DS SMITH GROUP PENSION SCHEME
ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2025

Scheme Registration Number: 10092390

DS Smith Group Pension Scheme

Annual Report for the year ended 30 April 2025

Contents

Trustee, Principal Employer and Advisers

Trustee
DS Smith Pension Trustees Limited

Employer-nominated Trustee Directors
Gary Saunders (Chairman) - Independent
Zedra Governance Limited (represented by Phil Holland) - Independent (appointment updated from AAA Trustee to Zedra Governance Limited, effective 1 May 2024)
Hugo Fisher (resigned 23 May 2025)
Nigel Hayter – Pensioner

Member-nominated Trustee Directors
Lynn McCallum - Pensioner
Paul Doust - Pensioner

Secretary to the Trustee
Mercer Limited
Jo Godfrey
Tower Place
London
EC3R 5BU

Principal Employer
DS Smith Limited (previously known as DS Smith Plc until 5 February 2025)
1 Paddington Street
London
W2 1DL

Scheme Actuary
Damian McClure, FIA
Mercer Limited
Belvedere
12 Booth Street
Manchester
M2 4AW

Independent Auditor
RSM UK Audit LLP
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Trustee, Principal Employer and Advisers

Defined Benefit (DB) Investment Managers
Mercer Global Investments Europe Limited (MGIE)
78 Sir John Rogerson's Quay
Dublin 2
Ireland

Mercer Private Investment Partners VI General Partner S.à r.l.
15 Boulevard F.W. Raiffeisen
L-2411 Luxembourg

Utmost Life and Pensions (Utmost Life) (from 11 April 2025)
Walton Street
Aylesbury
Bucks
HP21 7QW

Sub Investment Managers:
Insight Investment Management (Global) Limited (Insight)
160 Queen Victoria Street
London
EC4V 4LA

Schroder Investment Management Limited
1 London Wall Place
London
EC2Y 5AU

Allianz Global Investors UK Limited (from 28 February 2025)
199 Bishopsgate
London
EC2M 3TY

DB Investment Custodian
State Street Custodial Services (Ireland) Limited
78 Sir John Rogersons Quay
Dublin 2
Ireland

Northern Trust International Fund Administration Services (Ireland) Ltd
Georges Court
54 - 62 Townsend Street
Dublin 2
Ireland

Alter Domus Alternative Asset Fund Administration S.à r.l.
15 Boulevard F.W. Raiffeisen
L-2411
Luxembourg

Investment Adviser
Mercer Limited (Mercer)
1 Tower Place
West London
EC3R 5BU

Annuity Providers
Legal & General
Canada Life Limited

Trustee, Principal Employer and Advisers

Defined Contribution (DC) Manager (until 10 April 2025)
Utmost Life and Pensions (Utmost
Life) Walton Street
Aylesbury
Bucks
HP21 7QW

Additional Voluntary Contribution (AVC) Providers
Scottish Friendly Assurance Society Ltd (Scottish Friendly)
Galbraith House
16 Blytheswood Square
Glasgow
G2 4HJ

Utmost Life and Pensions (Utmost Life)
Walton Street
Aylesbury
Bucks
HP21 7QW

Bank
Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Legal Adviser
Mayer Brown International LLP
201 Bishopsgate
London
EC2M 3AF

Employer Covenant Adviser
PricewaterhouseCoopers LLP
7 More London
Riverside
London
SE1 2RT

Other Adviser
Barnett Waddingham (Part of Howden) (Investment Oversight Adviser)
2 London Wall Place
London EC2Y 5AU

Scheme Administrator and contact for further information
Gallagher Benefit Services*
PO Box 319
Mitcheldean
GL14 9BF
Scheme email address: DSSmith@ajg.com
Telephone Scheme helpline: 0330 123 3658 (international diallers: 01179 101372)

*Gallagher Benefit Services is a trading name in the UK for Gallagher Risk & Reward Limited (Company Number: 3265272), Gallagher Communication Ltd (Company Number: 3688114), Gallagher Actuarial Consultants Limited (Company Number: 1615055), Gallagher (Administration & Investment) Limited (Company Number: 1034719), and Gallagher Consultants (Healthcare) Limited (Company Number: 172919), which all have their registered offices at The Walbrook Building, 25 Walbrook, London EC4N 8AW. All the companies listed are private limited liability companies registered in England and Wales. Gallagher Risk & Reward Limited, Gallagher (Administration & Investment) Limited and Gallagher Consultants (Healthcare) Limited are authorised and regulated by the Financial Conduct Authority.

Chairman's Report

I am pleased to present the Annual Report for the year ended 30 April 2025.

The Trustee has worked hard over the year to monitor and maintain the security of members' benefits. The DS Smith Group Pension Scheme (the "Scheme") reached full funding on the Technical Provisions basis as at 30 April 2024 and the Trustee is making good progress against the more prudent Long Term Funding Target ("LTFT" - see funding update below).

The Trustee is also continuing to focus on improving the quality of the Scheme data as part of their work to comply with the Pensions Dashboards regulations and progressing on the Guaranteed Minimum Pension ("GMP") equalisation project, which aims to ensure the benefits you and your dependents receive are in line with the High Court judgement in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc (and others).

There remains a large degree of uncertainty in markets and the Trustee and DS Smith Limited (the "Group") (previously DS Smith plc) have worked closely throughout the year to manage risk and monitor the Scheme's funding position.

International Paper

You may be aware that International Paper (IP) completed its acquisition of DS Smith on 31 January 2025, and DS Smith plc was formally delisted from the stock exchange as a result. This acquisition resulted in a new global leader in sustainable packaging solutions, combining the strengths of the two businesses. The Trustee is working with the Group and IP to maintain an ongoing open dialogue to understand the implications on the Scheme of the consolidation of the two businesses. In particular, the Trustee has considered the impact on the Company support available to the Scheme and continues to receive legal and covenant advice in relation to this matter where needed. We have no reason to believe that the acquisition will have an adverse effect on the employer covenant or likelihood of benefits being received. IP have also committed to maintain the existing contribution arrangements into the Scheme. The ongoing contribution requirements for the Scheme will be assessed as part of the Triennial Actuarial Valuation as at 30 April 2025.

Governance and sub-committee structure

In March 2024 the Government published their General Code of Practice, which sets out revised expectations for the Governance structure of pension schemes. Following this the Trustee has been working closely with our advisers to review its Governance structure, including the formation of a dedicated Risk & Governance sub-committee to oversee governance matters. The Trustee is confident in the quality of their governance structure and are working to ensure that they have an appropriately documented "effective system of governance" ("ESOG") in place in compliance with the Code. The Trustee is also aware of the requirement to complete an "own risk assessment" ("ORA") to assess how well its ESOG is performing and will carry out this within the required timescales.

In addition to the Risk & Governance sub-committee, the Trustee also established the following sub-committee structure to effectively manage their duties and responsibilities:

- Investment sub-committee
- Member Experience sub-committee
- GMP Equalisation sub-committee
- Communications sub-committee

Scheme funding

The Trustee continue to monitor Scheme funding, in particular through the monthly Investment sub-committee. The LTFT funding is monitored on a bi-monthly basis to consider whether deficit contributions are required from the Group, as it has been agreed that these will cease once the Scheme is fully funded on this low risk measure.

As at 30 April 2024, the Scheme had reached full funding on a Technical Provisions basis and the LTFT funding check showed that the LTFT funding level was 95% at the same date. Although funding has continued to improve since this date, meaning the security of members' benefits has further strengthened, 30 April 2025 is the date of our latest triennial actuarial valuation, where the Trustee review Scheme funding on a statutory basis before agreeing a strategy with the Company to provide sufficient security to members' benefits. Initial calculations are underway and the Trustee has entered preliminary discussions with the Company. Additionally, as part of these discussions with the Company, we will agree a strategy that aims to achieve the Long-Term Funding Target by 2035 which will provide members with additional security over and above the statutory requirements. This valuation will reflect the requirements of the new Defined Benefit Funding Code.

Scheme funding (continued)

We regularly monitor Scheme funding and are pleased to report the funding position has improved over the year reflecting the contributions paid by the Company to improve the position and will provide a more detailed update following completion of the 30 April 2025 triennial actuarial valuation. Given the strong funding position and the work carried out to date we are confident that we will continue to satisfy all the Pension Regulator's expectations.

Scheme administrator update

The Member Experience sub-committee continues to monitor the administration services provided by Gallagher Benefit Services (previously "Buck"). The quality of administration services provided to the Scheme by Gallagher continues to be overseen and reviewed on at least a monthly basis. Gallagher has achieved strong service level agreements over the period and have increased the support available to the Scheme to ensure this continues.

The Member Experience sub-committee also monitors progress against a data journey plan agreed with Gallagher to improve Scheme data.

We hope that you have had a positive experience in any dealings you may have had with Gallagher, and we are always happy to receive feedback on the service provided.

Investment strategy

In the year to 30 April 2025, global markets faced a challenging environment marked by economic uncertainty and fluctuating investor confidence. Despite initial optimism, growth markets experienced increased volatility due to persistent inflationary pressures and the impact of geopolitical tensions. More recently, President Trump's tariff policies and their global impact contributed to volatility and extreme uncertainty across markets globally. Nevertheless, equity markets showed resilience, buoyed by trade negotiations, strong corporate earnings reports, and continued advancements in artificial intelligence. These factors helped to offset some of the negative sentiment, leading to a mixed performance across various indices as investors navigated the complexities of the economic landscape.

Throughout the year, the Scheme continued to implement a de-risking trigger framework managed by Mercer. This framework stipulates that upon reaching a designated funding level, higher-risk assets are sold and replaced with lower-risk assets, effectively "locking in" funding gains. The triggers were paused from September to November 2024 whilst discussions on the long-term funding and investment strategy were held. The updated framework was introduced in November 2024, which set de-risking triggers that ultimately targeted a cash-flow driven investment strategy that is expected to yield a return of gilts + 1.5% p.a. as the Scheme's funding level approached 105% on a gilts + 0.5% p.a. basis. Despite funding level increases throughout the year, no de-risking triggers were met, leaving the target allocation among sub-portfolios unchanged. The next de-risking trigger is set at 96.0% funded on the gilts + 0.5% p.a. basis.

Over the year the Trustee continued to monitor and review the asset classes invested in by the Scheme, with the below changes being implemented:

- In February 2025: To reduce the Scheme's overall leverage costs, the Scheme's synthetic equity allocation was switched to a passively managed physical equity portfolio.
- In February 2025: To crystalize strong returns a portion of the Scheme's buy and maintain investment grade credit portfolio was sold with the proceeds used to fund a new allocation to trade finance.
- In March 2025: The target interest rate and inflation hedge ratios were increased from 94% to 97% thereby reducing the Scheme's exposure to interest rate and inflation risk.

Meeting the Scheme's cash-flow needs, including paying member benefits, remains a key component of the investment strategy and is therefore an aspect regularly reviewed by the Trustee. Over the course of the year cash-flow needs were met from income generated from the Scheme's secured finance portfolio, a monthly disinvestment of the Scheme's invested assets (largely funded from income generated by the Scheme's other investments), and the Group's deficit recovery contributions. The Trustee monitors the level of cash held in their bank account and, should a surplus arise, re-invests cash in order to maximise returns. A total of c. £11m was reinvested in this way over the course of the Scheme year.

Investment strategy (continued)

The Trustee regularly reviews the integration of Environmental, Social and Governance (ESG) considerations in the Scheme's investments. Over the year the Trustee produced their third Task Force on Climate-Related Financial Disclosures ("TCFD") report. The Trustee had set a target to reduce carbon emissions (Scope 1 and 2) associated with its segregated corporate bond portfolio by at least 25% by 2030, relative to a March 2023 base year. The Weighted Average Carbon Intensity (WACI) had reduced by c.19% as at 31 March 2025 relative to baseline levels, similar to last year. While part of this is due to developments within the Scheme's underlying assets (i.e. a change in the underlying segregated corporate bond investment manager from Royal London Asset Management to Insight) and general improvements in emissions, this reduction is exacerbated as a result of heightened inflation in recent years. The WACI metric is the absolute emissions (metric tonnes of Carbon Dioxide emissions, i.e. tCO2e) per $1m in revenues generated, so where revenues generated have increased due to heightened inflation, the emissions figure is being divided by a larger revenues figure. As such, this put a downward pressure on the overall WACI as a result. The latest TCFD report covering the 12-month period to 30 April 2025 can be found here: https://www.dssmith.com/company/ds-smith-group-pension-trustees.

Final thoughts

The improvements in Scheme funding are a testament to the hard work and strategy that has been put in place for the Scheme. The Trustee will continue to work hard to ensure members' benefits are secure and paid accurately and on time. The Member Experience sub-committee will also work to ensure members have the best possible experience when dealing with the Scheme.

We are well placed to react to recent changes in legislation/requirements and will continue to work with the Group and International Paper to understand any possible implications of the acquisition.

As ever I would like to take this opportunity to thank the management and administration teams for their hard work in looking after the Scheme during the year.

Hugo Fisher retired as a Trustee during the Scheme year, and the Trustee would like to thank Hugo for his contribution as a Trustee over many years.

Gary Saunders
Chairman of the Board of DS Smith Pension Trustees Limited

Introduction

The Trustee of the DS Smith Group Pension Scheme (the "Scheme") is pleased to present its report together with the audited financial statements for the year ended 30 April 2025.

The Scheme is a defined benefit ("DB") scheme with a small number of members invested in a defined contribution ("DC") fund until 10 April 2025. From this date, the DC Assets (invested in Utmost Life) became Scheme assets and were no longer associated to individual members, who instead now receive a DB pension which Mercer as the Scheme Actuary calculates. All funds invested with Utmost Life are due to be disinvested and paid to the DB Trustee bank account in October 2025 and subsequently retained by the Scheme. The DB Section of the Scheme aims to provide pension and lump sum benefits at retirement and pension benefits for members' spouses and dependants. The Scheme has been closed to new employees joining DS Smith Limited (the "Group"), previously DS Smith plc, since 1 May 2005 and to future service benefits since 30 April 2011.

Constitution

The Scheme is currently governed by a Deed of Variation and Consolidation dated 11 March 2022, as amended from time to time (the "Trust Deed and Rules"). Copies of the current Trust Deed and Rules of the Scheme and amending deeds are available for inspection, upon written request to the Trustee at the Scheme Administrator, Gallagher Benefit Services (address shown on page 3).

Management of the Scheme

Trustee

The Scheme is set up as a trust fund and is governed by trust law. Consequently, the Scheme's finances are completely separate from those of the Group. For the protection of members and their dependants, the Trustee has control of the Scheme's assets. The Trustee is responsible for ensuring that the Scheme is run in accordance with the Trust Deed and Rules and is legally bound to protect the interests of the members. Independent professional advisers are engaged to assist the Trustee in the monitoring of the Scheme. The amount of employer deficit contributions required to fund the benefits are set by the Trustee acting on the advice of the Scheme Actuary, together with agreement by the Group. Trustee meetings are held, as a minimum, on a quarterly basis.

Under the Pensions Act 2004 at least one third of the total number of Trustee Directors must be nominated and selected by the Scheme membership or an organisation which adequately represents them (although it is not a requirement for deferred pensioner members to be included in the process). The Trustee has made the necessary arrangements to fulfil its obligations under the Act and the current arrangements are as follows:

a) There will be up to six Directors on the Board of the Trustee.

b) Of these, two will be 'Member Nominated Directors' ("MNDs"). They will be selected by a process of seeking nominations from the pensioner members of the Scheme and all deferred members who are employed by the Group ("Deferred Active Members"). A nomination must be supported by two other members eligible to participate in the nomination process.

   If there are more nominations than vacancies, potential nominees will be required to complete a questionnaire explaining broadly why they wished to be a Trustee Director, and what they think they will bring to the Trustee Board.

c) They will then all be interviewed and the appointments are determined in the light of those interviews. The interview panel will include some Scheme members.

   If there are fewer nominees than vacancies, the Trustee will open the nomination and selection process again one year after the last date on which nominations could have been made for that vacancy.

   MNDs will hold office for a period of five years. A MND who has completed his or her term of office will be eligible for re-nomination at the end of his or her term of office. The MNDs in place were reappointed for a further five year term from January 2024 following a re-selection.

d) The other Directors (Employer Appointed Directors) may be appointed and removed by DS Smith Holdings Limited (the shareholder of the Trustee).

Management of the Scheme (continued)

e) Casual vacancies which arise, for example if a Trustee Director resigns or leaves, will be filled by appointments made by the Principal Employer (in the case of an Employer Appointed Director), or by running a nomination and selection procedure as described above for the remainder of the 5 year term of office (in the case of a MND) depending on who originally nominated the Trustee Director concerned.

f) The Chairman of the Board of the Trustee is selected by DS Smith Holdings Limited. The current Chairman is Mr Gary Saunders (who is an Employer Appointed Director). In the event of an equality of votes, the Chairman shall have an additional casting vote. Apart from this, the functions of the Directors will not differ and no special rules are proposed for any decisions to be made by particular Directors.

g) Regular training is provided for all Trustee Directors. Such training was being provided even before the Pension Act 2004 introduced the Trustee Knowledge and Understanding (TKU) requirements and training is tailored to the specific requirements of the Trustee Directors.

h) All new Trustee Directors receive induction training from the Scheme Secretary, the Actuary and the Investment adviser. Additionally, they are provided access to Diligent where Scheme documentation is available to them.

i) Trustee Directors are also required to complete the Regulator's Trustee Toolkit, which provides training for pension scheme trustees.

The names of the Trustee Board Directors who served during the year and at the date of approval of the Annual Report and Accounts are shown on page 1.

The Trustee held four (2024: four) meetings during the year. The Trustee also held four (2024: four) joint meetings with the Group referred to as Investment & Funding Committee meetings.

Additionally, the Trustee has agreed a sub-committee structure as outlined in the terms of reference agreed in September 2024. These sub-committees have more regular meetings to help the Trustee manage and monitor various aspects of the Scheme management. The current sub-committee structures are as follows:

Member Experience

Members with voting powers: Mrs L McCallum (Chair) & Mr N Hayter.

Risk & Governance

Members with voting powers: Mr P Holland (Chair) & Mr P Doust.

Investment

Members with voting powers: Mr G Saunders (Chair), Mr H Fisher & Ms W Ko (Group)**

**Investment responsibility and decisions ultimately lies with the Trustee.

Special Projects

Members with voting powers: Mr P Holland (Chair), Mr P Doust & Group representative as required for project*

*Group voting rights are agreed by the Trustee at the outset of the project.

Communications

Members with voting powers: N Hayter (Chair) & G Saunders

GMP Equalisation

Members with voting powers: Mr P Doust (Chair), Mr P Holland

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with scheme documentation. The Pensions Regulator has published the General Code, which includes its requirements and expectations in relation to Trustee Knowledge and Understanding to assist trustees on this matter. The Trustee has agreed a training plan to enable it to meet these requirements.

Financial development

The financial statements on pages 29 to 49 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £765,194,000 at 30 April 2024 to £739,966,000 at 30 April 2025.

The decrease shown above comprised net withdrawals from dealings with members of £26,456,000 (2024: £26,101,000) together with net return on investments of £1,228,000 (2024: loss on investments of £543,000).

Actuarial review

The latest formal actuarial valuation of the Scheme was carried out with an effective date of 30 April 2022. This was the sixth valuation carried out under the scheme specific funding requirements of the Pensions Act 2004. The main purpose of an actuarial valuation is to assess the financial adequacy of the Scheme in relation to benefits that have accrued to members. The purpose is also to assess an appropriate level of contribution by the Group to maintain the Scheme in a financially sound state.

The valuation was completed within the required timescale on 21 July 2023, at which time the Trustee ensured the following had been put in place:

- A statement of funding principles
- A schedule of contributions
- A recovery plan

The 30 April 2022 valuation was carried out in accordance with the standards as set out in the Pensions Regulator's Code of Practice in force from July 2014. Under the scheme funding regulations, the Trustee is required to adopt a prudent set of assumptions in valuing the Scheme's financial commitments (its liabilities).

