

DS Smith GRI Report 2020

This GRI Report has been prepared to support the DS Smith GRI Index, prepared in accordance with the Global Reporting Initiative (GRI) Standard (Core option). This document contains copy taken from the DS Smith Sustainability Report 2020 and DS Smith Annual Report 2020, as well as other documents that provide further detail on topics that are not presently reported publicly, yet may be of interest to our stakeholders.

Please contact sustainability@dssmith.com if you have any questions.

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General Standard Disclosures

Note: In early 2020, the disposal of our Plastics division was completed, a vital step in our strategy to provide sustainable, fibre-based packaging. As this report relates to calendar year 2019 and financial year 2019/20, whilst Plastics division figures are included in quantitative performance data, qualitative explanations are provided on a going concern basis, relating exclusively to the manufacture of corrugated material.

Organisational profile

102-1 Name of the organisation

DS Smith Plc

102-2a A description of the organisation's activities

Packaging	We are a leading international sustainable packaging company, delivering innovative corrugated products with a high quality service across Europe and North America. Our product portfolio includes packaging for consumer products, e-commerce, promotion, transit and industrial packaging. We partner with customers to provide innovative packaging solutions. Not only do we help specify packaging solutions to generate more sales, but we do so while ensuring lower cost and meeting performance criteria. We complement our product range with consultancy services on supply chain optimisation and creative design. Corrugated packaging is fully sustainable and made from recycled and/or recyclable material, which means the packaging we produce helps our customers to achieve their own sustainability targets. Corrugated packaging is typically produced within c. 200km of its destination due to the requirements for just-in-time delivery and the increased focus on sustainability.
Paper	We are a leading international manufacturer of corrugated case material (CCM), which is the paper used for conversion into corrugated board. We also manufacture some specialist paper grades such as plasterboard liner. DS Smith is overall 'short paper', meaning we are a net buyer of paper for our packaging requirements. We operate a paper sourcing platform that ensures we procure the paper that is right for our customers' packaging. We determine whether we make or buy our required paper, and then we sell some of our paper output. Paper is readily transportable and is traded globally, so in some cases it is more efficient to sell our paper and buy in other regions, depending on local pricing. We operate 14

	CCM paper mills, 12 in Europe and two in the US. Of those, two are kraftliner (virgin paper) mills (one in the US, one in Europe) and the remainder are principally dedicated to the production of recycled CCM (testliner). We also have two small mills in Europe producing specialist paper grades. Fibre for our testliner is principally sourced from our own recycling operations.
Recycling	We provide a full recycling and waste management service, ranging from simple recycling collections through to full recycling and waste management solutions, which help us take responsibility for the collection of used packaging. We are Europe's largest cardboard and paper recycler and are also one of the leading full service recycling and waste management companies in Europe. We collect quality paper and cardboard for recycling from a range of sectors, including retailers, manufacturers, local authorities, and other recycling and waste management companies. The used paper and board we collect provides the most cost efficient raw material for the Group's recycled paper making processes. We also sell used fibre to third parties globally.

102-2b The primary brands, products, and services, including an explanation of any products or services that are banned in certain markets

Primary divisions:

- **Paper**
 - Manufacture of paper, using primarily recycled fibres
- **Recycling**
 - Collections for paper, cardboard, confidential shredding, mixed dry recycling, plastics, organics and food, general waste and equipment
- **Packaging**
 - Manufacture of corrugated fibre-based packaging, using primarily recycled fibres.

None of our products are banned in certain markets.

102-3 Location of the organization's headquarters

7th Floor, 350 Euston Road, Regent's Place, London NW1 3AX

102-4 Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report

37 countries total, but only 32 in scope of the Sustainability Report 2020 where environmental data is based on sites we have owned since the 1st January 2019, in the following countries:

Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Lithuania, Macedonia, Morocco, Netherlands, New Zealand, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States.

102-5 Nature of ownership and legal form

Public Limited Company (plc)

102-6a Markets served (including geographic locations, sectors served, and types of customers and beneficiaries)

- Geographic locations
 - Europe, North America and Asia
- Sectors served for corrugated packaging
 - Grocery, home and personal care, beverages, tobacco, agriculture, e-commerce, pharmaceutical, electronics, automotive, machinery, chemicals and construction
- Types of customers
 - Our packaging customer profile:
 - Our customer base is made up of approximately 72 per cent resilient fast moving consumer goods (FMCG) and food, with an additional 11 per cent other consumer products, such as packaging for retailers and pharmaceuticals and the remainder industrial. This compares to the market in Europe which is c. 60 per cent FMCG. As a result, our market share in the dynamic FMCG category is well above the corrugated industry average. This is important to our business model for a number of reasons:
 - The food, drink and personal care markets are resilient. These are goods that consumers use in their everyday lives and purchase regularly from supermarkets. Our strong position in these segments ensures consistent volumes of consumption.
 - To stand out, consumer goods packaging is diverse and creative, and packaging can increasingly be leveraged to market a product within a competitive retail environment beyond simply providing protection. Packaging can therefore add real value to the brand experience.
 - FMCG customers demand quality. To meet the needs of consumers, FMCG companies require high quality, innovative, value-adding packaging. We invest in the insights and innovation needed to meet this demand; and deliver this on a global scale.
 - FMCG customers drive brand loyalty. The products in our stores are frequently evolving and so is the packaging. It must therefore be an extension of the brand through inclusive and smart designs.
 - FMCG customers want value. We approach packaging at every step of the supply chain to ensure that it provides sustainable, optimised performance from end-to-end.
 - FMCG customers have a global outlook. Our multinational customers require a partner that has a geographic footprint which matches their own. DS Smith is exceptional in having the scale, expertise and innovative approaches to support our customers around the world.
 - Our recycling and paper customers
 - Our recycling customers range from small and medium-sized enterprises through to large scale manufacturers, wholesalers, printers and some of Europe's best-known retail brands. We also recycle materials from municipal and household collections. With a full recycling and waste management service, we work with our customers to reduce waste and maximise the efficiency of their recycling collections. Many of our big brand customers have been with us for over ten years. The paper we collect for recycling serves our own paper mills as part of our closed loop recycling business model, while also being sold into our global network of third-party paper mills.
 - We are a leading manufacturer of sustainable corrugated case materials, made from recycled and sustainably sourced fibres. These

high performing packaging papers supply our own packaging division, again as part of our closed loop recycling business model. We also sell corrugated case materials to a range of third-party packaging businesses, and we manufacture and supply speciality papers that are used in construction, printing and a range of other markets.

- Beneficiaries
 - External stakeholders including customers, investors, insurers, regulators, NGOs and suppliers.
 - Internal stakeholders including operational staff, senior management and technical experts.

102-7a Report the scale of the organisation, including:

- Total number of employees
 - c. 29,000 employees
- Total number of operations
 - c. 200 packaging manufacturing sites, 14 CCM paper mills, 26 recycling depots, 9 Impact Centres, 36 PackRight centres
- Net sales (for private sector organizations) or net revenues (for public sector organizations)
 - £6,043m Group revenue
- Total capitalization broken down in terms of debt and equity (for private sector organizations)
 - Basic earnings per share for continuing and discontinued operations increased 87 per cent to 38.5 pence (2018/19: 20.6 pence). Adjusted basic earnings per share for continuing operations of 33.2 pence remained in line with the prior year on a constant currency basis (2018/19: 33.3 pence), reflecting the benefit of profit growth, offset by the increase in average number of shares in issue as 2019/20 was the first full year following the rights issue in June 2018.
 - Net debt as at 30 April 2020 was £2,101 million (30 April 2019: £2,277 million), with the reduction principally due to the receipt of proceeds for the Plastics business disposal and remedy disposals, net of cash and cash equivalents, of £484 million. Cash generated from operations before adjusting cash items of £889 million was used to invest in net capex of £364 million which included £53 million in relation to Europac. Adjusting items of £53 million primarily related to the acquisition and integration of the new businesses. Net debt/EBITDA (calculated in accordance with our banking covenant requirements) is 2.1 times (2018/19: 2.3 times). This reflects the proceeds from the disposal of the Plastics business, ongoing tight cash management and control throughout the business. With regard to the Interstate put option, we were notified during the year that half of the put option was exercised, and initial settlement took place on 26 June 2020. The Group remains fully committed to its investment grade credit rating.
- Quantity of products or services provided
 - c. 8.6 billion m2 corrugated board sold in 2019/20
 - c. 4.3 million tonnes CCM produced in 2019/20
 - c. 6 million tonnes fibre managed in 2019/20 (material diverted from landfill)

102-8a Total number of employees by gender

DS Smith Group gender diversity

	Male (FTE)	Female (FTE)	Total (FTE)
Board of Directors	6	2	8
Senior Management	49	19	68
Group	22,894	6,329	29,223

102-8b Total number of employees by region

Region	FTE
Northern Europe	11,000
Southern Europe	9,000
Eastern Europe	7,300
North America	1,900

We also have offices in India and China where we offer sourcing and consultancy services and a packaging sales site in Morocco.

102-8c Total number of employees by employment type

Data currently unavailable.

102-8d Report whether a significant portion of the organization's activities are performed by workers who are not employees

The significant proportion of DS Smith's activities are carried out by people categorised as full-time employees and supervised workers.

102-8e Any significant variations in the numbers reported

The total number of FTEs has decreased by approximately 3% since last year, due to the disposal of our Plastics division.

102-8e An explanation of how the data have been compiled, including any assumptions made

The above data has been compiled through an internal HR data system.

102-9a A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services

We operate a highly sustainable, circular business model through the recycling of natural material, in particular wood fibre. Our integrated Recycling, Paper and Packaging divisions work together to drive fibre around the circular corrugated system. The recycling rate for corrugated board is 85.8 per cent in Europe (source: Eurostat) and fibres can be recycled to create value up to 25 times (source: Technische Universität Darmstadt). Across Europe, we harvest quality paper and cardboard for recycling from a range of sectors, including retailers, manufacturers, local authorities, print, recycling and waste management companies. We are the market leading fibre recycling and waste management company and the largest paper recycler in Europe, managing over 6 million tonnes annually. This provides raw material for our 14 recovered fibre mills where we manufacture 100 per cent recycled papers. These papers become the primary raw material for our packaging sites, who source 100 per cent recycled or chain of custody certified papers. Our papers are used by the packaging industry for conversion into board for making corrugated boxes. We also make some specialist paper grades such as plasterboard liner, all of which are from recycled material. We operate a unique paper sourcing platform that coordinates the decisions around 'make, buy, sell' for the paper grades and quality required by our packaging business. The paper-making process requires substantial amounts of water, so sites are typically situated close to a natural water source. Within our Packaging operations, we convert that paper into corrugated board, which is then made into packaging. We are a leading European packaging company of customer specific corrugated packaging with an emphasis on

leading edge design and the highest quality service in the geographies our customers demand. Corrugated packaging is typically produced within c. 200km of its destination due to the requirements for just-in-time delivery and the cost of transport. Across Europe the average recycled content of corrugated fibre packaging in Europe is 88 per cent (source: FEFCO). Sustainable design ensures the packaging protects the product, uses no more material than is necessary, optimises logistics and can be fully recycled at end of life. This is the journey of a Box to Box in 14 days at DS Smith. After the packaging has been used, that board then goes back into the recycling process and the loop begins again.

102-10a Significant changes to the organization's size, structure, ownership, or supply chain, including: Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination

We completed the sale of our Plastics division in the past year – a vital step in our strategy to provide sustainable, fibre-based packaging. We have also fully integrated our Europac acquisition in Iberia and France and further expanded our operations in North America with the opening of a new greenfield site in Indiana.

102-11a Whether and how the organization applies the Precautionary Principle or approach

Following the United Nations Principle 15 of The Rio Declaration on Environment and Development, we apply the precautionary principal to reduce our impact on the environment. This is also applied in our assessment of risk and our approach to data and reporting. Through our business processes, we routinely look to identify risks and uncertainties and gather timely information allowing us to implement mitigation plans, report on and monitor the adequacy of management controls, and assign roles and responsibilities. With these practices, we believe we are a more resilient organisation. We also see that there is a growing interplay between how we manage our principal risks and our sustainability priorities in all aspects of our activities. Specifically, we are able to connect our efforts in risk management to support our sustainability priorities, in order to:

- minimise business disruption due to tightening regulations on energy, water and fibre usage
- avoid the impact of prolonged labour unrest, or failure to maintain satisfactory labour relations
- prevent reputational damage due to the increasing social concern surrounding the broad range of packaging issues
- minimise the increased costs arising from climate change, extreme weather events and the impact of our approach to energy management.

102-12a A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses

DS Smith is committed to the following high-level, voluntary, international standards:

- United Nations Global Compact (UNGC)
- UN Declaration of Human Rights and Convention on the Rights of the Child
- International Labour Organisation (ILO) eight Fundamental Conventions

- OECD Guidelines for Multinational Enterprises
- United Nations Sustainable Development Goals (SDGs)

DS Smith also participates in the following sustainability benchmarks on a voluntary basis:

- FTSE4Good Global Index
- VigeoEiris Index
- MSCI
- CDP
- EcoVadis
- WWF Environmental Paper Company Index
- FEFCO LCA
- Sedex
- DJSI
- Circulytics

102-13a A list of the main memberships of industry or other associations, and national or international advocacy organizations

- **WRAP (Waste and Resources Action Programme)**
DS Smith interacts on numerous communication and behavioural change projects with WRAP, including quarterly marketing campaigns, attending steering groups and being a member of WRAP's Designing for Recyclability Group.
- **DEFRA (Department for Environment, Food and Rural Affairs)**
DS Smith interacts directly with DEFRA through site visits and through various trade associations.
- **FEFCO (European Federation of Corrugated Board Manufacturers)**
DS Smith has seats on the committee and membership across various national associations.
- **CEPI (The Confederation of European Paper Industries)**
Widespread representation across a range of working groups including the recovered paper group.
- **CPI (The Confederation of Paper Industries)**
Widespread representation across a range of councils and working groups including, but not limited to, health & safety group and recovered paper council.
- **The Packaging Federation**
DS Smith has a seat on the council
- **INCPEN (Industry Council for Research on Packaging and the Environment)**
Advocate position in this trade association
- **EUROPEN (The European Organisation for Packaging and the Environment)**
Advocate position in this trade association
- **BPF (British Plastics Federation)**
Representation on the Expanded Polystyrene Group and Recycling Group
- **FCCG (Food Contact Coordination Group)**
DS Smith Committee Chair
- **Ellen MacArthur Foundation**
Global Partner
- **National trade associations**
We are members in countries where we operate.

Strategy

102-14a A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability

We have made significant progress in the implementation of our strategy over the past 12 months, further establishing ourselves as a market leader in the delivery of sustainable, fibre-

based packaging. It has, however, been an unprecedented end to the financial year following the outbreak of Covid-19. The safety and wellbeing of our people is our first priority, while recognising our responsibility to support our customers to keep essential goods such as food and pharmaceuticals moving. All our sites have continued to operate through the pandemic, with modified working practices where necessary. In these uncertain times, our long-term vision drives us to realise the growth opportunity within the changing world in which we operate. We partner with our customers and stakeholders to meet new challenges, from Covid-19 to the accelerating climate crisis, evolving retail formats and diversifying supply chains, through to new consumer behaviours driven by digitalisation and legislative change.

Importantly, we completed the sale of our Plastics division in the past year – a vital step in our strategy to provide sustainable, fibre-based packaging. We have also fully integrated our Europac acquisition in Iberia and France and further expanded our operations in North America with the opening of a new greenfield site in Indiana. We have continued to win awards for our packaging innovation and our safety statistics have again improved, for the 11th year in a row. Embracing the diversity of our people and creating fair opportunity for them to grow and develop has seen several new programmes introduced, including our Aspire programme for future leaders. Meanwhile, our community programme has been delivered across all of our sites with more than 50 employees, which is more important than ever as we respond to Covid-19 together.

In this report we set out what we have achieved in the year 2019/20, but also how we are well positioned to respond to the uncertain outlook facing the global economy. We explain the underlying growth drivers for the corrugated industry, and why DS Smith is ready to take advantage of those opportunities – from plastic replacement to the continued growth in e-commerce. As a company we take pride in responding to the world around us for the benefit of our customers, employees, suppliers and stakeholders — we are 'Redefining Packaging for a Changing World'. On a personal note and on behalf of everyone at DS Smith, I would also like to take this opportunity to thank Gareth Davis, our outgoing Chairman, for the enormous contribution he has made to DS Smith and for his wise counsel over the past decade. We look forward to welcoming Geoff Drabble as Chairman Designate.

Miles Roberts

Group Chief Executive

102-15 A description of key impacts, risks, and opportunities

Sustainability-related risks are embedded in everything we do. The Group sustainability team works cross-functionally to ensure governance of sustainability topics has become more embedded into how we respond as a Group to the complexities of operating in a global market with increasing stakeholder interest in our ethics, how we manage emerging risks and the manner in which we deliver our performance and results. Through our processes, we identify risks and gather timely information allowing us to implement mitigation plans, reporting and monitoring measures and assign roles and responsibilities. With these practices, we believe we

are now a more resilient organisation. We also see that in all aspects of our activities there is a growing interplay between how we manage our principal risks and our sustainability priorities.

Specifically, we are able to connect our efforts on sustainability to support our broader risk management efforts in order to:

- minimise business disruption due to tightening regulations on energy, water and fibre usage
- avoid the impact of prolonged labour unrest, or failure to maintain satisfactory labour relations
- prevent reputational damage due to the increasing social concern surrounding the broad range of packaging issues
- minimise the increased costs arising from climate change, extreme weather events and the impact of our approach to energy management.

Using the above criteria, our risk management and sustainability teams work together to apply the precautionary principle by identifying and classifying risks that could impact the integrity of the business. Our biennial materiality analysis forms a key part of this risk identification and prioritisation. Through the guidance of our executive management, we establish sustainability priorities focusing on those risks that are most relevant to our global and divisional operations.

Our Sustainability Report 2020 is organised such that we walk the reader through each stage of our supply chain and explain the key risks, relevance to our business, what impact we create and what we are doing to mitigate these.

