

REDEFINING

PACKAGING FOR A CHANGING WORLD



SUSTAINABILITY REPORT 2023



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Reporting period, scope and independent assurance

This report covers our 2022/23 reporting period, which is from May 2022 - April 2023.

All of our packaging plants, paper mills and recycling depots are a part of Now & Next, our Group-wide global Sustainability Strategy.

The Basis of Preparation, available from our online ESG Reporting Hub, includes a detailed methodology for how our ESG reporting is prepared.

Deloitte have provided independent assurance over selected information, identified with * on pages 56-58. A summary assurance statement can be found on page 56 and the full assurance report can be obtained from our DS Smith ESG Reporting Hub.

Other reports, policies and performance data

- DS Smith ESG Databook 2023
- DS Smith Annual Report 2023
- Policies and other documents



DS SMITH AT A GLANCE

DS Smith is a leading provider of sustainable packaging solutions across Europe and North America. Our circular business model, which includes recycling, paper and packaging operations, plays a central role in e-commerce, fast moving consumer goods and industrial value chains.

REDEFINING PACKAGING FOR A CHANGING WORLD

We deliver our Purpose, Redefining Packaging for a Changing World, through our four strategic goals...



To delight our customers

By delivering outstanding results to them as we increase their sales, reduce their costs, manage their risk and become circular-ready



To lead the way in sustainability

By bringing our customers into the circular economy using recyclable materials responsibly in our circular business



To realise the potential of our people

By creating a safe environment where every colleague can develop their skills and ideas



To double our size and profitability

By driving operational and commercial excellence, growing our market share and expanding into new markets

Our clear set of values are what our employees own and live by...



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



Be trusted We can always be trusted to deliver our promises



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



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



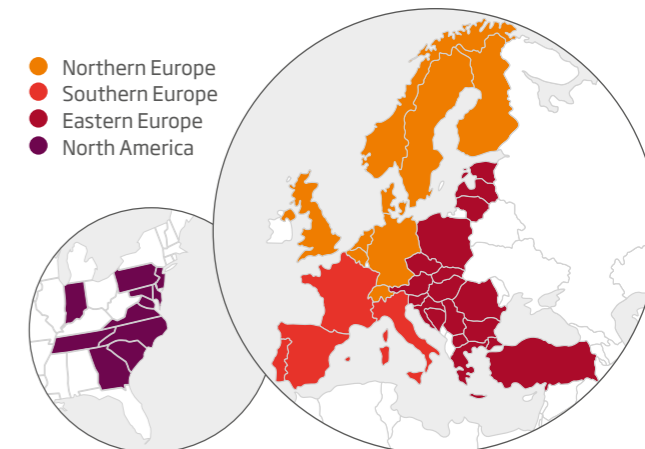
Be tenacious We get things done

Our vision to be the leading supplier of sustainable packaging solutions

Where we operate

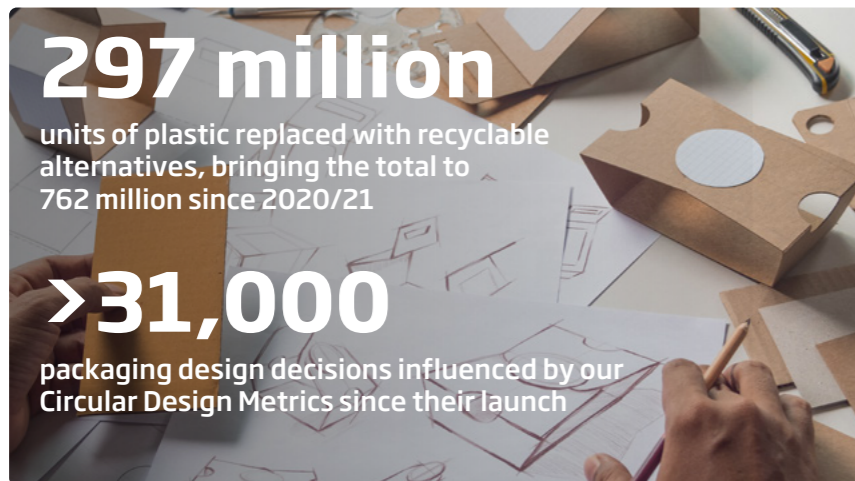
Our packaging business operates in four geographic segments, three in Europe and one in North America. Upstream recycling and papermaking form an integral part of our operations in these regions