The valuation of the Scheme as at 30 April 2022, and further funding updates as at 30 April 2023 and 30 April 2024 showed the following:

	30 April 2022 Actuarial Valuation	30 April 2023 Actuarial Report	30 April 2024 Actuarial Report
The Scheme’s liabilities were valued at	£1,081 million	£809 million	£749 million
The Scheme's assets* were valued at	£1,055 million	£789 million	£762 million
This means that there was an estimated (shortfall)/surplus of	(£26 million)	(£20 million)	£13 million
This gave a funding level of	98%	98%	102%

*excluding AVC investments

From 30 April 2023 to 30 April 2024, the funding position improved from a shortfall of £20m to a surplus of £13 million. This improvement is as a result of agreed contributions from DS Smith Plc and positive investment returns on the Scheme assets relative to the value placed on the liabilities.

If the Group were to go out of business, or decided to stop contributing to the Scheme, the Scheme may be “wound up” and the Group could be required to pay additional money to buy all members’ benefits with an insurance company.

The comparison of the Scheme’s assets to the cost of buying the benefits with an insurance company is known as the “buy out position”. A pension scheme’s buy out position will often show a larger shortfall than the standard actuarial valuation, as insurers are obliged to take a very cautious view of the future and they also need to make a profit.

Actuarial review (continued)

The next Actuarial Valuation will be carried out as at 30 April 2025 and work is underway on this.

The actuarial valuation at 30 April 2022 showed that the Scheme's assets would not have been enough to buy all members' benefits from an insurance company, as the "buy out position" at that date was:

The Scheme's liabilities assuming wind up were valued at	£1,331 million
The Scheme's assets were valued at	£1,055 million
This means that there was an estimated shortfall of	£276 million
This gave a wind up funding level of	79%

This does not mean that the Group is thinking of winding up the Scheme. The fact that there was a shortfall at the last valuation has not affected the pensions paid from the Scheme and all members who are receiving a pension have received the full amount of their pension.

It is worth remembering that a valuation is just a "snap shot" of the Scheme's funding position and it can change considerably if, for example, there are changes in share prices, gilt yields, or if expectations of how long members live change. The Trustee will continue to monitor the funding position and will provide annual updates to members.

Annuity policies

The Trustee holds insurance policies that secure pensions payable to specified beneficiaries. These policies remain assets of the Trustee, but, as the value of these policies is not material, under current regulations and accounting practice, the Trustee has decided that these policies need not be valued in the net assets statement.

Statement of Trustee's Responsibilities

The Statement of Trustee's Responsibilities is set out on page 25 and forms part of this Trustee's Report.

Pension increases

The Consumer Price Index (CPI) increase for the year to September 2024 (which is the reference month for pensioner increases) was 1.7% (September 2023: 6.7%). As such, the Trustee approved a 1.7% (2024 increase: 5.0%) increase with effect from April 2025 for pre 1 May 2005 service and an increase of 1.7% (2024 increase: 2.5%) for post 30 April 2005 service, for the majority of members. Former Containers Scheme members received a nil increase on pre 1997 pension in excess of GMP. Pensioners with a guaranteed 5% increase received this increase on 1 April 2025. Statutory increases are applied to GMP in payment. Nil increases applied to Pre 88 GMP and the Post 88 GMP received an increase of 1.7% (2024 increase: 2.5%). Deferred pensions were increased in accordance with legislation and the Trust Deed and Rules. These increases were not to any extent discretionary.

For the majority of members, the inflation measure on which pension increases are based is determined by the Trustee on taking actuarial advice. Currently the Trustee has determined to use the Consumer Price Index, subject to annual review. For pre 1997 leavers of the ex JDS pension scheme, the Group has discretion over what index is to be used. Currently, the Group has agreed to maintain use of the Consumer Price Index in line with other Scheme members, subject to annual review.

Calculation of transfer values

All transfer values paid from 1 October 2008 have been calculated in accordance with methods and assumptions determined by the Trustee, after the advice of the Scheme Actuary. Discretionary benefits were not included in calculating transfer values. No transfer values paid during the year were reduced below the full cash equivalent under the Pension Schemes Act 1993.

Ownership of DS Smith Pension Trustees Limited

DS Smith Pension Trustees Limited has issued share capital of two £1 shares, held by DS Smith Holdings Limited.

There were no transactions in the year between DS Smith Holdings Limited and DS Smith Pension Trustees Limited.

Schedule of Contributions

The Pensions Act 2004 requires the Trustee to prepare and maintain a Schedule of Contributions. The Schedule must show the amounts to be paid and the dates by which the contributions are to be paid. The 2022 valuation Schedule of Contributions is shown on pages 52 to 54. The Actuarial Certificate in relation to this Schedule of Contributions is shown on page 55.

Contributions

Since the Scheme closed to future service benefits with effect from 30 April 2011, no member contributions were payable to the Scheme. The Group has continued to meet the shortfall in the Scheme by paying deficit contributions. In the year ended 30 April 2025, the Group paid in £21.0m (2024: £20.6m) of deficit funding contributions agreed as part of the 2022 formal actuarial valuation of the Scheme.

A Schedule of Contributions was agreed as part of the actuarial valuation carried out as at 30 April 2022, this was put in place on 21 July 2023. This set out that the following contributions would be paid:

Scheme Year	Amount £m
2022/23	20.2

The Group had also agreed to pay the following contributions above that required to meet the shortfall as at 30 April 2022:

Scheme Year	Amount £m
2023/24	20.6
2024/25	21.0
2025/26 (in respect of May to September 2025)	8.9

The revised contributions were expected to be sufficient such that the Scheme's long term funding target will be met by 2035. These contributions may be switched off should the long term funding target be met before 30 September 2025.

The Group also meets the costs of running the Scheme, including the payment of the annual Pension Protection Fund Levy but excluding any manager related investment fees.

Communications to Members

The updated “Pension Focus” newsletter was issued to members in December 2024, this contained details of the Trustee’s Annual Report as well as an update on the Scheme’s funding position. The Trustee will continue to communicate with members on an annual basis.

Financial Advice

The Trustee is not authorised to give financial advice. The Financial Services & Markets Act 2000 states who is able to provide financial advice and any queries relating to specific arrangements should always be referred to a Financial Adviser authorised to give such advice. Should a member have any queries that do not require the giving of financial advice they should contact the Scheme Administrator, Gallagher Benefit Services (address shown on page 3).

Free and impartial help with money, backed by the Government is also available at:

https://www.moneyhelper.org.uk/en.

Employer Covenant

The Trustee receives regular trading and performance updates from the Group on its financial performance and is kept informed of any significant developments that may affect the employer covenant enjoyed by the Scheme. In addition, as part of the formal actuarial valuations, the Trustee receives independent employer covenant advice on the affordability of deficit contributions. This advice determined that the deficit contributions agreed as part of the 2022 valuation were reasonably affordable, taking into account the competing interests of the Scheme (and the Group's other stakeholders) and the Group's strategies.

The Trustee will continue to regularly review the outcome of the independent covenant monitoring and will maintain an active dialogue with the Principal Employer to ensure that appropriate actions are taken to safeguard the funding position of the Scheme.

Governance

The Pensions Regulator (tPR) is very keen to promote the good governance of pension schemes and the Trustee keeps its procedures and controls under review to help maintain the good governance of the Scheme. The key for the Scheme is to ensure that the correct benefits are paid to the correct beneficiaries at the correct time in accordance with the Trust Deed and Rules. To help ensure the smooth running and risk management of the Scheme, the Trustee has a number of processes in place, including internal control procedures and a risk register. Both the aforementioned documents continue to be maintained and reviewed regularly to ensure they remain up to date. The Trustee also carries out an annual effectiveness review to ensure that all Trustee Directors have the relevant skills, this is then analysed to determine appropriate training and support for the Board going forwards.

Following the introduction of the new General Code of Practice, which came into force on 28 March 2024, the Trustee has been working closely with their advisers to review its Governance structure. The Trustee is aware of the requirement to have an “effective system of governance (“ESOG”) in place and is confident in the quality of their governance structure. The Trustee has carried out an analysis to review its current governance structure and had prepared policies for any areas identified that required additional policies and procedures to be documented. The sub-committee structure was amended to include a “Risk & Governance sub-committee” which oversees compliance with the new requirements. The Trustee is also aware of the requirement to complete an “own risk assessment” (“ORA”) to assess how well its ESOG is performing and will carry out this within the required timescales and plans to complete their first ORA in 2025/26.

Complaints

If a member has a complaint it will be dealt with through the Internal Disputes Resolution Procedure and full details of this procedure are available on application to the Scheme Administrator, Gallagher Benefit Services. Alternatively, The Money and Pensions Service is available to assist members at any stage of a dispute. The Money and Pensions Service may be contacted at Borough Hall, Cauldwell Street, Bedford MK42 9AP. In the event of a complaint you should address your correspondence to the Pensions Administration Manager at the Scheme Administrator, Gallagher Benefit Services, (address shown on page 3).

Nomination of Beneficiary / Dependant(s) Forms

The recipients of any lump sum death benefits is at the discretion of the Trustee. It is important for members to inform the Trustee of the person(s) to whom they would like their death benefits to be paid on their death. This can be done by completing a Nomination Form online via Gallagher’s Pension Portal or alternatively a form can be posted out for completion by members before sending back to the Scheme Administrator, Gallagher Benefit Services, by post to the address shown on page 3.

If a member has not yet completed a form or a member's circumstances have changed, a new form can be obtained so that the member's wishes can be formally registered.

Anti Money Laundering

HM Revenue and Customs' anti money laundering regime requires certain service providers, including some paid Trustee Directors, to put systems in place that prevent money laundering and report any suspicious transactions to the National Crime Agency (formerly the Serious Organised Crime Agency). In July 2011, the Bribery Act also came into force. The Scheme's legal advisers have previously provided guidance to the Trustee on the regulatory requirements and the Trustee continues to comply with the anti money laundering and Bribery Act 2011 regulations.

Virgin Media vs NTL Pensions Trustees II Limited

The Trustee is aware that the Court of Appeal has upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced. Subject to the Trustee being able to comply with the legislation and the Scheme obtaining the required written actuarial confirmation(s), the Trustee does not expect the valuation of the Scheme liabilities to change.

Data Protection

For the purposes of administering the Scheme and paying benefits under it, the Trustee has a legal obligation under the Data Protection Act 2018 in processing data relating to members and people who may benefit as a result of their membership of the Scheme. This may include passing such data to the Scheme's employers, prospective employers, actuary, administrators, auditors, insurers, prospective insurers, legal adviser and medical advisers and any other such third parties as may be necessary for the operation of the Scheme. The Trustee is for those purposes a data controller under the Act.

A member is entitled to access their personal information under Section 7 of the Data Protection Act and this right is commonly referred to as subject access. It is most often used by individuals who want to see a copy of the information an organisation holds about them. However, the right of access goes further than this and an individual who makes a written request and pays a fee is entitled to be:

- Told whether any personal data is being processed;
- Given a description of the personal data, the reasons it is being processed and whether it will be given to any other organisations or people;
- Given a copy of the information comprising the data; and
- Given details of the source of the data (where this is available).

Following implementation of the General Data Protection Regulation (GDPR) on 25 May 2018, the Trustee continues to work with its professional advisers to ensure full compliance.

Conflict of Interest

The Conflict of Interest Policy details the Trustee Directors' responsibilities and a protocol for identifying any instance where their personal, business or other interests might come into conflict with their duties as Trustee Directors.

In addition, the Trustee receives a quarterly 'Reporting Register' detailing any declared Trustee Director related conflicts of interest plus any other general breaches (e.g. late contributions, unauthorised payments etc).

The Trustee has established policies to enable any Trustee Director, employee working within the Scheme, or adviser, to report any suspected fraudulent actions to the Board Chairman.

Membership

The membership movements of the Scheme for the year are given below:

	Pensioner and dependant members	Deferred pension members	Total
At 1 May 2024	6,381	3,513	9,894
Adjustments	5	(4)	1
Retirements	209	(209)	-
Deaths	(152)	(10)	(162)
Transfers out	-	(8)	(8)
Spouses and dependants	82	-	82
Pensions commuted for cash	(1)	(5)	(6)
Pensions ceasing	(68)	-	(68)
At 30 April 2025	6,456	3,277	9,733

Pensioners include 1,262 beneficiaries (2024: 1,239) receiving a pension.

Adjustments relate to movements notified to the Administrator after the completion of the previous year annual renewal. These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

Investment report

Introduction

The Trustee has delegated day-to-day management of the DS Smith Group Pension Scheme's ("the Scheme") assets (excluding Additional Voluntary Contributions ("AVCs") to Mercer Limited ("Mercer"). The Scheme's assets are invested in multi-client collective investment schemes ("Mercer funds"). The Mercer funds are domiciled in Ireland (for traditional asset classes) and in Luxembourg (for private markets assets). The Ireland-domiciled collective investment schemes are managed by a management company (Mercer Global Investments Management Limited ("MGIM") and the Luxembourg-domiciled funds are managed by Mercer Alternatives (Luxembourg) S.à r.l.and, respectively, these entities have appointed Mercer Global Investments Europe Limited ("MGIE") and Mercer Alternatives AG ("Mercer AG") as investment managers of the Mercer Funds. MGIE and Mercer AG are responsible for the selection, appointment, removal and monitoring of the underlying investment managers. The underlying investment managers have full discretion to buy and sell investments on behalf of the Scheme subject to constraints Mercer have agreed with the managers.

The Scheme's DC assets were held in respect of Special Benefit Account members and were accessed via an insurance policy issued to the Trustee by Utmost Life and Pensions. However, the DC section was closed prior to the Scheme year-end, on 10 April 2025. From this date, the DC Assets (invested in Utmost Life) became Scheme assets and were no longer associated to individual members, who instead now receive a DB pension which the Scheme Actuary calculates. All funds invested with Utmost Life are due to be disinvested and paid to the DB Trustee bank account in October 2025 and subsequently retained by the Scheme. This arrangement had previously provided the Trustee with access to a range of unitised pooled investment vehicles. The following criteria had been applied in determining the investment strategy for the DC assets until the assets became DB assets on 10 April 2025, as described above. Regarding the AVCs, the investment profile of the funds available should be consistent with the needs of the members and are reviewed on a regular basis. The Trustee's primary objective had been to act in the best interests of its members and ensure that the members had a suitable range of funds available for investment. The investment profile of the funds available was to be consistent with the needs of the members and they had been reviewed on a regular basis. The Trustee had also recognised that members may not believe themselves to be qualified to make investment decisions. As such, the Trustee had made available a default option, the "Utmost Life Money Market Fund". The Utmost Life Money Market Fund places the emphasis on preserving capital whilst aiming to provide a return in line with prevailing short term money market rates. The investment managers selected by Utmost were responsible for the day-to-day management of the Scheme's assets in accordance with the guidelines of the pooled funds during the Scheme year until 10 April 2025. The Scheme also holds a policy of insurance with Scottish Friendly Assurance Society that offered a facility for members of the Scheme to pay additional voluntary contributions where benefits are held on a DC basis through investment in unitised pooled funds. The Scottish Friendly arrangement is administered by Aegon with investments being held on Mobius Life's investment platform.

The Trustee is accountable for the investment of the Scheme's assets. This includes setting investment objectives, establishing risk and return targets and setting the Scheme's strategic benchmark. However, the Trustee may delegate some aspects of the Scheme's investment arrangements to the Investment and Funding Committee (the "IFC") and Investment Sub-Committee (the "ISC") in order to manage the Scheme's affairs effectively. The Terms of Reference ("ToR") sets out the tasks which can be delegated to the IFC. Any decisions are ultimately the responsibility of the Trustee and therefore any proposed changes are discussed and where appropriate ratified at the Trustee meetings as well.

The Trustee sets the strategic investment strategy for the DB assets (i.e. split between Equity, Opportunistic, Income Focused, Liquid Credit and Liability Driven Investment portfolios) based on the level of investment risk and return it wishes to target. It has then delegated the implementation of this investment strategy to Mercer, in line with agreed guidelines and parameters. De-risking triggers are in place to indicate when it is affordable to de-risk. These were suspended in December 2022, and resumed after the investment strategy review in December 2024. The implementation of the investment strategy takes place where possible, within the Mercer Investment Fund 3 CCF with some less liquid investments held as standalone investments in other Mercer Funds.

Investment report (continued)

Introduction (continued)

The Trustee has obtained and considered the written advice of Mercer on the investment strategy, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended). The Trustee has also appointed an external investment consultant, Barnett Waddingham, to provide ongoing oversight and advice around Mercer's role as Fiduciary Manager of the DB assets.

Investment Principles

The Trustee has produced a Statement of Investment Principles (the "SIP") to comply with the requirements of the Pensions Act 1995 and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The SIP is available on request and is also publicly available online here: https://www.dssmith.com/company/ds-smith-group-pension-trustees.

DB Investment Strategy

The following criteria have been applied in determining the DB investment strategy. The security of the accrued rights of members of the Scheme on both a continuing and termination basis is important. No strategy will be employed without first investigating its expected impact on the security of accrued pension benefits for Scheme members.

The investment strategy undertaken or principles applied should have regard to the following objectives:

- The need to protect the security of members' accrued rights.
- A desire to limit volatility in the contribution rate as a result of any failure of the investment strategy.
- Notwithstanding the above, a preparedness to take on risk in a controlled fashion in order to achieve incremental excess return, coupled with the desire to provide, if considered appropriate and prudent to do so at the time, pension increases above the guaranteed rates, if annual inflation exceeds some or all of those guaranteed rates.

Now that the Scheme is closed, in order to meet these objectives, the Trustee has established a long-term de-risking framework which aims to be fully funded on the Long Term Funding Target (LTFT) basis by 2035. The Scheme has invested in a number of mandates that are expected to provide income to support benefit payments, whilst retaining a high degree of hedging against interest rates and inflation risk.

The Scheme has a dynamic trigger based de-risking framework which is used to guide when to reduce risk. The framework is used to monitor the progress in the funding level and to capture improvements in the funding level promptly, if they arise. Responsibility for monitoring the Scheme's asset allocation and undertaking any de-risking activity is delegated to Mercer. Further details on the framework are set out in the Investment Policy Implementation Document (IPID).

Risk and Return Targets

The Trustee understands that taking some investment risk, with the support of the Group, is necessary to improve the Scheme's Technical Provisions and LTFT funding positions. The Trustee recognises that equities and other growth assets (such as hedge funds, investment and sub-investment grade credit and asset-backed securities) will bring increased volatility of the funding level, but believes this risk is justified in the expectation of improvements in the Scheme's funding level through outperformance of the liabilities over the long term.

Investment report (continued)

Risk and Return Targets (continued)

The primary investment objective is to achieve a long-term return above the change in the value of the Scheme's liabilities, while maintaining a prudent approach to meeting the Scheme's liabilities. Before deciding to take investment risk relative to the liabilities, the Trustee receives advice from the Fiduciary Manager and Scheme Actuary. In particular, the Trustee considers carefully the following possible issues:

- Over the short-term, the inclusion of investment risk will mean that the relative value of the assets and liabilities will be more volatile than if investment risk had not been taken. This will increase the likelihood of there being a shortfall of assets relative to the liabilities in the event of a discontinuance of the Scheme. This consequence is particularly serious if it coincides with the Group being unable to make good the shortfall.
- The increased volatility in the relative value of assets and liabilities from taking investment risk may also increase the short-term volatility of the Group's contribution rate.

The ability of the Scheme to take investment risk is dependent on the continuing financial strength of the Group and its willingness to contribute appropriately to the Scheme. Having regard to the above issues, the Trustee adopts investment arrangements that it believes offer an acceptable trade-off between risk and return.

The aim of the long-term de-risking framework is to identify opportunities to de-risk the Scheme's investment strategy, reducing the reliance upon the employer covenant over time, with the goal of reaching a fully funded position on the Long-Term Funding Target basis by the target date of 30 April 2035.