Product Design and Innovation

- Risks: changing consumer habits, growth of e-commerce, evolving supply chains, smaller shops, faster deliveries, reputation of packaging
- Impacts: resource consumption and waste
- What we are doing about it:
 - Prioritising reusability, and recyclability (SR pg. 18-21)
 - Inspiring our customers to succeed through our Impact Centres (SR pg. 11)
 - Using no more material than necessary with Performance Packaging (SR pg. 11)
 - Designing inclusive packaging (SR pg. 11)
 - Designing packaging that follows our Circular Design Principles (SR pg. 20)
 - Solving e-commerce challenges (DS Smith Empty Space Economy report)
 - Ensuring product safety standards (SR pg. 19, see online link)
 - Managing our chemicals (SR pg. 19, see online link)

Sourcing

- Risks: raw material availability and prices, environmental and social impacts in the supply chain, growing interest in traceable and transparent supply chains
- Impacts: raw material consumption
- What we are doing about it:
 - Focusing on high quality, recycled raw materials (SR pg. 22-23)
 - Sourcing certified or recycled fibre (SR pg. 22-23)
 - Advocating for secondary material markets (SR pg. 22-23)
 - Implementing fibre certification schemes (SR pg. 22-23)
 - Requiring suppliers to sign our minimum sustainability standards (SR pg. 24-25)

Manufacturing operations

- Risks: regulatory initiatives, climate change, water stress, employment risks, company reputation

- Impacts: social impacts on employees, social impacts on our communities, energy, water, waste.
- What are we doing about it:
 - Focusing on diversity (SR pg. 36-37)
 - Engaging our workforce (SR pg. 36-37)
 - Respecting our people by using ethical platforms and audits (SR pg. 36-37)
 - Focusing on talent, careers, education and training (SR pg. 36-37)
 - Focusing on wellbeing (SR pg. 32-33)
 - Improving management cultures and behaviours (SR pg. 33)
 - Building a Zero Harm company (SR pg. 33)
 - Improving our health and safety performance (SR pg. 33)
 - Fuel switching (SR pg. 26-27)
 - Energy efficiency initiatives (SR pg. 26-27)
 - Aiming towards zero water impact, focusing on water quality, water stress and water consumption (SR pg. 24-25)
 - Reducing waste to landfill (SR pg. 28-29)
 - Recycling our own waste (SR pg. 30-31)
 - Innovating with waste as a resource (SR pg. 30-31)
 - Contributing to local communities in our community programme (SR pg. 34-35)
 - Providing funding through our Charitable Foundation (SR pg. 35)

Customer Supply Cycles

- Risks: transitioning to a circular economy
- Impacts: our packaging sits in the supply chains of some of the world's biggest brands
- What are we doing about it:
 - Creating packaging solutions that deliver positive sustainability impacts for our customers (See online <https://www.dssmith.com/company/sustainability/our-business>)
 - Making supply chains more efficient (See online <https://www.dssmith.com/company/sustainability/our-business>)

End of life and recycling

- Risks: poor waste management, transitioning to a circular economy, low quality secondary materials, recyclability
- Impacts: recycling, design for recyclability, waste
- What are we doing about it:
 - Closing our corrugated loop (SR pg. 5, 6, 10)
 - Managing our customers' waste (SR pg. 5, 10, 12)
 - Diverting from landfill (SR pg. 30-31)

Our sustainability strategy consists of nine targets to help us achieve our sustainability ambitions. More can be read about them on pages 14-15 of Sustainability Report 2020.

Ethics and Integrity

102-16 A description of the organization's values, principles, standards, and norms of behaviour

Our values

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

- Be caring - we take pride in what we do and care about our customers, our people and the world around us.
- Be challenging - we are not afraid to constructively challenge each other and ourselves to find a better way forward.
- Be trusted - we can always be trusted to deliver on our promises.

- Be responsive - we seek new ideas and understanding and are quick to react to opportunities.
- Be tenacious - we get things done.

The company's policies and procedures are fully aligned to these values, which we began to communicate through the OWN IT! campaign, launched in 2011. The alignment of all our processes to these values has been comprehensive. It includes:

- Performance and development review process
- Recruitment and induction
- The employee engagement survey
- Our reward and recognition schemes

Importantly, to promote a sense of personal ownership, local workforces have the opportunity to discuss how they can make these values relevant to their workplace.

Commitment to International Standards

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

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

We also subscribe to and support the Ethical Trade Initiative (ETI) and are currently in the process of developing assurance processes to confirm that we adhere to all requirements at site level across all global operations.

Ethics and compliance

Ethical business conduct and compliance with local, national and international legislation are fundamental to our way of doing business. We believe that an ethical approach will lead to repeat business and protect our reputation, thereby preserving our license to operate. Monitoring ethics and compliance and providing annual training to our employees are the responsibility of our legal teams. All our employees are encouraged to report suspected misconduct or unethical behaviour directly to their own supervisor, Human Resources or Legal Services. Our employees may also report their concerns in confidence to a dedicated hotline, an external service through which anyone can confidentially and anonymously report any issues.

Code of Conduct

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

102-17 A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity

All employees are encouraged to report suspected misconduct, non-compliances or unethical behaviour through our SpeakUp! Policy. This is our whistleblowing policy which is communicated to all employees via the employee handbook. It encourages employees to ask for advice or raise their concerns internally about malpractice or impropriety and explains the various grievance channels which exist internally:

- Reporting via line manager or local HR
- Internal email address direct to Company Secretary
- Use of expolink.co.uk
- "SpeakUp!" hotline number
- Reporting via local representatives of the European Works Council

Confidentiality is maintained throughout the whole process.

We are in the process of coordinating an internal campaign aimed at increasing awareness amongst our workforce of the communication channels open to them to report their concerns. The campaign will include personalised letters being mailed to employees in their local language explaining our "Speak Up!" programme, as well as how to effectively use the programme. More posters will also be displayed at DS Smith sites with local country contact details to ensure we make reporting potential concerns easier for our employees. We are confident that these measures will enhance our employees' familiarity with our "Speak Up!" hotline.

In 2019/20, 32 reports were received, investigated and resolved via our "Speak Up!" hotline.

We have nine Management Standards that list the key expectations of all DS Smith line managers relating to safety, individual performance, performance development, customer focus, communications, compliance, targets planning and control, business excellence and resourcing. The purpose of these standards is to develop a transparent, responsible and ethical business culture in the workplace. Through the compliance standard, the responsibilities of all line managers are explained. The expectation is that they:

- Always do the right thing in their working life.
- Ensure compliance with all policy and organisational requirements in their area of responsibility.
- Ensure compliance with all legal and regulatory requirements in their area of responsibility.
- Ensure their team are aware of all policy, legal, regulatory and organisational requirements.
- Demonstrate role model behaviour in promoting adherence to legal, regulatory and organisational requirements.
- Promote a culture of openness and encourage their team to raise any compliance concerns they may have.

Governance

102-18a Governance structure of the organization, including committees of the highest governance body

The Board

The Board is collectively responsible for the long-term success of the Group and for ensuring leadership within a framework of effective controls. The key roles of the Board are:

- Setting the strategic direction of the Group,
- Overseeing implementation of the strategy by ensuring that the Group is suitably resourced to achieve its strategic aspirations,
- Providing entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed,
- Ensuring that the necessary financial and human resources are in place for the Group to meet its objectives,
- Setting the Group's values.

Audit Committee

- Monitors the integrity of the Group's reporting process and financial management, its accounting processes and audits (internal and external),
- Ensures that risks are carefully identified and assessed and that sound systems of risk management and internal control are in place,
- Oversees fraud prevention arrangements and reports received under the 'Speak Up!' policy.

For more information see page 80 of Annual Report 2020.

Nomination Committee

- Reviews the structure, size and composition of the Board and its committees
- Identifies and recommends suitable candidates to be appointed to the Board and
- reviews the wider senior management talent pool
- Considers wider elements of succession planning below Board level, including diversity.

For more information see page 74 of Annual Report 2020

Remuneration Committee

- Recommends the policy for the remuneration of the Chairman, the Executive Directors, the Company Secretary and senior executives, in alignment with the Group's reward principles,
- Reviews workforce remuneration and related policies and alignment of incentives and rewards with culture, to help inform setting of remuneration policy,
- Considers the business strategy of the Group and how the remuneration policy reflects and supports that strategy.

For more information see page 86 of Annual Report 2020

Disclosure Committee

- Oversees the Company's compliance with its disclosure obligations

US Sub Committee

- Oversees the strategic direction of business in the US together with any associated risks or opportunities in the business.

General Purposes Committee

- Facilitates efficient operational management decision-making in relation to day-to-day financing and administrative matters.

Share Schemes Committee

- Facilitates administrative matters in relation to the Group's share schemes.

Group Health, Safety, Environment and Sustainability Committee

- Meets monthly.
- Oversees the management processes, targets and strategies designed to manage health and safety and environmental and sustainability risks and opportunities, to ensure compliance with the Group's health and safety and environmental and sustainability responsibilities and commitments.

Group Operating Committee

- Meets monthly.
- Considers Group-wide initiatives and priorities. Reviews the implementation of operational plans. Reviews changes to policies and procedures and facilitates the discussion of the development of new projects.

Group Strategy Committee

- Meets monthly.
- Plans the business strategy implementation as approved by the Board and set out by the annual corporate plan process. The corporate plan is used to develop the Group's strategy, based on the set strategic direction. The corporate plan's focus is primarily on strategic actions, supported by high level financial information. Our corporate plan covers a three-year time horizon and is reviewed annually by the Board.

Group Compliance Committee

- Meets quarterly.
- Oversees compliance with all legal, regulatory and organisational requirements including the effective interface between the financial, legal, risk and internal audit functions, reporting back to both the Group Operating Committee and the Audit Committee.

102-18b Committees responsible for decision-making on economic, environmental, and social topics

Risks arising from sustainability issues are considered by the Board as being among the key risks to the Group's operations. To manage and mitigate such risks adequately and effectively, we have put in place policies and procedures for existing and emerging sustainability issues. These policies are periodically reviewed and updated, with action plans communicated to the heads of each business unit. The Board receives regular reports on performance. The Group Chief Executive is responsible for addressing sustainability related issues. The Health, Safety, Environment and Sustainability Committee meets monthly. In addition, the Sustainability Steering Group, chaired by the Group General Counsel and Company Secretary, oversees the process for addressing sustainability-related issues and sets and monitors internal targets and strategies to ensure sustainability-related risks and opportunities are appropriately managed. Residual issues are brought to the Board.

102-19 Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees

The Sustainability Steering Group is chaired by the Group General Counsel and Company Secretary and contains Director level membership from Central Procurement, Operations, Communications, External Affairs, Human Resources, Health and Safety, Commercial and Sales. It is through these representatives that responsibility, accountability and tasks are delegated to the various divisions and functions, facilitated by the Group Sustainability Team who supports networks across the business who control the implementation of these sustainability projects.

102-20 Executive-level position or positions with responsibility for economic, environmental, and social topics

Miles Roberts (Group Chief Executive) and Adrian Marsh (Group Finance Director), both executive directors on the DS Smith Board, chair and attend the Group Health and Safety and Sustainability Committee, where management processes, targets and progress on strategies are reported directly to them. Greg Dawson (Director of Corporate Affairs) reports directly to the General Operating Committee and CEO. The Group Sustainability team is led by Wouter van Tol (Head of Sustainability, Government and Community Affairs), who reports to the Director of Corporate Affairs.

Stakeholder Engagement

102-40a A list of stakeholder groups engaged by the organization

- Customers
- Suppliers
- Investors
- Insurers
- Banks
- NGOs and charities
- Operational staff
- Senior management
- Technical experts

102-41 The percentage of total employees covered by collective bargaining agreements

100% of employees are covered by collective bargaining agreements, and are represented by the DS Smith, European Works Council.

102-42 The basis for identification and selection of stakeholders with whom to engage

In 2016, when we first begun strategically engaging with stakeholders on sustainability topics for the creation of the first materiality analysis, our focus was on the commercial customers of our Packaging division. As a primarily B2B organisation the demand for sustainability comes primarily from these global brands who are cascading requirements into their supply chain. We therefore engaged with our largest and most active customers on this topic. We also chose to engage with industry associations, our key insurance bank, an investment bank and a small number of suppliers to get breadth to our answers. We also engaged with our key contacts in a variety of departments across DS Smith, ranging from Director-level to coordinators and

analysts. In 2017 we realised that important topics and issues were rising in the area of materials, waste, recycling and plastics. Therefore, during this update of our materiality analysis we chose to focus on plastics customers and suppliers, as well as internal audiences from our Sustainability Steering-Group to sense check our findings. In financial year 2019/2020 we conducted a complete overhaul of our materiality analysis, including a broader range of stakeholders than we had engaged with previously, including new stakeholders in North America. We anticipate publishing the findings of this analysis in Sustainability Report 2021.

102-43 The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process

Our sustainability strategy continues to be developed based on a range of strategic internal and external measures with medium-term targets and action plans. However, sustainability trends vary greatly from fast-moving trends such as the current focus on plastics which require us to take quick and immediate action, to longer-term trends such as reducing emissions. Therefore, to complement the strategy, we undertake a biennial engagement exercise, called a materiality analysis, to identify, understand and monitor the upcoming sustainability concerns for a range of our external stakeholders, including customers, investors, banks, regulators and employees.

Our Approach

Our biennial materiality analysis enables us to engage a broad spectrum of internal and external stakeholders on sustainability topics of concern to them. Through a rigorous and structured comparison with our own corporate objectives, this process generates new insights and highlights opportunities to improve our position and further delight our customers. It is a key part of how we monitor upcoming topics and issues at DS Smith. According to best practice, a materiality analysis requires us to assess the importance of sustainability topics and issues to our different stakeholders. Externally, this required setting up meetings with a variety of stakeholders, including customers, investors, insurers, NGOs and suppliers. Internally, this required a number of site visits and workshops, attended by operational staff, senior management and technical experts to get a cross-section of opinion from the heart of our operations. In our most recent analysis, our stakeholders ranked a range of sub-issues in order of importance from 1-10, considering both risks and opportunities, which were then sorted into macro-issues which appear on our matrix. Some issues are of universal importance; others are significant only to particular stakeholder groups or within niche areas. The analysis highlighted the great work we are already doing, as well as providing direction and focus for our future work in specific sustainability areas.

102-44 Key topics and concerns that have been raised through stakeholder engagement, including: how the organization has responded to those key topics and concerns, including through its reporting; the stakeholder groups that raised each of the key topics and concerns

A wide range of stakeholders participate in our biennial materiality analysis to rank issues in order of importance. We use the results of these surveys to create a materiality matrix, and we

turned most of these material issues into new targets for our business. This matrix can be found on page 39 of Sustainability Report 2020.

Material Issues

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

1. Health and Safety

As a manufacturing business, health and safety means ensuring the physical and mental wellbeing of all visitors, employees, contractors, agency workers and members of the public. This remains our number one priority. It is important to ensure our zero accident culture is embedded across the business, especially as our business continues to grow and expand into new territories. During our stakeholder engagement, this topic was raised as a key concern by employees and senior management.

Target: Zero Accidents. Vision Zero Harm

2. Fibre Sourcing

For DS Smith, this means continuing to source good-quality recovered paper, ensuring security of supply, and sourcing all virgin fibre responsibly. Fibre is our primary raw material and it is essential for our business to ensure we have a continued, responsibly-sourced supply. During our stakeholder engagement, this topic was raised as a key concern by banks and customers.

Target: Use 100% recycled or chain of custody certified papers by 2020

3. Packaging Impact

The core role of packaging is to protect products and to keep food and drink fresher for longer. In doing so, packaging makes supply chains more efficient and protects the energy and resources invested in products. The recent media and consumer focus on single-use plastics packaging has resulted in a broader discussion about the role of packaging in society. More than ever before, the role of packaging in society is being scrutinised. Changes are being driven not only by our customers and consumers, but by regulatory developments as well. Leadership in sustainability is not just about reducing the environmental impact of operational sites. Leadership goes beyond this, which is why we are committed to working on sustainable sourcing and with our customers to manage the life-cycle impact of our products and services. During our stakeholder engagement, this topic was raised as a key concern by our customers and investors.

Target: Manufacture 100% reusable or recyclable packaging by 2025

4. Carbon and Energy

This priority topic concerns the energy consumption of our business, and the greenhouse gas emissions associated with our operations. Energy consumption and associated carbon emissions are significant environmental aspects that contribute to global challenges such as climate change, and we are committed to reducing our emissions relative to production. During our

stakeholder engagement, this topic was raised as a key concern of shareholders, customers and employees.

Target: Reduce our CO2e emissions by 30% per tonne of production by 2030, against a 2015 baseline

5. Recycling and Waste

Waste is typically the ultimate destination of resources considered to have ended their useful life - but at DS Smith we see waste as a resource. Harvesting virgin raw materials can be costly in both financial and environmental impact and added to that, no resource is infinite. We divert used paper and cardboard from landfill and recycle materials back into production - helping to keep materials in supply cycles for as long as possible. During our stakeholder engagement, this topic was raised as a key concern by employees and regulators.

Target: Send zero waste to landfill by 2030

6. Supplier Standards

The growing interest in commodity supply chains is part of a broader global trend. Organisations are expected to disclose much more information than ever before. Legislation such as the Companies Act, EU Timber Regulations, UK Modern Slavery Act 2015 and Equality Act 2010 plays a high-profile role in driving this transparency. In response, at DS Smith we are driving greater disclosure from our suppliers in order to better understand the entire supply chain and manage risks related to human rights, child labour, business ethics and environmental management. During our stakeholder engagement, this topic was raised as a key concern by customers and shareholders.

Target: Ensure 100% of our suppliers comply with our sustainability standards by 2025

7. Responsible Employer

At DS Smith, our most valuable asset is our people. Realising the potential of our people is essential for the continued growth of the business. As a responsible employer, we are conscious of the wide-reaching impact of employment relationships on individuals, their families and the communities in which they live and work. We provide direct employment and livelihoods for 28,000 people. Through their experience and advocacy, we have an impact on their friends and family. In many cases, our production sites are located outside major cities, in industrial parks or less populated rural areas, making us a significant employer in those localities. We are focussed on measuring and looking to improve the diversity of our workforce, creating more engaging workplaces, and maintaining compliance with international labour standards through the Supplier Ethical Data Exchange (Sedex) platform. During our stakeholder engagement, this topic was raised as a key concern by employees and customers.

