Redefining Packaging for a Changing World

Sustainability Report 2021
DS Smith at a glance

Our Purpose
Redefining Packaging for a Changing World

Our vision
To be the leading supplier of sustainable packaging solutions

Our Values
We have a clear set of values that we expect all our employees to own and live by

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

Be trusted
We can always be trusted to deliver our promises

Be responsive
We seek new ideas and understanding and are quick to react to opportunities

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

Be tenacious
We get things done

Our strategic goals

To delight our customers
To realise the potential of our people
To lead the way in sustainability
To double our size and profitability

Where we operate
Our corrugated packaging business operates in four geographic segments, three in Europe and one in North America. Recycling and Reprint form an integrated part of our operations.

All of our sites are now integrated in our Group-wide global sustainability programme and all of our recent acquisitions are included in figures reported for this year.

2020/21 Highlights

100%
of our designers trained on our Circular Design Principles

-14%reduction in Lost Time Accidents versus last year

-32%reduction in waste to landfill per tonne of like-for-like paper production versus last year

-14%reduction in Lost Time Accidents versus last year

-23%reduction in CO₂ per tonne of production versus 2015

57biodiversity projects launched in our local communities

-4%reduction in CO₂e per tonne of production versus last year

37.5%female representation on Plc Board

-5%reduction in water abstraction per tonne of like-for-like paper production versus last year

-32%reduction in CO₂e per tonne of production versus last year

Please note: Some of the images in this report were taken before the Covid-19 pandemic and the need for social distancing.
Redefining Packaging for a Changing World

Our Purpose is ‘Redefining Packaging for a Changing World’. It’s our reason for being. It’s why we exist. It captures the value we bring to all our stakeholders and the wider world. We keep an eye on the future and recognise the changing world in which we operate. Towns, cities and entire populations are rapidly transforming. The growth in digital technology is revolutionising the way we shop, live and work. We increasingly expect to purchase products tailored for us, whenever we want them, delivered in a way that fits our busy lifestyles. We want more choice and convenience, but with less impact on the world around us.

We are different because we see the opportunity for packaging to play a powerful role in the world around us. We help our customers respond to changing shopping habits, with sustainable packaging solutions that our society needs. Sustainability and the circular economy sit at the heart of our business and are core to our Purpose. As the pace of change in the world accelerates and consumers demand more of the products and services they buy, there is in parallel an expectation that organisations of all kinds must radically reduce their impact on the natural world. And, wherever possible, create a positive impact for people and planet.

This presents huge opportunities for all of us, but also requires new ways of thinking. How do we deliver more products, without more vehicles making our cities more congested? How do we deliver more to people’s homes, without filling them with excess packaging? How can companies adapt to changing shopping habits, while running their operations smoothly and efficiently? How can we make products available across borders, while ensuring consistency everywhere, every time? There’s a need for a new approach to packaging. And a need for strong leadership in our industry. This is what drives us and why we have a shared purpose of Redefining Packaging for a Changing World.

Circular products are core to our Purpose and therefore constitute the vast majority of our revenues. In 2020/21 £5,928m of our revenues were associated with products which are recyclable or reusable. We have again been awarded the LSE Green Economy Mark, recognising that we derive substantial revenues from environmental solutions.

1. Aligned to the SASB RT-CP-401a.2 metric – refer to p. 68

Learn more about our Purpose
Redefining packaging during the Covid-19 global pandemic

“I am immensely proud of the way we have responded to the outbreak of Covid-19. We pulled together to support each other, strengthening our focus on health, safety and wellbeing whilst ensuring that we continued to serve our customers. This is a testament to the values we have embedded across the business.”

Miles Roberts
Group Chief Executive

Keeping our people safe and our business running
Over the past year, the global Covid-19 pandemic has reshaped many of our lives in ways in which we never previously thought possible. Throughout the pandemic, we collectively worked together to remain steadfast in these challenging times. Our number one priority has been to protect the health and safety of our people, whilst continuing to service the needs of our customers, given the critical role we and the wider packaging industry play across global, national and regional supply chains. Not only is our packaging used to transport and protect food and personal care items and to deliver goods to homes through e-commerce, we also serve the vitally important pharmaceutical sector. It is the continued production of paper and packaging that has allowed these goods to get to where they are most needed and that is why our teams continue to go to work every day to support our customers’ businesses.

As the world around us rapidly changed, we adapted our business and our offering with it.
• We developed essential provisions boxes to support people in lockdown.
• We supported the delivery of the first Covid-19 vaccine safely and securely.
• We partnered with Touchguard to develop virus-resistant surface coatings.
• We manufactured cardboard furniture solutions for hospitals and home offices.
• We supported the community, through donations and over half a million items to help people in need.

CASE STUDY
Delivering the first vaccine in the UK
We played a role in the delivery of the first Covid-19 vaccine, with thousands of our boxes travelling across the United Kingdom, ensuring the safe delivery of the vaccine to hospitals and clinics. Working closely with our customers and supporting safe vaccine transportation, we proudly played a role in this important aspect in the fight against the pandemic.

CASE STUDY
Donating cardboard hospital bedside tables
Under the slogan #WeStopThisVirusTogether, workers at our packaging plant in Madrid played their part by manufacturing 10,000 multipurpose auxiliary tables made from corrugated cardboard. This cardboard furniture does not need to be disinfected or cleaned and can be easily destroyed when no longer needed. The campaign hashtag was printed on the tables as part of their design, conveying a positive message of encouragement for patients.

CASE STUDY
Partnering with the SaluteTheNHS.org campaign effort
We joined the SaluteTheNHS.org campaign effort, developing, manufacturing and delivering boxes to ship personal care packs to frontline NHS staff as the pandemic took hold. The boxes included personal care products donated by Unilever and were delivered to hospitals and isolating frontline workers’ homes. Our team worked around the clock to provide 75,000 boxes at record speed.

CASE STUDY
Distributing essential goods during lockdown
Our packaging plant in Lucca, Italy donated around 300 boxes to help Civil Protection volunteers in Italian municipalities distribute essential goods, ensuring efficient delivery of food to vulnerable people through the donation of recyclable, sustainable cardboard boxes. Our boxes ensured that food was delivered at a time of uncertainty and change.

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Looking beyond the pandemic to what comes next
As we look to the future, we will continue to drive forward with our Purpose to continue ‘Redefining Packaging for a Changing World’. Our Purpose sits at the heart of everything we do and will always be the inspiration behind the strides we take as a business to serve our customers, protect our environment and support our future generations. As the world changes, we will evolve with it, with circularity, digitalisation, innovation and sustainable packaging remaining at the core of our journey.

“From the beginning of the pandemic, we have been reminded of our key worker status and the vital role we play in the UK supply chain. Using our boxes to transport the vaccine to hospitals across the country was a proud moment for us all.”

Chris Murray
UK and Ireland Managing Director, Packaging
Introduction from Miles Roberts, our Group Chief Executive

The past year has seen unprecedented change globally for our customers, our employees and our communities. The need to remain safe has shifted societal outlook and consumer behaviour dramatically, and with many of these trends predicted to remain, we must continue to adapt our supply chains, revolutionise our technology and innovate our products. Through this period of uncertainty, we have remained committed to sustainability. Our Purpose of ‘Redefining Packaging for a Changing World’ has never felt more appropriate.

Increasing our response to climate change

Although we have achieved 29 per cent reduction in CO₂e per tonne of production since 2015, we must go further as climate change continues to affect our lives. I am pleased to announce our commitment to reach Net Zero emissions by 2050 and a science-based target for 2030. Whilst this will drive our work to decarbonise the energy used to power our circular business, this is only part of the solution. How we live our lives and run our businesses, including how we make, consume and dispose of products needs to be challenged, inviting fully renewable and recyclable packaging to play a vitally important role. Therefore, championing the transition to the circular economy is as important as reducing greenhouse gas emissions.

Launching Now and Next

Building on the achievements of the past year, from training 100 per cent of our designers in our Circular Design Principles to implementing water stress mitigation plans at all relevant sites, the launch of our new sustainability strategy, Now and Next, was an important step for us. It creates new opportunities driven by customer innovation and industry collaboration. Our new strategy allows us to move beyond just having a strong circular business model ourselves to delivering more circular solutions for our customers and wider society – replacing problem plastics, taking carbon out of supply chains and providing innovative recycling solutions.

Circularity at the heart

At the heart of our commitment is our circular business model, which ensures that all our designs start with the circular economy in mind. It is why we are trusted by the world’s biggest brands to partner with them to tackle some of the biggest sustainability and circular challenges and respond to consumer demands. As a Strategic Partner of the Ellen MacArthur Foundation, we continue to reinforce our leadership within the packaging industry and work to engage our employees and communities around circularity.

Miles Roberts
Group Chief Executive

Q&A with Adrian Marsh, our Group Finance Director

Sustainability is at the heart of our business. Investors rightly see ESG as integral to a company likely to deliver good financial returns as well as for customers, employees and the wider environment in which we operate. For us, sustainability is a commercial opportunity and growth driver, as we help customers to participate in the circular economy.

How will your sustainability focus drive growth?

Circular packaging is a core growth driver for our business. As a recent Greenpeace investigation highlighted, 688,000 tonnes of plastic waste was exported from the UK to other countries last year. In many cases this plastic waste was dumped or burned in the open air, damaging human health and harming wildlife and the oceans. In contrast, corrugated packaging is a widely recycled alternative to many applications of plastic. We are capitalising on the growing demand for more carbon efficient, circular and sustainable products and packaging, by partnering with customers to develop innovative solutions for these changes and challenges.

How do you align your business to the circular economy?

Our business activities and operations are inherently circular, as we recycle used paper, turn that into packaging, and then collect used corrugated packaging to start the loop again. The fibre we use from forestry assets is sustainably sourced. We are a net-positive recycler as our recycling operations collect more used fibre than we use for our packaging, and we can ensure that the fibre we recover is used responsibly. As such, we embody the circular economy and have done so for many years. I’m pleased that we have been recently awarded the London Stock Exchange’s ‘Green Economy’ mark, recognising that the majority of our revenues are from sustainable products and services.

How do you demonstrate your commitment to sustainability?

We have a very consistent track record of ESG performance and in setting targets for our own environmental footprint, starting in 2010 and culminating in the Now and Next strategy launched in September 2020. We continue to perform very well as measured by third party ESG ratings agencies. This year we have been upgraded by MSCI from an ‘A’ to ‘AA’, the highest grade achieved by any industry peers, been upgraded by ISS ESG from C- to B-, again in the top decile among peers, and once again been listed on the FTSE4Good indices, among other measures. As we look forward in a world where sustainability is becoming ever more important, our commitment to continued progress remains undiminished.

ESG and sustainability ratings

We are highly ranked by a range of respected ESG rating agencies, whose scores are considered by both customers and investors. Through good disclosure, we seek to maximise the recognition of our sustainability actions and strategy by these agencies.

- MSCI: Rated AA
- EcoVadis: Rated Gold
- Circulytics: Rated A
- CDP: Rated B (Climate Change), B (Forests) and A- (Water Security)
- DJSI: Rated S1
- FTSE4Good: Included since 2012
- ISS: Rated Prime B-
- LSE Green Economy mark
- Support the Goals: Rated 4 out of 5 stars
- Sustainalytics: Rated 15.9 ‘Low ESG Risk’
- UN Global Compact: Member since 2013

“...announced our commitment to reach Net Zero emissions by 2050 and a science-based target for 2030.”
Activating the circular economy

The role of packaging in the circular economy

In the traditional economic model, manufacturing firms extract natural resources and process them to create products which are sold to consumers who use and eventually dispose of the product. The circular economy is an opportunity to transition from this ‘take, make, dispose’ model towards a model based on the principles of designing out waste and pollution, keeping products and materials in use and regenerating natural systems.

Designing packaging for the circular economy

We believe that circularity is largely a consequence of the decisions made at the design stage. We have begun to view waste and pollution as design flaws, rather than an inevitable consequence of manufacturing. This begins with the understanding that our customers want packaging that delivers a certain performance depending on the product and supply chain. We agree and guarantee this performance and then get to work on designing the precise, optimised box using the fewest natural resources possible.

Circular Design Principles

We have 80 Circular Design Principles Champions who are ambassadors of circular design amongst our 700 designers globally. Applying the Principles means we can improve our value proposition for our customers, whilst helping them lower their packaging impact and meet their sustainability targets.

- We protect brands and products
- We use no more materials than necessary
- We design for supply cycle efficiency
- We keep packaging materials in use
- We design for reusability & recyclability
- We design for disassembly
- We consider product recycling
- We reduce shipping waste

Net-positive recycler

During the past year, we collected, sorted, reprocessed, managed or transported c. 6 million tonnes of material for recycling. This is more waste material recycled than the total volume of packaging we sold.

CASE STUDY

Helping our customers to be circular ready

Our customer value proposition summarises the benefits our customers experience from using our products and services. Previously, this was ‘More Sales’, ‘Lower Cost’ and ‘Risk Managed’ and whilst sustainability was already integral to this, for example as lowered costs through eco-efficiency, the addition of a fourth pillar, ‘Circular Ready’ provides a springboard to firmly position ourselves as the leading supplier of circular packaging solutions, reinforcing our circular business model. We believe that this will elevate our innovation credentials as we help more of our customers to embrace the circular economy.

Value proposition

- More Sales: We help our customers generate more sales with the right packaging
- Lower Cost: We help our customers eliminate unnecessary cost
- Risk Managed: We help our customers address risk throughout the supply chain
- Circular Ready: We help our customers with circular packaging solutions

Business models of the future

Our Brands & Experience team launched FuturesProofing, an exciting digital experience for customers to test their business, product and packaging strategy for the future. Alongside our packaging experts, customers explore potential future worlds, from climate scenarios that lead to new eating habits and demand for reusable packaging to deforestation scenarios that lead to more circular flows of materials and energy. Over the coming year, we will invite more customers to join these workshops.

“...continue to see growing demand from customers to design packaging that eliminates plastic and is recyclable, reducing waste. This is driven by consumer demand, which in turn needs to be met by producers and enabled by infrastructure to put the circular economy into action with renewable corrugated packaging.”

Wouter van Tol, Head of Sustainability, Government and Community Affairs
CIRCULAR BUSINESS

Circulating fibre around our business

Every day across Europe and North America we collect waste paper and cardboard for recycling. This provides raw material for our paper mills, where we manufacture 100 per cent recyclable papers. From this we make packaging, using only 100 per cent recycled or chain of custody certified papers. This is the journey from one box to another in 14 days at DS Smith.

How our circular business creates sustainable value

Creating value in forestry and paper manufacturing
- 100 per cent of our papers are recycled or chain of custody certified
- 83 per cent of the papers we use are recycled papers
- Three trees are planted for every tree that is harvested in our supply chain

Creating value in pulping and bleaching
- Mono-material and tape-free pack design reduce the contamination and energy consumption of the pulping process
- We are making our paper waste stream more circular
- We use Total Chlorine Free (TCF) processes in all of our paper mills

Creating value in conversion and packing
- We improve packaging line efficiency with optimised pack designs and real-life testing
- We reduce manual handling through optimised ergonomics

Creating value in retail and use
- Well-designed Shelf-Ready Packaging (SRP) improves the efficiency of transport, storage and replenishment cycles
- Over 98 per cent of our packaging is recyclable or reusable in domestic or commercial waste streams
- We advise on best practice on-pack sustainability communication

Creating value in distribution
- We delight consumers by eliminating empty space void fill whenever possible
- We optimise box size for most efficient product fill, palletisation and on-shelf efficiency - removing lorries from the road and taking carbon emissions out of supply chains whilst reducing customer cost

Create your own value
- Over 700 designers and innovators create circular products
- We optimise every fibre through performance paper specifications
- We optimise ink coverage and minimise trim waste

Our business operations

We solely produce fibre-based corrugated board across our three main operations. Our integrated operations work together in tandem to create a circular loop. We believe that corrugated packaging is the sustainable replacement to single-use and problem plastic packaging and our circular business serves as the gateway for our customers to the circular economy.

