Modern Slavery and Human Trafficking Statement 2019

April 2020

This statement covers the period 1 January 2019 – 31 December 2019 and was approved by the Board of Bunzl plc on 15 April 2020 and has been signed on its behalf by Frank van Zanten, Chief Executive Officer. This statement is published on the Bunzl plc website and a link to the statement is included on the websites of those Bunzl subsidiaries that are required by the UK Modern Slavery Act 2015 to publish an annual statement on modern slavery.

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Modern Slavery and Human Trafficking Statement 2019

I am pleased to share Bunzl’s third Modern Slavery and Human Trafficking Statement. It sets out the steps that we are taking with a view to ensuring that slavery and human trafficking is not taking place in our supply chain or in any part of our business.

We remain committed to working to eliminate any occurrence of modern slavery from our operations and our supply chain. In 2019, we have worked to further increase the awareness of this important issue across our businesses by updating our global code of conduct and by refreshing our training. This will help our employees – regardless of their roles – to recognise and understand potential modern slavery issues and take appropriate action.

Our comprehensive audit programme in Asia continues to be an important element of our work to eliminate modern slavery from our supply chain. In 2019 we have further expanded the scope of the programme and, in addition to this, we have increased focus on collaboration with our suppliers by organising various training events.

Frank van Zanten
Chief Executive Officer
15 April 2020
About us, our operations and our supply chain

Bunzl is a specialist international distribution and services Group with revenue in 2019 of £9.3 billion. The Group operates across more than 30 countries.

We employ 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 supply chain reaches almost every continent and over 70 countries.

Further details on the Group can be found in our annual reports and accounts

Our commitment

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

We take appropriate action to ensure that all our employees understand our policy of eliminating forced labour, child labour and human trafficking. We expect our suppliers to meet or exceed local legislative requirements and applicable international requirements for workers’ welfare and conditions of employment, such as those set by the International Labour Organization (‘ILO’) and the Ethical Trading Initiative (‘ETI’). We aim to ensure that our suppliers apply these standards within their operations and their own supply chains.
Bunzl’s slavery and human trafficking risks

Risks in our direct operations

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

Risks in our supply chain

In every country and sector where we buy goods and services, there are people working to extract and grow raw materials, to manufacture goods and to pack and ship them to our businesses around the world. Any global supply chain carries social risk. The majority of our suppliers are based close to our operating companies although we do import some products from lower cost areas, primarily south-east Asia, where we consider the potential risks of forced or child labour to be higher. We periodically complete an external risk assessment of our supplier base to establish direct and indirect material social risks in our worldwide supply chain. This allows us to focus our attention and resources on the areas of greatest exposure to risk. This assessment, in which economic sector data and social risk factors from a range of data sources have been applied to our global supplier data, allows us to rank suppliers against human and labour rights identified by internationally agreed standards, taking account of geography and product. The vast majority of Bunzl’s direct suppliers are based in countries with comparatively low or medium levels of social risk. Approximately 13% of our procurement spend takes place at suppliers in countries with high risk. Examples of supplier countries with high risk are China, India, Indonesia, Mexico and Turkey.

We have also identified the sectors representing the highest risks in our supply chain. Products with the highest potential risk are 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

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

The **Bunzl code of conduct** defines the principles and standards that we expect our employees to understand and adhere to. It is never acceptable for our employees to deviate from the code to achieve a business objective. The code was updated in 2019 and communicated to our employees worldwide. The code is available in more than 15 languages.

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

Our **Speak up policy** sets out our internal grievance reporting procedures. We expect our employees to make management aware of all non-compliances to our code of conduct, any applicable law and/or company policies. The Speak Up posters are displayed on notice boards in each facility including information on how to report matters confidentially and anonymously. In 2019, we made this process more robust by engaging with a third-party supplier to manage it. This has led to much more effective reporting of the issues being raised.

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

Our policies can be found in the Policies section of the Bunzl plc website.

**Monitoring our policies**

Implementation of our policies is monitored by a team of Human Resources professionals and is reviewed by our internal auditors who periodically visit Bunzl locations and audit the operations to ensure that they meet the relevant standards. In 2019, following an update and relaunch of our CR policies, we have developed a comprehensive self-assessment process which has been rolled out in 2020. The self-assessment is a key element of monitoring the implementation and effectiveness of our modern slavery policies.

Supply chain monitoring, such as execution and follow up to social risk audits, is undertaken by our local procurement professionals and our Quality Control/Quality Assurance department based in Shanghai.

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

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

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

The Sustainability Committee is supported by a supply chain subcommittee, comprising the procurement leads in all business areas, which is responsible for providing transparency on social risks in our global supply chain and coordinating and overseeing actions to mitigate those risks.

Staff training

One of our focus areas continues to be on training our people and raising awareness of modern slavery. All of our senior staff, including managers and procurement and sales executives, are required to complete the corporate responsibility e-learning modules on modern slavery risks. The training helps our employees to understand and recognise social risk issues that might occur in our supply chain and informs them of the appropriate actions that should be taken if such issues materialise. In 2019, following an update of our CR polices, we have updated our training materials. All businesses have been required to ensure that new and existing employees view the updated training materials applicable to their role, including the modern slavery risk module.