Target: Build a diverse, engaged and respected workforce

8. Water Stewardship

Water plays a critical role in our business, particularly in the paper production process. Fibres are transported through the production process, from pulp to paper, using water, and then

superheated steam is used to dry the paper. Water is also used to dilute starch in our corrugated plants, which then bonds several layers of paper together to create board, and in all facilities for cooling machinery and cleaning. As a water-intensive business, it is important that we consume, recycle and treat the water we use responsibly and efficiently so that we minimise our impact when we return water to the natural environment and that we comply with all legislative requirements. During our stakeholder engagement, this topic was raised as a key concern by regulators.

Target: Achieve zero water impact by 2030

9. Responsible Neighbour

Although we directly impact the lives of 28,000 employees, the scale of our business and our joined-up approach means we are able to tackle big challenges faced by the wider communities in which we operate and in which our employees live. As a caring and responsible business, we partner with our local communities. We know our people value being able to use their skills to give something back and support the future of their local environment. During our stakeholder engagement, this topic was raised as a key area of pride for employees, giving them a sense of ownership.

Target: Engage in community programmes at 100% of our sites by 2020

In Sustainability Report 2020 we announced that we had achieved our three '2020' sustainability targets. We will soon be announcing a new ambitious set of targets, taking into account the feedback from stakeholders in our most recent materiality analysis.

Reporting Practice

102-45 a List all entities included in the organization's consolidated financial statements or equivalent documents

Please refer to "DS Smith Group Companies" in Annual Report 2020, pages 183-187.

102-45 b Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report

- DS Smith Annual Report 2020 - not applicable
- DS Smith Sustainability Report 2020 - applicable

The Sustainability Report contains the DS Smith environmental performance data for 2019. Unless otherwise stated, the Group's consolidated data published in this report or on our website covers DS Smith Plc (the parent company), and all subsidiary entities in which we hold over 50 percent of voting rights directly or indirectly. Consolidated sustainability performance data does not cover investments where ownership is below 50 per cent. Similarly, with regards to acquisitions, the data is based on sites we have owned since January 2019. For example, new acquisition Europac is not within scope for the reporting period covered by this Sustainability Report, we will report on it in Sustainability Report 2021.

102-46a An explanation of the process for defining the report content and the topic Boundaries

The Sustainability Report is structured by the nine sustainability targets that cover issues brought to light by our materiality analysis. Report content therefore reflects these material issues. When assessing our own impacts, we consider the processes that occur at each of our sites and then determine what the most significant impacts are of these processes. These manufacturing processes themselves have direct impacts such as the consumption of power as well as indirect impacts related to the materials and workforce required to make our products. Once we have identified our key impacts we consider where their influence will fall (within the business, outside the business or both) to determine their boundary. We use data from our internal databases to assess the magnitude of these impacts as well risk assessments to identify areas outside the scope of these databases. Once we have listed key impacts, we can link them to the GRI Indicators before determining their Boundary and whether they are material to our business. The Health, Safety, Environment and Sustainability Committee (HSES) committee is responsible for governance of sustainability issues at DS Smith and they make the final decision on inclusion based on this information.

102-46b An explanation of how the organization has implemented the Reporting Principles for defining report content

We have used the GRI Reporting Principles to help us structure each section of our report to improve transparency. Every section of our report contains distinct sections:

- **Context:** an explanation of why the topic is important to our stakeholders and the main impacts or trends, followed by a contextualisation of how DS Smith fits into these global issues or trends.
- **Our key performance indicators:** numerical performance on targets and sub-targets.
- **Our performance and highlights:** an explanation of how we manage the topic, our targets, projects and initiatives.
- **More information and policies**
- **Our next steps:** any adjustments to our management of this topic in future.

As always, preparing a report to GRI Reporting Principles also highlights further aspects and indicators which are material to our business but we have not reported on in our Sustainability Report. We have reported these more fully in this GRI report.

102-47a List all the material Aspects identified in the process for defining report content

DS Smith material aspects identified independently from the GRI process:

- Health and Safety
- Fibre Sourcing
- Packaging Impact
- Carbon and Energy
- Recycling and Waste
- Supplier Standards
- Responsible Employer, human rights and labour
- Water Stewardship
- Responsible Neighbour

For further detail on each of these aspects, please see submission for 102-44. As a separate approach below, please find a detailed analysis of each material GRI aspect to our business and where the impact could occur.

Related GRI Indicator	Aspect Boundary	Where Impact Occurs
201-1	Within & Outside Organisation	Concerns wealth generated and spent within the organisation and distributed by it.
202-1	Within Organisation	Aspect relates to our internal management of employee wages.
205-2	Within Organisation	Corruption is an issue that would adversely affect our reputation and carries legal ramifications. The company would experience the impacts of any confirmed cases of this.
205-3	Within Organisation	Corruption is an issue that would adversely affect our reputation and carries legal ramifications. The company would experience the impacts of any confirmed cases of this.
206-1	Within Organisation	Anti-trust or anti-competition is an issue that would adversely affect our reputation and carries legal ramifications. The company would experience the impacts of any confirmed cases of this.
301-1	Within Organisation	We purchase and consume a range of raw materials to produce our final product.

301-2	Within Organisation	We purchase and consume a range of recycled materials to produce our final product.
302-1	Within Organisation	Energy from fuels (i.e. natural gas, coal, flare gas, LPG etc.) consumed at all our facilities for heating and powering owned plant.
302-1	Within Organisation	Energy consumed by organisation not outside it. We can actively manage this.
302-2	Outside Organisation	Energy is consumed outside the organisation by our suppliers when providing raw materials and services and employees when travelling for work or commuting. Energy also consumed transferring product to customer.
302-3	Within Organisation	Energy consumed within organisation divided by production of organisation.
302-4	Within Organisation	Energy consumed by organisation not outside it. We can actively manage this.
303-1	Within & Outside Organisation	We get most of our water from boreholes which are not owned by us. Therefore any environmental impacts caused by consumption by us will fall outside it. Any financial implications will be within the organisation.
303-2	Outside Organisation	We don't own water sources so the impact of drawing water from them falls outside the organisation with the owners of them.

304-1	Outside Organisation	Most of our sites are located in industrial areas of low risk for biodiversity.
305-1	Within Organisation	Direct emissions from operations from imported energy are managed internally.
305-2	Within & Outside Organisation	Indirect emissions from imported energy occur externally. In some cases we generate electricity at our own factories and supply it to our own facilities where the impact occurs internally.
305-3	Outside Organisation	Emissions from any non-energy source from up or downstream occur externally.
305-4	Within Organisation	Emissions from Scope 1 and 2 sources are normalised by our own production.
305-5	Within Organisation	We are responsible for reducing emissions associated with Scope 1 and 2.
305-6	Outside Organisation	Impact Occurs at the Ozone Layer
305-7	Within & Outside Organisation	Impact Occurs at the manufacturing facility in terms of air quality and in the atmosphere once it escapes.
306-1	Outside Organisation	We discharge water into the municipal system or into rivers/seas which we don't own, so the impact falls outside the organisation.
306-2	Within & Outside Organisation	Through the acquisition of Interstate Resource, we now

		own a landfill site. Therefore landfill falls within and outside the organisation.
306-4	Outside Organisation	Through the acquisition of Interstate Resource, we now own a landfill site. However none of the material deposited here is hazardous, therefore this falls outside the organisation.
307-1	Within Organisation	Environmental Impact most likely to fall outside organisation but this aspect relates to the fines and sanctions which would impact the company.
308-2	Outside Organisation	This Aspect concerns upstream impacts of product and services, by default outside of organisation.
401-1	Within Organisation	Aspect relates to employee turnover.
401-1	Within Organisation	Aspect relates to employee turnover.
404-2	Within Organisation	Falls within organisation as it relates to the skill and knowledge level of our employees, reflecting the efficacy of them in their jobs.
404-3	Within Organisation	Falls within organisation as it relates to talent identification and management.
405-1	Within Organisation	Aspect relates to our employee profile.
405-2	Within Organisation	Aspect relates to our employee wages.
401-3	Within Organisation	Significant impacts fall within organisation as if an

		employee does not come back to work we need to replace them.
403-1	Within Organisation	Relates to relationship between management and employees.
403-2	Within Organisation	Relates to impacts on people who work for the company.
403-3	Within Organisation	Relates to impacts on people who work for the company.
403-4	Within Organisation	Relates to relationship between management and employees.
404-1	Within Organisation	Falls within organisation as it relates to the skill and knowledge level of our employees, reflecting the efficacy of them in their jobs.
205-2	Within Organisation	Corruption is an issue that would adversely affect our reputation and carries legal ramifications. The company would experience the impacts of any confirmed cases of this.
205-3	Within Organisation	Corruption is an issue that would adversely affect our reputation and carries legal ramifications. The company would experience the impacts of any confirmed cases of this.
206-1	Within Organisation	Anti-trust or anti-competition is an issue that would adversely affect our reputation and carries legal ramifications. The company would experience the impacts

		of any confirmed cases of this.
419-1	Within Organisation	Anti-trust or anti-competition is an issue that would adversely affect our reputation and carries legal ramifications. The company would experience the impacts of any confirmed cases of this.

102-48 The effect of any restatements of information given in previous reports, and the reasons for such restatements

In Annual Report 2020 and Sustainability Report 2020, we restated our 2018 environmental performance indicators to provide a more meaningful comparison of 2019 to 2018 figures (see Annual Report 2020, page 34 and Sustainability Report 2020, page 44). As note 2 ('Comments to the data') of the Environmental KPI table explains, we have restated this data because we now have more accurate data available for the North American market than we had in 2018, which was the first year of ownership. In 2018, to report our performance it was necessary to estimate some data and we have since closed that gap with real data. This decision was taken to provide a useful comparison to the 2019 numbers reported.

102-49 Significant changes from previous reporting periods in the list of material topics and topic Boundaries

There have been no changes in the list of material topics and topic boundaries this year. However, we have internally began to take appropriate steps to manage the topic of forestry and biodiversity as a result of acquisitions in North America, Portugal and Spain over the last two years. This will fully come in scope in our report next year.

102-50 Reporting period for information provided

Calendar Year 2019

102-51 Date of most recent previous report (if any)

Calendar Year 2018 (published June 2019)

102-52 Reporting cycle (such as annual, biennial)

Annual

102-53 The contact point for questions regarding the report or its contents

Via the contact form on our website <http://www.dssmith.com/contact/get-in-touch> or via the email address sustainability@dssmith.com

102-54 The claim made by the organization, if it has prepared a report in accordance with the GRI Standards:

This report has been prepared in accordance with the GRI Standards: Core option

Exact quote from Sustainability Report 2020 page 40:

"... For the fourth year running, this report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, in line with best practice."

102-55 The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report

The GRI Index for General Standard Disclosures are reported on page 45 of Sustainability Report 2020, and the full GRI Index can be found at:

<http://www.dssmith.com/company/sustainability/sustainabilityreport>. For convenience, it is also provided in Sustainability Databook 2020, on page 17.

102-56a A description of the organization's policy and current practice with regard to seeking external assurance for the report

DS Smith remains committed to transparent reporting. It is our policy that certain key performance indicators (KPIs) such as energy consumption, greenhouse gas emissions, raw material usage, water consumption, waste and discharge (to air and water) should seek limited assurance from a third party, so we can be sure that the data we are using to make strategic business decisions and sharing with stakeholders is accurate. DS Smith engage Bureau Veritas to assure our environmental dataset to achieve this objective. This limited assurance engagement relies on a risk based selected sample of environmental data and the associated limitations that this entails. The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, not addressed as part of this assurance. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Data not in scope of the Bureau Veritas audit has been subject to a robust internal audit by the Group Finance team. The following indicators have been internally verified:

- Chain of Custody certified papers
- Recycled papers
- Community programmes

102-56b If the report has been externally assured:

i. A reference to the external assurance report, statements, or opinions.

A short version of the External Assurance Report can be found on page 35 of Annual Report 2020, page 43 of Sustainability Report 2020, page 3 of Sustainability Databook 2020, or the full version can be found online at: <http://www.dssmith.com/company/sustainability/our-environment/performance>

ii. The relationship between the organization and the assurance provider;

DS Smith has commissioned Bureau Veritas for the 12th year to complete the verification of environmental KPIs.

iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.

The Group Operating Committee comprising the senior executives in the business approve the report on an annual basis.

Specific Standard Disclosures

Category: Economic

Material Aspect: Economic Performance

103-1: Context

Businesses are expected to maintain a healthy economic performance to support all of their different internal and external stakeholders, and uphold the global economic system. At DS Smith, we are looking to create sustainable value for all of our stakeholders: delighting our customers; ensuring the safety of our employees; delivering excellent shareholder returns; using our scale to support regulators; and providing a reliable, sustainable investment for financial institutions.

103-2 and 103-3 How do we manage it, and how do we evaluate our approach?

Our strategic goal is 'To double our size and profitability'. We manage, measure and evaluate our performance in this area through a wide range of financial indicators. We do this by:

- Driving organic market share gains
- Maximising the opportunities from businesses that we have acquired
- Investing behind growing areas of the corrugated packaging market

Our performance

- In 2019/20 we delivered:
 - 0.6 per cent like-for-like corrugated box volume growth – ahead of our target
 - 70 basis points increase in return on sales margin
 - 4 per cent adjusted operating profit growth (constant currency)
 - A strengthened European packaging operation with the integration of Europac
 - The opening of a new packaging site in Indiana, US
- In 2020/21 we will:
 - Continue to drive growth through organic investment
 - Drive volume growth and profitability of the new packaging site in the US
 - Maximise efficiency of operations and procurement

See Annual Report 2020 pages 36-37 for further information.

201-1 Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations

Refer to Consolidated income statement, year ended 30 April 2020 on page 125 of Annual Report 2020.

Material Aspect: Market Presence

103-1 Context

The consumer landscape is changing – more e-commerce means more packaging in the home. Changing shopper habits mean more frequent and smaller shopping trips. Last-minute decision

making means a greater emphasis on in-store product awareness. Rising raw material costs mean food companies are constantly looking for greater efficiencies. Major customers are under pressure, so they need a supplier partner who can create real value for them and provide high quality sustainable packaging solutions on a multinational scale. We can do this. DS Smith is a leading provider of corrugated packaging in Europe and worldwide, supported by paper and recycling operations. We can provide expertise and innovation to help them reduce their overall costs, while also aiming to drive their sales.

In Europe our corrugated packaging business operates in four geographic segments. Recycling and paper form an integrated part of our operations.

- **Geographically:** Europe, North America and Asia
- **Sectors served for corrugated packaging:** Grocery, home and personal care, beverages, tobacco, agriculture, pharmaceutical, electronics, automotive, machinery, chemicals and construction
- **Types of customers:** Our packaging customers include many of the largest fast-moving consumer goods companies, owners of some of the world's best-known branded products, and leading industrial businesses. Our recycling business serves major retail groups

103-2 and 103-3 How do we manage it and evaluate our approach?

DS Smith is in a strong position to capitalise on the opportunities that current market changes present. Scale is the most material differentiator, which then drives our ability to invest in our people and in innovation, hence fulfilling our customers' expectations.

Scale

Our packaging and paper operations cover 34 countries giving the widest coverage of any packaging company across Europe. We have around 30,000 employees and over 200 manufacturing sites, including our growing operations in the US. The breadth of our offering matters because it matches our customers' requirements. Our large customers are multinational, so require a multinational, consistent approach to their packaging. For example, over 50 per cent of our boxes are for customers served in more than one country. Customers looking for a partnership with their suppliers need to work with fewer, more sophisticated suppliers.

Innovation

DS Smith is a leader in packaging innovation, with c. 700 designers and innovators. We operate a system where innovation and know-how is shared through our network of nine Impact Centres and 36 PackRight Centres, supported by designers who operate in our manufacturing sites. Impact Centres are our innovation hubs, and PackRight Centres are where innovation is put into practice in conjunction with customers. Innovation is delivered by DS Smith and then applied across our wide customer base. Examples of where innovation is driving growth are performance packaging, plastic replacement, and e-commerce solutions.

Performance packaging

Performance packaging is a different way of selling packaging and engaging with customers. At the centre of this is the understanding that customers want packaging that delivers a certain

performance depending on the product and its supply chain. We agree and guarantee this performance. Then, using proprietary technology, we measure the board strength throughout the corrugated board and box-making process to optimise the use of fibre. We then deliver cost, efficiency and carbon savings for our customers. For example, our customer Orkla Foods adopted our performance packaging programme to assist in meeting its sustainability targets, resulting in a 10 per cent reduction in packaging weight.

Solutions for e-commerce

E-commerce presents many challenges for packaging, including: damage; product returns; packing speed; void space in packaging; customer attitudes to packaging/sustainability; brand support; and personalisation. We estimate that there is ten times the chance of product damage in the home delivery route versus the traditional supply chain to a store. Innovation has led to our DISCS™ (Drop, Impact, Shock, Crush, Shake) technology, which simulates home delivery supply chains and sets the standard for packaging solutions. This allows us to create high-performing e-commerce packaging solutions which ensure our customers' products are received by their customers in optimal condition. This dramatically improves the design cycle time for such packaging. The question of void space — the amount of empty space in an e-commerce package — is important because of the cost of shipping void space as well as the potential impact on damage and customer satisfaction. DS Smith is developing packaging solutions that minimise void space efficiently and hence reduce supply chain costs.

Partnership approach

Our people have a deep understanding of our customers as a result of working closely with them over many years, combining this understanding with creativity to develop innovative, sophisticated packaging that improves the efficiency of supply chains, saving customers money and improving their security of supply. We seek to develop our relationships further, for example by extending the ranges and categories that we work on with each. As a demonstration of this success, our average rate of box volume growth among large customers has been 9 per cent over the last three years, considerably ahead of Group volume growth.

Integrated packaging design

Packaging is vital to keep supply chains running, providing consumers and businesses the products they need. We strive for solutions that are made of recycled materials, and are easy to be recycled in a closed loop system. With supply chains becoming more integrated and demanding, we make sure that our solutions are constantly up to date to meet the evolving demands from our customers and offer the right protection and functionalities in the most efficient way. We strive to maximise the performance of our packaging, while reducing costs and the amount of material used. We have continuous programmes to optimise our packaging design structures, materials and methods of designing, testing and manufacturing. As our packaging is not travelling alone, we make sure it performs in harmony with the products it carries as well as the infrastructure it has to endure. This is what we call 'integrated packaging solutions', making sure that we eliminate excess of space and material usage. Advising global brands, we engage with their engineers and marketing teams early in their product

development process. This includes providing design input on the development of their primary packaging with a focus on sustainability (design for recyclability), efficiency and brand consistency throughout all the packaging touch points. It is to the benefit of all in the supply chain (brands, logistics providers, shoppers and consumers) that we streamline both primary packaging, retail packaging, e-commerce packaging and point of sale. We call this the 'one packaging' approach.

