



DS Smith PLC
Modern slavery and human
trafficking statement 2018/2019

The Power of Less®



Contents

- 1 Introduction.....3**
- 2 Governance4**
- 3 Our organisation and modern slavery risk.....5**
 - 3.1 Organisation structure.....5
 - 3.2 Policies.....6
 - 3.2.1 Speak Up! Policy.....6
 - 3.2.2 Code of Conduct6
 - 3.2.3 Management Standards6
 - 3.2.4 Compliance Committee6
 - 3.3 Risk assessment and management.....6
 - 3.4 Due diligence processes7
 - 3.4.1 Supplier Ethical Data Exchange (“Sedex”) assessments of our own sites7
 - 3.5 Training on modern slavery and trafficking.....7
- 4 Our supply chains and modern slavery risk.....8**
 - 4.1 Supply chain structure.....8
 - 4.2 Policies.....8
 - 4.2.1 Supplier Standards8
 - 4.2.2 Contractual Controls.....8
 - 4.3 Risk assessment and management.....8
 - 4.4 Due diligence processes9
 - 4.4.1 Supplier categorisation9
 - 4.4.2 Supplier On-Boarding Process9
 - 4.4.3 Supplier Reduction Initiative10
 - 4.4.4 Supplier Audits10
 - 4.4.5 Recycling Division.....10
- 5 Key performance indicators to measure effectiveness of steps being taken.....11**



1. Introduction

DS Smith is a leading multi-national provider of corrugated packaging in Europe and North America, supported by paper, plastic and recycling operations. The table on the next page summarises our operations in greater detail. Today, we operate in more than 37 countries, employing over 31,000 people. For the fiscal year 2018/2019 our revenue was £6,171m.

At DS Smith we are fully committed to complying with the principles of good corporate governance and understand the importance of being trusted by our stakeholders to operate in an ethical manner. During the past year, DS Smith complied fully with the provisions of the 2016 U.K. Corporate Governance Code.

DS Smith and its subsidiaries (the "Group") are committed to the highest ethical standards in the way in which we engage with each other, our customers, shareholders, suppliers and other stakeholders. Our reputation as a Group is founded on our achievement of these high standards. We are committed to acting ethically and with integrity in all our business dealings and seek to implement and enforce effective systems and controls to ensure modern slavery is not occurring within our own businesses or those of our suppliers. We are pleased to report that during 2018/2019 no instances of modern slavery were identified within our business or supply chain.

The Group aims to build an environment of trust, transparency and accountability which is essential for fostering long-term business

integrity. The Group's relationships are built in a socially responsible manner and we are committed to opposing modern slavery and preventing it by whatever means necessary. We demand the same attitude and commitment of all who work for us or with us. As a Group, we have a zero-tolerance approach to modern slavery.

DS Smith has identified that much of the modern slavery risk it faces sits within its supply chain and associated processes and accordingly has focussed much of its efforts in this area. Section 4 of this statement goes into this in much more detail, whilst section 3 looks at the specific steps we have put in place to address modern slavery risks in our own operations.