Environmental, Social and Corporate Governance, Stewardship and Climate Change

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above and in the SIP, the Trustee has appointed Mercer to act as discretionary investment manager in respect of the Scheme's DB assets and these assets are invested in Mercer Funds managed by MGIE and Mercer AG. Within these funds, Mercer has provided all of the third party investment managers a copy of Mercer's Sustainable Investment Policy. Mercer also aims to invest in managers who take a more active approach to considering ESG in their investment decision making. The managers have been given discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. However, Mercer expects all managers to vote and Mercer monitors the manager's commitment to voting and incorporating ESG factors into their decision making on a regular basis and discusses at length with the underlying investment managers their activity with regard to the above. Mercer also monitors the portfolios for UN Global Compact Breaches.

The Trustee receive regular reports and information from Mercer on their monitoring and the managers' compliance. This includes but is not limited to Mercer's ESG ratings for the underlying investment managers, analysis of carbon foot print and voting and engagement activity. Some of the voting and engagement information will be shared with the public on an annual basis. It has also reviewed the impact of climate change under various scenarios and updated the risk register to reflect climate considerations.

The United Nations' Sustainable Development Goals (SDGs) inform Mercer's long term investment beliefs and direct Mercer's and the Trustee's thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer's Sustainability Policy, which can be found at: https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Sustainability Policy.pdf.

The Scheme has an allocation to Sustainable Private Market Opportunities and ESG considerations integrated throughout the funds it invests in.

Environmental, Social and Corporate Governance, Stewardship and Climate Change (continued)

The Trustee will engage with Mercer where areas of concern are identified periodically. In practice, a formal documented review of ESG ratings and Mercer's integration of ESG into their and the underlying managers' investment decision making is undertaken at least annually.

The Trustee recognises the conflict of interest which may arise in the context of responsible investment. Mercer, MGIE and Mercer AG make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship.

The DC assets were and the AVC assets are invested in multi-client funds. The Trustee has given the Investment Managers full discretion when evaluating ESG factors and in exercising rights and stewardship obligations attached to the Scheme's investments. Where investments are made on a passive basis, whilst the manager has limited discretion over the selection of individual shares or bond issues (as the manager seeks to match the composition of the benchmark index as closely as possible), the Trustee expects the manager to vote in line with its own corporate governance policy.

Member views

To date member views have not been taken into account in the selection, retention and realisation of investments. However, the Trustee is keen to hear the views of members on ESG and climate change and shares via the implementation statement the Scheme's approach to ESG and climate change.

Investment Restrictions due to ESG, Stewardship and Climate Change Considerations

The Trustee has not set any investment restrictions to particular products or activities for ESG reasons, but may consider this in future. The Trustee is supportive of Mercer's decision to exclude any holdings in artic drilling, controversial weapons, the worst carbon emitters and tobacco from the Mercer Funds and the Credit Mandate has specific ESG exclusions and a climate reduction plan. The Trustee is also supportive of Mercer's engagement program with the managers and the areas that it covers.

Trustee's Policies with Respect to Arrangements with, and Evaluation of the Performance and Remuneration of, Asset Managers and Portfolio Turnover Costs

The Trustee is a long-term investor and is not looking to change its investment arrangements on an unduly frequent basis.

Mercer manages the Scheme's DB assets by way of investment in Mercer Funds. This includes multi-client collective investment schemes and the Mercer Investment Fund 3 CCF which is established only for the Scheme.

Within the Mercer Investment Fund 3 CCF the Trustee expects Mercer to manage the assets in a manner that is consistent with the Trustee's overall investment strategy as outlined in the SIP and as documented in the guidelines to the Fund agreed between the Trustee and Mercer. In particular, for the management of the assets to reflect the long-term nature of the Scheme. The Trustee has taken steps to satisfy itself that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review using external advice.

Where multi-client Mercer Funds are used the Trustee accepts that it does not have the ability to determine the risk profile and return targets of specific Mercer Funds.

Should Mercer fail to align its investment strategies and decisions with the Trustee's policies, it is open to the Trustee to disinvest some or all of the assets invested in Mercer Funds.

To evaluate performance of Mercer and the underlying third party managers, the Trustee receives, and considers, investment performance reports produced on a quarterly basis, which present performance information and commentary in respect of the Scheme's funding level and the Mercer Funds in which the Scheme is invested. The Trustee reviews the absolute performance and relative performance (over the relevant time period) on a net of fees basis. The Trustee's focus is on the medium to long-term financial performance of the Mercer Funds. The Trustee is also supportive of non-financial considerations being taken into account as highlighted in Section 11 of the SIP.

Investment report (continued)

Trustee's Policies with Respect to Arrangements with, and Evaluation of the Performance and Remuneration of, Asset Managers and Portfolio Turnover Costs (continued)

Mercer does not make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by Mercer, MGIE or Mercer AG to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustee is, however, able to consider Mercer, MGIE or Mercer AG's assessment of how each underlying third party asset manager embeds ESG into their investment process. This includes the asset managers' policies on voting and engagement. The Trustee is also able to assess how Mercer's Sustainable Investment philosophy aligns with the Trustee's own responsible investment policy. This includes the asset managers' policies on voting and engagement. Section 11 of the SIP provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Scheme. The asset managers are incentivised as they will be aware that their continued appointment by Mercer, MGIE and Mercer AG will be based on their success in meeting Mercer, MGIE and Mercer AG expectations and those of its clients. If Mercer, MGIE and Mercer AG is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustee monitors, and evaluates, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 3 of the SIP. The fees for Mercer and MGIE are based on a percentage of the value of the Scheme's assets under management, which covers the advice, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance. The fees paid to Mercer and the underlying third party asset managers are reported separately.

Mercer AG fees are charged based on net commitment for the first four years following the final close and, thereafter, by reference to the Net Asset Value of the Mercer Fund.

Mercer reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer, and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustee, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Funds' Supplements, the Report & Accounts and within the Scheme's annualised, Competition and Markets Authority ("CMA") Cost & Charges statement. The CMA Costs and Charges Statement provides a transparent summary of all costs and charges associated with the pension scheme, including administration, investment, and transaction fees. It ensures trustees and members are informed of the total costs impacting scheme performance and member outcomes. The Scheme's Cost & Charges statements also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustee does not have an explicit targeted portfolio turnover range, but before significant restructuring the transaction costs are considered alongside the benefits. Performance is also reviewed net of portfolio turnover costs. Mercer (within its fiduciary duty) also considers the portfolio turnover of the underlying investment managers.

Investment report (continued)

Market Background

Investment Markets[1]

Inflation in developed market ("DM") economies fell towards target early in the 12-month period to 31 March 2025, setting the stage for reductions in interest rates by central banks. There was an interest rate cut in the euro zone in June and signs of a gradual loosening of labour markets in the US prompted markets to price in two interest cuts by the US Federal Reserve (the "Fed") by the end of 2024. However, despite waning price pressures in the UK, markets pushed back expectations of the first rate reduction by the Bank of England as service inflation remained elevated.

In the middle of 2024, the Fed reduced interest rates. In contrast, the Bank of Japan diverged from other DM central banks and increased rates by 0.15%p.a. in anticipation of the impact of robust wage negotiations on inflation. Market sentiment during this time tilted back towards a controlled economic slowdown as fears of a US recession subsided. However, there was some volatility in markets as a result of uncertainty around the US election result and tensions in the Middle East.

Interest rate cuts by DM central banks continued into the final quarter of 2024. Although the Fed moved to reduce rates, a resilient economic background led to the Fed indicating that markets should anticipate fewer cuts in 2025 and 2026. Meanwhile, the European Central Bank and the Bank of England adopted a cautious tone in their rate cutting approach. Towards the year end market sentiment continued to be driven by the controlled economic slowdown narrative in the US, despite uncertainty over the impact of potential US tariffs and policies under Donald Trump-led US presidency.

Specifically in the UK, weak GDP growth data, combined with rising inflation prints towards the end of 2024 raised heightened concerns about the UK economy. Additionally, the UK Autumn Budget spending plans, combined with uncertainty in the US, resulted in gilt yields rising once again.

In early 2025, expectations of interest rate cuts by DM central banks continued to positively influence markets but market volatility increased suddenly in response to an announcement by DeepSeek, a Chinese artificial intelligence (AI) company, that it had developed a model that rivalled US AI technology while costing far less to create. Volatility then increased further because of uncertainty over President Trump's tariff plans. In the end, the Fed kept rates unchanged in Q1 2025, however it revised lower its economic growth forecasts for the year on the back of 'uncertainty around the economic outlook'. In Europe, Germany's political landscape and the approval of its €500bn fiscal package took centre-stage.

Overall, the 12-month period to 31 March 2025 saw a decline in inflation, prompting interest rate cuts by DM central banks, and a positive momentum in equity markets until February 2025, which then started to fade due to uncertainties surrounding President Trump's presidency and signs of economic weakness.

On 2 April, following President Trump's tariff announcements, equity markets experienced a sharp sell-off, accompanied by significant movements in credit spreads, government bond yields, and exchange rates. Consequently, market volatility spiked throughout the month. However, by the end of April, stocks had recovered somewhat after President Trump announced a 90-day pause in the implementation of reciprocal tariffs for countries that had not yet enacted retaliatory measures, as well as the removal of tariffs on various electronic products. Despite these developments, the situation remains highly fluid.

Equity Markets

At a global level, developed markets as measured by the FTSE World index, returned 5.3%. The FTSE All World Emerging Markets index returned 4.8%.

At a regional level, European markets returned 7.2% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 7.5%. The FTSE USA index returned 5.6% while the FTSE Japan index returned 2.2%.

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[1] Unless otherwise stated, the market return figures in this section are in sterling terms over the 12-month period to 30 April 2025.

Investment report (continued)

Bonds

UK government Bonds as measured by the FTSE Gilts All Stocks Index registered positive returns of 3.5%, while long-dated issues as measured by the corresponding Over 15 Year Index had a negative return of 0.9% over the year. The yield for the FTSE Gilts All Stocks index rose over the year from 4.6%p.a. to 4.7%p.a., while the Over 15 Year index yield rose from 4.7%p.a. to 5.1%p.a.

The FTSE All Stocks Index-Linked Gilts index posted negative returns of 4.4% with corresponding over 15-year index exhibiting a negative return of 10.4%.

Corporate debt as measured by the ICE Bank of America Merrill Lynch Sterling Non-Gilts index returned 5.7%.

Growth Fixed Income

Global high yield bonds, as measured by the JP Morgan ESG Global High Yield BB-B Rated Liquid Corporate index, had a positive return of 3.0%. Emerging market debt, as measured by the J.P. Morgan EMBI Global Diversified excluding CCC index, registered positive returns of 0.5%.

Hedge Funds

Hedge Funds as measured by the HFRI Market Defensive (sterling hedged) index registered negative estimated returns of 0.1%.

Property[2]

The MSCI UK All Property Index returned 8.6%. All the three main sectors of the UK property market – retail (11.3%), industrial (10.5%) and office (2.6%) recorded positive returns over the period.

Market Background (continued)

Commodities

The price of Brent Crude Oil fell by 26.8% from $87.91 per barrel to $64.33 over the one-year period. Over the same period, the price of gold rose 44.1% from $2296.49 per troy ounce to $3308.12. The S&P GSCI Commodity Spot Index returned -17.1%.

Currencies

Sterling appreciated 6.7% against the US dollar from $1.252 to $1.336 and also depreciated 3.3% against the Yen from ¥197.05 to ¥190.54. Against the euro, Sterling appreciated by 0.3%, from €1.171 to €1.175.

[2] Statistics sourced from MSCI Investment Property Database.

Investment report (continued)

Investment Review

Investment Performance to 30 April 2025 – DB assets

Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (%)
Equity	30/09/22	13.2	14.4	11.3	11.4	8.6	8.5
Opportunistic - Select Alternatives Strategies	31/10/24	1.2	3.3	-	-	-	-
Opportunistic - Global Evolution Frontier Markets Debt	20/09/22	5.0	2.4	-	-	2.7	2.0
Opportunistic - MGI UK Cash	31/08/22	4.7	4.6	-	-	5.1	4.9
Income Focused – Multi-Asset Credit	31/03/20	8.6	5.6	6.6	7.6	7.6	8.9
Income Focused – Insight Secured Finance	01/05/20	6.5	2.6	7.5	4.5	8.4	5.3
Income Focused – Schroders Secured Finance	01/05/20	5.9	2.5	7.2	4.2	8.4	4.9
Income Focused - Private Markets (PIP VI) Private Debt (a)(e)	05/03/21	5.9	5.9	6.2	6.2	6.1	6.1
Income Focused - Private Markets (PIP VI) Credit Opportunities (a)(e)	05/03/21	8.8	8.8	7.3	7.3	9.5	9.5
Income Focused - Private Markets (PIP VI) Sustainable Opportunities (a)(e)	05/03/21	5.9	5.9	-0.9	-0.9	0.5	0.5
Income Focused - Private Markets (PIP VI) Infrastructure(a)	05/03/21	8.5	8.5	9.2	9.2	7.5	7.5
Income Focused - Private Markets (PIP VI) Senior Private Debt (a)(e)	05/03/21	5.6	5.6	5.9	5.9	6.7	6.7
Liquid Credit – Tailored Credit (b)	10/06/20	-4.1	-4.1	-2.5	-2.5	3.0	3.0
Liquid Credit – Insight Buy & Maintain	03/04/23	4.4	4.4	-	-	4.6	4.6
LDI – Insight Liability Driven Investment	18/03/16	-9.8	-9.8	-34.8	-34.8	-13.9	-13.9

Total Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (%)
Total (Net of Fees) (c) (d)	18/03/16	-4.6	-5.5	-8.8	-10.3	-1.7	-3.0

Performance provided by State Street Fund Services (Ireland) Limited, Mercer estimates and Refinitiv.
Performance is in £ terms using unswung returns for the underlying Mercer portfolios; gross of Mercer and net of underlying manager fees; gross of hedging fees (where applicable); net of all other expenses including custody and administration costs.
Where the since inception track record is less than one year, performance shown is cumulative and not annualize.
Total returns use official (swung) prices. Where applicable, it includes performance of terminated mandates.

(a) *Figures quoted are estimated by Mercer and are the since inception net internal rates of return (IRR), shown in local currency for the fund, net of underlying manager fees and net of Mercer fee. Due to the long term nature of Private Markets investments it is not meaningful to quote shorter term returns. Returns reflect information available to Mercer at the time the returns were reported and may be adjusted to reflect subsequent information. In cases where investment managers submit historical performance data to Mercer or notify Mercer of a revision to historical performance data subsequent to the publication of Mercer's analysis, this new information will be reflected in subsequent updates of the analysis published by Mercer, but Mercer will not reissue previous analyses to allow for the change to the historical data.*

(b) *The portfolio is not managed relative to a benchmark index and instead aims to generate income sufficient to meeting investors' long dated liabilities by minimising the number of defaults and downgrades of underlying securities.*

(c) *Total returns are net of Mercer and of underlying manager fees; net of hedging fees (where applicable); net of all other expenses including custody and administration costs. Composite fund benchmark is a composite of relevant comparators for the underlying funds.*

(d) *Total returns include quarterly returns for Private Markets calculated by Mercer from Q1 2021 onwards (previously provided by State Street Fund Services (Ireland) Limited) using a Modified Dietz approach based on data provided by Mercer. Over the long term returns are geometrically chain linked using quarterly Total Scheme returns.*

(e) *PIP performance figures are as at 31 March.*

(f) *Represents the combined performance of the previously held Insight Synthetic Equity allocation and the currently held Passive Global Equity allocation where the switch of all the synthetic equity to physical equity was completed on 6 February 2025. Performance of 'portfolio' and 'benchmark' calculated based on actual and target allocations, respectively.*

Investment report (continued)

Asset Allocation as 30 April 2025 – DB assets

The Scheme's DB investments are categorised within the "Equity", "Opportunistic", "Income Focused", "liquid Credit", and "LDI" Portfolios. The current asset allocation within these portfolios is shown in the tables below:

	Total Portfolio	Actual Asset Allocation				Benchmark Allocation at 30 April 2025 (%)	Long-Term Target Benchmark Allocation at 30 April 2025 (%)
		Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)		
Equity	Passive Global Equity	32.1	34.0	4.3	4.7	4.0	4.0
Opportunistic	Mercer Select Alternatives Strategies	-	12.1	-	1.7	1.0	2.0
	Mercer UCITS Alternatives Strategies	11.7	-	1.5	-	-	
	Frontier Market Debt	7.7	8.0	1.0	1.1	1.0	
	MGI UK Cash Fund	-	-	-	-	-	
Income Focused	Multi-Asset Credit (Hedged)	45.1	45.3	6.0	6.2	6.0	6.0
	Insight Secured Finance	25.2	21.8	3.3	3.0	3.0	3.0
	Schroders Secured Finance	26.5	19.3	3.5	2.6	3.0	3.0
	PIP VI - Senior Private Debt	33.8	39.6	4.5	5.4	4.0	4.0
	PIP VI - Credit Opportunities	31.3	30.7	4.1	4.2	4.0	4.0
	PIP VI - Infrastructure	25.4	31.1	3.4	4.3	3.0	3.0
	PIP VI – Sustainable Opportunities	17.8	24.3	2.4	3.3	3.0	3.0
	PIP VI - Private Debt	30.8	34.0	4.1	4.7	4.0	4.0
Liquid Credit	Tailored Credit	102.7	82.5	13.6	11.3	10.5	10.5
	Insight Buy and Maintain	145.2	125.7	19.2	17.2	15.5	15.5
	Allianz Working Capital Fund	-	36.7	-	5.0	5.0	5.0
LDI	Insight LDI	212.4	181.8	28.1	24.9	33.0	33.0
	Cash	7.3	3.0	1.0	0.4	-	-
	Total	**755.0**	**729.9**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Mercer and Insight.
Figures may not sum to total due to rounding.
The source of the valuation used above is the custodian, State Street Fund Services (Ireland) Limited. These may differ to those used in the financial statements due to different pricing methodologies used by the underlying investment managers and the custodian.

Employer related Investment

The investments of the Scheme, during the year to 30 April 2025, were invested in accordance with the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent legislation. In particular, the Scheme is required to look through any investments held in collective investment vehicles (except those held in life insurance policies) to ensure that the maximum level for employer related investments of 5% of the Scheme's assets is not breached.

The Scheme does not directly hold any shares in the Principal Employer. As at 30 April 2025, the proportion of the Scheme's assets in employer-related investments does not exceed 5% of the market value of the Scheme's assets, and therefore the Scheme complies with legislative requirements. This will continue to be monitored going forward.

Custodial arrangements

State Street Custodial Services (Ireland) Limited is the custodian and administrator of the pooled Mercer funds that the Scheme invests in order to implement its investment strategy, with the exception of the Private Investment Partners VI Fund where ING Luxembourg S.A. is the custodian. The Insight Investment Management (Global) Limited (Insight) Cash pooled fund has the Northern Trust International Fund Administration Services (Ireland) Ltd as its custodian.

Bases of investment managers' fees

The Investment Managers' fees during the year were based upon a percentage of funds under management and, depending on the manager, the rates ranged from 0.03% to 0.77% per annum.

The other investment fees paid relate to custody provided by the investment custodian and the investment advisers' fiduciary fees. The custody fees are based on the assets held within each market (per asset class). There are also fees charged per transaction within the funds where the transaction fee rates vary per security and location of the trade, therefore a portion of the custody fees are also based upon the level of transactions per month.