202-1 Ratios of standard entry level wage compared to local minimum wage at significant locations of operation

Region	Percentage of sites paying at least minimum wage
Northern Europe	100
Southern Europe	100
Eastern Europe	100
North America	100
Elsewhere	100

Our strategy is to pay the market rate in location of operation. Although 100% of our sites pay minimum wage, a significant proportion pay above minimum wage for entry level roles if the local living costs or employment market requires it. We have a partial dataset for these ratios but are not yet in a position to publish this data.

Material Aspect: Procurement Practices

103-1 Context

The growing interest in commodity supply chains is part of a broader global trend. Our suppliers help maintain our reputation for excellence. They play an important role in fulfilling our mission as a business, which is why we work together to ensure responsible and fair purchases. We are committed to ensuring our suppliers meet the same standards that we apply to our own operations. Organisations are also expected to disclose much more information than ever before. Legislation such as the Companies Act, EU Timber Regulations, UK Modern Slavery Act 2015 and Equality Act 2010 plays a high-profile role in driving this transparency.

103-2 How do we manage it?

In response, at DS Smith we are driving greater disclosure from our suppliers in order to better understand the entire supply chain and manage risks related to human rights, child labour, business ethics and environmental management. Suppliers of materials and/or services to DS Smith is expected to meet certain minimum standards, communicated through our Global Supplier Standards (GSS). In addition to ensuring current suppliers adhere to our minimum standards, we also have a responsibility to mitigate risk associated with potential new suppliers. Therefore, as we report in our Modern Slavery Statement, in areas of higher geographical risk we have required our businesses to commit to completing pre-audits on all potential suppliers. If the relationship between DS Smith and the supplier is new, an initial evaluation is conducted to assess the potential supplier's ability to meet DS Smith's requirements. Such an assessment can take the form of a questionnaire, visit or a formal audit. When areas of non-compliance are identified at a supplier, corrective action has to be implemented and the time frame for reaching compliance agreed upon.

We have set a target to ensure 100 per cent of our suppliers comply with our sustainability standards by 2025. Strong progress towards the long-term target has been made over the past year. Initial work focused on categorising suppliers. Given the scale of our supply chain and the variety of suppliers within it we have decided to drive our sustainability standards into our supply base using a variety of tools, with suppliers subject to an assessment commensurate to their categorisation. Our supplier categorisation process was a key foundation to build from. Following on from this, we engaged with several third parties in order to find new or existing software solutions that will enable us to embed sustainability factors within a broader supplier relationship management programme. Two software systems have been identified; one to act as a general supplier qualification system, and EcoVadis to act as a rigorous sustainability rating system for suppliers categorised as either high or critical risk, or strategic. Both systems are now in use and are helping us to engage with suppliers on sustainability issues.

103-3 How do we evaluate our approach?

- Percentage of suppliers signed up to our Global Supplier Standard (GSS)
- Percentage of strategic suppliers signed up to our Global Supplier Standard (GSS)
- Percentage of strategic suppliers assessed on sustainability performance

- Number of suppliers engaged in sustainability performance improvement plans
- Number of actions to improve performance initiated
- Number of actions to improve performance completed

We monitor these KPI's internally on a monthly basis and disclose them publicly on an annual basis, in the Sustainability Databook (see page 16 of Databook 2020).

204-1 Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally)

We are currently in the process of gathering this information to be able to make a comprehensive and accurate disclosure.

Material Aspect: Anti-corruption

103-1 Context

The UK Bribery Act 2010 imposes extremely tough penalties on companies like DS Smith Plc (the "Company") if an employee or third party acting for The Company, commits any acts of bribery or corruption on its behalf. As a result, a criminal prosecution could follow unless the Company had "adequate procedures" in place to prevent such bribery and corruption occurring in the first place. DS Smith is committed to complying with anti-bribery and anti-corruption laws in all countries in which it operates. All employees must act with honesty and integrity in every aspect of dealing with other employees, directors and officers, customers, suppliers, other business partners, communities and government authorities. An impact could occur whenever a DS Smith employee comes into contact with other employees, directors and officers, customers, suppliers, other business partners, communities and government authorities.

103-2 How do we manage it?

It is the policy of DS Smith that all current or potential business partners are treated fairly and equitably. All employees are required, irrespective of their function, grade or standing, to observe the DS Smith standards of business and personal ethics in the conduct of their duties and responsibilities. DS Smith will not make any political donations or participate in political activities. DS Smith may, however, make representations to governments about matters affecting the Group's legitimate interests. These expectations are communicated to every DS Smith employee through the Code of Conduct. It states that "neither DS Smith nor any of its employees shall make or receive illegal, or improper payments or bribes and will refrain from participating in any corrupt business practices. Neither DS Smith nor any of its employees shall give or accept payments, gifts or other kinds of reimbursement that could affect or appear to affect their objectivity in business decisions." In addition to the Code of Conduct, 100% of new, non-production/white collar employees must complete a mandatory online training on anti-corruption and bribery, within 30 days of their employment. Completion rates are monitored online. As a refresher, the DS Smith Group legal team also conducts a rolling roadshow across all European sites.

103-3 How do we evaluate our approach?

- % of employees from whom digital acknowledgement of policies has been obtained
- % of employees who have completed the online training course
- Numbers of employees re-trained through the rolling roadshow

205-2 Communication and training on anti-corruption policies and procedures

100% of new, non-production/white collar employees must complete a mandatory online training on anti-corruption and bribery, within 30 days of their employment. Completion rates are monitored online. The DS Smith Group legal team also conducts a rolling training programme / roadshow across all European sites.

Material Aspect: Anti-competitive behaviour

103-1 Context

As a global business, DS Smith encounters laws and regulations designed to promote fair competition and encourage ethical and legal behaviour. Antitrust and fair competition legislation generally prohibits activities that restrain free trade or limits competition. DS Smith is committed to an even playing field in its business dealings and is committed to conducting its business in full compliance with such legislation. An impact could occur whenever a DS Smith employee comes into contact with other employees, directors and officers, customers, suppliers, other business partners, communities and government authorities.

103-2 How do we manage it?

All DS Smith employees are strongly advised through the Code of Conduct that they should avoid entering into situations where their personal, family or financial interests may be in conflict with that of DS Smith. Where any such potential conflict of interest arises, the employee should immediately disclose this and seek authorisation from their line manager before

proceeding. Line managers who are unsure whether to approve such a conflict should contact the Group General Counsel and Company Secretary. All employees must have a basic education in this area of law in order to protect themselves and the business. Therefore, in addition to the Code of Conduct, 100% of new, non-production/white collar employees must complete a mandatory online training on competition law, within 30 days of their employment. Completion rates are monitored online. As a refresher, the DS Smith Group legal team also conducts a rolling roadshow across all European sites.

103-3 How do we evaluate our approach?

- % of employees from whom digital acknowledgement of policies has been obtained
- % of employees who have completed the online training course
- Numbers of employees re-trained through the rolling roadshow

206-1 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes

We do not currently publish this data externally, but we can confirm that we monitor compliance with the anti-bribery and anti-corruption policy, competition law policy, social media policy and data protection policy very closely. These specific risk discussions are a regular agenda item at the divisional trading meetings held monthly by the Group Chief Executive and Group Finance Director.

Category: Environmental

Material Aspect: Materials

103-1 Context

Fibre is our primary raw material at DS Smith. We prioritise use of recycled fibres through our circular business model, as we turn waste into a resource. However, the finite recyclability of timber fibres means virgin fibres will always be required to top-up the renewable corrugated system. We also consume a range of inks, starch, adhesives and other chemicals in much smaller proportions. Since we use a portion of virgin material, forestry is a matter of strategic importance for our industry, although we do not currently own any commercial forestry operations ourselves. The materials we use, as well as where we choose to source them from, have actual and potential positive and negative impacts in the environmental, economic and social arenas. For example, choosing to use more virgin fibre in our paper would drive activity to harvest designated forests, reduce the recycling rate of waste paper in a country and potentially cost and generate jobs. Papermaking requires a constant influx of fresh fibres from pulp produced from virgin wood to replenish the strength of recycled fibres. This means we must responsibly source virgin fibre and other materials to continue operating.

103-2 How do we manage it?

In line with the zero net deforestation target of the Consumer Goods Forum, we are delighted to report that we have achieved our target of using 100 per cent recycled or chain of custody certified papers by 2020. This means all papers used by our Packaging division either purchased from DS Smith paper mills, or from external sources are made from recycled fibres or chain of custody certified virgin sources. Not only is this the right thing for our environment, it is the

right thing for our customers too. We are supporting a significant and growing number of our customers by providing packaging made from fully recycled or chain of custody certified sources, enabling them to communicate their responsible sourcing to consumers whilst meeting their own commitments related to combatting deforestation. As we grow we often acquire and integrate businesses that have not had the same environmental focus. Integrating and centralising procurement from historic acquisitions was integral to achieving 100 per cent sustainably sourced papers. We have conducted a thorough internal audit with suppliers checked against chain of custody databases and online registers to ensure compliance.

103-3 How do we evaluate our approach?

- Percentage of recycled or chain of custody papers bought
- Percentage of chain of custody certified sites
- Central company databases for summarising and analysing this information - calibrated and audited externally.

301-1 Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: i. non-renewable materials used; ii. renewable materials used

Material	Unit	Non-renewable	Renewable
Additives (Inks, dyes, varnishes, solvents and talc)	Tonnes	42,721	-
Adhesives (hot melt glues, PVA and starch)	Tonnes	559,753	-
Packaging Raw Materials			
Bought-in papers	Tonnes	-	4,500,299
Bought-in sheets	Tonnes	-	371,218
Total	Tonnes	-	4,871,517
Paper Raw Materials			
Pulp	Tonnes	-	245,617
Recovered fibre	Tonnes	-	3,537,904
Wood	Tonnes	-	1,101,791
Virgin fibre	Tonnes	-	821,877
Total	Tonnes	-	5,707,190
Transit Packaging Materials			
Baling wire	Tonnes	10,352	
Pallets	Tonnes		185,410
Paper/Board	Tonnes		381,372
Plastic films	Tonnes	5,906	
Plastic sheets	Tonnes	228	
Total	Tonnes	16,486	566,783
Recycling Raw Materials			
Bought-in waste	Tonnes	-	820,104
Traded tonnes	Tonnes	-	6,000,000
Total	Tonnes	-	6,820,104

301-2 Percentage of recycled input materials used to manufacture the organization's primary products and services

c. 76% recycled input across the Group, including recycled papers, recovered fibres and bought-in waste.

Material Aspect: Energy

103-1 Context

Climate change is one of the biggest global issues and presents businesses of all sizes and in all industries. Public demand for action continues to be on the rise, with an estimated 1.4 million pupils going on school strike across the world in the past year, a swathe of citizen-led lawsuits and continued increases in emissions. Businesses are increasingly being held to account on this performance by investors and customers, as well as having to comply with international agreements and domestic regulations aimed at reducing global emissions of greenhouse gases, which provide regulatory incentives. We understand that the changing nature of the energy market due to climate change could have significant financial and environmental implications which could restrict our ability to continue to operate in future. We are committed to reducing our emissions. A combination of efficiency, financial and moral incentives to reduce emissions exist, but access to finance and investment cycles continues to pose the biggest challenge to the paper industry. The Confederation of European Paper Industries (CEPI) has recently published a 2050 Roadmap; mapping the decarbonisation pathway to 80 per cent emission reduction. They estimate an extra €24 billion of low-carbon investments will be required across energy efficiency, fuel switching, demand-side flexibility and emerging technologies to meet this target. Our paper mills produce their own steam and electricity in CHP plants, whilst most of our other production sites raise steam and purchase fuel and electricity from external suppliers. The energy procurement function is responsible for buying energy, including fossil fuels, and hedging with regard to energy prices and security of supply and for the trading of green certificates and the monitoring of emission trading trends. Energy efficiency specialists help to find and exploit opportunities to save energy and reduce our overall emissions.

103-2 How do we manage it?

At DS Smith we are committed to reducing our emissions. To best demonstrate our progress as we continue to grow through acquisition, we measure and report our emissions relative to production.

Target: Reduce our CO₂e emissions by 30% per tonne of production by 2030, against a 2015 baseline

Our approach to achieving our ambitious emissions reduction target is split into two areas, with approximately 15 per cent of carbon reduction to be achieved through each of:

- Fuel switching
 - Switching oil for gas
 - Investing in CHP and renewables
- Energy Efficiency
 - Rolling-out LED lighting across Europe
 - Investing in boiler replacement

Each division and paper mill have energy reduction targets and we have a Group wide ISO project. As July 2020, 100% of our energy is consumed by ISO 50001 certified sites (sites making up 90% of our overall energy consumption).

103-3 How do we evaluate our approach?

- Internal KPIs by business unit - analysed year to year on a site level internally
- Central company databases for summarising and analysing this information - calibrated and audited externally

302-1 Energy consumption within the organisation

Energy type	MWh
Heat	-
Steam	5,229,118
Cooling	-

302-2 Energy consumption outside the organisation

910GWh of energy exported; 398Kt CO₂e of emissions from energy exports

302-3 Energy Intensity

1.3 GWh / 1 Kt nsp (1.3 gigawatt-hours per 1 kilotonne of net saleable production)

302-4 Reduction of energy consumption

+3% 2019 versus 2018 (with acquisitions and disposals); -2% 2019 versus 2018 (like-for-like).

Material Aspect: Water and effluent

103-1 Context

Water plays a critical role in our business, particularly in the paper production process. Fibres are transported through the production process, from pulp to paper, using water, and then superheated steam is used to dry the paper. Water is also used to dilute starch in our corrugated plants, which then bonds several layers of paper together to create board, and in all facilities for cooling machinery and cleaning. As a water-intensive business, it is important that we consume, recycle and treat the water we use responsibly and efficiently so that we minimise our impact when we return water to the natural environment and that we comply with all legislative requirements.

At DS Smith we abstract approximately 43 million m³ of water annually.

Our assessment of water-related risks in our operations continues to suggest that most of our sites are located in regions where fresh water is a relatively abundant resource, although c. 36% of our water withdrawal is from water stressed areas. Our Paper division is the primary user of water in our business, accounting for around 95% of abstracted water.

103-2 How do we manage it?

Target: Create zero water impact by 2030.

Our focus on water is split into three core areas. We are committed to using water as efficiently as possible. We are conscious that there is a correlation in our operations between water consumption and energy consumption and so we strive to achieve a net positive environmental outcome regarding water efficiency. We are addressing water quality with a focus on our discharge consents and are managing risks related to current or potential future water stress. In the past year in our European operations we have reduced water consumption by 2 per cent,

with our mills in Witzenhausen, Coullons and Belisce all reducing water consumption by 10 per cent. We continue to have 40 per cent of our mills operating at or below our stringent internal benchmark for optimum water consumption. The complexity of achieving this target is also closely linked to the age of the assets and the cost-effective opportunities to install new technologies. Water recirculation has been the primary, low cost method for reducing water consumption in Europe. Our Lucca paper mill, which is also situated in an area of water stress in Italy, has shown the greatest improvement in water consumption. Despite the challenge of requiring fresh water for two weeks every month to produce white liners, they have made significant strides forward in culture and awareness around water consumption, as well as larger investments in technology. The Lucca mill is now operating below 4m³ per tonne of paper produced. In the past year we have seen zero major non-conformances with consent to discharge and 100 minor non-conformances. The biggest improvements this year have been seen in North American packaging plants where non-conformances are down by 75 per cent due to new monitoring systems, processes and cultural change. Close to a third of the non-conformances reported occurred at a single site due to a legacy issue that pre-dated our acquisition. Significant improvements have been made and no non-conformances have been raised in this calendar year. Regarding water stress, 24 out of 250 of our sites (four mills and 20 corrugators) are located in current or potentially future water stressed regions according to the World Resources Institute (WRI) tool. 70 per cent of these sites have a mitigation plan in place and we expect to achieve 100 per cent by the end of 2020. Water mitigation plans have taken longer to embed than originally planned as instead of operating separate water stress mitigation plans, we have been working to embed them within existing business continuity plans to ensure a fully integrated risk approach.

Beyond our targets, we continue to provide additional wastewater treatment services to local communities at some of our sites. In 2019, we treated over 450,700m³ on behalf of third-party organisations.

Please see our CDP Water Security submission for further information on this topic.

103-3 How do we evaluate our approach?

- Central company databases for summarising and analysing this information - calibrated and audited externally
- Monitor the percentage of paper mills performing at or below our benchmark, and create strategies to bring them in line with this standard
- Monitor the number of non-conformances of paper mills with consents to discharge
- Monitor the percentage of water stressed sites, and develop stress-tested water contingency plans.

303-1 Total water withdrawal by source

Source	Volume
Borehole	29,631,339m ³
Municipal	3,414,837m ³
Surface	10,088,309m ³
Total	43,134,741m³

303-2 Water sources significantly affected by withdrawal of water

It has been identified that 24 out of 250 our sites (four mills and 20 corrugators) are located in current or potentially future water stressed regions. In line with our target, 70 per cent of our sites have already created water stress mitigation plans. This covers 36% of 2019 water withdrawal (see Databook 2020, page 10).

Material Aspect: Biodiversity

103-1 Context

Our manufacturing sites are mostly situated in industrial zones or parks on the fringe of urban areas and their impact is low risk for biodiversity, since it is constrained to the plot of land and building which they own or lease. Any new sites we build are always on brownfield sites, for example our site in Erlensee, Germany, and we work closely with local authorities to ensure no harm is done to the ecosystem. Our mills are much larger facilities and require a range of other resources to operate. This means they are usually situated in more rural areas and often interact with the local water sources. The water discharge from our paper mills is therefore the greatest impact to the local biodiversity through thermal or water quality – the management of which is described above in material aspect: water. Since the acquisition and integration of Interstate Resources and more recent acquisition of Europac, DS Smith now owns over 14,270 hectares of forest assets across North America, Portugal and Spain. Owning timberland provides new opportunities to enhance our strategic position in the packaging market and improve fibre security; however, it also comes with some sustainability risks related to biodiversity. Therefore, for the scope of this GRI report, the direct impacts are directly adjacent to our forestry, paper mills and the water bodies which we utilise. Indirect impacts are in the forest plantations which we source any virgin fibre or paper from via suppliers.