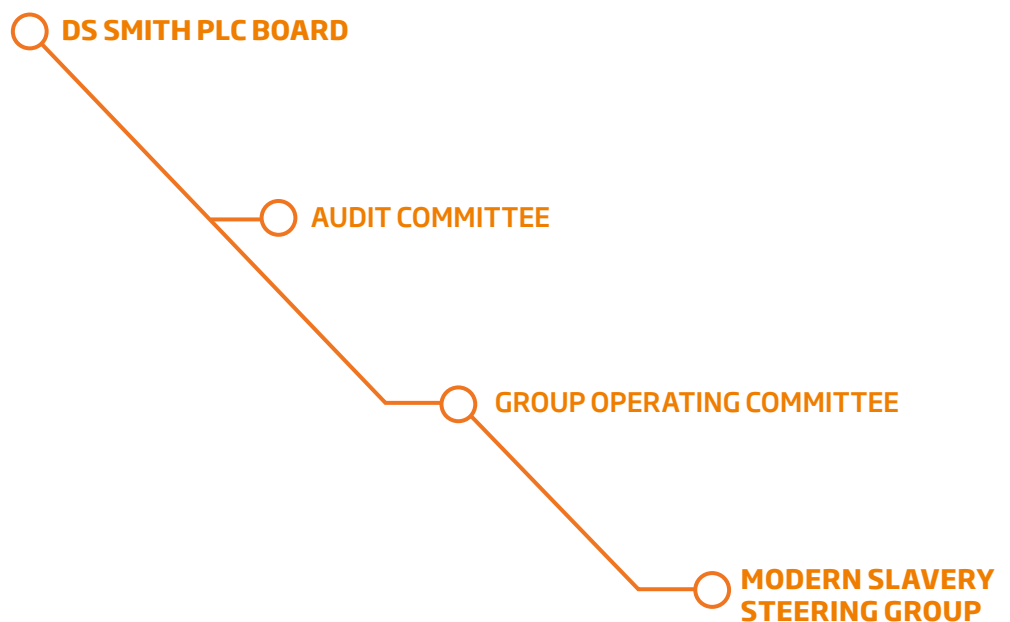
In this statement, we set out the processes we have established across the Group together with the steps taken since our 2017/2018 statement to ensure that modern slavery and human trafficking are not occurring within our operations or our supply chain and summarise some of the steps we plan to take in 2019/2020.



2. Governance

As previously reported, to effectively address modern slavery issues facing DS Smith, a Modern Slavery Steering Group (the “Steering Group”) was established in 2016. The Steering Group is made up of a multi-disciplinary team, chaired by the Group General Counsel and Company Secretary, Iain Simm. The Steering Group reports to our Group Operating Committee, chaired by our Group Chief Executive, Miles Roberts.

The Steering Group meets on a quarterly basis and provides a forum for representatives from across the business to input on the Group’s policies and procedures relating to modern slavery as well as discussing areas of potential risk and mapping out improvements to be made across the Group to prevent instances of modern slavery occurring.



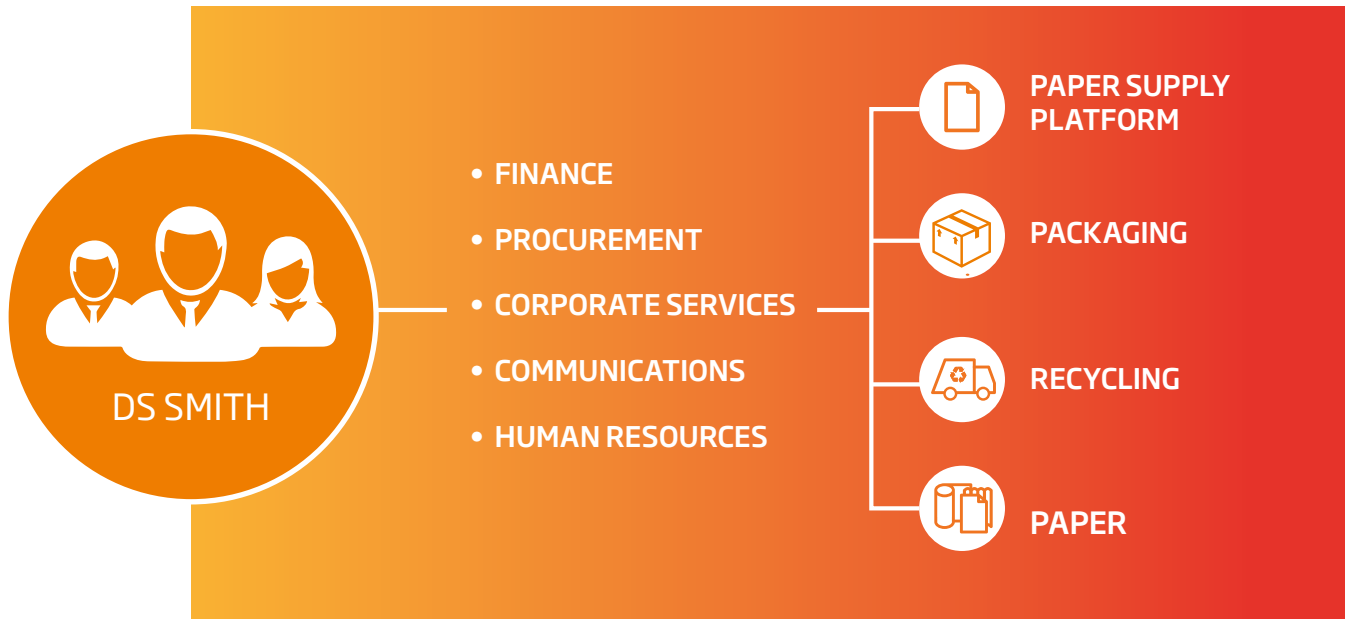
DS Smith subscribes to the following high level international standards and guidelines:

