Board of Directors

Geoff Drabble
Chair

Key strengths
- Wealth of industrial and international experience
- Extensive experience of chairing boards

External appointments
- Geoff is non-executive chair of Ferguson plc and a non-executive director of Howden Joinery Group Plc

Geoff was appointed to the Board on 1 September 2020 as a Non-Executive Director and became the Chair of the Board and the Nomination Committee on 3 January 2021. Geoff served for 12 years as Chief Executive of Ashtead Group plc, the FTSE 100 industrial equipment rental company. He was previously an executive director of The Laird Group plc and held a number of senior management positions at Black & Decker.

Geoff's wealth of industrial and international experience, combined with his experience of chairing boards of listed companies and his awareness of both the non-executive and chief executive perspective, means that his skills and experience contribute to the Board's practical understanding of good governance in action, balancing stakeholders' interests across the range of issues considered by the Board, including environmental, social and governance (ESG) matters.

Miles Roberts
Group Chief Executive

Key strengths
- Clear strategic mindset
- Strong leadership skills

External appointment
- None

Miles was appointed to the Board on 4 May 2010 as Group Chief Executive.

Following his engineering degree he became a chartered accountant and brings to the Board extensive financial and operational experience. He was previously Chief Executive of McBride plc, having originally joined as its Group Finance Director. He was Senior Independent Director of Poundland Group plc until September 2016 and non-executive director of Aggreko plc until August 2021.

As Group Chief Executive Miles leads the executive management of the Group and is responsible for DS Smith's overall ESG performance and its clear objectives at the centre of our business model, taking into account the Board's risk appetite. He chairs the Group's Health, Safety, Environment and Sustainability Committee that monitors the establishment of goals, management of risks and opportunities, reporting and related governance procedures in that area.

Miles' strong leadership skills combined with his clear strategic mindset, rooted in the practicality of his engineering and accountancy training, means that his skills and experience, and ability to identify material risks and sustainable growth opportunities for the Group's business, contribute to the Board's clear strategic vision.

Adrian Marsh
Group Finance Director

Key strengths
- Strong financial and risk management expertise within an international context
- Wealth of finance experience in large listed multinationals

External appointment
- Adrian is a non-executive director and audit committee chair at John Wood Group PLC

Adrian was appointed to the Board on 24 September 2013 as Group Finance Director.

As the former head of Tax, Treasury and Corporate Finance at Tesco PLC, Adrian has helped DS Smith to significantly build the finance function and deliver strong financial results. As a qualified accountant, and coming from a FTSE background, he has held divisional CFO positions at both AstraZeneca plc and Pilkington plc.

Adrian's depth of experience in a range of financial roles in large listed multinationals means that his skills and experience contribute to the Board's understanding of all aspects of the financial implications, whether risks to be assessed and managed, or opportunities to be identified and realised, of both the day to day and project aspects of the Group's business and operations.

Celia Baxter
Non-Executive Director

Key strengths
- Extensive HR experience and ESG knowledge and experience
- Board experience in non-UK listed companies

External appointment
- Celia is the Senior Independent Director and the remuneration committee chair at Senior plc

Celia was appointed to the Board as a Non-Executive Director and Chair of the Remuneration Committee on 9 October 2019.

Most recently Celia was Director of Group HR and responsible for all ESG activities at Bunzl plc for 13 years. Her early executive career was with Ford Motor Company and KPMG. She has held HR positions with Hays plc, Enterprise Oil Plc and Tate & Lyle Plc. As a non-executive director she was on the board of NV Bekaert SA until May 2020 and on the board of RHI Magnesita N.V. until June 2021.

Celia's background of working in a range of sectors means that, as well as her experience as a remuneration committee chair and her understanding of employee dynamics and ESG issues, she brings extensive and practical business knowledge to the Board.

Alan Johnson
Non-Executive Director

Key strengths
- Strong financial background in the FMCG sector
- Extensive international experience

External appointments
- Alan is a non-executive director of Imperial Brands plc and William Grant & Sons Holdings Limited
- He is President and Chair of the Board of the International Federation of Accountants and chairs the audit committee of the International Valuation Standards Council

Alan was appointed to the Board as a Non-Executive Director on 1 June 2022. Alan held a number of senior finance positions at Unilever during a 30-year career, including Chief Audit Executive and Chief Financial Officer of the Global Foods Division. He was previously Chief Financial Officer and then a non-executive director at food retailer Jerónimo Martins, SGPS, SA until April 2016.

Alan's extensive financial and international experience working within the consumer goods and retail sectors and his experience of chairing international accountancy bodies, will bring a range of important different perspectives to contribute to the Board's discussions.

Principal Board Committees key: (A) Audit Committee (N) Nomination Committee (R) Remuneration Committee ● Chair

A N R

Alina Kessel
Non-Executive Director

Key strengths
- Broad and wide-ranging marketing experience
- International outlook

External appointment
- Alina is a Global Client Leader at WPP, a leading international marketing communications company

Alina was appointed to the Board on 1 May 2020 as a Non-Executive Director.

She has over 25 years of experience building global brands for large multinational clients, helping them grow their business through communications, experience, commerce and technology. Her current role with WPP includes working with global clients on their sustainability agenda. Originally from Ukraine and a US national, Alina has lived and worked in the UK, US, Australia and Germany.

Alina's experience of living, as well as working, in a number of different countries, including the US, combined with her expertise in marketing and communications means that her skills and experience contribute an additional perspective to the Board's discussions, particularly when considering the interests of employees (based in over 30 countries) and our global customers and discussing how to communicate key non-financial aspects of our business.

A N R

David Robbie
Senior Independent Director

Key strengths
- Strong financial, risk management and corporate finance experience
- International and strategic mindset

External appointment
- David is a non-executive director of easyJet plc

David was appointed to the Board as a Non-Executive Director on 11 April 2019 and became Chair of the Audit Committee at the conclusion of the 2019 AGM. He was appointed Senior Independent Director on 28 February 2022.

David was the Senior Independent Director and chair of the audit committee at FirstGroup plc until June 2021. He was previously Finance Director of Rexam PLC. Prior to his role at Rexam, David served in senior finance roles at BTR plc before becoming Group Finance Director at CMG plc in 2000 and then Chief Financial Officer at Royal P&O Nedloyd N.V. in 2004. He served as a non-executive director of the BBC between 2006 and 2010 and as chair of their audit committee. David qualified as a chartered accountant at KPMG.

David's strong financial, risk management and corporate finance experience combined with his international and strategic mindset and practical governance experience with over 20 years serving as a director on FTSE boards means that his skills and experience add depth to the Board's discussions in these areas.

A N R

Louise Smalley
Non-Executive Director

Key strengths
- Strong HR experience
- Extensive knowledge of people management, rewards and remuneration schemes

External appointment
- Louise is a non-executive director and remuneration committee chair of Informa PLC

Louise was appointed to the Board on 23 June 2014 as a Non-Executive Director.

She was Group Human Resources Director of Whitbread PLC and for nine years until August 2021 an executive director of Whitbread PLC, where she held several key transformation and HR roles. She previously worked as a HR professional in the oil industry, with BP and Esso Petroleum. Louise is an alumna of the Cambridge Institute for Sustainability Leadership and has experience of leading timely evolutions of sustainability strategies.

Louise's recent experience as a serving listed company executive director, combined with her extensive knowledge of progressive people management practices in multi-site large scale businesses, means that her skill and experience contribute to the Board's focus on the importance of enabling everyone who works for the Group, whatever their background, to realise their potential.

A N R

Rupert Soames OBE
Non-Executive Director

Key strengths
- Wealth of international operational experience
- Extensive understanding of UK plc environment as a serving CEO

External appointment
- Rupert is Group Chief Executive Officer at Serco Group plc

Rupert was appointed to the Board on 1 March 2019 as a Non-Executive Director and became Senior Independent Director on 3 September 2019. He handed over his Senior Independent Director duties to David Robbie on 28 February 2022, following his decision to retire from the Board at the conclusion of the 2022 AGM.

He was previously Chief Executive at Aggreko plc and Chief Executive of Misys plc Banking and Securities Division. Until July 2016 Rupert was also Senior Independent Director of Electrocomponents plc and a member of its remuneration, nomination and audit committees.

Rupert's hands on experience of the UK plc environment as a serving CEO, balancing the management of risk and reward, combined with the wealth of his international operational experience means that his skills and experience contribute to the Board's international outlook, embedded in a clear-sighted view of operational realities in today's world.

Iain Simm
Group General Counsel and Company Secretary

Key strengths
- Legal expertise
- Wealth of experience in assisting boards with legal and governance matters

External appointment
- None

Iain was appointed Group General Counsel and Company Secretary on 6 June 2016.

He has previously held General Counsel and Company Secretary roles with Signature Aviation plc and P&O Ports Ltd. He undertook his legal training with Slaughter and May and worked for a number of years in their corporate and commercial department.

Chair's introduction to Governance

"I have been impressed with the Group's performance, despite the challenges of the Covid-19 pandemic and more recently the implications of the war in Ukraine and economic volatility, in continuing to deliver both financial results and on the Group's ambitious ESG agenda."

Geoff Drabble,
Chair

Introduction

This section of the Annual Report focuses on corporate governance. Having a structured corporate governance framework, bringing the right information before the right people at the right time to make informed decisions, supports good decision making and the delivery of the Group's strategy.

The past 12 months have continued to present us all with challenges in all aspects of our lives and as a Board and as a Group we continue to remain watchful and nimble in our decision making. I have been impressed with the Group's performance, despite the challenges of the Covid-19 pandemic and more recently the implications of the war in Ukraine and economic volatility, in continuing to deliver both financial results and on the Group's ambitious ESG agenda.

UK Corporate Governance Code

Your Board understands that good corporate governance is an essential element in helping to build a successful business in a sustainable manner. There are five sections to the UK's Corporate Governance Code (Code) and the governance section of our Annual Report follows the same order as the Code.

Board leadership and Company Purpose

The Code provides that a board should establish a company's purpose and values as well as its strategy and that its directors should lead by example and promote the desired culture.

More information about how we engage with our stakeholders as part of our Board activities is set out on pages 73 and 74 and how we do so as a Group is summarised on pages 18 and 19.

Division of responsibilities

My role as Chair is to lead the Board and be responsible for its overall effectiveness in directing the Company. It is important that each member of the Board is clear about their responsibilities and also that each member of the Board is able to contribute fully to all aspects of the discussions we have as a Board.

The approval of certain Group policies (including some of those listed in the non-financial information statement on pages 63 and 64) is one of the matters reserved to the Board and is one of the ways as a Board we have oversight of longer-term aspects of the Group's operations, including our leadership on sustainability matters and our progress in addressing climate-related issues.

Board composition, succession planning and evaluation

As at 1 May 2022 our eight member Board was made up of three women and five men. Alan Johnson joined the Board with effect from 1 June 2022 and Rupert Soames will retire from the Board after the conclusion of the Annual General Meeting on 6 September 2022.

For each Board appointment made we follow a similar process (as summarised on page 77) as the Board seeks to appoint an outstanding candidate, with a different range of experience, to maximise Board effectiveness. When we think about diversity we recognise that diversity can take many forms, including diversity of gender, social and ethnic backgrounds, and of cognitive and personal strengths, and that diversity at Board level and throughout the Company is a valuable strength. We also recognise that the mix of skills needed by Board members will change as the landscape in which the Group operates changes. Therefore, as we consider each new Board appointment, the role specification is not a direct replication of the role of a retiring Board member.

Information about the external evaluation of the Board and its Committees and how they have contributed to the overall effectiveness of the Group is set out on page 75.

Balancing stakeholders' interests

Each Board pack for Board meetings includes on the agenda a reminder of each Director's duties under section 172 of the Companies Act 2006, framing our deliberations at meetings in the context of a reminder that every Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, while thinking about the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly as between the members of the Company.

The principal decisions that the Board takes can be divided into two categories: there are decisions taken relating to matters considered each year (such as approving the Corporate Plan, the budget and the Annual Report or considering the level of dividend payment to propose) and there are decisions that relate to a new project or an identified inflection point, when a new direction is to be taken.

The Board's approval of the Group's commitment to a 1.5°C science-based target, validated by the Science Based Targets initiative was a significant strategic decision, which will impact all our stakeholders, including our suppliers, our customers and the wider community, as well as the environment. Delivering progress on our science-based targets will play a powerful role in helping brands and consumers reduce their own carbon footprint. Given that our greenhouse gas emissions are our customers' Scope 3 emissions, the commitment we have made to carbon reduction has a positive impact on reducing Scope 3 emissions for our customers, many of whom are already making progress towards their own science-based targets and expect the same of their packaging supplier.

Alongside our commitment to science-based targets, we have also committed to encourage our strategic suppliers to adopt science-based targets by 2027. This follows feedback from stakeholders who are seeking to work with like-minded businesses, committed to science-based targets and net zero, alongside a commitment to the circular economy.

The Group's commitment to a science-based target means we will work closely with partners, suppliers, customers and policymakers collectively to tackle climate change through the circular economy in line with our ambitious goals.

The Board takes a close interest in our progress in realising our strategic goal of leading the way in sustainability. Our progress to date is summarised on pages 30 to 33 of this report, with more details being available in our Sustainability Report.

As your Chair I look forward to both supporting and challenging the executive team to adapt and evolve to the long-term benefit of all our stakeholders as we realise our Purpose of 'Redefining Packaging for a Changing World'.

Geoff Drabble
Chair

20 June 2022

The regulatory requirement is to include in the Strategic Report a statement about the Directors' compliance with section 172 of the Companies Act 2006 concerning taking into account the interests of a variety of stakeholders. This is on page 13. Examples that illustrate aspects of that statement are set out in this part of the report, which also links to the topics covered in section 1 of the Code (board leadership and company purpose). Here we also explain how we have applied aspects of Code principles A to E and how we have put the related provisions of the Code into practice.

We use boxes like this throughout the governance section of the Annual Report to highlight why we are telling you the information. We hope that this will help you both find what you are looking for in our report and understand the way we have structured our disclosures to be both compliant with regulation and, we hope, readable.

s172 We use this symbol throughout the governance section of the Annual Report to highlight examples referred to in the section 172 statement on page 13.

The governance section of the Annual Report opens by summarising what each Board member contributes to the governance of the Company and its long-term success. The Chair's introduction to governance puts DS Smith's approach to matters of corporate governance into our DS Smith context. This year, after the summary of division of responsibilities there follows a brief summary of our approach to each of the five sections of the Code.

Division of responsibilities

Division of responsibilities of the Board and its principal Committees

The Board

The Board is collectively responsible for the long-term success of the Group and for ensuring leadership within a framework of effective controls. The key roles of the Board are:

- Setting the strategic direction of the Group
- Overseeing implementation of the strategy by ensuring that the Group is suitably resourced to achieve its strategic aspirations
- Providing entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed
- Ensuring that the necessary financial and human resources are in place for the Group to meet its objectives
- Setting the Group's values.

Chair

- Primarily responsible for overall operation, leadership and governance of the Board
- Leads the Board, sets the agenda and promotes a culture of open debate between Executive and Non-Executive Directors
- Regularly meets with the Group Chief Executive and other senior management to stay informed
- Ensures effective communication with our shareholders.

Group Chief Executive

- Responsible for executive management of the Group as a whole
- Delivers strategic and commercial objectives within the Board's stated risk appetite
- Builds positive relationships with all the Group's stakeholders.

Senior Independent Director

- Provides a sounding board to the Chair and appraises their performance
- Acts as intermediary for other Directors, if needed
- Available to respond to shareholder concerns if contact through the normal channels is inappropriate.

Non-Executive Directors

- Constructively challenge and help develop proposals on strategy
- Scrutinise the performance of management
- Monitor the reporting of performance.

Board and Board Committee meetings attendance

	Board	Nomination Committee	Audit Committee	Remuneration Committee
Total number of meetings in 2021/22	8	4	5	6
Executive Directors				
Miles Roberts	8/8	4/4	n/a	n/a
Adrian Marsh	8/8	n/a	n/a	n/a
Non-Executive Directors				
Geoff Drabble	8/8	4/4	n/a	6/6
Celia Baxter	8/8	4/4	5/5	6/6
Alina Kessel	8/8	4/4	5/5	6/6
David Robbie	8/8	4/4	5/5	6/6
Louise Smalley	8/8	4/4	5/5	6/6
Rupert Soames	7/8	4/4	5/5	5/6

The Chair also holds meetings with the Non-Executive Directors without the Executive Directors present.

Section 2 of the Code (division of responsibilities) sets out matters relating to independence of Directors and the structure of the Board and its Committees. We cover these items (including the application of aspects of Code principles F to I) in this part of the report and in the Nomination Committee Report, where we also have more information about the independence of Directors.

Board's principal Committees

Audit Committee

- Monitors the integrity of the Group's reporting process and financial management, its accounting processes and audits (internal and external)
- Ensures that risks are carefully identified and assessed and that sound systems of risk management and internal control are in place
- Oversees fraud prevention arrangements and reports received under the 'Speak Up!' policy.

For more information see page 82

Nomination Committee

- Reviews the structure, size and composition of the Board and its Committees
- Identifies and recommends suitable candidates to be appointed to the Board and reviews the wider senior management talent pool
- Considers wider elements of succession planning below Board level, including diversity.

For more information see page 76

Remuneration Committee

- Recommends the policy for the remuneration of the Chair, the Executive Directors, the Company Secretary and senior executives, in alignment with the Group's reward principles
- Reviews workforce remuneration and related policies and alignment of incentives and rewards with culture, to help inform setting of remuneration policy
- Considers the business strategy of the Group and how the remuneration policy reflects and supports that strategy.

For more information see page 88

Board standing sub-committees

In addition to the three principal Committees of the Board there are four further standing sub-committees of the Board.

Disclosure Committee
which oversees the Company's compliance with its disclosure obligations.

US Sub Committee
which oversees the strategic direction of business in the US, together with any associated risks or opportunities in the business.

General Purposes Committee
which facilitates efficient operational management decision-making in relation to day-to-day financing and administrative matters.

Share Schemes Committee
which facilitates administrative matters in relation to the Group's share schemes.

Management committees

Four management committees, chaired by the Group Chief Executive, and the Group Compliance Committee also support the work of the Board and its principal Committees.

Group Health, Safety, Environment and Sustainability Committee

Meets monthly

Oversees the management processes, targets and strategies designed to manage health and safety and environmental and sustainability risks and opportunities, including reviewing performance on climate-related issues and the Group's health and safety and environmental and sustainability responsibilities and commitments.

Group Operating Committee

Meets monthly

Considers Group-wide initiatives and priorities. Reviews the implementation of operational plans. Reviews changes to policies and procedures and facilitates the discussion of the development of new projects.

Group Strategy Committee

Meets once every two months

Plans the business strategy implementation as approved by the Board and set out by the annual Corporate Plan process. The Corporate Plan is used to develop the Group's strategy, based on the set strategic direction. The Corporate Plan's focus is primarily on strategic actions, supported by high level financial information. It covers a three-year time horizon and is reviewed annually by the Board.

