



DS SMITH PLC

**MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT
2016/17**



1. Our Organisation

DS Smith Plc (“DS Smith”) published its first Modern Slavery statement in September 2016, and in the past year we have continued to increase the depth and breadth of our work on the matters relating to Modern Slavery. DS Smith and its subsidiaries (the “Group”) are committed to the highest ethical standards in the way in which we engage with each other and our customers, staff, shareholders, suppliers and other stakeholders. Our reputation as a Group is founded on our achievement of these high standards.

Our Values



**Be
caring**



**Be
challenging**



**Be
trusted**



**Be
responsive**



**Be
tenacious**

The Group aims to build an environment of trust, transparency and accountability which is necessary for fostering long-term business integrity. The Group’s relationships are built in a socially and environmentally responsible manner. As a Group, we maintain relationships with many different organisations in our supply chain, as well as directly employing large numbers of people. DS Smith has always had a zero-tolerance approach to modern slavery both within the Group and within its supply chain. If an issue is identified with a supplier, we will work with them to prepare a corrective action plan and resolve all violations within an agreed time period. We reserve the right to terminate our relationship with individuals and organisations in our supply chain if they are in breach of our Global Supplier Standard or Anti-slavery and Human Trafficking Policy.

This is the second annual statement that the Group is required to produce under the Modern Slavery Act 2015. In these annual statements DS Smith will report on a number of matters such as policy, training, due diligence processes and the effectiveness of measures taken to combat slavery and trafficking, to drive transparency and promote ethical principles and practices related to the prevention of the exploitation and abuse associated with modern slavery and human trafficking. This report encompasses further steps we have taken since our last statement to ensure that slavery and human trafficking are not taking place in any part of our supply chain or any aspect of our business.

Key areas of focus in 2016/17

- Extending our work on Modern Slavery deeper into our supply chain and operations.
 - Training our key staff to help them understand and mitigate Modern Slavery risk.
 - Refining our understanding of modern slavery risk, and identifying new tools beyond the processes of examining, measuring and reporting on our Group social and ethical performance.
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2. Our Business

DS Smith is a leading provider of corrugated packaging in Europe and in the US, and of specialist plastic packaging worldwide, supported by paper and recycling operations. DS Smith is present in 37 countries, employing around 27,150 people.

Our core business is the design and manufacture of recycled packaging for consumer goods. Our packaging is designed to be value-adding to our customers, by reducing their supply chain costs, helping them to sell more product and managing their risks.

Our focus is on creating sustainable value in three key areas: our business, our people and our environment. Through achieving these, we will deliver sustainable returns for our investors too. Our business creates sustainable value for our customers through paper and packaging solutions, supported by responsible recycling, with the aim of delighting our customers. For our people, our goal is to realise the potential of our people, and our environmental goal is to lead the way in sustainability. We have a clear set of values that expect all of our employees to own and live by.

Our Corporate Vision



Our vision is to be the leader in sustainable packaging.

We are dedicated to creating sustainable value for our people and build sustainability into our decisions. We are committed to the highest standards of safety and have a target of zero accidents as one of our Key Performance Indicators. We are keen to ensure DS Smith is an engaging employer where 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.

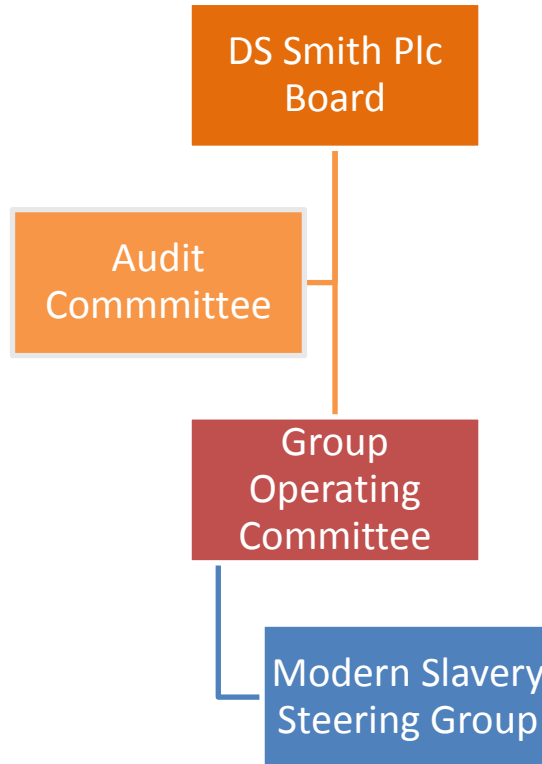
Furthermore, our position as a strategic supplier to many of the most famous and recognisable brands means that we have an obligation to provide our customers with the highest level of assurance that their packaging is sustainably, and ethically, sourced.