- Northern Europe
- Southern Europe
- Eastern Europe
- North America



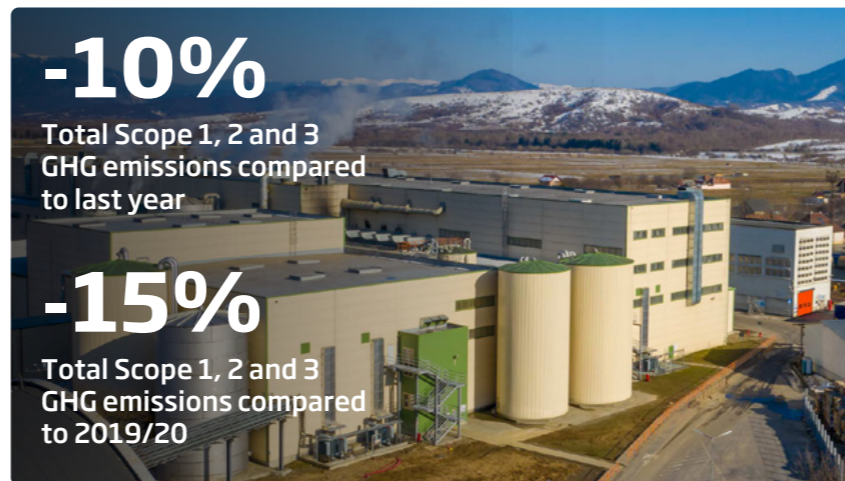
HIGHLIGHTS FROM 2022/23

This year we made strong progress on our Now & Next Sustainability Strategy, accelerating the transition to a low carbon, circular economy.



297 million
units of plastic replaced with recyclable alternatives, bringing the total to 762 million since 2020/21

>31,000
packaging design decisions influenced by our Circular Design Metrics since their launch



-10%
Total Scope 1, 2 and 3 GHG emissions compared to last year

-15%
Total Scope 1, 2 and 3 GHG emissions compared to 2019/20



5.5 million
people engaged on the circular economy, bringing the total to 8.4 million since 2020/21

Scope 3
Supplier Engagement Programme launched and joined the Supplier Leadership on Climate Transition Initiative



6%
reduction in accident frequency rate (AFR) compared to last year

New ambition
announced as part of Now & Next Strategy to further our diversity, equity and inclusion (DE&I) agenda



Platinum
EcoVadis Sustainability Rating (world top 1% company)

73
S&P Global Corporate Sustainability Assessment (CSA) score, increased from 67 last year and included in S&P Global's Sustainability Yearbook for the first time



13
of our paper mills running biodiversity programmes

100%
of our sites with 50 or greater full-time employees undertook activities in their local communities this year

Top scores in ESG ratings

We proactively engage with reputable ESG ratings and value the opportunity to have our performance independently rated by agencies that are important to our stakeholders. We continued to deliver strong performance throughout the year.



- Climate Change A-
- ↑ CDP Forests A-
- CDP Water Security A-



- A-



↑ Platinum



- AA



↑ (DJSI) 73



- Low risk

INTRODUCTIONS FROM OUR CHAIR AND GROUP CHIEF EXECUTIVE



Introduction from Geoff Drabble, Chair of the Board of Directors

I am delighted to introduce the DS Smith Sustainability Report 2023, which showcases strong progress made throughout 2022/23.

DS Smith operates in an industry rich with innovation potential and the opportunity to enable the transition to the circular economy.

People come to work at DS Smith every day to live out the Purpose of Redefining Packaging for a Changing World. In doing so, they work at a company with sustainability at its heart and help to tackle some of the world's most pressing sustainability issues.

This year, the Group refreshed its Now & Next Sustainability Strategy, ensuring that it leverages resources in the areas that matter the most to its stakeholders.

The strategy retains the popular 'Now' and 'Next' concept, prioritising action on the challenges facing the world today, whilst keeping an eye on the future, with commitments organised into four strategic pillars: Circularity, Carbon, People & Communities and Nature.

