

## Miles Roberts Speech

CPI Conference 9<sup>th</sup> July 2019

### Introduction

Good morning everyone, I would like to add a welcome to the biennial CPI Conference from me and thank Andrew Large and the CPI team for the opportunity to speak today.

For me, this conference, this year is a great chance to discuss not just the issues but the amazing opportunities that lie ahead of us.

I have been leading DS Smith for nearly decade now and I have never been so energised about the future. Why?

I think we all have a fundamental role to play at the heart of the world's two biggest trends: The acceleration of the digitisation and the fight that all of society has to sustain the world we live in.

We touch everybody's lives everyday with our products and our products are fully renewable and recyclable. As we all learn about living and consuming in a circular way, this industry is perfectly placed to lead this change.

At DS Smith we created a new company Purpose with our colleagues and customers. It is ***Redefining Packaging for a Changing World*** and I actually wanted to do this so we lean into the opportunity ahead and really face up to the challenges ahead.

### Sustainability

So the first trend I really want to talk about is Sustainability. Over the last 18 months – around the time of the BBC's Blue Planet, we have seen a phenomenal acceleration of interest and interrogation of what is happening to the environment. Climate change is visibly taking effect and action is needed now. In our industry and particularly packaging, there is of course, a war on plastics but there are questions around usage of all materials, including paper and cardboard.

Are we using too much virgin fibre? Are we recycling materials to their full potential? Can we recycle more challenging material and what about throw-away packaging? Are we packaging goods efficiently or are we leaving empty space? These are great challenges. Challenges that will define us. Challenges that must be met head on, today.

But we all know that with challenges come opportunity!

At its purest we know paper is completely recyclable and in many cases, fibres can be returned up to 25 times before being put to use again, in a different form. Paper is a natural product that would literally dissolve in the ocean within days. With plastic, use it for five minutes and it stays with us for 5,000 years. I heard a stat the other day – around 90% of all plastics ever made is still with us.

With plastic being rejected by consumers, a new door opens for us. We recently commissioned a study that showed there is a £5.7bn market for plastic replacement in European supermarket aisles alone. That's replacing 170bn units of plastic per year, or 140 units for every single one of us in Europe. It is a great opportunity if we mobilise, work together and innovate together.

There is also the challenge of recycling more difficult materials. Coffee cups! The most talked about issue in our industry. Coffee cups is one thing, but what about sandwich packs, pizza boxes, cold cups, burger boxes – the list goes on. We live in a throw-away society which is causing real problems

in communities and thus, in our industry. We have to rise to these challenges and ultimately help consumers live in a more circular way.

### **Digitisation**

The second global change is of course digitisation and with it, the meteoric rise in home shopping.

You will have your own story; you will all have your own changes in shopping habits and lifestyle but what is true is that online shopping is challenging and changing the high street forever. Superstores are shrinking, convenience stores are multiplying, and discounters are ruthlessly gaining ground in a war to win share of our weekly shopping spend. These changes are all driving new formats of packaging, new supply chain solutions and new creative design.

I was recently labelled the Zoella of the packaging industry – if only I could charge the same level of appearance fee! But Zoella (as many of you youtube box fans will know) is an internet phenomenon and her ‘thing’ is to ‘unbox’. This craze is sweeping through the nation for all ages and here again is an opportunity for all of us – graphic paper, corrugated and carton board. Design, engineering, technology. A huge demand and huge opportunity. E-commerce represents around 12% of the UK economy. Parts of the US are double that and China is even more. Where will it stop? We are not sure. But we should embrace and lead this opportunity.

Similar to the challenges of our throw-away society and coffee shop addiction, online shopping also presents challenges. In Europe around 5bn parcels are delivered to homes each year – that will double in around 5 years. That is a lot more paper and a lot more cardboard in everybody’s homes. And given the added complexity that this is mainly unfolding in urban areas, this ‘lot more paper and cardboard’ is reducing our air quality and putting our archaic infrastructure under massive strain. London’s infrastructure was created in Victorian times and is trying to support the biggest tech drive in Europe.

The crumbling networks that we use today, to and from our front door, sometimes feel hopeless. We are required to serve in a circular way but I cannot imagine a more linear system than we have today.

And yet, through the urban throng, we can see opportunity.

We can develop lighter, brighter and more robust boxes that minimise empty space and keep supply chains as sustainable as possible.

Our delivery drops could be delivery pick-ups. Our couriers, service engineers and online delivery drivers could also be our agents of collection.

And we can accelerate the circular bio-economy to wring the last drop of value out of every fibre we use.

### **Industry needs support**

So we can look ourselves for the solutions; and I believe we will.

But of course we need a Government that is engaged in the future too.

We need the Government, whoever leads it, to understand that it is business that drives the British economy and business that is best placed to invest in supplying the solutions to the global challenges we face.

So, I challenge government to work with us on key areas of policy such as decarbonisation and recycling, and ask if the path chosen makes UK business investment and growth more or less likely in the future.

What is making growth and investment less likely today is Brexit.

In the aftermath of the referendum, I wrote to the Times and set out what business needed to see from Brexit. The case I made then is every bit as relevant today.

This is an integrated European industry where we all operate on a level playing field. Whether it is people or paper, capital or machinery, spare parts or chemicals, all of them move freely across the borders of Europe every hour of every day. To isolate the UK's Paper-based industries from these integrated supply chains would risk disaster.

If and when the UK leaves the EU, then it must be with a deal that preserves the hard-won economic access and consistent regulation we have today. Anything less risks profound economic dislocation for both the UK and EU.

### **People support**

So there are many challenges to overcome but I think generally most people are energised by challenge. One of the areas that I enjoy thinking about most with our Purpose of *redefining packaging for a changing world* is what type of workforce will it take to achieve this. What type of person will DS Smith need to redefine our approach and how do we attract them?

We will need a forward leaning and extremely agile workforce and we need to think about why the next generation of Paper industry workers would choose us rather than Amazon, google or Nike.

We need to tell them today's story and show them that we are an inspiring and responsible industry. When we talk about responsibility we often talk about the environment and sustainability, but responsibility begins and ends with the safety of our people. I was very pleased to see that safety headlined this event and very pleased that it is so high up the agenda today.

At DS Smith, safety is our number one priority. There is nothing else if we do not have a guarantee of our people's wellbeing. We work hard at it. We are not perfect, but we have made significant reductions in accidents year after year and being an industry leader in this area is a major point of pride for the company.

I'm also pleased to see improvements industry-wide but there is so much more to do, including the challenges of work-related stress and mental health.

I know Martin is going to talk shortly about the new PABIAC strategy, so I will not go into any detail on this other than to say I am especially pleased with the increased focus on leadership, engagement and collaboration in the plan. Because it is only through working together that we can deliver change.

DS Smith has been proud to be involved in the creation of the new strategy so naturally we will be implementing all elements in our own operations. I would encourage you all to work with the CPI on this programme and help us all continue to raise the bar in health and safety in our industry.

## **Conclusion**

So look. I hope I have been able to provide some context for today and some thinking for the future.

This is an important conference and an important opportunity to address the key issues and opportunities in our industry. I am energised being here, being with you and thinking about what lays ahead of us.

We have a window of opportunity where we must capitalise on the way the world is changing and how we look after our communities. If we lead with the distinction, we will have the influence and momentum to change our industry for ever.

Thank you and to the CPI for the chance to speak with you today. I am now happy to take any questions.