Agenda item 3. Practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals: Review of case studies

Presented by

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ISAR - 36th Session

A company perspective on non-financial reporting

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Content

1. Who are DS Smith?

2. Complying with the law

3. Beyond compliance – where is the value?
Who are DS Smith?

- Leading provider of corrugated packaging in Europe and North America, supported by paper and recycling operations.
- Subject to the most stringent reporting requirements as a large listed company.

“Redefining Packaging for a changing world”

People
32,000 employees and over 28 languages spoken.

FTSE 100 Company
Expectations from customers, investors, employees and more.

Transnational Footprint
Operate in 37 countries worldwide with 250+ manufacturing sites.

High Production Volumes
Over 16 billion boxes produced per year.

Challenging Impacts
From carbon emissions to global fibre supply chains.

Aspiration to lead
Vision is to be the leading supplier of sustainable packaging solutions.

How do we comply with the law?
Complying with the law

Focus
Regular materiality assessments determine what is important, enabling management to focus on achieving our goals.

Consistency
Developed consistent company-wide definitions in local language, and a common web-based reporting platform.

Engagement
Engaging the business at all levels created a resilient staff invested in helping the company succeed, but we learned we must speak their language.

Compliance

• Materiality analysis determined that areas where we had an impact included those listed in the requirements for reporting.

• Having our data externally assured lends credibility to our reports.
Complying with the law – Examples from our 2019 Annual Report

Compliance with the UK Requirements on reporting Carbon & Energy Data

<table>
<thead>
<tr>
<th>Data</th>
<th>KPI</th>
<th>Unit of measure</th>
<th>2015 (baseline)</th>
<th>2017 (with acquisition)</th>
<th>2019 (like-for-like)</th>
<th>2019 vs 2017% (with acquisition)</th>
<th>2019 vs 2017% (like-for-like)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>kt CO₂e</td>
<td>1,678</td>
<td>1,660</td>
<td>1,750</td>
<td>1,604</td>
<td>5.4%</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Scope 2</td>
<td>kt CO₂e</td>
<td>355</td>
<td>352</td>
<td>527</td>
<td>385</td>
<td>49.7%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Emissions from exports</td>
<td>kt CO₂e</td>
<td>348</td>
<td>317</td>
<td>381</td>
<td>381</td>
<td>20.1%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Total CO₂e (net energy export)</td>
<td>kt CO₂e</td>
<td>1,606</td>
<td>1,695</td>
<td>1,897</td>
<td>1,609</td>
<td>11.9%</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Energy exported</td>
<td>GWh</td>
<td>962</td>
<td>892</td>
<td>905</td>
<td>861</td>
<td>1.4%</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Total production</td>
<td>kt nsp</td>
<td>8,059</td>
<td>8,234</td>
<td>9,734</td>
<td>8,325</td>
<td>18.2%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Waste to landfill</td>
<td>kt</td>
<td>87</td>
<td>118</td>
<td>210</td>
<td>164</td>
<td>77.6%</td>
<td>39.1%</td>
</tr>
<tr>
<td>CO₂e per tonne of production</td>
<td>kg CO₂e/tonne nsp</td>
<td>209</td>
<td>206</td>
<td>195</td>
<td>193</td>
<td>-5.4%</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Energy consumption*</td>
<td>GWh</td>
<td>-</td>
<td>8,567</td>
<td>10,947</td>
<td>9,396</td>
<td>26.3%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

* UK data: 25 per cent for energy consumption and 28 per cent for carbon emissions

Simple tables of KPIs are often enough for compliance.
Beyond Compliance – Opportunities and New Challenges

#1 – Management Attention
Reporting non-financial data in the annual report has led to management attention, setting of KPIs and investment.

#2 – Reputation
Disclosing quality, verified and relevant information has led to value-adding conversations with our stakeholders.

#3 – Risks & Opportunities
A comprehensive non-financial database has allowed us to consider risks and opportunities in a more holistic way (e.g. TCFD recommendations).

New Challenges

- Proliferation of new non-financial benchmarks and disclosures.
- Increasing complexity of disclosures.
- More and more data is being requested; is it actually useful to reporting companies?

Reporting burden is increasing.
Beyond Compliance – Reporting against the TCFD

• Commitment to TCFD has created additional work for DS Smith.
• Data is difficult to collect and report for this process; scenario analysis is particularly challenging.
Beyond Compliance – Voluntary Frameworks

• The proliferation of non-financial frameworks presents data collection challenges as the required outputs are not standard.

• Each framework has a different focus and approach, and they are important to different stakeholder groups.

• To reporting companies, the SDGs represent ‘just another’ framework; why should we prioritise it over any other?
Thank You

Danke  Dankjewel  Благодаря  谢谢  Hvala  Děkuji  Tak  Aitäh  Kiitos  Merci  Евхариостό  Köszönöm  Grazie  Paldies  Аčиу  Ви благодарам  شكرا لكم  Dziękuję  Obrigado  Mulţumesc  Đakujem  Gracias  Tack  ขอบคุณ  Teşekkür ederim

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