103-2 How do we manage it?

Whilst we are aware of the impact our operations can have on biodiversity, we do not have any direct specific quantified time-bound targets on this topic at present. Our biodiversity impacts are primarily managed through our ISO14001 system locally at each site and specifically at our paper mills. We annually review which of our mills are close to protected areas and national parks, and these sites work closely with local authorities to ensure no harm is done to the ecosystem. We monitor daily and monthly levels of BOD, COD, AOX, temperature, pH to ensure we remain below our permitted limits.

- All of our relevant sites hold chain of custody certification, ensuring the implementation of correct procedures to protect biodiversity and ecosystems in accordance with Principle 6 for responsible forest management;
- All of the papers we source are recycled or chain of custody certified, ensuring that our paper suppliers protect biodiversity and ecosystems in accordance with Principle 6 for responsible forest management.

Sustainable forest management certification principles and criteria link to the protection of environmental values, ecosystem services, rare and threatened species and areas of High Conservation Value. Through our commitment to sustainable sourcing of papers we are making addressing biodiversity impacts within our supply chain. As a minimum we will require all paper

suppliers to ensure that the paper they supply to us does not come from controversial sources and we will purchase or produce bleached pulp or paper that is either elemental chlorine free or total chlorine free. The overwhelming majority – 92 per cent – of the forest holding in Portugal and Spain has a sustainable forest management certification and 94 per cent of our forest assets in North America are certified to the SFI Forest Management certification.

103-3 How do we evaluate our approach?

- Internal databases to monitor water quality (BOD, COD, AOX, temperature and pH)
- Monthly central reporting
- Hourly local monitoring and recording
- Internal management of an established chain of custody certification
- Supplier assessment using EcoVadis
- Compliance with sustainable forestry standards

304-1 Sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Our manufacturing sites are mostly situated in industrial zones or parks on the fringe of urban areas and their impact is constrained to the plot of land and building which they own or lease. Therefore we do not collect data for their proximity to protected areas and areas of high biodiversity value outside protected areas. However, our mills are situated in more rural areas and often interact with local water sources, therefore we do have a partial data set for these sites. The only mill which is in a protected area is Kayzersberg but some other sites are situated close to protected areas. No data available for Contoire-Hamel (France), Pazardzhik (Bulgaria), Belisce (Croatia).

Mill	Aschaffenburg	Coullons	De Hoop	Kayzersberg	Kemsley	Lucca	Witzenhausen
Distance from protected area (km)	4.9	3.9	0.8	0	0.4	19.98	1.2

Material Aspect: Emissions

103-1 Context

Climate change is one of the biggest global issues and presents businesses of all sizes and in all industries. Businesses are increasingly being held to account on this performance by investors and customers, as well as having to comply with international agreements and domestic regulations aimed at reducing global emissions of greenhouse gases, which provide regulatory incentives. DS Smith understands the impact of GHGs in contributing to global challenges such as climate change and the potentially significant financial, regulatory and environmental risks and uncertainties this would bring which could restrict our ability to continue to operate in future. We also understand the collective impact of our business in contributing to global emissions and acknowledge that we also generate local emissions such as dust and other gases which we manage on a case by case basis for our most impacted sites. We are therefore committed to reducing our emissions. However, the energy intensive nature of paper mills remains a challenge for the whole industry. The Confederation of European Paper Industries (CEPI) has recently published a 2050; mapping the decarbonisation pathway to 80 per cent

emission reduction. They estimate an extra €24 billion of low-carbon investments will be required across energy efficiency, fuel switching, demand-side flexibility and emerging technologies to meet this target. As producers of wood fibre-based products, we are aware that the responsible management of forests is a prerequisite to a sustainable ecosystem which can naturally regulate atmospheric emissions. Thanks to our supplier management activities we are committed to sustainable sourcing, which is one of the most effective means to mitigate climate change. We are proud of our environmental credentials which demonstrate to our customers and their consumers that our products are responsibly sourced, renewable, reusable and recyclable. These impacts are primarily external, indirect impacts due to our use of energy and transport. Some impacts are also local from the vehicles we use, dust and other gases which we emit, but manage on a case by case basis for our most impacted sites.

103-2 How do we manage it?

Target: Reduce our CO₂e emissions by 30% per tonne of production by 2030, against a 2015 baseline

Our approach to achieving our ambitious emissions reduction target is split into two areas, with approximately 15 per cent of carbon reduction to be achieved through each of:

- Fuel switching
 - Switching oil for gas
 - Investing in CHP and renewables
- Energy Efficiency
 - Rolling-out LED lighting across Europe
 - Investing in boiler replacement#

Fuel switching investments are the 'big ticket' items, combined with a larger number of smaller-scale energy efficiency activities, to reduce the demand for heat in mills and demand for energy in packaging sites. We have made continued progress in our legacy operations and have shown an 11 per cent reduction in emissions relative to production, when comparing the business footprint as it was in our 2015 baseline year with the same footprint in 2019. This is predominantly due to our European paper mills which have shown a 14 per cent reduction relative to production. Considering paper-making is the most carbon intensive process in our business, we are delighted with this achievement. On a like-for-like basis, our Group net carbon figures for 2019 have decreased by 5 per cent against 2018 values and emissions relative to production have fallen by 3 per cent, with reduction of 4 per cent in both our Packaging and Paper divisions. This reduction is driven by both continued investment in fuel switching and energy efficiency technologies and also by significant changes to grid emission factors in some regions. The globally recognised ISO 50001 standard is our DS Smith Group management mechanism, enabling a coordinated approach for monitoring all progress against targets at a site level, improving performance and reducing costs. In the past 12 months we have achieved certification in our Packaging sites across France and Nordics resulting in over 90 per cent of our energy consumption now occurring at ISO 50001 certified sites. Next year we will roll-out to Iberia, Benelux and Eastern Europe. Including acquisitions, we have seen a 2 per cent increase in net carbon emissions and 1 per cent increase relative to production, compared to 2018. This increase is driven largely by the inclusion of our Zarnesti paper mill which we include in our

reporting for the first time. Over the past year we have continued to develop our long-term carbon reduction roadmap which focuses on efficiency projects in our paper mills. This roadmap is under continual review as we explore new ways to deliver against our long-term carbon reduction commitments. The long-term nature of paper machinery investments and assets makes consistent annual carbon reduction a challenge. Projects take several years to plan, finance, implement and commission. Our 10-year plans and attracting partners for joint investment are therefore our biggest focus. Energy innovation is key for unlocking future carbon reduction. We continue to be involved in the Future Energies Forum of the Confederation of Paper Industries (CPI).

Task Force on Climate-related Financial Disclosures (TCFD)

Investors, customers and regulators want to know how companies are adapting to a changing climate. Accordingly, we have implemented the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD). These recommendations are enabling us to identify and evaluate the potential risks and opportunities arising from climate change for our business model and respond accordingly.

- Governance
 - Members of the Board, Audit Committee and Group Operating Committee (GOC) maintain oversight of the Group's approach to risk management, including climate-related risks. Risks are monitored as part of our standard operating processes to ensure that appropriate mitigations are in place as part of regular management reviews. Monthly Divisional meetings report risk mitigation methods and progress to the Board. Climate-related issues are assessed by the Group Operating Committee (GOC) when reviewing and developing strategy, policies and planning. These are reported to Executive Management at both Group and Divisional level on an ongoing basis, providing updates on the delivery of plans. Progress against our targets for addressing climate-related issues, for example, carbon reduction and water stewardship is monitored by the Board as part of our regular sustainability reporting.
- Strategy
 - Our purpose is to redefine packaging for a changing world. Amongst other megatrends, such as technological breakthroughs and urbanisation, climate change is a force reshaping the world we live in, calling for rapid decarbonisation of the economy. Our customers demand ever greater performance from our circular packaging solutions, which limit emissions through a focus on reusability and recyclability. Our greatest climate-related transition risk is that we fail to meet the expected level of environmental performance in the design, use and disposal of our products, threatening our ability to respond to customer preferences that favour low impact packaging. The environmental performance of our packaging is driven largely by energy consumption during manufacture, which exposes the Group to regulation aimed at increasing the price of GHG emissions under the Emissions Trading Scheme (EU ETS), increasing our operating costs. Our greatest opportunity therefore, is to minimise our exposure to increasing pricing of GHG emissions by lowering our emissions through improved energy efficiency and consumption of renewable energy. This not only reduces our exposure to increasing pricing of GHG emissions but also improves the environmental performance of our product. As this is strategically material, we have set a target to reduce our carbon emissions per tonne of production by 2030 against a 2015 baseline. We have developed a roadmap of investments that once implemented will improve the carbon performance of our highest emissions assets and are exploring the use of public-sector initiatives, partnerships and incentives to help fund the

decarbonisation of our operations. This will improve the long-term resiliency of our energy supply, providing reliable, affordable and sustainable energy sources, reducing our exposure to legislation aimed at curtailing GHG emissions and improving the environmental performance of our product. Over the coming months, we will be undertaking analysis to review the resilience of our strategy, taking into consideration various climate-related scenarios. We expect to disclose the result of this analysis in 2021.

- Risk Management
 - Climate-related risks can be divided into two categories: physical risk (e.g. changing weather patterns) and transition risk (e.g. evolving market trends). Both types of risk are identified and assessed using a range of credible sources, for example, CDP, on an ongoing basis, evaluating the likelihood of occurrence and the estimated magnitude of resulting financial or reputational impact over short-term (current annual reporting cycle), medium-term (1-3 year) and long-term (3-10 year) horizons. This information is documented and based on these criteria, material risks are assessed in greater depth, considering our operations, supply chain, stakeholder expectations and regulation. The Group Risk function assesses physical risk with support from our insurance partners FM Global. The decision of whether to mitigate, transfer, accept or control a risk is influenced by a range of factors, such as site location. Particular attention is given to locations considered strategic, prioritising the implementation of mitigation plans at locations of high added value. For example, a physical risk that we have identified is water scarcity due to changing weather patterns, which could impact some of our water-reliant operations. This risk is managed through the creation of water stress management plans for sites in water-stressed locations. Transition risk is managed by the Group's Sustainability Team, collaborating across functions to examine these risks, including their financial implications. Increasing GHG emissions pricing and changing market trends have been identified as the most material climate-related transition risks, taking financial impact and expected likelihood into consideration. Transitional and physical risks are identified, assessed and managed with other risks in the Group's common risk language that is embedded in our Group Risk Policy and implemented through our Corporate Planning process. Every Division contributes to the identification and assessment of risks twice a year, using specific terminologies which includes clear descriptions, ratings, controls and trends.
- Metrics and Targets
 - We disclose greenhouse gas emissions performance in our Annual Report and Sustainability Data Book, alongside other environmental performance metrics. Our CDP Climate Change response also provides further analysis of climate-related risks, opportunities and performance. We aim to reduce our CO2e emissions by 30 per cent per tonne of production by 2030, against a 2015 baseline. As outlined in our analysis of climate-related opportunities, we are delivering progress against this target through a combination of energy efficiency measures and switching to lower emission sources of energy, thus limiting our exposure to expected increases in pricing of GHG emissions under EU ETS.

Please see our CDP Climate Change submission for further information on this topic.

103-3 How do we evaluate our approach?

- Internal databases to evaluate our performance against our target – 30 per cent reduction in CO2e per tonne of production by 2030 – by division and by site.
- Evaluate ourselves against external benchmarks. In 2019, the Group achieved 'Leadership A-' score in the CDP Climate Change, Forests and Water Security categories. We also achieved EcoVadis Gold.

305-1 Direct greenhouse gas (GHG) emissions (Scope 1)

1,833 Kt CO₂e

See Sustainability Databook 2020, pages 4-5.

305-2 Energy Indirect greenhouse gas (GHG) emissions (Scope 2)

510 Kt CO₂e

See Sustainability Databook 2020, pages 4-5.

305-3 Other Indirect greenhouse gas (GHG) emissions (Scope 3)

1,795,296 metric tonnes CO₂e

See Sustainability Databook 2020, page 6.

305-4 Greenhouse gas (GHG) emissions intensity

209 Kg CO₂e / tonne net saleable production

See Sustainability Databook 2020, pages 4-5.

305-5 Reduction in greenhouse gas emissions

Comparing 2019 and 2018:

- Scope 1 +4% (0% like-for-like)
- Scope 2 -3% (-14% like-for-like)
- Total CO₂e (net energy export) +2% (-5% like-for-like)
- CO₂e per tonne of production +1% (-3% like-for-like)

305-6 Emissions of ozone-depleting substances

2019

- Total HFCs: 0.04 metric tonnes

305-7 NO, SO, and other significant air emissions

2019

- Total NO_x emissions: 5,342 metric tonnes NO_x
- Total SO₂ emissions: 46 metric tonnes SO₂
- Total dust emissions: 146 metric tonnes dust

Material Aspect: Effluents and Waste

103-1 Context

In a world of rising raw material prices and ambitious recycling targets, it has never been more important to be as resource-efficient as possible. Businesses must find ways to reduce waste, use renewable materials where it is advantageous, and create closed-loops systems maximising opportunities to extract the most value from waste materials through recycling and recovery. Waste is a resource at DS Smith. We apply this principle not only to our circular business model, but also to our everyday operations. As a Group, we send c. 63 per cent of our waste to recycling. Almost all our packaging facilities are equipped with underfloor conveyor belts, which transport 636,000 tonnes of pre-consumer off-cuts per year back to paper mills as high-quality feedstock. The direct impacts of waste can be found at their final disposal destination, and

indirect impacts are on the sourcing of raw materials, if recycling is not managed effectively. With effluents, the main impact is at the water sources adjacent to our mills.

103-2 How do we manage it?

Managing waste lies at the heart of our business model and is not limited to our Recycling division. We realise that environmental and economic benefits come hand in hand when both our customers and our own business use resources in a more circular manner by designing better products that complement recycling infrastructure. As a business we have committed to:

- **Target:** Send zero waste to landfill by 2030

DS Smith is a market-leading provider of recycling and waste management services, we see waste as a resource. We recognise the risks that poor waste management may have on our sustainability credentials. Our risk management approach encourages the design of products and packaging to ensure that material retains its value after use. We believe in intelligent packaging solutions that serve appropriate purposes with sustainability in mind. We continue to encourage our customers to adopt a zero waste philosophy. Our main risk management actions aim to ensure that we have the skills and experience to:

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

Similarly, many of our sites operate ISO14001 management systems which help them manage their waste in an appropriate and controlled manner.

Every tonne of recycled paper fibre we collect offsets the need to harvest a tonne of virgin raw material. Within our corrugated packaging closed loop recycling solution, recycled paper fibres can be turned back into new packaging within 14 days, all within the confines of our recycling, logistics, paper-making and packaging capabilities. Our focus is on ensuring we extract the full value from materials, focusing on quality for recycling and ensuring that materials intended for recycling are recycled. The net effect is that the tonnage of used materials we manage for recycling is considerably higher than the tonnage of packaging that we manufacture.

We use wastewater treatment systems to ensure that the effluent we discharge is purified, ecologically safe, and meets all regulatory requirements. Our paper mills (which constitute over 95% of our global freshwater abstraction and effluent discharge) have on-site water treatment facilities or close links with the third-party that perform this service. We know each the end destination of effluent from each of our mills. The rest of our facilities all discharge to local municipal treatment facilities. For this reason we only collect discharge volume data by destination, for our paper mills. Many of the water sources adjacent to our mills are of special ecological status, and the comprehensive and responsible treatment of our effluent ensures that we do not adversely impact these ecosystems. We also recycle water within our facilities where this is feasible, reducing the demand for fresh water intake. A direct benefit of these efforts to reduce water usage is an improvement in energy and material efficiency. In the areas of water effluent we are facing more challenges, primarily driven by high production figures in our paper

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

For more information on this topic, please see our CDP Water Security submission.

103-3 How do we evaluate our approach?

- Central company databases for summarising and analysing this information - calibrated and audited externally.
- Analyse waste KPIs, year on year, for every site.
- Benchmark our progress against our 2030 target for zero water impact
- Monitor waste to landfill reductions in our Customer's supply chains
- Monitor daily or monthly the levels of BOD, COD, AOX, temperature, pH to ensure we remain below our permitted limits

306-1a Total volume of planned and unplanned water discharges by: i. destination; ii. quality of the water, including treatment method; iii. whether the water was reused by another organization

We do not currently have an aggregated, reliable dataset for this information on a global level.

306-1b. Standards, methodologies, and assumptions used

N/A

306-2a Total weight of hazardous waste

9,464 tonnes

306-2b Total weight of non-hazardous waste

Sent for recycling: 815,300 tonnes

Sent for landspread: 116,700 tonnes

Sent for incineration: 81,100 tonnes

Sent for landfill: 288,200 tonnes

Total: 1,301,300 tonnes

See pages 8-9 of Sustainability Databook 2020 for divisional and country-level breakdown.