The Trustee's Report was approved on behalf of DS Smith Pension Trustees Limited and signed on its behalf by:

.... Trustee Director

.... Trustee Director

Date: 02/10/25

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on the DS Smith Group Pension Scheme website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Trustee of the DS Smith Group Pension Scheme

Opinion

We have audited the financial statements of the DS Smith Group Pension Scheme for the year ended 30 April 2025 which comprise the Fund Account and Statement of Net Assets (Available for Benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 April 2025, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Scheme's Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Scheme's Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Trustee of the DS Smith Group Pension Scheme

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 25, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non- compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected, or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non- compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures were performed to review cashbook transactions and external confirmation of investment transactions, and other procedures included but not limited to testing any manual journal entries and any other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal

Independent Auditor's Report to the Trustee of the DS Smith Group Pension Scheme

course of business and challenging any judgements and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

Use of our report

This report is made solely to the Scheme's Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Chartered Accountants and Statutory Auditor
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 03/10/25

Fund Account for the year ended 30 April 2025

	Note	2025 £'000	2024 £'000
Contributions and benefits			
Employer contributions	4	21,000	20,600
Other income	5	3	3
		21,003	20,603
Benefits paid or payable	6	(46,860)	(46,293)
Payments to and on account of leavers	7	(589)	(407)
Administrative expenses	8	(10)	(4)
		(47,459)	(46,704)
Net withdrawals from dealings with members		(26,456)	(26,101)
Returns on investments			
Investment income	9	30,679	26,556
Change in market value of investments	10	(28,574)	(26,769)
Investment management expenses	11	(877)	(330)
Net returns on investments		1,228	(543)
Net decrease in the fund during the Year		(25,228)	(26,644)
Net assets of the Scheme at 1 May		765,194	791,838
Net assets of the Scheme at 30 April		739,966	765,194

The notes on pages 31 to 49 form part of these financial statements.

Statement of Net Assets (available for benefits)

	Note	2025 £'000	2024 £'000
Investment assets:	10		
Bonds		773,284	734,335
DB Pooled investment vehicles	13	419,558	362,167
DB (formerly DC) Pooled investment vehicles	14	125	142
Derivatives	15	43,754	82,129
Amounts receivable under reverse repurchase agreements	16	-	24,646
AVC investments	18	2,568	2,902
Cash	19	4,489	12,603
Other investment balances	20	5,059	5,095
		1,248,837	1,224,019
Investment liabilities:			
Derivatives	15	(48,541)	(85,598)
Cash	19	-	(2,550)
Obligation to return bonds		-	(5,067)
Amounts due under repurchase agreements	17	(460,487)	(367,425)
Other investment balances	20	(9,574)	(8,504)
		(518,602)	(469,144)
Total net investments		730,235	754,875
Current assets	25	10,537	10,936
Current liabilities	26	(806)	(617)
Net Assets of the Scheme at 30 April		739,966	765,194

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the actuarial review on pages 9 to 10 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 31 to 49 form part of these financial statements.

The financial statements on pages 29 to 49 were approved on behalf of DS Smith Pension Trustees Limited and signed on its behalf by:

Trustee Director

Trustee Director

Date: 02/10/25

Notes to the Financial Statements

1. Identification of the financial statements

The Scheme is established as a trust under English law.

The Scheme was established to provide retirement benefits to certain groups of employees of DS Smith Limited. The address of the Scheme's principal office is Level 3, 1 Paddington Street, London, W2 1DL.

The Scheme had been reported as a defined benefit scheme until it was classed a hybrid Scheme for the first time in the annual report as at 30 April 2022. Following a historic review it was highlighted that some of the reported additional voluntary contributions (AVC's) formed defined contribution (DC) benefits for members and were not AVC funds. From 10 April 2025, however, the Trustee decided that the DC Assets (invested in Utmost Life) were to become Scheme assets and would no longer be associated to individual members, who instead would now receive a DB pension which Mercer as the Scheme Actuary calculates. All funds invested with Utmost Life are due to be disinvested and paid to the DB Trustee bank account in October 2025 and subsequently retained by the Scheme. The Scheme is therefore classed as a defined benefit scheme.

2. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (SORP) (Revised June 2018).

The financial statements as at 30 April 2025 continue to be prepared on a going concern basis of accounting and no adjustments have been made to the financial statements. In reaching this conclusion, the Trustee has considered the current funding position of the Scheme, the strength of the covenant of DS Smith Limited and the ability of the participating employer to continue to make contributions as due.

3. Accounting policies

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Currency

The Scheme's functional currency and presentational currency is Pounds Sterling (GBP).

Assets and liabilities in foreign currencies are expressed in Sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into Sterling at the rate ruling at the date of the transaction.

Gains and losses arising on translation are accounted for in the change of market value of investments during the year.

3.3 Contributions

Employer additional funding contributions are accounted for in the period to which they relate, in accordance with the Schedule of Contributions, or on receipt if earlier, with the agreement of the employer and Trustee.

3.4 Transfers

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.

3.5 Other income

Income is accounted for in the period in which it falls due on an accruals basis.

3.6 Administrative and other expenses

Administrative expenses are accounted for in the period in which they fall due on an accruals basis. Investment management expenses are accounted for in the period in which they fall due on an accruals basis.

3.7 Payments to members

Pensions in payment are accounted for in the period to which they relate.

Other benefits, and any associated tax liabilities, are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for on the later of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustee. If there is no choice, they are accounted for on the date of retirement or leaving.

3.8 Investment income

Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.

Income from cash and short term deposits, including repurchase agreements, are accounted for on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the investment manager.

Net receipts or payments on repurchase agreements are accounted for on an accruals basis.

Income from foreign currency holdings is translated into Sterling at the rate applicable on the date of the transaction.

Net receipts or payments on swap contracts are reported within investment income on an accruals basis.

3.9 Change in market value of investments

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

3.10 Valuation of investments

Quoted securities, including bonds and certain pooled investment vehicles which are traded on active markets have been valued at the quoted price, which is usually the bid price, at the year end.

Accrued interest is excluded from the fair value of fixed income and index linked securities and is included in investment income receivable.

Pooled investment vehicles which are not traded on active markets, but where the investment manager has provided a daily/weekly/monthly trading price, are valued using the last bid/single price, provided by the investment manager at or before the year end.

The PIP VI funds are valued based on NAV pricing at the end of the previous month.

Exchange traded futures are valued at fair value using the daily mark-to-market, which is a calculated difference between the settlement prices at the year end and the inception date. Amounts due from the broker represent the amounts outstanding in respect of the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker. The amounts included in change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts.

Over the counter (OTC) swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the year end. The amounts included in the change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts.

3.10 Valuation of investments - continued

Over the counter (OTC) forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the year end by entering into an equal and opposite contract at that date.

Repurchase agreements are accounted for as follows:

- For repurchase agreements the Scheme continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.
- For reverse repurchase agreements the Scheme does not recognise the securities received as collateral in its financial statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in the financial statements.

The Trustee holds insurance policies that secure pensions payable to specified beneficiaries. These policies remain assets of the Trustee, but, as the value of these policies is not material, under current regulations and accounting practice, the Trustee has decided that these policies need not be valued in the Statement of Net Assets.

The AVC investments comprise policies of assurance. The market value of these policies has been taken as the surrender values of the policies at the year end, as advised by the AVC providers.

4. Contributions

	2025 Total £'000	2024 Total £'000
Employer additional contributions	**21,000**	20,600

As required by the Schedule of Contributions certified by the Actuary on 21 July 2023, contributions were paid during the year at a rate of £21.0m (2024: £20.6m). Future contributions are due at the rate of £8.9m (2025/26 May to September 2025).

5. Other income

	2025 Total £'000	2024 Total £'000
Pension Sharing Order and admin fee income	**3**	3

6. Benefits paid or payable

	2025 Total £'000	2024 Total £'000
Pensions paid	**41,403**	40,248
Commutations of pensions and lump sum retirement benefits	**4,989**	5,448
Lump sum death benefits	**175**	266
Refund of contributions on death	**293**	331
	46,860	46,293

7. Payments to and on account of leavers

	2025 Total £'000	2024 Total £'000
Individual transfers out to other schemes	**589**	407

8. Administrative expenses

	2025 Total £'000	2024 Total £'000
Bank charges paid	**4**	4
Sundry expenses	**6**	-
	10	4

Except for the bank charges and one off ad-hoc charges, all other administration expenses are borne by the Group.

9. Investment income

	2025 Total £'000	2024 Total £'000
Income from bonds	**19,563**	17,023
Income from pooled investment vehicles	**27,956**	25,193
Net interest on swaps	**1,717**	(488)
Interest on cash deposits	**1,638**	527
Repurchase agreement interest	**(20,215)**	(15,728)
Miscellaneous income	**20**	29
	30,679	26,556

10. Reconciliation of investments

Defined Benefit investments	Value at 1 May 2024 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 30 April 2025 £'000
Bonds	729,268	198,983	(135,069)	(19,898)	773,284
Pooled investment vehicles	362,167	169,642	(102,619)	(9,632)	419,558
Derivatives	(3,469)	472,040	(474,154)	796	(4,787)
AVC investments	2,902	-	(488)	154	2,568
DB (formerly DC) pooled Investment Vehicles*	142	-	(23)	6	125
	1,091,010	840,665	(712,353)	(28,574)	1,190,748
Repurchase agreements	(342,779)				(460,487)
Cash and cash equivalents	10,053				4,489
Other investment balances	(3,409)				(4,515)
	754,875				730,235

*Assets invested in Utmost Life) became Scheme assets on 10 April 2025 and were no longer associated to individual members, who instead now receive a DB pension which Mercer as the Scheme Actuary calculates. All funds invested with Utmost Life are due to be disinvested and paid to the DB Trustee bank account in October 2025 and subsequently retained by the Scheme.

10.1 Transaction costs

There were no direct transaction costs incurred during the year. Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

11. Investment management expenses

	2025 Total £'000	2024 Total £'000
Administration, management and custody	**1,009**	967
Investment management fee rebates	**(132)**	(637)
	877	330

The investment management fee rebates relate to the investments managed by Mercer Global Investments and the Secured Finance pooled funds. These are a result of the actual fund expenses being less than those originally charged in the unit price. The rebates are reinvested into the funds to purchase additional units.

12. Taxation

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

13. DB Pooled investment vehicles

	2025 Total £'000	2024 Total £'000
Equity	**34,008**	-
Bonds	**213,399**	207,179
Hedge Funds	**12,126**	11,694
Cash & derivatives	**507**	927
Other (private markets)	**159,518**	142,367
	419,558	362,167

The pooled investments are held in the name of the Scheme. Except for the income generated by the MGI, Secured Finance funds and the Insight pooled investments which are shown in note 9, income generated by these funds is not distributed, but retained within the pooled investments and reflected in the market value of the units.

14. DB (formerly DC) Pooled investment vehicles

	2025 Total £'000	2024 Total £'000
Equity	**1**	1
Bonds	**1**	1
Multi asset Funds	**5**	8
Cash	**118**	132
	125	142

The assets disclosed above were held with Utmost Life and Pensions under the policy name JDS Special Benefit Account. A small number of members invested in a defined contribution ("DC") fund until 10 April 2025. From this date, the Trustee agreed that the DC Assets (invested in Utmost Life) would become Scheme assets and would no longer be associated to individual members, who instead would now receive a DB pension which the Scheme Actuary calculates. All funds invested with Utmost Life are due to be disinvested and paid to the DB Trustee bank account in October 2025 and subsequently retained by the Scheme.

15. Derivatives

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme as follows:

The Trustee aims to match as far as possible the Liability Driven Investment (LDI) portfolio and the Scheme's long term liabilities, in particular in relation to their sensitivities to interest rate and inflation movements. The Trustee has entered into OTC interest rate and inflation swaps that extend the duration of the fixed income portfolio to better match the long term liabilities of the Scheme.

Forward foreign exchange - In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

15. Derivatives (continued)

At the year end the Scheme had the following derivatives:

	Assets £'000	**Liabilities £'000**	**2025 £'000**	Assets £'000	Liabilities £'000	2024 £'000
Exchange traded						
Futures	**22,482**	**(22,482)**	**-**	51,480	(51,480)	-
Over the counter contracts						
Swaps	**20,432**	**(25,959)**	**(5,527)**	30,595	(33,830)	(3,235)
Forward foreign exchange	**840**	**(100)**	**740**	54	(288)	(234)
	43,754	**(48,541)**	**(4,787)**	82,129	(85,598)	(3,469)

A summary of the Scheme's outstanding derivative contracts at the year end aggregated by key characteristics is set out below:

15.1 Swaps

Nature	**Notional amounts £'000**	**Expiration Date**	**Aggregate asset value £'000**	**Aggregate liability value £'000**
Interest rate swaps	30,117	<1 year	157	(130)
Interest rate swaps	107,347	1-5 years	2,986	(1,020)
Interest rate swaps	149,984	5-10 years	312	(4,260)
Interest rate swaps	32,459	10-20 years	667	(872)
Interest rate swaps	9,590	20-30 years	133	(370)
Interest rate swaps	3,583	>30 years	-	(470)
Inflation rate swaps	300,903	1-5 years	7,000	(4,266)
Inflation rate swaps	185,675	5-10 years	9,177	(14,571)
Total 2025	**819,658**		**20,432**	**(25,959)**
Total 2024	875,255		30,595	(33,830)

15.2 Futures

Nature	**Economic Exposure**	**Expires**	**Asset value £'000**	**Liability value £'000**
Total 2025	242	June 2025	**22,482**	**(22,482)**
Total 2024	477	June 2024	51,480	(51,480)

15.3 Forward foreign exchange

Number of Contracts	Settlement date	Currency bought	Currency sold	Asset value £'000	Liability value £'000
1	May 2025	8,906,359 GBP	11,327,000 USD	426	-
1	May 2025	451,000 USD	351,928 GBP	-	(14)
1	May 2025	1,009,820 GBP	1,212,000 EUR	-	(22)
3	June 2025	2,960,500 GBP	3,512,000 EUR	2	(38)
2	June 2025	17,428,915 GBP	22,734,000 USD	411	-
1	June 2025	625,000 USD	490,448 GBP	-	(23)
2	July 2025	5,337,347 USD	7,134,000 USD	1	(3)
Total 2025				**840**	**(100)**
Total 2024	-	-		54	(288)

15.4 Collateral

Collateral held in respect of swaps held was as follows:

	2025 Total £'000	2024 Total £'000
Collateral received		
Cash	**1,772**	170
Collateral pledged		
Bonds	**(6,070)**	(4,024)

16. Amounts receivable under reverse repurchase agreements

Reverse repurchase agreements are a form of short term lending, where the Scheme has purchased assets with the agreement to resell at a fixed date and price.

At 30 April 2025, there were no amounts receivable under reverse repurchase agreements (2024: £24,645,753).

17. Amounts due under repurchase agreements

Repurchase agreements are a form of short term borrowing, where the Scheme has sold assets with the agreement to repurchase at a fixed date and price.

At 30 April 2025, amounts payable under repurchase agreements totalled £460,486,474 (2024: £367,425,048).

In respect of reverse repurchase agreements and repurchase agreements, at 30 April 2025, £457,557,463 (2024: £334,029,030) of bonds reported in the Scheme assets within note 15.1 were held by counterparties, and shown as collateral pledged. In addition, collateral received and pledged was £83,067 (2024: £1,329,096) and £13,389,582 (2024: £4,265,460) respectively.

18. AVC investments

The Trustee holds assets within the main fund and also holds assets which are separately invested from the main fund in the form of individual policies of assurance and pooled investment vehicles. These are secure additional benefits, on a money purchase basis, for those members who elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 30 April each year, confirming the amounts held to their account and the movements during the year.

The total amount of AVC investments at the year end is shown below:

	2025 Total £'000	2024 Total £'000
Utmost Life and Pensions	**318**	406
Scottish Friendly Assurance Society Ltd	**2,250**	2,496
	2,568	2,902

19. Cash

	2025 Total £'000	2024 Total £'000
Cash - Sterling assets	**4,349**	10,506
Cash - Sterling liabilities	**-**	-
Cash - foreign currency assets	**140**	2,096
Cash - foreign currency liabilities*	**-**	(2,549)
	4,489	10,053

*2025 cash foreign currency liabilities are below £500 and therefore are not reflected in the figures above.

20. Other investment balances

	Assets £'000	**Liabilities £'000**	**2025 £'000**	Assets £'000	Liabilities £'000	2024 £'000
Investment income receivable	**5,059**	**(9,574)**	**(4,515)**	5,095	(7,463)	(2,368)
Outstanding settlements (excluding FX)	**-**	**-**	**-**	-	(1,041)	(1,041)
	5,059	**(9,574)**	**(4,515)**	5,095	(8,504)	(3,409)

21. Fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities which the reporting entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs which reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs are inputs which reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

	2025 Level 1 £'000	**2025 Level 2 £'000**	**2025 Level 3 £'000**	**2025 Total £'000**
Bonds	**-**	**773,284**	**-**	**773,284**
DB Pooled investment vehicles	**-**	**219,006**	**200,552**	**419,558**
DC Pooled investment vehicles	**-**	**125**	**-**	**125**
Derivatives	**-**	**(4,787)**	**-**	**(4,787)**
Repurchase agreements	**-**	**(460,487)**	**-**	**(460,487)**
AVC investments	**-**	**2,550**	**18**	**2,568**
Cash	**4,489**	**-**	**-**	**4,489**
Other investment balances	**(4,515)**	**-**	**-**	**(4,515)**
	(26)	**529,691**	**200,570**	**730,235**

Analysis for the prior year end is as follows:

	2024 Level 1 £'000	2024 Level 2 £'000	2024 Level 3 £'000	2024 Total £'000
Bonds	-	729,268	-	729,268
DB Pooled investment vehicles	-	167,984	194,183	362,167
DC Pooled investment vehicles	-	142	-	142
Derivatives	-	(3,469)	-	(3,469)
Repurchase agreements	-	(342,779)	-	(342,779)
AVC investments	-	2,875	27	2,902
Cash	10,053	-	-	10,053
Other investment balances	(3,409)	-	-	(3,409)
	6,644	554,021	194,210	754,875

22. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed at the end of the reporting period: this is set out in the revised Statement of Recommended Practice (SORP), published in June 2018.

All risk disclosures are based on Mercer's interpretation of guidance issued by the Pensions Research Accountants Group (PRAG). For further information on all Mercer funds, please refer to the audited fund financial statements.

The risks set out by FRS 102 for disclosure are as follows:

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Scheme has exposure to the above risks through the assets held to implement its investment strategy. The investment strategy has been designed to balance the risk and return while allowing the Scheme to achieve its objectives.

The Trustee has taken the step to reduce investment risk within its portfolio by implementing a de-risking strategy whereby the level of investment risk inherent in the Scheme's investment arrangements will reduce further as the Scheme's funding level improves. The Trustee agreed the way in which the investment risk should be reduced and has delegated the implementation of the de-risking strategy to Mercer. The de-risking strategy comprises funding level triggers which are monitored daily by Mercer. When a pre agreed trigger level is breached, Mercer opportunistically switches the assets from the Growth Portfolio to the Matching Portfolio. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk.

The investment objectives and risk limits of the Scheme are further detailed in the SIP.

With regard to the Scheme's DC assets, the investment objectives and risk management were implemented through the selection of pooled investment funds until 10 April 2025, when they became DB assets as explained on page 15 of this report. The Trustee monitored their investment objectives and risks through regular reviews of the investment funds underlying their insurance policies. DC assets show risks for the previous year only and are not considered significant in relation to the overall investments of the Scheme for the current year.

Further information on the Trustee' approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

(i) Investment Strategy – DB assets

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due. The investment strategy is agreed by the Trustee, taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the Scheme and the Recovery Plan agreed with the Employer. The key decision is the split between the Growth and Low Risk Portfolios in the investment strategy. More details on the investment strategy are set out in the SIP.

22. Investment risks (continued)

The Scheme's current target investment strategy is as follows:

- 64% in investments that share characteristics with the long-term liabilities of the Scheme, specifically the 'Liquid Credit', 'LDI' and 'Cash' assets. The Liquid Credit and LDI portfolios are invested in assets including government and corporate bonds as well as funds incorporating derivative instruments to hedge the impact of interest rate movements and inflation expectations on the long term liabilities.
- 36.0% in investments that seek to generate a return above the liabilities, including the Equity, Opportunistic and Income Focused portfolios. These are currently invested in global equities, frontier market debt, multi-asset credit, secured finance, alternatives, private markets and cash.
- c.69% of the 36.0% allocation to return seeking assets is currency hedged. This currency hedging policy is achieved using derivatives such as forwards and swaps within the various funds held. Please note that additional currency risk may arise when underlying managers take active currency positions or from allocations to fixed income assets denominated in non-sterling currencies.