Beneath each pillar are ambitious targets that support the transition to a low carbon, circular economy that benefits all people, nature and business. This work places the Group to respond to the evolving legislative agenda, including reuse, recycling and deforestation.

The strategy brings greater focus to biodiversity and builds on a strong foundation to realise the potential of our people, including health and safety, diversity, equity and inclusion. The Board is fully supportive of Now & Next as part of delivering the strategic goal, 'to lead the way in sustainability.'

I am proud of the progress that the Group has made and on behalf of the Board, I would like to thank everybody involved for their commitment and hard work.

Geoff Drabble
Chair



Q&A with Miles Roberts, Group Chief Executive

Miles, is sustainability still a priority in our changing world?

We face an uncertain macroeconomic environment, not least due to the war in Ukraine and the cost of living crisis. Despite this, our commitment to sustainability is unwavering and we continue to make progress as we help our customers transition to the circular economy.

How is everybody at DS Smith involved in delivering Now & Next?

Our Now & Next Sustainability Strategy is an ambitious programme that addresses the issues that matter to our stakeholders. It is being delivered by our people across the Company, working with our customers who are world leading brands, and transitioning our operations to reach Net Zero.

What achievements are you most proud of this year?

We have reduced our emissions for our 1.5°C science-based target, achieving a 15 per cent reduction in total GHG emissions since 2019/20.

We have helped more customers replace plastics, with over 762 million units replaced since 2020/21, indicating the continued approval for corrugated packaging as a recyclable alternative to plastic.

I am pleased with the progress made towards our Vision Zero campaign for Health and Safety, with the Accident Frequency Rate reduced by 6 per cent compared to last year, and that we are bringing an even greater focus to our diversity, equity and inclusion agenda by introducing diversity commitments into Now & Next.

What is the next big opportunity?

Our big opportunity is in how we work with our customers, who are some of the world's largest and most iconic global brands, to have an incredible multiplier effect throughout the value chain as we remove plastics, reduce emissions and promote the circular economy to reach Net Zero.

This includes recirculating materials, improving forest management and enhancing biodiversity, working closely with our customers to amplify the positive impacts we can create in the packaging supply chain.

Miles Roberts
Group Chief Executive

POWERED BY OUR PURPOSE

Redefining Packaging for a Changing World

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

Our Purpose, Now & Next and the circular economy

As the pace of change in the world accelerates and consumers demand more of the products and services they buy, there is in parallel an expectation that organisations of all kinds must radically reduce their impact on the natural world. And, wherever possible, create a positive impact for people and the planet.

"Our Purpose requires every employee to look outside the Company and forward, so we understand the context we operate in and the opportunities for the future."

Greg Dawson
Director of Corporate Affairs and Sustainability

This presents huge opportunities for all of us, but also requires new ways of thinking. There's a need for a new approach to packaging, one that is circular rather than linear, decoupling material consumption from finite natural resources. There is also a need for strong leadership in our industry, delivered through our Now & Next Sustainability Strategy.

This is what drives us and why we have a shared purpose of Redefining Packaging for a Changing World. Every day across Europe and North America, we collect used paper and cardboard for recycling, from which we make new recyclable packaging.

This is the circular journey of one box to another at DS Smith.

[See more at www.dssmith.com](http://www.dssmith.com)



Sustainability is at the heart of our circular business



We are a leading global packaging company, specialising in recyclable paper packaging



We manage c. 6 million tonnes of material each year for recycling, which is more material recycled than we use to produce the packaging we sell



We operate a circular business model, helping our customers with packaging and recycling services to close the loop over many packaging life cycles



We source and produce 100 per cent recycled or chain of custody certified papers to protect natural resources and ensure sustainable forest management



We are a Strategic Partner of the Ellen MacArthur Foundation (EMF), the recognised authority on the circular economy



Revenues associated with recyclable packaging

As a fibre-based packaging business, we are capitalising on the opportunity to work with our customers to replace plastics with recyclable alternatives. The majority of our activities and therefore our revenues relate to the manufacture and sale of 100 per cent recyclable packaging.

HOW WE ARE REDEFINING PACKAGING

Our circular business model

We are all becoming more conscious of our impact on the planet. No matter what the product is, the first thing people see is the packaging.