306-5 Water bodies and related habitats that are significantly affected by water discharges and/or runoff

Mill	Country	Abstraction / Discharge	Water Body	Water Body Category	Protection Status
Aschaffenburg	DE	Abstraction	Aschaff	Stream	None
		Discharge	Main	River	Special Habitats Area (Birds Directive)
Belišće	HR	Abstraction	Data collection in progress		
		Discharge	Data collection in progress		
Contoire-Hamel	FR	Abstraction	Data collection in progress		
		Discharge	Data collection in progress		
Coullons	FR	Abstraction	La Quiaulne	Stream	None
		Discharge	Data collection in progress		
De Hoop	NL	Abstraction	Oost Veluwe	Borehole	Natura 2000
		Discharge	Werra	River	Site of Community Importance (Habitats Directive)
Kaysersberg	FR	Abstraction	Weiss	Stream	Target 2021: good ecological situation Target 2027: good global situation (Directive 2000/60/CE)
		Discharge	Weiss	Stream	Target 2021: good ecological situation Target 2027: good global situation (Directive 2000/60/CE)
Kemsley	UK	Abstraction	N/A	Borehole	None
		Discharge	Swale	Estuary	SSSI/RAMSAR
Lucca	IT	Abstraction	Frizzzone	River	None
			Serchio	River	None
			N/A	Borehole	None
		Discharge	Frizzzone	River	None
Pazardzhik (Trakia)	BG	Abstraction	Data collection in progress		
		Discharge	Data collection in progress		
Reading	USA	Abstraction	Data collection in progress		
		Discharge	Data collection in progress		
Riceboro	USA	Abstraction	Data collection in progress		
		Discharge	Data collection in progress		
Witzenhausen	DE	Abstraction	Gelster	Stream	None
		Discharge	Werra	River	Site of Community Importance (Habitats Directive)
Zărnești	RO	Abstraction	Data collection in progress		
		Discharge	Data collection in progress		

Material Aspect: Environmental compliance

103-1 Context

Complying with the law and "doing the right thing - without question" is an integral part of the culture of DS Smith and its values and this will become even more relevant as the reputation of our business grows and we continue our expansion into new markets and geographies. Without compliance, we cannot preserve our licence to operate and would be at risk of damaging our business, our environment, and our people. Increasingly, every area of our business is legislated. Trust is earned from our stakeholders as a result of our commitment to these values and the ethical manner in which we operate.

103-2 How do we manage it?

Monitoring ethics and compliance and providing annual training to our employees is primarily the responsibility of our legal team. Compliance is also monitored through a robust divisionally self-assessment compliance process which is reported to The Audit Committee on a regular basis. The Board then receives updates throughout the year on health and safety performance, corporate governance, modern slavery, market abuse, ethics and compliance. On a local level, compliance is also monitored through various management systems, including ISO14001. We continue to maintain our collaboration with various associations to monitor and better understand regulatory implications in order to address and reposition our business model to ensure we remain fully compliant.

Our nine Management Standards list the key expectations of all DS Smith line managers relating to safety, individual performance, performance development, customer focus, communications, compliance, targets planning and control, business excellence and resourcing. The purpose of these standards is to develop a transparent, responsible and ethical business culture in the workplace. Through the compliance standard, the responsibilities of all line managers are explained. The expectation is that they:

- Always do the right thing in their working life.
- Ensure compliance with all policy and organisational requirements in their area of responsibility.
- Ensure compliance with all legal and regulatory requirements in their area of responsibility.
- Ensure their team are aware of all policy, legal, regulatory and organisational requirements.
- Demonstrate role model behaviour in promoting adherence to legal, regulatory and organisational requirements.
- Promote a culture of openness and encourage their team to raise any compliance concerns they may have.

103-3 How do we evaluate our approach?

- On a local level, compliance is monitored through ISO 14001.
- On a global level, compliance is monitored via our legal team.
- During the PDR process, all line managers undergo a self-assessment of their performance against each management standard, which is then discussed with their line manager.

307-1 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

During the year, we received notification of breaches of minor environmental incidents at 32 sites. There were 0 major incidents (defined as incidents of significant impact reportable to local or national authorities, or incidents potentially resulting in legal prosecution) reported for the period of this report.

Material Aspect: Supplier Environmental Assessment

103-1 Context

Over the last 25 years, there has been a proliferation of certification schemes and marketing campaigns linked to product provenance, driven by consumers who are increasingly aware of the wider environmental and social impact their purchasing decisions can have. Programmes now exist for a wide range of goods and commodities, including fruit, tea, coffee, sugar, fish, soy, palm oil, eggs, timber products and others. Paper is a material linked closely to deforestation, an emotive and consumer-facing issue, so sustainable management of forestry is key to ensuring responsibly produced timber-based products. At DS Smith, sustainable sourcing is central to our offer. Throughout our business, our focus is on using quality, sustainably sourced raw materials, whether recycled or virgin fibre. Our customers expect us to manage risk in their supply chains, by cascading environmental requirements into our own supply chains. Many of our customers are also beginning to investigate their Scope 3 emissions and begin to set targets for their suppliers to reach. They expect us to extend the same requirements to our suppliers and pass on our values and good practice upstream. Impacts occur outside the organisation in our supply chain, the potential environmental impact vary dependant on which industry we purchase from; i.e. pulp supplier, starch supplier, chemical supplier, ink supplier, paper supplier etc.

103-2 How do we manage it?

At DS Smith, we remain committed to building a more sustainable business for the long term and reducing our environmental impact. Our reputation as a Group is founded on our achievement of these high standards. Our ambition and focus in this area are reflected in our target:

- **Target:** Ensure 100 per cent of our suppliers comply with our sustainability standards by 2025.

Strategic suppliers are assessed using the EcoVadis platform, with 74 per cent of our strategic suppliers now assessed. This process takes a holistic view of a company's performance related to environment, social, labour, health and safety. This accounts for roughly 28 per cent of our total spend. Any supplier scoring below a defined threshold is immediately contacted directly by DS Smith and requested to complete corrective actions and show improvement within three months. Only one supplier has failed to meet this score to date and we are working with them to make improvements through the EcoVadis platform and associated toolkits. Building on the initial assessment, discussions around sustainability performance are embedded within quarterly relationship meetings and improvement actions agreed. The remainder of our

suppliers are confirming adherence to our sustainability standards by accepting the terms of our Global Supplier Standards (GSS). The GSS is currently being integrated into our standard 'Terms & Conditions' documents, putting sustainability at the heart of our supplier relationships. This new documentation will be rolled out by region and will ensure all suppliers agree to comply with our minimum standards on sustainability. As a result of this regional roll-out 11 per cent of suppliers have now confirmed compliance with our sustainability standards, and we anticipate this figure increasing quickly as we continue embed our GSS into our 'Terms & Conditions' documentation at a country level. On that basis, significant progress has been made over the past year with 11 per cent of total suppliers confirmed as complying with our sustainability standards. Informed by our Purpose we have developed our approach to supplier management in the past year. The ambition is now to focus more on enablement, higher quality engagement and deeper partnership interactions with our suppliers. This change in focus has been reflected through a major transformational shift across the whole of Europe. Local procurement functions are working more closely with the Group Procurement Enablement function where the focus is on the enablement of category managers and buyers to take ownership of driving standards. By summer 2020 this change will be complete across all regions, with sustainability embedded into the objectives of all category strategies.

103-3 How do we evaluate our approach?

- Percentage of suppliers signed up to our Global Supplier Standard (GSS)
- Percentage of strategic suppliers signed up to our Global Supplier Standard (GSS)
- Percentage of strategic suppliers assessed on sustainability performance
- Number of suppliers engaged in sustainability performance improvement plans
- Number of actions to improve performance initiated
- Number of actions to improve performance completed

We monitor these KPI's internally on a monthly basis and disclose them publicly on an annual basis, in the Sustainability Databook (see page 16 of Databook 2020).

308-2a Number of suppliers assessed for environmental impacts

74% of our strategic suppliers

308-2b Number of suppliers identified as having significant actual and potential negative environmental impacts

Although we do not apply this definition of 'significant actual and potential negative environmental impacts', in 2019/20, 18 suppliers were engaged in corrective action plans to improve their performance.

308-2c Significant actual and potential negative environmental impacts identified in the supply chain

Fibre is our primary raw material and is our biggest procurement spend, therefore poses the highest risk for environmental impact in the supply chain. We use an online Paper Supplier Questionnaire to understand exposure to deforestation risk. This tailor-made software solution is used monitor raw materials risk and is likely to be expanded into other raw materials such as starch, calcium carbonates etc. Starch, adhesives, inks and other chemicals are managed at divisional level and where appropriate the GSS is utilised to encourage suppliers to share the same values as DS Smith through environmental protection.

308-2d Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment

We have not yet calculated this metric but in 2019/20, 239 actions to improve performance were initiated, of which 139 were completed, with the remainder outstanding.

308-2e Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why

We have not yet calculated this metric. All suppliers engaged in improvement actions have either successfully delivered improvements and increased their score to an acceptable level, or are currently undertaking corrective actions that are to be reviewed.

Category: Social

Material Aspect: Employment

103-1 Context

At DS Smith, our most valuable asset is our people. Realising the potential of our people is essential for the continued growth of the business. As a responsible employer, we are conscious of the wide-reaching impact of employment relationships on individuals, their families and the communities in which they live and work. We provide direct employment and livelihoods for over 29,000 people. Through their experience and advocacy, we have an impact on their friends and family. In many cases, our production sites are located outside major cities, in industrial parks or less populated rural areas, making us a significant employer in those localities. We also extend our impact as an employer through our broader stakeholder network of contractors, suppliers, customers and charitable partners, creating touch points to a global community.

103-2 How do we manage it?

It is the policy of DS Smith to treat all current or potential employees fairly and without prejudice. This year we solidified our commitment by setting an official company target in this area:

- **Target:** Build a diverse, engaged and respected workforce.

Our Responsible Employer target is split into three focus areas which address diversity, engagement and treating our people with respect. As described in our Code of Conduct, DS Smith will demonstrate good faith and mutual respect in dealings with employees and their representatives (including any employee elected trade union officials) in the workplace. We recognise and respect the rights which employees have under all local and transnational laws.

Wages and benefits

We believe that by developing reward policies and practices which are aligned to these principles we will drive a desired reward culture which will serve to underpin the values of DS Smith and relevant elements of our culture. We have nine reward principles:

1. We support a culture of meritocracy where our people are encouraged to reach their potential and are clear on what they need to do to succeed. For salaried employees, reward should be differentiated using our Group salary and incentive ranges for entry, established and high performers. Where pay is determined through collective bargaining and there is less scope to differentiate by individual, the highest performers should be rewarded through development, promotion and other recognition opportunities.
2. We strive to have consistent policies and practices at a local level and transparency in our benefits offering and policies.
3. Incentives are designed to reward collective rather than individual effort to support our one DS Smith culture. For senior managers, this is Group financial performance but for middle managers and frontline employees, performance measures can be the key value drivers that the individuals are able to influence directly such as cost, quality and service.
4. All employees should have the opportunity to share in the success of the Group.
5. Share ownership is fundamental at senior levels and desirable across the Group.
6. The Group respects the need for employees to make their own choices around what they value, although there are certain reward components linked to health and

wellbeing where the Group may decide it is appropriate to set a minimum Group standard.

7. Our pension offering should be competitive with the local market where this is a benefit valued by employees.
8. When determining rewards, demonstration of an individual's behaviours in line with the Group's values (be caring, be challenging, be trusted, be responsive and be tenacious) are considered alongside the results achieved.
9. In managed exits people should be treated fairly in line with the Group's values and with dignity, but failure should not be rewarded.

Directors, along with other UK senior executives, receive a car allowance or company car equivalent, income protection insurance, four times life cover, family medical insurance and subsidised gym membership. Additional benefits (including a relocation allowance) may be provided from time to time, where they are in line with market practice. For all employees, any reasonable business related expenses may be reimbursed (including tax thereon, if deemed to be a taxable benefit).

An international Sharesave plan was introduced in January 2014 with further invitations being made in January 2016 and January 2017, rolled out across 40 countries. All employees of the Company and participating subsidiaries were eligible to participate in this plan. Under this HMRC approved plan, options are granted to participants who have contracted to save up to a maximum of £250 (or local currency equivalent) across all open invitations per month over a period of three years at a discount of up to 20% to the average closing mid-market price of a DS Smith Plc ordinary share on the three dealing days prior to invitation. We believe that our Sharesave plan is a valuable way of aligning our employees' interests with those of our long-term shareholders.

Wellbeing

For many years now, we have been developing our ability to support the physical and mental wellbeing of all employees through nutritional advice, healthy food options in canteens, health check opportunities and exercise groups.

Engagement

By giving all employees a voice, we create the opportunity to improve their work experience and feel pride in working for DS Smith. Our biennial employee survey acts as a listening tool to get honest feedback from our employees on what matters to them, and provides team managers with important data and commentary on what is driving their engagement and what best enables them to perform well. The survey was completely digitised last year, increasing the pace and reducing the environmental impact compared to a paperbased process. We also introduced new, robust action identification and planning tools, enabling managers to record and track their commitments, to drive meaningful change. 385 sites and offices identified actions, with nearly 70 per cent falling within the shared themes of learning and development, communication, performance management, work organisation and reward. Progress is reviewed quarterly by senior leadership teams and the Executive team. In addition to the local focus, the survey enabled us to identify two key themes that, across the entire organisation, were having a significant impact on both the engagement and enablement of large numbers of employees; recognition for good performance and the opportunity for development. As a result, we have

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 programme encourages line managers to take ownership for recognising their people. A tiered approach provides the opportunity for recognition at a regional and Group-wide level where we will celebrate the best of the best. We are also investing in our technology capability to get real time feedback from our people through pulse surveying, enabling deeper insight on what matters to them most and increasing the speed of our leadership response. A recent pulse survey reached 3,700 employees with a 71 per cent response rate and we continue to deploy this capability, alongside our biennial survey, to support leaders in prioritising their engagement efforts.

103-3 How do we evaluate our approach?

- Monitoring employee survey results and comments
- Assessing retention rates across the business

401-1 Total number and rate of new employee hires and employee turnover by age group, gender, and region

2019/20 employee turnover was 23.47% for the Group. This is calculated on starting headcount as at 1st May 2019 and the ending headcount as at 30th April of the given year divided by 2 for the average headcount. Percentage calculated by terminations in the same period divided by the average count. We will aim to improve our disclosure next year to provide detail on age group, gender and region.

Material Aspect: Labour/Management Relations

103-1 Context

At DS Smith, our most valuable asset is our people. We provide direct employment and livelihoods for c.29,000 people. Realising the potential of our people is essential for the continued growth of the business. As a responsible employer, we are conscious of the wide-reaching impact of employment relationships on individuals, their families and the communities in which they live and work.

103-2 How do we manage it?

European Works Council

The purpose of our European Works Council (EWC) is to bring together employee representatives from the different European countries where we operate. The aim of the EWC is to engage employees through an effective information and consultation process focused on business decisions which affect the workforce and impact on the interests of employees. This improves business outcomes, individuals' contribution to the business and development opportunities. We worked closely with the EWC members to prioritise areas where we can jointly improve policies and processes. We have put in place additional support to our regions on priority areas of Health and Safety and Diversity and Inclusion. Our 2019 EWC Agreement has the flexibility to adapt as we continue to grow to meet the changing needs of our customers. One of the priority areas identified by the EWC representatives was the process to support employees returning to work after illness. A protocol for returning to work on light and

restricted duties was developed in partnership with the EWC based on the fundamental principle that a managed return to work using light and/or restricted duties can be beneficial for both employee and Company.

103-3 How do we evaluate our approach?

Employee survey results

402-1a Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them

In line with minimum statutory requirements.

402-1b For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements

In line with minimum statutory requirements.

Material Aspect: Occupational Health & Safety

103-1 Context

At DS Smith, the safety of all people – employees, agency workers, contractors and visitors – is absolutely paramount. It is our number one priority, every day. It is the cornerstone of being a responsible business. We provide direct employment and livelihoods for 29,000 people around the world, and through our contractors, suppliers and customers affect the wellbeing of an even larger community. Occupational health and safety impacts can potentially occur at any point in the everyday working environments of our employees, agency workers, contractors and visitors.

103-2 How do we manage it?

Ensuring the safety of all

We are highly ambitious about health and safety (H&S) with a focus on continual improvement and high standards to achieve our target of zero harm.

Health and safety – Vision Zero

Our vision is to provide a working environment and culture where H&S is integral to our business and all our people actively engage in our drive to continuous H&S excellence. The campaign for zero harm focuses on our four main strategic goals:

- **Leadership** – Our successful H&S onboarding programme has continued this year, inducting all new and promoted site managers into the behaviours and mindsets required to perform as H&S leaders. However, we are acutely aware that to drive H&S leadership further into the organisation, we need to grow and develop all our operational managers. Therefore, in conjunction with our Group learning and development team, we have integrated H&S onboarding training into the new fundamentals of first line management programme dedicated to our people in their first line manager role. This was piloted with 'train the trainer' sessions held in Q4 2019/20. The combined programme will start deployment in the first quarter of 2020/21. In 2020/21 we also plan to develop our H&S professionals and deploy Group-wide training

programmes to advance their leadership and technical skills. This is essential if we are to ensure a consistent and professional service across all our sites.

- Engagement – Our new proactive internal KPI, the H&S engagement rate (measuring the number of near misses/ safety observations per person) has increased significantly this year, up by 15 per cent. We are particularly pleased with this, as it reflects our people's engagement with seeing and raising health and safety standards. To further develop the engagement of our people, we launched an initiative this year based on encouraging people to actively speak out and have a conversation with their colleagues about health and safety conditions and behaviour. 'Choose to Challenge' was introduced by our mascot, Boxy, and gave tools and techniques for having a successful safety conversation.
- Processes – Our H&S teams spent time this year visiting our new Europac plants, meeting our new colleagues, conducting audits to identify improvement opportunities and explaining our DS Smith standards and processes.

103-3 How do we evaluate our approach?

- By monitoring and working to reduce our two KPIs for LTA and AFR
- Recording the total spend on health and safety investments
- Assessing our safety culture in an informal manner, to overcome social barriers

403-1a. The level at which each formal joint management-worker health and safety committee typically operates within the organization.

Everyone from machine-operator level upwards.

403-1b Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees

100%

403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender

	2019/20	2018/19 Reported	Pro forma	Variance vs. pro forma
Total LTAs	97	112	106	-8%
AFR	2.08	2.3	2.26	-8%

See Annual Report 2020, page 25. We do not currently disclose breakdown by region and gender.

403-3a and b. Whether formal agreements (either local or global) with trade unions cover health and safety. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements

Yes, the European Works Council (EWC) is our main partner in relations with trade union. Topics covered in these discussions and agreements include:

- Personal protective equipment
- Joint management-employee health and safety committees
- Participation of worker representatives in health and safety inspections, audits, and accident investigations
- Training and education
- Compliance with the International Labour Organization (ILO)
- Arrangements or structures for resolving problems
- Commitments regarding target performance standards or level of practice to apply

They can sometimes also include:

- Periodic inspections
- Right to refuse unsafe work via the terms set out in our Code of Conduct

Material Aspect: Training and Education

103-1 Context

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

103-2 How do we manage it?