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

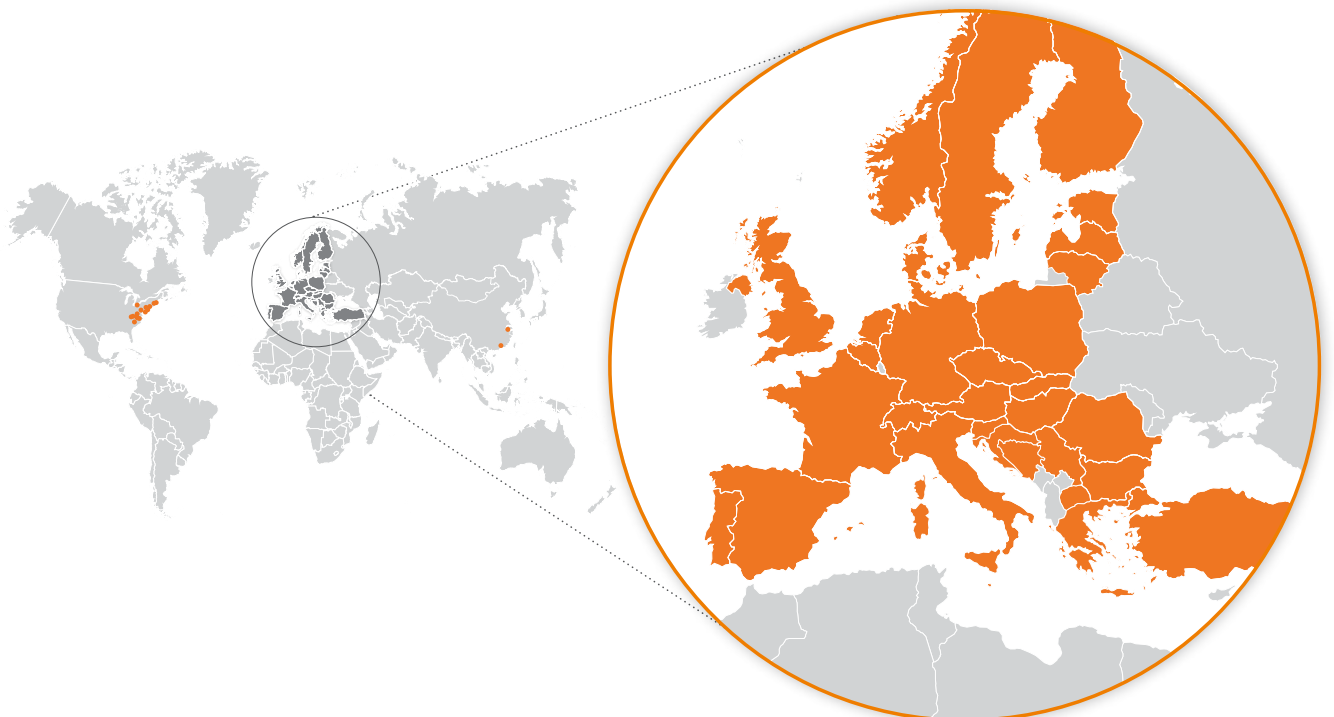
3. Our organisation and modern slavery risk

3.1 Organisation structure

The Group is organised as follows:



More information about the Group and our locations can be found on our [website](#)



3.2 Policies

Key to our zero-tolerance approach to modern slavery is ensuring that the Group has robust policies in place relevant to the prevention of modern slavery. In relation to our own operations these policies include our Anti-Slavery and Human Trafficking Policy, "Speak Up!" Policy and our Code of Conduct. These policies are primarily aimed at our employees. Each policy has been reviewed and formally approved by the Board of Directors of DS Smith Plc (the "Board").