Our circular business and the Six Capitals concept

Our circular business is focused on corrugated packaging and supported by upstream paper production and recycled paper collection. We transform various ‘capitals’ sustainably and responsibly to create value for all our stakeholders:

Financial capital: financial health and efficiency
As a FTSE 100 company, we are funded by equity capital from investors, debt from banks and reinvested cash flow. We support the economy through the products we produce and sell, the goods and services we buy, salaries and taxes we pay and the value we create for our investors.

Human capital: peoples health and wellbeing, safety, skills and experience
We are passionate about working together safely, sharing ideas and exploring new ways to innovate and delight our customers in a modern, diverse and engaged workforce where everyone has the opportunity to realise their potential.

Intellectual capital: knowledge, systems and processes
Our business runs on the expertise of not only our people, but also the systems and processes that keep us running. From R&D to engineering solutions in our factories, our knowledge is used to develop cutting-edge solutions in response to the greatest challenges.

Manufactured capital: machinery, offices and IT
We recycle wastepaper to produce recycled paper and packaging which is then reprocessed in a circular loop using the machinery and infrastructure to power this process. We also generate and export electricity from these operations that powers homes and businesses.

Natural capital: resources we rely on from the environment
We rely on the natural world to provide fresh fibre, sourced from sustainably managed forests to supplement recycled waste that feeds our paper mills. We use water to produce steam and transport fibre throughout our manufacturing processes.

Social capital: relationships, reputation and trust
The relationships we have with our stakeholders help us achieve our Purpose of Redefining Packaging for a Changing World. We are active in our communities and work with governments and non-governmental organisations to accelerate the transition to a circular economy.

CASE STUDY
A closed-loop model for Laitthwaltes

With Laitthwaltes Wine, the UK’s No.1 destination for buying wine online, we demonstrated a fully traceable closed-loop model for their cardboard arriving at their distribution centre. We can close the loop on over 1,000 tonnes of cardboard packaging, ensuring materials are kept in the supply cycle for as long as possible and that maximum value is obtained. As well as removing plastic, our redesigned packaging offers protection from all the jolts and impacts of the courier delivery network.
Partnering with the world’s leading authority on the circular economy

We became a Strategic Partner of the Ellen MacArthur Foundation because we wanted a partner to challenge us, help us drive design and innovation and further embed circular economy thinking into our business in new ways.

In the second year of our partnership, we...
- Collaborated on the development and roll-out of key innovation projects for our customers;
- Co-created content for circular economy training and engagement for our people and others;
- Co-hosted virtual events on circular design and circular economy, engaging our customers and suppliers;
- Contributed to the development of key workstreams at the Foundation, from circular economy policy goals to the development of Circulytics, the most comprehensive circularity measurement tool for companies.

The timeline below includes some of the highlights from the second year of our strategic partnership with the Ellen MacArthur Foundation.

Scaling the adoption of innovative circular customer solutions

Since becoming a Strategic Partner of The Foundation almost two years ago, DS Smith has been an active voice in our network, particularly by taking a leading role in the adoption of circular design and circular economy measurement.

On design, DS Smith has set ambitious goals, establishing and adopting circular design guidelines, training over 700 of its Designers and Innovators in circular design methods, and embedding circular economy curriculum in its core training programmes - which has been inspiring to see.

DS Smith has also led the way through their participation in the development and adoption of The Foundation’s Circulytics measurement tool, using it to both track adoption of circular economy solutions internally and more widely across their value chain as a tool to engage with suppliers.

We are pleased to be partnering with DS Smith in their ongoing and ambitious efforts to drive development and scale adoption of innovative circular economy customer solutions, and we look forward to their continued leadership as a front-runner in the transition to a circular economy.

Andrew Morlet
CEO, Ellen MacArthur Foundation

Q&A with Alan Potts, Design and Innovation Director

How has the way our designers work transformed over the past year?
We have completed the engagement phase with the whole of our design network and have had a fantastic response. The network is enthusiastic to find a better, more circular way, so it's about empowerment, providing the tools and processes and involving all our colleagues across the business supporting the network to help our customers in their circular transition.

Q&A with Ann-Louise Hancock, Head of Learning and Development

What has been the benefit of working with The Foundation?
Collaborating with The Foundation has given us access to many leading experts in the field of circular economy and the opportunity to connect with other businesses who are on the same journey. We have been able to provide creative, impactful and timely communications and learning and development interventions designed and delivered for our colleagues.

What is coming next for learning and development?
We will be evolving our community interactions, particularly our engagement with schools and universities to educate and attract the next generation to get involved and champion the circular economy.

Q&A with Charlotte Lyon, Head of Communications - Packaging

What has been most exciting this year?
The launch event hosted with The Foundation for the Circular Design Principles brought the benefits and importance of circular design to life, with a lot of interest from our customers and others.

What are you looking forward to next year?
We will take big steps to significantly raise awareness and interest in the circular economy among our customers. With this now at the heart of our value proposition, we will drive the circular packaging innovation agenda so that together we play our part in accelerating the transition to a circular economy.

May 2020: Beginning of our strategic partnership
- Contributed to The Foundation’s Financing the Circular Economy white paper
- Hosted a virtual customer event at our Fordham Impact Centre with The Foundation
- Achieved A- score in Circulytics 2.0 and supported the launch campaign
- Invited a group of suppliers to measure their circularity using Circulytics
- Collaborated on an article on circular design with The Foundation and Isea
- Implemented the Circular Procurement Framework in our Procurement Enablement team

Launched our Circular Design Principles with expert speakers from The Foundation
- Co-signed The Foundation’s ‘Build Better Growth’ Financial Times communication
- Showcased ClimaCell and Hexagon on the Foundation’s Upstream Innovation Guide
- Ran a Circular Design Sprint with Mondi and The Foundation
- Participated in The Foundation’s Summit, with our Group Chief Executive
- Provided circular design examples for The Foundation’s Circular Procurement Framework

April 2021: Planning for Year 3 of our strategic partnership
- Q&A with Alan Potts, Design and Innovation Director
- How has the way our designers work transformed over the past year?
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CASE STUDY
Circular Design Metrics
We developed our Circular Design Metrics to help customers compare the ‘circular readiness’ of different solutions at a glance. As choices tend to conflict, such as renewable materials versus recyclability or recycle versus reuse, this helps customers choose according to their priorities. We begin by recommending the most innovative solutions and then use data to help our customers choose the optimal design and specification. This year, we piloted the metrics with customers, designers and experts from The Foundation and over the coming year we will introduce more customers to the metrics.

CASE STUDY
Measuring circularity with Circulytics®
We’re using Circulytics, the most comprehensive circular economy performance measurement tool for companies, to evaluate our circular business model in greater detail than ever. Going beyond assessing products and material flows, Circulytics reveals the extent circularity is achieved across entire operations. In 2020/21, we scored A-, with strong performance on critical enablers including strategy, innovation, people and skills. There are improvements to be made in how we engage with suppliers on the circular economy. In response, we invited suppliers to use Circulytics to gain insight into how we can more closely collaborate with suppliers on the circular economy (find out more on page 39). As a Circulytics sounding board member, we continue to contribute to the development of the tool.
As we lead the packaging industry and wider society towards the circular economy, we wanted to invite the leading thinkers on this topic into our business to challenge us and to help drive this agenda further, for ourselves and for our customers.

Working closely in partnership with the Ellen MacArthur Foundation is helping us to:

• turbocharge our circular economy design and innovation agenda
• support our customers with their circular economy challenges
• educate our people on the circular economy

The Foundation has played a key role in helping to develop our new Now and Next sustainability strategy. In the spirit of partnership, we also contribute our own expertise and resources, working closely with other members of The Foundation’s network to support many of their priority initiatives.

Over the coming year, the focus of our work together will turn from products to systems as we begin to explore what role new business models, including reuse and e-commerce e-collection, might play in the circular economy.

CASE STUDY
Innovation Sprint with Mondelēz
We invited Mondelēz to a circular economy Innovation Sprint with experts from The Foundation. Over a series of workshops, together we accelerated momentum, engagement and commitment to implementing circular economy principles into packaging design. Guided by trained coaches, participants were organised into multidisciplinary and diverse teams and explored challenges and opportunities as well as future possibilities to accelerate circular economy implementation. The sprint concluded with a business case and roadmap for a selection of new and exciting circular economy initiatives.

CASE STUDY
Universal circular economy policy goals
Alongside other businesses and policy makers, we contributed to The Foundation’s universal circular economy policy goals, which aim to create a common framework for circular economy policy. The policy goals are ‘stimulate design for the circular economy’, ‘manage resources to preserve value’, ‘make the economics work’, ‘invest in innovation, infrastructure and skills’, and ‘collaborate for system change’. We believe that these goals present a significant opportunity to close material loops and prevent natural resources from being lost and continue to advocate for policy that supports the transition to a circular economy.

CASE STUDY
Sharing knowledge and experiences
Over the past year, we contributed our expertise to several white papers and other publications authored by The Foundation, including ‘Financing the Circular Economy’, ‘Upstream Innovation Guide’ and ‘Build Better Growth’. Our partnership with TemperPack, featuring the ClimaCell technology, was showcased as a plant-based insulation material for perishable shipments alongside HexcelWrap, which we are using to reduce storage space and provide superior protection with less overall material use.

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Managing water responsibly
• By 2023, all sites in current or future water stressed areas will have a mitigation plan in place
• By 2025, achieve zero non-conformances with consents to discharge
• By 2030, all paper mills to operate at or below internal benchmark rates for water consumption

Now and Next sustainability strategy
We are focusing on the sustainability challenges we are facing today, as well as those that will impact future generations.

How we contribute to the Sustainable Development Goals
The UN Sustainable Development Goals (UN SDGs) are an ambitious plan to create a better world by 2030.
Although we impact many of the goals, we have identified four that are most relevant to our business and where we can make a significant contribution:

1. Responsible Consumption and Production: We keep materials and resources circular, reducing waste and pollution and protecting natural resources
2. Climate Action: We reduce our emissions to combat climate change and its impacts
3. Life on Land: We minimise our use of sustainably sourced fibre, protecting and restoring ecosystems
4. Decent Work and Economic Growth: We commit to being a responsible employer, underpinning our ethical, labour and employment standards

Now and Next is our sustainability strategy, underpinning our strategic goal to lead the way in sustainability and ensuring our activities deliver long term value to all stakeholders by placing sustainability at the heart of our business.
Now and Next progress

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<td><strong>Closing the loop through better design</strong></td>
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<td>By 2021, we will train 100% of our designers on Circular Design Principles</td>
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<td>By 2023, we will manufacture 100% recyclable or reusable packaging</td>
<td>On track</td>
<td>20-21</td>
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<tr>
<td>By 2030, we aim for all our packaging to be recycled or reused</td>
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<td>By 2030, we will pilot 20 new business models for improving post-consumer waste quality and recycling rates</td>
<td>On track</td>
<td>20-21</td>
</tr>
<tr>
<td><strong>Reducing waste and pollution</strong></td>
<td></td>
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<tr>
<td>By 2025, we will take 1 billion pieces of problem plastics off supermarket shelves</td>
<td>On track</td>
<td>24-25</td>
</tr>
<tr>
<td>By 2025, we will remove 250,000 tonnes from the road</td>
<td>Behind</td>
<td>24-25</td>
</tr>
<tr>
<td>By 2025, we will work with partners to find solutions for hard to recycle packaging</td>
<td>On track</td>
<td>24-25</td>
</tr>
<tr>
<td><strong>Equipping people to lead the transition to a circular economy</strong></td>
<td></td>
<td></td>
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<tr>
<td>By 2025, we will engage 100% of our people on the circular economy</td>
<td>On track</td>
<td>28-29</td>
</tr>
<tr>
<td>By 2030, we will engage 5 million people on the circular economy and circular lifestyles</td>
<td>On track</td>
<td>28-29</td>
</tr>
<tr>
<td><strong>Protecting natural resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By 2021, all of our forests will have forest management certification</td>
<td>Achieved</td>
<td>30-31</td>
</tr>
<tr>
<td>By 2025, we will measure and improve biodiversity in our own forests</td>
<td>Not started</td>
<td>30-31</td>
</tr>
<tr>
<td><strong>Driving carbon reduction</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By 2030, we will reduce our CO₂ per tonne of production by 90% against a 2015 base year</td>
<td>Ahead</td>
<td>32-33</td>
</tr>
<tr>
<td>Maintain that 100% of in-scope sites are ISO 50001 certified each year</td>
<td>Achieved</td>
<td>32-33</td>
</tr>
<tr>
<td><strong>Managing water responsibly</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By 2021, all sites in current or future water stressed areas will have a mitigation plan in place</td>
<td>Achieved</td>
<td>34-35</td>
</tr>
<tr>
<td>By 2025, achieve zero non-conformances with consents to discharge</td>
<td>On track</td>
<td>34-35</td>
</tr>
<tr>
<td>By 2030, all paper mills to operate at or below internal benchmark rates for water consumption</td>
<td>On track</td>
<td>34-35</td>
</tr>
<tr>
<td><strong>Sending zero waste to landfill</strong></td>
<td></td>
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</tr>
<tr>
<td>By 2030, send zero waste to landfill</td>
<td>On track</td>
<td>36-37</td>
</tr>
<tr>
<td><strong>Sourcing sustainably</strong></td>
<td></td>
<td></td>
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<tr>
<td>By 2025, ensure that 100% of our suppliers comply with our sustainability standards</td>
<td>On track</td>
<td>38-39</td>
</tr>
<tr>
<td>Maintain that 100% of the papers we use are recycled or chain of custody certified each year</td>
<td>Achieved</td>
<td>38-39</td>
</tr>
<tr>
<td><strong>Contributing to our communities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By 2025, launch 100 biodiversity projects across Europe and North America</td>
<td>Ahead</td>
<td>40-41</td>
</tr>
<tr>
<td>By 2025, all of our paper mills will run a biodiversity programme in their local community</td>
<td>On track</td>
<td>40-41</td>
</tr>
<tr>
<td>Maintain that 100% of our sites are engaged in community programmes each year</td>
<td>Achieved</td>
<td>40-41</td>
</tr>
<tr>
<td><strong>Promoting human rights</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By 2022, we will conduct a human rights risk assessment</td>
<td>On track</td>
<td>46</td>
</tr>
</tbody>
</table>

“Now and Next moves beyond having a circular business to scaling up circular solutions for our customers and society – replacing problem plastics, taking carbon out of supply chains and providing innovative recycling solutions. I’m proud of the progress we’ve achieved since launching our new sustainability strategy.”

Greg Dawson, Director of Corporate Affairs and Sustainability
Closing the loop through better design

Key figures
$1 trillion cost savings globally from less material use by 2025 (World Economic Forum)
80% of a product’s impact determined at the design stage (European Commission)
25x the average number of times fibre travels around our circular business

Context
As circularity is largely a consequence of design decisions, conscious design that considers the impacts a product has through its entire lifecycle ensures that materials are more likely to be kept in use. At the system-level, how materials flow through the entire economy must be transformed. Designing for circularity leads to solutions that minimise supply chain impact, reducing impact on the planet.

Contribution to the UN SDGs
Better design helps substantially reduce waste generation through prevention, reduction, recycling and reuse.

