

# Sustainability Update 2018

“ At DS Smith, sustainability is the foundation of our overall business strategy. To us, truly sustainable value is found when balancing the needs of our business, our environment and our people.

Whilst entering the FTSE 100 has been a significant milestone for DS Smith, our focus is on being a better business, not just a bigger business.

Now, more than ever, we will be stepping up and challenging ourselves to operate ever more sustainably, creating truly sustainable value for all of our stakeholders. ”




**Miles Roberts**  
Group Chief Executive

**This sustainability update shares just some of the excellent work that has taken place across all of our divisions, over the last six months.**

Since our 2017 Sustainability Review, published in September 2017, we have received wide external recognition for our sustainability work. In December 2017, DS Smith received the Environmental Leadership Award at the Pulp and Paper International Awards. In January 2018, we were highly commended by the World Economic Forum’s award ceremony; The Circulars. And finally, our core sustainability team was highly commended at the Ethical Corporation’s Responsible Business Awards.

We are proud to be included in the FTSE4Good Global Index once again, and to report a strong score, of ‘Management B’, for each of the three Carbon Disclosure Project (CDP) assessments (climate change, forests and water).

Please read the following three pages for more detail on how each of our divisions are making progress on our seven priority sustainability topics;

- Supply Cycle Thinking
- Packaging Reputation
- Traceability & Transparency
- Fibre Sourcing & Availability
- Carbon & Energy
- Recycling & Waste
- Health & Safety

## Recent highlights



### Our Business



**CDP**

‘Management B’ in all three categories



**209**

suppliers sign up to minimum sustainability standards



### Our Environment



**90%**

fibre Chain of Custody certified sites



**6,201**

tonnes CO<sub>2</sub>e saved by LED lighting in UK sites



### Our People



**92%**

health and safety managers received leadership training



# ⋮ Packaging Division

## Sustainable Products and Services

Creating sustainable packaging solutions for our customers is at the heart of the DS Smith Packaging offering. Our Impact Centres and PackRight Centres enable our customers to join us in understanding the power of packaging to drive efficiency at every stage of the supply chain.

Recent innovations such as Made2Fit and DISCS® are pioneering right size packaging in the e-commerce sector and reducing unnecessary waste. Similarly, PACE is a new way of specifying packaging based on performance rather than weight; reducing damages in supply chains, protecting products and all the resources invested in them.



### Strong progress on target

We continue to make significant progress towards our target of 100 per cent certified under the Forestry Stewardship Council's (FSC®) Chain of Custody by April 2018, with 90 per cent of paper and packaging sites now certified.

Greece, Switzerland and Bulgaria are three countries to recently become fully certified.



### Fuel switching and LED lights

DS Smith's carbon strategy consists of fuel switching and energy efficiency improvements. Our first biomass boiler is being built in Varnamo, Sweden to replace the gas-fired boiler. The biomass boiler will use local sawmill residues to generate steam, reducing emissions by 2,100 tonnes per year. Our LED lighting project is also making great progress across Europe. Italy completed their installation and the UK is saving 6,201 tonnes of CO<sub>2</sub>e per year.

# ⋮ North America Packaging and Paper



### Chain of Custody progress

As part of the ongoing integration of the new division in North America, DS Smith's Riceboro Mill in Georgia has recently become FSC® Chain of Custody certified.

The mill joins a growing number of certified, sustainable fibre sourcing, DS Smith sites in North America - solidifying increasingly secure, traceable and responsible sources of fibre across the region.



