



Sustainability Review 2017

Shaping the circular economy



In this Review

Our Approach

- 1 Group Chief Executive introduction
- 2 Our business overview
- 3 Our strategic goals and our values
- 4 Governance
- 6 Benchmarks
- 7 Targets
- 8 Risk
- 10 Materiality

14 Our Business

- 15 Market context
- 16 Packaging reputation
- 17 Rehearsing the future
- 18 Performance packaging
- 19 Expanding sustainably into China
- 20 Supply cycle thinking
- 22 'Box to Box in 14 Days'

24 Our Environment

- 25 Traceability and transparency
- 27 Fibre sourcing and availability
- 28 Recycling and waste
- 31 Carbon and energy
- 33 Water

34 Our People

- 35 Health and safety
- 37 Employee wellbeing and development
- 39 Charitable Foundation and community

42 About this Review

43 Data

Our 2017 Highlights

At DS Smith, we are focusing our sustainability work in three key areas:



Our Business

Creating shared value through responsible recycling, paper and packaging.



95B
(Management B)
an increase in
our CDP score



6%
revenue growth
increase
(constant currency)



Our Environment

Minimising our impact from design to production and supply to recycling.



6.7%
reduction in
CO₂e emissions
per tonne produced



100%
of in-scope sites
completed the Sedex
self-assessment



Our People

Ensuring the safety, wellbeing and development of colleagues and contributing to our communities.



19%
reduction in accident
frequency rate



12
Worldstar Packaging
awards - the largest
number of any supplier



Explore our website at dssmith.com

Explore our sustainability website at dssmith.com/sustainability

Download our annual report & accounts 2017 at dssmith.com/investors/annual-reports

We are shaping the circular economy

At DS Smith sustainability is the foundation of our overall business strategy. We recognise that operating ever more sustainably can provide opportunities for growth, support risk management, help us operate more efficiently and enhance stakeholder relationships.



“To us, truly sustainable value is found when balancing the needs of our business, our environment and our people.”

Miles Roberts
Group Chief Executive

Our vision is to be the leading supplier of sustainable packaging solutions and to achieve this we focus on our core competence: the manufacture and design of reliable, brand-enhancing packaging, supported by Paper and Recycling divisions.

I was delighted that last year's Sustainability Review was acknowledged by PricewaterhouseCoopers in its building public trust awards. The award recognised the dedication and transparency of our sustainability work, and highlights our desire to share progress with our stakeholders in a consistent, accurate and honest way.

It also recognised that we are looking to create sustainable value for all of our stakeholders: delighting our customers; ensuring the safety of our employees; delivering excellent shareholder returns; using our scale to support regulators; and providing a reliable, sustainable investment for financial institutions.

Our products and our services create sustainable value for our customers through responsible recycling, paper and packaging solutions. Our focus is on providing the right packaging for our customers, whilst simultaneously adding value through increased brand impact and ensuring functionality to reflect

changing consumer lifestyles and retail trends. We deliver this through initiatives such as performance packaging, our Impact Centres and expanding into new markets.

A commitment to our environment is a key part of how we are working to create a sustainable business model. Throughout our operations and supply chains, from design to production and supply to recycling, we are reducing energy consumption, minimising waste and embedding the highest ethical standards to ensure the most positive impact on our environment.

Finally, we are dedicated to realising the potential of our people. We are committed to the highest standards of safety, and are keen to ensure DS Smith is an engaging employer in which our people can thrive and fulfil their potential. Across our business we play an active role in our communities, enabling our people to support the causes that matter to them.

I am pleased to reaffirm DS Smith's support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption and in this Review we describe our performance in those areas we believe are fundamental to integrating these principles into our business strategy.

I really hope you enjoy reading about how DS Smith is shaping the circular economy.

Our business operations

Packaging



We are a leading European packaging company of customer-specific corrugated packaging with an emphasis on leading edge design and the highest quality service in the geographies our customers demand. Our product portfolio includes transit packaging, consumer packaging, displays and promotional packaging, customised protective packaging and industrial packaging, providing solutions for each market requirement.

We operate along the whole supply-cycle, from the raw materials to the high-quality finished product. We offer our customers sustainable packaging which also helps them achieve their own sustainability targets.

Corrugated packaging is typically produced within c. 200km of its destination due to the requirements for just-in-time delivery and the cost of transport.

Paper



We are a leading European manufacturer of high-quality recycled papers. Our papers are used by the packaging industry for conversion into board for making corrugated boxes. We also make some specialist paper grades such as plasterboard liner, all of which are from recycled material.

We operate a unique paper sourcing platform that coordinates the decisions around 'make, buy, sell' for the paper grades and quality required by our packaging business.

Paper is readily transportable and is traded globally.

Recycling



We are the market leading fibre recycling and waste management company and the largest paper recycler in Europe, collecting c. 5.2 million tonnes annually.

Our customers rely on us to provide them with integrated solutions, with the aim of making 100 per cent of resources into something useful once more.

We harvest quality paper and cardboard for recycling from a range of sectors, including retailers, manufacturers, local authorities, print, recycling and waste management companies.

The recycle we collect provides the most cost efficient raw material for the Group's paper making processes. We also sell recycle to third parties globally.

Plastics



Our plastics business comprises flexible packaging and dispensing solutions, extruded and injection moulded products, and foam products. We work with many of the world's leading companies in a diverse range of industries and markets.

Plastic packaging is a specialist market with numerous niche products.

Flexible packaging and dispensing solutions

Our product brands include Rapak™, a global leader in bag-in-box packaging and filling systems, and Worldwide Dispensers' high-quality precision moulding and customer design solutions.

Extruded products


We design and manufacture extruded products such as corrugated plastic sheets and returnable transit packaging for a variety of industries.

Injection moulded products

We are a leader in Europe in the design and manufacture of plastic beverage crates, pallets, speciality trays and bulk containers.

Foam products

We design and manufacture foam moulded custom designed components and protective packaging.

 See page 18 in our annual report & accounts 2017 for our business model

Our vision is to be the leader in sustainable packaging solutions

Our strategic goals

To delight our customers

We do this by

- Delivering on all our commitments
- Further improving our quality standards
- Driving innovation
- Building industry-leading customer services

Performance

- In 2016/17 we delivered:**
- Strong volume growth from pan-European customers
 - Two new Impact Centre and 10 new PackRight Centres opened
 - Improved customer service
 - Expanded capability in e-commerce and display packaging

- In 2017/18 we will:**
- Open further Impact Centres and PackRight Centres, in particular in Iberia
 - Continue to invest in R&D
 - Invest further in specialist markets such as display, automotive and e-commerce
 - Continue to drive improvements in customer service
 - Complete the roll-out of performance packaging and commercial excellence programmes

To realise the potential of our people

- Ensuring the safety of all
- Creating a place where people are proud to work and give their best
- Building a common culture

- In 2016/17 we delivered:**
- 207 sites without a lost time accident
 - An accident frequency rate reduced by 19 per cent
 - New Sharesave programme for 40 countries
 - An Engaging Managers programme available in 28 countries and taking place in 24 languages

- In 2017/18 we will:**
- Continue our strong focus on health and safety
 - Continue our employee engagement programme, OWN IT!
 - Continue to drive our talent management programme
 - Continue to develop our management development programmes

To lead the way in sustainability

- Building sustainability into our decisions
- Growing our recycling platform across Europe

- In 2016/17 we delivered:**
- The achievement of 2020 targets in reducing CO₂e per tonne and water effluent per tonne of production, three years ahead of target
 - An improved score in the highly regarded CDP (Carbon Disclosure Project) to management B (95B)


- In 2017/18 we will:**
- Set new long-term sustainability goals aligned with the changing requirements of the industry, customers and non-government organisations
 - Work towards 100 per cent Forest Stewardship Council (FSC®) certification at all our sites
 - Continue to invest in best-in-class solutions to improve energy efficiency

To double our size and profitability

- Winning market share and expanding into new markets
- Building a resilient and sustainable business model

- In 2016/17 we delivered:**
- 3.2 per cent underlying box volume growth
 - 6 per cent revenue growth (constant currency)
 - 5 per cent profit growth (constant currency)
 - An expanded position in Iberia
 - Expanded capabilities in display packaging

- In 2017/18 we will:**
- Continue to drive growth through investment and acquisitions
 - Optimise our manufacture and sourcing of recycled corrugated case material and kraftliner
 - Maximise efficiency of operations and procurement

 See page 22 in our annual report & accounts 2017 for more information

Our Values



Be caring

We take pride in what we do and we care about our customers, our people and the world around us.



Be challenging

We are not afraid to constructively challenge each other and ourselves to find a better way forward.



Be trusted

We can always be trusted to deliver on our promises.



Be responsive

We seek new ideas and understanding and are quick to react to opportunities.



Be tenacious

We get things done.

Delivering for our stakeholders

After completing our materiality analysis last year, the focus over the last 12 months has been on understanding how we manage each issue, delivering value for our stakeholders as a result.

“We listen to our stakeholders, understand our impacts, assess new opportunities, and take action.”



Iain Simm
Chairman of the Sustainability Committee

Our vision is to lead the industry in sustainable packaging solutions, which we aim to achieve through a combination of stakeholder engagement (see page 12), reducing our environmental impact (see page 31), developing our people (see page 37), increasing transparency (see page 25) and using our supply cycle thinking (see page 20).

I am pleased that we continue to reduce our environmental impact, with a 6.7 per cent reduction in carbon emissions per tonne of production this year. We continue to invest in the development of our people and I am proud that we have produced an employee charter to strengthen relationships between employee and employer. It is also very pleasing that our overall health and safety record has improved again, with our number of lost time accidents and accident frequency rate down from last year.

Last year I mentioned that traceability and transparency were identified as our most important material issues and of growing importance. It was vital that we made progress in these areas, with the first step being to increase visibility and management of key issues in our own operations. Therefore, I am delighted to announce we have achieved our target of all in-scope DS Smith sites completing the Sedex Self-Assessment Questionnaire (see page 26). This exercise challenges each site to consider how they manage human rights, labour practices, health, safety and environmental issues, and identify areas for continuous improvement. Our consolidation of this insight at a Group level will influence our social sustainability priorities.

Our commitment to respect and support human rights extends to our suppliers, business partners and the wider communities in which we operate, captured in our updated Global Supplier Standard (GSS).



We have embarked on a challenging target to ensure all relevant DS Smith sites are FSC® certified by summer 2018. I am pleased with the rapid progress we have made here, with 85 per cent of our sites now holding FSC® certification.

Other successes include our CDP score improving to Management B (95B), and achieving the 'Gold' award again from EcoVadis. Both of these ratings are well above the industry average, and this external recognition is a great testament to the progress we continue to make.

Recognising an ever growing requirement to be more transparent around a wider variety of sustainability issues, our last annual Sustainability Review, published in August 2016, was modelled on the Global Reporting Initiative (GRI) G4 reporting framework. This year, we are delighted to have produced our first Review that is fully compliant with the core requirements of the GRI framework.

The focus for the following year is to continue to reduce our environmental impact, to make further progress in the safety and development of our people and to build stronger relationships with our strategic suppliers to increase transparency in our supply chains. I look forward to being able to update you further on our progress next year.

We are committed to operating transparently

As a Group, we comply with the principles of good corporate governance and have policies in place to support this compliance. Trust is earned from our stakeholders as a result of our commitment to these values and the ethical manner in which we operate.

Sustainability governance

The Group Chief Executive is responsible for addressing sustainability-related issues, and through the Group Operations Committee a Group Sustainability Committee has been convened in order to oversee the process and to set and monitor internal targets and strategies to ensure sustainability-related risks and opportunities are appropriately managed, and any residual issues are brought to the Board.

The Group Sustainability Committee is chaired by the Group General Counsel and Company Secretary. Policies are periodically reviewed and updated, with action plans communicated to the heads of each business unit. Compliance with policies is monitored throughout the year.

Commitment to international standards

We are committed to operating transparently, and disclose our climate change, forest and water impacts to the CDP annually. We are a member of the London Stock Exchange FTSE4Good index, an international responsibility performance benchmark, and we share supply chain information with our customers through Sedex.

Ethics and compliance

Ethical business conduct and compliance with local, national and international legislation are fundamental to our way of doing business. We believe that an ethical approach will lead to repeat business and protect our reputation, thereby preserving our licence to operate. Monitoring ethics and compliance and providing annual training to our employees are the responsibility of our legal team.

All our employees are encouraged to report suspected misconduct or unethical behaviour directly to their own supervisor, human resources or legal services. Our employees may also report their concerns in confidence to a dedicated hotline, an external service through which anyone can confidentially and anonymously report any issues.

Code of Conduct

The DS Smith Code of Conduct sets out our ethical position on key topics. It describes common rules which apply to all of our employees, and provides guidance on our approach to ethical business practices, environmental values, and human and labour rights. It is made available to all employees as part of their induction, and has been translated into 27 languages.

DS Smith subscribes to the following international standards and guidelines:

- United Nations Global Compact
- United Nations Declaration of Human Rights and the Convention on the Rights of the Child
- International Labour Organization (ILO) Eight Fundamental Conventions
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Group Sustainability Committee members

Chair - Group General Counsel and Company Secretary
Chief Operating Officer
Communication Director
Director Sustainability
Head of External Affairs
Health, Safety and Environment Director
Human Resources Director
Paper Sourcing Director
Procurement Director
Risk Officer
Sales and Commercial Director

External recognition for our performance

DS Smith has reported its greenhouse gas emissions and climate change risks to CDP since 2006, and we are a corporate member of Sedex. In 2016/17 we improved our CDP score to Management B (95B), an improvement on our score of 94C in 2015/16, and we achieved a Leadership A rating for the CDP Water and Forest modules.

CDP is an important benchmark for many of our customers, who seek to ensure that their suppliers are upholding similarly high standards to their own in sustainability, so we are pleased to have a score that reflects our commitment.

We have once again achieved an EcoVadis 'Gold' rating, improving our score once more, securing a place in the top 5 per cent of organisations evaluated.

We take part in these annual submissions:



UN Global Goals

The United Nations' Global Goals are a set of 17 targets for sustainability aimed at ending extreme poverty, inequality and climate change by 2030.

Whilst not formally integrated into our overall business strategy, our ongoing work to operate ever more

sustainably clearly aligns with a number of the UN's Global Goals.

Following a prioritisation analysis of how our operations relate to the Global Goals, we have explored which of the goals we can make the greatest contribution to. These are:



UN Global Goal 12: Ensure sustainable consumption and production patterns

UN responsible consumption and production target	How DS Smith is aligned
By 2030, achieve the sustainable management and efficient use of natural resources	Our focus on performance packaging highlights our commitment to using natural resources efficiently, providing reliable packaging that protects the product, and all the resources invested within it.
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Through our Recycling division, we are working with numerous organisations to drive materials up the waste hierarchy and, where possible, achieve zero waste to landfill.
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Through our refreshed DS Smith Global Supplier Standards, we are using our scale to influence by embedding our environmental, social and quality standards into our supply chains.



UN Global Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

UN life on land target	How DS Smith is aligned
By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	Our ambitious FSC® certification project and our focus on using recycled fibre are great examples of the work we are doing to ensure the conservation and sustainable use of natural resources, and the protection of international forestry.