3. Governance



We have a robust approach to modern slavery with appropriate and well-communicated policies, a due diligence programme based on risk assessment and effective follow up, employee training, and a strong emphasis on collaborative partnerships, stakeholder dialogue and transparency.

Core to our approach is our strong governance structure. We have a Modern Slavery Steering Group, made up of a multi-disciplinary team, chaired by the Group General Counsel and Company Secretary, which reports to our Group Operating Committee chaired by our Group Chief Executive, Miles Roberts. Our Anti-slavery and Human Trafficking Policy has been discussed and approved by the Board. Any reports received through the "Speak Up!" hotline are considered by the Audit Committee as part of their review of internal controls.



We continue to build management capacity on modern slavery risk assessment across the DS Smith Group.

4. Our Policies

As reported in our previous statement, we have a number of policies in place relevant to modern slavery, all of which are signed off at Board level. This includes our Anti-slavery and Human Trafficking Policy, our Code of Conduct, and our “Speak Up!” Policy, which are aimed principally at our employees. In 2016 we launched a new awareness campaign to promote “Speak Up!” across our businesses. Additionally, our revised [Global Supplier Standard](#), which is available on our website, sets out our expectations of suppliers in the areas of ethical business practices as well as the supply of raw materials, indirect production, energy, transport service and paper. The Global Supplier Standard is based on Ethical Trading Initiative base code and includes specific reference to the UK Modern Slavery Act.

The [Anti-slavery and Human Trafficking Policy](#) often referred to as ‘Modern Slavery Policy’, has been circulated to the DS Smith procurement employees as well as the European Work Council. This policy is available to all employees on our intranet portal and is published on our website. It covers a variety of matters including the steps that should be taken to assist staff in the prevention of modern slavery with our suppliers by conducting risk assessments and supplier pre-screening. This policy also requires that managers at all levels are responsible for providing adequate training on the issues of modern slavery to those reporting to them so that they understand and comply with the Group policy. Methods of reporting suspected modern slavery or human trafficking are clearly articulated, including the use of our employee “Speak Up!” hotline. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy. The Modern Slavery Policy is also communicated to any newly acquired

businesses as part of the integration process and is reviewed at least annually by the Board.

Our Group-wide [Code of Conduct](#), also publicly available, states that DS Smith respects fundamental human rights and is committed to the principles set out in the United Nations Universal Declaration of Human Rights. We support and respect the protection of human rights within our sphere of influence; in particular the effective elimination of compulsory labour and child labour. The Code of Conduct governs all our business dealings and the conduct of all persons or organisations with whom we contract directly or who we appoint to act on our behalf.



The Group's "Speak Up!" Policy is our whistleblowing policy and provides guidance on how concerns can be communicated to the Group on a confidential basis. Any concerns about suspected incidents or risks of modern slavery associated with the Group or our suppliers may be reported by employees by web, e-mail, telephone or postal service. The use of the "Speak Up!" independent hotline is actively encouraged throughout the Group. In July 2017 a "Speak Up!" reminder was published in the quarterly newsfeed with a powerful message from our CEO highlighting the importance of reporting any suspicious behaviour or situations, including instances of Modern Slavery, by using either independent hotline or email. This publication was subsequently translated into 26 languages and

distributed to every single site.

