



**Basis of Preparation
for ESG Reporting
2024**



BASIS OF PREPARATION FOR SELECTED ESG INFORMATION

Introduction

The basis of preparation sets out how selected ESG information is prepared and reported in

- DS Smith Annual Report 2024,
- DS Smith Sustainability Report 2024,
- DS Smith Net Zero Transition Plan 2024, and DS Smith ESG Databook 2024.

It is our vision that ESG reporting follows the core accounting principles of relevance, completeness, consistency, transparency, and accuracy.

Unlike financial accounting, practices for reporting non-financial information are still evolving and therefore it is important to transparently explain the approach we have taken for preparing and reporting ESG information.

DS Smith Sustainability Report 2024 includes a glossary (pages 72-75), which may be consulted alongside this basis of preparation.

Reporting period and scope

This Basis of Preparation supports the reports for our 2023/24 period, which is from 1 May 2023 – 30 April 2024. All of our packaging plants, paper mills and recycling depots are part of Now & Next, our Group-wide Sustainability Strategy.

Some Now and Next targets include specific exclusions of certain businesses, and these exclusions are noted where relevant in the footnotes of DS Smith Sustainability Report.

For environmental metrics, we include all of our manufacturing sites (238 sites), comprising:

- 184 Packaging Plants,
- 29 Recycling Depots,
- 16 Paper Mills,
- four Logistics Depots,
- four Warehouses and
- one Lumber Mill.

No new sites entered the scope during the period.

For 2023/24, five sites were removed from the scope, having ceased operations in 2022/23:

Berlin, Cambridge Depot, Casalgrande Sheet, Mariestad Förpackningsservice and Razgrad.

A further 11 sites ceased operation part way through the period:

Kuopio, Louth Sheetfeeding (Abbey Convertors), Serra de Conti sheet, Pazardzhik (Trakia) Paper Mill, Avonmouth, Babberich, Birmingham, Bolton, Leeds, Lisbon and Uxbridge Recycling Depots.

The data for these sites is included up to the point at which they ceased activity. These sites will be removed from the scope for the 2024/25 period.

None of these changes meet the base year or prior year recalculation threshold of five per cent of Group Total Direct (Scope 1) GHG emissions and Indirect (Scope 2 market-based) GHG emissions and as such there has been no change made to the 2019/20 base year during this reporting period.

Energy and emissions for non-manufacturing properties, e.g. sales offices, are captured as Scope 3 Category 8 emissions (upstream leased assets) as these tend to be rented spaces, and therefore not under the financial control of DS Smith.

Reporting standards

GHG reporting is prepared in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Ed., and Corporate Value Chain (Scope 3) Accounting and Reporting Standard for emissions reporting.

DS Smith Sustainability Report 2024 is prepared following the Global Reporting Initiative (GRI) Standard: Core option and a table is disclosed to present the Sustainability Accounting Standards Board (SASB) Containers & Packaging standard.

We have developed selected disclosures with reference to the IFRS ISSB (International Sustainability Standard Board) Sustainability Disclosure Standards and the UK Transition Plan Taskforce framework, as indicated.

An overview of our response to the evolving ESG reporting landscape, including the Corporate Sustainability Reporting Directive (CSRD), International Sustainability Standards Board (ISSB), UK Transition Plan Taskforce (UK TPT) and Taskforce on Nature-related Financial Disclosures (TNFD) is given on page 37 of DS Smith Annual Report 2024.

Restatement in 2023/24

The 'Outside of scopes GHG emissions' metric for 2019/20 was previously reported without the emissions that arise from the release of

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biologically sequestered carbon (e.g. from the combustion of biomass in the virgin papermaking process). This has been updated from 522,789 tonnes CO₂e to 911,659 tonnes CO₂e to enable a more consistent like-for-like comparison with recent years.

The 'Total Recordable Injury Rate (TRIR)' metric for 2022/23 was erroneously calculated as 1.08 for Sustainability Report 2023, corrected to 1.46 for Sustainability Report 2024.

Environmental metrics

This section sets out how we measure, and report selected environmental metrics.

For all of the information that is collected from sites, our Data Providers are encouraged to observe the following data quality hierarchy:

1. Primary information (e.g., information obtained from meters preferably or if unavailable, invoices),
2. Secondary information (e.g. calculated values from a known, written and replicable methodology),
3. Secondary information created using estimated amounts (e.g. based on historic performance or averages).

It is reasonable to use estimates where primary information is unavailable, incomplete or of poor quality, for example, for newly acquired sites. Where there are significant uncertainties relating to the quality of information, this is noted in reporting.

GHG emissions

Scope

Manufacturing sites

Metrics

- Total GHG emissions (metric tonnes CO₂e)
- Direct (Scope 1) GHG emissions (metric tonnes CO₂e)
- Indirect (Scope 2) (market-based) GHG emissions (metric tonnes CO₂e)
- Indirect (Scope 2) (location-based) GHG emissions (metric tonnes CO₂e)
- Indirect (Scope 3) GHG emissions (metric tonnes CO₂e)
- Out of scope GHG emissions (metric tonnes CO₂e).

- GHG emissions from energy export (metric tonnes CO₂e)
- Gross Scope 1 and 2 (market) GHG emissions (tonnes CO₂e)
- Net Scope 1 and 2 (market) GHG emissions (tonnes CO₂e)
- GHG emissions (net) per tonne of production (kg CO₂e / t nsp).

Definitions

'Total GHG emissions': Greenhouse Gas emissions, sum of 'Direct Scope 1 GHG emissions' + 'Indirect Scope 2 (market-based) GHG emissions' + 'Indirect Scope 3 GHG emissions'.

Scope 1

'Direct (Scope 1) GHG emissions': GHG emissions arising from fuels combusted for the purpose of energy generation owned by the company, for example, emissions from combustion in owned boilers, furnaces, vehicles, etc.