We are focused on achieving our targets

We are delighted to have exceeded our 2020 carbon reduction and water effluent targets and remain on track to achieve our waste to landfill target. Building on our success, we have extended our carbon reduction target to 2030 and we will be reviewing our other targets in the coming year.

Key Performance Indicator (KPI)	Unit	2011	2016	2020 target	% variance since 2011	Target status
CO ₂ e per tonne of production	kg CO ₂ e/tonne nsp	308.1	195	-20%	-36.6%	Exceeded
Total water effluent per tonne of production	m ³ /tonne nsp	3.10	2.41	-20%	-22.4%	Exceeded
Waste to landfill per tonne of production	kg/tonne nsp	13.70	11.91	-20%	-13%	On track

We are committed to building a sustainable business for the long-term. To ensure we continue to invest in and develop the business and the environment in which we operate for a sustainable future, we have extended our carbon reduction target to cover the period 2015-2030, using an updated 2015 baseline that is more representative of the current business mix. This represents a substantial extension of our commitment to reduce emissions of greenhouse gases. Relative to production, we aim to:

- Reduce our CO₂ equivalent 'CO₂ e' emissions by 30 per cent over the 15 years to 2030

This same review also found that aggregate Group-level targets to reduce water was less appropriate for the current footprint and business mix. Water continues to be actively managed at site level, and remain the subject of both Group scrutiny and national environmental legislation. We found that aggregating the performance of over 200 diverse production sites spread across 32 countries into a single Group-level KPI did not provide any meaningful insight into individual sites' performance.

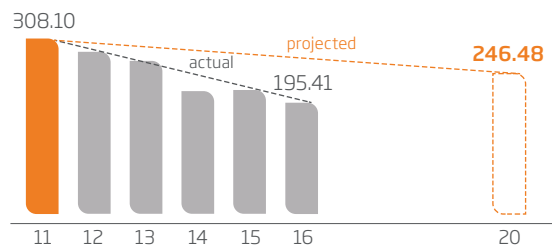
In addition to our target on CO₂ we have long-term targets in place for two of our other six material issues:

- Health and safety - zero lost time accidents (see page 35)
- Recycling and waste - zero waste to landfill (see page 28)

We also have a short-term target on one of our material issues that we hope to achieve by summer 2018:

- Fibre sourcing and availability - 100 per cent of relevant production sites having a recognised, accredited, responsible forestry certification (see page 27)

2020 carbon reduction target exceeded



We have just achieved our target on traceability and transparency, which was for 100 per cent of our own production sites to assess their ethical performance using the Sedex platform. We will set a new target for this material issue in the coming months (see page 25).

For our remaining material issues of packaging reputation and supply cycle thinking, we currently do not have targets.

Packaging reputation is an industry-wide issue. As a leader in our industry, we are increasingly able to influence this, but success will be dependent on a wide range of stakeholders working together. As such, identifying a meaningful target that we have a direct influence over is challenging (see page 16).

Supply cycle thinking is the way we operate as a business. As a result, setting one definitive target is difficult. A number of our strategic targets such as volume growth, return on capital and return on sales margin are all directly linked to supply cycle thinking, with our financial performance reflecting our commitment to creating sustainable value for our customers.

Promoting a risk-aware culture

DS Smith has an established risk management process for each of its divisions, which focuses on management and monitoring as well as mitigating all important risks, including those that affect our key sustainability objectives. This process forms the basis for the Board's conclusions on the effectiveness of the Group's risk management and internal controls.

The aim of the process is to:

- Support the executive management across the Group in decision-making;
- Reduce the impact of adverse events; and
- Capitalise on potential opportunities.

A multitude of risks can affect DS Smith, its assets and employees, as well as its neighbours and stakeholders. Therefore, we use a number of risk management systems and techniques to gather information, identify potential risks, assess them and then consider the most effective response. At a strategic level, this process continues to be the foundation of our corporate planning. All risk management actions are aligned to our strategic priorities and ensure the Board has a clear oversight of the amount of accepted risk.

In order to test the robustness of our systems and evaluate compliance across the Group, its divisions and business units, we deploy several processes that encourage improvement. These include compliance training, internal audits and review of our policies and procedures.

Throughout the Group we promote a risk-aware culture, whilst remaining committed to seeking new opportunities and minimising the barriers that might impede the delivery of our plans. In doing so, we are mindful of our sustainability commitment, which we discuss with our customers and stakeholders. Our sustainability promise influences the decisions we make and the way we manage a number of our key sustainability risks.

1) Health, safety and environment

Our operations are subject to a range of environmental and health and safety laws and regulations, which vary from jurisdiction to jurisdiction. We must adhere to a number of laws and regulations in areas ranging from energy usage, waste water discharges and waste disposal practices to the health and safety of our employees and contractors. We are therefore exposed to substantial environmental as well as health and safety liabilities.

We continue to invest and improve health and safety activities by developing divisional safety strategies and occupational safety programmes. We also see the potential for improving CO₂ and energy management through our cleaner energy strategy. In doing so, we focus on production upgrades and redevelopment of our energy production infrastructure. In the event of serious or irreversible impact we are committed to considering necessary and practical measures to prevent environmental degradation.

2) Climate change

Domestic regulations and international agreements aimed at reducing the emissions of greenhouse gases may pose risks and uncertainties for our business. As producers of wood fibre based products, we are aware that the responsible management of forests is a prerequisite to a sustainable ecosystem. We are mindful of local communities across the globe that rely on the biodiversity of forests and we are striving to adhere to effective forestry management.

Thanks to our supplier management activities we are committed to sustainable sourcing, which is one of the most effective means to mitigate climate change. We are proud of our environmental credentials which demonstrate to our customers and their consumers that our products are responsibly sourced, renewable, reusable and recyclable. In 2016 the Group achieved 'Management B' score in the CDP Climate Change category and 'Leadership A' score in the CDP Forests category.

3) Modern slavery

Modern slavery is a criminal offence introduced by the UK Modern Slavery Act 2015. The crime arises from deprivation of a person's liberty for personal or commercial gain. This relatively recent law has helped to reinforce the importance of our policies that focus on elements of human rights, labour law and antitrust legislation.

With that in mind, we have refreshed the Group's Operating Framework and Code of Conduct. We are also in the process of conducting a thorough assessment of our supplier base. The steps undertaken to date have brought an enhanced level of transparency to our supply chain and increased awareness with regards to our procurement activities.

4) Anti-bribery and corruption

Under anti-bribery laws a commercial organisation which fails to prevent persons associated with it from bribing another person on its behalf can be guilty of a criminal offence. Responsible businesses must adopt adequate procedures to prevent that from happening.

As part of the Group's Operating Framework, we rely on our management structure, our regulatory and legal resources and the effective operation of our compliance regime to directly manage and monitor the activities of our employees and agents.

5) Managing waste

Managing waste lies at the heart of our business model and is not limited to our Recycling division. We recognise the risks that poor waste management may have on our sustainability credentials.

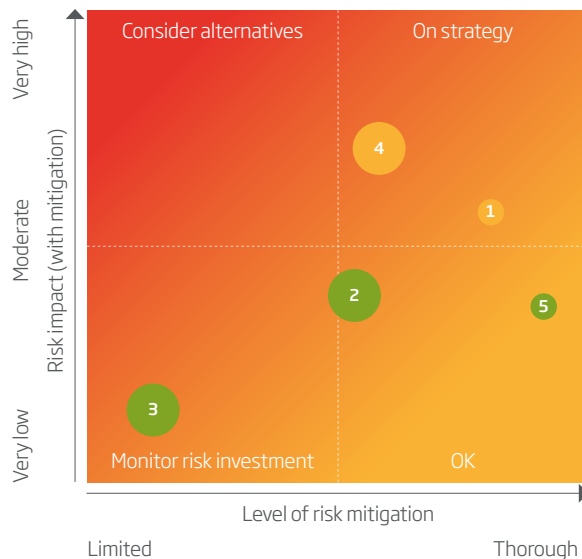
Our risk management approach encourages the design of products and packaging to ensure that material retains its value after use. We believe in intelligent packaging solutions that serve appropriate purposes with sustainability in mind. We continue to encourage our customers to adopt a zero waste philosophy.

Our main risk management actions aim to ensure that we have the skills and experience to:

- Identify and assess potential threats and opportunities;
- Support a strategic planning process;
- Influence executive management discussions;
- Coordinate and challenge mitigation strategies; and
- Foster the Group's risk-aware culture.

This process is controlled centrally using a network of finance, legal, operational and support function professionals at Group, divisional and regional level. Central control aims to ensure a high quality of information gathered and the appropriateness of risk mitigation tools and implemented activities. The process is reviewed every six months and aims to challenge both Group and divisional approaches to risk.

Heat map



- 1 Health, safety and environment
- 2 Climate change
- 3 Modern slavery
- 4 Anti-bribery and corruption
- 5 Managing waste

Bubble size = degree to which risk has changed since 15/16

Bubble colour = reflects risk status as shown in position in map

- lower risk
- higher risk

Title quadrants = explain management review/actions

See page 39 in our annual report & accounts 2017 for principal risks

Our materiality matrix

Defining materiality

Our materiality analysis enables us to engage a broad spectrum of internal and external stakeholders on sustainability topics of concern to them. Through a rigorous and structured comparison with our own corporate objectives, this process generates new insights and highlights opportunities to improve our position and further delight our customers. DS Smith's approach to materiality ensures that the most important issues emerging from our analysis form part of our sustainability strategy.

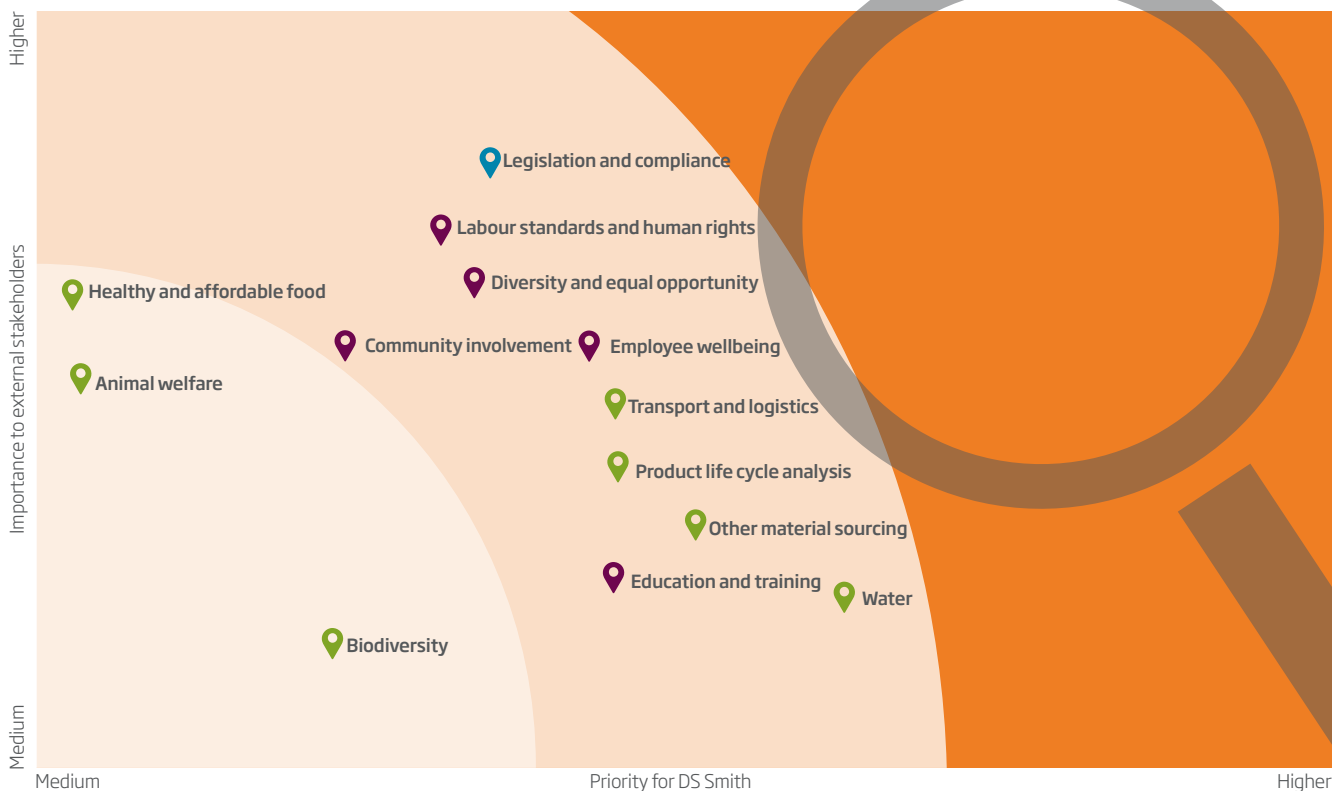
Our approach

We completed our most recent materiality analysis in early 2016, with our next one planned for 2018. In our last materiality analysis we identified seven priority issues, and this year we focused our attention on understanding the needs of our stakeholders in relation to these.

We carried out an exercise to assess the importance of each material issue to our different stakeholders and evaluated the best ways of communicating with these different groups.

We engaged with a variety of external stakeholders, including customers, investors, insurers, NGOs and suppliers. For our internal engagement, we completed a number of site visits and workshops, attended by operational staff, senior management and technical experts to get a cross-section of opinion from the heart of our operations.

All of our stakeholders ranked a range of issues in order of importance. Some issues are of universal importance; others are significant only to particular stakeholder groups or within niche areas. The analysis highlighted the great work we are already doing, as well as providing direction and focus for our future work in specific sustainability areas.



Assessing the material issues

The magnifying glass clearly identifies issues that are of high or growing importance to a large number of stakeholders. In essence these are our seven priority issues. The results inform our approach to sustainability, enabling us to focus on the issues that are most important to our stakeholders, those which are likely to impact our business the most and those where we can have the most impact. In the Review we will focus on the higher priority issues.

Material issues

Our material issues are at the heart of our relationship with our stakeholders. Below we explain how we define these material issues and why they are important.

📍 Carbon and energy

This priority topic concerns the energy consumption of our business, and the greenhouse gas emissions associated with our operations.

Energy consumption and associated carbon emissions are significant environmental aspects that contribute to global challenges such as climate change, and we are committed to reducing our emissions relative to production.

📍 Fibre sourcing and availability

For DS Smith, this means continuing to source good-quality recovered paper, ensuring security of supply, and sourcing all virgin fibre responsibly.

Fibre is our primary raw material and it is essential for our business to ensure we have a continued, responsibly-sourced supply.

📍 Health and safety

As a manufacturing business, health and safety means ensuring the physical and mental wellbeing of all visitors, employees, contractors, agency workers and members of the public.

This remains our number one priority. It is important to ensure our zero accident culture is embedded across the business, especially as our business continues to grow and expand into new territories.

📍 Packaging reputation

As packaging strategists we recognise the role packaging can play in increasing sales, lowering costs and managing risks.

Good packaging protects products, keeps food fresher for longer and reduces damage, using no more material than necessary; thereby helping our customers to lower cost, increase sales and operate more sustainably.

Occasionally, packaging can have negative connotations if it is oversized or inefficient. Therefore, we realise the need to improve packaging's reputation.

Our Impact Centres are an important tool to showcase how packaging can increase sales, lower cost and manage risk.