Performance
100 per cent of our designers trained on circular design
In 2020/21, we achieved our target to train 100 per cent of our designers on the circular economy, ensuring our 700 designers are skilled in building circularity into packaging design for our customers. This means that our designers are now actively applying the Circular Design Principles to hundreds of thousands of new packaging designs. We have trained around 80 Circular Design Principles Champions who act as ambassadors and are accountable for educating their local teams. Kick-started in January by our Group Chief Executive, this blended learning journey has helped our Design and Innovation community become experts in circular design through webinars, workshops, dedicated learning modules and micro-learning modules through our mobile learning platform. The Principles encourage us to think beyond our circular business model and look for new ways to keep value in circular packaging solutions for our customers.

Recyclable or reusable packaging
We have progressed well against our target to manufacture 100 per cent recyclable or reusable packaging, a target originally set with a deadline of 2025 but that we have brought forward to 2023, with 99.2 per cent (2019/20: 98 per cent) of the packaging we manufactured in 2020/21 meeting this standard. We continue to pilot substitutes for a small remainder of materials that are presently difficult to recycle, for example wax coatings.

Although there are some commercial challenges such as expense and line speed, initial recyclability tests for alternatives are promising. A significant challenge that we have yet to overcome is increasing customer acceptability of recyclable alternatives and ensuring they are perceived as more advantageous compared to the existing solution. However, we are excited to tackle this by continuing to demonstrate the benefits of circular business models.

Recycled or reused and new business models
Our 2030 goal is to aim for all our packaging to be recycled or reused. Although the European average recycling rate for paper and cardboard is the highest amongst packaging at around 85 per cent (Defra), there is an opportunity to increase this, keeping more material in the loop. We have been calculating a DS Smith-specific recycling rate by modelling material flows with major partners. As this evolves, we are investigating opportunities to trial new business models to collect corrugated waste from households, focussing on the UK initially and then looking to scale in time. As we are at the beginning of this journey, progress over the past year has focused on identifying supply chain data gaps to understand the system-level changes that are needed to measure this reliably.

More information and policies
• Circular Design Principles

Case study
Circular Design Principles
With expert input from the Ellen MacArthur Foundation, we created a set of Circular Design Principles to design better packaging for the circular economy. The five Principles are: ‘we protect brands and products’, ‘we minimise supply chain impact, reducing impact on the planet’. Following these principles will benefit the environment and drive growth for the packaging industry. Learn more on page 8.

Now...

• By 2021, we will train 100% of our designers on Circular Design Principles
• By 2023, we will manufacture 100% recyclable or reusable packaging

Next...

• By 2030, we aim for all our packaging to be recycled or reused
• By 2030, we will pilot new business models for improving post-consumer waste quality and recycling rates

Next steps:
• Close the remaining gap to achieve 100% recyclable or reusable packaging
• Build circular design into new starter induction to maintain that 100% of designers are trained
• Pilot a ‘light house’ model in Germany for tracking packaging that is recycled or reused

Percentage of total packaging volume (SQM) that is reusable or recyclable (%)
FY20/21 99.2%
FY19/20 98%
FY18/19 97%

1. Recyclable: Recycled in practice and at scale, would be acceptability and processed in paper mills as per CPI recyclability guidelines; Reusable: Packaging designed to accomplish within its life cycle a minimum of two trips or rotations.

Percentage of designers trained on Circular Design Principles in FY2020/21 (%)
Circular packaging: how we’re closing the loop through better design

CASE STUDY
Signify
We helped Signify, a world leader in lighting technology, achieve carbon neutrality with an innovative packaging solution for LED fixtures. The packaging uses ‘end caps’, which are placed on either side of the product, using 76 per cent less material. This enables the products to be stacked, reducing the risk of damage and minimising empty space in the transportation of goods. It is 100 per cent recyclable.

“We are proud to be partnering with Aquapak as part of our strategy in developing fully recyclable packaging alternatives to non-recyclable plastics. Aquapak’s technological advances in novel barrier chemistries combined with our broad range of packaging applications can help us work together to solve many of the most pressing packaging recyclability issues.”

Nick Thompson, Materials Development Director

CASE STUDY
ClimaCell®
With TemperPack, we introduced ClimaCell®, a sustainable thermal insulation barrier for temperature sensitive goods such as meal kits, perishable groceries and medical products. Made from paper and bio-based materials, it can be easily recycled and is the ideal alternative to difficult to recycle expanded polystyrene foam, reducing carbon emissions by around 65 per cent.

Why we focus on circular design
Our customers tell us that they are under pressure to tackle plastic pollution, improve recycling rates and develop circular business models. We are capitalising on the significant economic benefits of the circular economy by embedding circularity into all of our product development so that the environmental impact of our sustainable packaging solutions is reduced throughout the entire life cycle. Circular design criteria are considered in the development of new products and services so that our customers are ready to compete in a circular economy that is regenerative by nature and sustainable in the long term.

CASE STUDY
Koen Pack
We supply Koen Pack with packaging for flowers and plants, facilitating a fully auditable and traceable closed-loop model that turns 100 per cent of Koen Pack’s cardboard recycling back into new boxes in the Netherlands. Nijssen Recycling collects cardboard recycling from Koen Pack’s plant in Amstelveen. We collect this waste and make recycled brown liners at De Hoop mill, which are manufactured into new boxes, providing an efficient solution within a specific local market that cuts costs and unnecessary road miles.

CASE STUDY
Aquapak
We are committed to utilising partnerships and leading industry innovations to develop more sustainable packaging solutions. One such partnership has been developed with Aquapak, an innovative developer of biodegradable polymer. We have conducted a series of trials with combined materials, focusing on performance and recyclability. This includes a range of fibre-based packaging where traditional plastic films can potentially be replaced with Aquapak’s Hydropol™, a biodegradable and water-soluble polymer that will help to improve the recycling process. With a focus on tackling hard to recycle items, this technology will allow for less contamination in the recycling and paper-making process.

“We are committed to utilising partnerships and leading industry innovations to develop more sustainable packaging solutions.”

Nick Thompson, Materials Development Director

CASE STUDY
BrewDog
From the outset of the design process, with BrewDog and Glenhaze, we worked closely together to ensure that 1.5 million cans of beer and over 66,000 advent calendars could be shipped worldwide in protective, sustainable packaging. The solution involved our designers working closely with BrewDog to limit any additional materials and maximise supply chain efficiency, following the Circular Design Principles. BrewDog was able to take to market a sustainable calendar solution that spreads their message of being carbon negative loud and clear.
Reducing waste and pollution

Key figures

- 70% increase in annual waste generated globally by 2050 (World Bank)
- 25% of UK consumer packaging is flexible plastics, yet only 4 per cent is recycled (WRAP)
- 2x expected increase in last mile deliveries in mature markets over coming decade (McKinsey)

Context

We demand packaging to be delivered to our homes in ways that suit our busy lifestyles. There is an opportunity to reduce waste and pollution by replacing common waste, such as plastic, and optimising packaging to reduce the number of delivery vehicles on the road. Circular packaging ensures that waste and pollution are not created in the first place.

Contribution to the UN SDGs

Reducing waste and pollution helps to promote sustainable consumption and production patterns.

Performance

Replacing problem plastics

Plastics are perceived to be the least sustainable form of packaging and we believe that corrugated material is the more sustainable alternative. Our designers have created over 650 designs for hundreds of thousands of products geared towards plastic replacement and in 2020/21 we have accelerated this. In 2020/21, 53.9 million pieces of problem plastics were removed from supply chains and replaced with our corrugated alternatives that can be recycled. Over the coming year, we will continue to do more to accurately capture every unit we replace.

Many of our FMCG customers, particularly major brands and retailers, are moving away from plastics that can be difficult to recycle or are simply rarely recycled owed to a lack of appropriate infrastructure. We are helping our customers reconsider their use of plastics through the entire supply cycle, from replacing plastic sealing tape with self-locking flaps to replacing plastic labels with print direct onto cardboard.

With an average recycling rate across Europe of 85 per cent (FEFCO), corrugated packaging offers additional benefits for brands, such as digital printing and customisation, as well as helping our customers meet their own sustainable packaging goals. We are therefore targeting opportunities for innovation or substitution in retail, such as plastic display trays, fresh produce punnets, shrink wrap and ready meals. We will continue to drive adoption of corrugated replacements amongst our customers, capitalising on the strong approval rate for cardboard compared to plastic amongst consumers.

Removing lorries from the road

We are lessening the impact of transport by developing solutions to remove wasted space in transit and reduce the number of lorries on the road by fitting more packaging into fewer vehicles. In 2020/21, we began to invest in developing the reporting capability within our Value Tool to gather data needed to measure progress against this target. Over the coming year, we aim to increase usage of the Value Tool across the business so that we can accurately measure the impact that our packaging is having in terms of vehicles on our roads at which point we will be able to accurately report our progress on this target. In the long term, we plan to explore new business models for the rise in e-commerce waste, explore innovative alternative materials and offer carbon-neutral packaging.

Finding solutions for ‘hard to recycle’ packaging

As part of the 4evergreen industry alliance, which seeks to increase awareness of the benefits of fibre-based packaging materials in a circular economy, we are driving innovation in recyclability and optimised collection and recycling infrastructures. Coffee cups are a famous example of hard to recycle packaging, typically produced with a polyethylene lining to prevent the hot drink from leaking. Some recycling facilities cannot separate these materials, but after a series of trials at Kemsley paper mill, we have developed the capacity to recycle up to 2.5 billion coffee cups a year. We are continuing to increase our own capabilities, as well as across the industry to find scalable solutions for hard to recycle packaging.

More information and policies

To learn how we are managing the waste generated from our own operations, turn to pages 36-37.

Now...

- By 2025, we will take 1 billion pieces of problem plastics off supermarket shelves
- By 2025, we will remove 250,000 lorries from the road

Next...

- By 2025, we will work with partners to find solutions for hard to recycle packaging

Number of pieces of problem plastics removed

FY20/21 53,900,000

Pieces of problem plastic removed

1. Problem plastics: any plastic with a low recycling rate compared to paper and board or not from renewable sources.
2. Lorries removed: lorry movements that equate to 250,000 lorries from either our inbound or our customers’ outbound logistics due to improved load utilisation.
Circular products: how we’re reducing waste and pollution

Replacing problem plastics with corrugated solutions

**CASE STUDY**

**Asda**

As part of Asda’s accelerated target to reduce own brand plastic by 15 per cent by 2021, the retailer is working to make in-store displays more sustainable, cutting down on plastic and non-recyclable materials. We helped Asda find a sustainable alternative for shelf edge label holders that will replace 1 million pieces of unnecessary plastic from its displays this year.

“Removing unnecessary plastic is at the top of our minds and is very important to our customers. This project with DS Smith has enabled us to remove the plastic shelf edge label holder, making it easier for our shipper units to flow through our cardboard recycling stream.”

Lisa Walker, Packaging and Print Specialist at Asda

**CASE STUDY**

**EcoBowl**

Aimed at replacing plastic packaging for frozen chilled and ambient food, EcoBowl consists of a corrugated cardboard tray and a thin plastic skin and lid film. With a light and rigid structure, the amount of material used is reduced to a minimum that can be easily separated for recycling. This solution replaces traditional, unrecyclable polypropylene trays and reduces the amount of plastic used by up to 85 per cent. Because of its excellent barrier properties, we can guarantee equal shelf life when compared to traditional packaging for fresh food.

**CASE STUDY**

**BRRR Box**

We partnered with Vig Pak LLC to develop BRRR Box, a 100 per cent recyclable, biodegradable cooler that incorporates some of the most modern technologies available in cardboard packaging. Named ‘The Official Cooler of Planet Earth’, BRRR Box uses our proprietary Greencoat corrugated moisture-resistant and FDA food contact-safe material to coat its Styrofoam alternative. Unlike typical plastic foam coolers, it is biodegradable.

**CASE STUDY**

**L’Oréal**

L’Oréal Luxe wanted to redesign their e-commerce packaging in a way that would convey sustainability and their premium brand, whilst being cost effective and efficient. Through a series of collaborative workshops, our designers embraced the challenge, developing a physical concept that was laboratory tested to ensure the box could withstand all the challenges of complex supply chains. The solution was a 100 per cent recyclable cardboard solution that reduced void fill usage by 50 per cent and reduced overall corrugated usage by 23 per cent, creating a global box suite with a lesser impact.

**CASE STUDY**

**Delhaize**

We worked with Delhaize Belgium, the leading supermarket chain, to optimise a new box design made from 100 per cent recycled cardboard, which is fully recyclable. As a result of the redesign, a total of 160 tonnes of packaging material will be saved on an annual basis. This also means there will be 32 fewer trucks required in the supply chain and the need for storage space will be reduced by over 1,000 pallets.

**CASE STUDY**

**WD-40**

We collaborated with WD-40 to develop a 100 per cent recyclable shelf construction for the dispensing of spray cans that is easy to erect and fill, providing a safe and secure holder that can be reused before being recycled. Not only does this solution remove over half a million individual pieces of plastic including clip strips, shelf hooks and tags per year, but it also achieved a 22 per cent uplift in outbound pallet utilisation.

### Why we focus on the entire life cycle

Whilst designing a circular product, it is important to consider how the product can be kept in use, including the impacts it will have after it has left our factory. In our circular business, waste paper and cardboard are recycled into new paper from which new circular packaging solutions are made. By being intensely focused on resource efficiency throughout this circular life cycle, we can make improvements to our product that make it more beneficial than less sustainable alternatives. Compared to plastic, cardboard is far more likely to be returned for recycling and we can optimise for logistics in unique supply chains to reduce carbon emissions.

Removing lorries from the road

**CASE STUDY**

**DSSD**

As part of Asda’s accelerated target to reduce own brand plastic by 15 per cent by 2021, the retailer is working to make in-store displays more sustainable, cutting down on plastic and non-recyclable materials. We helped Asda find a sustainable alternative for shelf edge label holders that will replace 1 million pieces of unnecessary plastic from its displays this year.

“Removing unnecessary plastic is at the top of our minds and is very important to our customers. This project with DS Smith has enabled us to remove the plastic shelf edge label holder, making it easier for our shipper units to flow through our cardboard recycling stream.”

Lisa Walker, Packaging and Print Specialist at Asda
Equipping people to lead the transition to a circular economy

Key figures

+700,000

jobs expected to be created in the EU by the circular economy by 2030 (Cambridge Econometrics)

$700 million

predicted annual cost savings for FMCG sector from circularity (Ellen MacArthur Foundation)

€3,000

potential annual cost savings for EU households owed to circular economy by 2030 (Ellen MacArthur Foundation)

Context

Although we are already championing the circular economy, there is an opportunity to go further in embedding circular economy knowledge into our culture. Growing awareness, skills and commitment to action are key to enabling our people to own the circular economy. We are taking our expertise into our communities so that the next generation is empowered to live more circular lifestyles.

Contribution to the UN SDGs

Increasing knowledge and skills on circular economy helps to promote sustainable development.

Performance

So that all of our people are equipped with the knowledge and skills to lead the transition to a circular economy, we are providing tailored circular economy training to our people in partnership with experts at the Ellen MacArthur Foundation and the University of Exeter Business School Centre for Circular Economy.

Developing our knowledge of the circular economy

In 2020/21, we focused on building the foundations of our programme, targeting employees in roles with a significant impact. This year, 10% per cent of our initial target audience (c. 2,500 employees in design, senior management and leadership, graduate and procurement roles) have completed formal circular economy training programmes and accessed our wealth of learning materials which are available to all. So far, we have reached 9% per cent of our employees overall. In early April we began to engage sales and marketing teams as we continue to extend learning opportunities to eventually reach all our colleagues.