The CO₂e figure includes the six Kyoto protocol greenhouse gas emissions, where relevant: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphurhexafluoride (SF₆).

Based on materiality, our manufacturing sites scope and financial control consolidation approach, emissions from refrigerant gases losses within air conditioning units or within the transformers of electrical circuits are excluded.

Renewable fuels (e.g. biomass, biogas and heavy black liquor) release CO₂, N₂O and CH₄ emissions when they are combusted.

- CO₂ emissions are accounted for separately as 'Outside of scopes' emissions (see 'Outside of scopes GHG emissions')
- N₂O and CH₄ emissions are accounted for within the Scope 1 figure.

The process emissions generated by one of our Kraftliner mills are included in our inventory. This is calculated at:

- 0.440 metric tonnes CO₂e per tonne of carbonate (for calcium carbonate)
- 0.415 metric tonnes CO₂e per tonne of carbonate (for sodium carbonate)

(Source: European Union, 2012).

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Scope 2

'Indirect (Scope 2) GHG emissions': GHG emissions arising from the generation of purchased electricity, steam, heat, or cooling consumed by the company that is purchased or otherwise imported into our organisational boundary. These emissions physically occur at the facility where the energy is generated.

'Indirect (Scope 2) (market-based) GHG emissions' reflect supplier-specific emissions from energy sources purposefully chosen.

'Indirect (Scope 2) (location-based) GHG emissions' reflect average emissions from energy sources (e.g. grid-average emission factor for electricity purchased in a given country).

If unspecified, Indirect (Scope 2) (market-based) GHG emissions is used.

Where available, the supplier-specific (market-based) factor is applied in the market-based figure, as this better reflects the actual GHG emissions arising from a given energy source.

Where unavailable, the AIB residual mix factor is applied. For regions in which this is unavailable, the IEA grid-average factor is applied.

Scope 3

'Indirect (Scope 3) GHG emissions': GHG emissions arising from all other sources as a consequence of our activities but occurring from sources not owned by us.

Please refer to the Scope 3 methodology outlined on pages 7-10.

Emissions from energy export

'GHG emissions from energy export': GHG emissions calculated at the country-level AIB residual-mix grid factor for electricity generated on site and delivered to the national grid or other external client and calculated at the natural gas factor for exported steam. This figure excludes condensate returned to a third-party as these emissions have already been accounted for elsewhere in the inventory.

Totals and intensity metric

'Gross Scope 1 and 2 (market) GHG emissions': 'Direct (Scope 1) GHG emissions' + 'Indirect (Scope 2 market) GHG emissions'.

'Net Scope 1 and 2 (market) GHG emissions': 'Direct (Scope 1) GHG emissions' + 'Indirect (Scope 2 market) GHG emissions', after subtracting 'GHG emissions from energy exports' to subtract the avoided emissions as a result of energy sales.

'GHG emissions (net) per tonne of production': 'Net Scope 1 and 2 (market) GHG emissions' divided by 'Total production', to calculate an average GHG emissions arising per average tonne of net saleable production across our Packaging, Paper, and Recycling operations.

It is expressed in kg CO₂e /t nsp (kilograms per tonne of carbon dioxide equivalent per tonne of net saleable production).

Boundary

We apply a financial control boundary for the consolidation of greenhouse gas emissions.

Emission factors

Emission factors are obtained from the Department for Business, Energy & Industrial Strategy (BEIS) 'Greenhouse gas reporting: conversion factors' (2022) for all fuels.

Where available, we use the emissions factor for purchased energy from the supplier (Scope 2 market-based value).

If this figure is unavailable, the AIB (Association of Issuing Bodies) (2022) emission factors are applied and if this figure is unavailable, the IEA (International Energy Agency) (2022) emission factors are applied.

For all sources, the BEIS emission conversion factors or supplier-specific 'bespoke' factors are the preferred emission factors for consistency and accuracy.

Third-party suppliers meet electricity and steam demand for selected paper mills at emission factors estimated at:

- Aschaffenburg Mill by a third-party CHP at an emission factor estimated at 229 kg CO₂e /MWh for steam and 238 kg CO₂e /MWh for electricity,
- Belisce Mill and Packaging Plant by a third-party CHP fired by a combination of natural gas and flare gas, with a factor estimated at 252 kg CO₂e /MWh,
- Kemsley Mill electricity at an average of 315 kg CO₂e /MWh and steam from a

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primary source at 207 kg CO₂e /MWh and at a secondary source at 55 kg CO₂e /MWh,

- Rouen Mill steam at an average of 368 kg CO₂e /MWh,
- Witzenhausen Mill by a third-party CHP at an emission factor estimated at 33 kg CO₂e /MWh for steam and electricity.

Outside of scopes GHG emissions

The CO₂ emissions that arise from the release of biologically sequestered carbon (e.g. from the combustion of biomass in the virgin papermaking process) are reported separately as 'out of scope' GHG emissions.

These are calculated using BEIS 'Greenhouse gas reporting: conversion factors' applied to the renewable fuels consumed.

In the absence of an emission factor for heavy black liquor from a reputable source, we treat this fuel as biomass as this fuel originates from the same primary raw material.

The CO₂ emissions from renewable fuels are considered as Net Zero to account for the CO₂ absorbed by fast-growing bioenergy sources during their growth.

The N₂O and CH₄ emissions from renewable fuels are included within the Scope 1 figure (see 'Scope 1'), as these are not absorbed during growth. See the BEIS (2022) 'Bioenergy' tab for guidance.

Data

GHG emissions are calculated using fuel and energy information collected monthly from sites in scope and held within a central database. The activity data (see 'Energy') is converted and stored in a default base unit of measure (MWh), multiplied by an emission conversion factor to calculate GHG emissions.