Employees are regularly made aware of our policies, as mentioned below, and our policies are communicated to newly acquired businesses as part of our formal integration process. This past year, the management teams of the newly acquired businesses of Europac and Corrugated Container Corp. have all received training on these policies.

3.2.1 Speak Up! Policy

The "Speak Up!" Policy provides guidance on how employee concerns, such as those relating to modern slavery, can be communicated to the Group on a confidential basis. Any concerns about suspected incidents of modern slavery may be reported by web, e-mail, postal service or telephone via the independent "Speak Up!" hotline. Any reports received through "Speak Up!" are considered by the Audit Committee as part of their regular reviews of internal controls. During the past year, 42 reports were received and investigated via "Speak Up!" and none related to modern slavery.

Whilst we are encouraged by the "Speak Up!" usage, we recognise that more can be done to raise awareness of whistleblowing procedures within the Group.

3.2.2 Code of Conduct

Our Code of Conduct sets out in detail DS Smith's commitment to the highest ethical standards and the behaviour that is expected of our employees and business partners. DS Smith respects fundamental human rights and is committed to the principles set out in the United Nations Universal Declaration of Human Rights, including the effective elimination of compulsory labour and child labour.

As part of the Group's ongoing legal and compliance efforts, and to ensure that our employees are familiar with Group policies and procedures, we have continued with our previously announced initiative whereby every six months employees in managerial or customer/supplier facing roles must confirm their awareness and compliance (and where applicable, the awareness and compliance of their direct reports) with Group policies.

3.2.3 Management Standards

The Group has also implemented a series of management standards which set out the performance standards expected of all managers within the company. Management standards are a series of defined activities which every manager in DS Smith should incorporate into the way they operate in the business. One key standard is the Compliance standard, which looks to ensure that all DS Smith employees comply with legal, regulatory and organisational requirements, including requirements relating to modern slavery. This standard is meant to help employees understand the importance of compliance for our business and our stakeholders and to ensure that neither DS Smith nor its employees breach applicable rules or regulations.

3.2.4 Compliance Committee

In the past year we have formed a new Compliance Committee, chaired by the Group General Counsel and Company Secretary and including representatives from each division, internal audit and key functions within the Group, which reports to the GOC and the Audit Committee. The remit of this committee is the holistic consideration of risks and compliance and associated procedures and mitigations around those risks in the Group, which includes the risk of modern slavery.

3.3 Risk assessment and management in our operations

As we committed to in our last statement, during the last year we have established a new process for identifying modern slavery risk in our own business.

Using the assessment of geographical vulnerability to modern slavery from The Global Slavery Index (Walk Free Foundation) we identified the most vulnerable countries where DS Smith operates. The sites within those countries were then prioritised from highest to lowest risk according to their Sedex (see 3.4 below) risk score and answers to the 12 questions in the Sedex Self-Assessment Questionnaire (SAQ) which related to the ILO definition of modern slavery. Sites with no historical third-party ethical audits and/or a high number of SAQ-related concerns are promoted to highest priority for further investigation. In future the highest risk sites will be presented on a quarterly basis to the Modern Slavery Committee for review, until further investigation and decision making on actions is taken - including the possibility of a mandatory third-party ethical audit.