The Ellen MacArthur Foundation Circular Economy Masterclass, delivered by the University of Exeter is a six week online course which has been provided to 57% of our senior leaders and others so far, who are able to make a significant impact. This is an opportunity to connect and learn directly from leading experts in the field of circular economy and enables participants to develop skills to drive the circular economy.

In small project teams, colleagues gained practical knowledge and skills required to implement innovative circular economy projects, with programme content based on the latest circular economy research findings and practitioner insights, including learning from case studies of other innovative organisations.

In 2020/21, we engaged over 519,000 people on the circular economy, and the University of Exeter Business School Centre for Circular Economy.

“...stellar engagement...”

Sustainability Report 2021
dssmith.com/sustainability
Protecting natural resources

Key figures

3x planet Earths needed by 2050 to continue consuming resources at today’s levels (UN)

2x estimated increase in global consumption of materials over next 40 years (OECD)

1,500 football pitches equivalent daily forest growth in Europe between 2005-15 (Two Sides)

Context

Forestry provides biodiverse natural habitats, recreational value and carbon storage to tackle climate change. By using only recycled fibres wherever we can and optimising fibre consumption for every pack, we can minimise our reliance on fresh fibres from the natural environment. We use only chain of custody certified papers and 100 per cent of our sites are FSC certified.

Contribution to the UN SDGs

Protecting natural resources contributes to conservation, restoration and sustainable use of ecosystems and their services, in particular forests.

Performance

In 2020/21, fibre use in almost a quarter of new packaging solutions was fully optimised for individual supply chains. Our leading packaging performance programme, PACE (Performance, Assurance, Consistency and Environment), continues to optimise pack designs that reduce fibre use, ensuring that whilst we use recycled fibre where we can, virgin fibre consumption is minimised as far as practicable. We work closely to understand the supply chains through which our packaging travels so that our solutions always meet performance requirements. By understanding our customers’ supply cycles end to end, and by collecting valuable data at each touchpoint, we can accurately predict the required packaging performance targets.

With our design and innovation expertise and the use of our prediction tool, the accuracy of which improves with the more supply chain data we obtain, we can find the right materials and structure combinations to meet the required performance targets using no more material than necessary. The effective use of materials that are regenerative and recyclable and the avoidance of over-specification enables us to help save natural resources and reduce unnecessary waste. Fibre optimisation not only results in a leaner finished product but also lesser impact overall, as transporting fewer fibres through the production process requires less water and energy. There is therefore a significant opportunity to increase this figure over the coming year as we optimise new packaging solutions for unique supply chains.

With recent challenges concerning the collection of waste paper and cardboard due to changes in how packaging is consumed in today’s world, proactively driving optimisation across our entire customer portfolio remains a priority. Over the coming year, we will continue to optimise fibre use in more packaging solutions.

Next steps:

• Maintain FSC certification at 100% of our sites1
• By 2021, all of our forests will have forest management certification
• By 2025, we will optimise fibre use for individual supply chains in 100% of our new packaging solutions

Percentage of fibre use for individual supply chains optimised (%) FY20/21 23%

Next steps:

• Continue to optimise fibre use in more packaging solutions
• Maintain 100% site FSC and forest management certifications
• Begin identifying appropriate methodologies to measure biodiversity in our own forests

CASE STUDY

ParcelLive

In partnership with Hanhaa, we trialled ParcelLive, enabling real-time visibility into packaging performance as it travels through global supply chains. The advanced multi-sensory tracker travels within packaging to continuously record real-time data linked to supply chain conditions, such as temperature, humidity, location, and even if the parcel is dropped, tilted or opened. This enables real-time monitoring of supply chain conditions, allowing for subtle changes to further optimise and tailor packaging specifications with the potential to reduce fibre use.

Now... Next...

Now

• Maintain FSC certification at 100% of our sites1
• By 2021, all of our forests will have forest management certification
• By 2025, we will optimise fibre use for individual supply chains in 100% of our new packaging solutions

Next

• By 2025, we will measure and improve biodiversity in our own forests
• By 2030, we aim to optimise every fibre for every supply chain

Percentage of our forests with forest management certification in 2020 (%) 100% Certified forests

1. In-scope sites include Packaging, Paper and Paper Sourcing sites that trade or manufacture products derived from timber.
Driving carbon reduction

Key figures

1.5°C

-31% reduction in our CO₂e emissions per tonne of production since 2011

> 70% of our emissions are from natural gas, with few alternatives presently available at scale

Context

Decarbonising the economy presents businesses and policymakers with a range of challenges and opportunities, not least for energy-intensive industries such as paper and pulp. Reducing carbon emissions substantially will require a combination of technological development, resource efficiency, renewables deployment and policy change, contingent on break-through technologies in order to mitigate the worse effects of climate change.

Contribution to the UN SDGs

Driving carbon reduction strengthens capacity on climate change mitigation, adaptation and impact reduction.

Performance

We have delivered strong progress against our target, achieving 2.9 per cent (2019: 2.0 per cent) reduction in CO₂e per tonne of production since 2015, demonstrating pace ahead of our plans, driven mostly by investment in energy efficiency and equipment upgrades made at our mills since 2015. Our Group carbon emission intensity for 2020 was 212kg CO₂e/tnsp (2019: 220kg CO₂e/tnsp). This is a reduction of 4 per cent compared to last year on a like-for-like basis, driven by several key projects.

Carbon reduction projects at our paper mills

At Bellécourt Mill, c.27,000 tonnes of carbon has been saved by switching to green electricity produced from renewable sources such as solar, wind, geothermal, biogas, biomass and hydroelectric. Since August 2020, steam generation at Kemsley Mill is powered by the neighbouring Wheelabrator waste-to-energy facility. This facility processes local waste that would otherwise have been sent to landfill to generate power. This has helped reduce the mill’s reliance on fossil fuels, removing c. 8,000 tonnes of carbon per year. At Lucca Mill, a new aeroderivative gas turbine has been installed in partnership with GE Gas Power. This turbine offers higher output and increased efficiency, delivering a 2 per cent increase in efficiency, removing c. 4,000 tonnes of carbon per year. Finally, a new biomass dry line has been installed at Viana Mill, saving c. 3,100 tonnes of carbon per year.

Carbon reduction projects at our packaging plants

At our packaging plants, our LED lighting rollout now has 36,672 lamps installed at 96 sites, saving c.14,000 tonnes of CO₂e per annum. An additional nine sites are under review and if progressed will increase the number of installed lamps to around 40,000. The past year was the first complete year of operation for our state-of-the-art biomass boiler that uses residual low grade timber waste to generate energy to our plant in Vårnäs, Sweden; saving c.2,200 tonnes CO₂e by switching from LPG.

Additionally, new CHP plants have been operational for around one year at Blunham and Fordham. These plants generate electrical power for the sites whilst also harnessing the waste heat for the process, increasing overall efficiency.

Continuously improving energy management

We maintained ISO 50001 certification at 100 per cent of our in-scope sites, continuing to drive energy efficiency.

Committing to Net Zero emissions by 2050

Our recent materiality assessment ranked climate change as a high priority for our stakeholders, who increasingly expect companies to help prevent the worst effects of climate change.

Although we have achieved a reduction of 31 per cent over the past ten years whilst significantly growing our business, we recognise the opportunity to go further and faster. In 2020/21, we challenged consultants to optimise our decarbonisation roadmap. We are pleased to announce our new commitment to a science-based target for 2030, which will require at least a 40% reduction in CO₂e emissions per tonne of production compared to 2019 and to reach Net Zero emissions by 2050. Over the coming months, we will seek validation of our target from the Science-Based Targets initiative (SBTi), paving the way for our circular packaging to play a powerful role in helping brands and consumers reduce their carbon footprint.

More information and policies

- Carbon and Energy Efficiency Policy
- Energy Management System Policy
- CDP Climate Change response

In this report, we are restating our base year and historic carbon emissions following the Greenhouse Gas Protocol. Refer to page 54 for historic emissions, both recalculated and as reported.

Now... Next...

Now

- Maintain that 100% of in-scope sites are ISO 50001 certified each year

<table>
<thead>
<tr>
<th>Percentage in-scope sites ISO 50001 certified (%)</th>
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<tbody>
<tr>
<td>FY20/21</td>
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<tr>
<td>FY19/20</td>
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<tr>
<td>FY18/19</td>
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</tbody>
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Next

- By 2030, reduce our CO₂e emissions by 30% per tonne of production against a 2015 base year

Next steps:

- Start-up short-term projects to reduce emissions that are currently under construction
- Begin a three-year project to install Solar PV across the business
- Secure funding for medium-term projects that are in planning stages

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂e emissions per tonne of production (kg CO₂e/tnsp)</th>
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<tr>
<td>2020</td>
<td>212</td>
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<tr>
<td>2019</td>
<td>220</td>
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<td>2018</td>
<td>229</td>
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<td>2015</td>
<td>274</td>
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1. 2020 212kg CO₂e/tnsp versus 2011 308kg CO₂e/tnsp as published in DS Smith Annual Reports and Accounts 2011.

2. In-scope sites are those sites that collectively account for at least 90 per cent of overall Group energy consumption.
Managing water responsibly

Key figures

- 55% expected increase in global water demand by the middle of the century
- 500 million people likely to live in water stressed areas by 2050 (Stockholm Resilience Centre)
- 75% of the water we withdraw is returned to the natural environment after use

Context

Water is a precious natural resource and the effects of mismanagement can be visible in the form of polluted and empty reservoirs, with significant impacts on communities. Water converts wastepaper back into pulp, removing contaminants and suspending fibres as they pass through the papermaking process. Steam dries paper at paper mills and recovers water that is returned to the natural environment. De Hoop and Lucca use a partial-closed loop to retain the water after use.

Contribution to the UN SDGs

Managing water responsibly improves water quality, efficiency and scarcity, protecting and restoring water ecosystems.

Performance

We continue to focus on three important areas with targets covering water efficiency, water quality and water risk.

Reducing water use through improved efficiency

Although the business has grown in recent years our water consumption has increased in absolute terms, in 2020 water abstraction reduced by 5% per tonne of paper production versus last year on a like-for-like basis, driven by behaviour change and improvements made to our operational processes. Over the year, six of our mills operated at or within our benchmark rates for water consumption, with plans to bring one additional mill per year beneath our benchmark rates, enabling cost savings through improved efficiency.

Improving water quality

We require sites to report non-conformances with consents to discharge monthly, and in the past year we received 21 non-conformances (2019/20: 79), a substantial decrease resulting from stronger monitoring and management. A significant challenge relates to the level of metals (e.g. copper) in discharge caused by commonly used inks. We set up an inks and effluent working group to share knowledge and solutions, with a potential solution to be piloted using centrifugal technology to separate heavy metals from discharge.

Mitigating water stress risk

In the past year we achieved our target “all sites in current or future water stressed areas will have a risk mitigation plan in place”.

Next steps:

- By 2021, all sites in current or future water stressed areas will have a mitigation plan in place.
- By 2025, achieve zero non-conformances with consents to discharge.
- By 2030, all paper mills to operate at or below internal benchmark rates for water consumption.
- Identify more water reduction opportunities to bring more mills beneath the benchmark.
- Repeat the water risk assessment to monitor changes in future likelihood of water stress risk.

Now...

- By 2021, all sites in current or future water stressed areas will have a mitigation plan in place.
- By 2025, achieve zero non-conformances with consents to discharge.
- By 2030, all paper mills to operate at or below internal benchmark rates for water consumption.

Next...

- Identify more water reduction opportunities to bring more mills beneath the benchmark.
- Repeat the water risk assessment to monitor changes in future likelihood of water stress risk.

Now and Next Progress continued
Sending zero waste to landfill

**Key figures**

- 3.4 billion tonnes of global annual waste expected by 2050, up from 2 billion in 2016 (World Bank)
- $1 trillion lost value annually through waste which could be recycled but is not (Accenture)
- 98.3% recycling rate for waste in our Packaging Division, up from 96.7% in 2016

**Context**

Landfills have a direct effect on the climate, impacting ecosystems and wildlife, as well as human health and wellbeing. In an ideal world, only fibre would enter our recycling operations, but the reality is that other materials often end up mixed with papers which must then be removed before papermaking begins. There are opportunities to divert waste from landfill through the circular economy.

**Contribution to the UN SDGs**

Sending zero waste to landfill involves substantially reducing waste generation through prevention, reduction, recycling and reuse.

**Performance**

Furthuring the circular economy, we are actively identifying productive uses for the waste generated in our operations. In the past year, 1,612 kt of waste was generated (2019: 1,301 kt), an increase driven by growth through acquisitions. Of this, 65 per cent of this waste was recycled, 11 per cent used for landspread, 7 per cent was incinerated and 17 per cent landfilled. In 2020, 268 kt (2019: 348 kt, on a like-for-like basis) of waste was sent to landfill. In total, 92 per cent of the waste landfilled was landfilled by our Paper Division.

**Landfill reduction projects at our paper mills**

In 2020, overall waste sent to landfill from our paper mills decreased by 32 per cent per tonne of production compared to last year on a like-for-like basis, driven predominantly by significant improvement at Zarnesti Mill, which achieved zero operational waste to landfill in the past year. Aschaffenburg, De Hoop and Witzenhausen paper mills sent zero waste to landfill during the past year. At the remaining mills, we are developing innovative, circular solutions for waste. For example, Lucca Mill reduced its landfill by 62 per cent compared to last year owed to reducing rejects and utilising sludge to produce bricks. Pazardzhik Mill diverted landfill waste party to biogas and compost production, a reduction of 62 per cent compared to last year. Riceboro Mill reduced landfill by 24 per cent through landspread.

**Landfill reduction projects at our packaging plants**

Only 1.1 per cent of the waste generated by our Packaging Division remains to be diverted from landfill. This year, we undertook a project to identify common sources of landfilled waste and held a series of workshops to train sites on new waste reduction, reuse and recycle opportunities, leading to a 13 per cent reduction. A common source of landfill waste in the Packaging Division is ink-derived sludge or cake from waste water treatment plants. There may be optimisations we are able to make to address this, and over the coming year we will focus on sharing best practices between our sites to manage this issue.

**Now and Next**

**Now...**

- By 2030, we will send zero waste to landfill

**Next...**

- Deliver landfill reduction through key projects and new contracts coming online next year
- Begin optimisation of waste water treatment plants to reduce Packaging Division landfill
- Improve the quality of waste data collected from our recycling depots

**Now and Next Progress**

- **Total waste sent to landfill (kt)**
  - 2020: 268
  - 2019: 348
  - 2018: 199
  - 2017: 118
  - 2016: 97

**Waste destinations in 2020 (%)**

- Recycling
- Landfill
- Incineration
- Landspread

**More information and policies**

- Zero Waste to Landfill Policy

**CASE STUDY: Riceboro Mill**

Riceboro Mill in Georgia USA partnered with a soil producer to reuse hundreds of tonnes of wood ash, a mineral-rich by-product of the mills on-site energy generation process that can be used to improve soil health.

**CASE STUDY: Zarnesti Mill**

Zarnesti is an example of a recent acquisition with lower environmental standards that caused a significant increase in our landfill figures when it came into our business. We have been able to deliver rapid improvements as part of our integration process.
Sourcing sustainably

Key figures

- 90% of environmental impact in consumer-packaged goods is in the supply chain (McKinsey)
- 5.5x average size of supply chain emissions versus typical company direct operations (CDP)
- 200 million hectares of forest certified to FSC standards across the world (FSC)

Performance

Setting standards and evaluating risk

We require our suppliers to agree to the standards set out in our Global Supplier Standard (GSS) in FY20/21. 100 per cent (2019/20: 74 per cent) of our strategic suppliers and 45 per cent (2019/20: 11 per cent) of our suppliers overall agreed to support, comply and engage with our standards, with plans in place to engage with the remaining 55 per cent to achieve 100 per cent acceptance by 2025. We use EcoVadis IQ to apply predictive intelligence to monitor supply chain risk. This tool enables us to identify suppliers, countries and categories that potentially pose risk within our supply chain and address the risk appropriately.