Following the Greenhouse Gas Protocol, combusted fossil fuels are Direct (Scope 1) GHG emissions and imported energy sources are Indirect (Scope 2) GHG emissions.

Included in Direct (Scope 1) GHG emissions, where applicable, are emissions from natural gas, flare gas, coal, fuel oil, liquid petroleum gas (LPG), diesel and petrol.

Included in Indirect (Scope 2) GHG emissions, where applicable, are: emissions from purchased

grid electricity or imported steam or heat generated by third parties.

Included in GHG emissions from energy exports are the energy (electricity, biogas, steam, condensate, and hot water) generated and exported.

Targets

By 2030, reduce Scope 1, 2 and 3 GHG emissions 46% compared to 2019 and reach Net Zero GHG emissions by 2050.

The official SBTi target wording is DS Smith commits to reduce absolute scope 1, 2* and 3 GHG emissions 46.2% by FY2030 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 FY2027. *The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Base year

The base year for this period is 2019/20. This was selected in accordance with the SBTi requirements.

Recalculation and restatement

It may be necessary to recalculate base year or historic performance to make meaningful comparisons of historic information.

Base year emissions are checked at the beginning of every reporting period to ensure that there are no material structural changes (e.g., acquisitions or disposals) that may trigger a base year recalculation if structural changes result in an increase or decrease in emissions greater than 5 per cent of Total GHG emissions (Scopes 1, 2 and 3). It is noted that this is not the case on page 2.

In the case of a disposal, emissions are removed from the base year and historic years and in the case of an acquisition, emissions are added to the base year and historic years.

It may be necessary to recalculate historic performance to adjust for structural changes to meaningfully measure progress and this may require estimating historic performance of acquisitions. This may result in a restatement if the base year and historic years are recalculated.

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There has been no recalculation and restatement as a result of structural changes in this reporting period.

The discontinuation of operations at Pazardzhik (Trakia) Paper Mill from August 2023 is estimated c. 2 per cent of Gross Scope 1 and 2 (market) GHG emissions (tonnes CO₂e) and less than c. 1 per cent of Gross Scope 1 and 2 (market) GHG emissions (tonnes CO₂e) for other sites leaving the scope and therefore does not meet the threshold for recalculation and restatement.

Carbon trading

There is no carbon trading reflected in the GHG emissions information reported.

Percentage gross total Scope 1 emissions covered under emissions-limiting regulations.

This metric is prepared in accordance with the SASB Containers & Packaging Sustainability Accounting Standard (October 2018) (metric RT-CP-110a.1. Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations).

The total amount of Direct (Scope 1) GHG emissions (metric tonnes CO₂e) that are covered under emissions-limiting regulations divided by the Group total Direct (Scope 1) GHG emissions (metric tonnes CO₂e).

The Direct (Scope 1) GHG emissions (metric tonnes CO₂e) of our European Paper mills that are covered under the European Union Emissions Trading System (EU ETS) and our UK Paper mill that is covered under the UK Emissions Trading Scheme (UK ETS).

Scope 3 GHG emissions

The majority of our greenhouse gas emissions occur in the value chain. We use The Corporate Value Chain (Scope 3) Accounting and Reporting Standard to assess our entire value chain emissions impact and identify where to focus reduction activities.

An infographic visualisation of our carbon footprint, including value chain emission sources is provided on page 7 of DS Smith Net Zero Transition Plan 2024 (page 24 of DS Smith Sustainability Report 2024).

We conducted a screening exercise to determine which of the Scope 3 categories are most significant in size within our value chain, considering factors such as our ability to influence. This led to the inclusion of the majority of the Scope 3 categories, with some exclusions justified in the sections below.

Upstream emissions (Categories 1-8)

Category 1 Purchased Goods and Services

These are the upstream (cradle-to-gate) emissions arising from all the goods and services bought in the reporting period.

For production-related procurement, emissions are calculated using the average-product method. We applied BEIS emission factors to calculate the emissions generated from paper purchased from external suppliers by our Paper Sourcing platform and from paper for recycling traded by our Recycling Division.

The emissions arising from all other procurement, including production-related procurement (e.g. inks and adhesives, chemicals, printing, and tooling) and nonproduction-related procurement (e.g. facility management, professional services and IT and telecom) are estimated using a spend-based method, with CDP (2023) sectoral-average emission factors applied.

Owed to challenges with obtaining timely spend data, some of the emissions in this category are based on Q1-3 data which is then extrapolated to a full financial year.

Methodology change compared to last year

- Updated to 2023 sectoral average emission factors for purchased goods and services (excluding paper), obtained from

CDP rather than DEFRA spend-based emission factors.

Category 2 Capital goods

These are the upstream (cradle-to-gate) emissions arising from all of the capital goods (e.g. machinery and infrastructure) bought in the reporting period.

These emissions are calculated using a spend-based method, with DEFRA (now BEIS) emission factors applied. Assumptions are made relating to the type of capital good purchase.

Category 3 Fuel and energy-related activities

These are the upstream emissions arising from the extraction, production, and transportation of fuels and energy purchased or acquired in the reporting period, not already accounted for in Scope 1 or 2.

This includes:

- Upstream emissions of purchased fuels (also known as 'well-to-tank' (WTT) or 'well-to-wheel' (WTW) emissions)
- Upstream emissions of purchased electricity and steam
- Transmission and distribution losses of grid electricity.

There are no transmission and distribution losses associated with purchased steam as steam is not transmitted over distance to our sites (the generation facilities are co-located by our sites).

There is no generation of electricity, steam, heat or cooling that is purchased and then sold to end users. We generate and export electricity and this is accounted for in Scope 1.

Sites report fuel and energy consumption data monthly, based on meter readings, invoices, and other sources (refer to 'Fuel and Energy' on pages 11-12). BEIS (2022) emission factors are applied to fuel and energy sources.