📍 Recycling and waste

Waste is typically the ultimate destination of resources considered to have ended their useful life - but at DS Smith we see waste as a resource.

Harvesting virgin raw materials can be costly in both financial and environmental impact and added to that, no resource is infinite. We divert used paper and cardboard from landfill and recycle materials back into production - helping to keep materials in supply cycles for as long as possible.

📍 Supply cycle thinking

Supply cycle thinking is our way of shaping the circular economy, transforming supply chains, to focus on more cyclical resource systems.

Constantly increasing pressures on resource use, energy, water and waste production mean we need to use what we have ever more efficiently, considering every stage of the supply cycle.

At our PackRight Centres we design bespoke solutions that optimise the packaging required for a specific product and supply chain.

📍 Traceability and transparency

To us, traceability is the ability to accurately understand our suppliers and supply chains, and transparency is about being open with this information.

We understand the important role we can play as a responsible company in ensuring our supply chains are managed to the high standards that we and our customers and consumers increasingly expect.

We understand that being transparent and traceable starts with us, and we are pleased that all of our relevant sites have completed the Sedex Self-Assessment Questionnaire.

Understanding our stakeholders' needs

We understand that the needs of our stakeholder groups vary and the way they access information differs from one group to another. Earlier this year we completed numerous workshops with a number of our key stakeholder groups to fully understand their needs.

The workshops allowed us to sense-check our ongoing sustainability work and, crucially, enabled us to better understand the extent to which we are currently meeting our stakeholders' requirements. For each stakeholder group we identified at least one action we will take to improve how we communicate sustainability progress.

Shareholder

"I want to be able to analyse a company's sustainability in the truest sense of the word - is the business going to be around to deliver the returns my clients expect? To make this assessment I need data that I can compare. Benchmarks are good - I like CDP.

I want this information to inform our investment decisions. Exposure to and management of sustainability issues impact the risk associated with a company - we need that insight to protect ourselves."



Bank

"My priority is to make sure we are providing finance for reputable companies. There is a risk for us in being associated with negatively perceived organisations. I want to know what companies are doing about the issues where they can have the greatest negative impact - such as deforestation. I'd like to be kept abreast of performance updates, such as your FSC® certification programme."



Customer

"I want to know that our suppliers are doing what we expect of them on sustainability. I am pushing hard on Scope 3 data at the moment so that we can improve our CDP score.

I want to work with suppliers that I can trust to support us on our key sustainability issues, who manage risks on our behalf and can give us knowledge and insight as we look to use ever more sustainable packaging solutions."



Regulator

"A lot of the time I am looking for your knowledge and guidance. I have to try and make objective decisions around what can often be emotive issues. For this, I need facts and data. I need your support to try and shape things in a pragmatic way that balances a variety of needs.

To that end, dialogue is the key, through meetings, events, briefing notes and engagement with trade associations. You should be a thought-leader and opinion-former."



Employee

"My site does some good things on the environment... we reduced our energy consumption last year and our waste to landfill is down too. For us, we see this as part of continuous improvement, being more efficient, and we have targets on these topics. For site teams, it is really rewarding to understand the role we play in contributing towards Group activities."



Delighting our stakeholders

Identifying those sustainability issues that are most material allows us to maximise the sustainable value we create for our stakeholders. By focusing on those issues deemed most important, we create value in a number of ways.

Traceability and transparency

Ensuring we are transparent in our assessment of our own sustainability performance, our stakeholders are assured of the credibility of our successes.

Recycling and waste

Our Recycling division focuses on avoiding waste to landfill and enables our customers to achieve their zero waste targets, helping them to lower costs and operate more sustainably.

Carbon and energy

Many of our customers are focused on reducing their Scope 3 supply chain emissions. By reducing our footprint, we help our customers to reduce theirs, reducing the life cycle impact of their product.

Fibre sourcing and availability

Our target to achieve 100 per cent FSC® certification highlights our commitment to source fibre in the most responsible and sustainable manner, managing risk associated with deforestation on behalf of our customers, and influencing the overall risk profile of our business in the eyes of financial institutions.

Health and safety

By continually improving our health and safety record we are giving our employees a safe environment to work, where they are able to develop and thrive.

Packaging reputation

We are committed to improving the reputation of packaging and educating our stakeholders on the positive impact packaging has in the supply chain. Our ability to influence this topic helps our stakeholders to understand the real issues associated with packaging.

Supply cycle thinking

Our supply cycle business model puts us at the heart of the circular economy movement. Our integrated business model, based on a renewable and recyclable raw material, puts us at the forefront of the shift to a more resource efficient economic system, delivering sustainable returns for each of our stakeholder groups.

Our stakeholders

In our 2016 materiality analysis our focus was on commercial stakeholders. To evolve our analysis, this year we have expanded our engagement with stakeholders in a variety of in-depth ways including customer visits, joining our financial institutes on their senior management sustainability meetings and inviting regulators to our premises to see our business model in action. Furthermore, we carried out a number of workshops with our stakeholders to really understand how our priority issues impact them.

Our next steps

In our 2018 materiality analysis, we will engage with a greater variety of stakeholders including the end users of our packaging and a range of customers representative of all of our divisions.

Since our last analysis a number of issues have become more high profile such as gender pay differential, plastics recyclability and scenario reporting. We expect some of these issues to be reflected in next year's exercise.

We are looking for stakeholders to be involved in our 2018 analysis. If you'd like to take part, please contact sustainability@dssmith.com.

Our Business

Creating shared value through responsible recycling, paper and packaging.

36

Impact and PackRight Centres across Europe delighting our customers



Supply Cycle Thinking



Market context

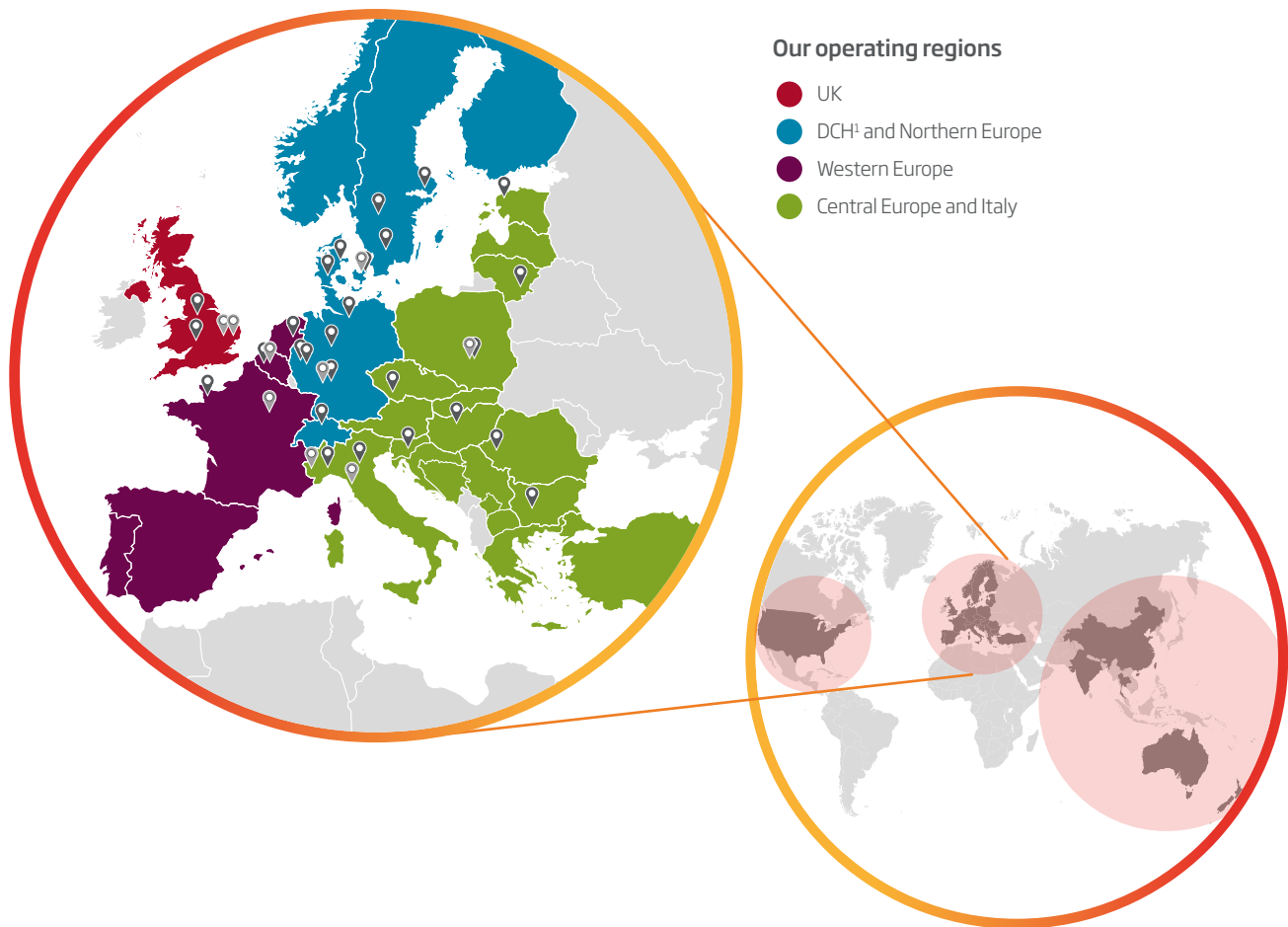


DS Smith is a leading provider of corrugated packaging in Europe and of specialist plastic packaging worldwide, supported by paper and recycling operations.



Where we operate

DS Smith operates in 30 countries in Europe and a further seven worldwide.



Our operating regions

- UK
- DCH¹ and Northern Europe
- Western Europe
- Central Europe and Italy

1 Germany and Switzerland

Packaging reputation

Good packaging protects products, reduces food waste and enables efficient supply chains. The environmental investment in the right packaging is often very small compared to that in the product itself. The right packaging is an insurance policy, safeguarding both the final product and the resources invested within.

Our commitment 2015/16

- Continue to invest in performance packaging programme
- Engage proactively with industry bodies across all divisions
- Grow our European network of Impact Centres

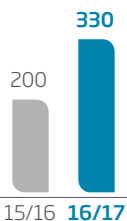
Our actions 2016/17

- Continued roll-out of performance packaging systems and processes in European sites
- Senior management sit on the CEPI board, CITPA board and Packaging Federation
- Opened two new Impact Centres

Our next steps 2017/18

- Work with customers to implement performance packaging principles
- Continue to influence industry bodies and trade associations to improve the reputation of packaging
- Continue to grow our European network of Impact Centres

KPI - Number of Impact Centre workshops



Packaging reputation

Driven by consumers, brand-owners and retailers are under pressure to demonstrate their own sustainability credentials, and good packaging is an important part of this as packaging is consumer-facing and highly visible. As an industry, it is important to communicate the positive messages around packaging. There is a perception that packaging results in waste and contributes to litter, however used packaging and litter are not the same thing.

DS Smith supplies packaging across many diverse industries and it is important to highlight the positive impact packaging plays for some of our key customer segments; fast-moving consumer goods (FMCG), e-commerce and industrial:

FMCG

Many brand-owning multi-nationals have high-profile corporate sustainability commitments including specific targets for packaging and virgin fibre. These targets are aimed at positioning their brands as sustainable to appeal to consumers, who are increasingly including sustainability as part of their purchasing decision-making. Fifty-two per cent of global respondents in a Nielsen survey* said they have purchased at least one sustainable product or service in the past six months.

E-commerce

E-commerce retailers face significant and growing consumer dissatisfaction with excess packaging and their ability to dispose of it, with 33 per cent of respondents saying disposal was a key frustration in a 2014 survey**. In these complex supply chains, with more touch-points, increased damage rates and higher returns, the role of packaging is crucial.

Industrial

The high value products packaged and transported in automotive and industrial supply chains are likely to have high embedded environmental value. As such, the primary sustainability driver related to packaging is to ensure products are protected, reducing damage and protecting invested resources. The focus on sustainable packaging is driven more by resource efficiency, material use and logistical efficiencies than consumer differentiation or brand-building.

* nielsen.com/us/en/press-room/2014/global-consumers-are-willing-to-put-their-money-where-their-heart-is.html

** 2014 Sealed Air e-Commerce Survey: Packaging for e-Commerce Success



Rehearsing the future

Some of our most basic assumptions about the world are being questioned. Globalisation is coming under fire. In politics and economics, rulebooks are being torn up.

What might the packaging industry look like in 2025?

Today it seems harder than ever to look into the future. That is why at DS Smith we brought together a group of exceptional thinkers to look at current trends that are having a big impact on us, our industry and society as a whole in the decade to come. We then thought about how those drivers might develop and interact, shaping our ideas into three different versions of the world in 2025. These three scenarios are not predictions, but they are plausible.

Scenario 1: Caring convenience

Today, e-commerce makes up about 10 per cent of purchases in Europe and America, growing fast and seemingly unstoppable. Uber kick-starts a major change. It begins accepting deliveries as well as passengers, and the price of last-mile fulfilment drops as radically as taxi fares have, allowing the traditional retailers to fight back. Instead of sharing rides with strangers, our co-passengers become groceries, Lego sets and clothing. We even get money off our taxi fare if we will take packages to neighbours' front doors. This allows smaller players to compete with Amazon on price and beat them on delivery.

By 2019, half our shopping is delivered to the doorstep. Transit packaging has been completely re-specified to protect products from damage, have no wasted space, be delightful to open and easy to reuse and recycle. However, not everybody is happy.

Scenario 2: Everything is an experience

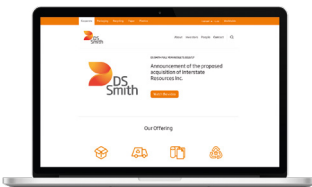
The barriers to entry in many FMCG categories begin to diminish. Original equipment manufacturers' factories are able to produce small runs of products, distribution is handled online, and viral marketing does not need big media spend. Microbrands are already threatening global players in craft beer, cheese and chocolate. Packaging is critical for these small brands. In many instances, it is the only publicity they get.

By 2018, consumers are becoming much more interested in provenance, and sources of ingredients have to be verifiable. Throughout the supply chain, as well as being beautiful, packaging becomes smart and traceable; anybody who wishes to check where the beans in their chocolate bar came from can just scan the wrapper.

Scenario 3: Asian new deal

China's growing middle class is becoming increasingly concerned about smog and pollution. In 2018, pollution rises to deadly levels in three mega cities. The Chinese government reacts swiftly and promises to clean up the air.

By 2019, all emissions are measured and then taxed. In 2020, the Chinese announce that although they will continue to recycle their own used packaging, they will not go on buying recovered fibre from Europe and America. Instead, they will grow their own. Millions of trees spring up across Asia - genetically modified for fast growth and carbon absorption. Farmers who once grew coffee, cocoa or palm oil become foresters instead. The price of recyclable fibre crashes, and in the West, companies and governments respond to the new Asian model by creating real circular economies built on dramatic improvements in the way that materials are recovered and reused.



Watch our video at
dssmith.com/packaging/strategists/our-vision/rehearsing-the-future

Performance packaging

We focus on performance packaging, delivering reliable packaging designed for the specific requirements of its operations throughout the supply chain. Our Impact Centres play a crucial role in helping our customers to make their supply chains more sustainable.