Assessing suppliers and helping them improve

We assess supplier sustainability, involving 100 per cent of our strategic suppliers in our programme so far. We proactively share scorecards with suppliers, developing Corrective Action Plans to address weaknesses on environmental, labour, human rights and ethical issues. This provides a clear view of the challenges and opportunities within our supply chain, allowing us to choose not to buy from suppliers whose performance is deemed inadequate.

Certified paper sourcing

We achieved our target to source 100 per cent recycled or chain of custody certified papers in 2019/20 and continue to challenge paper suppliers to produce chain of custody certification for all papers purchased as a standard business practice. With regular checks in place, we can offer our customers confidence that their packaging is produced responsibly, enabling them to communicate their responsible sourcing credentials and meet their own commitments to zero deforestation. In 2020/21, we integrated our North American business into this standard and following checks, we stopped purchasing from two suppliers who were unable to provide chain of custody certified papers. We continue to apply a ban on fibre from 12 high-risk countries.

Further information and policies

- Global Supplier Standard (GSS)
- Sustainable Forest Management and Fibre Sourcing Policy
- CDP Forests response

Now...

- Maintain that 100% of the papers we use are recycled or chain of custody certified each year

Next...

- By 2025, ensure that 100% of our suppliers comply with our sustainability standards
- Improve collaboration and engagement with suppliers on the circular economy

| Percentage of papers used that are recycled or chain of custody certified (%) |
|-----------------------------|-----------------|-----------------|-----------------|
| FY20/21                     | 100%            | FY19/20         | 100%            |
| FY18/19                     | 99%             | FY17/18         | 97%             |

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CASE STUDY

Spare parts

In some circumstances, sourcing sustainably may involve not sourcing at all but rather engaging the circular economy to obtain more value from the things we already own. This year, we adopted a spare parts inventory whereby sites can share stock, ensuring that obsolete or excess inventory such as motors, pumps and electrical components do not go to waste.

“This project helps us function sustainably, efficiently and reduce working capital by applying circular thinking beyond our business model and through our operations.” - Andrea Morselli, Category Manager

CASE STUDY

Circular suppliers

Having trained our Procurement team to become Circular Procurement Champions, in January 2021 we became the first company to involve suppliers in Circulytics (turn to page 13), inviting suppliers to assess their readiness for the circular economy. A group of strategic suppliers used Circulytics and shared their results to understand challenges and opportunities for circularity in our supply chain.

Context

Increasingly complex global supply chains are where many of the greatest impacts occur for most businesses. We can improve the resiliency of our supply chain by collaborating with suppliers through the products and services we buy. We assess the sustainability of our suppliers and help them to improve so that we can work together to deliver progress on sustainability.

Contribution to the UN SDGs

Sourcing sustainably involves protecting labour rights and promoting safe and secure working environments.

Now and Next Progress Continued

Next steps:

- Increase the number of suppliers who have agreed to our Global Supplier Standard (GSS)
- Improve collaboration and engagement with suppliers on the circular economy

| Percentage of suppliers agreed to our global sustainability standards (%) |
|-----------------------------|-----------------|-----------------|-----------------|
| FY20/21                     | 45%             | FY19/20         | 11%             |
| FY18/19                     | 2%              |
| Percentage of suppliers agreed to Global Supplier Standard |

1. Chain of custody certified to the ‘controlled wood’ standard as a minimum
2. An annual internal audit, taking place in the fourth quarter of every year to ensure that all paper purchased is recycled or chain of custody certified
Contributing to our communities

Key figures

- 77% of people consider volunteering essential to employee well-being (Forbes)
- ¾ of purchasing decisions are influenced by a company’s charitable giving (Mintel)
- 100% of our sites engaged in community activities during 2020/21

Context

Increasingly, there is an expectation that companies give to their communities. Throughout the global pandemic, in addition to our usual community activities, we have grown closer to our communities, supporting them to meet the challenges presented by Covid-19 and maintaining that 100 per cent of our sites’ engaged in community activities.

Contribution to the UN SDGs

The majority of our community projects are focused on inspiring the next generation through circular lifestyles and protecting our environment through biodiversity.

Performance

In 2020/21, 57 projects to improve biodiversity were funded by the DS Smith Charitable Foundation, with a further 47 projects under consideration, from wildflower meadows and community gardens to bug hotels and ponds. This places us substantially ahead of our ambition to launch 100 projects by 2025. Over the past year, three mills have launched multi-year biodiversity programmes with a further two at the planning stage. Aschaffenburg Mill is aiming to grow wild plant species and significantly improve soil quality at the site, attracting butterflies and bees. At Kemsley Mill, a wildflower meadow and a variety of educational initiatives are being planned. These programmes will improve the environment for plants and animals, protect natural habitats and enhance species diversity. Over the next year, we will continue to fund new biodiversity projects and programmes.

Now and Next Progress

NOW AND NEXT PROGRESS CONTINUED
Caring for our people

Key figures

88% of millennials want to work for companies with a purpose and shared values (PwC)
76% of job seekers consider diversity an important factor when evaluating jobs (Glassdoor)
37.5% female representation on DS Smith Plc Board as of 30 April 2021

Context
People expect varied and fulfilling careers in a workplace that is modern, diverse, motivating and engaging, where everybody can realise their potential. As an employer of c. 29,000 people across Europe and North America, we create a workplace that people are proud of, ensuring the health and safety and wellbeing of all and a commitment to building capability for the future.

Contribution to the UN SDGs
By caring for our people, we provide equal pay for work of equal value in a safe and productive working environment.

Health and safety
We are ambitious about health and safety with a focus on continual improvement and high standards to achieve our target of zero harm. Our vision is to provide a working environment and culture where our people actively engage in our drive to continuous health and safety excellence. The campaign for zero harm focuses on our four main strategic goals: leadership, engagement, processes and culture.

Our successful health and safety onboarding programme has continued this year, albeit virtually, inducting all new and promoted site managers into the behaviours and mindsets required to perform as health and safety leaders.

Our new proactive internal KPI, the health and safety engagement rate (measuring the number of near misses/safety observations per person), has increased significantly this year by 15 per cent. This reflects engagement with seeing and raising health and safety standards.

We completed a Group-wide auditing process this year which resulted in an overall audit score increase of 8 per cent.

We are pleased with the progress all sites are making to meet our very high standards and in 2021/22 we will continue to develop our Group-wide minimum standards.

We firmly believe that we are building the foundations to drive the change in our culture. This year we celebrated 246 sites with zero accidents.

For further commentary and explanation of our health and safety performance, refer to DS Smith Annual Report 2021.

Additional health and safety metrics can be found on page 57.

Health and wellbeing
The changing world, with restrictions and lockdowns has meant increased demands on physical and mental wellbeing. This year we refreshed and consolidated our health and wellbeing strategy, incorporating best practice from internal and external benchmarking. Our new framework is designed to build positive healthy working environments enabling our people to thrive and perform sustainably, focusing on four key areas:
• Taking The Lead - Encouraging everyone to visibly and demonstrably set the example and champion health and wellbeing
• Learning & Development - Providing knowledge and information to empower people to take ownership of their physical and mental well-being
• Engagement - Working together, involving and including all our colleagues to continuously improve health and well-being
• Toolkits - Providing best practice tools to inspire and motivate positive and healthy people and workplaces

Formal implementation of the strategy is due in 2021/22.
Diversity and inclusion

For us, inclusion starts with the belief that everyone, regardless of background, is valued, respected and has the opportunity to flourish. Over the past year we have delivered the actions in our diversity and inclusion plan, building awareness and ownership and embedding the principles of inclusion and diversity in all aspects of our people policies and practices. Recognising that meaningful change starts at the top, we developed an inclusive leadership virtual workshop built around a simple but powerful framework of ‘Courage, Curiosity and Trust’. Over 100 of our leaders have participated so far and they now form an internationally and culturally diverse alumni group who are extending the principles into their teams.

As a global business, diversity and inclusion challenges differ between our regions. We established a diversity and inclusion forum with broad representation to build the inclusive networks and local action plans that will have the greatest positive impact for our people and the communities they serve. The UK leadership team hosted roundtable events with external speakers, sharing insights and ideas on a range of diversity and inclusion topics. From celebrating Black History Month with our US team to hosting a range of events and activities on International Women’s Day, colleagues are taking the lead on inclusion. The coming year will see us increasingly connecting our work across inclusion and wellbeing as both are at the heart of a sustainable healthy workplace.

Gender diversity

It has been historically challenging to attract women into our industry, but we are determined to make progress. As a result of our targeted actions on graduate recruitment 2020 saw us achieve gender parity in our graduate offers. We are a corporate member of the WISE (Women In Science and Engineering) campaign that promotes opportunities for women in STEM careers and are working with our recruitment team to reach a broader audience, showcasing our female talent and demonstrating the diversity of opportunities available across the business. We are currently ranked 4th in our industry sector (general industrial) for Board diversity, with 37.5 per cent women on the plc Board. For gender pay gap reporting we choose to report not only on the UK legal entities where headcount is above 250, but on the UK total figures to provide a comprehensive view. This year the median gender pay gap was 3.5 per cent (2019: 4.7 per cent) whilst the mean gender pay gap was 6.2 per cent (2019: 6.7 per cent).

Employee engagement

By giving all employees a voice, we create the opportunity to improve their work experience and to work for DS Smith. During the year, responding to the need to support and engage colleagues working remotely we deployed a real-time pulse survey in which nearly 3,500 colleagues participated. Feedback told us that they felt supported by their managers and had confidence their safety was being prioritised but there was more we could do to help them manage some of the challenges of remote working. The findings directly influenced the immediate response locally and are now shaping new ways of working that support greater flexibility, working in remote teams and staying connected with colleagues as well as informing our new health and wellbeing strategy.

Leadership and management during the pandemic

My manager has been supportive of my efforts to adapt to new ways of working

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Senior leadership has made the right decisions during the pandemic

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Senior leadership has been considerate of wellbeing and safety

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The Smithies

In 2020 we launched a global recognition programme - The Smithies - to recognise and celebrate individuals and teams who go above and beyond and excel at what they do - our hidden gems of DS Smith. The first Smithies event was held virtually in September recognising 28 finalists and seven winners, watched by thousands of employees across the world. In a post-event poll, 99 per cent said they were more inspired to recognise their colleagues.

Talent development

Access to development opportunities remains a core priority and during 2020/21 our learning and development community rose to the challenge to continue to increase the range and accessibility of the learning offer. Covid-19 challenged us to reconsider how we deliver learning, and we accelerated our move to providing more blended solutions using virtual learning, immersive learning and e-learning. We are committed to our learning and development strategy which is to:

- Deliver a sustainable, accessible and measurable learning and development proposition
- Have a model of learning that blends structured learning with workplace application
- Provide colleagues with support and accountability for their own development
- Prioritise our interventions to ensure we can focus on the skills and capabilities that will contribute to the future growth of our business

We are achieving this through online learning and resources as well as curated content on core management and leadership skills and dedicated professional development content for functional and specialist colleagues. Our Global Leadership Programme and Aspire Programmes, in partnership with Oxford Said Business School, were moved successfully to virtual delivery over the past year and our internal ‘Fundamentals of First Line Management’ programme was also rapidly redesigned for virtual delivery by our team of 50 in-house trainers, reaching 3,000 managers by the end of 2020/21. Finally, webinars and other resources have covered content as diverse as boundary management – juggling home and work-life, parenting, mindfulness and wellbeing.

Enabling our managers

Having capable managers who enable our people to thrive and perform at their best is a core pillar of our strategic goal, to realise the potential of our people. Our Group values and management standards provide clarity around expectations and consistency in our management practices across the Group. During 2020/21 we launched our refreshed and simplified standards with four core standards on health, safety and environment, customer, team management and our focus on continuous improvement - ‘the DS Smith Way’. The standards are embedded in our performance management approach and underpinned with guidance and training to bring them to life.

More information and policies

- Diversity and Inclusion Policy
- UK Gender Pay Reporting

The Aspire programme helped me grow confidence in my leadership skills with new perspectives learned from colleagues across the business.”

Marina Wimmer, Head of Commercial Finance, Austria.

“Talent development

Average hours of training and development per FTE

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Conducting business ethically and responsibly

Ethical business conduct and compliance with local, national and international legislation are fundamental to our way of doing business. We have a clear set of values that we expect all our employees to own and live by. These are to be caring, challenging, trusted, responsive and tenacious. Everything we do is aligned to these values.

Code of Conduct
Our Code of Conduct describes expectations that apply to all our employees, providing guidance on our approach to ethical business practices, human and labour rights and the environment. It is made available to employees as part of their induction and has been translated into 27 languages. All employees are encouraged to report suspected misconduct, non-compliance or unethical behaviour.

Freedom of association
It is a fundamental right of employees to have the freedom of association and collective bargaining. In our Code of Conduct, we state that we recognise and respect the rights which employees have under local laws, including, where applicable, the right of employees to collective representation and bargaining. Employees will not be subjected to any detriment because of their involvement in legitimate trade union activities. In 2020/21, c. 85 per cent of our global workforce were covered under collective bargaining agreements. Our European Works Council (EWC) provides a forum for information sharing and consultation. Information about this can be found in DS Smith Annual Report 2021.

Human rights
Our most recent materiality assessment identified human rights as a foundation topic. We are therefore conducting a Human Rights Impact Assessment (HRIA) to identify, understand, assess and ultimately address potential adverse effects of business activities in our supply chain on human rights. In 2020/21, we planned and scoped our HRIA, selected a partner and identified key stakeholders to involve. In 2021/22 we will implement the high-level assessment, which will highlight the parts of our business with the greatest risk to human rights. Following this, clear actions to manage and mitigate these risks will be identified and addressed. In 2020/21, there were no known breaches of human rights, including incidents of violations of the rights of indigenous peoples.

Political donations
No political donations were made in 2020/21 (2019/20: nil). DS Smith has a policy of not making donations to political organisations or independent election candidates or insuring political expenditure anywhere in the world, as defined in the Political Parties, Elections and Referendums Act 2000.

Speak Up!
Our Speak Up! policy is communicated to all employees via our employee handbook. It encourages employees to ask for advice or be their concerns internally about unethical behaviour and explains the various internal grievance channels: reporting via line manager or local HR, internal email address direct to Company Secretary, Speak Up! telephone number or website, or reporting via local representatives of the European Works Council.

Conduct in our own business
We have been an AB Member of Sedex since 2014, as part of our commitment to respect and support human rights. Over 90 of our sites are subject to external audit, 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) core tool and scoring sites as a foundation, covering:
- Labour standards: wages, working hours, children and young employees, freedom of association, non-discrimination, forced labour and human rights
- Health and safety: management, training, emergency and fire safety and worker health
- Environment: management, waste, raw materials, water, energy and pollution
- Business ethics: anti-bribery and anti-corruption

In 2020/21, approximately 94 per cent of our global operations have been assessed via Sedex and 30 per cent via SMETA overall.

Conduct in our supply chain
Suppliers are required to agree to our Global Supplier Standard, which is written into our standard purchasing ‘Terms and Conditions’. We monitor and assess risk and ethical business conduct in our supply chain using EcoVadis. This is described on page 39.