To date no modern slavery reports have been made via this route. We intend to refresh this message regularly to remind employees of the communication channels open to them to report concerns.

5. Due Diligence

The supply chain that supports our business model is a complex network that connects all our Divisions with a broad ranging supplier base. That network helps us to produce and distribute a wide range of high quality corrugated and plastic packaging products around the world. A large component of our raw materials for packaging come from our

own paper manufacturing operations and similarly the majority of the raw material for our paper operations comes from our own recycling operations. As such, we have direct control over a proportion of our own raw materials. Within our Packaging Division we are therefore focussed on the supply chain integrity in key areas such as manufacturing and process equipment, critical raw materials used in our manufacturing process such as chemicals, inks, starch, resin and timber derived products such as fibre.



Our Global Supplier Standard outlines our minimum requirement expected of suppliers in terms of quality, sustainable development, ethical trading and compliance. It refers to international standards and defines specific DS Smith requirements. We have now expanded the scope of this Standard to cover all categories of spend and are asking suppliers to confirm adherence to it with specific reference to compliance with the Modern Slavery Act 2015. The process of assuring supplier compliance is ongoing and we currently have 164 suppliers who have signed up to confirm compliance and acceptance of this standard.

We expect our suppliers to respect human rights, including maintaining policies and procedures to prevent the use of child or forced labour. The manifestations of modern slavery are

complex and hidden, and in order to prioritise activity, we have a strong risk assessment process in place. For two years now we have conducted audits across the Group on our own sites. This audit includes questions about human rights impacts including forced labour and also about the number of local supplier assessments performed by the site which cover human rights and modern slavery issues. We have conducted a number of high-level risk assessments to determine which parts of our business and which of our suppliers are most at risk of modern slavery, so that efforts can be focused on those areas. This covers tier 1 suppliers with whom we deal directly.

In the past year we have been collaborating with a number of our key customers and suppliers to share best practise on understanding and managing modern slavery risk in operations and wider supply chain.

This has covered questions on how to:

- improve the direct engagement with affected stakeholders;
- make a systematic change to allow the targeting of relevant resources and encourage collaboration;
- focus on deepening our understanding of issues and their most effective resolution;
- ensure that future training material incorporates 'lessons learnt'; and

- develop robust ways to monitor and measure the success rate of our efforts.

We recognise that there are certain sourcing activities undertaken in geographies that are predisposed to higher levels of modern slavery risk. The sourcing of old corrugated case material through our global regional and national recycling networks has been recognised as having a potentially higher risk in inadvertently using vulnerable individuals and family members to support the collection and transportation of this type of recycled commodity. In addition, certain procurement activities of display packaging for customers, from parts of the world where DS Smith does not have its own manufacturing operations, may in some cases lead us to be sourcing material in parts of the world known for the use of forced and child labour. We are alive to these risks and have focussed on them.

As a result of our growing understanding of where modern slavery risk might be most evident in our business, our 2016/17 priorities were identified as:

- continuing to improving our visibility on the supply chains of our largest suppliers,
- ensuring the integrity of our recycling supplier base; and
- ensuring that our supplier on-boarding programme and assurance programmes remained effective in those countries most prone to modern slavery risk.

Our 2016/17 Risk Assessment

During the year our Group and Divisional procurement team members who cover our largest suppliers reviewed sources of supply covering over fifty countries with a higher modern slavery risk.

The teams identified seven potential higher risk product areas across four countries, including tier 1 and tier 2 suppliers. These seven product categories included inks, work wear, logistics, temporary labour, production equipment, travel and stationary services, sourced from the countries of India, Turkey, China and Pakistan and assessed the current level of compliance with our current supplier standard and created an action plan to address any key areas of vulnerability.

The team also identified two key procuring activities where direct sourcing of fibre in higher risk countries was evident. The team actively engaged with the supply chain and operations directors of these businesses to review supplier sourcing standards and current on-boarding protocols specific to modern slavery risk, in order to give us the requisite degree of assurance.