Group Compliance Committee

Meets quarterly

Oversees compliance with all legal, regulatory and organisational requirements including the effective interface between the financial, legal, risk and internal audit functions, reporting back to both the Group Operating Committee and the Audit Committee.

Group M&A Committee

Meets once every two months

Considers potential acquisitions and disposals and other related aspects that may impact the realisation of the Corporate Plan.

Corporate Governance in context

Corporate Governance in action

The 2018 UK Corporate Governance Code (Code) published by the Financial Reporting Council (FRC) and available at www.frc.org.uk asks companies to focus on the application of the principles of good governance in their specific context. In the introduction to the Code the FRC recognises that high-quality reporting on the provisions of the Code may include an explanation of how the spirit of the principles has been applied, which, in some cases, may be by a different route from that suggested in the Code's provisions.

The governance section of the Annual Report outlines how we have applied the Code's main principles. All relevant provisions of the Code have been complied with, other than provision 38, where our approach (summarised in the box below) differs from the Code's.

The FRC and investors agree that, as long as ample, transparent explanation is given, it may be appropriate for a company to choose to depart from a provision of the Code.

Our compliance with the UK Corporate Governance Code's five sections

1 Board leadership and Company Purpose

Your Board rigorously challenges strategy, assesses performance and balances the interests of all our stakeholders to ensure that every decision we make is of the highest quality.

From page 73

2 Division of responsibilities

Your Board and its Directors, both executive and non-executive, operate within a clear framework of roles and responsibilities. One of the roles of Non-Executive Directors is to broaden the diversity of viewpoints shared in the boardroom discussion, drawing on the full range of their experience in other industries and other countries, while considering a range of other stakeholders' perspectives.

From page 70

3 Composition, succession and evaluation

Your Board scrutinises the effectiveness of its performance in an annual Board evaluation and evaluates the balance of skills, experience, knowledge and independence of the Directors. That then informs the succession planning process, which also takes into account the contribution made by having a diversity of backgrounds (whether of gender, of social or ethnic backgrounds, or of the less immediately visible cognitive differences). All new Directors receive a tailored induction programme, which builds on their personal experience and ensures that appointments can be made from a wider pool of talent than one limited to only those with previous experience of holding a directorship with a UK listed company.

From page 75

4 Audit, risk and internal control

All your Board's decisions are discussed within the context of the risks involved. Effective risk management, set in the context of a well-structured internal control framework, is central to achieving our strategic objectives, particularly as we balance the sometimes conflicting interests of our stakeholders.

From page 79

5 Remuneration

Our remuneration policy, which was approved at the 2020 AGM, is designed to support our long-term strategy and to promote long-term sustainable success. It was developed taking into account wider circumstances as your Board currently understands them and setting those in the context of the longer-term future of DS Smith in this ever changing world. Each element of remuneration is looked at, both individually and cumulatively.

As described on page 91 in the Remuneration Report, the pension contribution rates for Executive Directors are not, at the date of this report, fully aligned to that available to the workforce, although they will be so aligned by 31 December 2022. (The Group Chief Executive's pension contribution reduced by 10 per cent in 2020 and by a further 5 per cent on 1 August 2021 to 15 per cent of annual salary. The Group Finance Director's pension contribution was reduced by 5 per cent in 2020 and a further 5 per cent on 1 August 2021 to 10 per cent of annual salary.)

Our remuneration policy is aligned to our Purpose of 'Redefining Packaging for a Changing World'. Each year we look afresh at our reward principles and test that they continue to support our values as a Group.

From page 88

Board leadership and Company Purpose

Board leadership in action

As the 2021/22 financial year drew to a close the war in Ukraine dominated the headlines. The Board has been inspired by the numerous examples of humanitarian support offered by our colleagues in eastern Europe to refugees from Ukraine and has noted the heightened understanding of the importance of the Group's cyber awareness. The Board receives regular updates on matters such as the financial hedging of energy costs and the measures to enhance security of commodity supply put in place by our Procurement team.

s172 The Board was pleased that the Group was, after much work, able to make public its commitment to align its global operations to a 1.5°C scenario as set out in the Paris Climate Agreement and to achieve validation from the Science Based Targets initiative (SBTi), committing to reduce Scope 1, 2 and 3 greenhouse gas emissions 46 per cent by 2030 compared to 2019 and to reach net zero emissions by 2050. This (as further described on page 69) was a significant strategic decision, taking into account the interests stakeholders.

Health and safety is always a priority item on the Board's agenda. Setting the example from the top down is critically important and the Board was pleased to hear that the Group-wide lost time accident frequency rate has fallen again to a new low of 1.91.

The Code highlights the importance of effective engagement with shareholders and other stakeholders. The Group's key stakeholders and their differing perspectives are identified and taken into account, not only as part of the Board's annual strategy and corporate planning discussions, but also in our project assessments and in other Board conversations. The Board understands that the Group has a role as an employer and as a taxpayer as well as a member of the wider communities in which our sites are based and as a key link in the supply chains through which so many goods pass, and that these roles are broader than the more traditional single role of a corporate entity reporting on its financial results to its shareholders. The balancing of the differing perspectives of all our key stakeholders is a recurrent theme in our Board's conversations.

All discussions, assessments and conversations focus not only on delivering increased value for shareholders, but also assess the impacts of our decisions and strategies on the Group's wider stakeholders. (The concerns of, and our response to, our stakeholders are summarised on page 18 and 19.) The Board recognises the importance of regular, open and constructive dialogue with shareholders and other stakeholders and this has long been a key aspect of our culture and of our decision-making.

Engagement with our shareholders

Dialogue with investors continues throughout the year, not only ahead of the AGM.

The Group's Investor Relations team coordinates ongoing communication with shareholders and analysts, and the Board receives regular updates on the views of the Group's shareholders from our internal team and also from the Company's brokers, so all Board members have a clear understanding of the views of the shareholders. Celia Baxter, as Chair of the Remuneration Committee, leads the engagement with shareholders when we have remuneration matters to discuss.

Each year shareholders (and other interested bodies) issue materials concerning their expectations of companies. These are summarised for, and considered by, the Board, which also informs the comments that Board members make on the working drafts of the Annual Report that they review, prior to its final approval and publication. s172

Engagement with our workforce

Our engagement with our workforce makes good use of the well-established European Works Council (EWC) structure.

EWC representatives meet regularly with our Group Chief Executive s172
and Group HR Director to discuss a wide range of topics. While health and safety, Group performance and sustainable employment are always on the agenda for these discussions, this year topics have also included providing input into the updated Group Code of Conduct document, comparing the Group- wide engagement survey results to the pledges set out in our Employee Charter, and giving guidance on the industrial relations landscape across Europe.

Members of management continued to attend EWC meetings throughout the year, held virtually on a platform that enables live s172
interpretation. Again this year an EWC representative joined a meeting of the Remuneration Committee to support and inform discussions about Sharesave and employee wellbeing programmes and to brief the Committee about some of the topics discussed at recent meetings of the EWC. Celia Baxter, the Chair of our Remuneration Committee, has also met with the EWC s172
Executive twice in 2022, building further on the dialogue started in 2020.

The regular schedule of reporting to the Board includes, in relation to our workforce, such matters as reviewing the outcomes from the topic-based, pulse employee engagement surveys that are one of the ways in which the Board assesses and monitors culture. The regular schedule of reporting to the Nomination Committee s172
includes the review of employee talent, development and succession plans as well as insight into the progress made on diversity, equity and inclusion. All these activities ensure that the voice of our workforce is heard regularly in the boardroom and provides richer context for the Board's decision-making. The Board plans to review the insight from the recent Group-wide s172
engagement survey and the action plans that have arisen from the listening groups held across the organisation.

Engagement with our suppliers, customers and other stakeholders

The business relationships with our suppliers, customers and other stakeholders, such as regulators and non-governmental organisations, are matters which the Group Chief Executive covers in his regular reports to the Board. His report to the Board in December 2021 highlighted that, while COP26 focused heavily on s172
carbon reduction, it also provided a number of platforms for the

Group to debate the importance of recycling/reusing of resources. As Group Chief Executive, Miles Roberts is responsible for the Group's overall ESG performance and its clear objectives at the centre of our business model. The Board recognises the crucial importance of delivering on our sustainability ambitions, helping reduce waste and protect natural resources as our designers realise the opportunities within the circular economy by applying our Circular Design Principles. s172

s172 The Board receives regular updates from the Group procurement function which has first-line responsibility for relationships with suppliers. In the past year the Board has discussed the supply of energy and raw materials (such as starch), inflation in the cost of such supplies and logistics shortages.

s172 The most recent update to the Board on sales, marketing and innovation highlighted the range of customers we serve, our focus on recovery of cost inflation and the importance of leveraging our circular ready proposition, as well as how much our customers have appreciated our responsive support through the past challenging 18 months.

Complementing the regular briefings from operational and functional management about Group-specific matters (such as reports from our Corporate Affairs Director on progress made during the year on both sustainability and our programme of wider engagement in the community and the report to each Board meeting on health and safety), the Board also has a programme of briefings from the Group's external advisers on a range of topics. This enables current and future plans to be set in the wider context of the broader environment. This covers not just topics that are currently visible, but emerging areas of interest and concern across a diverse range of fields.

Our engagement with the local communities of which our sites and employees are a part has been a developing area of focus in recent years. A key target in our Now and Next Sustainability Strategy is to engage in community programmes at all our sites that have more than 50 employees, which we have again achieved in 2021/22. These programmes are guided by our Purpose and focus on supporting the improvement and protection of the environment and inspiring and educating. In 2021/22, we achieved our Now and Next Sustainability Strategy target to fund 100 biodiversity projects in our local communities. These projects improve local environments for plants and animals, protecting natural habitats and enhancing species diversity in the areas in which we operate. Alongside these projects, 12 of our paper mills have launched longer-term biodiversity programmes.

s172 An illustrative example of improving local communities that the Board was briefed on in October was the involvement of over 300 employees based at more than 35 sites in 17 countries in World Cleanup Day in September 2021. Sadly the war in Ukraine has provided the opportunity for our colleagues in eastern Europe to rally round, offering humanitarian support to the Ukrainian people through many locally and regionally coordinated charitable initiatives, including organising food and other donations and taking refugees into their homes.

Board engagement through site visits

Board site visits are an important way in which Board members can engage with our employees, assess and monitor culture, and understand more about our customers and suppliers, but the ongoing impact of the Covid-19 pandemic in much of 2021/22 has limited the possibilities for in-person visits. The Board plans to go to Madrid for its October 2022 meetings to assess the integration of Europac and see first hand the strengths and culture of that business and the qualities our employees there bring to the overall Group. It is also hoped that during 2022/23 it will be possible for Non-Executive Directors to be able to visit sites as individuals. s172

At each Board meeting health and safety is reported on, including the total number of near misses and safety observations and the number per employee. These are seen as indicators of employee engagement in observing and reporting positive behaviour and identifying health and safety risks. The level of engagement is seen as a reflection of the culture and health and safety leadership at a site and in 2021/22 the number of safety observations per employee (the health and safety engagement index) was 11.5, the highest figure since the Group started tracking it in 2017.

Statement about the Company's engagement with the wider UK workforce

More detail about how we realise the potential of our people by engaging with our wider workforce (a term that is wider than the term employees, who are those employed directly by the Group under contracts of service) wherever they are based (not just those based in the UK) is set out on pages 24 to 29 of the Strategic Report.

Statement about the Company's engagement with suppliers and customers

More detail about how we engage with our customers and the importance of sustainability throughout our supply chain is set out on pages 20 to 23 and 30 to 33 of the Strategic Report.

Throughout the uncertain times of Covid-19 the safety and wellbeing of our people has been our first priority, while recognising our responsibility to support our customers as they keep essential goods such as food and pharmaceuticals moving. All our decisions have been taken in that context.

In addition to the regulatory requirement to include a statement about section 172 of the Companies Act 2006 in the Strategic Report, there is also a requirement to make a statement about the Company's engagement with the wider UK workforce and with suppliers and customers. The methods of engagement in the UK and across the wider workforce are broadly the same, so we have cross-referenced, not repeated, our disclosures on these matters.

Composition, succession and evaluation

Board evaluation in practice

Board evaluation is an iterative process. After each evaluation (whether internal or external and including evaluations of Committees and Directors) the Board sets itself objectives. The Board set itself a number of objectives for 2021 including looking at insights around global, societal and consumer trends (including those outside the immediate categories in which the Company operates) and ensuring appropriate frequency of Board discussions of briefings on topics such as relationships with customers, suppliers and the businesses' efforts and involvement in the many and diverse communities in which we operate. The Board found realising these objectives helped keep a wider lens on the Board's discussions.

In 2022 the Board and its Committees completed a formal external evaluation with Claire Chalmers Limited (which has no other involvement with the Group or with any of the Directors). The process started in October 2021 when an independent external evaluator was able to attend in-person meetings of the Board and its Committees, which gave the opportunity for richer insight and more valuable feedback than would have been possible earlier (or later) in the financial year when meetings were via video technologies.

The formal evaluation report was presented by the evaluator at the January Board meeting when Board members discussed the findings with the evaluator and how, for example, the evaluator had seen collective board training operate to best effect in other organisations. At the March and April Board meetings the Directors considered what further changes to suggest to the rolling schedules of periodic agenda items that are maintained as a framework for the Board and each of its main Committees, to ensure that those documents continue to be aligned with the focus areas of the Corporate Plan. At that time David Robbie, as Senior Independent Director, met with all the Directors individually, to appraise the Chair's performance and subsequently discussed this with him. The Directors also considered and adopted Board objectives for 2022, taking forward from the external evaluation a focus on a structured approach to succession planning with improved oversight of talent and development programmes. After the pandemic's disruption of physical site visits and the limited opportunities for virtual site visits, the Board is particularly keen to set itself an objective of arranging additional physical or virtual visits to sites in 2022 and 2023, choosing locations by reference to the strategic priorities of the business.

As with every high performing board, the Directors will continue to watch for areas of improvement, not just when Board evaluation is a formal agenda item at a Board meeting.

This section and the Nomination Committee Report that follows explain how we have applied aspects of Code principles J to L in section 3 (composition, succession and evaluation) and how we have put the provisions of that section of the Code into practice.

Succession and composition

More details about succession planning are set out in the Nomination Committee Report, later in this Report and details about the current composition of the Board are set out in the biographies of the Directors on pages 66 and 67. Alan Johnson joined the Board on 1 June 2022, but all the other Directors held office throughout the year under review. Rupert Soames informed the Company that he planned to retire from the Board at the conclusion of its Annual General Meeting on 6 September 2022 and he handed over his Senior Independent Director duties to David Robbie on 28 February 2022.

In this report we sometimes report on 'employees' and sometimes on 'workforce'. This is because sometimes the regulatory requirements specifically ask us to report on matters relating to 'employees' (those who are employed directly by the Group under contracts of service). When we use the term 'workforce' we are including all those who work for the Group, including those sub-contracted to work for the Group.

Nomination Committee Report

"As a Committee we continue to focus on senior executive succession planning, as well as Board composition, as we progress towards a greater range of diversity of experiences across the Group's senior leadership team and welcome Alan Johnson to the Board."

Geoff Drabble,
Chair of Nomination Committee

Dear shareholders

The Nomination Committee supports the Board in executive and non-executive succession planning. Our principal objective as a Nomination Committee is to make sure the Board has individuals with the necessary range of skills and knowledge and diversity of experiences to lead the Company. As a Committee we continue to focus on senior executive succession planning, as well as Board composition, as we progress towards a greater range of diversity of experiences across the Group's senior leadership team and welcome Alan Johnson to the Board.

Our key responsibilities

As a Committee we have delegated authority from the Board to focus on Board and Committee composition and succession planning. In discharging those key responsibilities in relation to succession planning we also consider ways to:

- Improve diversity in the pipeline for senior management roles
- Further strengthen the senior management team.

As Chair of this Committee, I report to the Board on the outcome of our meetings.

Board changes

Rupert Soames handed over his Senior Independent Director duties to David Robbie on 28 February 2022 and is retiring from the Board at the conclusion of the Annual General Meeting on 6 September 2022.

Alan Johnson joined the Board with effect from 1 June 2022.

Our priorities over the year were:

- To keep under review succession planning at the Executive Director level and support succession planning at senior management levels
- To improve the diversity on the Board and in the pipeline for senior management
- To monitor the Group's progress towards increasing the relative number of women in senior management positions
- To keep under review our leadership needs, both executive and non-executive, with a view to ensuring the continued ability of DS Smith to compete effectively in the marketplace.

Membership and operation of the Committee

Member	Since
Geoff Drabble (Chair)	2020
Celia Baxter	2019
Alina Kessel	2020
Miles Roberts	2010
David Robbie	2019
Louise Smalley	2014
Rupert Soames	2019

Alan Johnson joined the Board and its Committees on 1 June 2022.

During the year, the Committee held four formal meetings and there were updates between formal meetings and a number of ad hoc briefings. Details of individual Directors' attendance can be found on page 70. The Group General Counsel and Company Secretary acts as Secretary to the Committee.

Succession planning and recruitment

The process for the appointment of Alan Johnson as a new Non-Executive Director began with inviting a number of recruitment firms to participate in a selection process in order to identify the appropriate consultants to support our search. Inzito were selected in that process.

A role specification was agreed and provided to Inzito, who then put forward a shortlist of candidates for review by the Committee. The shortlisted candidates were interviewed by a number of the Executive and Non-Executive Directors and the Committee made a recommendation to the Board. When making decisions on new appointments, Board members consider the skills, experience and knowledge already represented on the Board and the benefits of diversity, in all its forms, including of gender, ethnicity and life experience. A similar process will be followed for the recruitment of future Non-Executive Directors to the Board.

Apart from assisting with recruitment, Inzito has no other connection to the Company. Inzito has no connection with any individual Directors.

The Committee keeps under regular review succession planning at the Executive Director level and supports succession planning at senior management levels. The Committee's annual rolling schedule of periodic agenda items includes a deep dive into senior talent management and succession planning, informed by a presentation given by the Group HR Director.

Induction, training and development programmes

Upon appointment to the Board, Directors undertake an induction programme, receiving a broad range of information about the Group tailored to their previous experience. This includes information on the operational and sustainability performance and business of the Group and details of Group strategy, corporate governance and Board procedures.

Assisted by the Group Company Secretary, I have responsibility for Directors' induction programmes, and also for the Board's training and professional development. Directors have been given training and presentations during the course of the year to keep their knowledge current and enhance their experience. This has included topics such as cyber security and developments in corporate governance (in particular on stakeholders' expectations on remuneration reporting and on Task-Force on Climate-related Financial Disclosures reporting).

Directors will continue to receive regular training updates from appropriate internal and external specialists on governance issues, financial and reporting standards, digital development, cyber security and sustainability. In addition, Directors are fully aware of their own responsibility for identifying and satisfying their own specific training requirements.

Time commitments

Under the Code the reasons for the Board permitting its members to enter into significant new external appointments should be explained in the Annual Report.

Louise Smalley took on the role of non-executive director at Informa PLC shortly after she had retired from her full-time executive role at Whitbread PLC and so the Board was confident that the new appointment would not adversely impact the time she committed to her DS Smith role. As part of the process of appointing Alan Johnson to the Board, the Board noted the value that the variety of his current roles will bring to the Group.

