issues. The focus of the conference in 2018 was on

discussing case studies and establishing an active dialogue with and between suppliers about practical and effective approaches to deal with modern slavery issues and other social risks. The participants were able to get both educational and actionable insights from actual case studies and had the opportunity to discuss and reflect on what steps can be taken to prevent or address human rights abuses or incidents of modern slavery. The conference was attended by 32 suppliers and this year included six prospective suppliers. The event helps to develop local expertise and build the business case for suppliers to achieve better productivity, quality and employee retention.

Effectiveness and performance review

In 2018:

- Ten calls were received through our 'Speak Up' line. None of these related to modern slavery.
- The Global Sourcing team performed 539 (2017: 503) audits of suppliers located in Asia. In addition, nine supplier audits were carried out in countries with elevated social risks outside of Asia. We worked with 49 suppliers where unacceptable standards were identified to resolve any non-conformities. Five suppliers did not make sufficient progress to address the concerns and we have subsequently ceased our relationship with those suppliers.

Staff training

All of our senior staff, including managers and procurement and sales executives, are required to complete the corporate responsibility e-learning modules. One of these training modules specifically covers social risks, including modern slavery. The training helps our employees to understand and recognise social risk issues that might occur in our supply chain and informs them of the appropriate actions that should be taken if such issues materialise. Completion of the training modules is monitored by our HR departments.

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

Looking ahead

Our main objectives for 2019 are the following:

- Continue to optimise and expand our audit programme by increasing the number of Asian suppliers in scope of the programme, carrying out more in-depth audits of higher risk suppliers and ensuring that, in addition to the audits in Asia, all suppliers in very high risk countries outside Asia are audited on social risks.
- Further expand capacity building and training of our suppliers in Asia by organising supplier conferences in India and China.
- Further enhancement of communication of our Supplier code of conduct to suppliers in medium, high and very high risk countries.
- Development of social risk training materials aimed at further increasing of our businesses' awareness of the risks of modern slavery and our programmes to mitigate these risks.

Approved by the Board of Bunzl plc on 19 June 2019 and signed on its behalf by Frank van Zanten, Chief Executive Officer.