Traditionally packaging specification has been based largely on weight, but this standard is changing, with DS Smith leading the way with performance packaging. We have developed a patented real-time testing process that enables us to have complete confidence that every box that leaves a DS Smith facility meets our customers' performance requirements.

We focus on selecting the best raw materials for the job, and on optimising our manufacturing processes to minimise damage to valuable fibres during the production of each box.

This approach can deliver significant environmental benefits. Increased insight into the performance requirements of our customers' packaging enables us to more accurately specify individual requirements and guarantee levels of performance. This can reduce over-specification and deliver significant reductions in fibre use, with potential marginal indirect reduction in energy consumption and water use, and a variety of other efficiencies in upstream and downstream resource use and logistics.

Impact Centres inspire our customers

Leadership in sustainability is not just about reducing the environmental impact of operational sites. Leadership goes beyond this, which is why we are committed to working with our customers to help make their supply chains more sustainable, through both our product and service offering.

Whilst the focus of our Impact Centres is to work with our customers to explore the impact their packaging makes on-shelf, this unique experience also delves into how their packaging is processed and managed after use.

Alongside our PackRight Centres, we support our customers to identify opportunities to reduce the overall environmental footprint of their supply chains, enabled by efficient packaging solutions.

Impact Centres are where we show our customers what DS Smith and packaging can do for them and we start showing them how the right packaging can help them increase sales, lower costs and manage risks.

The Impact Centre network, currently nine locations strong, is unique in the industry, and our plan is to continue to grow this network in the coming years.

Impact Centre visits

Our focus on using packaging to make our customers more sustainable is already bearing fruit. In 2016/17 we ran 330 workshops with over 2,000 people living a unique Impact Centre experience. In keeping with our strategy, those people came from various functions: procurement (18 per cent), packaging technologists (16 per cent), marketing (23 per cent), sales (12 per cent) and general management (10 per cent). The average feedback score is an impressive 8.9/10.

330
workshops

2,000
unique Impact
Centre visitors

8.9
/10 average
feedback score

Impact Centre in Fordham, UK



Expanding sustainably into China



Expanding into new territories, such as China, is a key part of the DS Smith strategy to ensure we are delighting our customers. With local expertise in design and testing we are able to offer our customers efficient delivery of sustainable packaging through our certified partners.

Background

DS Smith China was incorporated at the end of 2015 to align with our strategy of supporting our European customers across the whole supply cycle. Our business in China aims to delight our customers with local design and testing of their packaging, and with the efficient delivery of multi-material packaging through DS Smith certified partners.

Sustainability priorities

For our customers in China sustainability is of growing importance, with the following high priorities:

- Health and safety
- Quality management and assurance
- Environmental management
- Labour relations and human rights

Partner quality and compliance

We only work with partners who meet our exacting standards. Potential suppliers go through a pre-audit process to ensure that they adhere to our high standards of safety, quality and labour practices. Only after meeting stringent requirements can they be said to be 'DS Smith-certified'. We also host quality workshops to improve local workers' awareness of quality issues and to ensure continuous improvement is embedded in our supply chain.

We encourage suppliers to take an active approach to monitoring standards of social responsibility and engage in long-term partnerships with those who have a programme to improve their performance in this sphere. We only partner with suppliers who meet the same standards that we apply to our own operations.

Achievements

During the first year of operation DS Smith China achieved:

- Integration of key strategic customers including Ericsson and Kathrein
- Set-up and operation of a supply hub in Nanjing
- Built a supply network of 35 certified supply partners
- Site certification of our Engaging Managers programme (EMP)

35

certified supply partners

Supply capability in China



Supply cycle thinking

At DS Smith, we talk about supply cycle thinking. For us, this is not just about ensuring resources are reused, but that this process goes on and on, delivering sustainable value for ourselves, our operations and our customers.

Our commitment 2015/16

- Carry out an exercise to monitor our fibre through the supply cycle
- Work with industry bodies to help shape the EU circular economy package
- Grow our European network of PackRight Centres

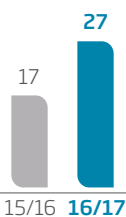
Our actions 2016/17

- Completed 'Box to Box in 14 Days' journey
- Participated in circular economy packaging consultation process through INCPEN, the UK Government, CPI Packaging Federation and FEFCO
- Provided input into consultation for BS8001 framework for implementing the principles of the circular economy in organisations
- Opened 10 PackRight Centres

Our next steps 2017/18

- Educate our people to show how every employee contributes to the 'Box to Box in 14 Days' journey
- Continue to take an active role in shaping the circular economy
- Continue to grow our European network of PackRight Centres

KPI - Number of PackRight Centres



Supply cycle thinking

As one of Europe's leading packaging manufacturers, we are right at the heart of the circular economy movement and are doing everything in our power to reduce waste and produce packaging that is as sustainable and efficient as possible. After engagement with our key stakeholders this year we realise that supply cycle thinking is not the fundamental issue: the true challenge is the shift to a more circular economy, and our supply cycle thinking is part of our response to this shift.

PackRight Centres

DS Smith has 27 PackRight Centres across Europe designed to bring inspiration from the drawing board to the factory floor.

Our skilled designers and engineers use our four-step process and the latest technology and tools to deliver bespoke solutions. Those bespoke solutions are focused on optimising the packaging required for a specific product and supply chain.

First of all, our packaging strategists design packaging for our customers' specific supply chain, avoiding unnecessary waste and damage. This not only protects our customers' product, but also all the energy and resources they have invested in it.

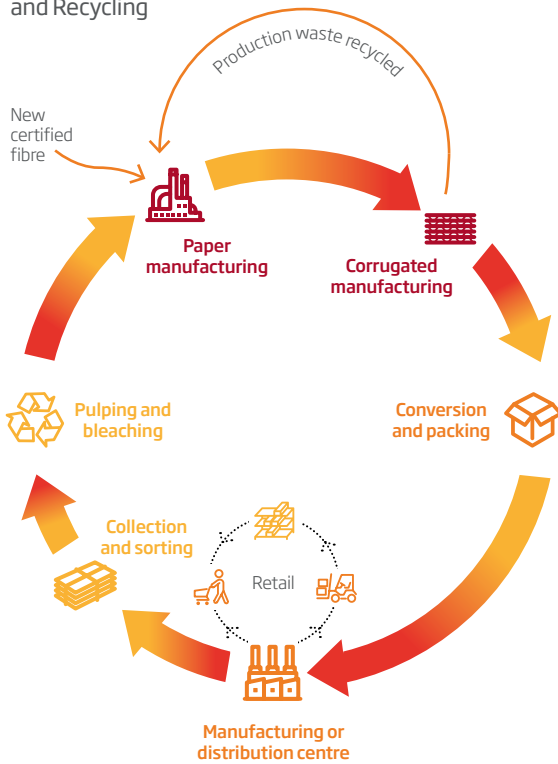
Our pack design helps our customers use space more efficiently. The right pack size and shape allows our customers to get more packs on their pallets. This sets off a chain reaction of increased supply chain efficiency.

Our customers need fewer pallets and less warehouse space. We can deliver the same product, with fewer journeys, taking lorries off the road. All this has a huge impact, reducing carbon, waste and the total environmental footprint of our customer's supply chain.

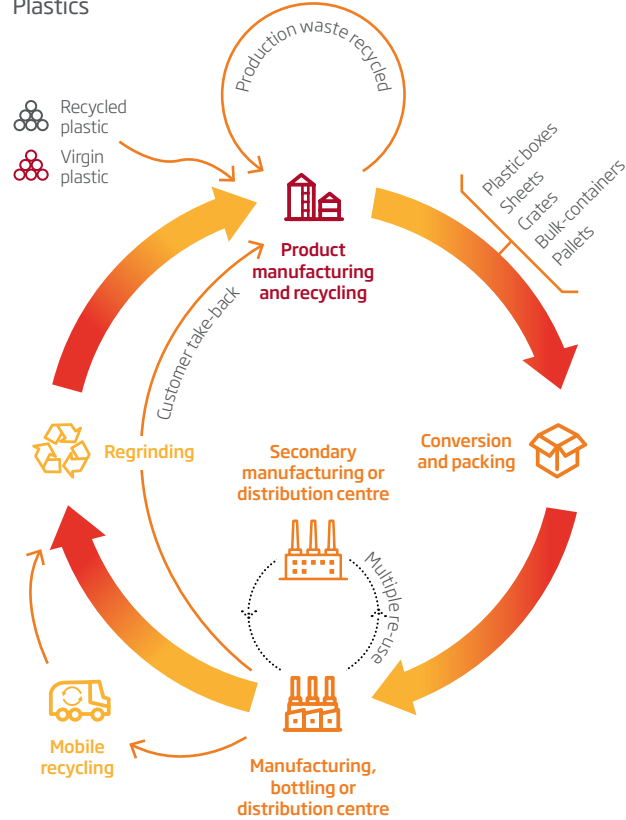
Our closed-loop, resource efficient business models are firmly aligned with the principles of a more circular economic system.



Packaging, Paper and Recycling



Plastics



Our Business

The circular economy package is going to mandate a number of targets that will impact packaging. We are well placed to support our customers here:

EU circular economy proposed targets	How DS Smith is aligned
Requirement to consider eco design	Through our PackRight Centres, Impact Centres, More from Less consultancy and dedicated design network, we are always working to ensure our packaging interacts with the product and any primary packaging to deliver an optimised, sustainable solution.
5 per cent landfill cap	Paper and board are, with few exceptions, 100 per cent recyclable.
30 per cent reduction in food waste by 2025	Packaging plays a key role in protecting products and keeping food fresher for longer. According to the Food and Agriculture Organization, between 20-50 per cent of food in developing countries is wasted in supply chains because of inadequate or absent packaging. This compares to between 3-5 per cent in more developed countries where the positive role of packaging is recognised.
90 per cent recycling target for paper and board packaging	Not only is corrugated packaging recyclable, it is recycled in practice. At 81 per cent, paper and board packaging is the most widely recycled material in Europe.
55 per cent recycling target for plastic packaging	Plastic recycling is most effective in business to business environments where high-quality materials and return logistics are most economically viable today. We have on-site recycling facilities at every plastic site and mobile regrinding units which offer take-back services for many of our customers.

For more information on how we shape the circular economy and supply chains please see dssmith.com/company/sustainability/our-business

'Box to Box in 14 Days'

Through our supply cycle we can turn a used box back into a new one within 14 days. The synergies between our packaging, recycling and paper operations put our business model at the heart of the circular economy.



At DS Smith, we produce over 15 billion boxes every year. Our packaging is designed to be recyclable, reduce waste, increase our customers' sales and protect products in transit.

Our Recycling division is one of the largest recyclers in Europe, collecting roughly 5.2 million tonnes of fibre per annum. By collecting and recycling the fibres that make up our boxes, over half a million fewer trees are harvested every year. Across Europe, roughly half the used corrugated board we collected was supplied directly into our network of nine testliner paper mills.

We went on a journey to follow the fibre on its two-week trip around DS Smith:

Packaging division

Day 1

A customer

DS Smith delivers pre-printed, flat-packed boxes to a customer's factory.

Our retail-ready packaging is designed to optimise the size, type and quantity of our boxes, making it as easy as possible for the customer to transport their product, but also for us to recycle the packaging at the end of its life.

Day 2

A customer

In our customer's warehouse, stock pickers scan the barcodes to identify where the order is going.

When the packaging reaches the retail customer, it is taken to the front of the store and displayed for consumers to buy the products inside. 70 per cent of purchasing decisions are made at the point of sale, so we have designed this consumer packaging to maximise the appeal to shoppers.

When it is empty, the box is taken from the shelf ready to be recycled.

Recycling division

Day 3

A retailer

Most people think of discarded packaging as waste, but for DS Smith this box is a resource that feeds our paper-making and packaging production.

A high quality of raw material, in this case paper fibres, is vital for our supply cycle. We work with retailers to ensure that packaging intended for recycling is kept separate from all other materials during the collection process, to keep it clean and free from contamination.

Day 4

Recycling depot

Collection is our first opportunity to check the quality of the materials for recycling. We ensure that there are no obvious

contaminants, which can include other recyclable streams like food, plastics or glass.

Once in our depot, quality checks ensure that the fibre is good enough to be recycled. To allow us to report on how much we recycle, fibre is weighed both when it enters and when it leaves a recycling depot.

Day 5

Recycling depot

The cardboard boxes from our recycling collections travel up into the baling press, which makes around 30 bales an hour, each weighing 500kg.

When the bales are ready to be transported, we load them onto trailers while making our final health, safety and quality checks.



Paper division

Day 6

Paper mill

Fully loaded lorries arrive at the paper mill, where we can unload over 100 lorries a day to feed a continuous 24-hour paper manufacturing operation.

On arrival, we inspect every load to check the grade of material and quality, and sort the bales according to their grade. Different grades of recycled fibres are used to make different paper products.

Day 7

Paper mill

Bales are loaded onto a conveyor belt which transports them up to the pulper.

Here, papers are mixed with warm water to obtain a fibre suspension which removes any remaining contaminants, such as staples, plastics or glass, before reaching the paper machine.

Day 8

Paper mill

Liquid is sprayed onto the forming fabric.

This paper web then passes through a series of rollers that squeeze out the remaining water and compress the fibres into a dense and smooth sheet, before travelling through steam-heated cylinders.

The paper is finally wound onto a reel, which can be over seven metres wide and weigh up to 60 tonnes, before being cut at the requested size to fit into the corrugators at the packaging plants.

Day 9

Paper mill

We test paper in our quality control laboratory to ensure that our products always perform at the highest levels when they are made into packaging.

We then dispatch around 300 lorry loads per day across the whole Paper division, producing a total of 2.8 million tonnes a year.

Packaging division

Day 10

Packaging plant

The reels of paper are delivered to the packaging plant.

Once there, we store the paper in a controlled environment. Moisture levels are checked and maintained to ensure the quality of the final corrugated product.

Day 11

Packaging plant

The reels are placed in the corrugator machine, which is about the length of a football pitch.

The wet end of the corrugator fuses layers of paper together into board.

At the dry end of the corrugator, sheets of board are cut to the correct size to make the boxes designed by our team of experts.

The corrugated sheets are loaded into the conversion machines that make the boxes.

Day 12

Packaging plant

The conversion machines stamp cuts into each sheet, and fold lines are imprinted onto the cardboard.

Our high-quality printing processes apply the branding and product information to the box.

Day 13

Packaging plant

Once completed, the flat-pack boxes are loaded onto pallets, wrapped with a stretch wrapper to secure the goods, and loaded onto a trailer for despatch to our customer.

Day 14

A customer

The fibre has now completed its journey around the supply cycle. It has been recycled into another box that arrives at the customer's factory - and the cycle begins again.

Our 'Box to Box in 14 days' is a sustainable solution for our business, our people and our environment.

Our Environment

Minimising our impact from design to production and supply to recycling.

85%

of our sites
are FSC® certified





Traceability and transparency

Traceability and transparency were ranked as the highest priority issues by both internal and external stakeholders in last year's materiality analysis. Over the last year we have focused on better understanding our current position and laying the foundations for future development.