We believe that corrugated packaging is a recyclable alternative to the plastic packaging that pollutes our parks, oceans and beaches.

We are a leading global packaging company with upstream paper production, paper sourcing and recycling operations, working together as an integrated, circular business.

We help our customers by designing packaging solutions that achieve their sustainability and recyclability goals, bringing our customers into the circular economy.



Innovation

In order to redefine packaging for a changing world, we need to continuously challenge ourselves and the products and services we offer. We are investing over £100 million in R&D and strategic innovation across five growth areas and three innovation horizons. Following the launch of our new Recyclability Testing Lab at Kemsley Mill in 2022/23, later in 2023, our Global Innovation Centre will open in the UK. This state-of-the-art facility complements our network of Innovation Hubs across Europe.



Digital and data

By harnessing digital and data, we can unlock new insights to inform the operational and strategic decisions across our processes, machinery and sites. We are upskilling our people, embedding data into the fabric of our operations and utilising technology to modernise how we manufacture sustainable packaging and run our business. We believe that digitalisation will open up new opportunities to redefine packaging for our changing world.



Sustainability

Brands and consumers are conscious of how the products they buy are made and used. Redefining packaging involves responding to changing consumer demands, making more from what we have and creating solutions for a sustainable future. Fibre-based packaging is manufactured from renewable materials that can be recycled many times over and then regrown sustainably. By circulating material over and over, we can keep materials in use, design out waste and pollution and allow nature to regenerate.



What is the circular economy?

The circular economy is an approach to using existing materials and products, over and over again, for as long as possible, lessening demand for virgin products.

Keep products and materials in use

The circular economy favours activities that preserve value. This means designing for durability, reuse and recycling to keep materials circulating in the economy.

Design out waste and pollution

The circular economy designs out the negative impacts that damage natural systems. This includes reducing greenhouse gases and removing pollutants from air, land, and water.

Regenerate and renew nature

The circular economy avoids the use of non-renewable resources and preserves or enhances renewable ones, for instance by managing forests sustainably.

NOW & NEXT SUSTAINABILITY STRATEGY



We are taking action today to lead the transition to a low carbon, circular economy.

- In this section
- Now & Next Sustainability Strategy
 - Now & Next progress

NOW & NEXT SUSTAINABILITY STRATEGY



Refreshing our Sustainability Strategy

In 2022/23, we refreshed Now & Next, ensuring that it is fit for today and that it enables us to leverage our resources in the areas that matter the most to our stakeholders.

Our ambitions are now simplified and organised into four pillars, with targets to help promote the transition towards a low carbon, circular economy of the future.

This includes new targets to drive action on diversity, equity and inclusion, science-based approaches to regeneration and reuse pilots that we believe will benefit people, nature and business.

We removed some of the targets that we had achieved as these ambitions have become business as usual.

All of our Now & Next targets can be found on the next page.

A message from the Ellen MacArthur Foundation

When DS Smith joined the Ellen MacArthur Foundation Network in 2019, the company was our first Strategic Partner with its own recycling business core to its circular business model.

Building on the momentum of DS Smith's Circular Design Principles and Circular Design Metrics with its customers, it is great to now see DS Smith publicly committing to testing packaging reuse pilots in its refreshed Now & Next Sustainability Strategy.

This is an important step in DS Smith achieving its ambition for all its packaging to be reused or recycled by 2030 in line with its 1.5°C science-based target.

As part of our Strategic Partnership, we look forward to supporting these pilots as DS Smith strives to eliminate waste and pollution, circulate products and materials, and regenerate nature by design.

Andrew Morlet
CEO, Ellen MacArthur Foundation

NOW & NEXT PROGRESS



Circularity

	22/23	21/22		Status
Design out waste and pollution				
By 2025, optimise fibre for individual supply chains in 100 per cent of new packaging solutions	64%	26%	→	Ahead
By 2030, optimise every fibre for every supply chain	Ongoing	Ongoing	✓	On track
By 2025, help our customers to take one billion pieces of problem plastic off supermarket shelves	762 million cumulative since 2020/21		→	Ahead
By 2030, send zero waste to landfill	204,637 tonnes	255,920 tonnes	✓	On track
Keep materials in circulation				
By 2025, test up to five reuse pilots and continue to manufacture 100 per cent recyclable and reusable packaging ¹			✓	New target
By 2030, aim for all our packaging to be recycled or reused	Ongoing	Ongoing	✓	On track



Contributes to Sustainable Development Goal: Responsible Consumption and Production

Achieving these targets help us to keep materials in use for longer, reduce waste and pollution and protect natural resources.