The experience gained in external roles held by our Board members broadens and deepens the knowledge and experience of the Directors, which in turn benefits the Company.

Diversity

DS Smith acknowledges the importance of diversity of thought, skills and experience in the effective functioning of the Board and the wider organisation. This diversity may arise from any number of sources, including differences in age, gender, ethnicity, disability, sexual orientation, cultural background and religious belief. Our Directors have experience of a wide range of industries and backgrounds, as well as of complex organisations with a global reach.

The Board diversity and inclusion policy is a policy which acknowledges the importance of diversity and includes an explicit requirement to take into account diversity when considering appointments to the Board. The Board recognises that some challenges in achieving diversity arise from social contexts with impacts not limited to the DS Smith Group, but the Board remains committed to ensuring that all have an equal chance of developing their careers within our business. At its meeting in September 2021 the Committee discussed with the Group HR Director and the Group Head of Talent that the initial actions to improve the diversity mix in the Group have focused on gender, but that as networks are built and the local priorities are better understood, this will extend to other under-represented groups. Regular updates on the progress will be given to the Committee. Currently the Group's leadership populations are internationally diverse but the Group is aware that more needs to be done to improve the gender and ethnic mix and address the ageing demographic in the leadership population. (See pages 27 to 29 for more about our programmes to develop diverse leadership talent, from whom might be drawn a future generation of non-executive directors, and to improve the gender balance of those in senior management and their direct reports.)

As at 1 May 2022 our eight member Board was made up of three women and five men. With 37.5 per cent of the Board being women, we exceeded the Hampton-Alexander Review's target of one-third of Board members being women, but we note the recommendations of the FTSE Women Leaders Review, including that boards should have a minimum of 40 per cent women by the end of 2025. With the appointment of Alan Johnson on 1 June 2022 the Board now meets the Parker Review recommendation that each FTSE 100 board should have at least one director from an ethnic minority background.

Our most recently published UK gender pay gap report is available on our website. We know that we have a relative lack of women in senior management positions and year by year the percentage of women in the roles that are defined as senior management roles will fluctuate (see page 29 for details), but the trend in recent years has been towards a better gender balance.

Independence and re-election of Directors

Biographical details of each Director, including their other directorships, their skills and experience, can be found on pages 66 and 67.

The Nomination Committee makes an assessment each year of the criteria set out in the Code concerning independence and the Committee also reviews the time commitment of Non-Executive Directors to assess whether each has sufficient time to discharge their duties. The Committee confirms that all the Non-Executive Directors are independent and each has sufficient time to discharge their duties. The Committee also considered Geoff Drabble to be independent on his appointment to the Board.

The Nomination Committee this year considered the then current term of appointment to the Board of Rupert Soames, Celia Baxter, David Robbie and Louise Smalley. Rupert informed the Board that he planned to retire from the Board at the conclusion of the Annual General Meeting on 6 September 2022 and therefore the expiry date of his then current term of appointment was extended to the conclusion of the Annual General Meeting on 6 September 2022. All other current Directors are standing for re-election or, in the case of Alan Johnson, election, at that AGM.

Board members reviewed the commitment and contribution to the Board and its Committees of Celia, David and Louise, as well as the balance of their skills, knowledge and experience with those of the other Directors and it was agreed that Celia's and David's term should be renewed for a further three years and Louise's should be renewed for a further year. (Directors do not participate in any debate or decision about their own re-appointment.) The expiry date of the current term of each of the Non-Executive Directors is set out on page 106.

Information about this year's external evaluation of the Board and its Committees can be found on page 75.

Looking forward

As well as the regular cycle of matters that the Committee schedules for consideration each year, we are planning over the next 12 months to:

- Oversee the increase in capabilities and bench strength of our core employee base in order to properly support our growth in areas such as innovation and digital enablement
- Encourage the spotlight on talent rising up through the organisation, enabled by the focus on training and development for all
- Improve the Nomination Committee's understanding of the challenges and benefits of improving our reporting on diversity.

Geoff Drabble
Chair of the Nomination Committee

20 June 2022

Audit, risk and internal control

Risk management and internal control

Along with overall responsibility for establishing and maintaining the Group's systems of risk management and internal control (including financial, operational and compliance controls), the Board also retains ultimate accountability for the effectiveness of the systems and processes implemented. The Board confirms it has conducted an annual review of the overall effectiveness of the Group's system of internal controls and risk management procedures implemented during the year and up to the date of approval of this Annual Report, as well as a robust assessment of the Group's emerging and principal risks, summarised on pages 47 and 48 and pages 52 to 55.

The systems and processes implemented are designed to identify, manage and, where appropriate, avoid or eliminate significant risks that might affect delivery of the Group's business objectives; and to provide reasonable, but not absolute, assurance against material misstatement or loss. There is an established and ongoing process for identifying, evaluating and managing the significant risks and uncertainties faced by the Group. This includes a process of self-certification by senior divisional management, confirming that their divisions have complied with Group policies and procedures and reporting any significant control weaknesses identified during the past year. In addition, it includes reviewing the results of the work of the Group's Internal Audit function and Group Governance team and the adherence to the risk identification and management processes identified above. These procedures have continued to be in place throughout the year and up to the date of approval of this Annual Report.

The Board also has procedures in place to ensure that its powers to authorise and manage conflicts are operated effectively. These procedures were followed throughout the year and up to the date of approval of this Annual Report.

Risk management

Our risk management framework and processes remained robust during the year despite the ongoing and fluctuating impacts of the Covid-19 pandemic and the volatility of the external economic environment. Management and employees have continued to manage the day-to-day risks that the Group faces and have been able to adapt and respond to changing situations. Our risk reviews, embedded within our strategic planning processes, support effective management of the Group's principal risks and uncertainties and inform the regular updates on specific risk areas that are brought for discussion and review at the Audit Committee.

The Board discusses regularly the Group's cyber security programme, as well as benefitting from presentations from external cyber advisers. Cyber security is also discussed by senior executive management at the Group Operating Committee meetings, along with other aspects of IT infrastructure and security controls.

The Audit Committee has kept up to date with risk developments throughout the year with in-depth discussion of the Group's principal risks and mitigation efforts and has noted the way in which our divisions and Group functions have continued to demonstrate resilience and revise risk mitigation remedies in their plans where appropriate. Our businesses have also been updating/enhancing their business continuity plans in light of the Covid-19 pandemic and other business challenges, in line with the Group's business continuity planning policy.

The Group Compliance Committee has continued to meet regularly and to expand its oversight of the business. Recent topics have included reviews of the Corporate Criminal Offence risk assessment, updates from Group functions and/or divisions on key compliance risk areas such as GDPR, developments in the IT security programme and proposed changes to financial control procedures, as well as more detailed risk reviews undertaken by selected Group functions. The Board remains encouraged by the work undertaken across the Group with investment being made in financial, operational and reputational risk management to ensure effort is well directed and with the right level of intensity, enabling the Group to remain in a strong position to respond rapidly to those risks that do emerge.

Further details on the Group's risk management and mitigation approach for each principal risk, including its emerging risks reporting, are set out in the risk management section on pages 47 to 55, which also includes the Group's viability statement on page 49. Our Task Force on Climate-related Financial Disclosures are set out on pages 56 to 60. Emerging risks are reported on as part of the risk management reviews. Integrating them into the reporting processes supports the Board in maintaining a clear overview, taking account of the experiences gained from Covid-19, the increasing disclosure requirements in relation to ESG risks and the effect of macroeconomic uncertainty.

Internal control

The Board determines the objectives and broad policies of the Group and has a set schedule of matters which are required to be brought to it for decision. Overall management of the Group's risk appetite, its tolerance of risk and discussion of key aspects of execution of the Group's strategy remain the responsibility of the Board. The Board has delegated to the Audit Committee the responsibility for establishing a system of internal controls appropriate to the business environments in which the Group operates. Key elements of this system include:

- A clearly defined divisional organisation structure for monitoring the conduct and operations of individual business units
- Clear delegation of authority throughout the Group, starting with the matters reserved for the Board
- A formal process for ensuring that key risks affecting operations across the Group are identified and assessed on a regular basis, together with the controls in place to mitigate those risks. Risk consideration is embedded in decision-making processes at all levels and the most significant risks are periodically reviewed by the Board. The risk process is reviewed by the Audit Committee
- Control policies and procedures in functions including finance, tax, IT, HR, procurement and legal, are reviewed and updated as appropriate and supplemented by mandatory training
- Assurance processes over the internal financial control environment such as annual controls self-assessment and ongoing divisional control review programmes
- The preparation and review of comprehensive annual divisional and Group budgets; and an annual review and approval by the Board of the three-year Corporate Plan
- The monthly reporting of actual results using the Group consolidation system and their review against budget, forecasts and the previous year, with explanations obtained for all significant variances
- The Operating Framework which outlines key control procedures and policies to apply throughout the Group. This includes clearly defined policies and escalating authorisation levels for capital expenditure and investment, with larger capital projects, acquisitions and disposals requiring Board approval. This framework is kept under periodic review
- Regular formal meetings between the Group Chief Executive, the Group Finance Director and divisional management to discuss strategic, operational and financial issues
- Communicating key corporate values through our Code of Conduct and associated policies to all employees to ensure relevant staff are properly equipped to exercise management oversight and control.

The Group Governance team is a centrally-led function, as opposed to being regionally and divisionally based, that maintains and develops the internal control framework, provides support and training to the business in complying with that framework and provides management with assurance about compliance with the framework through a site and risk-based work programme. An important part of this function's role is to support the business in development of remediation plans and corrective actions for control weaknesses identified through the governance and compliance work programme, or through Group Internal Audit's activities. The Governance team has commenced a readiness assessment in relation to the currently expected direction of the UK Government's proposals for reform of audit and corporate reporting and has implemented a number of 'no regrets' actions identified in the first phase of that assessment to develop further the controls framework in preparation for the implementation of those proposals.

The framework of internal control has continued to operate throughout the Covid-19 pandemic.

Internal Audit

The Internal Audit function moved in-house with effect from 1 May 2021 after previously being outsourced to KPMG. An Internal Audit charter was drawn up and approved by the Audit Committee, to set out the purpose, scope and authority of the function, and a team was established to deliver the Internal Audit plan.

The Internal Audit function's remit is to undertake regular reviews of the operations of Group sites, service centres, functions, projects and processes in accordance with a previously agreed plan, including an assessment of implemented systems of internal control. The Internal Auditor then makes recommendations on potential control process improvements and conducts supplementary reviews to ensure that management implements the recommendations made. During the year, Internal Audit's activities were supported and complemented by management's Group Governance team.

The Internal Audit plan is designed each year to align to key risks faced by the Group, as well as provide rotational assurance. The annual Internal Audit plan, and any revisions required to respond to emerging risks or areas of concern, are approved by the Audit Committee. The Internal Audit plan considers the scope and effectiveness of the management assurance programme undertaken by the Group Governance team in determining rotational coverage of financial controls audit activities, as well as providing assurance over the management assurance programme itself.

The Internal Audit team needed to adapt to fluctuating Covid-19 protocols, with a large proportion of the audit plan delivered remotely. As new ways of working become more embedded, and as some countries open up as the Covid-19 pandemic abates, the Internal Audit team has taken the best of remote and hybrid working to widen reach and efficiency, as well as taking advantage of opportunities to reintroduce in-person or hybrid approaches where in-depth, in-person discussion is safe and worthwhile.

Findings from the Internal Audit and Group Governance teams are reported to Group and divisional business management as well as to the Audit Committee to give a holistic assurance picture.

Annual risk reporting cycle

May – Jul

Group Compliance Committee reviews a selection of Group function and/or divisional risks including 'deep dive' risk discussion

Internal Audit reviews their programme and key control risks

Audit Committee reviews Group risks, viability and risk management effectiveness including go forward actions to implement

Group Risk provides feedback and guidance to divisions and Group functions on risk assessments in preparation for the Corporate Plan process

Aug – Oct

Divisions and Group functions update risk assessments and integrate into their corporate plans

Group Compliance Committee reviews a selection of Group function and/or divisional risks including, in 2021, data protection and information security

Group Strategy Committee undertakes an assessment of the Group's principal and emerging risks

Internal Audit considers response to emerging risks

Audit Committee reviews the progress of risk management in relation to the Corporate Plan, and reviews and approves completed Internal Audit reports and reviews status of programme – this included in 2021 an in-depth discussion of IT system controls of our principal risks

Nov – Jan

Internal Audit updates review of Internal Audit programme and key control risks

Audit Committee further updates and approves completed Internal Audit reports and ongoing Internal Audit work

Group Risk provides feedback to divisions and Group functions on risk assessments

Board reviews principal risks and uncertainties, risk appetite and tolerance, and business viability as part of Corporate Plan discussions

Group Compliance Committee reviews a selection of Group function and/or divisional risks

Feb – Apr

Group functions, divisions and regions produce year-end review of principal and key business risks and reconsider effectiveness of risk management actions implemented

Group Strategy Committee undertakes an assessment of the Group's principal and emerging risks

Internal Audit undertakes the year-end assessment of Internal Audit needs and presents a plan for the year ahead

Group Compliance Committee reviews a selection of Group function and/or divisional risks including in 2022 the Corporate Criminal Offence risk assessment, GDPR, IT security and procurement

Audit Committee reviews Group and divisional risk reports, annual Internal Audit needs assessment, including audit plans and recommendations

This section explains how we have applied aspects of Code principles M, N and O in section 4 (audit, risk and internal control) of the Code and how we have put the provisions of that section into practice, firstly through matters that come before the full Board and secondly through the detailed work of the Audit Committee which is reported on in the Audit Committee Report that follows.

Audit Committee Report

"As members of the Audit Committee, we continue to challenge ourselves to ensure our scrutiny and oversight of the Group's risk management and control environment keeps pace with the dynamic nature of change, both within the Group and in the external economic and regulatory environments."

David Robbie,
Chair of Audit Committee

Dear shareholders

I am pleased to present the Audit Committee Report, which provides an overview of the Audit Committee's role supporting the Board in its oversight of the control framework across the Group. Details of the Board's procedures and processes in relation to that oversight of risk management and internal control are set out on pages 79 to 81.

Our principal objectives as an Audit Committee are:

- To monitor the integrity of the Group's reporting process and adherence to the Group's accounting policies and procedures
- To ensure that risks are carefully identified and assessed; and that sound systems of risk management and internal control are implemented.

Our role as a Committee is pivotal in ensuring the robustness of the Group's risk management activities and internal control environment, thereby ensuring the integrity of the financial reporting process. During the year under review, the Group's procedures and systems to identify, mitigate and manage risks adapted to allow the internal control and financial reporting processes to continue uninterrupted, despite the continuing restrictions presented by Covid-19.

Deloitte has now completed their final audit as the Group's external Auditor and I thank them for their continued rigour and robust challenge throughout the year and during their tenure. I look forward to engaging with our new external Auditor, Ernst & Young LLP, whose first task will, subject to the approval at the annual general meeting (AGM) of their appointment, be reviewing the financial results for the six months to 31 October 2022.

As a Committee we continue to monitor the level of adjusting items and I am pleased to note that their level is low. The Committee always takes a close interest in the regular review of the Group's gearing levels and the security of its balance sheet, particularly taking into account the risks in the trading environment.

Looking forward

As well as the regular cycle of matters that the Committee schedules for consideration each year, we are planning over the next 12 months to:

- Expand scrutiny, both by the Committee and Internal Audit, over sustainability, climate and broader ESG reporting
- Monitor the transition to the new external Auditor, Ernst & Young LLP
- Continue to monitor emerging risks for the Group
- Continue to monitor legislative and regulatory changes that may impact the work of the Committee, particularly the development of the requirements from the UK Government's restoring trust in audit and corporate governance initiative, both in terms of UK SOx and more widely.

As Chair of the Audit Committee I make myself available at the Company's AGM to answer any shareholder questions on the Committee's remit.

David Robbie
Chair of Audit Committee

20 June 2022

Audit Committee meetings' key topics

2021

June 2021

- Review of the 2020/21 Annual Report and announcement, including a review to ensure the report was fair, balanced and understandable
- Going concern and viability statement
- Impairment assessment review
- Effectiveness of internal control framework update
- Review of adjusting items
- Review of risk appetite and tolerance statement, risk heat maps and assurance matrix
- Internal Audit report
- External Auditor report
- Review of external Auditor effectiveness paper and recommendation to the Board to re-appoint Deloitte for 2021/22
- Review of external audit tender paper and recommendation of appointment of Ernst & Young LLP with effect from 2022/23

October 2021

- Review of adjusting items
- Impairment assessment review
- 2021/22 external Auditor plan for the half year
- Review of letter to management from external Auditor on 2020/21 audit
- Internal Audit report
- Ethics and compliance report review
- Consideration of UK SOx likely developments
- Discussion on governance of sustainability
- Risk update

December 2021

- Update on half year forecast results
- Going concern
- Review of announcement of half year results
- External Auditor half year report, including confirmation of independence and objectivity
- Internal Audit report
- Non-audit fees review
- Review of Governance report, including discussion of initial 'no regrets' actions to prepare for UK SOx

2022

April 2022

- Update on full year forecast results and trading outlook and emerging year-end accounting issues and matters of judgement
- Interim going concern assessment and consideration of significant accounting policies and judgements
- Annual impairment review
- Effectiveness of internal controls review
- Ethics and compliance report review
- Update on external Auditor plan and fees
- Review of emerging risks and risk update
- Review and approval of Internal Audit plan for 2022/23 including confirmation of non-financial areas to be targeted
- Update on UK SOx preparation activities

June 2022

- Review of the 2021/22 Annual Report and announcement, including a review to ensure the report was fair, balanced and understandable
- Going concern and viability statement
- Impairment assessment review
- Effectiveness of internal control framework update
- Review of adjusting items
- Review of risk appetite and tolerance statement
- Internal Audit report
- External Auditor report
- Review of external Auditor effectiveness paper
- Review of Internal Audit effectiveness
- Audit transition

Other matters particularly focused on by the Audit Committee in its discussions with management include:

- Oversight of external audit tender and transition processes
- Risk management, internal control and compliance enhancements
- Quality of earnings
- Financial commitments and liabilities
- Pensions
- Taxation matters, including review of strategy and risks
- Internal Audit and in-house governance, compliance and corporate governance activities updates
- Climate and sustainability risks and disclosures

Membership and operation of the Committee

Member	Since
David Robbie (Chair)	2019
Celia Baxter	2019
Alina Kessel	2020
Louise Smalley	2014
Rupert Soames	2019

Alan Johnson joined the Board and its Committees on 1 June 2022.

The Audit Committee met on five occasions during the year, with meetings scheduled to align with the Group's external financial reporting obligations. Details of the attendance of individual Directors can be found on page 70. As and when required, the Audit Committee members were joined by the Group Chief Executive, the Group Finance Director, the Group Financial Controller, the Group Risk Officer and representatives from the external Auditor, Internal Audit and Governance teams for parts of these meetings, by invitation. The external Auditor was not present at meetings where their performance and/or remuneration was discussed. The Audit Committee also met privately with the external Auditor as appropriate.