Development for all

We continually review and evolve the development opportunities we provide to our people for both their personal development and operational training. During 2020/21 we will launch 'DS Smith Learning', a virtual home for our learning portfolio, and a range of initiatives which support our varied development paths.

Enabling our managers

Having capable managers who enable our people to thrive and perform at their best is a core pillar of our strategy and is reflected in our strategic people risk priorities outlined on page 59. Our Group Values and Management Standards provide clarity around expectations and consistency in our management practices across the Group. These standards are embedded in our performance management approach and underpinned with guidance and training to equip our managers to bring these to life with their teams and to measure their progress. The Management Standards were launched in 2018 and we have gathered feedback from our people on what has been most helpful and relevant in their roles. In response, we are refreshing and simplifying the Standards for the 2020/21 performance year with four core standards on Health, Safety and Environment, Customer, Team Management and our focus on continuous improvement – 'the DS Smith Way'. The first step into management is often the most challenging for people which is why, in 2019/20, we piloted a new fundamentals of first line management programme. Targeted at our management population of 3,000, delivered locally at sites and in multiple languages, it focuses on the transition into management and the core skills needed as a leader and people manager. So far 250 managers have attended and the year ahead will see this fully roll out across our businesses and geographies, often integrated with our H&S onboarding training.

Developing diverse leadership talent

We continue to take action to grow a strong and diverse pipeline of leadership talent. 40 leaders from across the organisation have now completed our global leadership programme designed in partnership with Oxford University's Saïd Business School. team, the programme focuses on the

changing environment we operate in, leading for competitive advantage, growth, innovation and what it takes to lead in a FTSE 100 company. Building on the success of the programme, we launched a high potential leaders programme in the year, again in partnership with the Oxford Saïd Business School. The Aspire Programme aims to accelerate the transition from capable manager to future leader. To date 60 delegates have started their development journey and a further 30 will join the programme during 2020.

103-3 How do we evaluate our approach?

- Monitor total hours of training across the business
- Review feedback in employee survey on questions related to learning and development

404-1 Average hours of training per year per employee by gender, and by employee category

We are improving our capture and aggregation of this data, and plan to disclose next year.

404-2 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Global leadership programmes and training offered at local level.

404-3 Percentage of employees receiving regular performance and career development reviews by gender and employee category

100% of employees are required to complete a Personal Development Review (PDR)

Material Aspect: Diversity and Equal Opportunity

103-1 Context

DS Smith is an equal opportunities employer. DS Smith is firmly committed to both the principle and realisation of equal opportunities and its policies are designed to provide such equality. We strive towards a non-discriminatory Group culture based upon the Group's values, because we believe our business should be built upon the talents of our global workforce. Our employees should be offered the opportunity to develop within DS Smith without regard to their gender, marital or parental status, ethnic or national origin, sexual orientation, religion or belief, political affiliation, age (subject to any contractual retirement age), or disability. The impacts are in the recruitment and career development activities of all our employees.

103-2 How do we manage it?

Creating a modern, inclusive and diverse culture

For us, inclusion starts with the belief that everyone, regardless of background, is valued, respected and has the opportunity to flourish. It is about embracing our differences and valuing the creative opportunities that brings for our business and customers. These principles of fairness, respect and value are so fundamental that we have included them in our Employee Charter, co-created with our EWC colleagues. We know there is more to do to achieve our ambition and that action speaks louder than words. That is why we have a diversity and inclusion plan, regularly reviewed by our Executive team, with clear actions to build awareness and ownership and embed the principles of inclusion and diversity in all aspects of our people

policies and practices. An early step has been the development of unconscious bias training, with our Executive team taking a lead in participating. 2020/21 will see this training roll out and become embedded in our core learning offering. We understand that with such an international and diverse business, the specific diversity and inclusion challenges will differ between regions. This is why we have established a Diversity and Inclusion forum with representation from across the business, sponsored by the CEO of Packaging. Working with the forum and other employee representative groups we can build the inclusive networks and local action plans that will have the biggest positive impact for our people and the communities they serve. One obvious area of collective focus is continuing to improve the representation of women at all levels in the business through our targeted action on talent attraction, development and agile working practices.

103-3 How do we evaluate our approach?

- Improvement in the gender, ethnic origin and nationality diversity of our Board and senior management
- Improvement in the Hampton Alexander Review

405-1a Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups)

Board gender diversity is 25% female (2 females, 6 males).

405-1b Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups)

Our largest category of employees is male production employees aged 30 to 50 (24%) and male production employees aged over 50 (14%). All other employee categories consist of various groups under 10% of total workforce.

Material Aspect: Non-Discrimination

103-1 Context

DS Smith is an equal opportunities employer. Our Code of Conduct details our commitment to strive towards a non-discriminatory Group culture based on our values. We seek to build upon the talents of our global workforce without regard to gender, race, ethnic or national origin, marital status, pregnancy, parental status, sexual orientation, gender re-assignment, trade union membership, age, religion or belief, political affiliation or disability. Potential impacts can occur in the everyday working lives of our employees and particularly in the recruitment and career development stages of our employees careers.

103-2 How do we manage it?

Meaningful change starts at the top.

We voluntarily take part in the Hampton-Alexander Review which sets out recommendations for FTSE 350 companies to improve the representation of women both on their executive committees and the direct reports to those committees. DS Smith has three committees that

together comprise our Executive Committee, being the Group Operating Committee, Group Strategy Committee and the Group Health, Safety, Environment and Sustainability Committee, as described on page 71. The Hampton-Alexander Review has set a target of 33 per cent female representation on FTSE 350 boards by 2020. The 2019 report was published in November 2019 and represents the women on our Board and Executive Committee as of 30 June 2019. As of 1 May 2020, following Alina Kessel's appointment, 33 per cent of the Board are women. We also continue to make progress on the gender diversity of our senior management population; as at June 2020 our female representation for our Executive Committee and direct reports was 28 per cent. We have adopted the Hampton-Alexander Review definition of senior management to provide a consistent and comparable measure of progress on 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 over the last two years, 40 per cent of our graduate population are now female and we will continue to drive towards gender parity. We are also reviewing our broader talent attraction strategy and developing external partnerships to engage with women at all stages of their careers to understand what they want from a modern workplace and encourage them to consider joining us. The best insight into how we build an inclusive workplace comes from our own people. That is why we are undertaking research internally, starting with our senior female leaders across the business, to explore their career experiences within DS Smith and in other organisations. This will inform the action plan to address any barriers to progression identified and how best to target our development support. 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 mean gender pay gap was 4.7 per cent (10.2 per cent in 2018) whilst the median gender pay gap was 6.7 per cent (10.3 per cent in 2018). The improvement is encouraging but to move the dial further we need more women in senior positions and are working hard to deepen the leadership pipeline. We currently have 28 per cent in our global senior management population. 38 per cent of our second global leadership programme cohort and 43 per cent of our first high potential leaders programme (Aspire) cohort are female, reflecting committed leadership focus on this. All cohort members can benefit from the support of a senior mentor. You can find our detailed UK gender pay gap report on dssmith.com by searching 'gender pay gap report'. This explains the reasons for the gap and information on the actions we have in place to help close the gap. However, the UK only represents a small proportion of our total workforce and our policies and practices are applied globally.

Any kind of discrimination would be treated as a breach of the Code of Conduct. Within our own operations we have a SpeakUp! Policy. This is communicated to all employees via the employee handbook. It encourages employees to raise their concerns internally about malpractice or impropriety. The usual grievance channels exist internally:

- Reporting via line manager or local HR
- Internal email address direct to Company Secretary
- Use of expolink.co.uk
- "SpeakUp!" hotline number
- Reporting via local representatives of the European Works Council

Confidentiality will be maintained throughout the whole process.

103-3 How do we evaluate our approach?

- By keeping records of any incidents that are reported, how they are addressed and resolved. This is primarily the responsibility of the HR department.

406-1 Total number of incidents of discrimination and corrective actions taken

- In 2019/20, 32 reports were received, investigated and resolved via our "Speak Up!" hotline. However, for confidentiality reasons, we cannot disclose how many are related to discrimination.

Material Aspect: Freedom of Association and Collective Bargaining

103-1 Context

It is a fundamental right of employees to have the freedom of association and collective bargaining. DS Smith will demonstrate good faith and mutual respect in dealings with employees and their representatives (including any employee elected trade union officials) in the workplace. In our Code of Conduct, we state that we recognise and respect the rights which employees have under local and transnational laws, including where applicable, the right of employees to collective representation and collective bargaining. Employees will not be subjected to any detriment because of their involvement in legitimate trade union activities. The impacts are in the everyday working lives of our employees and any matters concerning their employment and working conditions.

103-2 How do we manage it?

DS Smith has established the European Works Council (EWC), an employee consultation body working in partnership with DS Smith with the objective of developing a fair, safe, positive working environment and culture for all DSS employees. They represent DS Smith employees across Europe and understand the diversity of beliefs, national cultures and affiliations within the DS Smith international community.

The purpose and aim of the EWC is:

- To bring together employee representatives from the different European countries in which DS Smith has operations.
- To ensure the application of minimum ethical standards for all employees
- To offer opinions on employee affairs, acting as a unified body that provides information and consultation on trans-national employment issues.
- To engage employees across Europe through an effective information and consultation process that is primarily focused on business decisions which affect the workforce and impact on the interest of employees

The DS Smith EWC meet twice per year and EWC representatives are informed and consulted by group management on transnational issues of concern to the company's employees. The EWC Agreement is between the Management and Representatives of the entire Workforce in all member or candidate countries of the European Union, European Economic Area and Switzerland. Representatives are elected or appointed to attend the EWC in accordance with local law and practice in each country where there are Employees. The EWC worked to develop the first DS Smith Code of Conduct, and more recently developed the DS Smith Employee

Charter. It is a fundamental right of employees to have the freedom of association and collective bargaining. We expect all our suppliers to respect this by providing the right of its employees to freely establish or join labour organisations of their choice and freely bargain. This practice should be based on national regulations and laws and internationally recognised labour standards. These requirements are specified in our Global Supplier Standard, of which details are explained in Material Aspect: Supplier Human Rights Assessment.

103-3 How do we evaluate our approach?

- Number of concerns and issues which are regularly raised and resolved.

407-1 a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk

The last three years have seen an increasing focus on the work we are doing to drive our ethical and sustainability standards into our supply chains. Given the scale of our supply chain and the variety of suppliers within it we have decided to drive our sustainability standards into our supply base using a variety of tools, with suppliers subject to an assessment commensurate to their categorisation. Our supplier categorisation process was a key foundation to build from. Following on from this, we engaged with several third parties in order to find new or existing software solutions that will enable us to embed sustainability factors within a broader supplier relationship management programme. Two software systems have been identified; one to act as a general supplier qualification system, and EcoVadis to act as a rigorous sustainability rating system for suppliers categorised as either high or critical risk, or strategic. Both systems are currently being rolled out. We have also carried out a detailed risk assessment on our supplier base to identify any suppliers in high-risk geographical areas. Expanding into new territories, such as China, is a key part of the DS Smith strategy to ensure we are delighting our customers however we understand that this is one of the high risk geographical areas for human rights, including collective bargaining. DS Smith takes a strict approach to our promise to only partner with suppliers who meet the same standards that we apply to our own operations. Potential suppliers in China go through a pre-audit process to ensure that they adhere to our high standards of safety, quality and labour practices. Only after meeting stringent requirements can they be said to be 'DS Smith-certified'. We also host quality workshops to improve local workers' awareness of quality issues and to ensure continuous improvement is embedded in our supply chain. There are now more than 35 certified supply partners in China. We will continue to update our stakeholders on our progress in this geographical region.

Material Aspect: Child Labour

103-1 Context

As a Group, DS Smith maintains relationships with many different organisations in its supply chain, as well as directly employing large numbers of people. DS Smith Plc and its subsidiaries are committed to the highest ethical standards, respect fundamental human rights and are committed to the principles set out in the United Nations Universal Declaration of Human Rights and the Convention on the Rights of the Child. We are committed to ensuring there is

transparency in our own business and in our approach to upholding human rights throughout our supply chains.

103-2 How do we manage it?

DS Smith supports and respects the protection of human rights within its sphere of influence; in particular the effective elimination of compulsory labour and child labour. A child is defined as being below the minimum age at which the applicable local law permits the relevant work type to be undertaken. DS Smith has been an AB Member of Sedex since 2014, as part of our commitment to respect and support human rights. We are proud in 2017 to have achieved the target set last year of 100 per cent of in-scope DS Smith sites to complete the Self-Assessment Questionnaire on the Sedex Platform. Reaching this target highlights our commitment to operate ethically and transparently across all of our sites. This demonstrates to all of our customers that we are committed to managing the labour, health, safety and environment risks in their supply chain. Over 90 of our sites also conduct third party audits, based on the Sedex Members Ethical Trade Audit (SMETA), which provides external assurance of the management of ethical supply chain risks for our customers. SMETA methodology uses the Ethical Trading Initiative (ETI) code and local law as the foundation on which it is built. It includes four modules:

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

Next year we will be aiming towards zero non-conformances in third party ethical audits. This will increase the robustness of our due diligence on child labour and other ethical issues. We also roll out our commitment to the elimination of child labour via our Global Supplier Standard which is explained in Material Aspect: Supplier Human Rights Assessment. DS Smith takes a strict approach to our promise to only partner with suppliers who meet the same standards that we apply to our own operations. Child labour will also be one of the key areas assessed by EcoVadis for our strategic and critical suppliers. In terms of responding to grievances in our own operations we have a SpeakUp! Policy. This is communicated to all employees via the employee handbook. It encourages employees to raise their concerns internally about malpractice or impropriety. The usual grievance channels exist internally:

- Reporting via line manager or local HR
- Internal email address direct to Company Secretary
- Use of expolink.co.uk
- "SpeakUp!" hotline number
- Reporting via local representatives of the European Works Council

Confidentiality will be maintained throughout the whole process.

Grievance channels externally:

- Online contact form
- Address and phone numbers of all divisional head offices on website

103-3 How do we evaluate our approach?

- Sustainable procurement metrics described in Supplier Assessment section
- Monitoring the number of non-conformances in third party ethical audits.

408-1 a Operations and suppliers considered to have significant risk for incidents of: i. child labor, ii. young workers exposed to hazardous work

During the last 12 months our assurance processes have encountered no instances of child labour.

408-1 b. Operations and suppliers considered to have significant risk for incidents of child labour either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk

DS Smith takes a strict approach to our promise to only partner with suppliers who meet the same standards that we apply to our own operations. China remains one of our highest risk geographies for child labour. Potential suppliers in China go through a pre-audit process to ensure that they adhere to our high standards of safety, quality and labour practices. Only after meeting stringent requirements can they be said to be 'DS Smith-certified'. We also host quality workshops to improve local workers' awareness of quality issues and to ensure continuous improvement is embedded in our supply chain. We will continue to update our stakeholders on our progress in this geographical region.

408-1 c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor

We are taking the necessary steps in line with our Modern Slavery Policy to ensure child labour does not exist in our supply chain. We will be tenacious and will continue to work on our approach to address these challenges, report transparently where we find them, and engage in collaborative work to bring more influence to harder-to reach areas of our supply chain.

Material Aspect: Forced or Compulsory Labour

103-1 Context

As a Group, DS Smith maintains relationships with many different organisations in its supply chain, as well as directly employing large numbers of people. DS Smith Plc and its subsidiaries are committed to the highest ethical standards and we have a zero-tolerance approach to modern slavery both within the Group and within its supply chain. We respect fundamental human rights and are committed to the principles set out in the United Nations Universal Declaration of Human Rights. Modern slavery is a criminal offence introduced by the UK Modern Slavery Act 2015. The crime arises from deprivation of a person's liberty for personal or commercial gain. This relatively recent law has helped to reinforce the importance of our policies that focus on elements of human rights, labour law and antitrust legislation. We are committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains consistent with our disclosure obligations under the Modern Slavery Act 2015. Modern slavery can occur in various forms, including servitude, forced or compulsory labour and human trafficking, all of which have in common the

deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

103-2 How do we manage it?

DS Smith supports and respects the protection of human rights within its sphere of influence; in particular the effective elimination of compulsory labour. We are committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners, and we are evolving and updating our contracting processes to include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children. We require our suppliers to hold their own suppliers to the same high standards. To underpin our compliance with practical steps, we intend to implement the following measures:

- conduct risk assessments to determine which parts of our business and which of our suppliers are most at risk of modern slavery so that efforts can be focused on those areas;
- engage with our suppliers both to convey to them our Anti-Slavery and Human Trafficking Policy and to gain an understanding of the measures taken by them to ensure modern slavery is not occurring in their businesses and their supply chain;
- introduce supplier pre-screening (for example as part of our tender process) and self-reporting for our suppliers on safeguarding controls;
- introduce contractual provisions for our suppliers to confirm their adherence to this policy and accept our right to audit their activities and (where practicable) relationships, both routinely and at times of reasonable suspicion.

Ultimate responsibility for the prevention of modern slavery rests with the Group's leadership. The Board of Directors of DS Smith Plc has overall responsibility for ensuring this policy and its implementation comply with our legal and ethical obligations.

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

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

Over 90 of our sites also conduct third party audits, based on the Sedex Members Ethical Trade Audit (SMETA), which provides external assurance of the management of ethical supply chain risks for our customers. SMETA methodology uses the Ethical Trading Initiative (ETI) code and local law as the foundation on which it is built. It includes four modules:

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

Given the scale of our supply chain and the variety of suppliers within it we have decided to drive our sustainability standards into our supply base using a variety of tools, with suppliers subject to an assessment commensurate to their categorisation. Our supplier categorisation process was a key foundation to build from. Following on from this, we engaged with several third parties in order to find new or existing software solutions that will enable us to embed sustainability factors within a broader supplier relationship management programme. Two software systems have been identified; one to act as a general supplier qualification system, and EcoVadis to act as a rigorous sustainability rating system for suppliers categorised as either high or critical risk, or strategic. Both systems are currently being rolled out. Our Global Supplier Standards and Global Supplier Requirements are also becoming embedded as standard in our new supplier onboarding processes.