The actual allocations will vary from the above due to market price movements, dynamic asset allocation decisions, trigger breaches and intervals between rebalancing the portfolio.

Financial Risk Breakdown

The following table summarises the extent to which the various asset classes of investments are affected by financial risks. Since the assets are all invested in pooled funds as opposed to being held on a direct basis, the risks are referred to as indirect:

Fund	Portfolio	Indirect Currency Risk	Indirect Interest Rate Risk	Indirect Credit Risk	Indirect Other Price Risk
Passive Global Equity	Equity	X	X		X
Frontier Market Debt	Opportunistic	X	X	X	X
UCITS Alternatives Strategies (Hedged)	Opportunistic	X	X	X	X
MGI UK Cash Fund	Opportunistic		X	X	
Mercer Multi-Asset Credit Fund (Hedged)	Income Focused	X	X	X	X
Insight Secured Finance (Hedged)	Income Focused	X	X	X	X
Schroders Secured Finance (Hedged)	Income Focused	X	X	X	X
Mercer Private Investment Partners VI	Income Focused	X	X	X	X
Insight Buy and Maintain (Direct Risk)	Liquid Credit	X	X	X	X
Tailored Credit I	Liquid Credit	X	X	X	
Allianz Working Capital	Liquid Credit	X	X	X	X
Insight Liability Driven Investment	LDI		X	X	X

Source: Mercer and Insight

22. Investment risks (continued)

(ii) Market risk

a. Currency risk

Within a look through of the Funds, the Scheme is not exposed to direct currency risk as the segregated mandates with Insight are limited to investing in Sterling denominated assets only, with the exception of the Insight Buy & Maintain mandate. However, Insight hedges any foreign currency exposure.

Indirect currency risk arises from the Scheme's investment in Sterling or US Dollar priced pooled investment vehicles which hold underlying investments denominated in foreign currency. To manage the currency risk associated with this holding, the Trustee seeks to hedge the majority of the non-Sterling exposure by investing in currency hedged investment vehicles. The net currency exposure as at 30 April 2025 was c.12.9% (2024: c. 10.9%). Currency risk is not undertaken where the costs of hedging are excessive or the currency exposure is expected to be rewarded by return.

b. Interest rate risk

The Scheme is subject to direct interest rate risk within the bespoke pooled fund because it directly holds bonds (both government and corporate), derivatives and cash in its segregated mandates with Insight. Indirect interest risk was also present over the year because the underlying investments held in the underlying Mercer pooled funds, are sensitive to changes in interest rates. The interest rate risk exposure that these holdings introduce does not seek to be hedged because the managers actively manage it with the intention to add value.

The Trustee has a benchmark allocation at year end to Liquid Credit (31.0%) and LDI mandate (33.0%). As at 30 April 2025, these assets represented 58.6% of total assets (2024: c. 61.0%). The variance from the target allocation is due to market movements.

With reference to these assets, if interest rates fall, the value of the underlying holdings will rise to help match the increase in actuarial liabilities arising from a fall in the discount rates. Similarly, if interest rates rise, the underlying investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. As at 30 April 2025, the Scheme had a target hedge ratio of c.97.0% of the interest rate and inflation rate sensitivity of the Scheme's funded LTFT liabilities.

Opportunistic and Income Focused Portfolios, at lesser extent also have indirect interest rate risk.

c. Other price risk

Other price risk arises principally in relation to the Scheme's Equity, Opportunistic and Income Focused Portfolios, which had a benchmark allocation of 36.0% as at 30 April 2025. The portfolios include fixed income-orientated assets such as Multi-Asset Credit, and Frontier Market Debt, as well as investments aiming to achieve capital growth, including equities and hedge funds and private markets. These risks are managed, to an extent, by ensuring that the portfolios are well diversified (in terms of asset type and geographical region).

As at 30 April 2025, the Equity, Opportunistic and Income Focused portfolios represented c.41.2% of total assets (2024: c.38.1%) The variance from the target allocation (5.2%) is largely a result of market movements and the funding of private market commitments.

The LDI mandate at lesser extent will also have indirect other price risk.

22. Investment risks (continued)

(iii) Credit risk

The Scheme's LDI and Liquid Credit Portfolios are subject to credit risk because the Scheme directly invests in bonds, has entered into Over the Counter (OTC) derivatives and repurchase agreements and holds cash balances. However, a large proportion of the LDI Portfolio is invested in government bonds to reduce credit risk. The value of these assets, as at 30 April 2024 and 2025, are disclosed in the accounts. The notes below provide more detail on how this risk is managed and mitigated for the different investments held within the segregated mandate:

- **Corporate Bonds:** mitigated by investing in corporate bonds which are rated at least investment grade at the point of purchase. With regards to corporate bonds, the Trustee accepts the associated higher credit risk (relative to government issued debt) in exchange for higher expected return, but the managers are expected to manage the risk by diversifying the portfolios to minimise the impact of default by any one issuer. This is the position at the current and previous year end.
- **Derivatives:** OTC derivative contracts (including swaps and options) and repurchase agreements are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC derivatives and repurchase agreements is reduced by daily collateralisation using high quality collateral and the use of a number of bank counterparties. This is the position as at the current and previous year end.
- **Derivative and Repurchase Agreement Counterparties:** mitigated by requiring all counterparties to be investment grade credit rated. Additionally, for each type of derivative used, exposure limits have been established to ensure that this risk is diversified across a range of counterparties. This is the position as at the current and previous year end.
- **Cash balances:** mitigated by ensuring cash is primarily held with a diversified range of institutions and in a liquid pooled fund. This is the position at the current and previous year end.

Credit risk is also managed by employing experienced active managers in these particular asset classes and by limiting the overall exposure of credit within the Growth Portfolio.

A summary of the pooled investment vehicles by type of arrangement is set out below.

Arrangement type	Start of Year (£m)	End of Year (£m)
Open ended investment companies	219.8	260.1
Shares of limited liabilities partnerships	142.4	159.5
Total	**362.2**	**419.6**

(iv) Investment Strategy – DC assets – until 10 April 2025

The Scheme's DC assets were held in respect of Special Benefit Account members and were accessed via an insurance policy issued to the Trustee by Utmost Life and Pensions. However, the DC section was closed prior to the Scheme year-end, on 10 April 2025. From this date, the DC Assets (invested in Utmost Life) became Scheme assets and were no longer associated to individual members, who instead now receive a DB pension which the Scheme Actuary calculates. All funds invested with Utmost Life are due to be disinvested and paid to the DB Trustee bank account in October 2025 and subsequently retained by the Scheme. This arrangement had previously provided the Trustee with access to a range of unitised pooled investment vehicles. The following criteria had been applied in determining the investment strategy for the DC assets until the assets became DB assets on 10 April 2025, as described above.

Setting the investment strategy for the Scheme's assets was the responsibility of the Trustee and was driven by their investment objectives. The remaining elements of investment policy are related to the day to day management of the assets which was delegated to professional investment managers.

22. Investment risks (continued)

(iv) Investment Strategy – DC assets – until 10 April 2025 (continued)

The Trustee's primary objective had been to act in the best interests of its members and ensure that the members had a suitable range of funds available for investment. The investment profile of the funds available was to be consistent with the needs of the members and they had been reviewed on a regular basis. The Trustee had also recognised that members may not believe themselves to be qualified to make investment decisions. As such, the Trustee had made available a default option, the "Utmost Life Money Market Fund". The Utmost Life Money Market Fund places the emphasis on preserving capital whilst aiming to provide a return in line with prevailing short term money market rates. The investment managers selected by Utmost were responsible for the day-to-day management of the Scheme's assets in accordance with the guidelines of the pooled funds during the Scheme year until 10 April 2025.

The DC assets had exposure to market and credit risk because of the range of investment options offered to members. The Trustee had identified and seeked to manage the Scheme's investment risks by taking them into account when setting the Scheme's strategic investment objectives. The investment objectives and risk management were implemented through the selection of pooled investment funds, which were accessed through long term insurance policies with Utmost Life. The Trustee monitored the investment objectives and risks through regular reviews of the investment funds underlying their insurance policies.

To manage the investment objectives and control the risks set out above, the Trustee had made available a range of funds for members that allowed exposure to a range of asset classes. These included equity, property, bonds, multi-asset and money market funds. Members could combine the investment funds in any proportion to determine the balance between different kinds of investments until the conversion of the portfolio to DB assets, after which they became assets of the DB section. This also determined the expected return on a member's assets and was expected to be related to the member's own risk appetite and tolerances. Each of the available funds was considered to be diversified across an appropriate number of underlying holdings / issuers.

22. Investment risks (continued)

(iv) Investment Strategy – DC assets – until 10 April 2025 (continued)

The table below set out the funds previously offered to members and how they were affected by financial risks as at 30 April 2024. There were no DC holdings as at 30 April 2025, only AVC holdings, and therefore the risks are not considered for the current year. Since the assets were all invested in pooled funds as opposed to being held on a direct basis, the risks were referred to as indirect.

Policy	Fund	Indirect Currency Risk	Indirect Interest Rate Risk	Indirect Credit Risk	Indirect Other Price Risk	Indirect Liquidity Risk
Utmost Life (DC)	Multi-asset Growth	X	X	X	X	
	Multi-asset Moderate	X	X	X	X	
	Sterling Corporate Bond		X	X	X	
	US Equity	X	X		X	
	Global Equity	X	X		X	
	UK Government Bond		X	X	X	
	Money Market		X	X	X	
Utmost Life (AVC)	Multi-asset Cautious	X	X	X	X	
	Money Market		X	X	X	
	Clerical Medical With-Profits	X	X	X	X	
Scottish Friendly (AVC)	Sterling Liquidity		X	X	X	
	Passive UK Equity	X	X		X	
	Over Five-year Index-Linked Gilt		X	X	X	
	Continental European Equity	X	X		X	
	Global ex-UK	X	X		X	
	Japan Equity	X	X		X	
	Pacific Basin ex-Japan Equity	X	X		X	
	US Equity	X	X		X	
	All Stock UK Corporate Bond		X	X	X	
	All Stock Fixed Interest Gilt		X	X	X	
	Select World Equity	X	X		X	
	World Equity	X	X		X	

22. Investment risks (continued)

(v) Credit Risk

The Scheme's DC assets were subject to direct credit risk in relation to Utmost Life through its holding in unit-linked funds until 10 April 2025. The Scheme's AVC assets are subject to direct credit risk in relation to Utmost Life and Scottish Friendly through its holding in unit-linked funds.

This risk is mitigated by the type of arrangement, which is also subject to periodic review. Utmost Life and Scottish Friendly are regulated by the Financial Conduct Authority and the Prudential Regulation Authority and maintains separate funds for its policyholders. Scottish Friendly investments are held in its own investment unit linked funds. Utmost Life investments are invested in its own unit-linked funds, with the exception of the Clerical Medical With-Profits Fund which is accessed via a reinsurance agreement with Scottish Widows Limited.

In the event of default by Utmost Life or Scottish Friendly, the Scheme is protected by the Financial Services Compensation Scheme ("FSCS") and may be able to make a claim for 100% of its policy value, although noting that compensation is not guaranteed.

(vi) Indirect Credit and Market Risk

The Scheme's AVC assets are (and in respect of the DC assets, were) subject to indirect credit and other risks arising from the underlying investments held in the unit linked funds.

- Indirect credit risk arises in relation to underlying bond investments held in the pooled investment vehicles.
- Indirect currency risk arises from the Sterling priced pooled investment vehicles which may hold underlying investments denominated in foreign currency.
- Indirect interest rate risk arises where the underlying investments of a pooled investment vehicle are exposed to interest rate risk which affects the price of fixed income investments and other risks such as equity market price risk.
- Liquidity relates to the potential for trading to be suspended or incur material costs.

The Trustee has considered indirect risks in the context of the investment strategy. The indirect risks relevant to individual funds are as set out in the table above.

In addition, members were exposed to annuity price and inflation risk (the risk that the purchasing power of their investments is eroded by inflation or impacted by annuity purchase prices) and this is addressed by allowing investment in vehicles that will mitigate the impact of these risks such as fixed interest and index linked gilts. The funds which provide exposure to interest rate risk are those where this is considered appropriate to mitigate the impact of annuity price risk.

The Trustee has selected the above funds and has considered the indirect risks in the context of the investment strategy described here and in the Statement of Investment Principles and believe these to be appropriate. Risks are mitigated where appropriate. This includes diversification of individual stock exposures within individual pooled funds (except in relation to UK Government debt which is considered low risk). In addition, funds which are expected to provide lower risk investments (in absolute terms or relative to purchasing power) focus on Government or investment credit/cash, where default risk is considered low.

23. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year end:

	2025	**2025**	2024	2024
	£'000	**%**	£'000	%
Mercer Select Alternatives Strategies Fund	**82,468**	**11.1**	102,738	13.4
Mercer Multi-Asset Credit Fund	**45,254**	**6.1**	44,895	5.9
Income Focused – PIP VI - Senior Private Debt	**39,572**	**5.3**	34,539	4.5

24. Employer-related investments

The investments of the Scheme, during the year to 30 April 2025, were invested in accordance with the Occupational Pension Schemes (Investment) Regulations 2005 and subsequent legislation. In particular, the Scheme is required to look through any investments held in collective investment vehicles (except those held in life insurance policies) to ensure that the maximum level for employer related investments of 5% of the Scheme's assets is not breached.

The Scheme does not directly hold any shares in the Principal Employer. As at 30 April 2025, the proportion of the Scheme's assets in employer-related investments does not exceed 5% of the market value of the Scheme's assets, and therefore the Scheme complies with legislative requirements. This will continue to be monitored going forward.

25. Current assets

	2025 Total £'000	2024 Total £'000
Cash deposits held with the Scheme Administrator	**10,522**	10,926
Accrued bank interest	**10**	9
Prepaid pension payments	**5**	1
	10,537	10,936

26. Current liabilities

	2025 Total £'000	2024 Total £'000
Lump sums on retirement payable	**242**	154
Death benefits payable	**293**	232
Investment management expenses payable	**271**	200
PAYE payable	**-**	31
	806	617

27. Related party transactions

(a) Entities with control, joint control or significant influence over the Scheme

In respect of the year ended 30 April 2025, the Group paid the following on behalf of the Scheme.
- Remuneration and expenses to the Trustee Directors of £111,666 (2024: £97,000).
- Pension Protection Fund levy of £14,896 (2024: £115,009).

Historically, the Scheme recharged the Group with the costs associated with running the Scheme and recharged the Group for administration services provided by the Group Pensions Office. With effect from 1 May 2013 all costs were paid direct by the Group. During the year the Group incurred costs of £1,049,074 (2024: £1,581,563) on behalf of the Scheme.

(b) Key management personnel of the Scheme or its parent (in aggregate)

Except for the Chairman, Mr P Holland (Zedra Governance Limited, formerly AAA Trustee) and Mr H Fisher, all Trustee Directors are pensioner members of the DS Smith Group Pension Scheme and receive benefits in accordance with the Trust Deed and Rules.

28. GMP Equalisation

On 26 October 2018, the High Court judgement in the landmark Lloyds Bank Guaranteed Minimum Pension (GMP) equalisation case was published. The judgement re-confirmed the requirement on all pension schemes to equalise benefits between men and women to allow for differences in GMPs earned after 17 May 1990. GMP is a tranche of pension that relates to a scheme having been "contracted-out" of part of the state pension before 6 April 1997. The judgement also commented on the potential calculation methods for ongoing schemes.

The calculation regarding GMP pension liability for the Scheme has not been finalised, however, the actuary has estimated a reserve of 0.73% of liabilities during the course of the 30 April 2022 valuation. The GMP Sub-Committee are also looking at this particular matter and updates will be provided once there is more information on this project.

29. Subsequent Events

The Scheme's DC assets that had been invested with Utmost Life are due to be disinvested and paid to the DB Trustee bank account in October 2025 and subsequently retained by the Scheme. This was following the Trustee decision to close the DC section prior to the Scheme year-end, on 10 April 2025. From this date, the DC Assets (invested in Utmost Life) became Scheme assets and were no longer associated to individual members, who instead now receive a DB pension which the Scheme Actuary calculates.

Independent Auditor's Statement about Contributions, under Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee Directors of the DS Smith Group Pension Scheme

Statement about contributions payable under schedule of contributions

We have examined the Summary of Contributions payable to the DS Smith Group Pension Scheme on page 51, in respect of the Scheme year ended 30 April 2025.

In our opinion the contributions for the Scheme year ended 30 April 2025 as reported in the Summary of Contributions on page 51 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 21 July 2023.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 51 in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and auditor

As explained more fully on page 25 in the Statement of Trustee's Responsibilities, the Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG
Date: 03/10/25

DS Smith Group Pension Scheme

Annual Report for the year ended 30 April 2025

Summary of Contributions

During the year ended 30 April 2025, the contributions payable to the Scheme by the Employer were as follows:

	2025 Total £'000
Contributions payable under the Schedule of Contributions certified by the Actuary on 21 July 2023:	
Employer additional contributions:	**21,000**
Contributions payable under the Schedule of Contributions certified by the Actuary on 21 July 2023 (as reported on by the Scheme Auditor) and reported in the financial statements:	**21,000**

Approved on behalf of DS Smith Pension Trustees Limited and signed on its behalf by:

.... Trustee Director

.... Trustee Director

Date: 02/10/25 ....

Actuarial Valuation as at 30 April 2022 Schedule of Contributions

DS Smith Group Pension Scheme

Status of this document

This schedule has been prepared by the Trustee of the DS Smith Group Pension Scheme ("the Trustee" of the "Scheme") to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Neil Brougham, the actuary to the Scheme appointed by the Trustee.

This document is the first schedule of contributions put in place for the Scheme since 30 April 2022 valuation. It supersedes all earlier versions.

After discussions, a pattern of contributions was agreed by the Trustees and the employer, DS Smith Plc (the "Group"), on 28 April 2023.

The Trustee and the Group have signed this schedule on page 3 to indicate that it represents an accurate record of the agreed pattern of contributions.

The schedule is effective from the date it is certified by the Scheme Actuary on page 4.

Contributions to be paid to the Scheme from 21 July 2023 to 21 July 2028

Group's contributions in respect of the shortfall in funding as per the recovery plan of 21 July 2023

The actuarial valuation of the Scheme as at 30 April 2022 revealed a shortfall in the assets, when measured against the Scheme's technical provisions, of £26m.

To correct the shortfall as at 30 April 2022, the Group will pay contributions as follows:

Scheme Year	Amount £m
2022/23	20.2*

*for the avoidance of doubt, any payments made after 1 May 2022 for the purpose of addressing the shortfall in funding made under the Schedule of Contributions certified on 14 April 2020 shall count towards the payment of £20.2m due by 30 April 2023.

ACTUARIAL VALUATION AS AT 30 APRIL 2022 – SCHEDULE OF CONTRIBUTIONS

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Additional contributions agreed by the Group

The Group has also agreed to pay the following contributions above that required to meet the shortfall as at 30 April 2022:

Scheme Year	Amount £m
2023/24	20.6
2024/25	21.0
2025/26 (in respect of May to September 2025)	8.9

Contributions will be paid by the last day of the Scheme Year (30 April) to which they relate, although the Trustee and Group can agree for the payments to be made earlier if appropriate and, if so, the date of payment will become the due date. However, the contributions due in the Scheme Year 2025/26 will be paid no later than 30 September 2025.

The funding level will be monitored monthly (using the last day of the month) on the Long Term Funding Target ("LTFT") basis by the Scheme Actuary in line with the agreed funding monitoring protocol. If these updates indicate that at two consecutive month end dates the Scheme is fully funded against the LTFT, then the additional contributions set out above will cease with effect from the month of the relevant check.

The Group will continue to pay contributions to the Scheme to meet the costs of the Scheme's PPF levies and expenses or the Group will put in place arrangements to meet these expenses directly, unless otherwise agreed by the Group and Trustee.

