

SUSTAINABILITY continued

Double materiality

Reflecting how quickly the world around us can change and to prepare for future reporting legislation, we have repeated our materiality assessment first conducted in 2020 to ensure our activities continue to focus on the right areas and identify any emerging issues we need to consider.

This process was more comprehensive and complex than our first materiality assessment which focused only on one side of materiality; how our organisation impacted people and the environment. Our new approach, a double-materiality assessment aligned with the European Sustainability Reporting Standards ('ESRS')¹, goes beyond what is known as 'impact materiality' and also identifies how the different sustainability matters impact Bunzl's business financially; known as 'financial materiality'.

During the assessment we sought insights on the potentially material impacts, risks and opportunities from stakeholders across our value chain, including our biggest suppliers of key commodities (e.g. paper & pulp, plastics and chemicals), large customers from across all of our business areas, key investors and internal stakeholders such as members of the Bunzl finance, procurement and sales teams.

The assessment demonstrated that the themes identified in our existing strategy remain key to our stakeholders, with climate change and our work to lead the transition to a more circular economy the top priorities. Our last assessment positioned the circular economy and action on single-use plastics as the single most important issue, but this has now been superseded by climate change with all stakeholders recognising the importance of the issue. The protection of workers in our value chain and the promotion of diversity, equity and inclusion across our organisation were also identified as important topics that will continue to be key focus areas for the Group. The order of this sustainability report follows the results of our materiality assessment, with our most important issue (climate change) covered first, followed by our other key topics.

Double materiality methodology

Our approach consisted of four stages:

Assessment stage	1. Defining the boundaries and business context	2. Identification of potentially material topics, impacts, risks and opportunities	3. Engagement with relevant stakeholders	4. Determining materiality using a defined scoring methodology and thresholds
Activities completed	<ul style="list-style-type: none"> Consideration of the actual and potential ESG impacts present across the entire value chain. Both positive and negative impacts identified with consideration given to impacted stakeholders at each stage (even though Bunzl's role is limited to connecting one with another). Assessment has been designed in a disaggregated way to consider the impacts that might relate to individual geographies and market sectors. 	<ul style="list-style-type: none"> ESRS list of sustainability topics, sub-topics and sub-sub-topics used as a starting point for our assessment. This list was supplemented with information from our previous materiality work, SASB standards, legal requirements, peer benchmarking and feedback from key stakeholders. Final list of potentially material impacts developed and peer reviewed prior to engagement with stakeholders. 	<ul style="list-style-type: none"> Gathered insights from suppliers, customers, investors and other key stakeholders across the Group. Assigned relevant sustainability topics to each stakeholder group and tailored the questions to match those who were expected to be impacted by a sustainability issue or were in a position to provide unique insight on a particular topic. 	<ul style="list-style-type: none"> Developed a quantitative approach and scoring criteria, aligned to Bunzl's risk assessment process, to determine whether an impact, risk or opportunity is material for Bunzl. Impact materiality has been assessed based on two factors: severity and likelihood. Financial materiality has been assessed by reviewing potential magnitude of financial effects and likelihood.

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1. We have followed the ESRS guidance to align our assessment with future reporting legislation requirements (e.g. the European Corporate Sustainability Reporting Directive 'CSRD').