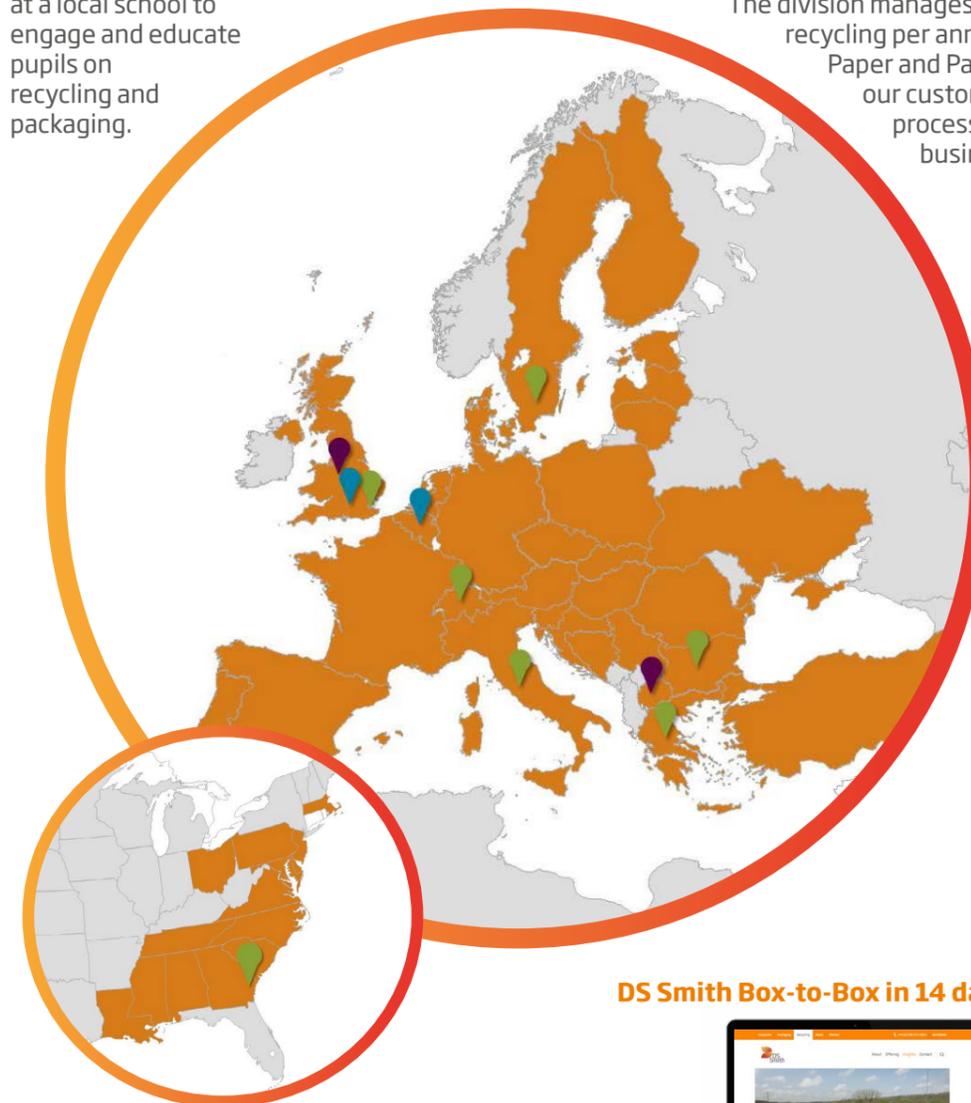
### Sharing best practice

DS Smith is implementing a robust health and safety reporting system across the new division. All sites will report detailed health and safety data such as; near-misses, slips, trips, falls, and lost-time accidents (LTAs) to inform future improvements. During the next stage of integration, the North America Packaging and Paper division will integrate into our existing environmental reporting system.



## Educating the next generation

Several sites in the UK in Crumlin, Neath and Belper have come together to drive a recycling effort at a local school to engage and educate pupils on recycling and packaging.



Have you heard about our strong, recyclable, wax replacement box manufactured in North America? [Click to read more.](#)

# ⋮ Paper and Recycling Divisions

## Sustainable Products and Services

DS Smith Recycling is a market leading cardboard and paper recycling company providing fully integrated recycling and waste management services across Europe.

The division manages over five million tonnes of materials for recycling per annum, driving the flow of fibre through our Paper and Packaging Divisions. Paper and card from our customers cycles back into our manufacturing processes and closes the loop on our circular business model.