In the event that additional contributions cease under the above condition, the Scheme Actuary will continue to monitor the funding level monthly (using the last day of the month) on the LTFT basis. If these updates indicate that at two consecutive month end dates the Scheme is in deficit against the LTFT, then the additional contributions set out above will recommence with effect from the month of the relevant check.

Further contributions required in respect of benefit augmentations

Further contributions may become payable as a result of augmentations of pensions or other benefits under Clause 8.1 of the Trust Deed and Rules of the Scheme. Under such circumstances, the payment should be received by within 60 days of the instruction to make the payment.

Payments in respect of administration and other costs

The Group shall meet the cost of any administrative and other expenses incurred by the Trustee (including PPF levies but excluding any manager-related investment fees which will be deducted directly from the assets) as and when they fall due.

Arrangements for other parties to make payments to the Scheme

In certain circumstances, and as permitted by the Trust Deed and Rules of the Scheme, payments towards the Scheme may be paid by someone other than the Group, in lieu of contributions otherwise due from the Group. Under such circumstances, the Trustee's agreement will be sought prior to any payment being made.

Dates of review of this schedule

This schedule of contributions will be reviewed by the Trustee and the Group no later than 15 months after the effective date of each actuarial valuation, due every three years.

Group and Trustee agreement

This schedule of contributions has been agreed by the Trustee and the Group on 21 July 2023.

Signed on behalf of DS Smith Plc	
Name	RICHARD PIKE
Position	GROUP FINANCE DIRECTOR
Date of signing	21 July 2023
Signed on behalf of the Trustee of the DS Smith Group Pension Scheme	
Name	Gary Saunders
Position	Chair of Trustee
Date of signing	21 July 2023

Certificate Of Schedule Of Contributions

Name of the Scheme	DS Smith Group Pension Scheme

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective as at 30 April 2022 could have been expected to be met by the end of the period specified in the recovery plan dated 21 July 2023.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 21 July 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature	
Name	Neil Brougham
Date of signing	21 July 2023
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of employer	Mercer Limited
Address	Belvedere 12 Booth Street Manchester M2 4AW

DS Smith Group Pension Scheme ("the Scheme")

Annual Implementation Statement for the Year Ended 30 April 2025

1. INTRODUCTION

The Implementation Statement (known as the Statement) presents the Trustee's assessment of their adherence to the policies attaching to the Scheme's investments, outlined in the Statement of Investment Principles ("SIP") throughout the one-year period ending 30 April 2025 (the "Scheme Year"). During the Scheme Year, in September 2024, the SIP was reviewed to include policies for the illiquid assets held within the DC section of the Scheme. The SIP was updated again in June 2025, i.e. after the Scheme Year-end, to reflect the removal of the DC Section and the new Principal employer, International Paper. A copy of the latest SIP is available at https://www.dssmith.com/company/ds-smith-group-pension-trustees.

This Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Department for Work and Pensions.

The Trustee invests the Defined Benefit ("DB") assets of the Scheme in a fiduciary arrangement with Mercer Limited ("Mercer"). Under this arrangement Mercer are appointed to provide consulting services, discretionary investment manager services and day-to-day management of the Scheme's assets by investment in a diverse range of specialised pooled funds (known as the "Mercer Funds"). The management of each of the Mercer Fund's assets is carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE) and Mercer Alternatives (Luxembourg) S.à r.l. (PIP VI).[1] MGIE are responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party investment managers for each Mercer Fund's assets. The Trustee has also appointed an external investment consultant, Barnett Waddingham, to provide ongoing oversight and advice around Mercer's role as the Fiduciary Manager.

The relevant Mercer affiliate is responsible for the appointment and monitoring of a suitably diversified portfolio of specialist third party investment managers for the assets of each Mercer Fund.

Mercer's publicly available Sustainability Policy outlines Mercer's investment philosophy and how it addresses sustainability risks and opportunities, into the decision making process. The Stewardship Policy provides further details on Mercer's implementation of stewardship practices. Under these arrangements, the Trustee acknowledges that they do not possess direct authority over the engagement or voting policies and arrangements of the Mercer Funds' managers. However, the Scheme does use a bespoke multi-asset fund and the Trustee has made Mercer aware that they expect Mercer to manage its assets in a manner, as far as is practicably possible, that is consistent with the Trustee's engagement beliefs and their beliefs with regard to the exercising of rights attaching to the Scheme's investments. The Trustee reviews regular reports from Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether their beliefs are being properly implemented.

The Trustee invested the Defined Contribution ("DC") and Additional Voluntary Contribution ("AVC") assets with Utmost Life and Pensions and Scottish Friendly Assurance Society who are also responsible for appointing the third-party managers. However, as of 10 April 2025, the DC section was closed. This statement includes the policies in relation to these assets (based on the September 2024 SIP) that were in-force for the Scheme year until 10 April 2025, despite the currently in-force June 2025 SIP not including these policies.

Section 2 of this Statement sets out the investment objectives of the Scheme and changes which have been made to the SIP during the Scheme Year.

Sections 3 to 6 of this Statement also sets out how, and the extent to which, the policies in the Trustee's SIP for the Scheme have been followed.

Sections 7 includes information on the engagement and key voting activities of the underlying asset managers within the Scheme.

Assessment of how the Trustee's policies in the SIP have been followed during the Scheme Year

In summary, it is the Trustee's view that the policies in the SIP (which was in place during the Scheme Year) have been followed during the Scheme Year.

[1] Due to the nature of private markets investment voting information is not available for the PIP funds.

2. STATEMENT OF INVESTMENT PRINCIPLES

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the objectives it has set.

The policies in relation to the DC Section stated below are from the September 2024 SIP rather than the current SIP dated June 2025, as the September 2024 SIP was in-force prior to the closure of the Scheme's DC Section.

DB Assets

The Trustee's primary objective is to act in the best interest of its members and ensure that the obligations to the beneficiaries of the Scheme can be met. To guide it in its strategic management of the assets and control of the various risks to which the Scheme is exposed, the Trustee has considered its objectives and adopted the following objectives:

- The need to protect the security of members' accrued rights
- A desire to limit volatility in the contribution rate as a result of any failure of the investment strategy
- Notwithstanding the above, a preparedness to take on risk in a controlled fashion in order to achieve incremental excess return, coupled with the desire to provide, if considered appropriate and prudent to do so at the time, pension increases above the guaranteed rates, if annual inflation exceeds some or all of those guaranteed rates.
- To target the Scheme being fully funded on a gilts +0.5% p.a. funding basis (the Long-Term Funding Target basis) by 2035.

In order to achieve the above, the Trustee target the Scheme being 105% funded on a gilts +0.5% p.a. funding basis (the Long-Term Funding Target basis) by 2035.

The SIP was updated in June 2025, but there was no change in the Trustee's overarching DB investment objectives stated above.

DC Assets and AVCs

The Trustee's primary objective is to act in the best interest of its members. The Scheme's DC assets were held in respect of Special Benefit Account members and are accessed via an insurance policy issued to the Trustee by Utmost Life and Pensions. However, the DC section was closed on 10 April 2025 and therefore prior to the Scheme's year-end. This arrangement provided members with access to a range of unitised pooled investment vehicles. Regarding the AVCs, the investment profile of the funds available should be consistent with the needs of the members and are reviewed on a regular basis. The Trustee's primary objective is to act in the best interest of its members and ensure that the members have a suitable range of funds available for investment. The investment profile of the funds available should be consistent with the needs of the members and are reviewed on a regular basis.

3. INVESTMENT MANDATES

Realisation of investments

DB Assets

Policy

The Trustee's policy is that there should be sufficient liquidity within the Scheme's assets to meet short term cashflow requirements in the majority of foreseeable circumstances, so that realisation of assets will not disrupt the Scheme's overall investment policy. Further details are set out in the following sections of the SIP:

- Realisation of Investments (SIP Section 6)
- Cash Flow Management and Rebalancing (SIP Section 7)

How has this policy been met over the Scheme Year?

The majority of the Scheme's assets are invested in daily-dealt pooled fund investment arrangements many of which distribute cashflows on a regular basis. These pooled investment arrangements are themselves regulated and underlying investments are mainly invested in regulated markets. Therefore, assets should be realisable at short notice, based on member and Trustee's demand.

Where more illiquid assets are used, their size is carefully considered as a proportion of total assets. The Trustee continues to delegate responsibility for the monitoring and rebalancing of the Scheme's asset allocation to Mercer. Where investments or disinvestments were arranged during the year, the policies stipulated within the relevant appointment documentation have been followed.

DC Assets and AVC Assets

Most of the assets were invested in daily dealt funds (with the exception of the With-Profit policies) which could also be realised easily if required by a member. However, as at Scheme Year end, the DC section is now closed.

4. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Financial and non-financial material considerations and how those considerations are taken into account in the selection, retention and realisation of investments

The policies in relation to the DC Section stated below are from the September 2024 SIP, rather than the current SIP dated June 2025, as the September 2024 SIP was in-force prior to the closure of the Scheme's DC Section.

DB Assets Policy Summary

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change (section 11). This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

To establish the Trustee's beliefs and produce the policy in the SIP, the Trustee has previously undertaken training provided by its investment consultant, Mercer, on responsible investment which covered ESG factors, stewardship, climate change and the approach taken by Mercer. These beliefs were re-confirmed during the year as a Responsible investment Total Evaluation (RITE) was undertaken for the Scheme in October 2024. This RITE analysis helps the Trustee assess how effectively they have integrated ESG best practices against each of Mercer's Sustainable Investing Pathway categories: philosophy, policy, process, and portfolio. The Trustee re-confirmed that whilst it will allow and consider non-financial factors its focus is on having enough assets to pay benefits when due. A formal documented review of Mercer's approach to sustainability is undertaken at least annually.

The Trustee recognises the conflict of interest which may arise in the context of responsible investment. Mercer, MGIE and Mercer Alternatives (Luxembourg) S.à r.l. make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship.

The Trustee is willing to hear from the members on their views on the selection, retention, and realisation of investments from an ESG and climate change perspective.

How the Policy has been implemented over the Scheme Year

The following work (set out in the table overleaf) was undertaken during the year relating to the Trustee's policy on sustainability integration, including the climate transition and effective stewardship.

Policy Updates	Climate Change Reporting and Carbon Foot printing	Mercer Ratings

Policy Updates

The Trustee regularly reviews how sustainability considerations including the climate transition and effective stewardship are integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in their monitoring process. Mercer, and MGIE, provide reporting to the Trustees on a regular basis.

The Mercer Sustainability Policy is reviewed regularly, with updates in November 2024 including an update to Mercer's Investment Philosophy. Mercer also regularly reviews its approach to integrating climate considerations into its investment decision-making process as documented in its Task Force on Climate Related Financial Disclosures (TCFD) report, updated in August 2024.

The Mercer Stewardship Policy is similarly reviewed regularly. In January 2024 the policy was updated to include nature engagement priorities, and climate and diversity, equity and inclusion (DEI) voting expectations.
The Stewardship and Sustainability Policies have also been updated with the integration of nature and biodiversity as a key investment and engagement theme. Mercer is a member of the Task Force for Nature Related Financial Disclosures (TNFD) working group and a founding signatory of Nature Action 100.

The most recent UN Principles of Responsible Investment results (based on 2022 activity) awarded Mercer with 4 out of 5 stars for Policy Governance and Strategy. The United Nations Principles for Responsible Investment (UN PRI) is a global initiative that provides a framework for incorporating sustainability considerations into investment practices.

The Financial Reporting Council confirmed in February 2025 that MGIE will remain a signatory to the UK Stewardship Code, based on its application of the 12 principles, which is seen to represent best practice in stewardship.

Climate Change Reporting and Carbon Foot printing

Mercer's global investment philosophy, which the Trustee has reviewed, recognises that:

- Portfolio resilience can be enhanced by integrating financially material sustainability, transition, and socioeconomic risks into investment decision-making.

- Investing to solve long-term systemic issues may provide opportunities to improve risk-adjusted returns.

- Effective stewardship can improve investment outcomes.

Mercer applies each of these three lenses when considering the climate transition. The climate transition is a widely recognised systemic risk and Mercer considers the transition to a low carbon economy and the physical damages associated with global temperature increases through our climate scenarios analysis, analytics for Climate Transition (ACT) framework, which considers the alignment of portfolios to the low carbon transition, and through monitoring other climate-related metrics.

Over the year the Trustee produced the second TCFD report which contains an update on the decarbonisation progress of one of its corporate bond portfolios against the explicit climate reduction target set for it in the first iteration of the TCFD report. It will monitor compliance annually.

Mercer Ratings

Stewardship forms an important part of Mercer's ratings framework applied during the manager research process.

Mercer's manager research ratings include an assessment of the extent to which sustainability considerations are incorporated in a strategy's investment process as well as the manager's approach to stewardship.

Across most asset classes, Mercer ratings are reviewed during quarterly monitoring by the portfolio management teams with a more comprehensive review performed annually. In these reviews, Mercer seek evidence of positive momentum on managers' sustainability integration.

These ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustee.

Approach to Exclusions	Sustainability-themed investments	Diversity
Mercer and MGIE's preference are to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on Mercer's Investment Exclusions or Sensitive Topics Frameworks. Controversial weapons and civilian firearms are excluded from all multi-client equity and fixed income funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds. Some funds have additional exclusions as outlined in their relevant product disclosures available on Mercer's dedicated website. In addition, Mercer and MGIE monitors funds for high-severity incidences relating to the UN Global Compact (UNGC) Principles that relate to human rights, labour, environmental and corruption issues.	An allocation to Mercer's Luxembourg domiciled Sustainable Opportunities fund (private markets) is included within the Scheme's portfolio of Growth assets, with the allocation accounting for c.3% of the Growth Portfolio. The annual Impact Report highlights the positive social and environmental impact generated by the Scheme's investments within the private markets Global Impact solution.	Mercer and the Trustee believes that diverse teams lead to better decision-making and have therefore taken several measures to work towards reflecting this view within Mercer's portfolio management team, the teams of the appointed managers and across portfolio holdings. Participation in collaborative initiatives can also support raising awareness and contributing to initiatives across the broader industry. Mercer Limited is a member of The Diversity Project, which seeks to accelerate progress towards a more inclusive culture in the investment and savings profession. Mercer is also a member of the 30% Club – UK Investor Chapter and Irish Investor Chapter. The 30% Investor Chapters are investor-led initiatives that aim to increase gender diversity on corporate boards and in senior leadership positions. Mercer considers broader forms of diversity in decision-making, but currently reports on gender diversity.

Engagement

Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustee. The 2024 Sustainability & Stewardship Report highlights the engagement objectives which have been set, examples of engagement and the escalation process. Mercer also participates in collaborative initiatives related to stewardship.

Mercer conducts an annual survey on sustainability and stewardship topics. The survey was distributed to over 200 managers appointed in the Mercer Funds. The survey gathers information on managers' broad approach to stewardship as part of their investment integration. It also seeks insights and examples of voting and engagement activities. The results from the survey serve as an important source of information for tracking and measuring managers' stewardship efforts, assessing effectiveness, and identifying potential areas for improvement.

The results and insights from the survey will be shared in Mercer's annual Sustainability and Stewardship Report. This report is reviewed by the Trustee providing them with valuable information on the managers' stewardship activities and their alignment with Mercer's objectives.

5. MONITORING THE INVESTMENT MANAGERS

The policies in relation to the DC Section stated below are from the September 2024 SIP, rather than the current SIP dated June 2025, as the September 2024 SIP was in-force prior to the closure of the Scheme's DC Section.

DB Policy

The Trustee's policy for the DB Section managers is set out in Section 12 of the SIP.

How has this policy been met over the Scheme Year?

The Trustee receives regular reports and information from Mercer on their monitoring and the managers' compliance. This includes but is not limited to Mercer's Manager Research ESG ratings for the underlying investment managers, analysis of the carbon footprint and voting and engagement activity.

Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies

The Trustee's investment strategy is based on the advice from Mercer which is predicated on a de-risking framework which is seeking to meet the Trustee's key objectives as defined within the SIP and therefore intrinsically aligns Mercer with said policies. The Quarterly Strategy Report is reviewed by the Trustee on a quarterly basis and includes the Scheme's funding level progression. The Trustee also uses Barnet Waddingham on a quarterly basis to assist it with reviewing Mercer's alignment with the Trustee's policies. The underlying investment managers are set specific targets which are designed to collectively ensure the Scheme is on track for its de-risking framework. If managers are not performing as intended, they will be replaced.

The duration of the arrangements with asset managers

The Trustee is a long-term investor and does not seek to change the investment arrangements on a frequent basis. Mercer has been appointed as a fiduciary management partner to assist the Trustee in achieving the Scheme's long-term objectives. In that role, there is an expectation of a longer-term relationship until the journey is completed. This will be reviewed periodically. The Trustee employs a third-party evaluator (Barnett Waddingham) to review Mercer's capacity to deliver the service it was appointed to, on a quarterly basis. The Sponsor also employs Willis Towers Watson to evaluate Mercer's actions and advice to the Trustee in the monthly Investment Sub-Committee meetings.

Mercer provide ongoing oversight of all underlying asset managers and will ensure the asset managers' continued appropriateness. As such there is no set duration for manager appointments.

Evaluation of asset managers' performance and remuneration for asset management services

The quarterly reports and ad-hoc investment updates were reviewed by the Trustee and discussed at investment funding committee meetings. The reports include financial metrics and Mercer Manager Research Ratings for the underlying asset managers that comprise the Mercer Funds over the medium and longer term. The Mercer Research Rating includes a Manager Rating which indicates Mercer's view on the likelihood of a manager to achieve their performance objective and an ESG Rating which gives an indication of the extent to which ESG considerations are incorporated into the managers' investment process. Where underlying asset managers are not meeting expectations, Mercer is expected to engage with these managers. This has led to changes to the underlying asset managers within the Mercer funds over the year. Over the year, the Trustee has continued to receive reporting from Mercer on the underlying asset managers and their continued suitability. Furthermore, the Trustee relies on Mercer to renegotiate underlying asset manager fees on new and existing appointments.

Monitoring portfolio turnover costs

As noted in the SIP, the Trustee does not explicitly monitor portfolio turnover costs incurred by the Scheme. Investment manager performance is reported and evaluated net of all fees and transaction costs (costs incurred because of buying and/or selling assets), and where possible, performance objectives for investment managers were set on a net basis. In this way, managers are incentivised to keep portfolio turnover costs to the minimum required to meet or exceed their objectives. The Trustee also receives from Mercer and reviews the annual Competition and Markets Authority ("CMA") cost and charges statements which provides the detail of costs incurred by the Scheme's assets including the transaction costs.

DC & AVC Assets Policy

The underlying investment managers within the DC and AVC assets are monitored by Scottish Friendly and Utmost. The Trustee then received advice from Mercer on an ad-hoc basis reviewing Scottish Friendly and Utmost. A Value for Members assessment was completed covering cost and charges and performance of the funds in October 2024. As at Scheme Year end, the DC section is now closed.

6. STRATEGIC ASSET ALLOCATION

The policies in relation to the DC Section stated below are from the September 2024 SIP, rather than the current SIP dated June 2025, as the September 2024 SIP was in-force prior to the closure of the Scheme's DC Section.

The Scheme's DC assets are invested in pooled funds on the Utmost Life Platform. The investment managers are responsible for the day-to-day management of the Scheme's assets in accordance with the guidelines of the pooled funds.

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB Assets

Policy

The Trustee's policy on the kinds of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

- Roles and Responsibilities (SIP Section 2)
- Investment Objectives (SIP Section 3)

Further granular detail can be found in the Investment Policy Implementation Document (IPID) to the SIP.

How has this policy been met over the Scheme Year?

The Trustee has decided to delegate the implementation of the desired investment strategy to Mercer, with pre-agreed funding level de-risking triggers agreed which prompt action being taken by Mercer to progressively de-risk the Scheme's investment strategy.