Since BEIS stopped publishing country-level grid electricity generation (upstream) emission factors in 2022, we apply the most recent (2021) factors.

Transmission loss estimates for grid electricity are sourced from IEA (2022) and applied at the country-level with country-level data where available, otherwise an average is applied in regions where country-level data is unavailable.

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Methodology change compared to last year

- Added average T&D losses for regions that IEA do not publish a value to ensure completeness of reporting.

Category 4 Upstream transportation and distribution

These are the upstream emissions arising from transporting goods to our sites by third parties during the reporting period and sold products shipped by DS Smith to customers in the reporting period.

The emissions are estimated by taking the total weight of all inputs (e.g. papers, additives and adhesives) physically shipped to our sites from suppliers and the total weight of production physically shipped away from our sites to our customers.

We assume that 100 per cent of inputs are transported to our sites by third parties and that 50 per cent of production is transported away from our sites by carriers paid for by DS Smith (we assume that the other 50 per cent of production is transported away from our sites by carriers paid for by the customer, and therefore accounted for in Category 9 – Downstream transportation and distribution).

Sites report all inputs and production based on primary data such as invoices, delivery notes and production systems. This is collected monthly from sites in scope and held within a central database.

We assume an average distance travelled of 200 kilometres and apply the BEIS 'Freighting goods,' 'HGV (all diesel),' 'All HGVs' tonne.km emission factor to estimate the emissions in this category.

Category 5 Waste generated in operations

These are the upstream emissions arising from treating the waste that entered and left our physical site boundary during the reporting period.

Sites report waste data monthly, based on waste transfer notes, invoices, and other sources (see 'Waste').

The BEIS 'Waste disposal,' 'Refuse,' 'Commercial and industrial waste' emission factors are applied:

- Recycled – Closed-loop (2021)
- Landspread – Composting (2021)
- Incinerated – Combustion (2022)

- Landfilled – Landfill (2022)

Category 6 Business travel

These are the upstream emissions arising from all business travel (air, rail, road, and hotel stays) during the reporting period. These emissions are calculated by our travel management companies using business travel invoice information, including distances travelled and modes of transport.

Category 7 Employee commuting

These are the upstream emissions arising from the transportation of people to and from their DS Smith workplace during the reporting period.

This is estimated using data from the UK Government Department for Transport statistics 'National Travel Survey,' which includes average distance travelled by purpose and main mode in England in 2019.

This includes various modes of transport (e.g. car, motorbike, bus), which were mapped to BEIS emission factors (e.g. 'Business travel – land', 'Cars (by size)', 'Average car', 'Average motorbike', 'Average local bus').

The average commuting emissions were then calculated based on employee and contingent worker numbers for each site.

Category 8 Upstream leased assets

These are the upstream emissions arising from fuel and energy consumption associated with assets not accounted for within Scopes 1 and 2, e.g. gas and electricity used to power leased office buildings during the reporting period.

This is based on estimated energy consumption obtained from 'Average electricity consumption per employee in the tertiary sector in the EU-28 Member States, 2015' and 'Average final gas consumption per employee in the tertiary sector in the UK-28 Member States, 2015' data (Source: Eurostat), which is applied to the total number of FTEs at each facility not already accounted for within Scopes 1 and 2.

Country-level IEA emission factors are then applied to the estimated fuel and energy consumption at each facility to calculate the emissions arising from that fuel and energy consumption.

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Downstream emissions (Categories 9-15)

Category 9 Downstream transportation and distribution

These are the downstream emissions arising from transporting sold products shipped by the customer during the reporting period.

We assume that 50 per cent of production is transported away from our sites by carriers paid for by the customer (we assume that the other 50 per cent of production is transported away from our sites by carriers paid for by DS Smith, and therefore accounted for in Category 4 - Upstream transportation and distribution).

Sites report all production based on primary data such as invoices, delivery notes and production systems. This is collected monthly from sites in scope and held within a central database.

We assume an average distance travelled of two hundred kilometres and apply the BEIS 'Freighting goods,' 'HGV (all diesel),' 'All HGVs' tonne.km emission factor to estimate the emissions in this category.

Category 10 Processing of sold products

These are the downstream emissions arising from transforming sold paper for recycling into paper reels (i.e. external Recycling division sales of paper for recycling to customers who produce paper from the sold product) and from transforming sold paper reels into corrugated board for packaging (i.e. external Paper division sales of paper reels to customers who produce packaging from the sold product) in the reporting period.

This is calculated using production data. Sites report all production based on primary data such as invoices, delivery notes and production systems. This is collected monthly from sites in scope and held within a central finance database, which is imported into our ESG reporting system.

For calculating the emissions arising from transforming sold paper for recycling into paper reels, we take the total external recycling sales volume to third-party paper mills and apply an emission factor that is calculated based on fuel and energy data from our own papermaking operations.

This is 'GHG emissions per tonne of production' (see 'GHG emissions'), which is the product of

'Total GHG emissions (net energy exported)' divided by 'Total production,' to calculate an average GHG emissions arising per average tonne of production for our papermaking operations.

This emission factor (327 kg CO₂e/t nsp in 2023/24) is applied to the total volume of external sales from our recycling operations.

For calculating the emissions arising from transforming sold paper reels into packaging, we take the total external paper sales volume to third-party packaging producers and apply an emission factor that is calculated based on fuel and energy data from our own packaging operations.

This is 'GHG emissions per tonne of production' (see 'GHG emissions'), which is the product of 'Total GHG emissions (net energy exported)' divided by 'Total production,' to calculate an average GHG emissions arising per average tonne of production for our packaging operations.

This emission factor (88 kg CO₂e/t nsp in 2023/24) is applied to the total volume of external sales from our paper operations.