Customer safety
We have a duty to ensure that all our products achieve legal compliance. Within the packaging industry, the most significant product safety impact is in food packaging. This is of utmost importance to us, with FMCG and consumer goods, including food, comprising the majority of our customer base. We actively follow regulatory initiatives to ensure compliance with the most recent laws and standards, work together with our suppliers to select only safe additives and raw materials for our paper mills and packaging sites, manufacture paper and food contact products according to Good Manufacturing Practice (GMP) principles and conduct regular testing of paper purity as part of compliance schemes. In the Packaging Division, 100 per cent of our food contact products are risk assessed before production. We would not knowingly produce a product that does not comply with the applicable laws or poses an unacceptable risk to consumers. In 2020/21, we had zero product safety-related recalls.

Using chemicals safely
Commitment to chemical safety
We are committed to ensuring that our products and operations are safe, and this extends to downstream users of our products, including consumers. We ensure that any chemicals or hazardous substances used in our manufacturing processes are deployed in a manner that minimises risk to people and the environment. Where possible, we are selective in our use of materials, chemicals and substances that may be of human health and/or environmental concern and we substitute or eliminate Substances of Very High Concern (SVHCs) from our manufacturing processes.

Process for identifying substances of concern
We ensure compliance with the Regulation EC 1907/2006 on the Registration, Evaluation, Authorization and Restriction of Chemicals as amended (‘REACH Regulation’) for all personnel involved in the procurement, storage, handling and use of chemicals. This involves monitoring the candidate list of SVHCs to ensure that additions to the list are evaluated with respect to our products. If substances appear on this list, they are identified, and relevant stakeholders are notified where appropriate.

Process for managing substances of concern
Every two years, comprehensive reviews to identify all chemicals stored and used at sites are undertaken. These identify where, and in what quantity SVHCs are present, their purpose, whether they are part of the Company’s product formulation, and whether they can be substituted or eliminated. These are reported to the Group Health, Safety and Environment (HSE) Function to assess potential risks to the environment, health & safety, product safety and legal compliance.

Where possible, efforts are made to substitute or eliminate SVHCs. Where we operate in geographies that are not covered by the REACH Regulation, all management and use of chemicals complies with all applicable local or national regulations in addition to complying with our REACH Policy and the hazardous chemical management standards set by REACH (where these are applicable or possible).

We have also issued this year an internal Health Safety and Environment Minimum Standard for Chemical Safety to support our sites on this topic.

More information and policies
- REACH Policy

Using chemicals safely
As the pace of change in the world around us increases, it is becoming more apparent that we only have limited time in which to act if the world is to avoid the worst effects of climate change. This presents businesses and policymakers with a range of challenges and opportunities, not least for energy-intensive industries such as papermaking. In our circular business, materials are kept in use for longer, which reduces waste and pollution. Energy is used to transform materials as they move through this system in a circular process. Lowering carbon emissions requires a combination of resource efficiency, technological advances, renewable deployment and policy measures, as set out in the CEP 2050 roadmap. We are supportive of the Paris Agreement on climate change, recognising the urgent need to limit the increase in global average temperature to 1.5°C above pre-industrial levels by the end of the century, substantially reducing the impact of climate change. We have implemented the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD), taking the opportunity to evaluate potential financial and strategic implications arising from climate change and develop appropriate responses.

Strategy

Our Purpose is Redefining Packaging for a Changing World, amongst other megatrends, climate change is a force reshaping the world, calling for rapid decarbonisation of the global economy. Consumers demand greater performance from our circular packaging solutions, which reduce emissions through reusability and recyclability. The environmental performance of our packaging is driven largely by energy consumed during manufacture, which exposes the Group to regulation aimed at increasing the cost of greenhouse gas emissions (for example, carbon taxes or Emission Trading Scheme (ETS)). There is therefore an opportunity to minimise our spend on carbon taxes by lowering our emissions through utilisation of renewable energy sources and energy efficiency measures that in turn improve the environmental performance of our product. Our greatest opportunity is to meet the increasing demand for environmental performance in the design, use and disposal of our products, responding to consumer preferences that favour low-impact packaging. Once deployed, our roadmap of carbon reduction investments will increase the long-term resilience of our energy supply, providing reliable, affordable and clean energy, improving the environmental performance of our packaging. In the long term, shifts in market forces and changes in weather patterns have the potential to threaten the supply or cost of raw materials such as timber, paper and starch. There is a chance that without substantial climate action, more disruptive physical risks such as water scarcity take hold. This invites opportunities to reduce reliance on key resources through efficiency and technological measures that reduce operating costs, improve supply chain resilience and our ability to operate under various conditions.

Climate scenario analysis

We applied several peer-reviewed reference scenarios to our business, using the same business activities that we have today and focusing on specific material risk or opportunity. We used a combination of quantitative and qualitative methods in our analysis: preference to quantitative information where good quality, decision-useful data is available from reputable sources. We worked with a leading climate change consultant, who validated our climate scenario analysis findings to date and have recommended that we continue to develop this work to inform our approach to climate change. From these scenarios, we calculated the financial implications of material risks and opportunities as illustrative estimates based on present day costs and in the context given within each scenario. The estimated impacts therefore should be considered in the context of current financial performance and the actual future impact will vary according to prevailing costs and pricing at that time.

Increasing cost of raw materials or threat to supply

Key raw materials (e.g., pulp, recycle or starch) could become more expensive and/or difficult to acquire because of climate change. This could be due to chronic physical production reasons (e.g., extreme variability in weather patterns), raw material price developments (e.g., market disequilibriums) or market discontinuities (e.g., licences for extraction). Aspects of climate change are likely to affect forest growth and productivity, impacting the Pulp & Paper sector. Although our exposure to this market is limited as our packaging is primarily manufactured from recycled fibres (e.g. paper), the prices used by our Packaging Division are from 100 per cent recycled content). Potential future yield losses could drive up the price of virgin fibre and changing input prices may be passed on to us by suppliers and have a subsequent impact on raw materials pricing. Using data from the Global Forest Products Model to assume, for example, that average virgin paper prices increase by 5 per cent by 2030, this could result in an additional cost, which would likely have to be recovered through increasing pricing to our end customers. For example, paper price volatility and security of supply are considered principal risks for the Group and are balanced over the long term by optimising the best fit between paper production, fibre sourcing and packaging demand.

Increasing likelihood of water stress

Competition for limited water resources could increase in the long term in river basins. Using the WRI Aqueduct tool, we identified 25 sites at risk of future water stress and in 2020/21 we achieved our target to implement a water stress mitigation plan at these sites. This involves business continuity plans and buildings to improve water efficiency and by 2030, all sites maintain contact with external stakeholders (e.g., water authority and community). We are implementing water, reduce, reuse and recycle opportunities, for example at our De Hoop and Lucilla Mills, where water is recycled it is returned to the river. In the IPC RCP 8.5 IPCC scenario, the worst-case scenario suggests that ten further sites could be degraded by 2030-40. The implications are that we will have to make sure our sites are not only resilient, but we are proactive in our engagement with policymakers to contribute to realising this opportunity.

Quantifying our climate risks

In 2020, we paid €39 million to the scheme. The free-issued allowances are being reduced whilst the price of additional allowances is increasing, therefore increasing the cost of additional allowances. There is a risk that by 2030 the price could increase, for example, from €50 to 110 per tonne of carbon which were this to happen could result in an annual cost of €60 million by 2030, depending on the allocation of free allowances. There is the possibility that the scheme could be extended or that new carbon taxes could be introduced in other parts of the world to incentivise decarbonisation. For example, the IEA ETP 2°C scenario describes the introduction of a North American carbon tax rising to $162 per tonne by 2030. If the price of carbon were to increase by market mechanisms (e.g., efficiency or market disequilibriums), this could result in an additional cost of c. €9 million annually by 2030.

Use of emerging renewable technologies

In order to avoid the worst consequences of climate change, the global energy system must radically reduce emissions, calling for rapid deployment of low-carbon energy generation. Delivering our carbon reduction target requires a mixture of energy efficiency, fuel-switching and innovation measures. As energy systems and technologies evolve, there is an opportunity to be at the forefront of adoption, for example increasing the use of emerging renewable and bioenergy technologies, increasing the use of imports of low-carbon fuels. In the IEA SDS 1.5°C scenario, energy use in the pulp and paper sector is described as declining by 0.6 per cent per year to get on track with the Sustainable Development Scenario (SDS) by 2050. A reduction in energy consumption results in a lesser cost, an opportunity that could be valued at c. €16 million per year by 2030 based on current energy costs. An example of realising this opportunity is at our Luca Mill, where in 2020/21 in partnership with GE Power, we deployed new a gas turbine which resulted in a 2 per cent improvement in efficiency, reducing gas consumption and carbon emissions per tonne of product.

Increasing resource efficiency

We can achieve greater resource efficiency by encouraging markets to improve recycling infrastructure, including increasing waste segregation to create raw material streams that are cleaner and require less processing. Access to high quality wastepaper for recycling means less processing (therefore less energy and water consumption) and less volume of recycled material overall, which generates cost savings for our papermaking operations. We continue to advocate for separate collection of paper and cardboards/recyclables to reduce the risk of contamination, increasing recycling rates, lowering environmental impact and cost for local authorities as part of our engagement with policymakers to contribute to realising this opportunity.

Summary of our climate scenario analysis

The climate scenario analysis suggests that there could be some financial risk to DS Smith by 2030 and potentially due to increased costs which would need to be managed, we would not have the inorganic growth we envisaged in our model. There are also some financial risk to DS Smith by 2030, predominantly due to increased costs. There is an opportunity to implement a water stress mitigation plan at these sites. This involves business continuity plans and buildings to improve water efficiency and by 2030, all sites maintain contact with external stakeholders (e.g., water authority and community). We are implementing water, reduce, reuse and recycle opportunities, for example at our De Hoop and Lucilla Mills, where water is recycled it is returned to the river. In the IPC RCP 8.5 IPCC scenario, the worst-case scenario suggests that ten further sites could be degraded by 2030-40. The implications are that we will have to make sure our sites are not only resilient, but we are proactive in our engagement with policymakers to contribute to realising this opportunity.

2. IEA Energy Technology Perspectives – Sustainable Development Scenarios: https://www.iea.org/reports/energy-technology-perspectives-sustainable-development-scenarios
3. Intergovernmental Panel on Climate Change Representative Concentration Pathways: https://www.wri.org/resources/data-sets/aqueduct-water-risk-atlas

Source: Sustainability Report 2021 dssmith.com/sustainability 49
Risk management
We undertake regular materiality analysis to ensure our sustainability priorities remain aligned to those of our stakeholders. In our most recent analysis, conducted in late 2019, we consulted stakeholders on a range of climate issues, asking them about their perception of each issue as a risk or opportunity to our sustainability strategy. This assessment, combined with a range of other credible sources (such as Cepi and CDP), is used to evaluate the likelihood of occurrence and the estimated severity of resulting financial or strategic impact over the short term (0-1 year), medium term (1-3 years) and long term (3+ years). Based on this assessment, material risks are evaluated in greater depth, considering our operations, supply chain, stakeholder expectations and regulation. Transition risks are assessed by Group Strategy and Group Sustainability teams, collaborating across multiple functions to develop responses to the financial and strategic implications.

Physical risks are assessed by each Division, supported by the Group Risk and Insurance team, involving other internal stakeholders and drawing on expertise from specialist organisations. Whether to mitigate, transfer or accept a risk is influenced by a range of factors, including but not limited to site location and added value, prioritising strategic locations. Our risk management processes require that our material business risks, including climate risks are graded on a scoring scale from 1 to 6.

Governance
Members of the Board, Audit Committee and Health, Safety, Environment and Sustainability (HSES) Committee maintain oversight of climate risk. Risks are monitored as part of our standard operating processes to ensure that appropriate mitigations are in place and are regularly reviewed by management. Climate issues are assessed by the sustainability leadership team (SUS LT) and HSES Committee when developing strategies and policies. These are reported to executive management on an ongoing basis, providing updates on the delivery of plans. Progress against our targets for addressing climate issues is monitored by the Board and Group Operating Committee (GOC), chaired by the Group Chief Executive. The Board receives periodic updates on risk mitigation methods and progress.

Metrics and targets
We use metrics and targets to report progress to external audiences annually and review performance internally on a monthly basis. We have set a range of targets in our Now and Next sustainability strategy that address climate risk, such as our carbon reduction target (p.32-33) and water stewardship targets (p.34-35). Metrics are used to monitor progress towards these targets, including monitoring metrics such as ‘carbon intensity per tonne of production (kg CO₂e/tonne)’ (p.59) and ‘total water consumption in areas at risk of water stress (%)’ (p.55), in addition to mitigation metrics, such as ‘total energy consumption (GWh)’ (p.53) and ‘sites at risk of current or future water stress with mitigation plans in place (%)’ (p.35). We publish a range of audited non-financial data, including detailed materials, energy and water consumption and carbon emissions that can be found on pages S4-S5. In addition, in recognition of the importance and commitment to sustainability, an ESG underpin has been introduced into the 2021/22 Executive Director annual bonus plan. Further detail can be found in the DS Smith Annual Report 2021.

More information and policies
• CDP Climate Change response
• DS Smith Annual Report 2021
Our basis for sustainability reporting

We use sustainability reporting to communicate a balanced account of our strategy performance, governance, risks and opportunities to our stakeholders.

Recalculation and restatement of data
Following Greenhouse Gas Protocol guidance and our Group Sustainability Data and Reporting Policy, which sets out our standards for collecting, managing and disclosing non-financial information, we are now retrospectively including estimations of emissions from acquisitions in our base year and historical years. This enables meaningful comparison of emissions on a like-for-like basis over a long period. Both recalculated and reported emissions are disclosed on page 54.

Reporting boundaries
Reporting is based on a financial control boundary covering 249 sites. This includes 17 paper mills, 194 packaging plants, 30 recycling depots, 1 timber mill, 3 warehouses and 4 logistics depots operating in 30 countries across Europe and North America.

Reporting period
This period is FY2020/21 (May ‘20 – Apr ‘21) with the exception of the environmental KPIs which are reported on a calendar year basis (2020) to accommodate our audit programme.

Changes in this reporting period
Our Euro-Pac acquisition is included in our reporting for the first time. There is also the addition of one new site, Papillon Füzesabony, which began reporting in September 2020. We have consolidated our North American Packaging sites into the ‘Packaging figures and North American Paper sites into the ‘Paper’ figures. We have continued to develop methodologies to follow The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Scope 3) Accounting and Reporting Standard for reporting emissions. The report is produced in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the Sustainability Accounting Standards Board (SASB) Containers & Packaging standard. Turn to pages 62-63 to locate disclosures.

Independent assurance summary
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: total energy consumption; total energy exported; Scope 1, 2 and 3 greenhouse gas (GHG) emissions; raw material usage; water consumption; total water effluent; landfill waste; discharge to air and water; and total production, for calendar year 2020. 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 does not provide a fair representation of environmental performance across the DS Smith group for the defined period. A full verification statement including methodology, limitations and exclusions can be found on the DS Smith website at https://www.dsmith.com/company/sustainability/our-environment/performance.

How we collect, analyse and report data
The majority of our key non-financial information is collected monthly from sites and held within a central database which is independently audited. We aim to ensure that our processes achieve sufficient accuracy to meet our targets, providing reasonable assurance of the integrity of non-financial information.