In terms of responding to grievances in our own operations we have a SpeakUp! Policy. This is communicated to all employees via the employee handbook. It encourages employees to raise their concerns internally about malpractice or impropriety. The usual grievance channels exist internally:

- Reporting via line manager or local HR
- Internal email address direct to Company Secretary
- Use of expolink.co.uk
- "SpeakUp!" hotline number
- Reporting via local representatives of the European Works Council

Confidentiality will be maintained throughout the whole process.

Grievance channels externally:

- Online contact form
- Address and phone numbers of all divisional head offices on website

For more information, please see our Modern Slavery policy and statement.

103-3 How do we evaluate our approach?

- By keeping records of any incidents that are reported, how they are addressed and resolved. This is primarily the responsibility of the HR department.
- Monitoring the number of people given adequate training on this matter
- Managing the Sedex platform to conduct due diligence monitoring across all of our sites, and assess the number of non-conformances in ethical audits.

409-1a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk

DS Smith takes a strict approach to our promise to only partner with suppliers who meet the same standards that we apply to our own operations. China remains one of our highest risk geographies for forced or compulsory labour. Potential suppliers in China go through a pre-audit process to ensure that they adhere to our high standards of safety, quality and labour practices. Only after meeting stringent requirements can they be said to be 'DS Smith-certified'. We also host quality workshops to improve local workers' awareness of quality issues and to ensure continuous improvement is embedded in our supply chain. We will continue to update our stakeholders on our progress in this geographical region.

409-1b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor

We are taking the necessary steps in line with our Modern Slavery Policy to ensure forced or compulsory labour does not exist in our supply chain. We will be tenacious and will continue to work on our approach to address these challenges, report transparently where we find them, and engage in collaborative work to bring more influence to harder-to reach areas of our supply chain.

Material Aspect: Rights of Indigenous People

103-1 Context

The application of this aspect to DS Smith is particularly in the use of land for productive forestry, including access to the resources required by and provided by forestry, whether that be on our own land or in our supply chain. In our own operations, DS Smith respects the rights of indigenous people and we uphold our suppliers to this same expectation. The United Nations (UN) Declaration on the Rights of Indigenous Peoples and the International Labour Organization Convention 169 'Indigenous and Tribal Peoples' address the rights of indigenous peoples. Indigenous people have both collective and individual rights, as set out in these instruments. These include, for example, the right to retain customs and institutions, and the right to self-determination. DS Smith is supportive of protecting these rights and takes a strict approach to ensuring compliance, particularly where indigenous peoples reside, or have interests near our operations.

103-2 How do we manage it?

Chain of Custody Certified Sites and Fibre

Our work to ensure 100% of appropriate DS Smith sites are chain of custody certified, and a commitment to sourcing certified or Controlled Wood materials, ensure we protect biodiversity and ecosystems in accordance with Principle 3 which requires all certified forest owners and managers to identify and uphold indigenous peoples' rights of land ownership, use of land, and access to resources the land may provide.

Global Supplier Standard (GSS)

We recently added an additional standard to our Global Supplier Standard (GSS). This is the standard that all suppliers must agree to comply with to be able to do business with DS Smith. The standard expects that suppliers must respect the rights of indigenous people and their traditional livelihoods. Suppliers must seek free, prior and informed consent of stakeholders affected by resettlement, offer adequate compensation and avoid complicity in forced evictions. Suppliers must respect the right to water and other vital resources essential to all stakeholders. We engage with suppliers through our Supplier Engagement Programme to assess their adherence to our standards.

Reporting of Incidents

Known incidents of potential violations involving the rights of indigenous peoples are reported and thoroughly investigated transparently and rigorously.

103-3 How do we evaluate our approach?

- Number of chain of custody certified sites and total quantity of certified fibre purchased
- Percentage of suppliers complying with our Global Supplier Standard (GSS)
- Number of incidents of violations of human rights of indigenous peoples

411-1a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period

No known incidents of violations involving the rights of indigenous peoples.

411-1b. Status of the incidents and actions taken

No known incidents of violations of human rights of indigenous peoples. We are aware of a potential issue in Sweden and Finland in relationship to the Sami people and are working to understand the situation more fully.

Material Aspect: Human Rights Assessment

103-1 Context

DS Smith Plc and its subsidiaries are committed to the highest ethical standards. We respect fundamental human rights and is committed to the principles set out in the United Nations Universal Declaration of Human Rights, and support the protection of human rights within our sphere of influence. Ultimately our customers expect us, as a condition of trading, to manage risk in their supply chains. We are committed to ensuring there is transparency in our own business and in our approach to upholding human rights throughout our supply chains.

103-2 How do we manage it?

DS Smith has been an AB Member of Sedex since 2014, as part of our commitment to respect and support human rights. We are proud in 2017 to have achieved the target set last year of 100 per cent of in-scope DS Smith sites to complete the Self-Assessment Questionnaire on the Sedex Platform. Reaching this target highlights our commitment to operate ethically and transparently across all of our sites. This demonstrates to all of our customers that we are committed to managing the labour, health, safety and environment risks in their supply chain. Over 90 of our sites also conduct third party audits, based on the Sedex Members Ethical Trade Audit (SMETA), which provides external assurance of the management of ethical supply chain risks for our customers. Next year, we will be aiming towards zero non-conformances in the third party ethical audits which will increase the robustness of our due diligence on human rights issues.

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

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

103-3 How do we evaluate our approach?

- By maintaining, as we continue to grow through acquisition, 100% participation in the Sedex SAQ across all our sites, and monitoring non-conformances in ethical audits
- Regularly reviewing our own SAQ answers and manage any potential risks.

412-1 Total number and percentage of operations that have been subject to human rights reviews and/or impact assessments

94% via SEDEX

c. 30%, 90 sites via SMETA

Material Aspect: Local Communities

103-1 Context

All organisations depend on human resources, and require a set of people with specific knowledge and skills to operate, coordinate, manage and direct the business at all levels. In the manufacturing sector, sites are frequently located in industrial parks in less populated or more rural areas. This means they are often a significant employer in the local area and reliant on the knowledge base, and manufacturing skill set of the local population. At DS Smith we understand the need to invest in manufacturing skills, and in keeping local communities sustainable and safe in the long term. We need to be seen as attractive employers with our people as our number one priority. Just by operating we have a social responsibility. The direct impacts are on our business, and our people are that we build and maintain social capital such as skills and knowledge in our factories. Manufacturing jobs are not at a high replacement rate so we must maintain a sustainable workforce to maintain and increase our business capacity. We also understand our indirect impacts on the families and communities of our people. As with all manufacturing businesses, we are an important aspect of the local economy and provide a significant number of jobs. In some of our sites we are proud that we have multiple generations of the same family working for us. As we live in an increasingly interconnected society, our operations will also have impacts on our suppliers, who have their own community impacts. However this is often beyond the scope of our management.

103-2 How do we manage it?

We are delighted to announce that we have achieved our target of all of our sites engaging in community programmes. Having only started our community programme less than two years ago, this is considerable progress. At DS Smith, we are just at the beginning of this journey and we look forward to announcing our new ambition for community activities. Our sites have done incredible work to engage in their local communities. The last 12 months have seen our sites open their factory doors to school educational trips, our employees teach in classrooms, organise litter picks, support food banks and much more. As we have evolved, our focus has been less about simply hitting the target, and more about ensuring we generate real value for our surrounding communities. This is an important pivot in our attitude and culture overall as a business, and one which we have certainly seen shift significantly as a result of the recent coronavirus lockdown. The global community programme continues to be facilitated by local budgets which have been set aside specifically for community activities only. There is a balance

to be struck between strategy and responding to genuine need. However, most of the time we continue to focus on activities which fall into two key categories:

- Environment: supporting the improvement and protection of the environment
- Future generations: inspiring and educating future generations in a growing digital world by using our industry expertise and knowledge

Progress has not been without its challenges. Production sites are focused primarily on manufacturing and delivering products to our customers, so prioritisation of community activities is a delicate balance. There have also been a range of logistical and cultural differences to overcome around how community engagement is approached. At DS Smith, we continue to learn from these healthy challenges as we continually deliver more value for our local communities. This will be especially important as the world moves into a more difficult economic period.

Charitable Foundation

Last year, the DS Smith Charitable Foundation announced that it would make over £1 million available to reinforce the value of sustainability education. One year later, we have donated over £375,000 to a variety of groups involved in sustainability and circular economy education.

Circular Economy lesson plan

Aligned with our focus on education as a key category of our community programme and charitable giving, we have been using our expertise to create a Circular Economy lesson plan. This is being developed in collaboration with the EMF. We hope to roll out this programme first internally to our own employees engaging with schools, and in future we hope to extend it to the public domain.

103-3 How do we evaluate our approach?

- Percentage of sites participating in community engagement programme

412-1 Percentage of operations with implemented local community engagement, impact assessments, and development programs

100% of sites (with greater than 50 employees) engaged in community programmes in FY2019/20.

Material Aspect: Supplier Social Assessment

103-1 Context

Due to the increasingly interconnected nature of the global economy, any organisation can have an almost unlimited number of indirect impacts on society through their suppliers, and their respective supply chains. DS Smith Plc and its subsidiaries are committed to the highest ethical standards. Our customers expect us to conduct the correct due diligence activities to manage labour risk in their supply chains. The impacts are outside the organisation in our supply chain however many of the impacts of our own sites, detailed in Material Aspect Employment, Material Aspect: Occupational Health & Safety, Material Aspect: Diversity and Equal Opportunity, and Material Aspect: Equal Remuneration can also be applied to our suppliers.

103-2 How do we manage it?

At DS Smith, we remain committed to building a more sustainable business for the long term. Our reputation as a Group is founded on our achievement of these high standards. Our ambition and focus in this area are reflected in our target:

- **Target:** Ensure 100 per cent of our suppliers comply with our sustainability standards by 2025.

Strategic suppliers are assessed using the EcoVadis platform, with 74 per cent of our strategic suppliers now assessed. This process takes a holistic view of a company's performance related to environment, social, labour, health and safety. This accounts for roughly 28 per cent of our total spend. Any supplier scoring below a defined threshold is immediately contacted directly by DS Smith and requested to complete corrective actions and show improvement within three months. Only one supplier has failed to meet this score to date and we are working with them to make improvements through the EcoVadis platform and associated toolkits. Building on the initial assessment, discussions around sustainability performance are embedded within quarterly relationship meetings and improvement actions agreed. The remainder of our suppliers are confirming adherence to our sustainability standards by accepting the terms of our Global Supplier Standards (GSS). The GSS is currently being integrated into our standard 'Terms & Conditions' documents, putting sustainability at the heart of our supplier relationships. This new documentation will be rolled out by region and will ensure all suppliers agree to comply with our minimum standards on sustainability. As a result of this regional roll-out 11 per cent of suppliers have now confirmed compliance with our sustainability standards, and we anticipate this figure increasing quickly as we continue embed our GSS into our 'Terms & Conditions' documentation at a country level. On that basis, significant progress has been made over the past year with 11 per cent of total suppliers confirmed as complying with our sustainability standards. Informed by our Purpose we have developed our approach to supplier management in the past year. The ambition is now to focus more on enablement, higher quality engagement and deeper partnership interactions with our suppliers. This change in focus has been reflected through a major transformational shift across the whole of Europe. Local procurement functions are working more closely with the Group Procurement Enablement function where the focus is on the enablement of category managers and buyers to take ownership of driving standards. By summer 2020 this change will be complete across all regions, with sustainability embedded into the objectives of all category strategies.

103-3 How do we evaluate our approach?

- Percentage of suppliers signed up to our Global Supplier Standard (GSS)
- Percentage of strategic suppliers signed up to our Global Supplier Standard (GSS)
- Percentage of strategic suppliers assessed on sustainability performance
- Number of suppliers engaged in sustainability performance improvement plans
- Number of actions to improve performance initiated
- Number of actions to improve performance completed

We monitor these KPI's internally on a monthly basis and disclose them publicly on an annual basis, in the Sustainability Databook (see page 16 of Databook 2020).

414-1 Percentage of new suppliers screened using social criteria

All new strategic suppliers are assessed. So far, this is 74% of our strategic suppliers.

414-2a. Number of suppliers assessed for social impacts

74% of our strategic suppliers.

414-2b. Number of suppliers identified as having significant actual and potential negative social impacts

Although we do not apply this definition of 'significant actual and potential negative environmental impacts', in 2019/20, 18 suppliers were engaged in corrective action plans to improve their performance.

414-2c. Significant actual and potential negative social impacts identified in the supply chain

Our supply chain is not dissimilar to other complex, global supply chains. There is a real potential risk for social impacts, including Human Rights and Modern Slavery issues that could occur in any of our suppliers' businesses, as our own. In this sense, we apply similar standards and scrutiny on the operations of our suppliers as we do our own to ensure responsible business practices.

414-2d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment

We have not yet calculated this metric but in 2019/20, 239 actions to improve performance were initiated, of which 139 were completed, with the remainder outstanding.

414-2e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why

We have not yet calculated this metric. All suppliers engaged in improvement actions have either successfully delivered improvements and increased their score to an acceptable level, or are currently undertaking corrective actions that are to be reviewed.

Material Aspect: Customer Health & Safety

103-1 Context

Our long-standing approach of working with customers to increase their sales, reduce their costs and manage their risks remains as relevant as ever. We have a duty to ensure that all our products reach legal requirement and customer requests. Within the packaging industry the most significant health and safety impact is in food packaging as it travels downstream into our customer's supply chains and ultimately arrives at the end consumer. Food safety is a top priority among EU and national authorities. For DS Smith, this leads to a stricter regulatory environment for food packaging materials and articles which is relevant for all our Paper, Packaging and Plastics operations. FMCG and food customers comprise just over two thirds of our business, at 70% of our volume, so this topic is of upmost importance. The main EU legislation relating to materials and articles intended to come into contact with food is the

framework regulation 1935/2004/EC. Containerboard paper is produced in accordance with the German BfR recommendation XXXVI. This includes requirements for raw materials and additives, as well as purity requirements for the end product. These recommendations provide a good methodology to ensure the safety of our products.

103-2 How do we manage it?

DS Smith is committed to ensuring product safety for all our customers. Our broad expertise enables us to provide safe corrugated board grades in various food packaging applications.

This commitment is proven in our actions;

- Actively follow the regulatory initiatives within the EU to ensure compliance with the latest standards and regulations
- Work together with our suppliers to select only safe additives and raw materials for our paper mills
- Manufacture our paper according to Good Manufacturing Practice (GMP) principles
- Conduct regular testing of product purity as part of our compliance schemes which are continuously updated if and when needed.

On a practical level, all our manufacturing sites have robust risk assessment procedures in place, which are even stricter for food contact products. In many cases we meet customer requirements by becoming high-risk BRC certified or meet other certification and audit standards upon request. On a management level, DS Smith also operates a cross-divisional network of quality specialists and senior management across all regions who meet regularly to monitor the health-related impacts of our products, resolve potential risks and share best practise. Most of our paper products are, under normal and foreseeable conditions of use, suitable for direct contact with;

- dry, non-fatty food
- food types that are washed, peeled or shelled before consumption.

For direct contact with fatty and aqueous food, we recommend to use an appropriate barrier.

In addition, all our paper mills have upgraded their quality management systems. They comply with the EC regulation 2023/2006 on good manufacturing practice for materials and articles intended to come into contact with food.

103-3 How do we evaluate our approach?

- By gathering data as and when any incidents are reported and how they are resolved
- Constantly monitoring the outcomes of paper testing
- Maintaining records of the number of mills and manufacturing sites with food-grade certifications
- Meeting regularly at a cross-divisional level to address any legislative changes, resolve potential risks, share best practise and act on any further training needs
- Maintaining records of total numbers of employees trained across the business

416-1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

In the Packaging and Paper divisions of our business, 100% of our food contact products are risk assessed before production. We would not produce a produce that does not comply with the applicable regulations or poses an unacceptable risk to a consumer.

416-2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes

No known incidents.

Material Aspect: Socio-economic compliance

103-1 Context

Compliance with international and local legislation provides the licence to operate for business. These laws are in place to protect the environment in which business operates, and all the stakeholders with whom it interacts. Ethical business conduct and compliance are fundamental to our way of doing business. As we state in the DS Smith Group Sustainability policies, we regard compliance with international and local laws as the minimum standard that must be applied in all our operations. In the case of product responsibility, the impact of non-compliance would be found downstream in our customer's supply chains and end-users.

103-2 How do we manage it?

Monitoring ethics and compliance and providing annual training to our employees are the responsibility of our legal team. We also continue to maintain our collaboration with various industry and trade associations to monitor and better understand regulatory implications in order to address and reposition our business model to ensure we remain fully compliant. We have a robust divisional self-assessment compliance process which cascades up to The Audit Committee who regularly reviews results of internal control reports, and any important issues are provided as regular updates to the Board. There are a wide range of international and local laws which we monitor and seek to comply with, however the most important laws from a Product Responsibility perspective in our business are as follows;

- The Packaging and Packaging Waste Directive 94/62/EC
- The Producer Responsibility Obligations Regulations
- The Framework Regulation 1935/2004
- Good Manufacturing Practice Regulation 2023/2006
- and a range of further legislation

All our employees are encouraged to report suspected misconduct or unethical behaviour directly to their own supervisor, human resources or legal services. Our employees may also report their concerns in confidence to a dedicated hotline, an external service through which anyone can confidentially and anonymously report any issues. As said, compliance is the minimum standard that must be applied in all our operations. That said, we often go beyond compliance to meet customer requirements and achieve a greater level of efficiency and management of our manufacturing plants. We achieve this through a range of audits and certification schemes such as ISO 5001, ISO 14001, chain of custody, BRC, ISO 9001 and others. We expect our suppliers to share our values, which we state clearly in our Global Supplier Standard. Suppliers are fully accountable for their supply chains and shall ensure their supply chains are compliant with all applicable laws and regulations. DS Smith reserves the right to investigate any alleged non-compliance by suppliers which may result in the termination of any business relationships.

103-3 How do we evaluate our approach?

Across our divisions, we have various functions and cross-functional networks who monitor customer complaints and compliance concerns. These are dealt with at the highest priority, and resolved as quickly as possible once we are aware of an issue. However, our audit and certification schemes often require us to go beyond legislated requirements, therefore lowering the risk to our business, our environment, our people and ultimately manage the risk in our customer's supply chains.

419-1 Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms

We do not currently publish this data externally, but we can confirm that we monitor compliance at the highest level of our business.