### Paper mill carbon reduction

The paper-making process is responsible for the largest proportion of DS Smith's total carbon emissions. Therefore, our mills have been the priority for energy reduction projects. Our largest mill is in Kemsley, UK where the 20-year-old Combined Heat and Power (CHP) plant is being replaced. When operational in 2020, the new CHP plant will reduce Kemsley's carbon emissions by 14 per cent.



### Safety in the summer heat

Safety remains our number one priority. Last summer a heatwave caused temperatures in Skopje, Macedonia to reach over 40°C, creating potentially dangerous working conditions. However employees at our Recycling Depot were well trained and supported. They championed high health and safety standards by doubling water reserves, introducing new shifts at cooler times of the day and increasing the number of breaks.



## Turning waste into a resource

DS Smith has launched BedKind - a new animal bedding brand which creates a high-value product from manufacturing by-products.

Clean offcuts from cardboard packaging production are collected, cut into two centimetre squares, dust extracted and bagged at our plant in Blunham, UK.

BedKind is highly absorbent, naturally insulating, and 100 per cent compostable. Its minimal dust means that it is primarily suited for horses, who often suffer from respiratory issues. Customers have been buying BedKind through a new e-commerce website since January 2018.

The BedKind team has attended equine events, advertised in local publications, and promoted the product on social media in order to drive sales.



### Supplier target reached

Our priority is to drive our minimum standards into our supply chains on business ethics, environment, safety and quality. These standards are communicated through our Global Supplier Standard (GSS).

We have already achieved our target to have 200 supplier agreeing to operate in accordance with our minimum standards, signalling the start of deeper sustainability engagement with key suppliers.

### DS Smith Box-to-Box in 14 days



It takes two weeks for paper fibre to move around DS Smith's operations. What does this journey look like? [Click to watch the video.](#)

# Plastics Division

## Sustainable products & services

At DS Smith Plastics, we design for durability and recyclability. 30 per cent of all manufacturing raw materials used by our Plastics Division comes from post-consumer recycled sources.

Our Injection Moulded beverage crates have long life-cycles, up to 17 years, and are 100 per cent recyclable. They are frequently returned by customers to be recycled and re-purposed back into new crates at the end of life; a process that can be repeated numerous times and extends the useful life of the plastic to tens of years. Similarly, our collapsible transportation packaging made from extruded polypropylene plastic have lifetimes of up to seven years in automotive supply chains, reducing wasted space and emissions during their return journey. They are 100 per cent recyclable at end of life and ready to become new packaging within a few hours.



## Packaging Reputation

### Plastics in the media

With increasing media coverage of plastic packaging, it is important to remember the huge supply chain benefits of lightweight, durable, collapsible and returnable products.



[Want to know more about how plastic can be sustainable? Click to read more.](#)



## Recycling & Waste

### Closing the loop

The Circular Economy is at the heart of the DS Smith business model. Across all divisions we are always searching for new ways to close the loop and turn waste into a resource.

We are delighted to have launched our most recent circular innovation product; **Beaulex®**. This Sustainable urban Drainage System product is made from post-consumer plastics extracted from our paper mills. These previously unrecyclable polyolefins now become new durable, low grade plastics. Circular design at its finest!



## Health & Safety

### Sharing best practice

Accidents involving moving machinery can have life-changing consequences for the people involved. DS Smith takes this risk very seriously. Measures are continuously being implemented to prevent accidents and embed a safety culture.

Accident frequency in the plastics industry is traditionally very low. However, a recent lost-time accident (LTA) in our Extrusion site has led to renewed efforts to brief all employees and share best practice between sites on countermeasures.



## Charity & Community

### Disaster relief

DS Smith Plastics led fundraising efforts called "We Care" to respond to the stream of hurricanes that hit the gulf coast of North America and the Caribbean last year.

The DS Smith Charitable Foundation pledged \$25,000 towards relief efforts and matched employee donations up to \$50,000.

Sites across the world were involved in fundraising breakfasts and other events that raised money and brought employees together through friendly competition.

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