Greenhouse gas emissions
We calculate CO2 emissions using DEFRA’s 2019 greenhouse gas reporting conversion factors for all fuels. Where available, we use the emissions factor for bought electricity from the supplier of energy to our business (Scope 2 market value). If this figure is unavailable, the country’s emissions factor from the IEA is used (Scope 2 location value). Emissions from national grids use the country’s emissions factor from the IEA, otherwise location emissions factors are available, the country’s emissions factor from the IEA is used. Emissions from national grids use the country’s emissions factor from the IEA, otherwise location emissions factors are available. The CHP supplying steam to Wilton & Hale Mill is fired predominantly by refuse-derived fuels, with a factor estimated at 32.73 kg CO2 e/MWh. The CHP supplying steam and electricity to Belitec Mill and corrugator is fired by a combination of natural gas and flare gas, with a factor estimated as 240 kg CO2 e/MWh. The steam supplied by Wheelabrator to Kempsley Mill is estimated as 165 kg CO2 e/MWh.

Production
Total production is the sum of paper and printed reels from our paper mills, recovered fibre and other materials collected and processed through our recycling depot network, finished wood products from our timber business and boxes and sheets sold to third parties from our packaging sites and other types of packaging production from these sites. Recycling figures exclude ‘traded tonnes’, i.e. volumes outside of our depots.

Waste
Waste figures relate to waste generated by our own operations and exclude waste materials collected for recycling.

Reporting standards

Performance overview
The following tables have been prepared for stakeholders who require a greater level of quantitative detail about our non-financial performance. All data is global and annual, unless otherwise stated.

Group

<table>
<thead>
<tr>
<th>Category</th>
<th>2021 (base year)</th>
<th>2020 (re-stated)</th>
<th>Compared to last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 e per tonne of production</td>
<td>Kg CO2 e/tonne</td>
<td>Kg CO2 e/tonne</td>
<td>%</td>
</tr>
<tr>
<td>Packaging</td>
<td>Direct (Scope 1) CO2 e emissions</td>
<td>279</td>
<td>279</td>
</tr>
<tr>
<td></td>
<td>Indirect (Scope 2) CO2 e emissions (market-based)</td>
<td>187</td>
<td>228</td>
</tr>
<tr>
<td></td>
<td>Emissions from energy exports</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total CO2 e (net energy exported)</td>
<td>467</td>
<td>513</td>
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<tr>
<td></td>
<td>Energy exported</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>Energy consumption (net)</td>
<td>10</td>
<td>12</td>
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<tr>
<td></td>
<td>Total production</td>
<td>1,909</td>
<td>2,070</td>
</tr>
<tr>
<td></td>
<td>Waste sent to landfill</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>CO2 e per tonne of production</td>
<td>Kg CO2 e/tonne</td>
<td>Kg CO2 e/tonne</td>
</tr>
<tr>
<td>Paper</td>
<td>Direct (Scope 1) CO2 e emissions</td>
<td>2,173</td>
<td>2,092</td>
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<td></td>
<td>Indirect (Scope 2) CO2 e emissions (market-based)</td>
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<tr>
<td></td>
<td>Emissions from energy exports</td>
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<td>859</td>
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<tr>
<td></td>
<td>Total CO2 e (net energy exported)</td>
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<td>Energy exported</td>
<td>2,101</td>
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<td>Energy consumption (net)</td>
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<td>Total production</td>
<td>4,485</td>
<td>4,566</td>
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<tr>
<td></td>
<td>Waste sent to landfill</td>
<td>69</td>
<td>329</td>
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<tr>
<td></td>
<td>CO2 e per tonne of production</td>
<td>Kg CO2 e/tonne</td>
<td>Kg CO2 e/tonne</td>
</tr>
<tr>
<td>Recycling</td>
<td>Direct (Scope 1) CO2 e emissions</td>
<td>9</td>
<td>12</td>
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<tr>
<td></td>
<td>Indirect (Scope 2) CO2 e emissions (market-based)</td>
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<td>2</td>
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<tr>
<td></td>
<td>Emissions from energy exports</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total CO2 e (net energy exported)</td>
<td>11</td>
<td>12</td>
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<tr>
<td></td>
<td>Energy exported</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>Energy consumption (net)</td>
<td>6</td>
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<td></td>
<td>Total production</td>
<td>974</td>
<td>1,086</td>
</tr>
<tr>
<td></td>
<td>Waste sent to landfill</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>CO2 e per tonne of production</td>
<td>Kg CO2 e/tonne</td>
<td>Kg CO2 e/tonne</td>
</tr>
</tbody>
</table>

Refer to our Sustainability Data and Reporting Policy for more information.

AIB Residual Grid Emissions Factors for European countries for (Scope 2 location value). Emissions from national grids use the country’s emissions factor from the IEA, otherwise location emissions factors are available. Emissions from national grids use the country’s emissions factor from the IEA, otherwise location emissions factors are available. The CHP supplying steam to Wilton & Hale Mill is fired predominantly by refuse-derived fuels, with a factor estimated at 32.73 kg CO2 e/MWh. The CHP supplying steam and electricity to Belitec Mill and corrugator is fired by a combination of natural gas and flare gas, with a factor estimated as 240 kg CO2 e/MWh. The steam supplied by Wheelabrator to Kempsley Mill is estimated as 165 kg CO2 e/MWh.
Environmental indicators

### Key performance indicator

<table>
<thead>
<tr>
<th>Unit</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2015 (base year)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Greenhouse gas (GHG) emissions (recalculated to include acquisitions and remove disposals)</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Total CO₂ (net energy exports)</td>
<td>Kt CO₂</td>
<td>2,265</td>
<td>2,345</td>
<td>2,451</td>
<td>2,547</td>
</tr>
<tr>
<td>Total production</td>
<td>Kt</td>
<td>10,708</td>
<td>10,648</td>
<td>10,716</td>
<td>10,858</td>
</tr>
<tr>
<td>CO₂ per tonne of production</td>
<td>Kg CO₂/t</td>
<td>212</td>
<td>220</td>
<td>229</td>
<td>235</td>
</tr>
<tr>
<td><strong>Greenhouse gas (GHG) emissions (as reported)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct (Scope 1) CO₂ emissions</td>
<td>Kt CO₂</td>
<td>2,267</td>
<td>1,893</td>
<td>1,750</td>
<td>1,660</td>
</tr>
<tr>
<td>Indirect (Scope 2) CO₂ emissions (market-based)</td>
<td>Kt CO₂</td>
<td>764</td>
<td>510</td>
<td>527</td>
<td>352</td>
</tr>
<tr>
<td>Emissions from energy exports</td>
<td>Kt CO₂</td>
<td>766</td>
<td>398</td>
<td>381</td>
<td>317</td>
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<tr>
<td>Total CO₂ (net energy exports)</td>
<td>Kt CO₂</td>
<td>2,265</td>
<td>1,944</td>
<td>1,897</td>
<td>1,695</td>
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<tr>
<td>Total production</td>
<td>Kt</td>
<td>10,708</td>
<td>9,307</td>
<td>9,734</td>
<td>8,234</td>
</tr>
<tr>
<td>CO₂ per tonne of production</td>
<td>Kg CO₂/t</td>
<td>212</td>
<td>209</td>
<td>195</td>
<td>206</td>
</tr>
<tr>
<td><strong>Purchased goods and services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel- and energy-related activities</td>
<td>Kt CO₂</td>
<td>3,023</td>
<td>2,894</td>
<td></td>
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<tr>
<td>Upstream transportation and distribution</td>
<td>Kt CO₂</td>
<td>338</td>
<td>293</td>
<td></td>
<td></td>
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<tr>
<td>Waste generated in operations</td>
<td>Kt CO₂</td>
<td>352</td>
<td>276</td>
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<tr>
<td>Business travel</td>
<td>Kt CO₂</td>
<td>151</td>
<td>153</td>
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<tr>
<td>Employee commuting</td>
<td>Kt CO₂</td>
<td>0.2</td>
<td>6</td>
<td></td>
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</tr>
<tr>
<td>Downstream transportation and distribution</td>
<td>Kt CO₂</td>
<td>267</td>
<td>205</td>
<td></td>
<td></td>
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<tr>
<td>Processing of sold products</td>
<td>Kt CO₂</td>
<td>220</td>
<td>188</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End-of-life treatment of sold products</td>
<td>Kt CO₂</td>
<td>698</td>
<td>517</td>
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<tr>
<td><strong>Total Scope 3 emissions</strong></td>
<td>Kt CO₂</td>
<td>5,048</td>
<td>4,413</td>
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</tr>
<tr>
<td><strong>Energy consumption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption of fuel (excluding feedstock)</td>
<td>MWh</td>
<td>2,589,848</td>
<td>10,759,194</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption of purchased or acquired electricity</td>
<td>MWh</td>
<td>181,663</td>
<td>1,657,409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption of purchased or acquired steam</td>
<td>MWh</td>
<td>1,077,105</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption of self-generated non-fuel renewable energy</td>
<td>MWh</td>
<td>9,465</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total energy consumption</strong></td>
<td>MWh</td>
<td>2,781,769</td>
<td>13,493,708</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fuel sources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biomass</td>
<td></td>
<td>-</td>
<td>-</td>
<td>105,365</td>
<td>105,365</td>
</tr>
<tr>
<td>Black liquor</td>
<td></td>
<td>-</td>
<td>-</td>
<td>1,021,680</td>
<td>1,021,680</td>
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<tr>
<td>Coal</td>
<td></td>
<td>-</td>
<td>-</td>
<td>37,567</td>
<td>37,567</td>
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<tr>
<td>Heavy fuel oil (#6)</td>
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<td>-</td>
<td>-</td>
<td>123,794</td>
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<tr>
<td>Light fuel oil (#2)</td>
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<td>-</td>
<td>-</td>
<td>20,776</td>
<td>20,776</td>
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<tr>
<td>Natural gas</td>
<td></td>
<td>-</td>
<td>-</td>
<td>11,870,906</td>
<td>9,369,884</td>
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<tr>
<td>Wood chips</td>
<td></td>
<td>-</td>
<td>-</td>
<td>446,702</td>
<td>446,702</td>
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<tr>
<td><strong>Total fuel consumed</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>201,404</td>
<td>11,959,732</td>
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<tr>
<td><strong>Energy generation</strong></td>
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<td></td>
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<tr>
<td>Electricity</td>
<td>TWh</td>
<td>2,755,761</td>
<td>973,763</td>
<td>73,123</td>
<td>10,010</td>
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<td>Steam</td>
<td>TWh</td>
<td>6,729,429</td>
<td>6,531,809</td>
<td>197,600</td>
<td>197,600</td>
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</table>
### Social indicators

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>Unit</th>
<th>2020/21</th>
<th>2019/20</th>
<th>2018/19</th>
<th>2017/18</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of employees</td>
<td>Number</td>
<td>28,864</td>
<td>29,166</td>
<td>31,990</td>
<td>28,453</td>
<td>25,422</td>
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<tr>
<td>Full-time contract</td>
<td>Percentage</td>
<td>92.4</td>
<td>92.4</td>
<td>92.8</td>
<td>92.0</td>
<td>92.5</td>
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<tr>
<td>Part-time contract</td>
<td>Percentage</td>
<td>2.7</td>
<td>2.7</td>
<td>2.6</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Temporary contract</td>
<td>Percentage</td>
<td>4.9</td>
<td>4.9</td>
<td>4.6</td>
<td>5.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Employees joining</td>
<td>Number</td>
<td>4,298</td>
<td>4,537</td>
<td>6,958</td>
<td>6,083</td>
<td>3,651</td>
</tr>
<tr>
<td>Employees leaving</td>
<td>Number</td>
<td>3,896</td>
<td>4,435</td>
<td>4,135</td>
<td>3,307</td>
<td>2,514</td>
</tr>
<tr>
<td>Resignation/retirement</td>
<td>Percentage</td>
<td>50</td>
<td>57</td>
<td>63</td>
<td>66</td>
<td>64</td>
</tr>
<tr>
<td>Employee turnover¹</td>
<td>Percentage</td>
<td>13.9</td>
<td>14.6</td>
<td>13.84</td>
<td>12.29</td>
<td>10.18</td>
</tr>
<tr>
<td>Voluntary</td>
<td>Percentage</td>
<td>6.88</td>
<td>9.03</td>
<td>9.20</td>
<td>8.79</td>
<td>6.77</td>
</tr>
<tr>
<td>Length of service &gt; 10 years</td>
<td>Percentage</td>
<td>44.8</td>
<td>45.0</td>
<td>45.6</td>
<td>47.8</td>
<td>50.1</td>
</tr>
<tr>
<td>Employee age &lt; 21 years</td>
<td>Percentage</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Employee age 21–30 years</td>
<td>Percentage</td>
<td>14</td>
<td>14</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Employee age 31–40 years</td>
<td>Percentage</td>
<td>22</td>
<td>22</td>
<td>21</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Employee age 41–50 years</td>
<td>Percentage</td>
<td>26</td>
<td>26</td>
<td>27</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>Employee age 51–60 years</td>
<td>Percentage</td>
<td>27</td>
<td>27</td>
<td>26</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Employee age &gt; 61 years</td>
<td>Percentage</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Age unrecorded</td>
<td>Percentage</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Employees covered by collective bargaining agreements</td>
<td>Percentage</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Gender diversity

- **Board of Directors**: % female = 37.5 ± 33.3 ± 22.2
- **Senior management**: % female = 32.4 ± 27.9 ± 28.3
- **All employees**: % female = 21.9 ± 21.7 ± 22.2
- **Graduate recruitment**: % female = 66.7 ± 25.0 ± 47.4 ± 33.3 ± 36.8
- **UK gender pay reporting**: Average (mean) gender pay gap = 3.5 ± 4.7 ± 10.2 ± 10.2
- **Average (median) gender pay gap**: Percentage = 6.2 ± 6.7 ± 10.3 ± 9.7

#### Health and safety

- **Lost Time Accidents (LTAs)**
  - **Employees**
    - Number | 102 | 119 | 121 | 126 | 132 |
  - **Contractors**
    - Number | 12 | 19 | 19 | 22 | 17 |
  - **Accident Frequency Rate (AFR)**
    - Number | 2.06 | 2.40 | 2.41 | 2.78 | 2.97 |
  - **Fatality**
    - Number | 0 | 0 | 0 | 0 | 1 |
  - **Total Recordable Injury Rate (TRIR)**
    - Number | 1.42 | 1.96 | 2.08 | 1.92 | 1.56 |
  - **Lost Time Injury (LTI) Severity Rate**
    - Number | 0.19 | 0.13 | 0.15 | 0.19 | 0.17 |

#### Training and development

- **Average hours of training and development²**: Hours per FTE = 24
- **Promotions (positions filled by internal candidates)³**: Number = 388

---

1. Excludes employee turnover owed to investments.
2. Scope: Partial data coverage representing 55 per cent of the workforce at this time.
3. Scope: Partial data coverage representing UK employees only at this time.