3.4 Due diligence processes

3.4.1 Supplier Ethical Data Exchange (“Sedex”) assessments of our own sites

The Supplier Ethical Data Exchange (Sedex) is one of the world’s largest organisations for helping companies manage responsible sourcing in their supply chain. They have more than 50,000 members in over 150 countries and operate a collaborative online platform that enables members to collect and share information and map risk in their supply chain. This is done in two ways:

1. Self-Assessment Questionnaire (SAQ) covering health and safety, labour standards, environment and business ethics thematic areas.
2. SMETA ethical audits, one of the most widely used ethical audit formats in the world which assesses conformance with the site’s SAQ answers and the Ethical Trade Initiative (ETI).

Collectively, this allows customers to manage their ethical and social performance and build trust with their suppliers, helping to protect people, the environment and business.

DS Smith Plc. is an AB Member of Sedex. We pay an annual fee and retain one group account which contains umbrella accounts for each of our divisions and all the manufacturing sites within them.

Using Sedex for assessment and risk in our operations

We continuously strive to maintain 100% of our European sites registered on Sedex and, as we continue to grow through acquisition, ensure our sites complete the self-assessment questionnaire (“SAQ”). In relation to modern slavery, we have identified 12 key questions in the SAQ which are key indicators, including questions relating to wages, working hours, employee documentation, holiday and leave, children and young employees, forced labour and human rights.

Although this alone does not prevent modern slavery, it prompts sites to consider these issues in-depth and report on them. The platform allows our customers and other stakeholders to look beyond our Group policies, into site-level implementation of ethical business, labour, environment and health and safety activities.

Using the process described in the risk assessment section of this statement, 10 of our locations (across six countries) have been identified to be highest risk for modern slavery and four of these sites have already had third party ethical audits - dramatically reducing their risk factor. A further 20 locations (across 10 countries) have been identified as potentially high risk. For 2019/20 our intention is to fully investigate these top 10 locations before moving on to the further 20 locations by 2020/21.

Using Sedex ethical audits for verification and driving standards

Furthermore, one third of our manufacturing sites verify their answers through third party Sedex Members Ethical Trade Audit (“SMETA”) 4-pillar audits. These audits are conducted by a third-party auditor and assess compliance with the Ethical Trade Initiative, which is based on ILO standards and conventions. The audits also assess local knowledge and implementation of Group policies. These audits are a well-established procedure, used across multiple industries as a preventative measure for modern slavery, labour and ethical business violations.

In the past, these audits have been treated on a case-by-case basis. By establishing a new key performance metric to track non-conformances in SMETA ethical audits (three year running average), we are driving higher ethical and labour standards into our own operations. The resulting reporting and escalation procedures for high-risk non-conformances significantly improve our internal due diligence on potential modern slavery risks.

3.5 Training on modern slavery and trafficking

Managers at all levels are responsible for ensuring those reporting to them understand and comply with policies relating to modern slavery and are provided with appropriate training on modern slavery in the context of their specific roles.

To further strengthen our compliance trainings, our Group Legal department has developed and rolled out a modern slavery e-learning course in conjunction with an external law firm. Current employees and new joiners are required to successfully complete the course. This course was initially rolled out in March 2019 and there will be follow-up actions to ensure relevant staff complete the training.

4. Our supply chains and modern slavery risk

4.1 Supply chain structure

As an international company with a large and complex supply chain, DS Smith suppliers originate from many countries across the globe. Whilst we focus on using suppliers locally where we can, we source some products from locations where we don't operate.

Most of our suppliers serving our main packaging business operate in Europe and North America. In a small part of our display business, supporting some key customer accounts, we work with suppliers in South America, Asia and Africa.

Conducting appropriate risk assessments is central to our supply chain management. This process is handled by Group, divisional and where appropriate, business procurement teams, with Group Procurement taking overall responsibility for oversight of the specific risks associated with modern slavery.

We continue to incorporate human rights risks as a core part of our on-going supplier assessment when considering cost, availability and sustainability of our key materials and equipment purchases.

4.2 Policies

Our Anti-Slavery and Human Trafficking Policy covers both our own operations and our supply chains. This policy reinforces our commitment to act ethically and with integrity in all our business dealings and to implement and enforce effective systems and controls to ensure modern slavery is not taking place anywhere within our business or supply chain. Central to our work in our supply chains are our Global Supplier Standards ("GSS") and Global Supplier Requirements ("GSR").