The Group General Counsel and Company Secretary acts as Secretary to the Committee.

The Board is satisfied that the Chair of the Committee and other members of the Audit Committee have both current and relevant financial experience (as set out on pages 66 and 67) and that the Audit Committee, as a whole, has competence relevant to the sector (namely manufacturing) in which the Company operates.

In addition to the scheduled Committee meetings, the Chair of the Audit Committee held separate individual meetings during the year with the Group Finance Director and his team, the Group Risk Officer, representatives from Internal Audit and the external Auditor.

The Audit Committee received sufficient, reliable and timely information from management to enable it to fulfil its responsibilities.

Risk management, internal control and Internal Audit

In fulfilling the Committee's oversight of the risk management and control environment, a number of key activities are undertaken during the year, including regular meetings with senior management.

The Audit Committee considered the Group's risk management activities during the year (with specific discussions of such topics as sustainability, cyber security, packaging capacity, security of paper/fibre supply, disruptive market forces, changes in shopping habits and emerging risks). The Audit Committee continued its regular review of risk reporting to ensure that the balance between risk and opportunity was in keeping with the Group's risk appetite and tolerance. The Audit Committee is satisfied that the Group's executive compensation arrangements do not prejudice robust controls and good stewardship.

A key element of the Committee's oversight role is to challenge management and test the validity of any critical assumptions and matters of significant judgement. Areas debated include cyber risks and the response to increased exposures during the pandemic, as well as probing IT controls in relation to key applications more specifically. The Committee has continued to focus on the pandemic and the treatment of systemic risk, enhancing the work in relation to identifying and assessing emerging risks, and the level of engagement at all levels of the Group within the risk management process. The Board received an update from the IT security team during the year and is satisfied that the approach to cyber security risks is robust.

ESG has had an ever increasing focus on the Committee's and the Board's agenda, both as the Group's strategy evolves to lead the way in the circular economy and as external stakeholders' changing expectations have accelerated. The Committee has challenged management on their governance of key ESG data, considered disclosure under the Task Force on Climate-related Financial Disclosures (TCFD) and Streamlined Energy and Carbon Reporting (SECR) requirements and reviewed the climate-related risk management activities.

The Committee approved the Group's annual Internal Audit plan, which was primarily risk-based, focusing on the assurance of core processes and projects, as well as overseeing internal management compliance activities. During the year, the Committee received regular reports summarising findings from the Internal Audit reviews performed, action plans to address any areas highlighted for improvement and additional activity review summaries from internal compliance teams. The Committee reviewed the effectiveness and performance of the Internal Audit function, focusing on the content and delivery of the regularly received reviews, action plans and activity summaries, and noting the assurance provided in relation to the internal control framework. This annual review enabled the Committee to remain satisfied that the performance of the function was effective and that its quality, experience and expertise is appropriate for the business.

Fraud risk

The Group takes steps to protect itself from the consequences of fraud, be that misappropriation of assets, financial misstatement, or bribery and corruption. The Group's internal financial control framework provides the first line of defence against misappropriation and misstatement. This is complemented with Group-wide training and the confidential 'Speak Up!' reporting structure together with a comprehensive fraud response policy and guidance. Training and the confidential 'Speak Up!' reporting programme also support the policy framework that protects against bribery and corruption. All instances of alleged and actual fraud are investigated fully and lessons learnt incorporated, as appropriate, into the frameworks and training. The Internal Audit function takes the lead on these investigations and the Audit Committee is informed fully on these activities. The Committee is satisfied that the Group's overall framework to mitigate the risk of fraud is appropriate and proportionate.

Confidential reporting

Twice a year the Committee receives separate reports on matters raised through 'Speak Up!', the Group's confidential reporting channel, and any related investigations. The Code specifies that reports arising from such confidential reporting channels should either be reviewed by the Board or an explanation given. All Board members attend that part of the Audit Committee meeting when 'Speak Up!' and any related investigations are reported on. This means that representatives from both Internal Audit and the external Auditor (who attend the Audit Committee meetings but not Board meetings) can contribute their perspectives, which is a valuable part of the review process. Internal Audit are also able to provide specialist support where such assurance is considered necessary.

Financial reporting

The Code requires the Board to confirm that the Annual Report presents a fair, balanced and understandable assessment of the Group's performance, business model and strategy. This is an important area of focus for the Committee. At the request of the Board, the Committee undertook procedures to advise the Board on this. Committee members gave input at various stages during the planning and drafting process, as well as taking the opportunity to review the Annual Report as a whole and discuss, prior to the June Audit Committee meeting, any areas requiring additional clarity or better balance in the messaging.

Significant matters considered in relation to the financial statements

Issue	Review and conclusion
Classifications and presentation of adjusting items	The Committee considered the application of the Group's accounting policies, principles and disclosures in the financial statements that relate to critical accounting estimates and judgements, and challenged the underlying assumptions applied in areas including provisions (such as litigation and restructuring) and adjusting items. Continued scrutiny over the appropriateness and application of the adjusting items policy was applied during the year. Such items include acquisition costs, integration costs, impairments and gains or losses on business disposals, which are classified as adjusting items because of their nature, incidence or size. The Directors have considered the ongoing regulator focus on Alternative Performance Measures but believe that identification and separate classification of these items assists in enhancing the understanding of the trading and financial results of the Group. The Audit Committee has reviewed the appropriateness of the income and costs both included in and excluded from adjusting items by challenging and seeking explanations from management. The Committee reviewed reports on the items provided by management and the external Auditor. This item is a recurring agenda item in all Audit Committee meetings. The Audit Committee is satisfied that the resulting presentation and disclosure of all accounting policies and principles is appropriate.
Taxation	Taxation remains a key area of focus for the Committee, due to the continued level of fiscal authority activity, ongoing tax enquiries and disputes, and the Group's M&A activity. The Group is exposed to differing tax regimes and risks which affect both the carrying values of tax balances (including deferred tax) and the resultant income statement charges. The Audit Committee reviewed the tax charge for the half year and the full year, including the underlying tax charge, the appropriateness of and movement in tax provisions recognised and the risks associated with them. The Audit Committee is satisfied that the amounts recognised and the disclosure provided are appropriate.

ESG reporting

The ESG reporting environment has been an area of significant regulatory development recently, and this is set to continue and the pace of change increase in the short to medium term. Guidance on reporting (particularly in the environmental area) has been issued in the past by a number of bodies. Recent events, in particular at COP26 with the announcement of the creation of the ISSB (International Sustainability Standards Board) which consolidated the VRF (Value Reporting Foundation) and the CDSB (Climate Disclosure Standards Board) under the umbrella of the IFRS Foundation, to develop a single set of sustainability standards, will create further focus on this area.

The Group continues to strengthen its ESG-related disclosures, reporting under the requirements of the TCFD (Task Force on Climate-related Financial Disclosures) on pages 56 to 60 and in alignment with the GHG (Greenhouse Gas) protocol on page 33. Our internal ESG reporting function has been integrated within the Group finance and governance functions. The Audit Committee has received briefings during the year covering the evolving reporting, disclosures and standard setting body changes, recognising the increasing link between ESG-related measures and the presentation of financial information and associated business commitments.

Our key responsibilities

As a Committee we have delegated authority from the Board to focus on the following key responsibilities:

- Ensuring the integrity of financial reporting and associated external announcements
- Reviewing and challenging the application of the accounting policies and principles reflected in the Group's financial statements
- Assessing the basis on which the viability statement and going concern statement are being made and challenging the assumptions underlying them
- Managing the appointment, independence, effectiveness and remuneration of the Group's external Auditor, including the policy on the supply of non-audit services
- Initiating and conducting the audit tender process for the external audit
- Monitoring the adequacy and effectiveness of the internal control environment
- Challenging the plans and effectiveness of the Internal Audit function, which is independent from the Group's external Auditor
- Overseeing the Group's risk management processes and performance
- Reviewing the effectiveness of established fraud prevention arrangements and reports made through the confidential 'Speak Up!' policy process
- Assessing the Group's compliance with the 2018 UK Corporate Governance Code (Code)
- Providing advice to the Board on whether the Annual Report and financial statements, when taken as a whole, are fair, balanced and understandable and provide all the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

During the year under review and following the conclusion of the former provider's engagement (Bureau Veritas), the Group undertook a tender process for the provision of independent assurance services, including assurance over the environmental indicators presented in the Annual Report. The outcome of the tender was the appointment of Deloitte LLP as the independent assurance provider providing assurance for the financial year 2021/22. The Audit Committee is satisfied that the appointment meets the requirements for maintaining the independence of the financial audit provider.

Other activities of the Committee

Preparation for 'UK SOx'

On 18 March 2021, the Department for Business, Energy and Industrial Strategy (BEIS) released its consultation paper 'Restoring trust in audit and corporate governance' outlining its proposals for strengthening the UK's framework for major companies and the way that they are audited.

The reforms in the BEIS consultation paper address the findings of the previous Kingman, CMA and Brydon reports and include proposed new measures in relation to directors, auditors, shareholders and the audit regulator. On 31 May 2022, the UK Government published its response to the consultation, setting out its plans for action which will be implemented through a variety of mechanisms, including audit development and work by the professional bodies, primary and secondary legislation, and changes by the regulator. The response set out how and to what extent the proposals in the consultation would be carried forward. The measures include proposals for strengthening the UK's approach to internal controls over financial reporting, including more disclosure and attestation requirements, so called 'UK SOx'. The May 2022 response envisages a strengthening of the Code in this area as opposed to legislation.

The Group has a well-established internal financial controls framework and has begun addressing these provisional guidelines through a set of 'no regret' actions, as a further evolution of this framework. It has also engaged external advisers to support the development of a roadmap that will enable the Group to be prepared to meet the final requirements. The Committee is satisfied that, following the May 2022 response, management's proposal to continue its 'no regret' approach is appropriate.

The ongoing developments in this area will continue to be reviewed by the Audit Committee.

Financial Reporting Council (FRC) correspondence

As part of their thematic review of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the FRC reviewed the Group's 2021 Annual Report. No questions or queries arose from this review, although some disclosure improvements were recommended which the Group has responded to in the current year's financial statements.

Committee's continued development

In order to help the Committee continue to meet its responsibilities, Committee meetings include regular corporate governance updates and briefings from external advisers or from members of senior management.

The Committee's effectiveness was reviewed as part of the wider Board's external evaluation and review of effectiveness, as described on page 75.

External Auditor

Effectiveness

In addition to the external Auditor confirming their independence and objectivity, the Audit Committee also evaluates and monitors their effectiveness through a review of the qualifications, expertise and resources of the engagement team.

This is conducted through direct assessment and recurring activities. As part of the current assessment of effectiveness, the Audit Committee has taken into consideration the guidance issued by the FRC. Based on evidence from management, the external Auditor and, as appropriate, external sources together with its own experience, the Audit Committee assessed the mindset and culture, skills, character and knowledge, quality control and judgement of the Auditor. The assessment considered the degree of challenge to management, the issues identified and the quality of explanations. The Audit Committee recognises that the quality of an audit is paramount. The Committee is satisfied with the effectiveness of the Auditor and that the current year audit was one of high quality.

Separate from the meetings of the Audit Committee, the Chair of the Committee meets regularly with the external Auditor's lead engagement partner, as do other individual members of the Committee.

Independence and objectivity

In order to ensure the independence and objectivity of the external Auditor, the Audit Committee maintains and regularly reviews the Auditor Independence policy which covers non-audit services which may be provided by the external Auditor, and permitted fees.

The Group has a policy on the supply of non-audit services by the external Auditor, which was most recently updated in April 2020. The policy prohibits certain categories of work in accordance with guidance such as the FRC Ethical Standard. It specifies that the Group should not employ the external Auditor to provide non-audit services where either the nature of the work or the extent of such services might impair their independence or objectivity. The external Auditor is permitted to undertake some non-audit services under the Group's policy, providing it has the skill, competence, integrity and appropriate independence safeguards in place to carry out the work in the best interests of the Group, for example, permissible reporting accountant work associated with significant acquisitions. All proposed permitted non-audit services are subject to the prior approval of the Audit Committee.

Non-audit services and fees are reported to the Audit Committee twice each year. During 2021/22, total non-audit fees paid to the external Auditor of £0.5 million were 10 per cent of the annual Group audit fee (2020/21: £0.4 million: 9 per cent): see note 3 to the consolidated financial statements. In addition, £7.7 million was paid to other accounting firms for non-audit work, including £0.4 million for specific work projects allocated by the Internal Audit team.

The EU Audit Regulation (Retained Legislation) and the FRC's revised Ethical Standard mean that, with effect from the Group's 2020/21 year, a cap on the ratio of non-audit fees to audit fees paid to the external Auditor of 70 per cent applies, which places a further constraint on the non-audit services permitted.

Annually, the Audit Committee receives written confirmation from the external Auditor of the following:

- Whether they have identified any relationships that might have a bearing on their independence
- Whether they consider themselves independent within the meaning of the UK regulatory and professional requirements
- The continued suitability of their quality control processes and ethical standards.

The external Auditor also confirms that no non-audit services prohibited by the FRC's Revised Ethical Standard were provided to the Group or parent Company.

On the basis of the Committee's own review, approval requirements in the non-audit services policy, and the external Auditor's confirmations, the Audit Committee is satisfied with the external Auditor's effectiveness and independence.

External Audit fee, appointment, tender and transition process

External audit fee negotiations are approved by the Audit Committee each year. There are no contractual restrictions on the Group in regard to the current external Auditor's appointment.

Deloitte LLP were first appointed as external Auditor to the Group in 2006. Nicola Mitchell became the lead audit partner for the 2018/19 year-end.

Pursuant to the terms of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014 (Competition & Markets Authority Order), which is now in force, the Audit Committee is solely responsible for negotiating and agreeing the external Auditor's fee, the scope of the statutory audit and initiating and supervising any competitive tender process for the external audit. When a tender is undertaken, the Committee is responsible for making recommendations to the Board as to the external Auditor's appointment. The Committee's policy is that the role of external Auditor will be put out to tender at least every ten years in line with the applicable rules. At its June 2021 meeting the Committee recommended to the Board that Ernst & Young LLP (EY) be appointed external Auditor with effect from the 2022/23 audit. The Group has commenced engagement and planning actions through its audit transition project team and EY audit leads, with an initial focus on maintaining independence in advance of the appointment date.

The Committee has been overseeing this proposed external Auditor transition process. To assist in this oversight, the Committee has been provided with reports by EY on their transition process, validated EY's independence, and ensured shadowing and meeting attendance has taken place when appropriate.

The Audit Committee confirms that the Company has complied with the provisions of the Competition & Markets Authority Order with regards to external audit tendering and audit responsibilities throughout its financial year ended 30 April 2022.

Remuneration Committee Report

"The Group's strong financial performance is underpinned by its continuing progress on ESG and this is reflected in the structure of our incentives."

Celia Baxter,
Chair of Remuneration Committee

Dear shareholders

Introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2022, which sets out our implementation of the remuneration policy that was approved by shareholders at the annual general meeting (AGM) in September 2020.

As usual, my letter on pages 88 to 90, the summary on pages 91 and 92 and the Annual Report on Remuneration on pages 98 to 111 will also be presented for approval by an advisory vote at our AGM in September 2022.

Our purpose as a Remuneration Committee is to develop a reward package that supports our vision and strategy as a Group and to ensure the rewards are performance-based and encourage long-term shareholder value creation. Our Purpose as a Group is 'Redefining Packaging for a Changing World'. Examples of how we put our purpose-led approach into practice as a Group are set out on pages 8 to 11 of this year's Annual Report.

Our achievements and variable pay outcome

Our Purpose informs the Group's approach to strategy, which in turn has led, not only to the financial and non-financial results highlighted on the inside front cover, but also to even further improved scores among the environmental, social and governance (ESG) ratings published by MSCI (AA) and EcoVadis (Platinum) as well as those issued by Sustainalytics, the Dow Jones Sustainability Index (DJSI) and CDP.

You can read about the achievements of our business during 2021/22 in more detail in the Strategic Report starting on page 1. Highlights for the 2021/22 financial year include:

- Adjusted operating profit of £616 million
- 6 per cent reduction in accident frequency rate
- Commitment to a 1.5°C science-based target
- Achievement of 'A List' for CDP Water Security

In respect of the variable pay elements linked to the 2021/22 financial year, the financial targets for the performance share plan (PSP) award made in 2019 were set in 2019 in the context of the expectation of a stable economy and were not adjusted to reflect the negative impact of the pandemic on the 2019/20, 2020/21 and 2021/22 results. Unfortunately, that PSP award made in 2019, which had performance conditions based on the three year average earnings per share (EPS) and return on average capital employed (ROACE) performance and the three year cumulative relative total shareholder return (TSR) performance between 2019/20 and 2021/22 , did not meet the threshold targets for the two financial measures and fell below median for the relative TSR measure.

The Group's performance against the bonus measures of adjusted earnings before tax and amortisation (EBTA) and free cash flow represents uplifts of 37 per cent and 14 per cent respectively year-on-year. The formulaic outcome of the bonus was 100 per cent of the maximum bonus opportunity. The details of the 2021/22 annual bonus performance are set out on pages 100 and 101. In considering whether to apply discretion to override the annual bonus formulaic outcome, an ESG underpin is used. The Committee took into account three ESG factors: commitment to using longer-term science-based targets for carbon reduction in the business; maintenance of high health and safety standards; and continued work with our communities. The Committee reviewed the evidence of performance against these factors (see summary on page 101) and concluded this was satisfactory and that no discretion needed to be applied. The Committee has therefore decided that the Executive Directors will receive 100 per cent of the maximum annual bonus opportunity.

When deciding the level of these variable pay elements, the Committee also considered the experience of a wide range of the Group's key stakeholders during the 2021/22 financial year.

In the 2021/22 financial year all regions in which the Group operates continued to be affected by the Covid-19 pandemic, but all our sites continued to remain operational as essential suppliers to critical supply chains. We continued to deliver to our customers and to develop new and improved ways of meeting their needs. For example, we have further developed, ePack, our new webbased business, and we have opened our first virtual innovation hub in Lisbon, supporting our customers with a virtual/digital customer innovation collaboration option. Most importantly for our customers, and for their customers, the impact of the steps we took during 2020/21 mean that production has been maintained in 2021/22, enabling volume growth and supporting our agile responsiveness to changes in customers' needs. The proportion of orders that are delivered on time, in full has been 94 per cent across our businesses, despite the circumstances of the past 12 months.

Group-wide we have kept a strong focus on employee health and wellbeing. The Group's connection with the local communities where our sites are based has continued to strengthen, supported by increased engagement in community programmes.

Our commitment to carbon reduction has continued, with validation by the Science Based Targets initiative of our target to reduce Scope 1, 2 and 3 emissions 46 per cent by 2030, when compared to 2019 levels. This builds on our prior commitment to reach net zero greenhouse gas emissions by 2050, as a member of the UN's Race to Zero initiative. More information about the targets we have set as part of our Now and Next Sustainability Strategy are set out on page 7 and pages 30 to 33 and in our latest Sustainability Report. Each of these targets helps differentiate DS Smith not only as a leader in sustainable fibre-based packaging, but also as a circular economy leader. All these factors drive the Group's ongoing profitability and cash flow, impacting the performance measures of our incentive plans. The underlying importance of these factors continues to be emphasised by the use of a variety of these ESG considerations as an underpin to the annual bonus.

