



DS Smith Group Carbon and Energy Efficiency Policy

Title:	DS Smith Group Carbon and Energy Policy	Functional area:	Sustainability
Applicability:	Group	Policy owner:	Emma Ciechan
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Context

Introduction to issue

Climate change is one of the biggest global issues and presents businesses of all sizes and in all industries with both a unique range of market opportunities and a significant array of challenges. Businesses are increasingly being held to account on their carbon performance by investors, employees and customers, as well as having to comply with international agreements and domestic regulations aimed at reducing global emissions of greenhouse gases.

Materiality to DS Smith

The pulp and paper industry, of which DS Smith is a part, is one of eight sectors recognised to be 'high impact' alongside such industries as steel making or cement production. In 2017 DS Smith emitted 1695 kilotonnes of CO₂e, 70% of which was emitted by our paper mill operations in the form of direct emissions from our CHP plants or indirectly associated with imported electrical power. These mills participate in international emissions trading schemes (for example the European Union Emissions Trading Scheme) which compels them to purchase carbon credits to cover the total of their CO₂e emissions not covered by their free allowances. In 2017 DS Smith purchased 600,000 credits amounting to over £3 million, but in 2018 we have seen the price of carbon increase substantially and, coupled with the year on year reduction in free allowances, this will be an issue of growing significance for DS Smith.

Scope

This policy is relevant to all of manufacturing sites of the DS Smith Group. Where this policy relates to Carbon it refers to our Direct emissions (Scope 1) and the Indirect emissions from energy imported and consumed at site (Scope 2).

Our target(s) and commitments

Managing our carbon emissions is one of the key pillars that underpin our strategy to "lead the way in sustainability."

Our target is to Reduce our CO₂e emissions by 30%, per tonne of production, by 2030 against our 2015 baseline.

Successfully meeting our commitments brings us into alignment with United Nations Sustainable Development Goal (UN SDG) 13 "Climate Action."

Our management approach

At DS Smith the responsibility for our sustainability performance is governed at the highest levels in line with our strategic goal to "lead the way in sustainability."



The Group Chief Executive is ultimately responsible for the management of all sustainability-related topics. Management of individual topics is done within the appropriate divisional and functional teams with oversight by both the monthly Health, Safety, Environment and Sustainability Committee and tri-annually by the Sustainability Steering Group. All of the above are supported by the Core Sustainability Team which focuses on providing insight and knowledge, specialist project support and delivery, and data and reporting services.

We plan to meet our target of cutting emissions by 30% per tonne of production by rolling out energy efficiency initiatives to cut emissions by 15% and to switch away from fossil fuels to green energy to meet the remaining 15% commitment. We have already started our energy efficiency work by installing energy efficient LED lighting at some of our facilities and we're continuing this rollout to cover our other sites. We are planning other energy efficiency investments such as replacing old boilers and compressors, installing building management systems and improving the air balance in our factories. Regarding fuel switching, we are utilising the gas generated from our effluent water treatment plants in our boilers and partnering with a local district heating company to install a biomass boiler at our Varnamo plant in Sweden. We are also investigating the economically viable deployment of small scale CHP plants for our Packaging sites and the use of on-site renewable energy generation from solar panels.

To support our energy and carbon management strategy, we will implement ISO 50001 across 100 per cent of our manufacturing sites by 2019/20, thereby creating an effective mechanism for cascading responsibility for carbon reduction to individual sites.

Stakeholder engagement and awareness

Stakeholder engagement is an essential part of our activities. We maintain an ongoing and constructive dialogue with our stakeholders, including customers, suppliers and investors. This includes shaping our priorities and taking a leading role in our industry to meet the aims of this policy. Awareness and training should be provided to relevant roles in achieving the aims of this policy.

Review

We will review this policy annually.