Carbon

	22/23	21/22		Status
Decarbonise our operations and value chain				
By 2030, reduce Scope 1, 2 and 3 GHG emissions by 46 per cent compared to 2019 ²	7,391,418 tonnes CO ₂ e	8,250,702 tonnes CO ₂ e	✓	On track
By 2027, encourage 100 per cent of our strategic suppliers to set their own science-based targets ³	32%	-	✓	New target
By 2050, reach Net Zero GHG emissions	Ongoing	Ongoing	✓	On track



Contributes to Sustainable Development Goal: Climate Action

Achieving these targets help us to reduce our emissions to combat climate change and its impacts.

- We now consider this target 'achieved' because 99.7% (2021/22: 95.5%) of our packaging volume meets this standard, enabling recyclability in practice and at scale. For the remaining less than 0.3% volume that is presently not either recyclable in practice or at scale, such as some barrier coatings and foam, we continue to push for circular alternatives.
- DS Smith commits to reduce absolute Scope 1, 2 and 3 GHG emissions 46.2% by FY 2030 from a FY 2019 base year.
- DS Smith commits that 76% of its suppliers by emissions covering purchased goods and services will have science-based targets by FY 2027.



People & Communities

	22/23	21/22		Status
Engaged people and communities				
By 2025, engage 100 per cent of our people on the circular economy	57%	50%	✓	On track
By 2030, engage 10 million people on the circular economy and circular lifestyles ⁴	8.4 million cumulative since 2020/21		✓	On track
100 per cent of our sites ⁵ engaged in community activities each year	100%	100%	🏆	Achieved
A safe and inclusive workplace				
Reduce the Accident Frequency Rate (AFR) every year	1.82	1.93 ⁶	✓	On track
Strive to achieve Vision Zero			✓	On track
By 2025, inclusive leadership workshops completed by all leadership teams across all sites			✓	New target
By 2030, improve gender diversity towards 40 per cent women in senior leadership ⁷ and set an aspiration for other protected characteristics	34.5%	31.8%	✓	On track
Respect human rights				
By 2025, complete SEDEX SAQ ⁸ roll out to all sites and perform appropriate auditing of SAQs	56%		✓	On track
Continue to improve human rights due diligence each year	Ongoing	Ongoing	✓	On track



Contributes to Sustainable Development Goal: Decent Work and Economic Growth

Achieving these targets help us to be a responsible employer, with high ethical, labour and employment standards.



Nature

	22/23	21/22		Status
Protect and regenerate forests and biodiversity				
By 2025, measure and improve biodiversity in our own forests and assess our dependencies on nature	Ongoing	Ongoing	✓	On track
By 2025, biodiversity programmes in place at each of our paper mills	13	12	✓	On track
Set targets to regenerate nature taking a science-based approach			✓	New target
Water management				
By 2025, 100 per cent of our paper mills and packaging sites to have water management plans			✓	New target
By 2030, 10 per cent reduction in water withdrawal per tonne of production at mills at risk of water stress compared to 2019	8.9m ³ /t nsp	8.1m ³ /t nsp	←	Behind



Contributes to Sustainable Development Goal: Life on Land

Achieving these targets helps us to protect and restore ecosystems.

- Ambition increased from 5 to 10 million people - see page 36
- Sites with greater than 50 full-time employees.
- This figure has been restated (correction from 1.91 published last year).
- Defined in accordance with the requirements of the FTSE Women Leaders Review as those on our four Executive Committees and their direct reports
- Supplier Ethical Data Exchange and Self Assessment Questionnaire. The metric is the percentage of sites to whom SEDEX SAQ is rolled out.

See our Basis of Preparation, available online from the DS Smith ESG Reporting Hub, for full methodology notes.