In respect of the 2021/22 financial year, an interim dividend has been paid and a final dividend has been recommended, subject to the approval of shareholders at the forthcoming AGM.

Set in the context of the wider experience of our key stakeholders, the Committee concluded that the total variable pay outcome (both the annual bonus and PSP) in respect of 2021/22 appropriately reflected the Company's performance in the period and was commensurate with the broader stakeholder experience in the period. It was therefore not felt necessary to apply any discretion to amend the outcome. The Committee also concluded that the remuneration policy has operated as intended, both in terms of appropriately incentivising corporate performance and in respect of quantum.

Our year under review

The key discussions and decisions taken since 1 May 2021 were:

- Considering the impact of Covid-19 on the business when deciding on the appropriate approach for bonus and PSP: for determining vesting levels and the grant size and selecting performance measures and targets. Making sure that such decisions take into account the evolving economic context, including inflationary pressures, that impacts the wider workforce and the expectations of other stakeholders, such as our investors, suppliers and customers. Ensuring at the same time that an appropriate balance is achieved with the business need for meaningful incentivisation for management and recognition for leading through the protracted challenges of the ongoing turbulent times
- Reviewing the salaries of the Group Chief Executive and Group Finance Director and the next layer of management
- Reviewing further the timeline for alignment of the Executive Directors' pension contributions with that available to the workforce in the UK and agreeing that they would be aligned by 31 December 2022
- Setting the targets for the annual bonus and PSP awards made in 2021/22 and the performance measures and weighting for the 2022/23 awards. The Committee considered whether to include specific ESG measures in the bonus and PSP awards, instead of the current ESG underpin in the bonus. Sustainability is one of the key values of DS Smith and our progress and our leading position in promoting the circular economy have been achieved without the need to directly incentivise ESG. Accordingly, the Committee decided to maintain the current ESG underpin to the annual bonus, but will continue to review this matter.

Our conversation with our workforce

The diagram on page 93 sets out the approach the Group is taking to collate ideas and hear any concerns from the workforce around reward. One of the consequences of the continuing restrictions on travel due to Covid-19 has been a further delay to our planned expansion of this programme of engagement at site level. While there are many things that can be done through the medium of electronic meetings, focus sessions at site level are most valuable and insightful when held in person.

A European Works Council (EWC) representative joined a Committee meeting this year to support and inform discussions about Sharesave and employee wellbeing programmes and to brief the Committee about some of the topics discussed at recent meetings of the EWC.

In addition, I once again attended meetings of the EWC Executive to engage and consult with them on executive remuneration and wider employee remuneration issues. We continued in our meetings in March and May 2022 the ongoing discussion on Sharesave, covering the take-up of the 2022 grant, and received feedback on the communications programme prior to launch and on how to encourage greater take-up of Sharesave across the Group. Further topics discussed were the effectiveness and coverage of employee wellbeing programmes (in general and in light of the Covid-19 pandemic) and in support of DS Smith's sustainability objectives, the current provision of sustainable benefits. Representatives were also keen to share their views on other aspects of the remuneration of the wider workforce, including the provision of healthcare and pension provision and education and they suggested the Group raise the profile and broaden the scope of the current health and wellbeing benefits. These meetings are a regular feature of the annual timetable as both I and the EWC Executive value the opportunity they provide to understand more about matters relating to the Executive

Directors' remuneration and its alignment with that of the wider workforce.

Looking forward

As well as the regular annual cycle of matters that the Committee schedules for consideration, we are planning over the next 12 months to:

- Undertake the triennial review of our remuneration policy and consult our shareholders on any material changes proposed
- Regularly review any changes to remuneration practices to ensure that employees continue to be appropriately rewarded in line with the performance of the business
- Consider further steps to consult employees more widely on remuneration issues, as this becomes more achievable post Covid.

Due to the current geopolitical situation, target setting for incentive plans continues to be challenging. In addition the Committee continues to monitor the fluctuations in share price, both since the 2021 PSP grant and in relation to the proposed 2022 PSP grant. The Committee recognises that it may need to exercise discretion on any vesting of the respective plans in forthcoming years.

The Committee has been impressed with the progress in relation to sustainability matters that DS Smith continues to make. This has been driven by the Group's values, not by having ESG targets in either the annual bonus or the long-term incentive plans (although an ESG underpin is used to determine the final outcome of the annual bonus). The Committee will continue to monitor further developments in this area and will take those into account in considering whether a different approach to using ESG in remuneration might be appropriate in the future.

Our conversation with our shareholders

Shareholder views, whether directly or indirectly expressed, together with relevant guidance and emerging trends, are carefully considered when reviewing reward design and outcomes. At the AGM in September 2022, shareholders will be asked to vote on the Remuneration Report. I hope that the Committee will have your support.

As Committee Chair, I continue to be available to engage with shareholders, as they so wish, on remuneration matters.

Celia Baxter
Chair of Remuneration Committee

20 June 2022

Remuneration at a glance

Single total figure of remuneration for 2021/22 (£'000s) (Audited)

Miles Roberts

Adrian Marsh

	Total single remuneration figure £'000		Increase (decrease)
	2021/22	2020/21	
Miles Roberts	**2,580**	2,525	2%
Adrian Marsh	**1,347**	1,319	2%

For more information on how this is calculated see page 98.

Vesting as a % of maximum	2021/22 annual bonus	2019/20 PSP vesting in 2022/23
Miles Roberts	100%	0%
Adrian Marsh	100%	0%

Salary

Salary increases with effect from 1 August 2022 are set out below and on page 99.

Pension

The contribution rates for incumbent Executive Directors have been reduced. Miles Roberts receives an annual pension allowance which was reduced from 30% of base salary to 20% with effect from 1 August 2020 and further reduced to 15% with effect from 1 August 2021. Adrian Marsh receives an annual pension allowance which was reduced from 20% of base salary to 15% with effect from 1 August 2020 and further reduced to 10% with effect from 1 August 2021. The pension allowance of both Miles Roberts and Adrian Marsh will be reduced further so that their pension benefit will be aligned with that available to the workforce in the UK (being the country where they are based for employment purposes) with effect from 31 December 2022.

2022/23 application

The table below sets out a summary of how the remuneration policy for 2020-23 will apply during 2022/23.

Remuneration element	Application of the remuneration policy
Base salary	• Salaries will be increased by 4% (in line with the average increase of 4% for the UK workforce as a whole) as follows: • Group Chief Executive £846,600; and • Group Finance Director £532,000.
Annual bonus	• No changes to maximum award levels of: • Group Chief Executive 200%; and • Group Finance Director 150%. • Bonus paid half in cash and half in deferred shares, under the deferred share bonus plan (DSBP), with the shares vesting after three years. • The performance measures for 2022/23 remain as adjusted EBTA and free cash flow with equal weighting. (Details of the ESG underpin are set out on page 102.)
Performance share plan (PSP)	• No change to maximum award level for Group Chief Executive of 225% and for Group Finance Director of 200%. • The performance measures for 2022/23 will remain as adjusted EPS, adjusted ROACE and relative TSR with equal weighting. • Any shares that vest under this award must be retained for a further two years before they can be sold and they are also subject to a post-employment holding condition.
Pension	• Contribution or cash alternative rate for Group Chief Executive is 15% and for Group Finance Director is 10%, until 31 December 2022, when it will be aligned with that available to the UK workforce.
Shareholding guidelines	• Shareholding target remains at 225% of salary for the Group Chief Executive and at 200% of salary for the Group Finance Director. • Actual holding (valued at 30 April 2022 share price) was 912% and 243% respectively. Any shares that vest under the PSP awards granted in 2020/21 or subsequent years will be held in a nominee arrangement for the appropriate period, because they are also subject to a post-employment holding condition (in addition to the two-year post-vesting holding condition).

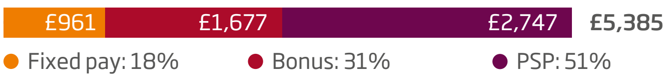
Illustration of the application in 2022/23 of the remuneration policy

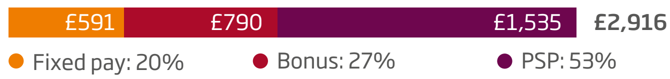
The balance between fixed and variable 'at risk' elements of remuneration changes with performance. Our remuneration policy results in a significant proportion of remuneration received by Executive Directors being dependent on performance. The total remuneration of the Executive Directors for maximum, target and minimum performance in 2022/23 is presented in the charts below. (The basis of the calculation of the share price appreciation is that the share price embedded in the calculation for the PSP awards in the maximum bar chart is assumed to increase by 50% across the performance period.) These figures are indicative as future share prices and future dividends are not known at present and, within fixed pay, pension contributions have been prorated pre and post 31 December 2022 using the existing executive pension contribution and the current UK workforce pension contribution rates respectively.

Miles Roberts

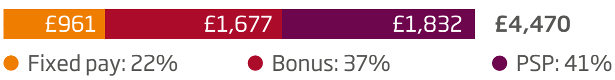
Adrian Marsh

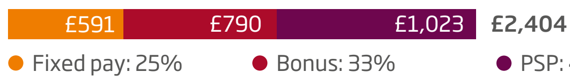
Maximum (fixed remuneration plus maximum annual bonus opportunity plus 100% vesting of performance shares) and share price appreciation of 50%: £'000s



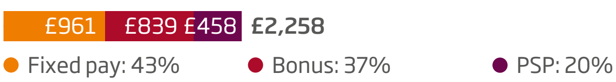


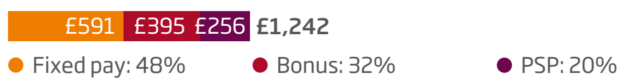
Maximum (fixed remuneration plus maximum annual bonus opportunity plus 100% vesting of performance shares) £'000s



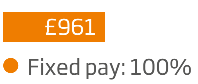


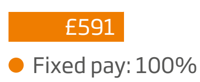
Target (fixed remuneration plus half of maximum annual bonus opportunity plus 25% vesting at threshold of performance shares) £'000s





Minimum (fixed remuneration only, i.e. latest known salary, benefits and pension) £'000s





Key attributes to consider in reviewing remuneration matters

Under the 2018 Corporate Governance Code (the Code) the Remuneration Committee is asked to describe with examples how it has considered six specific factors.

In 2021 the Committee reviewed the reward principles (set out on page 93) These principles are periodically reviewed by management and considered by the Remuneration Committee. The Committee noted that these principles are **clear** and **expressed simply**. Under our reward principles incentive levels are to be **proportionate** and designed in a way **to minimise any behavioural risks**. All the criteria for each element of an individual's remuneration are explained, so that each individual has a clear and **predictable** line of sight as to what actions will impact their remuneration outcomes, so that all remuneration is appropriately earned for genuine business performance aligned to Company **strategy**.

The decisions made in relation to remuneration matters are taken in alignment with these over-arching reward principles that apply to all executive management.

Later in 2022/23 the Committee will begin its review of the remuneration policy to be put before the 2023 AGM and will, as it did in its review of the current remuneration policy, take the importance of all six factors into account in that review.

The remuneration sections of this report explain how we have applied aspects of principles P, Q and R in section 5 (remuneration) of the Code and how we have put the provisions of that section into practice, as well as how we have complied with the Companies Act 2006 and other regulatory requirements in relation to remuneration matters. After the introductory letter from the Chair of the Remuneration Committee, we summarise the remuneration of the Executive Directors in our 'at a glance' section. More detailed sections follow about how the implementation of the remuneration policy has operated in practice in 2021/22, the year under review, and how the remuneration policy will operate in 2022/23. Finally there are some other required disclosures.

DS Smith reward principles

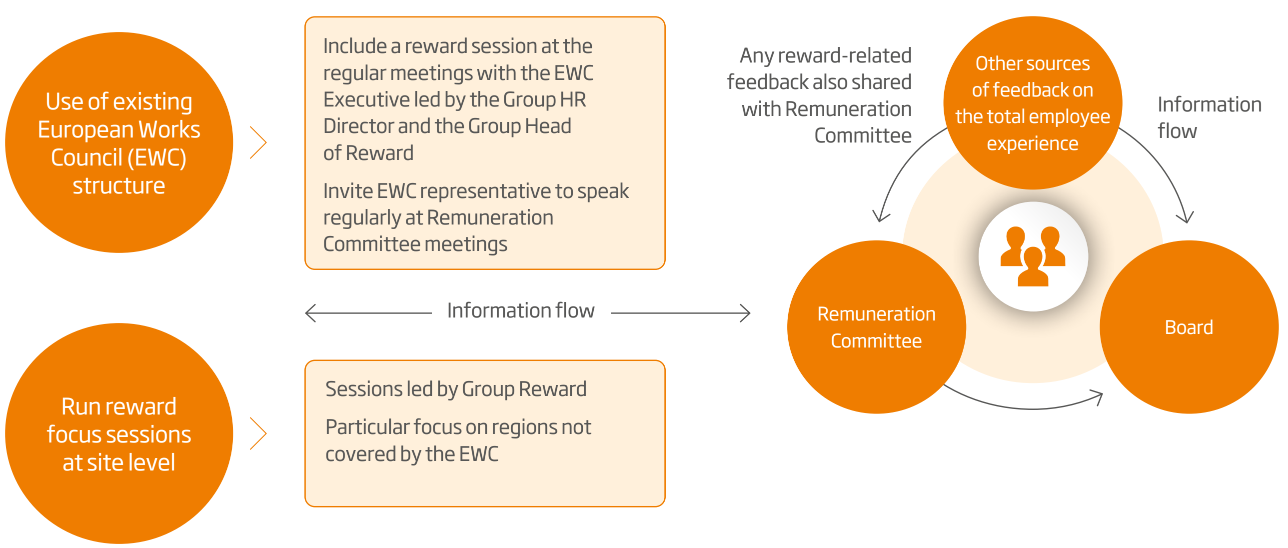
As part of good practice for any reputable company we apply the following baseline principles when setting reward across the organisation:

- Meets legal and regulatory requirements
- Simple and clear to understand
- Affordable and sustainable
- Is competitive in the market on a total reward basis to enable DS Smith to attract and retain the right level of talent.

However, to differentiate our employee value proposition and ensure that our approach to reward aligns to our culture, we have developed the following DS Smith reward principles:

- We support a culture of meritocracy where our people are encouraged to reach their potential and are clear on what they need to do to succeed. For salaried employees, reward should be differentiated using our Group salary and incentive ranges for entry, established and high performers. Where pay is determined through collective bargaining and there is less scope to differentiate by individual, the highest performers should be rewarded through development, promotion and other recognition opportunities.
- We strive to have consistent policies and practices at a local level and transparency in our benefits offering and policies.
- Incentives are designed to reward collective rather than individual effort, to support our one DS Smith culture. For senior managers, this is Group financial performance but for middle managers and frontline employees, performance measures can be the key value drivers that the individuals are able to influence directly such as cost, quality and service.
- All employees should have the opportunity to share in the success of the Group.
- Share ownership is fundamental at senior levels and desirable across the Group.
- The Group respects the need for employees to make their own choices around what they value, although there are certain reward components linked to health and wellbeing where the Group may decide it is appropriate to set a minimum Group standard.
- Our pension offering should be competitive with the local market where this is a benefit valued by employees.
- When determining rewards, demonstration of an individual's behaviours in line with the Group's values (be caring, be challenging, be trusted, be responsive and be tenacious) are considered alongside the results achieved.
- In managed exits people should be treated fairly, in line with the Group's values and with dignity, but failure should not be rewarded.
- Safeguards are applied to ensure that incentive levels are proportionate, appropriately earned for genuine business performance aligned to Company strategy and designed in a way to minimise any behavioural risks.

Employee voice in the boardroom



Remuneration policy

(approved in 2020)

Set out below are the key elements of our Directors' remuneration policy applicable from 8 September 2020 when the policy was approved by our shareholders. The full policy can be found in the Annual Report 2020 on our website at https://www.dssmith.com/investors/annual-reports/archive. Since the policy was approved at the 2020 AGM, the Committee has in 2022 undertaken a further review of the timeline for alignment of the Executive Directors' pension contributions with that available to the workforce in the UK (being the country where they are based for employment purposes) and agreed that the maximum pension contribution for the Executive Directors will be aligned with that available to the workforce in the UK by 31 December 2022.

Element, purpose and link to strategy	Operation and performance metrics	Maximum opportunity
Basic salary To help recruit and retain key senior executives. To provide a competitive salary relative to comparable companies, in terms of size and complexity.	Normally reviewed by the Committee annually and fixed for the 12 months commencing 1 August. The Committee takes into account: • role, competence and performance; • average change in broader workforce salary; and • total organisational salary budgets. When external benchmarking is used, the comparator groups are chosen having regard to: • size: market capitalisation, turnover, profits and the number of employees; • diversity and complexity of the business; • geographical spread of the business; and • domicile of the Executive Director.	Salaries will normally be increased in line with increases for the workforce in general, unless there has been an increase in the scope, responsibility or complexity of the role, when increases may be higher. Phased higher increases may also be awarded to new Executive Directors who were hired at a discount to the market level to bring salary to the desired mid-market positioning, subject to individual performance. The aim is to position salaries around the mid-market level, although higher salaries may be paid, if necessary, in cases of external recruitment or retention.
Annual bonus To incentivise executives to achieve or exceed specific, predetermined objectives during a one-year period. To reward ongoing delivery and contribution to strategic initiatives. Deferred proportion of bonus, awarded in shares, provides a retention element and additional alignment of interests with shareholders.	Targets are set annually. The performance measures, targets and weightings may vary from year to year in order to align with the Company's strategy and goals during the year to which the bonus relates. Performance measures can include some or all of the following: financial measures, strategic measures and ESG measures. Bonus payouts are determined by the Committee after the year end, based on performance against predetermined objectives, at least the majority of which will be financial. Up to half of the bonus is paid in cash and the balance is deferred into shares. The deferred bonus shares vest after three years. Dividend equivalents arising over the period between the grant date and the vesting date are paid in cash or shares in respect of the shares which vest. The annual bonus plans are not contractual and bonuses under the plans are not eligible for inclusion in the calculation of the participating executives' pension plan arrangements. Malus and clawback provisions apply to the annual bonus plan and the deferred bonus shares so that individuals are liable to repay/forfeit some or all of their bonus if there is a material misstatement of results, error in calculation, gross misconduct, payments based on erroneous or misleading data, significant reputational damage or corporate failure. The Committee will act reasonably in the application of malus and clawback.	Maximum bonus potential of 200% of base salary, with target bonus being one half of the maximum. Bonus starts to be earned at the threshold level (below which 0% is payable). Current maximum potential for each Executive Director is set out in the Annual Report on Remuneration.