We take only external sales in this category as sales to other DS Smith operations (e.g. our own paper mills feeding our own packaging plants) are already accounted for in Scopes 1 and 2.

We do not account for any processing of sold packaging as we consider packaging the finished good. Any intermediate processing of sold packaging products (e.g., corrugated board converted to boxes or customers packing their product into assembled boxes) is not energy intensive and therefore not a significant value chain emissions source.

We do not account for minor volumes of other materials (e.g., metal, glass, plasterboard) that are sold and subsequently processed. This is because it is difficult to determine what the subsequent stage of processing will involve and as such it is difficult to estimate the emissions associated with this.

Category 11 Use of sold products

This category is judged irrelevant, as although we sell some machinery (e.g. forming and case sealing machines), it is difficult to calculate these emissions, which are not expected to contribute significantly to total Scope 3 emissions. Our

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primary product is corrugated packaging which does not consume energy when it is in use.

Category 12 End of life treatment of sold products

These are the downstream emissions arising from the expected final disposal by end-consumers of the products sold during the reporting period.

We take only external sales in this category so as not to double-count end of life treatment for products that are processed in other DS Smith operations (e.g. our own paper mills feeding our own packaging plants).

This is calculated using production data. Sites report all production based on primary data such as invoices, delivery notes and production systems. This is collected monthly from sites in scope and held within a central finance database, which is imported into our ESG reporting system (external paper production) or inputted directly into our ESG reporting system (packaging production).

As these are future expected emissions not necessarily occurring within the reporting period, assumptions about the end-of-life treatment methods used by consumers are necessary.

We assume that 82.5 per cent of total products sold externally will be recycled, unless a country-level recycling rate is available in the Eurostat dataset, in which case we take the country-level value (Eurostat, 2021, obtained in 2023, 'Recycling rate of packaging waste by type of packaging (Paper and cardboard packaging)').

For the remaining 17.5 per cent of total products sold externally disposed of using non-recycling waste destinations, we use Eurostat data covering the management of waste operations in the European Union - 28 countries (2013-2020, obtained in 2023), to estimate the waste destinations at the country-level, where available. Based on this data, an average split of 55% incineration and 45% landfill is assumed.

BEIS (2022) ('Waste disposal,' 'Paper,' 'Paper and board: Paper,' closed-loop, combustion, and landfill) emission factors are applied to each destination to cover the total volume of products sold.

Methodology change compared to last year

- Country-level recycling rates (where available), rather than applying a single European-wide average to all regions.

Category 13 Downstream leased assets

This category is judged irrelevant as although we lease some assets (e.g. recycling balers), it is difficult to calculate these emissions, which are not expected to contribute significantly to total Scope 3 emissions. Our primary product is corrugated packaging which does not consume energy when it is in use.

Category 14 Franchises

This category is judged irrelevant as we do not operate franchises within our business.

Category 15 Investments

These are the downstream emissions associated with the principal equity (the Group's associates) accounted investments in the reporting period (see DS Smith Annual Report 2024). These financed emissions are calculated in accordance with the PCAF standards, with BEIS emission factors applied to the ownership interest (attribution factor).

Fuel and energy

Scope

Manufacturing sites

Metrics

- Total energy consumption (MWh)
- Fossil fuels (MWh), Electricity, steam, heat and cooling (MWh), Renewable fuels (MWh)
- Energy exported (MWh)
- Energy consumption (net) (MWh)
- Percentage of overall energy consumption from renewable sources (%)
- Percentage of electricity consumed that was generated from renewable sources (%)

Definitions

'Total energy consumption' is all fuel and energy inputs consumed. As a calculation, this is the sum of 'Fossil fuels', 'Electricity, steam, heat and cooling' and 'Renewable fuels'.

'Fossil fuels' is all fossil fuels consumed for energy purposes, e.g. natural gas.

'Electricity, steam, heat and cooling' is all energy purchased or acquired, e.g. grid electricity.

'Renewable fuels' is all renewable fuels consumed for energy purposes, e.g. biomass.

'Energy exported' is all of the energy generated that is not consumed but sent to a third-party, e.g. electricity exported to the national grid.

'Energy consumption (net)' is total energy consumption after subtracting total energy exported.

Data

Energy is calculated using fuel and energy information collected monthly from sites in scope and held within a central database. This information is taken from meter readings, invoices, and other sources. The data is converted from the unit of measure it is entered and stored in a default base unit of measure (MWh, at the lower heating value, where relevant) for each energy input. It is then summarised and aggregated at various levels.

These are summed into the 'Fossil fuels', 'Electricity, Steam, Heat and Cooling' and 'Renewable fuels' calculations. Included in 'Fossil

fuels,' where applicable, are natural gas, flare gas, coal, fuel oil, liquid petroleum gas (LPG), diesel and petrol.

Included in 'Electricity, Steam, Heat and Cooling,' where applicable, are electricity purchased from the grid, steam purchased from third-party, hot water purchased from third-party, condensate returned from third-party and self-generated renewable energy.

Included in 'Renewable fuels,' where applicable, are biomass, biogas, and heavy black liquor.

In certain cases, specific data obtained from laboratory samples is used to determine the energy content of various fuel sources.

Percentage of overall energy consumption from renewable sources

Percentage of total energy consumption from renewable sources is 'Total energy consumption - renewable sources (MWh)' divided by 'Total energy consumption (MWh)', multiplied by 100.

Renewable sources include:

- Direct combusted renewable fuels for energy generation purposes including biogas, biomass, and heavy black liquor
- Indirect electricity purchased from the grid which is generated from renewable sources and accounted for in the Scope 2 (market-based) figure as at a zero-rate emission factor either as a 100% renewable tariff or a power purchase agreement supported by guarantees of origin
- Indirect steam that is supplied by a third-party and generated from renewable sources, including Kemsley (waste-to-energy plant), Witzenhausen (waste-to-energy plant) and Värnamo (biomass)
- Self-generated non-fuel renewable energy, i.e., solar.