4.2.1 Supplier Standards

We engage with our suppliers through our GSR. The GSR states the minimum requirements and standards that we expect from our suppliers regarding ethical business practices, social and environmental management. The requirements set forth in the GSR are based on the Ethical Trade

Initiative ("ETI") Base Code and International Labour Organisation ("ILO") standards. Suppliers are also required to establish systems to monitor and eliminate forced or compulsory labour from their supply chain. Our strategic suppliers will sign our GSS, which is a more robust, detailed version of the GSR.

4.2.2 Contractual Controls

The Group's supply contract templates include a specific anti-slavery and human trafficking clause. This clause requires suppliers of DS Smith to comply with the U.K. Modern Slavery Act 2015 (the "Act"), imposes an obligation on our suppliers to ensure that members of the suppliers' supply chains comply with the Act and permits DS Smith to audit the operations of a supplier to ensure full compliance with applicable anti-slavery and human trafficking laws.

4.3 Risk assessment and management

We currently identify critical suppliers by high risk products and high-risk countries, as mentioned in section 4.1. To support this risk identification and assessment we use the Global Slavery Index¹ and the Corruption Perception Index². We provide our Category Managers with lists of high risk countries and products, and ask them to identify suppliers who may fall into those categories. Those suppliers are then classified in our systems as Critical, and they then join our next phase of EcoVadis assessments.

4.4 Due diligence processes for our supply chain

DS Smith has a wide-ranging supply chain that supports our global operations. In line with the ever-changing regulatory landscape, organisations are being challenged to operate in a more transparent fashion and are expected to disclose more information than ever before. DS Smith is driving greater disclosure from our suppliers to better understand our supply chain and manage risks related to modern slavery.

1. source: <https://www.globalslaveryindex.org>

2. source: <https://www.transparency.org>



Responsibility for managing our supply chain sits primarily with our Group Procurement function and over the past year Group Procurement has made strides to ensure we strengthen our supplier due diligence efforts.

4.4.1 Supplier categorisation

Our supplier classification exercise has helped us to categorise suppliers, ensuring robust strategies can be delivered for our suppliers categorised as high or critical risk, or strategic. Strategic suppliers are defined as those with long term relationships, mutual dependencies and a high level of spend. Our Strategic suppliers are expected to go through a third-party sustainability assessment via EcoVadis. We build longstanding relationships with our suppliers which allows us to ensure these suppliers comply with our high standards. Our Critical suppliers are defined as those sourcing from a high-risk country or those supplying a product with a high sustainability risk. Critical suppliers will also be assessed via EcoVadis. Preferred suppliers have also been identified and these suppliers will be prioritised through the onboarding process and expected to comply with our policies, including the GSS. The remainder of our commercial suppliers will also be onboarded and expected to comply with our policies and to adhere to our GSR.

Group Procurement are also focusing their attention on more in-depth evaluation of the Group's supply base, conducting assessments and reviews of our strategic and critical suppliers. These suppliers are going through a rigorous rating system called EcoVadis. Suppliers are expected to meet DS Smith's minimum scoring thresholds for overall performance, with attention focused on Labour and Human Rights.

4.4.2 Supplier On-Boarding Process

Our Group Procurement function has standardised processes and procedures for the on-boarding of suppliers across the Group. All prospective suppliers are required to successfully complete the Group's on-boarding process through our new online platform, LeanLinking.

LeanLinking enables us to onboard all of our suppliers and to ensure all current suppliers comply with our policies and standards, and for us to record this information in an efficient manner. LeanLinking will become the tool that all prospective suppliers must go through before becoming DS Smith suppliers in due course. This process is currently being trialled in the UK. The tool will also be used as a contract repository for all DS Smith supplier contracts as well as assisting us in our supplier performance management activities.

The onboarding process and LeanLinking allows us to benchmark suppliers against a set of internal and international standards, ensuring that our suppliers share our commitment to preventing modern slavery.