Element, purpose and link to strategy	Operation and performance metrics	Maximum opportunity
Performance share plan (PSP) To incentivise Executive Directors and other senior executives to achieve returns for shareholders over a longer time frame. To help retain executives and align their interests with shareholders through building a shareholding in the Company.	Awards of nil-cost options are made annually with vesting dependent on the achievement of performance conditions over the three subsequent years. Awards will vest, subject to performance, on the third anniversary of grant and will be subject to an additional two-year holding period post-vesting, during which time awarded shares may not be sold (other than for tax purposes). The Committee reviews the quantum of awards annually to ensure that they are in line with market levels and appropriate, given the performance of the individual and the Company. Performance measures can include some or all of the following: financial measures, strategic measures, ESG measures and relative TSR. Dividend equivalents arising over the period between the grant date and the vesting date are paid in cash or shares in respect of the shares which vest. Malus and clawback provisions apply to the PSP so that individuals are liable to repay/forfeit some or all of their shares if there is a material misstatement of results, error in calculation, gross misconduct, vesting based on erroneous or misleading data, significant reputational damage or corporate failure. The Committee will act reasonably in the application of malus and clawback.	The maximum annual award under the PSP that may be granted to an individual in any financial year is 225% of salary in normal circumstances and 400% of salary in exceptional circumstances, which is limited to buy-out awards under recruitment. Actual award levels to Executive Directors are set out in the Annual Report on Remuneration. 25% of the relevant part of the award will vest for achieving threshold performance (which for a relative TSR performance measure would be median performance), increasing to full vesting for the achievement of maximum performance.
Share ownership guidelines To further align the interests of executives with those of shareholders.	**During employment** Executive Directors are expected to build and maintain a shareholding in the Company's shares as a multiple of their base salary within five years of appointment as an Executive Director (Group Chief Executive 225%, Group Finance Director 175%[1]). 1. Since the policy was approved at the 2020 AGM the Committee has in 2021 decided to increase the expected shareholding requirement of the Group Finance Director from 175% to 200%. To achieve this, Executive Directors are expected to retain at least 50% of shares (net of tax) which vest under the Company's share plans until the share ownership guidelines are met. Nil cost options which have vested but that the Executive Director has yet to exercise and unvested nil cost options awarded under the DSBP (if they are only subject to a time-based condition) are considered to count towards the shareholding on a notional post-tax basis. Non-Executive Directors are expected to build and maintain a shareholding that is equivalent to 50% of their annual fee from the Company within two years of their date of appointment. **Post-employment** In respect of share plan awards granted from 2020 onwards, Executive Directors will be required to retain, for two years after leaving the Company, a holding of shares at a level equal to the lower of the shareholding requirement they were subject to during employment and their actual shareholding on departure (excluding shares purchased with own funds and any shares from share plan awards made before 2020).	Not applicable

Element, purpose and link to strategy	Operation and performance metrics	Maximum opportunity
All employee share plan Encourages long-term shareholding in the Company.	Executive Directors have the opportunity to participate in the UK or international sharesave plans on the same terms as other eligible employees (which is currently an opportunity to save up to £250, or local currency equivalent, per month). There are no performance conditions applicable to awards.	Up to £500 per month (or local currency equivalent).
Pension To remain competitive in the marketplace and provide income in retirement.	Executive Directors can elect to: • participate in the Group's registered defined contribution plan (DC Plan); or • receive a salary supplement; or • a combination of the above.	Maximum: 20% (for Group Chief Executive) and 15% (for Group Finance Director) of base salary from 1 August 2020 (combined cash supplement and DC Plan contribution). On 1 August 2021 the maximum pension contribution was reduced to 15% (for Group Chief Executive) and 10% (for Group Finance Director) of base salary. A further review of the level of pension contribution will take place in 2022[1]. 1. Since the policy was approved at the 2020 AGM, the Committee has in 2022 undertaken a further review of the timeline for alignment of the Executive Directors' pension contributions with that available to the workforce in the UK (being the country where they are based for employment purposes) and agreed that the maximum pension contribution for the Executive Directors will be aligned with that available to the workforce in the UK by 31 December 2022. Future appointments to the Board or any Board member changing roles would be given a pension benefit aligned with that available to the workforce in the country where they are based for employment purposes.
Benefits To help retain employees and remain competitive in the marketplace.	Directors, along with other UK senior executives, receive a car allowance or company car equivalent, income protection insurance, four times life cover, family medical insurance and subsidised gym membership. Additional benefits (including a relocation allowance) may be provided from time to time, where they are in line with market practice. Any reasonable business related expenses may be reimbursed (including tax thereon, if deemed to be a taxable benefit).	Benefit levels may be increased in line with market levels to ensure they remain competitive and valued by the recipient. However, as the cost of the provision of benefits can vary without any change in the level of provisions, no maximum is predetermined.
Non-Executive Directors and Chair Attract and retain high performing individuals.	Reviewed annually by the Board (after recommendation by the Committee in respect of the Chair). Fee increases, if applicable, are normally effective from 1 August. The Board and, where appropriate, the Committee, considers pay data at comparable companies of similar scale. The Senior Independent Director and the Chairs of the Audit and Remuneration Committees receive additional fees. No eligibility for participation in bonuses, retirement plans or share plans but limited benefits may be delivered in relation to the permanency of their duties as a Director (e.g. hospitality, provision of a mobile phone, tablet/laptop and travel-related expenses). Tax may be reimbursed if these benefits are deemed to be a taxable benefit. If there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload.	No prescribed maximum annual increase. Details of current fees are set out in the annual report on remuneration. Aggregate annual fees limited to £1,000,000 by Articles of Association.

Discretions and judgements

The Committee will operate the annual bonus plan and long-term plans according to the rules of each respective plan, their respective ancillary documents and the UK Financial Conduct Authority's Listing Rules, which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include:

- Who participates in the plan
- Determining the timing of grants of awards and/or payments
- Determining the quantum of an award and/or payment
- Determining the extent of vesting
- How to deal with a change of control or restructuring of the Group
- Whether an Executive Director or a senior manager is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s)
- How and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends)
- What the weighting, measures and targets should be for the annual bonus plan and PSP awards from year to year
- The Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted PSP award are unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and PSP awards.

The Committee can use its judgement to make adjustments to published outturns for significant events or changes in the Company's asset base that were not envisaged when the targets were originally set or for changes to accounting standards, to ensure that the performance conditions achieve their original purpose.

The Committee also has the discretion to reduce or apply other restrictions to an award if, after taking into account all circumstances known to the Committee, it determines that the amount which a participant would otherwise receive pursuant to an incentive award in accordance with its terms would result in the participant receiving an amount which the Committee considers cannot be justified or which the Committee considers to be an unfair or undeserved benefit to the participant.

The Committee has the discretion to override formulaic outcomes to the bonus and the PSP or DSBP in order to ensure that outcomes reflect true underlying business performance or to reduce awards if the business has suffered an exceptional negative event in order to ensure that outcomes reflect overall corporate performance.

The Committee can use its discretion to waive the post-employment shareholding requirement in the event of ill health or death.

Any historic share awards (other than those granted in 2020) that were granted before 8 September 2020 (when the revised policy came into force) and still remain outstanding will remain eligible to vest or be exercised or sold based on their original award terms and the remuneration policy that was in force when those awards were granted.

In summary: key objectives of our remuneration policy

The purpose of our remuneration policy is to deliver a remuneration package that:

- Attracts and retains high calibre Executive Directors and senior managers in a challenging and competitive business environment
- Reduces complexity, delivering an appropriate balance between fixed and variable pay for each Executive Director and the senior management team
- Encourages long-term performance by setting challenging targets linked to sustainable growth
- Is strongly aligned to the achievement of the Group's objectives and to the delivery of sustainable value to shareholders and other key stakeholders
- Seeks to avoid creating excessive risks in the achievement of performance targets
- Is consistent with the Group's Purpose and values
- Is commensurate with pay conditions across the Group
- Is aligned to the DS Smith reward principles (as set out on page 93)
- Takes into account overall corporate performance as well as business performance.

All our decisions as a Remuneration Committee are taken in this context.

Annual report on remuneration

The tables below show how we have applied the remuneration policy during 2021/22. They disclose all the elements of remuneration earned by the Directors during the year. Full details of the policy that was voted on in 2020 are included in the 2020 Annual Report and is available on our website.

Deloitte LLP has audited, as required by the applicable regulations, those tables labelled as audited.

Single total figure of remuneration for each Director (audited)

Executive Directors		Salary £'000	Benefits[1] £'000	Pensions[2] £'000	Total fixed remuneration	Annual bonus[3] £'000	Long-term incentives £'000	Total variable remuneration	Total single remuneration figure
Miles Roberts	2020/21	786	21	177	984	1,541	0	1,541	2,525
Group Chief Executive	**2021/22**	**809**	**22**	**131**	**962**	**1,618**	**0**	**1,618**	**2,580**
Adrian Marsh	2020/21	494	19	80	593	726	0	726	1,319
Group Finance Director	**2021/22**	**508**	**19**	**57**	**584**	**763**	**0**	**763**	**1,347**

1. Taxable benefits in 2020/21 and 2021/22 principally include a car allowance of £20,000 for Miles Roberts and £17,500 for Adrian Marsh. Both Directors also receive income protection, life and health cover.
2. In lieu of membership of the defined contribution scheme Miles Roberts receives an annual pension allowance which was reduced from 30% with effect from 1 August 2020 to 20% of base salary and was further reduced to 15% with effect from 1 August 2021 and Adrian Marsh receives an annual pension allowance which was reduced from 20% with effect from 1 August 2020 to 15% of base salary and was further reduced to 10% with effect from 1 August 2021. The annual pension allowances are not pensionable and are not considered to be salary for the purpose of calculating any bonus payment or long-term incentive. More details about the further planned reductions in pension benefits to be aligned with that of the workforce in the UK by 31 December 2022 are set out on page 96.
3. The annual bonus, when paid, is paid 50% in cash and 50% in deferred shares as described in the policy table on page 94.

	Fees £'000		**Total[4] 2021/22 £'000**	Total[4] 2020/21 £'000
	2021/22	2020/21		
Non-Executive Directors				
Geoff Drabble[1]	**330**	128	**330**	128
Celia Baxter	**77**	76	**77**	76
Alina Kessel	**62**	61	**62**	61
David Robbie[2]	**78**	76	**78**	76
Louise Smalley	**62**	61	**62**	61
Rupert Soames[3]	**70**	71	**70**	71
Total	**679**	473	**679**	473

1. Geoff Drabble joined the Board with effect from 1 September 2020 and became Chair with effect from 3 January 2021, when his fee increased to £330,000 per annum (fixed for three years).
2. David Robbie became Senior Independent Director with effect from 28 February 2022.
3. Rupert Soames stepped down from the role of Senior Independent Director with effect from 28 February 2022.
4. Non-Executive Directors received no taxable benefits, annual bonus, long-term incentives or pension payments during 2020/21 or 2021/22.

Alan Johnson joined the Board on 1 June 2022.

Fixed pay

Basic salary (audited)

Salaries for Executive Directors (audited)

	Salaries effective from				Earned in 2021/22 (£)
	1 August 2020 (£)	1 January 2021 (£)	1 August 2021 (£)	1 August 2022 (£)	
Miles Roberts	782,300	794,000	814,000	846,600	**809,000**
Adrian Marsh	491,600	499,000	511,500	532,000	**508,375**

When reviewing salaries the Committee takes account of a number of factors, with particular focus on the general level of salary increases awarded to employees throughout the Group. Where relevant, the Committee also considers external market data on salary and total remuneration. When initially considering the Executive Directors' salary increase for 2022, the Committee also looked at the data for the peer group of FTSE 51-150 companies (excluding Financial Services companies). It chose that comparator group as one that (in line with the remuneration policy) reflected a similar size and complexity of business and of geographical spread as well as the domicile of the Executive Directors. The Committee applies judgement when considering such data.

The usual review of executive remuneration was held in June 2022 and it was agreed that a pay increase of 4% (in line with the average increase for the UK workforce as a whole) would be implemented on 1 August 2022.

Fees for Non-Executive Directors and the Chair (audited)

In addition to a base fee of £62,000, the Chair of the Audit Committee and the Chair of the Remuneration Committee each receive a fee of £15,000 per annum and the Senior Independent Director receives a fee of £10,000 per annum. The fee for the Chair with effect from 3 January 2021 was set taking into account market rates for comparable positions and is fixed for three years. It was agreed that an increase of 4% (in line with the average increase for the UK workforce as a whole) would be implemented in respect of the base fee for Non-Executive Directors with effect from 1 August 2022.

	Base fee effective from			Earned in 2021/22 (£)
	1 August 2020 (£)	1 August 2021 (£)	1 August 2022 (£)	
Geoff Drabble[1]	–	330,000	330,000	**330,000**
Celia Baxter	60,500	62,000	64,500	**76,625**
Alina Kessel	60,500	62,000	64,500	**61,625**
David Robbie[2]	60,500	62,000	64,500	**78,330**
Louise Smalley	60,500	62,000	64,500	**61,625**
Rupert Soames[3]	60,500	62,000	64,500	**69,920**

1. Geoff Drabble joined the Board with effect from 1 September 2020 and became Chair with effect from 3 January 2021. His fee as a Non-Executive Director was £60,500 per annum. His total fee as Non-Executive Chair is £330,000 per annum, which will not be reviewed for three years from his appointment.
2. David Robbie became Senior Independent Director with effect from 28 February 2022.
3. Rupert Soames stepped down from the role of Senior Independent Director with effect from 28 February 2022.

Alan Johnson joined the Board on 1 June 2022.

Variable pay

The Committee believes it is important that a significant portion of the Executive Directors' package is performance-related and that the performance conditions support the delivery of the Group's strategy and its long-term sustainable success. The remuneration policy encourages long-term performance by setting challenging targets linked to sustainable growth for the variable pay, which consists of the annual bonus and the longer-term PSP. The Remuneration Committee has discretion to adjust retrospectively the targets, for example after a substantial restructuring, and would normally discuss this with its larger shareholders. Alternatively adjustments to published outturns may be appropriate for significant events or changes in the asset base that were not envisaged when the targets were originally set, to ensure that the performance conditions achieve their original purpose. Full disclosure of this would be given in the Remuneration Report. The Remuneration Committee has the discretion to override formulaic outcomes in order to ensure that outcomes reflect true underlying business performance. When considering that discretion in relation to the annual bonus for 2021/22 the Committee took, and in relation to the annual bonus for 2022/23 the Committee will take, into account various ESG matters (as described on pages 101 and 102).

Performance measures

An explanation of the performance measures for the annual bonus (assessed on a constant currency basis) and PSP (assessed on an actual currency basis without adjustments for exchange rate movements) is set out below. The strategic rationale for the choice of these performance measures is to focus on the key financial measures both over the longer performance period for the PSP of three years and the shorter performance period for the annual bonus of one year.

Adjusted earnings per share (EPS) applicable to the PSP

Adjusted EPS is disclosed in the Annual Report and is the portion of the Group's adjusted after tax profit allocated to each outstanding share. Adjusted EPS is an indicator of the underlying performance of the Group.

Adjusted return on average capital employed (ROACE) applicable to the PSP

ROACE is disclosed in the Annual Report. It is defined as earnings before interest, tax, amortisation and adjusting items as a percentage of average capital employed, including goodwill. This is a measure of the efficiency and profitability of the assets and investments.

Total shareholder return (TSR) applicable to the PSP

TSR is the increase (or decrease) in the value of a notional investment in a share in the Company and each of the companies in the Industrial Goods and Services Supersector within the FTSE 350 Index over the three-year PSP performance period, taking account of share price movement and the value of dividends (which are deemed to be re-invested) over that period. This is a measure that takes into account the experience of shareholders over the applicable period.

Adjusted earnings before tax and amortisation (EBTA) applicable to annual bonus

EBTA is adjusted earnings before taxation, amortisation and income from associates. This measure gives a snapshot of the performance of the Group in the short term of a single financial year.

Free cash flow applicable to annual bonus

Free cash flow is the net movement on debt before cash outflow for adjusting items, dividends paid, acquisition and disposal of subsidiary businesses (including borrowings acquired), and proceeds from issue of share capital, adjusted for the effects of changes in factoring balances. This measure focuses on liquidity, a key area in an uncertain economic environment.

Annual bonus

Bonus in 2021/22

The Executive Directors' targets for the 2021/22 bonus were based on the financial targets set out in the tables on the next page, with annual bonus payments determined by reference to performance over the financial year ended 30 April 2022. Achievement is calculated on a straight-line basis between threshold and target and between target and maximum. Adjusted EBTA and free cash flow have equal weighting as annual bonus performance measures.

Targets and outcomes (audited)

Financial measure	Threshold 0% of maximum	Target 50% of maximum	Maximum	Achieved
Adjusted EBTA	£504m	£524m	£544m	£585m
Free cash flow	£202m	£217m	£232m	£558m

ESG underpin

ESG underpin element	Assessment of performance in 2021/22
Commitment to using longer-term science-based targets for carbon reduction in the business	Announced our commitment to reach net zero emissions by 2050 and to science-based targets which require at least a 40% reduction of CO_2 emissions per tonne of product by 2030, compared with 2019 levels. Since 30 April 2022, our target to reduce Scope 1, 2 and 3 emissions 46 per cent by 2030, when compared to 2019 levels, has been validated by the Science Based Targets initiative. For more information see page 31.
Maintenance of high health and safety standards	Group-wide lost time accident performance is 5% better than 2020/21. Group-wide H&S engagement index has increased in each of the last five years, further evolving our safety culture and contributing to the reduction in the total number of accidents by 27% year-over-year. For more information see pages 25 to 27.
Continued work with our communities	The Group has completed the planned community programme activity in all 161 targeted sites.

Outcomes (audited)

	Miles Roberts	Adrian Marsh
Adjusted EBTA (as a proportion of the maximum opportunity)	50/50	50/50
Free cash flow (as a proportion of the maximum opportunity)	50/50	50/50
Total (as a proportion of the maximum opportunity)	100/100	100/100
Maximum bonus opportunity as a % of salary	200%	150%
Value of bonus paid in cash	£809,000	£381,281
Value of bonus deferred into shares	£809,000	£381,281
Overall award level	£1,618,000	£762,562

Performance is assessed on a constant currency basis and therefore the actual published results are restated for bonus purposes using budgeted exchange rates.

Bonus awards are measured against the achievement of the Group's objectives. Maximum bonus opportunity for 2021/22 for Miles Roberts was 200% of salary and for Adrian Marsh was 150% and was between 50% and 110% for the other most senior executives.

When deciding the level of variable pay, including the annual bonus, the Committee considered the experience of the Group's stakeholders during the 2021/22 financial year (as summarised on pages 88 and 89). The Committee concluded that the outcome of the annual bonus in respect of 2021/22 appropriately reflected the Company's performance in 2021/22 and was commensurate with the broader stakeholder experience in that period; and that appropriate progress and actions have continued to be made to realise our ESG agenda. It was therefore not felt necessary to apply any discretion to amend the outcome of the overall award level.

Implementation for 2022/23

The annual bonus for 2022/23 will remain in line with the remuneration policy and with a maximum opportunity of 200% of salary for the Group Chief Executive and 150% for the Group Finance Director.

For 2022/23 it will be based on EBTA and free cash flow, each with equal weighting. In the event of an unbudgeted acquisition or disposal in the year, the Committee will assess how the financial performance of the acquired or disposed of company should be treated.