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Percentage of electricity consumed that was generated from renewable sources

Percentage of electricity consumed that was generated from renewable sources is 'Consumption of purchased or acquired electricity (renewable sources) (MWh)' divided by 'Total electricity purchased from the grid', multiplied by 100.

This includes indirect electricity purchased from the grid which is generated from renewable sources and accounted for in the Scope 2 (market-based) figure as at a zero-rate emission factor either as a 100% renewable tariff or a power purchase agreement supported by guarantees of origin.

Production

Scope

Manufacturing sites

Metrics

- Total production (metric tonnes)

Definitions

'Total production' is the sum of the net saleable production (output) from our three main operations, Packaging, Paper, and Recycling that is sold to internal and external customers. This includes Packaging (boxes, sheets and other), Paper reels (and other), Wood products (sold by our Timber business) and recovered fibre and other materials (e.g. glass, metals, plastic and wood) processed and sold through our Recycling depot network. The Recycling figures exclude 'traded waste', i.e. volumes sold that do not physically pass through our Recycling Depot network.

Data

Production is calculated using production information collected monthly from sites in scope and held within a central database. For Packaging plants, this includes where applicable, volumes by size (ksm - thousand square metre) and other volumes by weight (tonnes). Where applicable, sites provide average grammage (basis weight) of board produced or converted to calculate weight from size. For Paper mills, this includes where applicable, paper reels (tonnes) and other products (tonnes). For Recycling depots, this includes where applicable, recycled fibre sold as a product (tonnes) and recycled other materials sold

as a product (tonnes). Production information is obtained from a variety of sources. The information may be entered in a variety of units of measurement and is converted and stored in a default base unit of measure (tonnes). It is then summarised and aggregated at various levels.

Material inputs

Metrics

Waste collected for recycling

Definitions

This is the waste physically processed by our Recycling depot network and excludes 'traded waste'. 'Traded waste' is waste that is acquired and sold but does not physically enter the boundary of a DS Smith site.

Data

This information is collected monthly from Recycling depots and held within a central database.

Water

Scope

Manufacturing sites

Metrics

- Total water withdrawals (m³)
- Borehole (m³)
- Municipal (m³)
- Surface (m³)
- Water recirculated for reuse (m³)
- Total water discharges (m³)
- Total water consumption (m³)
- Water withdrawals at mills in areas at risk of water stress (m³/t nsp)
- Percentage of water withdrawn from areas at risk of water stress (%)

Definitions

'Total water withdrawals' is the total water withdrawn into the boundary from all sources for any use. This includes borehole (e.g. from a well), municipal (e.g. from a utility company) and surface water (e.g. from a river, reservoir or harvested rainwater) sources.

'Total water discharges' is the total water effluents and other water leaving the boundary and released into the natural environment. This includes to fresh surface (river), brackish surface (sea) or third-party water destinations.

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'Total water consumption' is the total water withdrawals that are not discharged back into the water environment or to a third-party. As a calculation, this is ('Total water withdrawals' + 'Water recirculated for reuse') - 'Total water discharges'.

Data

Water is calculated using water information collected monthly from sites in scope and held within a central database. Sites in scope report water withdrawal from relevant sources, as applicable, including borehole, municipal or surface sources. Where applicable, a site may report a volume of water that is reused to account for water that is cycled in the process more than once before being returned to the water environment. Water information is obtained from meter readings, invoices, and other sources. The information may be entered in a variety of units of measurement and is converted and stored in a default base unit of measure (m³). It is then summarised and aggregated at various levels.

Water stress

The World Resources Institute (WRI) defines water stress as 'an indicator of competition for water resources [that] is defined informally as the ratio of demand for water by human society divided by available water.'

The WRI Aqueduct Water Risk Atlas tool is used each reporting period to identify sites as 'high' or 'extremely high' risk of water stress in a 'business as usual' future water stress scenario. This is referred to as 'bau30_ws_x_l' (formerly ws3028tl) in the latest version of the tool (in August 2023).

Metrics

- Water withdrawals at paper mills located in regions at risk of water stress (m³/t nsp)
- Percentage of water withdrawn from areas at risk of water stress (%)

Water withdrawals at paper mills located in regions at risk of water stress

Scope

The scope was identified using the WRI Aqueduct Water Risk Atlas tool when setting the target in 2022/23, comprising Paper Division paper mills:

Alcolea, Aschaffenburg, Kemsley, Lucca, Pazardzhik, Reading and Rouen.

Calculation

Water withdrawals at paper mills located in regions at risk of water stress is calculated as the 'Total water withdrawals (m³)' divided by 'Total production (metric tonnes)' for the sites in scope.

Percentage of water withdrawn from areas at risk of water stress

Scope

Manufacturing sites

The scope is reviewed each year using the WRI Aqueduct Water Risk Atlas tool during the process of updating our climate scenario analysis for the Annual Report.

Calculation

Percentage of water withdrawn from areas at risk of water stress is calculated as the 'Total water withdrawals (m³)' for the scope identified divided by the 'Total water withdrawals (m³)' for all the sites in the entire reporting scope, multiplied by 100.

Waste

Scope

Manufacturing sites

Metrics

- Total waste (metric tonnes)
- Recycled (metric tonnes)
- Landspread (metric tonnes)
- Incinerated (metric tonnes)
- Landfilled (metric tonnes)

Definitions

'Total waste' is the total of 'Recycled,' 'Landspread,' 'Incinerated' and 'Landfilled.'