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

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

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

**Supplier training**

We work with our suppliers to help them prevent social risk issues arising in the first place as well as addressing them if they are found through our audit programme. We believe that building relationships and trust with suppliers is critical when it comes to preventing and identifying incidences of modern slavery. We regularly organise supplier conferences, predominantly in Southeast Asia, to showcase examples of good practice and build awareness of social compliance issues. For example, a supplier training event in Kolkata, India was held in June 2019. The aim of the event was to raise suppliers’ awareness of modern slavery and other social risks and to provide support to suppliers on how to remedy those issues. The training featured various interactive workshops during which best practices and challenges were discussed in an open and informal dialogue with Bunzl and other suppliers. The supplier training event was attended by 30 suppliers and was very well received. The event is an example of how enhancing supplier relationships and creating an atmosphere of collaboration helps to drive progress. Another training event in 2019 was organised in Shanghai. This event was attended by 31 suppliers.

In addition to collective training events, we also engage with suppliers directly. In 2019 our team in Asia expanded direct 1-on-1 training to address modern slavery issues. This has proven to be a very effective way to help suppliers make very quick progress with the added benefit of creating a strong relationship with those suppliers.

**Supplier code of conduct**

Our requirements relating to modern slavery risks are established in our supplier code of conduct. We expect all suppliers to adhere to our supplier code of conduct as a condition of doing business with us. The supplier code is available in more than 15 languages and is actively communicated by our businesses to our suppliers, particularly in those countries with increased risk of modern slavery and other social risks.
Suppliers in high risk countries receive the code every year and we require a signature to confirm acknowledgement and adherence to the code.

In 2019, we have continued the process of writing to all suppliers in countries with medium, high and very high social risks. We have made the supplier code of conduct available in additional languages and taken steps to move to digital platforms to facilitate monitoring of sign-off processes.

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

In 2019 we have increased our audit focus on migrant workers. New checkpoints were added to ensure that we more explicitly cover forced labour practices related to these workers, such as unlawful requirements to pay deposits to supplier factories or recruitment agencies for employment, confiscation of ID cards or passports, and any form of physical containment. We also increased the number of employee interviews and, in some areas, the duration of the audit to help ensure that all risks are covered.

In 2019 we have increased the number of Asian supplier audits by more than 30% to a total of 707 audits of suppliers, covering approximately 95% of our spend in that area.

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

Corrective action by suppliers
The team in Shanghai and the Bunzl procurement professionals work with suppliers to achieve acceptable standards in all areas of the audit and, where breaches are identified, appropriate action is taken to address such breaches. Suppliers who are unable to meet all the requirements after an initial assessment/audit are given the opportunity to comply fully within a period of time which is deemed appropriate for the circumstances. We show zero tolerance for unacceptable practices at any site used for producing or sourcing Bunzl products. Such unacceptable practices include use of child, forced or bonded labour, illegal discrimination, wages not meeting local minimum requirements, not providing adequate days of rest and any other breach of local or applicable international requirements for workers’ welfare and conditions of employment. Relationships with suppliers that fail to make improvements in those areas will be terminated.

In 2019, 13 suppliers did not make sufficient progress to address the concerns and we have subsequently ceased our relationship with those suppliers. Approximately 75% of the concerns were related to not providing sufficient rest days or not paying minimum wages to workers. The remaining 25% were related to (suspected) cases of child labour or forced labour.
Progress made in 2019

Our progress in 2019 is summarised below. Further details can be found in the respective sections in this statement.

- **Grievance process**: None of the calls received through our speak up line related to modern slavery.
- **Governance**: We established a new governance structure, which includes close oversight of our whole value chain, including those for social risk matters.
- **Code of conduct**: We have updated the Group code of conduct and communicated it to our employees. The associated learning modules were also revised and mandatory refresher training was taken by employees.
- **Monitoring**: We have launched a global self-evaluation tool that will allow us to monitor implementation of our ethical sourcing and human rights programmes across Bunzl.
- **Supplier engagement**: We organised two supplier training events in Asia, attended by approximately 60 suppliers.
- **Audits**: We increased the number of Asian social risk audits by 30% to 707, covering approximately 90% of our spend in that area. In those audits, we have increased our focus on migrant workers in those audits.
- **Corrective action in our supply chain**: We worked with suppliers where unacceptable standards were identified to resolve any non-conformities. 13 suppliers did not make sufficient progress to address the concerns and we have subsequently ceased our relationship with those suppliers.

Looking ahead

We remain fully committed to improving our programmes to eliminate modern slavery from our operations and supply chain. Our main objectives for 2020 are the following:

- Use the results of our global self-assessment programme to perform an in-depth review of the implementation and effectiveness of our ethical sourcing programmes.
- Extend our ethical sourcing principles across the Bunzl Group and increase our focus on suppliers from high risk countries outside Asia.
- Continue to expand capacity building and training of our suppliers in Asia by organising supplier conferences in Asia.
- Continue to expand our Asian supplier audit programme.