In the opinion of the Committee, the annual bonus targets for 2022/23 are commercially sensitive and accordingly are not disclosed prospectively. These will be disclosed next year in the Directors' remuneration report, so that achievement against those targets will be visible, in retrospect.

When considering the application of discretion to override the formulaic outcome for the 2022/23 annual bonus, the Committee will take into account the following factors:

- The development of initial plans to achieve the longer-term science-based targets for carbon reduction in the business
- The continuing maintenance of high health and safety standards
- The continued work with our communities.

The Committee will report on its assessment of the Group's performance in those areas in the Annual Report 2023 (following a similar format to its assessment for 2022 on page 101).

Having an ESG underpin in this way acknowledges the importance of ESG which is integral to the DS Smith strategy, and in particular our strategic goal to lead the way in sustainability.

Performance Share Plan (PSP)

Overview of the Performance Share Plan

The PSP operates as a long-term incentive plan for senior managers in the Group, with awards vesting after three years, and held for a further two years by the Executive Directors.

The awards have three performance measures: adjusted EPS, adjusted ROACE and relative TSR. These have equal weighting.

The Committee's policy is that no adjustments for exchange rate movements are made to EPS and ROACE over the three-year performance period as these are of a long-term nature and fluctuations are more likely to average out over the period.

The relative TSR vesting scale is median to upper quartile performance, with no vesting below median performance. 25% of the award vests for achieving threshold performance, increasing on a straight-line basis to full vesting for maximum performance.

The TSR comparator group for the 2019/20, 2020/21 and 2021/22 awards is the FTSE 350 Industrial Goods and Services Supersector.

2019/20 awards vesting in 2022/23 based on performance in the three-year period to 2021/22

Unfortunately, the performance share plan (PSP) award made in 2019, which had performance conditions based on the three year average earnings per share (EPS) and return on average capital employed (ROACE) performance and the three year cumulative relative total shareholder return (TSR) performance between 2019/20 and 2021/22, did not meet the threshold targets for the two financial measures and fell below median for the relative TSR measure. The financial targets were set in 2019 in the context of the expectation of a stable economy and were not adjusted to reflect the negative impact of the pandemic on the 2019/20, 2020/21 and 2021/22 results.

EPS, ROACE and TSR performance targets for 2019/20 awards based on performance in the three-year period to 2021-22 (audited)

	Weighting	Threshold (25% vests)	Maximum (100% vests)	Outcome
Three-year average adjusted EPS	One third	37.4p	42.0p	29.3p
Three-year average adjusted ROACE	One third	12.4%	13.6%	9.8%
Relative TSR[1]	One third	Median	Upper quartile	Below median

1. Measured against the FTSE 350 Industrial Goods and Services Supersector.

25% of the PSP award vests for achieving threshold performance, increasing on a straight-line basis to full vesting for maximum performance.

Deferred share bonus plan (DSBP) awards vesting in 2022

The DSBP award vesting in 2022 relates to the deferral into shares of half of the bonus paid in June 2019 in relation to the financial year 2018/19. The number of shares vesting in 2022 under the DSBP award granted on 15 July 2019 is 157,055 for Miles Roberts and 74,015 for Adrian Marsh. Details of those awards and the single total figure of remuneration that included them were set out in the remuneration report for 2019/20. Dividend equivalents for the DSBP award also accrued during the three-year vesting period. Those dividend equivalents will be paid in shares (11,889 for Miles Roberts and 5,602 for Adrian Marsh) shortly after the award vests on 15 July 2022, the third anniversary of grant of the award.

PSP and DSBP awards granted in 2021 vesting in 2024/25 and DSBP awards in 2021 (audited)

The PSP awards made in 2021 in respect of 2021/22 were in line with the current remuneration policy and, as reported in last year's remuneration report, were:

- 225% of salary for the Group Chief Executive and 200% of salary for the Group Finance Director
- Any shares that vest under the PSP awards granted in 2021/22 must be retained for a further two years before they can be sold (a total of five years from original grant) and they are also subject to a post-employment holding condition, meaning that any shares that vest will be held in a nominee arrangement for the appropriate period. For any PSP awards which vest following departure that have been granted good leaver treatment, the Committee will reduce the two year post-vesting holding period so that it does not extend beyond the second anniversary of departure, provided that the three year vesting period has been completed
- The PSP awards were granted as nil-cost options and are subject to three performance measures: adjusted EPS, adjusted ROACE and relative TSR, with equal weighting on each element.

The DSBP awards made in 2021 relate to the deferral into shares of half of the bonus paid in July 2021 in relation to the bonus award included in the single total figure of remuneration for 2020/21. They were granted as nil-cost options and are not subject to performance conditions, but are subject to continued employment.

Executive Director	Award	Number of options granted under award on 8 July 2021	Face value of award at time of grant (£)
Miles Roberts	PSP	411,635	1,786,496
	DSBP	177,529	770,476
Adrian Marsh	PSP	229,953	997,996
	DSBP	83,672	363,136

The awards were made on 8 July 2021. The face value in the above table is calculated using 434.0p which was the average price of a DS Smith share for the three trading days preceding the grant of the award and the price used in the calculation of the number of options awarded. 25% of the PSP award vests for achieving threshold performance, increasing on a straight-line basis to full vesting for maximum performance. The applicable performance period for these PSP awards ends on 30 April 2024.

The targets for the 2021/22 PSP award are set out below:

% vesting as a proportion	Adjusted EPS One third[1]	Adjusted ROACE One third[1]	Relative TSR One third[2]
100%	40.0p	13.1%	Upper quartile
Between 25% and 100%	35.2-40.0p	11.2-13.1%	Between median and upper quartile
25%	35.2p	11.2%	Median

Awards vest on a straight-line basis between threshold and maximum performance. The performance measurement period for the adjusted EPS and adjusted ROACE targets is the 2023/24 financial year and for the relative TSR target is the three years to 30 April 2024.

1. The 2020/21 baseline results are 24.2p for adjusted EPS and 8.2% for adjusted ROACE.
2. The comparator group for measurement of relative TSR is the FTSE 350 Industrial Goods and Services Supersector, as it was in 2019/20 and 2020/21.

PSP awards to be granted in 2022 vesting in 2025/26

The PSP awards to be made in 2022 in respect of 2022/23 will remain in line with the remuneration policy, with grants being made of up to 225% of salary for the Group Chief Executive and 200% of salary for the Group Finance Director. As a matter of best practice, before finalising the PSP award levels, the Committee considered the movements in the share price since the 2021 PSP grant and will monitor performance against the targets to consider whether discretion should be applied to the formulaic outturn when determining the vesting outturn.

The performance measures and their weighting for the award will remain the same as in 2021/22. The targets for the 2022/23 PSP award will be:

% vesting as a proportion	Adjusted EPS One third	Adjusted ROACE One third	Relative TSR One third[1]
100%	42p	13.8%	Upper quartile
Between 25% and 100%	36-42p	12 - 13.8%	Between median and upper quartile
25%	36p	12%	Median

Awards vest on a straight-line basis between threshold and maximum performance. The performance measurement period for the adjusted EPS and adjusted ROACE targets is the 2024/25 financial year and for the relative TSR target is the three years to 30 April 2025.

1. The comparator group for measurement of relative TSR will be the FTSE 350 Industrial Goods and Services Supersector, as it was in 2021/22, 2020/21 and 2019/20.

The Committee's aim, as always, has been to set robust targets with a strong degree of stretch. In setting the target ranges the Committee took into account a number of factors which included our medium term growth targets. Our desire continues to be to set targets which balance stretch with the ability to at least achieve the threshold level so that awards remain motivating and meaningful to the c.150 plan participants. The Committee will, as a matter of good practice, take a step back when determining the vesting outturn in three years' time to consider whether any discretion should be applied to the formulaic outturn.

DSBP awards in 2022

As set out on page 94, half of the value of the bonus to be paid in 2022 in respect of the performance over the financial year ended 30 April 2022, will be deferred into shares, which will not vest until 2025.

Outstanding PSP and DSBP share awards during 2021/22 and as at 30 April 2022 (audited)

The table below sets out details of Executive Directors' outstanding share awards, both under the PSP and the DSBP, during the year under review. Unvested awards will vest in future years subject to performance and/or continued service. Vested awards will expire if not exercised before the relevant expiry date.

	Award date	Awards held at 30 April 2021	Granted	Dividend equivalents	Exercised/ vested	Lapsed/ forfeited	Grant price for award (p)[1]	Market price on date of exercise (p)	**Awards held at 30 April 2022**	Vesting date (if any performance conditions applicable are met)	Expiry date
Miles Roberts											
PSP	1 Jul 16	256,822	–	–	256,822	–	379.80	457.30	**0**	1 Jul 19	1 Jul 26
PSP	18 Jul 17	139,690	–	–	139,690	–	484.70	457.30	**0**	18 Jul 20	18 Jul 27
PSP	22 Jun 18	341,748	–	–	–	341,748	523.47	–	**0**	22 Jun 21	22 Jun 28
PSP	15 Jul 19	481,039	–	–	–	–	357.00	–	**481,039**	15 Jul 22	15 Jul 29
PSP	14 Jul 20	647,123	–	–	–	–	272.00	–	**647,123**	14 Jul 23	14 Jul 30
PSP	8 Jul 21	–	411,635	–	–	–	434.00	–	**411,635**	8 Jul 24	8 Jul 31
DSBP	1 Jul 16	156,676	–	–	156,676	–	379.80	457.30	**0**	1 Jul 19	1 Jul 26
DSBP	18 Jul 17	79,368	–	–	79,368	–	484.70	457.30	**0**	18 Jul 20	18 Jul 27
DSBP	22 Jun 18	132,849	–	10,588	143,437	–	523.47	457.30	**0**	22 Jun 21	22 Jun 28
DSBP	15 Jul 19	157,055	–	–	–	–	357.00	–	**157,055**	15 Jul 22	15 Jul 29
DSBP	8 Jul 21	–	177,529	–	–	–	434.00	–	**177,529**	8 Jul 24	8 Jul 31
									1,874,381		
Adrian Marsh											
PSP	22 Jun 18	167,015	–	–	–	167,015	523.47	–	**0**	22 Jun 21	22 Jun 28
PSP	15 Jul 19	235,098	–	–	–	–	357.00	–	**235,098**	15 Jul 22	15 Jul 29
PSP	14 Jul 20	316,286	–	–	–	–	272.00	–	**316,286**	14 Jul 23	14 Jul 30
PSP	8 July 21	–	229,953	–	–	–	434.00	–	**229,953**	8 Jul 24	8 Jul 31
DSBP	22 Jun 18	62,603	–	4,989	67,592	–	523.47	444.50	**0**	22 Jun 21	22 Jun 28
DSBP	15 Jul 19	74,015	–	–	–	–	357.00	–	**74,015**	15 Jul 22	15 Jul 29
DSBP	8 Jul 21	–	83,672	–	–	–	434.00	–	**83,672**	8 Jul 24	8 Jul 31
					–				**939,024**		

1. The figure in this column is the average price of a DS Smith share for the three trading days preceding the award and is the price used in the calculation of the number of options originally awarded. The number of options originally awarded in 2016 and 2017 was subsequently adjusted for the rights issue in 2018 as described in the Annual Report for 2019.

The target ranges for the 2019/20 PSP awards are set out on page 102. The target ranges for the 2021/22 awards are set out on page 103. The relative TSR target for the 2020/21 award is the same as it was for the 2019/20 award. For the 2020/21 awards the target ranges for EPS and ROACE are set out in the audited table below.

PSP plan	EPS range	ROACE range
2020/21	34.2p-36.5p	11.0%-12.5%

It is currently intended that any ordinary shares required to fulfil entitlements under the DSBP will be provided by Computershare Trustees (Jersey) Limited in its capacity as trustee of the employee benefit trust (the Trust), which buys shares to do so. The Trust may also be used to fulfil certain entitlements under the PSP and the employee sharesave plans or those may be fulfilled by newly-issued shares.

Sharesave – employee share plans (audited)

Our sharesave (SAYE) plans align our employees' interests with those of our long-term shareholders. Our commitment is to deliver an opportunity for our employees to be engaged with the strategic direction of DS Smith and to share in its financial success. Executive Directors are eligible to participate in the SAYE on the same terms as all other UK-based employees of the Company and participating subsidiaries of the Group. Options are granted under the SAYE, which, in the UK, is an HMRC tax-advantaged plan. Participants contract to save up to the equivalent of £250 per month over a period of three years (two years in the US). The current maximum permitted monthly saving of the equivalent of £250 is set by the Company. Under the applicable plan rules (and the remuneration policy) the monthly maximum could be increased in the future to up to the equivalent of £500 per month. The option price is discounted by up to 20% (15% in the US) of the average closing mid-market price of the Company's shares on the three dealing days prior to invitation (20-day average to the day before grant in France and the higher of the mid-market average price on the day before invitation and the mid-market average on the day before grant in the US). In common with most plans of this type, there are no performance conditions applicable to options granted under the SAYE.

Name of Director	Options held at 30 April 2021	Options granted during the year	Options exercised during the year	Options lapsed during the year	Market price on date of exercise (p)	**Options held at 30 April 2022**	Exercise price (p)	Date from which exercisable	Expiry date
Miles Roberts	2,769	–	–	–	–	**2,769**	325.00	1 Apr 24	30 Sep 24
Adrian Marsh	2,769	–	–	–	–	**2,769**	325.00	1 Apr 24	30 Sep 24

Share ownership guidelines

Executive Directors are required to build a significant shareholding in the Company within five years from the date of their appointment. Executive Directors' shareholdings (including those of their connected persons) are summarised in the following audited table.

Name of Director	Total shareholding as at 30 April 2021	**Total shareholding as at 30 April 2022**	Unvested only subject to continued employment[1]	Vested awards (not exercised)	Shareholding required (% salary)	Shareholding at 30 April 2022 (% salary)[2]	Requirement met
Executive Directors							
Miles Roberts	1,989,927	**2,063,831**	179,300	0	225%	912%	Yes
Adrian Marsh	577,889	**291,021**	84,502	0	200%	243%	Yes

1. Includes the awards of deferred bonus shares granted in 2019 and 2021. A reduction to the gross award levels of 48.25% has been applied for the expected level of tax and social security deductions that will ultimately be due on these shares.
2. Based on the salary as at 30 April 2022 and a share price of 330.9p (being the closing price on 29 April 2022, the last trading day of the financial year) multiplied by the current year shareholding and interests in shares which count towards the shareholding requirement.

The PSP awards granted in 2020 and 2021 are unvested and remain subject to performance conditions so are not included in the above table as they do not count towards the shareholding requirement. Nil-cost options which have vested but have yet to be exercised are considered to count towards the shareholding requirement, other than any such shares that correspond to the estimated tax and national insurance contributions. Miles Roberts and Adrian Marsh as at 30 April 2022 did not hold any such vested but unexercised awards.

Failure to meet the minimum shareholding requirement is taken into account when determining eligibility for share-based incentive awards for Executive Directors. There have been no changes to the shareholdings set out above between the financial year-end and the date of this report.

Non-Executive Directors are required to build up a holding of 50% of their fees in shares within two years of their date of appointment. Non-Executive Directors' shareholdings (including those of their connected persons) are summarised in the following audited table:

Name of Director	Total shareholding as at 30 April 2021	**Total shareholding as at 30 April 2022**	Shareholding required (% fee)	Shareholding at 30 April 2022 (% fee)[1]	Requirement met
Non-Executive Directors					
Geoff Drabble[2]	60,000	**60,000**	50%	60%	Yes[2]
Celia Baxter	10,993	**10,993**	50%	47%	No
Alina Kessel	7,000	**12,000**	50%	64%	Yes
David Robbie	20,000	**20,000**	50%	86%	Yes
Louise Smalley	18,600	**18,600**	50%	99%	Yes
Rupert Soames	28,800	**28,800**	50%	110%	Yes

1. Based on the fee as at 30 April 2022 and a share price of 330.9p (being the closing price on 29 April 2022, the last trading day of the financial year) multiplied by the current year shareholding and interests in shares which count towards the shareholding requirement.
2. Geoff Drabble joined the Board with effect from 1 September 2020 and became Chair with effect from 3 January 2021. He has not yet been on the Board for two years.

Alan Johnson joined the Board on 1 June 2022.

External appointments

The Board supports Executive Directors taking up appointments outside the Company to broaden their knowledge and experience. Each Executive Director is permitted to accept one non-executive appointment (or in exceptional circumstances two appointments) from which they may retain any fee. Any external appointment must not conflict with a Director's duties and commitments to DS Smith.

Miles Roberts was a non-executive director of Aggreko plc until August 2021 and retained fees of £37,225 for the year ended 30 April 2022 (£61,000 for the year ended 30 April 2021). Adrian Marsh is a non-executive director of John Wood Group PLC and retained fees of £67,450 for the year ended 30 April 2022 (£61,975 for the year ended 30 April 2021).

Directors' contracts and notice periods

		Date of contract/date of initial appointment to the Board	Expiry date of current term for Non-Executive Directors
Geoff Drabble	Chair	1 September 2020	31 August 2023
Miles Roberts	Group Chief Executive	4 May 2010	not applicable
Adrian Marsh	Group Finance Director	24 September 2013	not applicable
Celia Baxter	Chair of Remuneration Committee	9 October 2019	8 October 2025
Alan Johnson		1 June 2022	30 May 2025
Alina Kessel		1 May 2020	30 April 2023
David Robbie	Chair of Audit Committee and Senior Independent Director	11 April 2019	10 April 2025
Louise Smalley		23 June 2014	22 June 2023
Rupert Soames		1 March 2019	6 September 2022

Miles Roberts and Adrian Marsh each have a notice period of 12 months exercisable by either the Company or the individual. Non-Executive Directors have letters of appointment for an initial term of three years whereupon they are normally renewed. The current terms of the Non-Executive Directors are set out in the table above. The notice period is one month exercisable by either the Company or the Non-Executive Director. Non-Executive Directors are not eligible for payments on termination. In line with the UK Corporate Governance Code, all Directors (including Non-Executive Directors) are subject to annual re-election by shareholders at the AGM. Their letters of appointment detail the time commitment expected of each Non-Executive Director. Both these and the Executive Directors' service contracts are available for inspection at the registered office during normal business hours and at each AGM.

Payments to past Directors or for loss of office (audited)

No payments were made to past Executive Directors during the year ended 30 April 2022 (2020/21: Nil). No payments were made in respect of loss of office during the year ended 30 April 2022 (2020/21: Nil).

Relative importance of spend on pay

The table below shows the expenditure and percentage change in overall spend on employee remuneration and dividends.

	2021/22 £m	2020/21 £m	Percentage change
Overall expenditure on employee pay[1]	**1,381**	1,363	1.3%
Dividend paid during the year	**166**	0	n/a

1. Total remuneration reflects overall employee costs and includes some exchange rate fluctuation. See consolidated financial statements note 6 for further information.