Supplier Assurance

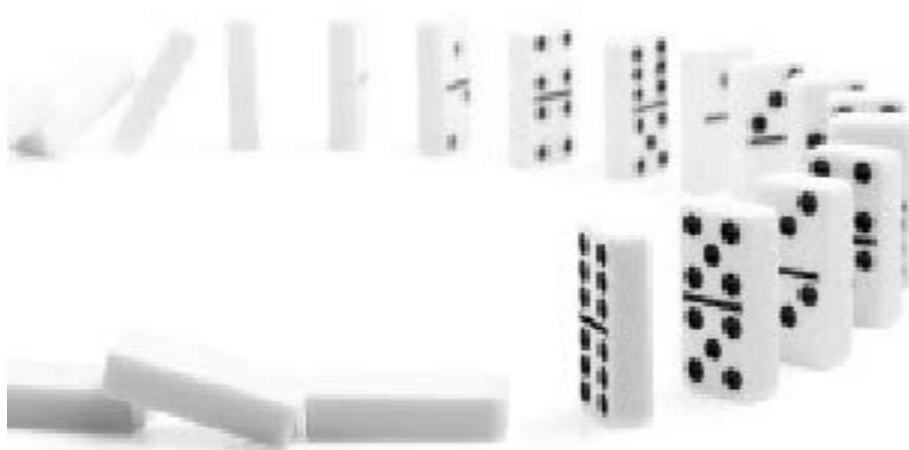
The output from the 2016/17 risk assessment, supported by an increasing focus on the work undertaken to drive our ethical and sustainability standards into our supply chains, led to the following improvements in our compliance practices.

1. In areas of higher geographical risk we have required our businesses to commit to completing pre-audits on all potential suppliers. For example, in our Chinese business, vendors are audited and approved before they can supply to DS Smith.

2. Our central procurement team refreshed the Group's Global Supplier Standard which includes specific obligations on all suppliers to actively manage modern slavery in their supply chains.

Our Comments

Our businesses use a detailed checklist and questionnaire to survey suppliers and where a supplier is non-compliant with local law, we will not engage with the supplier. If the supplier is compliant, but does not meet our standards, we work with them to bring them up to our standards with a corrective action plan.



6. Accountability and Results

We all have a responsibility to be alert to the risks, however small, in our business and in the wider supply chain. Employees are expected to report concerns and management are expected to act upon them. If an issue is identified with a supplier we will work with them to prepare a corrective action plan and resolve all violations within an agreed upon time period. In our revised Global Supplier Standard we reserve the right to terminate our relationship with individuals and organisations in our supply chain if found to be in breach of our Anti-slavery and Human Trafficking Policy.

Our procedures are designed to:

- establish and assess areas of potential risk in our business and supply chains;
- monitor potential risk areas in our business and supply chains;
- reduce the risk of modern slavery and human trafficking occurring in our business and supply chains; and
- provide adequate protection for whistle blowers.

Findings

In the last twelve months our assurance processes have encountered one instance of child labour in a pre-audit of a prospective supplier and we were able to make sure that they did not become a supplier to us. We will generally feedback to the rejected prospective supplier the reasons behind our decision, to address the specific issue.

As we go further down our supply chain, we expect to encounter challenges. This may include the time it takes to map supply chains several tiers down, and the reluctance from entities further down the chain to undertake additional due diligence at the request of a customer several steps removed, and where our purchasing power may be small. We will be tenacious and will continue to work on our approach to address these challenges, report transparently where we find them, and engage in collaborative work to bring more influence to harder to reach areas of our supply chain.

7. Education and Training



Managers at all levels are responsible for ensuring those reporting to them understand and comply with the relevant policies in place and are given proper training on those policies and the issue of modern slavery where it may be relevant to their roles.

During the period we worked with a law firm, Bond Dickinson to provide two online webinars for our Procurement teams and for key members of the management team. The training materials have also been uploaded to our internal intranet site. Going forward any new starters to the procurement team will undergo the webinar training as part of the procurement and on boarding process. We are developing ongoing training materials for refresher courses.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's Slavery and Human Trafficking Statement for the current financial year.

Miles Roberts
Group Chief Executive
September 2017