Our commitment 2015/16

- Supplier risk assessments
- Formal dialogue with our strategic and high-risk tier one suppliers
- Use Sedex to audit our high-risk suppliers
- Provide modern slavery and human trafficking awareness training to relevant members of staff

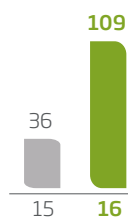
Our actions 2016/17

- Undertaken country risk assessment based on spend and geography. Focused on the top 50 high-risk countries
- Created risk register and identified potentially high-risk suppliers
- The basis of our dialogue will be our revised Global Supplier Standard (GSS), which is based on Ethical Trading Initiative (ETI) base code and includes specific reference to the UK Modern Slavery Act
- Full review of supplier audits currently taking place
- Online modern slavery and human trafficking awareness training system created with 190 staff already trained

Our next steps 2017/18

- Review risk register annually to ensure any new high-risk suppliers are identified. Risk assessment to be included in supplier on-boarding process. Work with existing suppliers to ensure compliance with our GSS
- Major strategic and identified high-risk tier one suppliers to have signed GSS
- Develop a supplier audit programme, to include social and environmental topics
- 100 per cent of in-scope staff to have received modern slavery and human trafficking awareness training

KPI - Number of strategic suppliers who have signed our GSS



Target - to have a minimum of 200 suppliers agreeing to operate in accordance with our minimum standards by adhering to our GSS by summer 2018.

Traceability and transparency

Recent legislation, such as the EU Timber Regulations and the Modern Slavery Act (UK), together with increased consumer interest in the provenance of products, is driving consumer-facing businesses to demand greater disclosure from their suppliers, so that they can understand more about the entire supply chain and better manage their supply chain risks.

For DS Smith, our position as a strategic supplier to many of the most famous and recognisable brands means that we have an opportunity to provide our customers with the highest level of assurance that their packaging is sustainable and ethically sourced. Our circular model means that we can provide an outstanding level of transparency for the fibre in our paper-based packaging products - from the box plant to the recycled paper mill, all the way back to the recycling collections, we have complete and transparent visibility. However, we do also source externally, and understanding how these material flows from third parties complement our integrated supply cycle, and how to quantify and describe any changes in aggregate risk, is a strategic priority.

Sedex

We are proud to have achieved the target set last year of 100 per cent of in-scope DS Smith sites to complete the Self-Assessment Questionnaire on the Sedex Platform.

Reaching this target highlights our commitment to operate ethically and transparently across all of our sites. This demonstrates to all of our customers that we are committed to managing the labour, health, safety and environment risks in their supply chain.

A number of our sites also conduct third party audits, based on the Sedex Members Ethical Trade Audit (SMETA), which provides external assurance of the management of ethical supply chain risks for our customers.

SMETA methodology uses the Ethical Trading Initiative (ETI) code and local law as the foundation on which it is built. It includes four modules:

- Labour standards: includes questions on wages, working hours, children and young employees, freedom of association, non-discrimination, forced labour and human rights
- Health and safety: includes questions on management, training, emergency and fire safety and worker health
- Environment: includes questions on environmental management, waste, raw materials, water, energy and pollution
- Business ethics: includes questions on bribery and corruption.

Paper mill certifications

At DS Smith we pride ourselves on operating to the highest standards. Our paper mills are regularly audited by independent assessors who inspect all aspects of our management systems and approve accreditations. Our mills' certifications include:

- Forest Certification & Chain of Custody
- Quality Management ISO 9001
- Environmental Management ISO 14001
- Safety Management OHSAS 18001
- Energy Management ISO 50001

	Forest Certification	ISO 9001	ISO 14001	OHSAS 18001	ISO 50001
Aschaffenburg, Germany	X	X	X	X	X
Belišće, Croatia	X	X	X		X
Chouanard, France	X	X	X	X	
Contoire-Hamel, France	X	X	X		X
De Hoop, Netherlands	X	X	X	X	X
Kaysersberg, France	X	X	X	X	
Kemsley, UK	X	X	X	X	X
Lucca, Italy	X	X	X	X	
Pazardzhik, Bulgaria		X	X	X	X
Witzenhausen, Germany	X	X	X	X	X

DS Smith has been an AB Member of Sedex since 2014, as part of our commitment to respect and support human rights.

Our supply chain

The last 12 months have seen an increasing focus on the work we are doing to drive our ethical and sustainability standards into our supply chains. In this area we have not made as much progress as we had intended.

We have carried out a detailed risk assessment on our supplier base to identify any suppliers in high-risk geographical areas. Our new GSS, comprising our minimum requirements for quality and sustainability, was finalised in May 2017. This document is being shared with our strategic suppliers and those suppliers identified as higher risk based on geography.

Increasing visibility and control of our supply chain is a strategic priority for DS Smith and we continue to invest in a strategic procurement function to develop deeper and longer relationships with our most strategic suppliers.

In the coming year, DS Smith will build capability to engage with a greater number of suppliers, and to increase our understanding of our aggregated supply chain. Our ambition is to design and implement systems to provide fully transparent traceability back to the source for all of our raw materials.

Fibre sourcing and availability



Fibre is our primary raw material and, whilst we prioritise use of recycled fibres through our circular business model, the finite recyclability of timber fibres means virgin fibres will always be required to top-up the renewable corrugated system.

Our commitment 2015/16

- Introduce policy on Packaging division's sustainable paper sourcing and communicate to suppliers
- Continue FSC® certification of relevant DS Smith sites

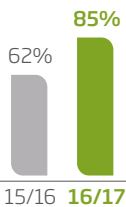
Our actions 2016/17

- Policy signed off and shared with our paper suppliers
- Now 85 per cent FSC® certified

Our next steps 2017/18

- Assess suppliers on compliance with policy
- Achieve 100 per cent FSC® certification by April 2018

KPI - Number of FSC® certified sites



Target - 100 per cent FSC® certification

Sustainable fibre sourcing

We believe that supporting responsible and sustainable forestry is a matter of strategic importance for our industry, although we do not currently own any commercial forestry operations ourselves.

Our work on sustainable fibre sourcing splits into two key areas:

- Supporting initiatives that promote forest management and chain-of-custody, and gaining certification across our operations; and
- Ensuring, through traceable and transparent supply chains, that any virgin fibres in our products originate from sustainably managed sources.

We support the FSC® standard, the PEFC standard and all other credible international certification schemes.

This year we introduced our DS Smith Packaging Sustainable Paper Guideline, documenting the sustainability standards we expect our suppliers to adhere to. This document has been shared with our paper suppliers and is further evidence of the work we are doing to engage with our supply base on sustainability issues.

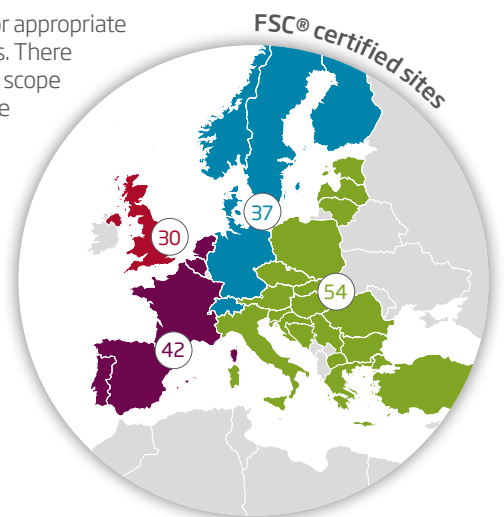
As a growing number of our customers work to ensure they have zero net deforestation in their supply chains, aligned with a commitment by the Consumer Goods Forum, we are working with them to meet their corporate sustainability goals by providing packaging that is made from 100% recycled or certified sustainable fibre.

DS Smith has embarked on an ambitious programme of FSC® certification, with an aim to achieve 100 per cent FSC® certification for relevant DS Smith operations which trade, process or manufacture products from virgin and/or recovered fibre by 2018. In August 2016 DS Smith was 62 per cent FSC® certified and we are pleased to announce that in August 2017 we are 85 per cent certified.

FSC® certification is not relevant or appropriate to all of our 300+ operational sites. There are currently 191 DS Smith sites in scope for FSC® certification while 163 are already certified. We define a site as a single functional unit of an organisation or a combination of units situated at one locality, which is geographically distinct from other units of the same organisation. FSC® certification only applies to sourcing, processing, manufacturing and sale of FSC® material (virgin and/or reclaimed).

The map shows the geographical spread of all 163 sites that have FSC® certification.

85%
of our sites are FSC® certified



Recycling and waste

Our Recycling division manages supply contracts with a wide spectrum of organisations, including national retailers, news and print companies, blue-chip brands, small and medium enterprises, local authorities and communities.

Our commitment 2015/16

- Feasibility study on recycling of plastic waste from Paper division waste streams
- Continue to support customers with their recycling 'zero waste to landfill' targets
- Improve the quality of materials presented by our customers for recycling

Our actions 2016/17

- Feasibility study undertaken and project ongoing
- Over five million tonnes of material recycled and diverted from landfill across Europe
- Supported customers with educating their employees on segregation of different waste streams

Our next steps 2017/18

- Work with customers to further improve their recycling and overall landfill diversion rates
- Feasibility study on new industry practices to trace the source of materials - providing for better accountability and responsibility for presenting quality materials for recycling

KPI - Waste to landfill per tonne of production



Energy recovery techniques do have a place in diverting non-recyclables from landfill, but these technologies should not be used to replace resource reuse and recycling. Instead of allowing recyclable materials to end up as waste-to-energy and at landfill sites, we recognise the environmental and sustainable benefits of ensuring that all materials intended for recycling are actually recycled.

2020 target - 20 per cent reduction in waste to landfill

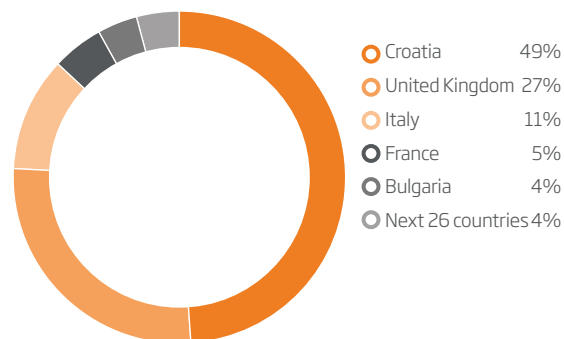
Long-term target - zero waste to landfill

Approach to waste

With an emphasis on providing quality materials for recycling, we pride ourselves on maximising recycling and recovery systems for all our customers, whilst simultaneously identifying cost efficiencies - delivering both economic and environmental sustainability.

Every tonne of recycled paper fibre we collect offsets the need to harvest a tonne of virgin raw material. Within our corrugated packaging closed loop recycling solution, recycled paper fibres can be turned back into new packaging within 14 days, all within the confines of our recycling, logistics, paper-making and packaging capabilities.

Waste to landfill by country





Our operations

We have decided to manage waste to landfill at a more granular level, so we split out an analysis of our waste streams by country. This allows us to more accurately explore the options for our highest-producing facilities, and to provide more detailed explanations of the inter-relationships between national recycling and waste management infrastructure.

Supporting our customers in new territories means that we have to operate in countries where the waste management infrastructure is less mature. We aim to use the expertise within our company to manage the waste from our mills as high up the waste hierarchy as possible, and we intend to reduce the amount of landfilled waste in the future.

Our Recycling division is leading the way in improving waste management infrastructure in these regions, within both our own and our customers' operations.

Waste and recycling

To us, 'waste' fibres – cardboard, old corrugated cases, and a variety of other paper grades – are a resource. When they pass from our Recycling division to our Paper division as part of our supply cycle approach, they become a raw material – and as with any other raw material, quality and consistency are vital for the onward manufacturing process. The Recycling division also works closely with our Plastics division to provide sustainable recycling and waste management solutions for our plastic-based packaging solutions.

Most of our Plastics sites have on-site regrinding and recycling operations to process both pre-consumer and post-consumer plastics. DS Smith Plastics division also has a unique capability to regrind at any site in any location across the world, through several completely autonomous mobile recycling units, a service that we currently offer in Europe to some of the largest beverage companies in the world.

As part of our recovered fibre sourcing strategy, we are committed to working with waste producers to ensure that material is, where possible, collected in separate streams. This limits contamination and provides for a high-quality recycling stream that positively impacts on the quality of the end product, and reduces waste in the recycling process itself. Where material is collected as part of mixed recycling streams, we are committed to working with suppliers of paper for recycling to ensure that robust sorting systems are in place to provide a high-quality fibre.

Production waste

Our internal production processes also generate waste. We use Six Sigma and LEAN tools to minimise all forms of waste from our manufacturing processes, and the majority of the waste that we do produce is reused through our closed loop model.

We are constantly looking for new and innovative ways to reuse materials that would otherwise end up as wastes. All of the plants in our Packaging and Plastics

divisions actively segregate production waste – which could be off-cuts, damaged product or samples, or other forms of waste – to ensure that materials that can be recycled actually are recycled.

In Packaging, this waste is returned to our paper mills, and in Plastics, our on-site recycling facilities can regrind, recycle and return material straight back into production. The reduction of waste to landfill, both for our own operations and those of our customers, has long been a Group target.

Waste as a resource

DS Smith's Recycling division thoroughly embodies the concept of waste = resource, the circular economy's paradigm.

Our recycling, paper and packaging operations are closely integrated. Our focus is on ensuring that we keep our materials in the supply cycle for as long as possible, making sure that the maximum value is captured without relying on energy recovery as a catch-all solution for material end-of-life. By applying the waste hierarchy across both our own and our customers' operations, we can reduce waste and ensure that all materials that can be recycled are actually recycled.

This is where quality comes into it. Circular economies need to be concerned with manufacturing processes – and recycling is a manufacturing process. Without quality raw materials at the start of the process, inefficiency will appear, and this in turn will create more and more waste. Poor segregation of recyclables leads to contamination, and therefore poor quality inputs. In the worst-case scenarios, the poorest quality materials cannot be recycled at all and end up in waste-to-energy plants or landfill.

Our customers

Collaboration throughout the supply cycle is an essential part of circular economy thinking. By applying the principles of the waste hierarchy, setting clearly defined objectives, and creating innovative new opportunities to reduce, reuse, recycle and recover material, we are able to deliver quality recycling services and zero-waste solutions to major retailers and other organisations.

Customer waste

In recent years, food waste has become a high-profile consumer-facing issue. Our role in designing and manufacturing appropriate food packaging helps to combat food waste by minimising transport and logistics losses, and ensuring food stays fresher for longer.

Packaging can also play a key role in food security. It protects food from damage, prolongs shelf life, adds convenience and reduces waste.

As part of its total waste solution, our Recycling division also manages post-production, post-consumer and end-of-life food waste. We have developed a core competency of working with food waste and end-of-shelf-life produce to reduce, reuse and recycle potential food waste.

DS Smith and Somerset Waste Partnership

Like any production process we require good quality raw materials – and that means sourcing recycled paper and card with minimum contamination from food and other non-paper sources. We can only make paper from paper: we can not make it from food, glass or plastics.

Somerset Waste Partnership manages and plans waste collection and recycling services for over 250,000 households in Somerset. It aims to increase recycling levels to 70 per cent and reduce the amount of waste being sent to landfill.