The Trustee considers the way in which investment risk should be reduced and have delegated the monitoring of the de-risking triggers to Mercer who review the funding level daily. During the year, the Scheme has made continued progress against its long-term objective of being fully funded on a gilts + 0.5% p.a. funding basis (the Long-Term Funding Target basis) by 2035. Mercer constructs portfolios of investments that are expected to maximise the return (net of all costs) given the targeted level of risk and the investment objectives over the lifetime of the Scheme.

Risks, including the ways in which risks are to be measured and managed

Policy

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under Section 5 (Policy on Risk) of the SIP.

How has this policy been met over the Scheme Year?

As detailed in Section 5 of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies and evaluating Mercer's actions relating to the strategic asset allocation, dynamic asset allocation and choice of sub-investment managers and asset classes.

The strategy report is reviewed by the Trustee on a quarterly basis – this includes the overall funding level risk and as appropriate comments on the other risks to which the Scheme is exposed. The annual reviews of the investment strategy provides the Trustee with an opportunity to consider their long-term objectives and assess the Value at Risk ("VaR") – i.e. how much the deficit could increase by, or more, in a 1 in 20 downside event for the Scheme – which is a primary measure for assessing the mismatch between the Scheme's assets and liabilities and the Company's ability to support it.

DC & AVC Assets

Prior to the closure of the DC Section on 10 April 2025, the Trustee made available a range of funds for the DC benefits which were reviewed to ensure they are suitable. The Trustee continues to do this for the remaining AVC benefits following the closure of the DC Section. Regarding the investment risks associated with the DC Section prior to its closure, the Trustee considered risk from a number of perspectives. The list below is not exhaustive, but covers the main risks considered by the Trustee to be financially material during the Scheme year and up until the closure of the Scheme on 10 April 2025.

Risk	How it was Managed	How it was Measured
Market Risk The risk that low investment returns over members' working lives or unfavourable market movements in the years just prior to retirement will secure an inadequate pension.	The Trustee provided members with a range of funds, across various asset classes. Members were able to set their own investment strategy in line with their aims and risk tolerances.	The performance of the available funds was monitored on an annual basis.
Interest Rate Risk The risk that unfavourable interest rate movements, particularly in the years just prior to retirement may lead to a reduction in the pension that the member's retirement account can secure.	The Trustee provided members with a range of funds, across various asset classes, which had varying sensitivities to interest rate risk.	The performance of investment funds and market fundamentals, including interest rates, are monitored on an annual basis.
Inflation Risk The risk that investments do not keep pace with inflation.	The Trustee provided members with a range of funds, across various asset classes, which had varied exposure to inflation risk.	Annual performance reports considered the long-term performance of the funds to help the Trustee assess whether the returns kept pace with inflation.
Manager Risk The risk that the chosen underlying investment manager underperforms the benchmark against which the manager is assessed.	The Trustee provided members with a range of funds, across various asset classes, which had varying levels of active management.	It was the Trustee's policy to monitor performance on an ongoing basis relative to the fund's benchmark and stated targets/objective.
Mismatch Risk The risk that the financial assets a member is invested in as they approach retirement are not suited to the way they will access their retirement benefit.	The Trustee made a range of funds available to members including share, cash, and bond funds that could be selected by members as they approached retirement.	It Is the Trustee's policy to monitor performance on an ongoing basis.
Liquidity Risk The risk that assets may not be readily marketable when required.	The pooled funds in which the Trustee allowed members to invest provided the required level of liquidity. Units in the pooled funds in which the Scheme invests were believed to be readily redeemable.	Prior to the closure of the DC Section, when considering new investment options or reviewing existing options, the Trustee considered the pricing and dealing terms of the underlying funds.
Concentration Risk The risk that a portfolio has an over-allocation to a single asset class, sector, country, or counterparty, thereby having a high exposure to non-systemic risk factors.	The Trustee made a range of funds available to members, so that they could choose to invest in a well-diversified portfolio. The range of funds enabled diversification by asset class (e.g. equity, bonds, cash), by region and included both passively and actively managed funds, which could help achieve diversification.	It was the Trustee's policy to monitor performance on an ongoing basis. The Trustee also periodically reviewed the default investment option and self-select range.
Exchange Rate Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The Trustee made a range of funds available to members, across various asset classes, which had varying levels of exposure to foreign exchange rates.	It was the Trustee's policy to monitor performance on an ongoing basis.

Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Scheme, e.g. extreme weather events, poor governance.	The Trustee's policy on ESG risks was set out in Section 11 of the September 2024 SIP (where it is no longer included in the latest SIP dated June 2025 due to the closure of the DC Section on 10 April 2025). The incorporation of ESG considerations was delegated to the Provider who in turn delegated to the underlying investment managers.	It was the Trustee's policy to monitor performance on an ongoing basis and ESG considerations were taken into account by the Platform provider in the selection of managers.

7. VOTING AND ENGAGEMENT DISCLOSURES

Voting: As part of the monitoring of managers' approaches to voting, Mercer assesses how managers are voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur (where managers vote in different ways for the same proposal). Mercer portfolio managers will use these results to inform their engagements with managers on their voting activities.

The Trustee's investments take the form of shares or units in the Mercer Funds, for the main DB assets and funds for the AVC assets. The investments within the now closed DC Section also took the form of shares or units in funds, however these were non-Mercer funds.

Within these funds, any voting rights(2) that do apply with respect to the underlying investments are, ultimately, delegated to the third-party investment managers appointed by Mercer, Scottish Friendly and Utmost. Mercer's view is that the managers have more detailed knowledge of both the governance and the operations of the investee companies and therefore enabled managers to vote based on their own proxy-voting execution policy and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

Please note that, since the AVC assets represent a very small and therefore immaterial proportion of the total assets of the Scheme, the voting and engagement disclosures provided below relate to the DB assets only. Also, beyond the DC section being closed on 10 April 2025, and becoming DB assets thereafter, these DC assets also represented an immaterial proportion of the Scheme's total assets (<0.1%) and were therefore also excluded from the below.

For the Trustee to fulfil their obligations regarding voting and engagement, they require reporting on the engagement and voting activities undertaken within the Mercer Funds. This reporting helps the Trustee assess whether the policies align with their own delegation of voting rights. Within the Mercer funds that the Scheme invests, many of them are not applicable for voting and engagement, however voting is possible in the Mercer Passive Global Equity CCF and Mercer Multi-Asset Credit. Mercer plays a pivotal role in monitoring the stewardship activities of those managers and promoting more effective stewardship practices, including attention to more strategic themes and topics.

Proxy voting responsibility is given to the sub-investment managers within the Mercer Passive Global Equity CCF Fund, with the expectation that all shares are voted in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each investment managers' stewardship capabilities (engagement and voting activities) as part of the selection process, ensuring alignment with Mercer's commitment to good governance and the integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code, to which Mercer is a signatory. As such the Trustee does not use the direct services of a proxy voter.

Engagement Examples

We have included some examples overleaf from the sub-investment Managers of the Mercer funds which the Scheme invests in.

Company	Fund	Engagement Category	Engagement Theme	Engagement Objective	Engagement Action
Shell PLC	Mercer Passive Global Equity CCF	Environmental	E: Climate	Shell has set ambitious targets for achieving net-zero emissions across all scopes (1, 2, and 3) by 2050. However, the absence of interim targets for scope 1 and 2 emissions, along with the dependence on carbon offsets, brings into question the strength of its strategy. While Shell has made progress, having reduced its scope 1 and 2 absolute emissions by 31%, there is a notable lack of detailed plans for achieving its scope 3 emissions targets, which are currently based on intensity rather than absolute reductions. Additionally, Shell's reliance on carbon offsets as a key component of its climate strategy raises concerns about the effectiveness and transparency of its overall emissions reduction approach. The company has also committed to a just energy transition but has not provided specific plans for supporting workers affected by its decarbonization efforts, nor has it disclosed how it will monitor progress in this area.	The manager has initiated engagement with Shell following the 2022 Say-on-Climate resolution, focusing on the need for the company to establish absolute targets for scope 3 emissions rather than relying solely on intensity-based metrics. The engagement aims to encourage Shell to provide more detailed information on how it plans to meet its emissions reduction targets, particularly for scope 3 emissions. The manager has highlighted the importance of aligning Shell's targets with the Science Based Targets initiative (SBTi) and has noted that while Shell has not confirmed an SBTi plan, it has aligned with TPI Alignment 2035, which is below 2 degrees. The manager's efforts are directed at fostering greater transparency and accountability in Shell's climate strategy.
The Southern Company	Mercer Passive Global Equity CCF	Environmental	E: Climate G: Board Oversight of ESG	The company faces significant challenges regarding its climate policy and commitment to addressing climate change. Despite publishing "Environmental Principles," there is no explicit mention of climate change, which raises concerns about the clarity and seriousness of its commitment to environmental issues. In	The manager has taken proactive steps to engage with the company on behalf of stakeholders. They initiated direct engagement to discuss the company's plans for coal-fired generation, focusing on the commitment to systematically retire coal-fired

				2020, Southern Company announced a Net Zero strategy, aiming for net zero emissions by 2050, with a target of a 50% reduction in greenhouse gas (GHG) emissions from 2007 levels by 2030. However, the absence of specific targets for Scope 3 emissions indicates a gap in their overall strategy. As of 2023, the company reported a 49% reduction in GHG emissions relative to 2007 levels, which is commendable as it approaches its 2030 goal of a 50% reduction, equating to a reduction of 78 million metric tons of carbon. While the company's capital plan includes significant investments in transmission and distribution systems to enhance resilience and support the integration of lower-carbon resources, there is no commitment to phasing out carbon-intensive power generation assets. Furthermore, although the company is exploring various solutions for a clean energy future—such as carbon capture and storage (CCS), advanced nuclear technologies, hydrogen, and energy storage—the effectiveness and implementation of these initiatives remain uncertain. The company has also committed to the principles of a Just Transition, recognizing the social impacts of its decarbonization efforts, but the specifics of how this will be achieved are not clearly outlined. Additionally, the company has been unresponsive to direct engagement regarding its plans for coal-fired generation, which has led to escalated voting actions.	units and the intended future energy generation mix. However, due to the company's lack of responsiveness, the manager escalated the situation to a voting action, recommending a vote against the board chair in accordance with Proxy Voting Guidelines. Furthermore, the manager plans to continue engagement with the company on a collaborative basis, participating in initiatives such as Climate Action 100+ and the Net Zero Transition initiative from Sustainalytics. They are also monitoring the company's alignment with various frameworks, noting that while the company is not aligned with the Net Zero Investment Framework (NZIF), it is aligned with the Transition Pathway Initiative (TPI) for a 2°C scenario, indicating a mixed but cautious approach to climate commitments.

Linde PLC	Mercer Passive Global Equity CCF	Environmental	E: Climate E: Pollution	Linde has a Sustainable Development and Climate Change Position Statement; however, it is not comprehensive enough to be classified as a full climate change policy. While the company has published a transition plan aligned with the Paris Agreement, it has not yet set Scope 3 targets in line with a 1.5°C pathway, although this is currently under consideration. Additionally, while Linde has been publishing TCFD (Task Force on Climate-related Financial Disclosures) reports since 2019, the manager has reported that there was no mention of TCFD in the 2023 Sustainability Report. Furthermore, although Linde is ahead of its GHG intensity goal for 2018-2028, the details of these targets are not reported in their sustainability documentation.	Linde aims to invest $1 billion and allocate one-third of its annual R&D budget to decarbonization efforts from 2018 to 2028. During an engagement call, the manager highlighted that carbon capture and storage (CCS) and blue hydrogen are the two primary pillars of their decarbonization strategy. The company publishes an annual sustainability report alongside CDP Water and Climate Change reports, an Integrity Hotline, GRI (Global Reporting Initiative) reports, and assurance statements for their supply chain and key performance indicators (KPIs). The manager also noted that Linde plans to publish a commitment to systematically retire coal-fired units and clarify its intended future energy generation mix. In 2024, Linde will focus on methodology verification, Scope 3 monitoring, identifying reduction opportunities, and engaging with its supply chain, with the goal of setting Scope 3 targets by 2025-2026.

Voting - DB Assets

The majority of the Scheme's underlying assets subsequently have no exercisable voting rights to report, apart from the Mercer Passive Global Equity Fund and it is noted that a small portion of the Mercer Multi-Asset Credit Fund invests in equity linked securities.

A summary of the voting activity for the Mercer Passive Global Equity Fund and Multi-Asset Credit Fund in which the Scheme's assets are invested in is provided overleaf for the year ending 30 April 2025. The statistics are drawn from the Glass Lewis system (via the custodian of the Mercer Funds). Glass Lewis is a leading provider of governance and proxy voting services. Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation by Mercer is for all shares to be voted.

Fund	Total Proposals		Vote Decision					For/Against Mgmt		Meetings	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For	Against	No.	Against
Mercer Passive Global Equity CCF	19,974	17,412	76%	11%	0%	13%	0%	82%	18%	1422	70%
Mercer Multi-Asset Credit Fund (1)	60	47	78%	0%	3%	18%	0%	74%	26%	6	17%

(1) Voting Activity figures for the Mercer Multi-Asset Credit Fund relate to a small number of equity holdings within the Fund's underlying segregated mandates. Please note this does not include voting activity from any underlying pooled strategies within the fund over the period

(2) There are a number of limited circumstances where voting rights may not be exercised relating to, for example, conflicts of interest, share-blocking markets, power of attorney (POA) markets etc.

- "Eligible Proposals" reflect all proposals of which managers were eligible to vote on over the period
- "Proposals Voted On" reflect the proposals managers have voted on over the period (including votes For and Against, and any frequency votes encompassed in the "Other" category)"
- Vote Decision may not sum to 100 due to rounding. "No Action" reflects instances where managers have not actioned a vote. MGIE may follow up with managers to understand the reasoning behind these decisions, and to assess the systems managers have in place to ensure voting rights are being used meaningfully
- "Other" refers to proposals in which the decision is frequency related (e.g. 1 year or 3 year votes regarding the frequency of future say-on-pay).
- "Meetings No." refers to the number of meetings the managers were eligible to vote at.
- "Meetings Against" refers to the no. of meetings where the managers voted at least once against management, reported as a % of the total eligible meetings.

Significant Votes: The Trustee has based the definition of significant votes in line with the requirements of the Shareholder Rights Directive (SRD) II and on Mercer's engagement priority themes, which encompass climate change; biodiversity & natural capital; labour practices & human rights; and diversity, equity & inclusion. The *most* significant proposals reported below relate to the three companies with the largest weight in each fund (relative to other companies in the full list of significant proposals), while considering Mercer's engagement priority themes.

Where available, information on next steps and plans to escalate are included in the following table.

Most Significant Votes

Fund	Company *(Holding Weight)*	Meeting Date: Proposal Text *(Significance Category)*	Manager Vote Decision *(Intention to vote against management communicated – Rationale*	Proposal Outcome *(Next steps to report, if any)*
Mercer Passive Global Equity CCF	Apple Inc (5.0%)	25/2/2025 : Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)	Against (N/A - While the proponent argues that the company's diversity, equity, and inclusion (DEI) initiatives present litigation risks assessing disclosures it is evident that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts at the time of the AGM. Manager therefore did not support this proposal.)	2.3% Support Proposal did not pass. (Manager will continue to develop its Global Proxy Voting Guidelines and exercise voting rights to reduce portfolio risk and promote sustainable long-term outcomes, despite the contentious nature of Diversity, Equity and Inclusion (DEI) this proxy season.)
	Microsoft Corporation (4.4%)	10/12/2024 : Shareholder Proposal Regarding Report on Risks of Providing Artificial Intelligence (AI) to Facilitate New Oil and Gas Development and Production (Environmental)	For (No – Manager believes a vote FOR this proposal is warranted, as shareholders would benefit from additional disclosure related to the potential risks associated with the use of the company's artificial intelligence and machine learning tools for new oil and gas development and production.)	9.7% Support Proposal did not pass. (Manager engages with Microsoft on the topic of Net Zero, deployment of advanced technology for the fossil fuel industry exposes it to material reputational, competitive, and operational risk. Manager intends to continue to monitor the company's progress on the topic or any potential amendments.)

Note: There were no proposals meeting the significance definition outlined above for the Mercer Multi-Asset Credit Fund over the Scheme Year.

DS Smith Group Pension Scheme

Statement of Investment Principles – September 2024

1. Introduction

This Statement has been prepared by DS Smith Pension Trustees Limited as the Trustee of the DS Smith Group Pension Scheme (the 'Scheme'). It sets out the principles that govern the decisions about the investment of the Scheme's assets. The Trustee will refer to this Statement when making investment decisions to ensure that they are consistent with these principles.

The Scheme is primarily a Defined Benefit ("DB") arrangement although it also contains a Defined Contribution ("DC") arrangement and Additional Voluntary Contributions ("AVC"). The majority of this Statement is relevant to the DB element of the Scheme, unless specified otherwise.

The Scheme's investment arrangements, based on the principles set out in this Statement, are detailed in the Investment Policy Implementation Document ("IPID") which is available on request. The IPID will be reviewed promptly in response to any changes to the manager structure or strategy.

In preparing this Statement, the Trustee has obtained written advice from the Scheme's Fiduciary Manager (acting as both Investment Consultant and Investment Manager). Where matters described in this Statement may affect the Scheme's funding policy, input has also been obtained from the Scheme Actuary.

The Trustee's investment powers are set out within the Scheme's governing documents and relevant legislation.

The Trustee seeks to maintain a good working relationship with the Principal Employer, DS Smith Plc (the 'Group') and will discuss any proposed changes to this Statement with the Group. However, the Trustee's fiduciary obligations to the Scheme members will take precedence over the Group's wishes should these ever conflict.

The Trustee believes that the investment policies and their implementation are in keeping with the Pensions Act 1995 and subsequent legislation.

The Trustee does not expect to revise this Statement frequently because it covers broad principles. However, it will be reviewed at least once every three years and without delay after any relevant, material changes to the Scheme or to pension legislation.

2. Roles and Responsibilities

The Trustee has established an Investment and Funding Committee (the "IFC") to focus on strategic investment and funding matters. It aims to achieve an effective, integrated investment and funding strategy for the Scheme. The IFC's remit is defined by the IFC Terms of Reference ("ToR") which has been agreed by the Trustee.

The Trustee is accountable for the investment of the Scheme's assets. This includes setting investment objectives, establishing risk and return targets and setting the Scheme's strategic benchmark. However, the Trustee may delegate some aspects of the Scheme's investment arrangements to the IFC and Fiduciary Manager in order to manage the Scheme's affairs effectively. The ToR sets out the tasks which can be delegated to the IFC.

The Trustee has also established an Investment Sub Committee (the "ISC") to focus solely on investment matters and to report to the IFC a summary of what has been discussed over the quarter. In addition, the Trustee has appointed Mercer Limited to provide fiduciary management services for the Scheme's DB assets. This involves investment consulting and investment management services. Mercer is responsible for the day to day investment management, except for the Scheme's DC and AVC assets. The Trustee has appointed an external investment consultant, Barnet Waddingham, to provide ongoing oversight and advice around Mercer's role as Fiduciary Manager.

In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of Mercer, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

The Scheme's assets are invested in collective investment schemes ("Mercer Funds"), with the exception of the DC and AVC assets. The Mercer Funds are domiciled in Ireland (for traditional asset classes) and in Luxembourg (for private markets assets). The majority of the assets are invested in Mercer Investment Fund 3 CCF ("MIF3") which has been specifically set-up to create a bespoke portfolio of investments for the Scheme.

The Ireland-domiciled collective investment schemes are managed by a management company (Mercer Global Investments Management Limited ("MGIM")) and the Luxembourg-domiciled funds are managed by Mercer Alternatives (Luxembourg) S.à r.l. and, respectively, these entities have appointed Mercer Global Investments Europe Limited ("MGIE") and Mercer Alternatives AG ("Mercer AG") as investment managers of the Mercer Funds. In practice, MGIE and Mercer AG delegates the discretionary investment management for the Mercer Funds to third party investment managers. Mercer has expertise in identifying, selecting and combining highly rated investment managers who are best placed and resourced to manage the Scheme's assets on a day to day basis.