'Recycled' is the total volume of process waste sent to recycling treatment. 'Landspread' is the total volume of process waste sent to landspread treatment. 'Incinerated' is the total volume of process waste sent to incineration treatment. 'Landfilled' is the total volume of process waste sent to landfill treatment. These metrics include both on-site and offsite waste processing and direct processing or processing via a third-party. There may be local legal requirements that specify that certain waste must be treated in a certain way. These metrics do not include office waste or waste generated by exceptional projects such as

BASIS OF PREPARATION FOR SELECTED ESG INFORMATION

construction or demolition works but include other solid process waste leaving the boundary. These metrics do not include waste sold as a product (e.g. in our Recycling Depot network, see 'Production').

Waste recycled

Waste sent to recycling predominantly includes process waste, such as fibre materials, which are recycled (by internal or external recyclers), as well as any other waste that is recycled according to, amongst other factors, local definitions, and recycling infrastructure. This may include waste that is sent directly to a recycler or indirectly via a third-party. This may include, for example, cardboard, paper, paper reel cores, scrap metal or scrap wood, such as cutting formes (the 'cutter' used to score cardboard). 'Process waste' excludes waste generated by exceptional projects, such as construction or demolition works, but includes other process waste that leaves the physical site boundary to be recycled.

Waste landspread

Waste sent to landspread includes process waste, such as sludge, as well as any other waste that is landspread according to, amongst other factors, local definitions. This may include waste that is sent directly or indirectly via a third-party. 'Process waste' excludes waste generated by exceptional projects, such as construction or demolition works, but includes other process waste that leaves the physical site boundary to be landspread.

Waste incinerated

Waste sent to incineration includes process waste that is incinerated according to, amongst other factors, local definitions. This may include waste that is sent directly or indirectly via a third-party and includes waste incinerated with and without energy recovery. 'Process waste' excludes waste generated by exceptional projects, such as construction or demolition works, but includes other process waste that leaves the physical site boundary to be incinerated.

Waste landfilled

Waste sent to landfill predominantly includes non-fibre materials that enter our processes from contaminated paper and cardboard waste streams (e.g. plastic wrap around papers), where alternative waste treatment methods are unavailable. In the first stage of the paper-making

process, contaminants are removed during pulping and screening. Ragger rope is used to capture and remove contaminants from the paper stream, such as plastic and metal. Our journey to zero waste to landfill includes diverting rejected materials from landfill to turn contaminants into something useful once more, for example, at Lucca Mill where sludge has been utilised to produce bricks.

Data

Waste is calculated using waste information collected on a monthly basis from sites in scope and held within a central database. Waste information is obtained from waste transfer notes, invoices, and other sources. The information may be entered in a variety of units of measurement and is converted and stored in a default base unit of measure (tonnes). It is then summarised and aggregated at various levels.

Targets

By 2030, send zero waste to landfill.

Social metrics

This section sets out how we measure and report selected social metrics. This information is obtained from a variety of reporting systems. Where there are uncertainties relating to the quality of information, this is noted in reporting.

Community contribution

There are a range of ways in which we actively contribute to the communities in which we operate through volunteering employee time, making in-kind donations of product or services and providing financial contributions. Using the B4SI Framework, the global standard in measuring and managing a company's social impact, this estimate includes cash contribution, DS Smith Charitable Foundation contribution, EMF partnership contribution, time contribution, in-kind giving, and management overheads. We focused on quantifying large, coordinated activities that are easily captured within our Community Tracker, although there will be other initiatives that are not quantified. The time contribution is estimated based on an average hourly personnel expense per FTE in the previous reporting period.

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Employees

The 'Employees leaving' metric excludes employee turnover owed to divestments and includes contingent workers. These workers are not included in the 'Total number of employees' figure.

Gender diversity

Scope

Entire global business (Group)

Metric

- All employees (% female)
- Senior leadership (% female)
- Board of Directors (% female)

'Senior leadership' is a subset of the 'All employees' metric.

Definitions

'All employees' refers to the total number of employees (full time and part time, of any contract type) and the voluntarily self-reported (by the employee) gender of the employee that is stored on our global HR system on the last day of the financial year, i.e., 30th April 2024 for 2023/24.

Contingent workers, who are self-employed people hired through agencies that we have a service contract with, and seasonal workers are excluded as they are not considered employees of DS Smith.

'Senior leadership' is defined in accordance with the requirements of the FTSE Women Leaders' Review, as those on our four management committees (see DS Smith Annual Report 2024, page 91): the Group Operating Committee (GOC), Group Strategy Committee (GSC), M&A Committee and Health, Safety, Environment and Sustainability Committee (HSES), and their direct reports. Direct reports are employees who report directly to someone above them in the organisational hierarchy.

The management committee membership and their direct reports is taken as a snapshot on the last day of October, i.e., 31st October 2023 for 2023/24.

This is to meet the submission deadline of the FTSE Women Leaders Review.

'Board of Directors' is defined as the Plc Board executive and non-executive directors, the

biographies for whom can be found in DS Smith Annual Report 2024.

Data

Gender is self-declared by the employee, from a selection of 'male,' 'female' or 'not declared' during the onboarding process and is stored in local payroll systems and in our global HR system.

This system provides the total number of employees, and the metric is derived by dividing the total number of employees with 'female' on their record by the total number of employees.

The membership of senior leaders and the organisation of their direct reports is maintained on a spreadsheet. The spreadsheet is supported by related inputs, such as lists of executive committee members and WorkDay records.

Training and development

Metric

Average hours of training and development

Scope

Partial data coverage, representing c. 82 per cent of the workforce currently.

Metric

Promotions (positions filled by internal candidates)

Scope

Partial data coverage representing UK employees only currently.