The challenge

The challenge was twofold, but with both challenges clearly interlinked:

- DS Smith Recycling needs good-quality paper and cardboard in order to supply our paper mills and closed-loop recycling processes.
- Somerset Waste Partnership, in providing services to 250,000 households, wants to achieve high recycling rates and ensure that as little waste as possible goes to landfill. It deals with around 250,000 tonnes of household waste every year through contractors Viridor, which manages recycling sites, and Kier, which carries out all kerbside collections.

As well as ensuring a high level of recycling, Somerset Waste Partnership is keen to work with partners that process their material in UK paper mills, rather than relying on the international export market.

The solution

From 2010, Somerset Waste Partnership with Kier rolled out a new 'Sort It Plus' collections service. The single-pass collection vehicle used for 'Sort It Plus' performs weekly collections of food waste and dry materials, from paper to clothes.

Though one vehicle collects all waste streams, the materials are segregated at the kerbside and loaded separately. This double sorting – by householder and then by collection crew – significantly reduces contamination of each material type.

This is a key component in helping to ensure minimum contamination of materials collected for recycling – thus providing the quality raw material that paper mills and other reprocessors need for their production cycles.

After Kier has collected the material, it is supplied to DS Smith and other reprocessors as part of a supply partnership. Crucial to this partnership is the kerbside sorting of the recycling. This ensures that contamination is kept to a minimum, and that material meant for recycling is actually recycled – and not diverted to waste-to-energy due to its poor quality.

DS Smith helps Florensis to automate its cutting and seedling systems

One of our customers, Florensis, was looking for a reusable, low waste tray solution to meet the strict requirements for the state-of-the-art robotic systems.

The challenge

Florensis, a leading breeder and a worldwide supplier of young plants, decided to automate its cutting and seedling systems. In the past, Florensis used one-way trays, which produced a huge amount of waste and did not perform to their requirements in automated, humid environments.

The solution

By using the latest scientific research methods, including computer simulation and extensive lab work, DS Smith Plastics' Injection Moulding succeeded in identifying the right material for this application.

The result is a dimensional consistent and sustainable plastic tray that is compatible with automated

systems. Depending on the size of the cuttings, the tray is produced for 84, 128, 188, 288 or 510 seedlings. The material is suitable to be applied with identification so each tray has a unique number, increasing their production line efficiency.

With the tray, Florensis can achieve 100% uniform plants. Cameras evaluate the plants and the rejects are blown out and substituted by new plants, preventing contamination and damage to the other, healthy plants, and all the resources invested in them.

Florensis delivers over 2.5 million trays a year. With the reusable tray, Florensis has been able to make an important contribution to the environment. After their useful long life, the trays are fully recyclable, reducing the waste to zero.



Carbon and energy



We are delighted to have exceeded our 2020 target four years ahead of schedule and we are already making excellent progress against our new 2030 CO₂e emissions targets.

Our commitment 2015/16

- Ensure that all of our production facilities have implemented an appropriate environmental management system within one year
- Roll out LED lighting to Italy, France, Spain and Germany
- Investigate potential to operate combined heat and power (CHP) plants at our larger packaging sites to improve carbon efficiency and reduce our reliance on the grid

Our actions 2016/17

- A further 32 sites have achieved ISO 14001 certification
- We have started to scope out a Group wide ISO 50001 project
- Lighting designs have been completed and evaluated for our main sites
- We have completed initial design work to operate CHP plants with a preferred partner for two sites and commenced investigations on a further five in the UK

Our next steps 2017/18

- Continue our progress and ensure more sites achieve ISO 14001 certification
- We have evaluated the programme and agreed to roll the ISO 50001 initiative out to all EU regions in 2017/18
- Installation of LED lighting scheduled to commence in France during the summer 2017, followed by other regions
- Complete detailed engineering designs and progress installations of CHP plants on viable sites

KPI - CO₂e per tonne of production



Target - 30 per cent reduction in CO₂e per tonne of production by 2030

Our performance

We are committed to reducing our emissions relative to production to lessen the impact on environmental issues that contribute to global challenges such as climate change.

The business emitted 6.7 per cent less CO₂e from both Scope 1 and Scope 2 sources, and once the emissions from energy exported by our power stations are subtracted there is a net reduction of 5.1 per cent

emissions compared to the previous year. In absolute terms this represents 80kt less CO₂e emitted to the atmosphere. Relative to production this represents a 6.7 per cent decrease in CO₂e emissions per tonne of production from 209 kg to 195 kg CO₂e.

Of the 198 manufacturing sites where a full year-on-year comparison is possible we also see good performance. 95 of these sites achieved a reduction in CO₂e emissions per tonne of production and 79 sites achieved a reduction in absolute Scope 1 emissions. This is driven largely by reduced emissions from our paper mills, which showed strong reductions in Scope 1 emissions driven by the reduced generation of power using fossil fuels in our CHP plants.

Analysis of our performance in reducing Scope 2 emissions tells a similar story, with 81 sites achieving an absolute reduction. This has largely been driven by initiatives to replace high bay lighting with LED lighting and an increased emphasis on energy management at our sites. Additionally, in the case of our businesses located in the UK, we have seen a reduction in the emissions factor of electricity purchased from the national grid which has helped our sites there to reduce their carbon footprint. We anticipate this to be a trend that continues in the medium-term.

6.7%
decrease in
CO₂e emissions

81
sites achieved
a reduction
in Scope 2
emissions

32
more sites
achieved
ISO 14001
certification

The figure for total production volume is 8.2 million tonnes, 1.8 per cent higher than in 2015. This increase is due to strong performances from our Packaging and Recycling divisions, as well as the reactivation of a paper machine at our mill in Croatia. This increase in production complements the reductions we have made in CO₂e emissions to enhance our CO₂e performance per tonne of production.

Energy

Our paper mills produce their own steam and electricity in CHP plants, whilst most of our other production sites raise steam and purchase fuel and electricity from external suppliers. The energy procurement function is responsible for buying energy, including fossil fuels, and hedging with regard to energy prices and security of supply and for the trading of green certificates and the monitoring of emission trading trends. Energy efficiency specialists help to find and exploit opportunities to save energy and reduce our overall emissions.

One major project that continues is the replacement of high bay lighting with LED lamps. We have initially identified over 130 sites that would benefit from a replacement in lighting. The deployment has been completed in the UK with in excess of 8,000 lamps installed across 35 sites. These have reduced energy consumption by 10,000MWh per annum, improved light levels and eliminated the requirement for maintenance. The programme will now continue in France, to be followed by Italy, Spain and Germany and the rest of the business. In total over 35,000 lamps will be replaced which will result in an estimated £4 million worth of power savings.

LED lights in Milton Keynes, UK



Karlovac renewable energy sources

Our injection moulding plastics facility in Karlovac, Croatia has set a goal to reduce CO₂ emissions by utilising renewable energy sources. These efforts are aligned with our overall commitment to the environment. To meet this goal, Karlovac has signed a contract with HEP, a Croatian electricity distributor, to get electricity produced from renewable sources under the brand name 'ZelEn - prijatelj prirode' 'GreenEnergy - friend of nature'.

Since the main source of CO₂ emissions is electricity, the expected reduction in total CO₂ emissions at the site is 92 per cent. In this way, the Croatian site is making a contribution to the achievement of our energy target of reducing CO₂ emissions by 30 per cent by 2030.

8,000
LED lamps installed
across 35 sites

“Renewable energy sources play an important role in reducing CO₂ emissions in our atmosphere, which is one of the fundamental objectives of the DS Smith Group. We are making vigorous efforts to achieve reduction in CO₂ emissions by improving energy efficiency and increasing the share of renewable energy sources.”

General Manager of Karlovac, Croatia

92%
expected
reduction in total
CO₂ emissions at
our Karlovac site



Water

Despite adding many businesses to our portfolio in 2015, our assessment of water-related risks in our operations continues to suggest that the majority of our sites are located in regions where fresh water is a relatively abundant resource.

Water plays a central role in paper production processes. It is used as a transport medium to carry fibres through the production process. Water is also used for cooling machinery, for cleaning, and as a carrier of energy in the form of steam. As a water-intensive business, we endeavour to consume and treat water responsibly and efficiently. Water is a critical resource, but for our business its materiality relates more to reputational risks from our stewardship over water resources.

Group-wide, 53 per cent of our water comes from boreholes, 5 per cent municipal, and 42 per cent is surface water and 75 per cent of this total volume is returned to river sources after appropriate treatment. We also treat over 500,000m³ of water effluent on behalf of local businesses and communities.

Our Paper division is the primary user of water in our business. Whilst the vast majority of our paper mills are located in places where water is plentiful, we do have two sites – Lucca, Italy and Kemsley, UK – located in regions that are potentially susceptible to water stress issues. As with all of our mills, water consumption at both Lucca and Kemsley is monitored and managed very closely, with specific, localised risk identification, mitigation and management plans in place. Each site has plans in place to use water more efficiently, thereby lowering exposure to water stress risk.

Our paper mill in Italy does operate in an area of moderate water risk and therefore is subject to a stringent water regimen, but we are investing in and innovating at this facility to ensure its sustainable operation (see case study). We have examined the water bodies that our most significant water users discharge into, and have found that in terms of volume the effect of their operations is comparatively small. Many of the water sources are of special ecological status, and the comprehensive and responsible treatment of our effluent ensures that we do not adversely impact these ecosystems.

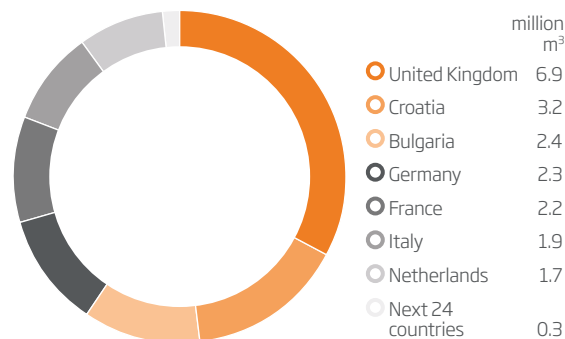
We use wastewater treatment systems to ensure that the effluent we discharge is purified, ecologically safe, and meets all regulatory requirements. We also recycle water within our facilities where this is feasible, reducing the demand for fresh water intake. A direct benefit of these efforts to reduce water usage is an improvement in energy and material efficiency.

In the areas of water effluent we are facing more challenges, primarily driven by high production figures

in our paper mills. As a process, paper-making is water-intensive, which has driven a large increase in water usage, but through effective treatment we are able to ensure that our effluent does not adversely affect the water bodies we share with our local communities.

We have decided to manage water consumption at a more granular level. This allows us to more accurately explain the impacts of our highest-consuming facilities, and to provide more detailed explanations of the inter-relationships between water consumption, water purity and water stress.

Water effluent by country



Lucca mill combined heat and power

At our Lucca paper mill, a CHP has been installed to support the water recycling process. During the CHP operation different flows are produced. In particular: reverse osmosis concentrate, the flash tank and cooling tower drains are collected into a dedicated tank where conductivity is continuously controlled. These flows are pumped toward the paper mill, in order to be used as process water.

A double advantage is achieved through the water recycling system: a reduction of total groundwater consumption by the mill and a reduction of CHP discharge, with both economic and environmental benefits too.

The quantity recycled is about 400 cubic metres per day.

400
cubic metres of water recycled per day in our Lucca site

Our People

Ensuring the safety, wellbeing and development of colleagues and contributing to our communities.

c. 26,000
employees



Health and safety



At DS Smith, the safety of our people is our number one priority. We take great pride in our safety record, and are pleased with the progress we have made in reducing our accident frequency rate once more. Nonetheless, we remain focused on a zero accident culture, whilst increasingly working to protect the broader health and wellbeing of our people.

Our commitment 2015/16

- Roll out safety on-boarding leadership training
- Continue to embed health and safety culture into the business
- Investment in safety equipment and machinery

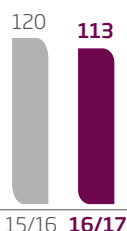
Our actions 2016/17

- Delivered four workshops to 80 senior directors focusing on our new acquisitions
- Rolled out and developed health and safety communication toolkit
- Spent over €1.5 million in our Packaging division on updating existing hand fed platen machines to the EN technical standard

Our next steps 2017/18

- Turn safety on-boarding leadership training into a programme and offer workshops to 160 employees, including all our safety managers
- Emphasis on observational safety and near miss reporting
- Continue to find opportunities to invest in world class safety and production facilities

KPI - Number of LTAs



Our KPIs for safety have both continued to improve. The total number of employee LTAs was 113 and the number of sites with zero LTAs was 207. Our performance against our KPIs for the year is shown in the table below.

Health and safety key performance indicators	2013/14	2014/15	2015/16	2016/17	Variance
Total LTAs ¹	171	146	120	113	-5.8%
AFR ²	4.8	4.2	3.2	2.6	-19%

1 Lost Time Accident (LTA): number of accidents resulting in lost time of one shift or more.

2 Accident Frequency Rate (AFR): number of LTAs per million hours worked.

The figures in the table above show the absolute number of LTAs incurred by employees of the Group during 2016/17. It should be noted that the scale of operations has increased substantially during the reporting year, and the figures for 2016/17 include accidents at a number of sites that were newly integrated to the business.

Target - zero LTAs

Health and safety

The safety of all people – employees, agency workers, contractors and visitors – is a cornerstone of our business. We set high standards and make exacting demands for continuous improvement in our safety performance, and as a Group we strive to ensure that everyone who comes into contact with our operations is kept safe.

On Saturday, 12 November 2016 a tragic accident happened at the DS Smith site in Fulda, Germany. During work on the perimeter of the factory premises an employee fell down from one of the building roofs and was injured fatally. This accident was fully investigated and all appropriate remedial measures have been taken, but this cannot detract from the gravity of the event.

There is a clear correlation between the length of time that a site has been under DS Smith ownership and a consistently reducing AFR; this is mainly due to the high degree of management scrutiny and, where appropriate, investment in safer equipment, processes and systems that are a hallmark of DS Smith's management approach. There is, however, a lag between making these improvements and the ensuing reduction in accident rates. We remain committed to achieving a zero accident culture, and we recognise that more work still needs to be done to improve our sites, reduce exposure to hazards and raise safety awareness among our employees. We continue to believe that this target, whilst challenging, is achievable.

A health, safety and environment leadership team coordinates Group policy and ensures that best practice and learnings from across the organisation are shared and disseminated throughout the business. This team meets quarterly to review major LTAs/high potential severity incidents, and to coordinate audit activity and accident investigation.

Celebrating safety in DS Smith

We have a brilliant culture of pride surrounding our excellent health and safety standards within the company.

Some excellent achievements in LTA free days include:

- Our Recycling division celebrated a year without any LTAs; and
- Our Kuopio site in Finland holding the record for LTA-free days.



Safety improvement in Andorra



At the start of the reporting period, DS Smith's factory in Andorra, Spain, was one of the newest acquisitions in the DS Smith family. Our due diligence had identified potential for improvements in safety standards, and the site was identified as a priority for improvement action plans. Through the dedication of the local management teams, supported by central health and safety resources, we are delighted to announce that the site celebrated 365 days without an LTA - a threefold improvement on the previous record.

The actions taken to achieve this milestone included additional training, audits and regular safety reviews. Furthermore, numerous safety upgrades were made to machinery, the building and protective equipment.