4.4.3 Supplier Reduction Initiative

Since its launch in 2018, DS Smith's supplier reduction initiative has had excellent results. The programme is live in eight countries (UK, Nordics, Germany, France and Spain). To date, over 18,000 suppliers have been made unavailable to purchase from as part of the drive to have fewer suppliers with less corresponding modern slavery risk.

4.4.4 Supplier Audits

Group Procurement have classified our supply base on various risk factors. Critical suppliers, for example, have been deemed high risk based on the geographies where the supplier sources their materials or based on the commodity they are supplying. Strategic suppliers have been identified based on spend, innovation and relationship with DS Smith. All our identified strategic suppliers and critical suppliers are instructed to conduct a desk top audit through our rating system, EcoVadis. Those that score below our threshold or decline to be assessed will be subjected to a face to face audit and potentially removed from our supply base.

4.4.5 Recycling Division

As an area of the business that is particularly at risk of modern slavery issues, in sourcing materials from the market place the Recycling division ensure that they deal with reputable and fully compliant suppliers and all suppliers are subject to scrutiny during the onboarding process. This ensures that not only are they fully compliant with current legislation, but that they also comply with the DS Smith policies on Modern Slavery and Anti Bribery and corruption. Every effort is made to ensure that the supply chain remains clean and that fibre is sourced from reliable and traceable sources.



5. Key performance indicators to measure effectiveness of steps being taken

Where we said we would focus in 2018/19	What we achieved	KPIs and progress	Focus for 2019/20
Implement a Group-wide supplier on-boarding process supported by a supplier relationship management and performance tool	We now have an online platform which enables us to onboard suppliers and rate their performance. The onboarding process has already started for our strategic suppliers. We have also introduced an external sustainability assessment through EcoVadis for our critical and strategic suppliers.	50% of critical and strategic suppliers confirmed as complying with our ethical and sustainability standards through EcoVadis assessment.	Continue to perform sustainability assessments and if suppliers decline to be assessed then conduct face to face audits. We will also be widening our definition of critical suppliers and include more suppliers within our EcoVadis assessment.
Categorise suppliers and commence assessments based on the supplier category. Particular focus will be placed on our critical high risk suppliers and we will carry out audits on those with the greatest risk.	We have identified our strategic and critical suppliers as well as many of our preferred suppliers through our supplier classification program. Strategic and critical suppliers have gone through desktop audits and those scoring below our thresholds will be subject to face to face audits.		Continue to drive completion of EcoVadis assessments for critical and strategic suppliers until 100% complete by April 2020. Those scoring below threshold or declining to be assessed will have face to face ethical audit. Once at 100%, we will move onto our Preferred suppliers.
Establish an annual analysis of all SEDEX SAQs and SMETA audit reports to identify areas where the Group can improve its business practices in its own operations.	We have maintained SEDEX SAQ completion at 100% and used an in-depth analysis of the answers to feed into a new approach to assessing risk of Modern Slavery in our own operations (section 4.3). In order to drive better performance in ethical business practices, we have also established a new performance measure to track the number of non-conformances in ethical audits.	100% sites completed SEDEX Self-Assessment Questionnaire Established a new KPI: Number of SMETA non-conformances (three year rolling average).	Continue to use new risk-based approach in quarterly meetings to agree on further investigation and possible actions to drive good ethical practices. Embed new KPI into governance and reporting procedures, to drive accountability for SMETA outcomes into HR and Operations communities.
Introduce a modern slavery e-learning course.	We have developed a tailored modern slavery e-training course which has gone to key personnel within the business.	29% of required people completed e-learning course on modern slavery 83% of senior procurement managers have completed this training.	Achieve an 80% completion rate for the e-learning course on modern slavery.



This statement is made pursuant to section 54(1) of the U.K. Modern Slavery Act 2015 and constitutes our Group's Slavery and Human Trafficking Statement for the current financial year and has been approved by the Board of Directors of DS Smith Plc.

Miles Roberts

Group Chief Executive
September 2019