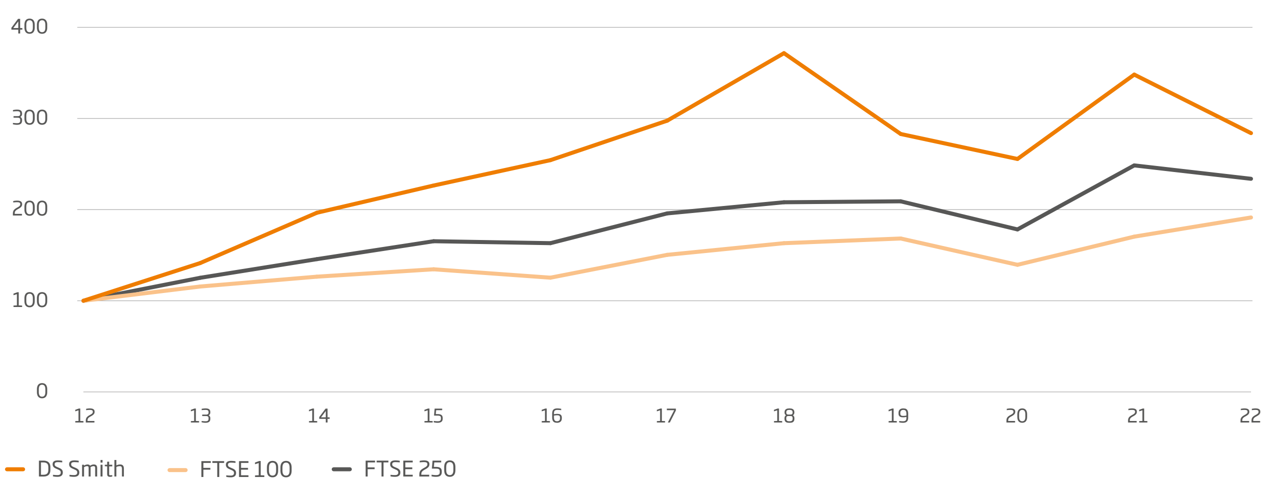
Remuneration of the Group Chief Executive

The table below shows the total remuneration figure for the Group Chief Executive for each of the last ten financial years. The total remuneration figure includes the annual bonus and long-term incentive awards which vested, based on performance in those years. The annual bonus and long-term incentive awards percentages show the payout for each year as a percentage of the maximum available for the financial year.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	**2021/22**
Total remuneration (£'000)	6,057	3,696	5,527	4,447	4,861	4,220	3,065	1,422	2,525	**2,580**
Annual bonus payout	82%	85%	88%	79%	45%	88%	74%	0%	98%	**100%**
Long-term incentive vesting	100%	98%	92%	94%	100%	93%	52%	35%	0%	**0%**

Total shareholder return

+184%



Review of past performance – total shareholder return graph

The graph above illustrates the Company's TSR performance since 1 May 2012 (the period required by the applicable regulations), relative to the FTSE 100 Index as well as the FTSE 250 Index. In December 2017 the Company joined the FTSE 100 Index from the FTSE 250 Index. Therefore, both indices are considered appropriate comparator indices for the Company. As at 30 April 2022 DS Smith ranked 91 by market capitalisation. This graph looks at the value, over the ten years to 30 April 2022, of an initial investment of £100 in DS Smith shares compared with that of £100 invested in both the FTSE 100 and FTSE 250 Index. The other points plotted are the values at intervening financial year ends.

Group Chief Executive pay ratio disclosures (audited)

		25th percentile	Median	75th percentile
	Method	Total pay ratio	Total pay ratio	Total pay ratio
2018/19	B	100:1	91:1	72:1
2019/20	B	52:1	44:1	35:1
2020/21	B	90:1	71:1	60:1
2021/22	**B**	**81:1**	**60:1**	**56:1**

The table above sets out how the single total figure of remuneration (STFR) for the Group Chief Executive compares to the STFR of the UK employees at the 25th percentile, median and 75th percentile. All STFRs for the 2021/22 financial year have been based on full-time equivalent values and annualised where necessary. The table below sets out the split between total remuneration (fixed and variable pay and benefits) and the salary component of that total for UK employees used in the above total pay ratio calculations. DS Smith has chosen to use methodology B (as defined in the applicable regulations) to calculate the figures in the tables above and below.

Remuneration used to calculate the Group Chief Executive pay ratio disclosures

	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
	Total remuneration (£)	Base salary (£)	Total remuneration (£)	Base salary (£)	Total remuneration (£)	Base salary (£)
2018/19	30,744	26,608	33,804	32,051	42,277	31,622
2019/20	27,244	26,647	32,342	31,479	40,349	36,202
2020/21	28,042	25,729	35,384	33,566	42,142	39,756
2021/22	**31,877**	**28,282**	**42,645**	**37,647**	**46,215**	**42,210**

As DS Smith uses methodology B, the 2021 UK gender pay gap data has been used to identify the relevant comparator employee falling at the relevant percentile and to calculate the annual total remuneration relating to 2021/22 for the three identified employees on the same basis as the Group Chief Executive's annual total remuneration for the same period in the single figure table. In 2021/22, there were multiple bonus plans in place across the UK which are not payable in some cases in advance of the Directors' remuneration report being approved by the Board. It was therefore not practical to collate the bonus amounts relating to performance during 2021/22 for every UK employee in advance of the report being approved. We are confident that the three employee STFR figures (which include applicable bonus) used in the pay ratio reporting are as representative of the respective percentiles as would have been the case if the 2021/22 STFR had been calculated for all UK employees. (The data reference date was 18 May 2022.)

The decrease in the ratio since last year is the result of the combination of a number of factors, including the reduction in the Group Chief Executive's pension contribution. As a result of the large proportion of variable pay in the Group Chief Executive's total reward, the ratio can be subject to a high degree of volatility from one year to the next.

We will continue to report on trends in these figures, which are expected to fluctuate as variable pay outcomes fluctuate for the Group Chief Executive. The Company does believe that the median pay ratio for 2021/22 is consistent with the pay, reward and progression policies for UK employees taken as a whole.

Annual percentage change in remuneration of Executive and Non-Executive Directors and employees

The table below shows the percentage change in three aspects of remuneration (salary or fee, benefits and bonus) for the Group Chief Executive, the Group Finance Director and the Non-Executive Directors who were Directors at 30 April 2022 compared to full-time equivalent employees of the Company. (The format of the table is prescribed by regulation. Benefits and bonus are not applicable to Non-Executive Directors. The increase in fees for certain Non-Executive Directors relates to their change of role in the applicable period, as noted below.) The column headed '% change 2021/22' sets out the change from financial year 2020/21 to financial year 2021/22. The normal date for any implementation of a pay review is 1 August, not the start of the financial year. However, as explained on page 95 of the 2021 Annual Report, for Directors (unlike employees in the wider Group) there was not a pay or fee increase in August 2020, but there was a pay increase with effect from 1 January 2021 for Executive Directors and Company employees. (Other explanatory notes concerning the figures for the prior year were set out in the 2021 Annual Report.)

	Salary/Fee	**Benefits**	**Bonus**	Salary/Fee	Benefits	Bonus
	% change 2021/22	**% change 2021/22**	**% change 2021/22**	% change 2020/21	% change 2020/21	% change 2020/21
Miles Roberts	**2.9**	**2.8**[4]	**5.0**	1.1	(1.2)	n/a
Adrian Marsh	**2.9**	**1.2**[4]	**5.1**	1.1	(2.3)	n/a
Geoff Drabble[1]	**0**	**n/a**	**n/a**	n/a	n/a	n/a
Celia Baxter [2]	**1.5**	**n/a**	**n/a**	0	n/a	n/a
Alina Kessel[1]	**1.9**	**n/a**	**n/a**	n/a	n/a	n/a
David Robbie[3]	**3.7**	**n/a**	**n/a**	8.1	n/a	n/a
Rupert Soames[3]	**(0.8)**	**n/a**	**n/a**	5.9	n/a	n/a
Louise Smalley	**1.9**	**n/a**	**n/a**	0.6	n/a	n/a
Company employees	**4.1**	**11.2**[4]	**8.3**	2.0	1.3	n/a

1. Geoff Drabble joined the Board on 1 September 2020 and became Chair with effect from 3 January 2021, and Alina Kessel joined the Board on 1 May 2020 so in 2020/21 they had no prior year to compare 2020/21 with.
2. Celia Baxter joined the Board on 9 October 2019 (part way through 2019/20), so to provide a meaningful comparison her fees received for 2019/20 have been annualised.
3. Rupert Soames stepped down from his role as Senior Independent Director and David Robbie became Senior Independent Director on 28 February 2022 (part way through 2021/22), hence the change in their fees due to the change in their respective roles, part way through 2021/22.
4. Changes in health cover premiums and restarting gym membership accounted for the change in taxable benefits .

Alan Johnson joined the Board on 1 June 2022.

Voting on the remuneration policy at the 2020 AGM and on the remuneration report at the 2021 AGM

At the AGM held in 2021, votes cast by proxy and at the meeting in respect of the Directors' remuneration report were 911,292,156 (87.33%) voting in favour and 132,264,013 voting against (12.67%) with 3,616,456 votes withheld, being votes that are not recognised as a vote in law.

At the AGM held in 2020, votes cast by proxy and at the meeting in respect of the remuneration policy were 916,656,836 (93.13%) voting in favour and 67,569,543 voting against (6.87%) with 24,228,039 votes withheld, being votes that are not recognised as a vote in law.

Remuneration Committee governance

The Board is ultimately accountable for executive remuneration and delegates this responsibility to the Remuneration Committee. The Committee's principal function is to support the Group's strategy by ensuring that its delivery is underpinned by the Company's overall remuneration policy, as described earlier in this report. It also determines the specific remuneration package, including service contracts and pension arrangements, for each Executive Director and our most senior executives, as well as the fees paid to the Chair. The Remuneration Committee's Terms of Reference can be found at www.dssmith.com/investors/corporate-governance/committees/

Key responsibilities of the Remuneration Committee

- Designing the remuneration policy
- Implementing the remuneration policy
- Ensuring the competitiveness of reward, within an appropriate governance framework
- Designing the incentive plans
- Setting incentive targets and determining award levels
- Overseeing all share awards across the Group.

Each of these responsibilities impacts the other. The Committee is very conscious of the importance of the wider context in which it operates in discharging these responsibilities.

Members	Since
Celia Baxter (Chair since October 2019)	2019
Geoff Drabble	2020
Alina Kessel	2020
David Robbie	2019
Louise Smalley	2014
Rupert Soames	2019

Alan Johnson joined the Board and its Committees on 1 June 2022.

Details of individual Directors' attendance can be found on page 70. The Group General Counsel and Company Secretary acts as Secretary to the Committee.

All members of the Committee are independent Non-Executive Directors. This is fundamental to ensuring Executive Directors' and senior executives' remuneration is set by people who are independent and have no personal financial interest, other than as shareholders, in the matters discussed. There are no potential conflicts of interest arising from cross-directorships and there is no day-to-day involvement in running the business. The Committee consults with the Group Chief Executive, who may attend meetings of the Committee, although he is not involved in deciding his own remuneration. The Committee is assisted by the Group Head of Reward, the Deputy Company Secretary, the Group General Counsel and Company Secretary and the Group Human Resources Director. No-one is allowed to participate in any matter directly concerning the details of their own remuneration or conditions of service.

As described earlier in the report, the Company has discussed with the EWC Executive matters relating to Executive Directors' remuneration. When considering matters relating to the remuneration of the Executive Directors, the Committee takes into account the overall approach to reward for, and the pay and employment conditions of, other employees in the Group.

To differentiate our employee value proposition and reinforce our strong DS Smith culture, the Group has developed the DS Smith reward principles (set out on page 93) which are endorsed by the Committee and were last reviewed by the Committee in 2021. Current policies and future decision making are matched against these to drive continuous improvement in this area.

Topics considered as part of regular annual decision-making cycle of Remuneration Committee

- How the business has performed against financial targets and ESG expectations
- Forecasts for the year to come
- Feedback from both the employee survey and pulse surveys on how employees feel about the quality of the Group's leadership. This includes whether the leadership team continues to demonstrate living our values, how we measure employee performance and whether employees believe we have the right approach to reward
- Review of guidance from the government and investor bodies
- Holistic view of market practices
- Assessing whether our remuneration framework is appropriately aligned with our culture and continues to motivate our leaders to achieve the Group's strategic objectives and does not inadvertently motivate inappropriate behaviour giving rise to ESG or other risks
- Consideration of remuneration and related policies across the Group
- Discussion of the relevant aspects of this year's Board effectiveness review.

In January 2021, following a thorough tender process, Korn Ferry were appointed as the Committee's advisers. During the financial year of 2021/22 the Committee was advised by Korn Ferry in relation to various aspects of the remuneration of Executive Directors for which they were paid £28,811, partly on a fixed fee basis and partly on a time and materials basis. Korn Ferry in the financial year 2021/22 has also provided executive search and talent assessment services to the Group. The teams providing this advice are separate from the Remuneration Committee advisers and there was no conflict of interest. The Committee is satisfied that the advice it receives from its advisers is objective and independent. Korn Ferry is a member of the Remuneration Consultants Group and adheres to the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com).

This report has been prepared in accordance with applicable legislation and regulatory requirements, including those of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations). The Regulations require the Auditor to report to shareholders on the audited information within this report and to state whether, in their opinion, the relevant sections have been prepared in accordance with the Companies Act 2006. The Auditor's opinion is set out in the Independent Auditor's report and we have clearly marked the audited sections of this annual report on remuneration.

On behalf of the Board

Celia Baxter
Chair of the Remuneration Committee

20 June 2022

Additional information

Acquisitions and disposals

Acquisitions and disposals in the year ended 30 April 2022 are described in note 30 to the consolidated financial statements.

Events after the reporting date

There are no subsequent events after the reporting date which require disclosure.

Share capital

Details of the issued share capital and the rights and restrictions attached to the shares, together with details of movements in the Company's issued share capital during the year, are shown in note 24 to the consolidated financial statements. Pursuant to the Company's employee share option schemes 2,694,364 ordinary shares of 10 pence each were issued during the year. Between 1 May and 20 June 2022 inclusive, 325,431 shares were issued pursuant to the Company's employee share option schemes. The Company has not utilised its authority to make market purchases of 137,344,296 shares granted to it at the 2021 annual general meeting (AGM) but, in line with market practice, will be seeking to renew such authority at this year's AGM.

The trustee of the employee benefit trust, which is used to purchase shares on behalf of the Company as described in note 24 to the consolidated financial statements, has the power to vote or not vote, at its absolute discretion, in respect of any shares in the Company held unallocated in that trust. However, in accordance with good practice, the trustee adopts a policy of not voting in respect of such shares. The trustee has a dividend waiver in place in respect of shares which are the beneficial property of the trust.

Dividends

An interim dividend for 2021/22 of 4.8 pence per ordinary share was paid on 3 May 2022 and the Directors recommend a final dividend of 10.2 pence per ordinary share, which together with the interim dividend, increases the total dividend for the year to 15.0 pence per ordinary share (2020/21: 12.1 pence). Subject to approval of shareholders at the AGM to be held on 6 September 2022, the final dividend will be paid on 1 November 2022 to shareholders on the register at the close of business on 7 October 2022.

Political donations

No political donations were made during the year ended 30 April 2022 (2020/21: nil). DS Smith has a policy of not making donations to political organisations or independent election candidates or incurring political expenditure, as defined in the Political Parties, Elections and Referendums Act 2000, anywhere in the world.

Directors' and officers' liability insurance

The Company has purchased and maintains appropriate insurance cover in respect of Directors' and officers' liabilities. The Company has also entered into qualifying third-party indemnity arrangements for the benefit of all its Directors and qualifying third-party indemnity arrangements have been entered into by a subsidiary of the Company for the benefit of certain directors of companies within the Group, all in a form and scope which comply with the requirements of the Companies Act 2006 (the Act). These indemnities were in force throughout the year and up to the date of this Annual Report.

Additional employee disclosures

In our Strategic Report on pages 24 to 29 we set out some of the ways in which we realise the potential of our people, including how we engage with our workforce. As part of creating a modern, diverse and inclusive culture all companies within the Group strive to operate fairly at all times and this includes not permitting discrimination against any employee, applicant for employment or contingent worker on the basis of race, religion or belief, colour, gender, disability, national origin, age, military service, veteran status, sexual orientation, gender reassignment, marital status or any other characteristic protected by local law. This also includes giving full and fair consideration to suitable applications for employment from disabled persons, making reasonable adjustments in the hiring process to ensure fairness and equity in the selection process. For existing employees who develop a disability we will make all reasonable adjustments to support their continued employment, in their same job or, if this is not practicable, making every effort to find suitable alternative employment and to provide relevant training and career development opportunity.

Through the Group's engagement survey, via our European Works Council which brings together employee representatives from the different European countries where we operate, as well as through site and team meetings and briefing newsletters, the Group provides employees with various opportunities to obtain information on matters of concern to them, to improve their awareness of the financial and economic factors that affect the performance of the Group and to provide their feedback.

Substantial shareholdings

Information provided to the Company pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company's website. The following information has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital.

	As at 30 April 2022	As at 20 June 2022	Nature of holding
Aviva plc and its subsidiaries	6.79%	6.79%	Direct & indirect
BlackRock, Inc.	5.18%	Below 5%	Indirect
abrdn plc	Below 5%	Below 5%	Indirect
Ameriprise Financial, Inc. and its group	4.981%	4.981%	Direct & indirect
Black Creek Investment Management Inc.	4.034428%	4.034428%	Direct & indirect
Norges Bank	3.862390%	3.862390%	Direct
Sarasin & Partners LLP	3.01%	3.01%	Indirect
Merpas (UK) Limited	2.985%	2.985%	Direct & indirect

Auditor

Each of the persons who is a Director at the date of the approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to appoint Ernst & Young LLP as Auditor will be proposed at the forthcoming AGM.

Other disclosures

Certain information is included in our Strategic Report (pages 1 to 65) or financial statements that would otherwise be required to be disclosed in this section of the report. This is as follows:

Subject matter	Page
Likely future developments in the business	8 to 11
Research and development	14 and 15
Use of financial instruments	45
Greenhouse gas emissions	33

As is customary, our principal financing facilities incorporate market standard change of control clauses.

A complete list of the Group's subsidiaries is set out in note 33 to the consolidated financial statements to comply with s409 of the Act. Companies within the Group have branches in Norway, Poland and Slovakia.

The information that fulfils the requirements of the corporate governance statement for the purposes of DTR 7 can be found on pages 66 to 87, and that governance report also forms part of the Directors' report.

The Strategic Report on pages 1 to 65 and the governance report and Directors' Remuneration Report on pages 66 to 113 together represent the management report for the purpose of compliance with DTR 4.1.8R.

The Directors' report was approved by the Board of Directors on 20 June 2022 and is signed on its behalf by:

Iain Simm
Group General Counsel and Company Secretary

20 June 2022

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in conformity with the requirements of the Companies Act 2006 and UK-adopted international accounting standards. The Group financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). The Directors have also chosen to prepare the parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 20 June 2022 and is signed on its behalf by:

Miles Roberts
Group Chief Executive

20 June 2022

Adrian Marsh
Group Finance Director

20 June 2022