207 sites with zero LTAs

“We are all so pleased to achieve 365 days without an LTA, and we are looking forward to achieving our next milestone. I would like to personally thank everyone involved for their positive attitude toward safety and their dedication in ensuring safety is our number one priority.”

Health and safety manager at DS Smith's factory in Andorra, Spain



Employee wellbeing and development

All of our people have an important role to play in achieving our corporate goals and objectives. To ensure the wellbeing and development of our people we continue to invest in safe, comfortable and engaging work environments.

Employee development

Our most valuable asset is our people. Realising the potential of our people is essential for the continued growth of the business and is a key part of being a responsible employer. We are continuing to invest in learning and development within the business, providing a working environment in which our people can achieve personal success and enjoy fulfilling jobs and careers.

Sit/stand desks in Erlensee

In Erlensee, Germany we have 145 sit/stand desks. Best practice guidance suggests that the healthiest way to work is to change between standing and sitting at your workplace - increasing blood flow and reducing the risk of repetitive strain. The development of the Erlensee site gave the perfect opportunity to design a more ergonomic work space, replacing traditional seated desks and providing our people with greater flexibility and a healthier working environment.

Healthy Hearts Gold Awards

In February our Hinckley site, closely followed by Redditch, was awarded the first 'Gold Healthy Heart Award' within UK Packaging. This reward, reflecting the success of health-related initiatives such as 'Weigh in Wednesday', 'Free Fruit Friday', various nutrition quizzes and the 'Breakfast Club', has helped to educate and support a healthy lifestyle among teams and their families. Belper has now followed this example, achieving gold in March.

Growth in talent management

Our 'Growing Together' framework describes the way DS Smith approaches people development. It is a two-way commitment between our people and the business, outlining ways of working, a mind-set and a commitment.

People development is about growing through experiences in both familiar and unfamiliar situations within a supportive environment. We encourage our people to actively engage with our performance development review process and invest time in preparing for and planning their own development.

Designer exchange - Nicolo Barbieri



"In my career at DS Smith, I have been so lucky to have participated in not just one, but two exchange programmes, and I must admit that they have provided some of the best and most useful experiences of my working life. Even after many years, I still find that I can draw on the knowledge derived from those experiences and apply it to situations that are, sometimes, completely different.

My first experience was at More From Less in Brussels. As soon as I arrived, I was impressed by the environment and the tools available. My new colleagues and I worked together to brainstorm and tackle problems. We drew on one another's knowledge and expertise. This made me grow both as a person and as a professional. It made me much more independent and confident with myself and my capabilities. It also helped me to understand how constructive engagement can be.

In the future, I hope I will have further opportunities to exchange with colleagues from different sites, and I hope I will be able to offer the same magnificent hospitality that was always shown to me. During my second exchange, this time in England, once again my professional profile was enriched by many small experiences brought to me by others, from situations that, from the confines of my office in Italy, I would have never had the possibility to deal with. I was able to develop my background, to see things through the eyes of others, to understand them and to learn how best to work together. This undoubtedly made me a more open, proactive and cultured person."

Employee charter



DS Smith has always made quality dialogue with our colleagues throughout the Group a priority. We do this on a global scale with a biennial employee survey and through local town-hall meetings or briefings in the normal course of doing business. In addition, we have built strong relationships with our employee representatives through forums and works councils where local, regional and European topics are shared and discussed. To strengthen our commitment to effective dialogue we have taken this a step further this year and drawn up an employee charter as a joint initiative between management and our European Works Council. The wide-ranging statement clarifies various aspects of the employee employer relationship. Viewed alongside the DS Smith values, Code of Conduct and individual contracts of employment, it will provide employees with greater clarity on what is expected of them – and what they can expect in return.

The charter encompasses commitments to safeguarding fundamental employee rights, as well as establishing longer-term aspirations. Examples of the pledges that DS Smith makes to its employees are to keep them safe while working, to apply a zero-tolerance approach to child labour, to provide open access to senior leaders, to support flexible working and to reward employees fairly and equitably, wherever they are based.

The document also sets out DS Smith's core expectations of its employees – from taking pride in their work and being a good ambassador for the business, to taking their full holiday entitlement and avoiding excessive working hours.

Alliance For YOUth partnership



DS Smith is always looking to bring in fresh ideas and new thinking. Equally, as an employer across Europe, we are well aware of the difficulties facing young people in some of our markets in finding employment. For these reasons, DS Smith is delighted to be a part of the Nestlé-founded Alliance for YOUth, an alliance of leading organisations that recognise the severity of youth unemployment in Europe as a significant social and economic issue.

Since joining the Alliance, we have supported this initiative in two main ways:

1. Supporting students with 'readiness for work' activities such as job fairs and site open days to showcase what we do and the opportunities available to young people; and
2. Providing a genuine experience of work in our industry by offering work experience, internships and apprenticeship opportunities.

Our commitment to the objectives of the Alliance closely aligns both to our strategic goal of realising the potential of our people and to our corporate values.

In April 2017 we held our first open day for students and undergraduates in our Kutno plant in Poland. On this day, almost 40 students from the Technical Universities of Łódź, Warsaw and Wrocław had a unique opportunity to get to know our company and visit one of our box plants.

The students valued the opportunity to listen to managers representing different departments and learn in detail the challenges and competencies which were needed for particular roles within the plant. Each student has the opportunity to undergo a traineeship or apprenticeship in our company. Bartek Pacierz, a member of our Polish apprenticeship programme, spoke about his traineeship. He told the students all about his daily tasks and responsibilities. The plant looks forward to welcoming more apprentices in the future.



Charitable Foundation and community

The DS Smith Charitable Foundation particularly supports charities engaged in improving or conserving the environment and those providing training and educational opportunities. We seek to make a positive contribution to our communities and build a reputation as a good neighbour and employer.

Developing and maintaining good relations with the local communities in which we operate is important to us. The DS Smith Charitable Foundation was established to provide funding to charities with activities and values similar to those of DS Smith.

At-Bristol Science Centre

DS Smith supports the At-Bristol Science Centre, an educational charity that enhances science education and encourages people of all ages to explore the wonders of science and technology.

Support from the DS Smith Foundation enabled At-Bristol to achieve its ambition of a new permanent exhibition called the 'Tinkering Space' which opened in summer 2016. The Tinkering Space provides a creative environment that aims to inspire the next generation of innovators and inventors. The space is fully equipped with sophisticated digital fabrication equipment including 3D printers and laser cutters. It is a space where everyone can gain confidence to engineer and test their own ideas and develop new skills and techniques using quality materials and tools.

As well as inspiring children in STEM (science, technology, engineering and maths) subjects through creative design, the aim was to create a space that would provide special opportunities for families and groups to learn together, motivating and inspiring continued learning at home. Since opening, the Tinkering Space has engaged thousands of visitors to At-Bristol and over 5,600 visitors have taken part in drop-in sessions, including deconstructing environmental sensors to see how they work, laser cutting snowflake shapes and building scribbling robots.

DS Smith donates €50,000 to refugee children

For the third year in a row, DS Smith has decided to give a €50,000 donation to UNICEF. Money that is normally spent on customers' Christmas gifts is donated to children in need through the UNICEF 'Donations. Instead of Gifts' campaign.

"The positive feedback from our customers to the previous donations has encouraged us to support children in need again this year through the DS Smith Charitable Foundation," said Dr. Markus Kleiner, Director of Change Projects, Strategy and Marketing at DS Smith for the Germany and Switzerland region.

"As a company that produces innovative displays and clever packaging solutions using corrugated board as the basic material, sustainability and responsible action are among our corporate values," stresses Per V. Frederiksen, Managing Director at DS Smith for the Germany and Switzerland region. "Children are our future. If we want a good future, we must begin here and show commitment."

Anja Röhrle, Marketing Manager at DS Smith for the Germany and Switzerland region, adds: "We want to make a contribution to help children and give them prospects. The UNICEF campaign 'Donations. Instead of Gifts' focuses on multiple regions: UNICEF helps in the field, along the refugee routes and in the countries where the children arrive to stay permanently or temporarily. We consider this overall concept very important."

Hermann Eichel, from the UNICEF Fulda working group, adds: "UNICEF does everything it can to ensure that children get help even under the most difficult conditions and experience a bit of normality in everyday life. A donation of €50,000, for instance, allows 430 children in Syria to participate in a self-learning programme for one year. Teaching in times of war is more than knowledge transfer, it is hope for a better future."

DS Smith partners with London's Museum of Brands

The Museum of Brands has gone from strength to strength in its remit to educate and entertain the wider public on the place of brands, advertising and packaging in our consumer culture.

Within the new larger space, the Museum has been able to display their collection to better effect. Their improved capacity to stage lively, interesting, temporary exhibitions has led to publicity in the national, local and trade media and this in turn has attracted more visitors. With better accessibility and overall visitor experience, monthly visitor numbers peaked at over 5,000 in March 2017 and visitor dwell time has increased by 60 per cent on the previous year.

The Museum's visibility and accessibility has increased their engagement with the local community and its charities. This together with their learning programme means they are also actively involved with local schools and further education institutions locally, nationally and internationally. The Museum is currently building their professional development programme with a series of workshops and talks designed to enhance knowledge and create solid connections with our industry.



DS Smith Plastics USA gives back to the country's troops



The committees representing DS Smith Plastics in the USA, joined forces to support the USA Military Troops by collecting items for 'Operation Care Package' (OCP), a non-profit organisation dedicated to supporting the men and women in the USA military.

Donations were collected at all DS Smith Plastics locations in the USA. Collections were consolidated and sent to the headquarters of OCP, which will be shipping all goods to the troops.

The number of donations collected exceeded 1,000 items and included paper, pens, toiletries, games, puzzles, batteries, non-perishable food items, laundry soaps, t-shirts, socks and more.

This is the first year that DS Smith has participated in this worthy cause. Due to its success and the support received from all parts of the organisation, the DS Smith employee committee has committed to continue being proud supporters of OCP and the USA military. OCP was extremely grateful for the company's donations as this is their low period with receiving items for our troops.

Europe's 'Paper Capital' wows crowds with amazing art



DS Smith sponsored the Cartasia art festival in Lucca, Italy (Europe's paper production capital) last summer. This paper and cardboard biennial contemporary art festival is a fantastic fiesta where paper and cardboard art take over the picturesque town.

Lucca hosted the eighth edition of the festival, which offers artists from all over the world the opportunity to express themselves.

DS Smith supplied paper, cardboard and gave design support to the 400 plus artists involved.

The theme for last year's celebration was 'borders and perspectives'.

The exhibition was divided into four main areas:

- Art: 400 artists from all over the world created eight giant outdoor works of art and 70 pieces of art to be displayed indoors.
- Design: Three full days were dedicated to design during which universities, companies and the 'fab lab' shared their experiences.
- Talks: Over 40 external guests, from different working environments, discussed the arts, technology, economics, anthropology and communication in 20-minute speeches inspired by TED talks.
- Fun: creative labs and games were organised for children where they used paper and cardboard to create their own works of art.



Keep Britain Tidy Green Flag Award scheme

DS Smith has been the primary sponsor of Keep Britain Tidy's Green Flag Award scheme for three years. During this time our employees have pledged to volunteer and fundraise to support the development of green spaces and the Green Flag Award for communities and businesses in the UK. The partnership has been embraced by colleagues across all four divisions.

We were invited to the Houses of Parliament to launch the new Green Space Business Award, which has been developed in partnership with Keep Britain Tidy. Our Bolton and Crumlin sites were also in attendance as the first winners of the Award.

The Award encourages businesses to take more responsibility within their local community, by supporting and building relationships with community groups, and, in doing so, helping to improve environmental standards in nearby recreational green areas.

The Award followed the Tidy Britain All-Party Parliamentary Group Annual General Meeting, which focused on 'New approaches to supporting our local parks in difficult times'.

Mark Greenwood, DS Smith Group Health, Safety and Environment Director, addressed the attendees, who included Labour and Conservative MPs, the Chief Executive of Keep Britain Tidy Allison Ogden-Newton and Chair Jim Fitzpatrick MP, along with Chris Worman MBE and parks management members.

DS Smith was congratulated and commended for its continued support and community involvement.

Mark said: "We strongly encourage other companies to follow our lead by supporting and preserving the parks



and green spaces in the vicinity of their operations. Through our partnership with Keep Britain Tidy we have built good relationships with local community groups and have found our volunteer work, on a personal level, to be very rewarding.

If we all make a small contribution, together we can achieve great things."

To conclude the meeting, Chris Rowe and Gary Finn from Bolton Recycling, and Neil Walding, Depot Manager from Crumlin Packaging, were awarded the very first Green Space Business Awards: two plaques which they can proudly display at their sites. Bolton's award is in recognition of its continued working relationship with Friends of Longsight Park, and Crumlin's was awarded following its external site developments, which benefit employees at the site.

We look forward to awarding many more DS Smith sites with the Green Space Business Award and encourage other external companies to follow our example.

Bears in boxes



DS Smith Oława and Kielce, Poland, joined the Polish Emergency Rescue Operation's appeal by collecting soft toys to be donated to the paediatric wards of local hospitals. Large corrugated boxes of soft toys were collected, which will serve to comfort children suffering from illness. Thank you to all who joined the action and to the organisers of the Rescue Operations from Oława.

About this Review

This Review provides a comprehensive description of the governance of sustainability issues within DS Smith, and how our strategy, targets and performance are monitored for each of our environmental, social and economic objectives. Our data collection strategy underpinning our sustainability reporting uses the GRI G4 framework.

Unless otherwise specified, any statistical information referred to in this document covers the calendar year January to December 2016.

Data about our people was separately collected from human resources, and the numbers of our employees are derived from payroll data. These include permanent and temporary employees as at 31 December 2016.

Assurance Statement



**BUREAU
VERITAS**

Bureau Veritas Statement

Bureau Veritas UK Limited (Bureau Veritas) has been commissioned by DS Smith Plc (DS Smith) to provide an independent opinion on the following environmental

performance indicators: energy consumption, greenhouse gas emissions, raw material usage, water consumption, waste and discharge (to air and water) for calendar year 2016. The reporting boundaries cover DS Smith's global operations. Based on our verification activities and scope of work, nothing has come to our attention to suggest that the reported data do not provide a fair representation of environmental performance across the DS Smith Group for the defined period.

DS Smith should be commended on its approach to environmental data collection, including the use of a central reporting system, clear responsibilities at Head Office and site levels, frequent data gathering, and the existence of an audit trail from source evidence to reported data at the sites visited.

A full verification statement including the methodology, basis for the opinion, additional recommendations, limitations and a statement of Bureau Veritas's independence can be found on the DS Smith Plc website at:

Environmental incidents

During the year we received notification of breaches or minor environmental incidents at four sites. No major environmental incidents or incidents of significant impact reportable to local or national authorities, or incidents potentially resulting in legal prosecution, were reported for the period of this report.