Now & Next Sustainability Strategy

Circularity

Design out waste and pollution

By 2025, optimise fibre for individual supply chains in 100 per cent of new packaging solutions

By 2030, optimise every fibre for every supply chain

Scope

All packaging operations, however, the data is based on information obtained from c. 74 of our conventional packaging sites for which the Board Strength Index Rating (BSIR) is available

Metric

- Percentage of fibre use optimised for individual supply chains (%)

Notes

'Optimisation' is determined by BSIR level, see page 17 of DS Smith Sustainability Report 2024.

By 2025, help our customers to replace one billion pieces of plastic with alternative fibre-based solutions

Scope

All packaging operations

Metric

- Number of pieces of plastic replaced, avoided or reduced

By 2030, send zero waste to landfill

Scope

Manufacturing sites

Metric

- Total waste sent to landfill (tonnes)

See pages 13-14 'Waste'.

Keep materials in circulation

By 2025, test up to five reuse pilots and continue to manufacture 100 per cent recyclable and reusable packaging

By 2030, aim for all our packaging to be recycled or reused

Scope

All packaging operations

Metric

- Percentage of packaging that is reusable or recyclable (%)

Notes

Packaging or a component of a packaging solution that has been conceived and designed to accomplish within its life cycle (a minimum of two trips or rotations) or recycled (recycled in practice and at scale, equal to or greater than $\geq 95\%$ of the total pack weight is recyclable as this pack would be accepted by and processed in paper mills as per CPI recyclability guidelines) by the end consumer.

We now consider this target 'achieved' because greater than 99.6% of our packaging volume meets this standard, enabling recyclability in practice and at scale. For the remaining less than 0.4% 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.

Now & Next Sustainability Strategy *cont.*

Carbon

Decarbonise our operations and value chain

By 2030, reduce Scope 1, 2 and 3 GHG emissions by 46 per cent compared to 2019

By 2027, encourage 100 per cent of our strategic suppliers (representing 76 per cent of purchased goods and services emissions) to set their own science-based targets

By 2050, reach Net Zero GHG emissions

Scope

Entire Group

Consolidated under a financial control boundary

Metric

- Total GHG emissions (tonnes CO₂e)
- Percentage of purchased goods and services emissions from suppliers with a science-based target (%)

Notes

The official SBTi target wording is as follows: DS Smith commits to reduce absolute Scope 1, 2 and 3 GHG emissions 46.2% by FY 2030 from at FY 2019 base year. The target boundary includes land-related emissions and removals from bioenergy feedstocks.

We define 'strategic suppliers' as companies with whom we have a long-term, mutually cooperative relationship with mutual commitment where significant and ongoing value is accrued to both parties through operational capabilities. Within our current Scope 3 inventory, we estimate that these companies generate c. 76 per cent of emissions in Scope 3 Category 1: Purchased Goods and Services. This figure may change as we adopt supplier-specific emission factors in our inventory. The official SBTi wording is as follows: DS Smith commits that 76% of its suppliers by emissions covering purchased goods and services will have science-based targets by FY 2027.

See pages 3-10 'GHG emissions' and 'Scope 3 GHG emissions'.

Now & Next Sustainability Strategy *cont.*

People & Communities

Engage people and community

By 2025, engage 100 per cent of our people on the circular economy

By 2030, engage 10 million people on the circular economy and circular lifestyles

Scope

Entire Group

Metric

- Percentage of our people engaged on the circular economy (%)
- Number of people engaged on the circular economy (Number)

Notes

Engagement measured using data relating to social media engagement metrics, such as views and downloads, as well as records of in-person interactions, such as employee volunteering.

100 per cent of our sites engaged in community activities each year

Scope

Sites with greater than 50 full time employees

Metric

- Percentage of sites participating in community activities (%)

Provide a safe and inclusive workplace

Reduce the Accident Frequency Rate (AFR) every year

Strive to achieve Vision Zero

By 2025, inclusive leadership workshops completed by all leadership teams across sites

By 2030, improve gender diversity towards 40 per cent women in senior leadership and set an aspiration for other protected characteristics

Metric

- Accident Frequency Rate (AFR) (Number)
- Percentage of managers completed inclusive leadership workshops (%)
- Percentage of senior leadership, female employees (%)

Notes

The Accident Frequency Rate (AFR) figure is for employees only.

Respect human rights

By 2025, complete SEDEX SAQ roll out to all sites and perform appropriate auditing of SAQs

Continue to improve human rights due diligence each year

Scope

Manufacturing sites

Metric

- Percentage of sites completed SEDEX SAQ (%)

Notes

The Sedex SAQ (Supplier Ethical Data Exchange Self-Assessment Questionnaire) is a set of questions relating to business practices, management systems, policies and worker information. The scope includes manufacturing sites.

Now & Next Sustainability Strategy *cont.*

Nature

Protect and regenerate forests and biodiversity

By 2025, measure and improve biodiversity in our own forests and assess our dependencies on nature

By 2025, biodiversity programmes in place at each of our paper mills

Set targets to regenerate nature taking a science-based approach

Water management

By 2025, 100 per cent of our paper mills and packaging sites to have water management plans

By 2030, 10 per cent reduction in water withdrawal intensity at mills at risk of water stress compared to 2019

Scope

Paper mills and Packaging sites with >5,000m³ annual water withdrawal for water management plans; Paper mills identified using the WRI Aqueduct Water Risk Atlas tool when setting the target in 2022/23, comprising Paper Division paper mills: Alcolea, Aschaffenburg, Kemsley, Lucca, Pazardzhik, Reading and Rouen for water withdrawal intensity.

Metric

- Percentage of sites with water management plans (%)
- Water abstracted for own process (m³/t nsp)

Notes

Metric updated to reflect the water that is abstracted for own process, which is water withdrawals less water exported to a third party for their own use. See also 'Water withdrawals at paper mills located in regions at risk of water stress' on page 13.

See pages 12-13 'Water'.

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