### Miscellaneous indicators

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>Unit</th>
<th>2020/21</th>
<th>2019/20</th>
<th>2018/19</th>
<th>2017/18</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speak Up! reports received, investigated and resolved</td>
<td>Number</td>
<td>25</td>
<td>33</td>
<td>38</td>
<td>35</td>
<td>17</td>
</tr>
<tr>
<td>SMETA® non-conformances (3 year period)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entitlement to work</td>
<td>Number</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>Number</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health, safety and hygiene</td>
<td>Number</td>
<td>30</td>
<td>32</td>
<td>48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management systems</td>
<td>Number</td>
<td>16</td>
<td>4</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular employment and wages</td>
<td>Number</td>
<td>4</td>
<td>8</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working hours</td>
<td>Number</td>
<td>3</td>
<td>4</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Number</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Management system certifications

- **ISO 9001**: % of sites = 75
- **ISO 14001**: % of sites = 56
- **ISO 50001**: % of sites = 100
- **ISO 45001 or OHSAS 18001**: % of sites = 34
- **FSC®**: % of sites = 100
- **PEFC**: % of sites = 2
- **SFI**: % of sites = 2

#### Paper certifications

- **FSC® Mix**: % of papers = 7
- **FSC® Recycled**: % of papers = 73
- **FSC® Controlled Wood**: % of papers = 20

#### Sustainable procurement

- **Suppliers agreed to our Global Supplier Standard (GSS)**
  - Percentage = 45
- **Strategic suppliers agreed to our GSS**
  - Percentage = 100
- **Strategic suppliers enrolled in sustainability assessment**
  - Percentage = 74
- **Suppliers engaged in improvement plans**
  - Number = 46
- **Initiated actions to improve performance**
  - Number = 389
- **Completed actions to improve performance**
  - Number = 239

#### Transit packaging materials

- **Baling wire (for packaging)**
  - Ktonnes = 3
- **Pallets (for packaging)**
  - Ktonnes = 414
- **Paper/board (for packaging)**
  - Ktonnes = 5
- **Plastic (for packaging)**
  - Ktonnes = 414

---

4. Sedex Members Ethical Trade Audit (SMETA).
5. Scope: Sites accounting for at least 50 per cent of overall Group energy consumption.
6. Scope: Packaging, Paper and Paper Sourcing sites that trade or manufacture products derived from timber.
7. Scope: Papers purchased through our centralised Paper Sourcing platform. Some historic data may not be given owed to limited coverage.
Dialogue with our stakeholders

Regular communication with our stakeholders informs our activities and strategy. We maintain ongoing dialogue with a range of stakeholders, listening to them to shape our priorities. We are taking a leading role in our industry to shape the agenda and accelerate the transition to a circular economy.

**Customers**
- We equip our Sales, Marketing and Innovation teams to be able to support our customers with their sustainability challenges.
- Driven by consumer trends, customers want to compare product specifications to calculate the environmental impact of packaging, as well as assess our sustainability performance generally.
- Applying Circular Design Principles
- Developing Circular Design Metrics
- Responding to sustainability data requests from customers

**Investors**
- We engage with many of our largest shareholders, as well as some smaller stakeholders on topical issues of particular interest to them.
- Investors expect to see honest and transparent communication, primarily focused on carbon, forestry and water and the opportunity for DS Smith with sustainability as a growth driver across the packaging industry.
- Showcasing our latest circular packaging innovations
- Improving our performance in ESG ratings
- Providing analysts with non-financial information

**Employees**
- We involve colleagues in not only delivering but also making our sustainability plans, drawing on key expertise and skills from across the business both internally and through the European Works Council.
- Our people want to feel proud of their employer, that they feel like they can make real impact and a difference in their job.
- Equipping our people to lead the way in the circular economy
- Regular employee survey and ‘pulse’ surveys which inform local action plans and sharing of best practice

**Suppliers**
- We focus on engaging our strategic suppliers - those we have long-term, mutually co-operative relationships with mutual commitment and mutual value-creating operational capabilities.
- Suppliers want to know how they can support us in delivering our sustainability plans through the products and services we purchase from them.
- Communicating our minimum supplier standards in our Global Suppliers’ Standard, assessing supplier sustainability performance and helping them to improve.
- Identifying opportunities to collaborate and work in partnership towards tackling common sustainability challenges
- Introducing suppliers to Circularity

**Regulators and policy makers**
- European Commission and Parliament representatives
- Country-level government representatives, e.g. UK Government, Members of Parliament, ambassadors
- Policy advisors and researchers
- Local government representatives, e.g. mayors, councilors
- The primary focus of regulators and policy makers has been on:
  - Covid-19
  - Climate
  - Waste
  - Plastic recycling
  - Economic
  - EPR (Extended Producer Responsibility)
  - Key partnerships and initiatives have been focussed on:
    - Company financial performance
    - Trends in sustainability, plastic replacement, e-commerce and recycling
  - Our campaigns this year focused on:
    - “Catalysed by Covid”
    - “Now and Next Launch”
    - “Sustainable Packaging trends with Ipsos Mori”
    - “Unnecessary seasonal packaging - Don’t Delay the Skip!”
    - “The Wrong Bin”

**Media, consultancy and education**
- Ipsos Mori
- Key financial, business and consumer editors and reporters including CNBC, Reuters, Financial Times and Sunday Times
- Our interactions with media and consultants have been focussed on:
  - Company financial performance
  - Trends in sustainability, plastic replacement, e-commerce and recycling
- Our interactions this year focused on:
  - “Catalysed by Covid”
  - “Now and Next Launch”
  - “Sustainable Packaging trends with Ipsos Mori”
  - “Unnecessary seasonal packaging - Don’t Delay the Skip!”
  - “The Wrong Bin”

**Trade associations and industry bodies**
- FEFCO (European Federation of Corrugated Board Manufacturers)
- CEPFI (Confederation of European Paper Industries)
- EUROPA (The European Organisation for Packaging and the Environment)
- 4Evergreen
- National trade associations, including:
  - CPI (The Confederation of Paper Industries)
  - The Packaging Federation
  - WRAP (Waste and Resources Action Programme)
  - BPF (British Plastics Federation)
  - FCGC (Food Contact Coordination Group)
- Technical experts across our business were involved in the following:
  - 4evergreen, a cross-industry initiative to drive the recycling rate of paper products in Europe to 90 per cent by 2030
  - Input into legislative processes, e.g. around eco-design for e-commerce packaging
- Food contact matters

**Non-governmental organisations and charities**
- Ellen MacArthur Foundation
- Forest Stewardship Council
- UN Global Compact
- SGS (Sustainability Accounting Standards Board)
- NGOs in various projects
- Organisations related to Covid-19 relief (e.g. food distribution)
- Charities near our sites
- Charities related to the DS Smith Charitable Foundation
- Organisations like the Ellen MacArthur Foundation tell us what we are doing well and what we could do better in their area of expertise
- SGS sets standards to guide the disclosure of financial material sustainability information to investors
- Charities tell us about local needs and how DS Smith can help drive biodiversity and education for circular economy (the focal points for the DS Smith Charitable Foundation)
- Continuing our strategic partnership with the Ellen MacArthur Foundation
- Offering our expertise on ESG and sustainability reporting at the SASB Standards Advisory Group (SAG)
- In 2020/21, we donated more than £436,000 (2019/20: £416,000) to a variety of groups involved in sustainability and circular economy education.

**Importance to DS Smith**
- Recyclability
- Energy use and efficiency
- Climate change
- Sustainable forest management and reforestation
- Responsible fibre sourcing
- Human rights and labour
- Sustainable consumption

**Importance to external stakeholders**
- Post-consumer waste
- Employee engagement and management
- Waste in operations
- Wellbeing
- Water efficiency and quality
- New/reuse business models
- Traceability and material flows
- Diversity and inclusion
A culture of strong governance

Increasingly, stakeholders are interested not only in what we do, but how we do it. Strong governance is essential to deliver our Purpose of ‘Redefining Packaging for a Changing World’ and vision of being the leading supplier of sustainable packaging solutions. We are committed to maintaining strong governance, accountability and reporting.

Culture
Our people actively contribute to realising our Purpose of ‘Redefining Packaging for a Changing World’, moving the Company towards its vision of being the leading supplier of sustainable packaging solutions. In doing so, sustainability is placed at the heart of our business, uniting our functions, divisions, sites and teams across the world. By nurturing respect, care and ownership, empowerment to lead change and a sense of pride in our strong performance, we have created a culture where everybody can contribute diverse ideas that often become shared ways for how we do business.

Alignment with international frameworks
The United Nations Sustainable Development Goals (SDGs) set a clear agenda for tackling the challenges of our changing world. Throughout this report we have set out in detail how our purpose and vision are aligned with the following international standards:
- United Nations Global Compact
- International Labour Organization Eight Fundamental Conventions
- Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises

Following the United Nations Principle 15 of TheRio Declaration on Environment and Development, we apply the precautionary principle to reduce our impact on the environment. This is also applied in our assessment of risk and our approach to data and reporting.

Governance
Our culture is led by our leadership, where our Group Operating Committee (GOC), the Group Chief Executive’s management board for leading Group-wide priorities, includes sustainability at the heart of its agenda. Accountability ultimately lies with the Group Chief Executive and sustainability risks, opportunities and strategy are considered by the Board of Directors as core to the Group’s operations. These are reviewed monthly by the Health, Safety, Environment and Sustainability (HSES) Committee.

Topics discussed this year included:
- Now and Next strategy launch and ongoing performance
- Carbon emission reduction plans
- Circular economy
- Government policy developments
- Community affairs
- Biodiversity projects
- ESG ratings performance

The HSES Committee is supported by the Sustainability Leadership Team (SUS LT), a cross-divisional and multi-functional steering group which contains Director-level membership established for efficient and effective decision-making. The SUS LT, advised by the Group Sustainability Team, which partners with the business to deliver on the Now and Next strategy and provide analysis and reporting.

We have implemented policies to effectively manage ESG and sustainability topics which are periodically reviewed, including:
- Anti-Bribery and Anti-Corruption Policy
- Board Diversity and Inclusion Policy
- Carbon and Energy Efficiency Policy
- Code of Conduct
- Community Engagement Policy
- Compliance Framework Policy
- Conflict Minerals Policy
- Employee Charter
- Energy Management System Policy
- Gifts & Hospitality Policy
- Global Supplier Standard (GSS)
- Group Tax Policy
- Health and Safety Policy Statement
- Legal Policy
- Modern Slavery Policy
- Speak Up Policy
- Supplier Standards Policy
- Sustainability Data and Reporting Policy
- Sustainable Forest Management and Fibre Sourcing Policy
- Water Stewardship Policy
- Zero Waste to Landfill Policy

Responsibility for making certain decisions, achieving targets and progressing projects is delegated to various functions, with oversight on a quarterly basis by the SUS LT.

Compliance
Compliance with local, national and international legislation is fundamental to our way of doing business. It is a licence to operate and a condition of trading. Building trust in our stakeholders and protecting our reputation are crucial, as they lead to repeat business and sustainable financial growth.

Monitoring ethics and compliance and providing associated annual training to our employees is the responsibility of our legal teams. All employees are encouraged by our SpeakUp! Policy to report suspected misconduct.

Incidents
In 2020/21, there were 38 (2019/20: 47) minor environmental incidents. There were 0 major incidents (defined as incidents of significant impact reportable to local or national authorities, or potentially resulting in legal prosecution and +/- £10,000 cost) during the reporting period.

Management systems
In order to manage our material sustainability issues effectively, we have clearly defined Group policies, management systems, standards, processes and support, such as toolkits, in place to apply a consistent approach throughout our company. Coverage of our certified management systems, such as ISO 14001, can be found on page 57. Group-wide and local networks and working groups provide collaborative platforms for productive ideation and decision-making.

Sustainability governance framework

<table>
<thead>
<tr>
<th>Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health, Safety, Environment and Sustainability (HSES) Committee</td>
</tr>
<tr>
<td>Sustainability Leadership Team (SUS LT)</td>
</tr>
<tr>
<td>Group Sustainability, Government and Community Affairs team</td>
</tr>
</tbody>
</table>

Chaired by our Group Chief Executive, this committee reviews Group and Divisional sustainability performance processes, standards and strategies and monitors compliance with responsibilities and commitments.

Risk management
Our Group Risk Policy provides the framework to ensure that there is a common understanding of risk management practices across the Group. It ensures we identify, evaluate and make informed decisions to either manage or accept the risks put on our business and is fully integrated into our annual corporate planning process. Please refer to DS Smith Annual Report 2021 for detail on how we manage risk and our Group Principal Risks register. In 2020/21, we completed implementation of the recommendations set out by the Task Force on Climate-related Financial Disclosure (TCFD). This disclosure can be found on pages 48-51.

Comments regarding our Sustainability Report
We are committed to continuing to develop our Sustainability Report to keep our stakeholders informed about the progress we are making. We welcome comments regarding our report. The team can be contacted via email at sustainability@dssmith.com.
SASB Index (Containers & Packaging)

For the second year running, we have implemented the SASB Containers & Packaging industry standard, providing investors with consistent, comparable and reliable information on the ESG factors most relevant to financial performance and enterprise value.

Disclosures for the accounting metrics can be located directly in the table, with further explanation provided on the pages referenced.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Accounting metric</th>
<th>Unit</th>
<th>Code</th>
<th>Disclosure</th>
<th>Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse gas emissions</td>
<td>Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations</td>
<td>Kt CO₂e; %</td>
<td>RT-CP-110a.1</td>
<td>2,267; 93</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets</td>
<td></td>
<td>RT-CP-110a.2</td>
<td>-</td>
<td>32-3</td>
</tr>
<tr>
<td>Air quality</td>
<td>Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM)</td>
<td>Tonnnes</td>
<td>RT-CP-120a.1</td>
<td>5,985; 297; 0; 0</td>
<td>Data book</td>
</tr>
<tr>
<td>Energy management</td>
<td>(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy</td>
<td>GWh; %</td>
<td>RT-CP-130a.1</td>
<td>16,276; 11; 17; 9,465;190</td>
<td>54</td>
</tr>
<tr>
<td>Water management</td>
<td>(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress</td>
<td>Millions m³; %</td>
<td>RT-CP-140a.1</td>
<td>55.6; 13; 36</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Description of water management risks and discussion of strategies and practices to mitigate those risks</td>
<td></td>
<td>RT-CP-140a.2</td>
<td>-</td>
<td>34-5, 49</td>
</tr>
<tr>
<td></td>
<td>Number of incidents of non-compliance associated with water quality permits, standards, and regulations</td>
<td></td>
<td>Number</td>
<td>RT-CP-140a.3</td>
<td>21</td>
</tr>
<tr>
<td>Waste management</td>
<td>Amount of hazardous waste generated, percentage recycled</td>
<td>Kt; %</td>
<td>RT-CP-150a.1</td>
<td>6.4; 65</td>
<td>37, 55</td>
</tr>
<tr>
<td>Product safety</td>
<td>Number of recalls issued; total units recalled</td>
<td></td>
<td>Number</td>
<td>RT-CP-250a.1</td>
<td>0; 0</td>
</tr>
<tr>
<td>Product lifecycle management</td>
<td>Percentage of raw materials from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1) recycled content, (2) renewable resources, and (3) underlined and recycled content</td>
<td>%</td>
<td>RT-CP-410a.1</td>
<td>83; 17; 100</td>
<td>21, 39</td>
</tr>
<tr>
<td></td>
<td>Revenue from products that are reusable, recyclable and/or compostable</td>
<td>£ m</td>
<td>RT-CP-410a.2</td>
<td>5,928</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle</td>
<td></td>
<td>RT-CP-410a.3</td>
<td>-</td>
<td>20-31</td>
</tr>
<tr>
<td>Supply chain management</td>
<td>Total wood fibre procured, percentage from certified sources</td>
<td>Kt; %</td>
<td>RT-CP-430a.1</td>
<td>10,047; 100</td>
<td>41, 57</td>
</tr>
<tr>
<td></td>
<td>Total aluminium purchased, percentage from sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total wood fibre procured, percentage from certified sources</td>
<td>Tonnnes; %</td>
<td>RT-CP-430a.2</td>
<td>0; 0</td>
<td>-</td>
</tr>
</tbody>
</table>

1. We consider this indicator immaterial as we are a purely fibre-based packaging business.

Sustainability Reporting Standards

GRI Index, aligned to the UN SDGs

This report has been prepared in accordance with the GRI Standards: Core option. Aligned to the relevant targets of the UN Sustainable Development Goals (SDGs), disclosures can be located in Sustainability Report 2021 (SF) or Annual Report 2021 (AR).