Disclosure on management approach

The DS Smith management approach to sustainability is based on those aspects of the GRI G4 framework that have been identified as material to our business. We measure, analyse and report on additional data for each of these aspects, where we consider this to be consistent with the legitimate demands of our stakeholders and appropriate from a commercial and legislative perspective. Unless otherwise stated, the Group's consolidated data published in this report or on our website covers DS Smith Plc (the parent company), and all subsidiary entities in which we hold over 50 per cent of voting rights directly or indirectly. Consolidated sustainability performance data does not cover investments where ownership is below 50 per cent. These are undertakings in which DS Smith has influence, but which we do not control. DS Smith Plc complies with the corporate and accounting regulations of the UK and all subsidiary companies comply with the regulations, legislation and permitting requirements of all countries and regions in which they operate.

Questions and feedback

Any questions about this document should be directed to the Group Health, Safety and Environment Director via the Group website.

Environmental performance indicators

Group greenhouse gas emissions

KPI	Unit of measure	2015	2016	% variance
Scope 1	Kt CO ₂ e	1,678	1,570	-6.4
Scope 2	Kt CO ₂ e	355	333	-6.2
Emissions from energy exports	Kt CO ₂ e	348	299	-14.1
Total CO ₂ e (net energy export)	Kt CO ₂ e	1,686	1,604	-4.9
Energy exported	GWh	962	852	-11.4
Total production	Kt nsp	8,059	8,209	1.9
Waste to landfill	Kt	87	98	12.6
Total water effluent	Mm ³	19	20	5.3
CO ₂ e per tonne of production	kg CO ₂ e/tonne nsp	209	195	-6.7
Water effluent per tonne of production	m ³ /tonne nsp	2.34	2.41	3.0
Waste to landfill per tonne of production	kg/tonne nsp	10.74	11.91	10.8

- 1 Data based on 247 manufacturing sites. There are 121 sites which require fossil fuels for their production process (paper mills, corrugators, plastic plants) and the remaining 126 smaller sites use just electricity in their processes (sheet plants, recycling and logistics depots).
- 2 2016 data based on sites we have owned since January 2016. 2015 figure restated from last year as the business grew by over 10 per cent in one year (this is our policy for restatement); this figure includes all the sites we owned from January 2015 as well as those added during the course of 2016 through acquisitions. The same calculations have been applied for both years.
- 3 Total production is the sum of printed reels and paper reels from our paper mills; plastics production (all types) from our plastics sites; recovered fibre and other materials collected and processed through our recycling depot network; and boxes and sheets sold to third parties from our packaging sites.
- 4 DS Smith collects and reports environmental data in accordance with the guidelines of the Global Reporting Initiative and the Greenhouse Gas Protocol (GHGP), to the extent that this is practicable.
- 5 The CO₂ and CO₂e emissions were calculated using the UK DECC 2016 factors for all fuels and the UK national grid. Emissions from other national grids use the DECC factors (IEA) from 2015.
- 6 Where available we use the emissions factor for bought electricity from the supplier of energy to our business. If this figure is not reported, the country emission's factor from the IEA is used instead.
- 7 The CHP that supplies our Witzenhausen paper mill with steam is fired predominantly by biogenic fuels. The emissions factor for this site has been estimated as 92.019 kg/MWh of CO₂e.
- 8 The CHP that supplies our Belisce paper mill and corrugator with steam and electricity is fired by a combination of natural gas and flare gas. The emissions factor for flare gas is estimated to be 240 kg/MWh of CO₂e.
- 9 Scope 3 emissions, external to DS Smith but involved in the supply cycle for the Group's products and services, are not included.
- 10 The waste figures relate to waste generated by our operations; they do not include waste that is collected from external sources for recycling.
- 11 Where water effluent figures are available from meters and invoices they are used here, otherwise they are calculated to be 50 per cent of the water abstracted and bought onto site. Some of our paper mills have their own waste water treatment plants and treat water for third parties. This water flow is measured and subtracted from our total effluent figures.

Group greenhouse gas emissions by scope

Country	Total CO ₂ e emissions (tonnes)	Scope 1 (tonnes)	Scope 2 location based (tonnes)	Scope 2 market based (tonnes)
Austria	6,838	4,934	1,904	1,904
Belgium	8,488	5,412	3,217	3,076
Bosnia and Herzegovina	542	263	279	279
Bulgaria	76,834	37,615	39,219	39,219
Croatia	109,807	80,368	32,103	29,438
Czech Republic	8,571	3,545	5,025	5,025
Denmark	9,648	4,923	4,725	4,725
Estonia	3,225	1,034	2,190	2,190
Finland	4,089	1,462	2,627	2,627
France	144,718	131,966	12,752	12,752
Germany	262,476	222,039	84,786	40,437
Greece	12,900	6,489	6,411	6,411
Hungary	8,893	5,061	3,832	3,832
Italy	374,522	352,684	21,838	21,838
Lithuania	3,162	1,886	1,276	1,276
Macedonia	1,891	995	895	895
Morocco	33	6	26	26
Netherlands	203,539	189,697	13,842	13,842
New Zealand	236	31	204	204
Poland	41,601	18,453	23,148	23,148
Portugal	53	16	37	37
Romania	3,056	1,662	1,394	1,394
Serbia	4,199	1,968	2,230	2,230
Slovakia	6,283	2,746	3,545	3,537
Slovenia	5,383	3,499	1,885	1,885
Spain	28,145	17,836	10,643	10,308
Sweden	2,977	2,208	789	769
Switzerland	1,800	1,792	123	8
Thailand	126	0	126	126
United Kingdom	559,916	468,221	90,341	91,695
United States	9,602	1,291	8,310	8,310
Grand total	1,903,551	1,570,105	379,723	333,445

Group greenhouse gas emissions by greenhouse gas type

Total CO ₂ emissions (tonnes)	Total CH ₄ emissions (tonnes)	Total HFCs emissions (CO ₂ e)	C ₃ H ₁₂ emissions (CO ₂ e)
6,828	7	0	0
8,713	7	0	0
532	0	0	0
76,591	59	0	0
84,410	72	0	0
8,409	4	0	0
7,625	7	0	0
3,202	1	0	0
4,042	7	0	0
146,035	180	0	0
308,948	429	0	0
12,719	8	0	0
8,916	7	0	0
377,952	491	0	0
3,172	3	0	0
1,876	1	0	0
32	0	0	0
205,938	272	0	0
233	0	0	0
27,740	6	0	0
52	0	0	0
3,060	2	0	0
4,166	2	0	0
6,319	4	0	0
5,067	4	0	0
27,706	19	0	0
1,163	5	0	0
1,899	2	0	0
124	0	0	0
559,996	730	937	206
9,445	2	0	0
1,912,908	2,332	937	206

Operation data 2016

	Measure	Paper mills	Other operations	Total operations
Production				
Total production	Tonnes	2,830,990	5,378,308	8,209,299
Energy				
Electricity generated	MWh	1,628,272	0	1,628,272
Electricity purchased from grid	MWh (electricity)	378,248	579,834	958,082
Electricity exported	MWh	724,800	0	724,800
Fuels				
Fossil fuels	MWh	6,451,761	1,054,633	7,506,394
Renewable fuels	MWh	86,753	0	86,753
Water				
Water abstraction				
Borehole water	m ³	13,406,474	509,346	13,915,820
Municipal water	m ³	343,255	1,102,014	1,445,269
Surface water	m ³	11,013,485	187,853	11,201,338
Total fresh water utilisation	m ³	24,763,214	1,799,213	26,562,427
Emissions to water				
Total effluent from site	m ³	19,370,713	380,842	19,751,555
Emissions				
Total NO _x emissions	mt NO _x	738	0	738
Total SO ₂ emissions	mt SO ₂	5	0	5
Total dust emissions	mt Dust	10	0	10
Waste				
Total solid waste	Tonnes	646,862	442,320	1,089,183
Hazardous waste	Tonnes	405	6,262	6,667
Solid waste to off-site landfill	Tonnes	88,908	8,776	97,684
Solid waste to off-site landspread	Tonnes	111,322	0	111,322
Solid waste to off-site recycling	Tonnes	55,172	623,795	678,967
Solid waste to third party incineration	Tonnes	186,918	14,292	201,210

Paper mill data 2016

	Measure	Aschaffenburg, Germany	Belisce, Croatia	Chouanard, France
Production				
Total production	Tonnes	408,688	188,995	30,712
Energy				
Electricity generated	MWh	337,202	32,484	0
Electricity purchased from grid	MWh (electricity)	598	74,894	12,189
Electricity exported	MWh	165,519	10,669	0
Fuels				
Fossil fuels	MWh	914,122	366,146	47,448
Renewable fuels	MWh	48,939	0	0
Water				
Water abstraction				
Borehole water	m ³	0	0	0
Municipal water	m ³	37,959	20,701	115,855
Surface water	m ³	2,175,093	4,112,843	164,558
Total fresh water utilisation	m ³	2,213,052	4,133,544	280,413
Emissions to water				
Total effluent from site	m ³	1,456,676	2,730,596	199,827
Emissions				
Total NO _x emissions	mt NO _x	103	11	0
Total SO ₂ emissions	mt SO ₂	1	0	0
Total dust emissions	mt Dust	2	0	0
Waste				
Total solid waste	Tonnes	48,428	47,927	937
Hazardous waste	Tonnes	41	14	80
Solid waste to off-site landfill	Tonnes	0	47,835	64
Solid waste to off-site landspread	Tonnes	0	0	0
Solid waste to off-site recycling	Tonnes	10,945	79	116
Solid waste to third party incineration	Tonnes	37,483	14	757

Contoire-Hamel, France	De Hoop, Netherlands	Kaysersberg, France	Kemsley, UK	Lucca, Italy	Pazardzhik, Bulgaria	Witzenhausen, Germany	Total mills
74,027	361,095	141,314	777,399	407,454	83,094	358,213	2,830,990
0	265,049	57,930	409,716	511,630	0	14,262	1,628,272
24,309	16,430	50,470	51,724	63	47,587	99,984	378,248
0	148,100	38,445	43,475	318,584	0	9	724,800
100,546	918,504	280,792	1,968,866	1,579,292	182,701	93,344	6,451,761
0	0	12,589	0	20,448	0	4,777	86,753
0	2,252,544	0	7,008,015	1,120,725	2,649,878	375,312	13,406,474
22,099	0	0	0	4,227	12,996	129,418	343,255
556,240	0	1,555,743	0	1,115,233	0	1,333,775	11,013,485
578,339	2,252,544	1,555,743	7,008,015	2,240,185	2,662,874	1,838,505	24,763,214
342,292	1,712,293	1,366,321	6,731,671	1,834,636	2,212,048	784,354	19,370,713
11	128	30	302	134	11	9	738
0	0	0	1	0	1	2	5
0	0	0	3	0	5	0	10
2,730	23,334	18,273	222,334	46,687	4,611	27,058	442,320
0	35	10	112	94	3	15	405
2,730	0	749	25,535	8,247	3,748	0	88,908
0	696	3,015	106,051	1,560	0	0	111,322
0	676	10,172	7,997	19,480	863	4,843	55,172
0	21,962	4,336	82,752	17,400	0	22,215	186,918

Waste by country 2016

Country	Hazardous waste (tonnes)	Solid waste to off-site landfill (tonnes)	Solid waste to off-site landspread (tonnes)	Solid waste to off-site recycling (tonnes)	Solid waste to third-party incineration (tonnes)	Total solid waste (tonnes)
Austria	16	57	0	8,356	35	8,448
Belgium	13	150	0	14,099	300	14,549
Bosnia and Herzegovina	0	0	0	0	0	0
Bulgaria	23	4,004	0	1,182	0	5,186
Croatia	40	48,112	0	8,421	18	56,552
Czech Republic	60	188	0	13,663	15	13,867
Denmark	24	8	0	12,522	4,497	17,026
Estonia	0	0	0	1,524	0	1,524
Finland	37	26	0	7,379	99	7,504
France	4,302	4,892	3,015	151,439	8,477	167,823
Germany	247	392	0	95,442	59,999	155,833
Greece	900	207	0	12,963	0	13,171
Hungary	283	352	0	19,062	69	19,483
Italy	243	10,515	1,560	102,327	17,656	132,058
Lithuania	6	80	0	4,842	52	4,974
Macedonia	2	0	0	1,460	0	1,461
Morocco	0	0	0	122	0	122
Netherlands	52	269	696	17,425	22,032	40,423
New Zealand	0	89	0	60	0	149
Poland	63	673	0	33,421	0	34,095
Portugal	0	0	0	48	0	48
Romania	0	24	0	6,072	22	6,118
Serbia	0	113	0	2,878	0	2,991
Slovakia	25	107	0	5,677	24	5,808
Slovenia	41	5	0	11,973	331	12,310
Spain	34	887	0	27,569	9	28,465
Sweden	32	13	0	16,590	308	16,911
Switzerland	0	7	0	5,876	67	5,950
Thailand	0	31	0	0	0	31
United Kingdom	216	26,338	106,051	90,326	87,045	309,760
United States	0	109	0	484	0	593
Grand total	6,660	97,650	111,322	673,202	201,058	1,083,232

GRI tables

This GRI content index has been prepared in accordance with GRI G4 Core in reference to the DS Smith Sustainability Review 2017 and DS Smith Annual report & accounts 2017. For the full GRI index table, including specific standard disclosures, please see: dssmith.com/company/sustainability/sustainabilityreport

General standard disclosures

	Page number and links	External assurance		Page number and links	External assurance
Strategy and analysis					
G4-1	SR pg. 1		G4-19	See GRI report*	
Organisational profile					
G4-3	AR pg. 130	Yes	G4-20	SR pg. 11 and GRI report*	
G4-4	SR pg. 2, AR pg. 18-20		G4-21	See GRI report*	
G4-5	AR pg. 132	Yes	G4-22	SR pg. 43	Yes
G4-6	SR pg. 15, 44		G4-23	SR pg. 43	Yes
G4-7	AR pg. 130	Yes	Stakeholder engagement		
G4-8	AR pg. 10-13, 16-17		G4-24	SR pg. 10	
G4-9	AR pg. 10, 17, 31, 33	Yes	G4-25	SR pg. 10, 13 and GRI report*	
G4-10	AR pg. 25 and GRI report*		G4-26	SR pg. 10, 13	
G4-11	See GRI report*		G4-27	SR pg. 10-12	
G4-12	See GRI report*		Report profile		
G4-13	AR pg. 58, 126, SR pg. 43	Yes	G4-28	SR pg. 42	Yes
G4-14	SR pg. 8, 9		G4-29	SR pg. 4	
G4-15	SR pg. 5		G4-30	SR pg. 4	
G4-16	See GRI report*		G4-31	SR pg. 42	Yes
Identified material aspects and boundaries					
G4-17	AR pg. 130, 131	Yes	G4-32	SR pg. 42, 49	Yes
G4-18	SR pg. 10		G4-33	SR pg. 42	Yes
Governance					
			G4-34	SR pg. 5	
Ethics and integrity					
			G4-56	SR pg. 3, 5 and GRI report*	

Key

SR = Sustainability Review 2017, and if external assurance column contains "Yes", please find statement on SR pg. 42

AR = Annual report & accounts 2017, and if external assurance column contains "Yes", please find statement on AR pg. 81-84

* Our Sustainability Review 2017 content is defined by the topics which our internal and external stakeholders collectively found to be most important, during our materiality analysis in 2016. However, there are some further aspects and indicators which are also material to our business. We have reported our actions on these aspects in our GRI disclosure report which can be found here: dssmith.com/company/sustainability/sustainabilityreport/GRI-disclosure-report



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