The Trustee sets the strategic investment strategy (i.e. split between Equity, Opportunistic Income Focused, Liquid Credit and Liability Driven Investment portfolios) based on the level of investment risk and return it wishes to target. It has then delegated the implementation of this investment strategy to Mercer, in line with agreed guidelines and parameters. The implementation of the investment strategy takes place within the Mercer Investment Fund 3 CCF where possible, with some less liquid investments held as standalone investments in other Mercer Funds.

The investment managers are responsible for the day-to-day management of the Scheme's assets in accordance with the guidelines agreed with the Mercer Fund. The investment managers have been given the discretion to buy, sell or retain individual securities in accordance with these guidelines. The investment managers report to Mercer regularly regarding performance. Mercer then provides monitoring on the Mercer Funds and the Scheme's assets in aggregate to the Trustee.

The Custodian and Administrator of the Mercer Funds is appointed by the Mercer Funds and is responsible for the safekeeping of the Scheme's assets and for performing the associated administrative duties with segregated assets (e.g. trade settlement, dividend collection, corporate actions, tax reclamation and proxy voting). The Mercer Funds receive regular statements of assets from the Custodian and Mercer uses this for the reporting it provides to the Trustee and IFC/ISC. Where the Mercer Funds invest in other pooled funds they will have their own custodian and administrator. The Scheme does not have its own Custodian.

The Scheme Actuary performs a valuation of the Scheme at least every three years, in accordance with regulatory requirements. The main purpose of the actuarial valuation is to assess the extent to which the Scheme's assets cover the accrued liabilities and agree an appropriate funding strategy for the Scheme. In addition, the Scheme Actuary provides quarterly funding updates monitoring the funding level.

The Trustee has agreed with the Group a secondary funding target, the Long-Term Funding Target ("LTFT"). This valuation basis is broadly consistent with the lower-risk, predominantly bond-based investment strategy that is envisaged will ultimately be in place when the Scheme has substantially de-risked. The LTFT funding level is monitored on a daily basis by Mercer, who also provide regular updates to the Trustee.

Mercer's fee (as Fiduciary Manager) is agreed in advance and based on a percentage of the value of the assets under management, the fees are deducted automatically from the Scheme's assets via the Mercer Funds. The investment managers also levy fees based on a percentage of the value of the assets under management which are deducted via the Mercer Funds. Custodian fees are a combination of percentage of assets plus transaction related charges and they are also automatically deducted from the assets within the Mercer Funds.

The Scheme's DC assets are invested in pooled funds on the Utmost Life platform. The investment managers are responsible for the day-to-day management of the Scheme's assets in accordance with the guidelines of the pooled funds.

3. Investment Objectives

The following criteria have been applied in determining the investment strategy. The security of the accrued rights of members of the Scheme on both a continuing and termination basis is important. No strategy will be employed without first investigating its expected impact on the security of accrued pension benefits for Scheme members.

The investment strategy undertaken or principles applied should have regard to the following objectives:

- The need to protect the security of members' accrued rights
- A desire to limit volatility in the contribution rate as a result of any failure of the investment strategy.

- Notwithstanding the above, a preparedness to take on risk in a controlled fashion in order to achieve incremental excess return, coupled with the desire to provide, if considered appropriate and prudent to do so at the time, pension increases above the guaranteed rates, if annual inflation exceeds some or all of those guaranteed rates.

Now that the Scheme is closed, in order to meet these objectives, the Trustee has established a long-term de-risking framework which aims to be fully funded on the Long-Term Funding Target basis by 2035. The Trustee significantly reduced funding level risk in 2016 and continues to look for opportunities to reduce risk whilst maintaining the overall level of expected return and generating this in a more efficient and diversified manner. In 2020, the Scheme's investment strategy was restructured to align with the increasingly cashflow negative position of the Scheme. The Scheme has invested in a number of mandates that are expected to provide income to support benefit payments, whilst retaining a high degree of hedging against interest rates and inflation risk.

The Scheme has a dynamic trigger based de-risking framework which is used to guide when to reduce risk. The framework is used to monitor the progress in the funding level and to capture improvements in the funding level promptly, if they arise. Responsibility for monitoring the Scheme's asset allocation and undertaking any de-risking activity is delegated to Mercer. Further details on the framework is set out in the IPID.

The following criteria have been applied in determining the investment strategy for the DC assets. The Trustee's primary objective is to act in the best interest of its members and ensure that the members have a suitable range of funds available for investment. The investment profile of the funds available should be consistent with the needs of the members and are reviewed on a regular basis.

The Trustee also recognises that members may not believe themselves qualified to make investment decisions. As such, the Trustee makes available a default option, the "Utmost Life Money Market Fund". The Utmost Life Money Market Fund places the emphasis on preserving capital whilst aiming to provide a return in line with prevailing short term money market rates.

4. Risk and Return Targets

The Trustee understands that taking some investment risk, with the support of the Group, is necessary to improve the Scheme's Technical Provisions and LTFT funding positions. The Trustee recognises that equities and other growth assets (such as hedge funds, investment and sub-investment grade credit and asset-backed securities) will bring increased volatility of the funding level, but believes this risk is justified in the expectation of improvements in the Scheme's funding level through outperformance of the liabilities over the long term.

The primary investment objective is to achieve a long-term return above the change in the value of the Scheme's liabilities, while maintaining a prudent approach to meeting the Scheme's liabilities. Before deciding to take investment risk relative to the liabilities, the Trustee receives advice from the Fiduciary Manager and Scheme Actuary. In particular, the Trustee considers carefully the following possible issues:

- Over the short-term, the inclusion of investment risk will mean that the relative value of the assets and liabilities will be more volatile than if investment risk had not been taken.

This will increase the likelihood of there being a shortfall of assets relative to the liabilities in the event of a discontinuance of the Scheme. This consequence is particularly serious if it coincides with the Group being unable to make good the shortfall.

- The increased volatility in the relative value of assets and liabilities from taking investment risk may also increase the short-term volatility of the Group's contribution rate.

The ability of the Scheme to take investment risk is dependent on the continuing financial strength of the Group and its willingness to contribute appropriately to the Scheme. Having regard to the above issues, the Trustee adopts investment arrangements that it believes offer an acceptable trade-off between risk and return.

The aim of the long-term de-risking framework is to identify opportunities to de-risk the Scheme's investment strategy, reducing the reliance upon the employer covenant over time, with the goal of reaching a fully funded position on the Long-Term Funding Target basis by the target date of 30 April 2035.

5. Policy on Risk

The Trustee acknowledges the largest source of risk over the lifetime of the Scheme is the decision not to match assets and liabilities. The Trustee regularly reviews the level of liability hedging and the level of strategic risk against the liabilities. The Trustee aims to match 100% of the interest rate and inflation risk associated with the Scheme's assets.

To control risk, the Trustee sets the split between the Scheme's investments such that the expected return on the portfolio is sufficient to meet the objectives outlined in Section 3 of this Statement. As the funding level improves, investments will be switched towards less risky assets, whilst maintaining or increasing the significant degree of liability hedging.

- The Trustee recognises that even if the Scheme's assets are invested in matching assets there are practical constraints associated with achieving an exact match of the Scheme's assets and the Scheme's liabilities. The Trustee attempts to manage this risk where possible. For example, in 2019 the Trustee implemented a trigger-based framework to purchase CPI-linked liability hedging assets in order to provide a more accurate hedge of the liabilities.

- The Trustee has chosen to employ active management in some areas. Active management gives rise to *active risk*, which arises due to the potential for selecting an active manager that underperforms its benchmark net of management and transaction fees. Though the use of active management increases risk, the Trustee believes this is outweighed by the potential gains from successful asset management. To help diversify manager-specific risk, the Trustee has delegated responsibility for the selection, appointment, removal and monitoring of the Scheme's investment managers to Mercer via the Mercer Funds.

- The delegation of manager selection and sub-asset class selection allows the Trustee to focus on the strategic matters such as allocation between the broad asset classes which has most impact on risk levels.

- To help the Trustee ensure the continuing suitability of the current investments, Mercer and Barnet Waddingham provides the Trustee with regular reports regarding the performance of the underlying asset managers appointed within the relevant Mercer Funds.

- Across all of the Scheme's investments, the Trustee is aware of the potential for regulatory and political risks. *Regulatory risk* arises from investing in a market environment where the regulatory regime may change. This may be compounded by *political risk* in those environments subject to unstable regimes. Investments within the Mercer Funds may be made in securities that are not traded on regulated markets. Recognising the risks (in particular liquidity and counterparty exposure) such investments will normally only be made within diversified portfolios and with specialist managers. In any event, the Mercer Funds are regulated vehicles and the Trustee, with Mercer's advice, seeks to ensure that the assets of the Scheme are predominantly invested on regulated markets.

- The Trustee is also aware of concentration risk which arises, for example, when a high proportion of the Scheme's assets are invested in securities, whether debt or equity, of the same or related issuers. With the exception of the Scheme's Liability Driven Investment Portfolio, the overall investment arrangements are intended to provide an appropriate spread of assets by type and spread of individual securities within each asset class.

- The Trustee recognises the risks inherent in holding illiquid assets. The Trustee has carefully considered the Scheme's liquidity requirements and time horizon when setting the investment strategy and liquidity risk is managed by ensuring illiquid asset classes represent an appropriate proportion of the overall investment strategy.

- The Trustee further recognises longevity risk. This refers to the risk that an individual will live longer than their life expectancy according to the actuarial assumptions used within the triennial valuation. In that situation, the liabilities of the Scheme will be higher than estimated as pensions will be paid for longer than assumed. The Trustee keeps this risk under review.

- The Trustee recognise that environmental, social and corporate governance concerns including climate change can have a financially material impact on risk and return. Section 11 sets out how these risks are managed.

The Trustee acknowledges that it is not possible to monitor all of the risks listed above at all times. However, the Trustee seeks to take on those risks which it expects to be rewarded for over time, in the form of excess returns, in a diversified manner.

The Trustee has considered risk from a number of perspectives in relation to the DC Section, including the default. The list below is not exhaustive, but covers the main risks considered by the Trustee to be financially material.

Risk	How it is Managed	How it is measured
Market Risk **The risk that low investment returns over members' working lives or unfavourable market movements in the years just prior to retirement will secure an inadequate pension.**	The Trustee provides members with a range of funds, across various asset classes. Members are able to set their own investment strategy in line with their aims and risk tolerances.	The performance of the available funds is monitored on an annual basis.
Interest Rate Risk **The risk that unfavourable interest rate movements, particularly in the years just prior to retirement may lead to a reduction in the pension that the member's retirement account can secure.**	The Trustee provides members with a range of funds, across various asset classes, which will have varying sensitivities to interest rate risk.	The performance of investment funds and market fundamentals, including interest rates, are monitored on an annual basis.
Inflation Risk **The risk that investments do not keep pace with inflation.**	The Trustee provides members with a range of funds, across various asset classes, which have varying exposure to inflation risk.	Annual performance reports consider the long term performance of the funds to help the Trustee assess whether the returns have kept pace with inflation.
Manager Risk **The risk that the chosen underlying investment manager underperforms the benchmark against which the manager is assessed.**	The Trustee provides members with a range of funds, across various asset classes, which have varying levels of active management.	It is the Trustee's policy to monitor performance on an ongoing basis relative to the fund's benchmark and stated targets/objective.
Mismatch Risk **The risk that the financial assets a member is invested in as they approach retirement are not suited to the way they will access their retirement benefit.**	The Trustee has made a range of funds available to members including share, cash, and bond funds that can be selected by members as they approach retirement.	It is the Trustee's policy to monitor performance on an ongoing basis.
Liquidity Risk	The pooled funds in which the Trustee allows members to	When considering new investment options or

Risk	How it is Managed	How it is measured
The risk that assets may not be readily marketable when required.	invest provide the required level of liquidity. Units in the pooled funds in which the Scheme invests are believed to be readily redeemable.	reviewing existing options, the Trustee considers the pricing and dealing terms of the underlying funds.
Concentration Risk **The risk that a portfolio has an over-allocation to a single asset class, sector, country, or counterparty, thereby having a high exposure to non-systemic risk factors.**	The Trustee has made a range of funds available to members, so that they can choose to invest in a well-diversified portfolio. The range of funds enables diversification by asset class (e.g. equity, bonds, cash), by region and includes both passively and actively managed funds, which can help achieve diversification.	It is the Trustee's policy to monitor performance on an ongoing basis. The Trustee also periodically reviews the default investment option and self-select range.
Exchange Rate Risk **The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.**	The Trustee has made a range of funds available to members, across various asset classes, which have varying levels of exposure to foreign exchange rates.	It is the Trustee's policy to monitor performance on an ongoing basis.
Environmental, Social and Governance Risk **ESG factors can have a significant effect on the performance of the investments held by the Scheme, e.g. extreme weather events, poor governance.**	The Trustee's policy on ESG risks is set out in Section 11 of this Statement. The incorporation of ESG considerations is delegated to the Provider who in turn delegates to the underlying investment managers.	It is the Trustee's policy to monitor performance on an ongoing basis and ESG considerations are taken into account by the Platform provider in the selection of managers.

6. Policies in relation to Illiquid Assets within the DC arrangement

The Trustee considers illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Scheme's default investment option includes no direct allocation to illiquid investments or to investments via a collective investment scheme. The default investment option is the Utmost Money Market fund, that does not currently invest in any underlying illiquid assets.

The Trustee understands the potential for higher returns and the benefits of diversification, relative to more traditional asset classes (such as bonds or equities), that illiquid assets can offer. While these potential benefits are recognised by the Trustee, it is also aware of the risks of illiquid assets to members, such as the potential for valuations of illiquid assets to not reflect their true value at a given time, as well as concerns over liquidity management and platform compatibility. The Trustee remains comfortable with the investments used in the default, and annually assess whether the default investment option provides value for members.

It is the Trustee's policy to review the allocation of the default investment strategy on at least a triennial basis. Such reviews by the Trustee will include whether the incorporation of illiquid asset investments is appropriate, taking account of the return potential and associated risks.

7. Realisation of Investments

The Trustee on behalf of the Scheme hold shares in the Mercer Funds. The investment managers to the Mercer Funds, (including the underlying third party asset managers appointed by MGIE and Mercer AG), within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.

In regard the DC assets, the Scheme's investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.

7 Cashflow Management and Rebalancing

Mercer is responsible for raising cash flows to meet the Scheme's requirements according to an agreed process in place between the Trustee and Mercer and within the guidelines for the Mercer Funds.

8. Strategic Benchmark/Objective

The Trustee has established a strategic objective and investment benchmark for the Scheme, along with the long-term de-risking framework. Full details of the Scheme's current objective, benchmark and the long-term de-risking framework are set out in the IPID.

9. Investment Managers

The Trustee has appointed Mercer to act as discretionary investment manager. The Trustee has taken steps to satisfy itself that Mercer has the appropriate knowledge and ensures that it is fit to manage the Scheme's investments. The Trustee regularly reviews with the assistance of Barnet Waddingham the continuing suitability of Mercer, including Mercer's ability to select, appoint, remove and monitor the appointed managers. The MGIE funds are regulated by the Central Bank of Ireland, the FCA has approved the use of the MGIE funds in the UK and Mercer Limited is regulated by the FCA. The Mercer AG funds are organised under the laws of the Luxembourg and the FCA has approved the use of the Mercer AG funds in the UK.

In its capacity as investment manager to the Mercer Funds, Mercer, and the underlying third party asset managers appointed by Mercer, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.

The investment managers have been selected for their expertise in different specialisations and each manages investments for the Mercer Funds to a specific mandate, which includes performance objectives, risk parameters, and timescales over which their performance will be measured. The IPID gives brief details of each investment managers' mandate.

Where cash is held within a Mercer Fund this is swept into a short term liquidity fund. Otherwise cash is held in the Trustee bank account to meet short-term cashflow requirements.

The Trustee has selected Utmost Life as investment platform provider for the DC assets. Utmost Life offers a range of funds to members managed by various underlying fund managers. Further detail regarding the fund range are available in the IPID.

10. Investment Restrictions

As highlighted above formal investment management arrangements are in place for the managers used in the Mercer Funds. These include restrictions on the type of instruments that can be used. In addition, the Trustee has agreed with Mercer, fund guidelines for the Mercer Investment Fund 3 CCF which has been set-up solely for the assets of the Scheme. The purchase of shares of DS Smith plc is also prohibited unless via a multi-client pooled fund, but there is an overall limit that no more than 5% of the Scheme's assets (either pooled or directly held) can be held in Employer Related Investments.

11. Environmental, Social and Corporate Governance, Stewardship and Climate Change

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above, the Trustee has appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and these assets are invested in Mercer Funds managed by MGIE and Mercer AG. Within these funds, Mercer has provided all of the third party investment managers a copy of Mercer's Sustainable Investment Policy. Mercer also aims to invest in managers who take a more active approach to considering ESG in their investment decision making. The managers have been given discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. However, Mercer expects all managers to vote and Mercer monitors the manager's commitment to voting and incorporating ESG factors into their decision making and on a regular basis and discusses at length with the underlying investment managers their activity with regard to the above. Mercer also monitors the portfolios for UN Global Compact Breaches.

The Trustee receive regular reports and information from Mercer on their monitoring and the managers' compliance. This includes but is not limited to Mercer's ESG ratings for the underlying investment managers, analysis of carbon foot print and voting and engagement activity. Some of the voting and engagement information will be shared with the public on an annual basis. It has also reviewed the impact of climate change under various scenarios and updated the risk register to reflect climate considerations.

The United Nations' Sustainable Development Goals (SDGs) inform Mercer's long term investment beliefs and direct Mercer's and the Trustee's thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer's Sustainability Policy.

The Scheme has an allocation to Sustainable Private Market Opportunities and ESG considerations integrated throughout the funds it invests in.

The Trustee will engage with Mercer where areas of concern are identified periodically. In practice, a formal documented review of ESG ratings and Mercer's integration of ESG into their and the underlying managers' investment decision making is undertaken at least annually.

The Trustee recognises the conflict of interest which may arise in the context of responsible investment. Mercer, MGIE and Mercer AG make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship.

Member views

To date member views have not been taken into account in the selection, retention and realisation of investments. However, the Trustee is keen to hear the views of members on ESG and climate change and shares via the implementation statement the Scheme's approach to ESG and climate change.

Investment Restrictions due to ESG, Stewardship and Climate Change Considerations

The Trustee has not set any investment restrictions to particular products or activities for ESG reasons, but may consider this in future. They are supportive of Mercer's decision to exclude any holdings in artic drilling, controversial weapons, the worst carbon emitters and tobacco from the Mercer Funds and the Credit Mandate has specific ESG exclusions and a climate reduction plan. The Trustee is also supportive of Mercer's engagement program with the managers and the areas that it covers.

12. Trustee's policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs

The Trustee is a long-term investor and is not looking to change their investment arrangements on an unduly frequent basis.

Mercer manages the Scheme's assets by way of investment in Mercer Funds. This includes multi-client collective investment schemes and the Mercer Investment Fund 3 CCF which is established only for the Scheme.

Within the Mercer Investment Fund 3 CCF the Trustee expects Mercer to manage the assets in a manner that is consistent with the Trustee's overall investment strategy as outlined in this SIP and as documented in the guidelines to the Fund agreed between the Trustee and Mercer. In particular, for the management of the assets to reflect the long-term nature of the Scheme. The Trustee has taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review using external advice.

Where multi-client Mercer Funds are used the Trustee accepts that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds.

Should Mercer fail to align its investment strategies and decisions with the Trustee's policies, it is open to the Trustee to disinvest some or all of the assets invested in Mercer Funds.

To evaluate performance of Mercer and the underlying third party managers, the Trustee receives, and considers, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Scheme's funding level and the Mercer Funds in which the Scheme is invested. The Trustee reviews the absolute performance and relative performance (over the relevant time period) on a net of fees basis. The Trustee's focus is on the medium to long-term financial performance of the Mercer Funds. The Trustee is also supportive of non-financial considerations being taken into account as highlighted in Section 11.

Mercer does not make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by Mercer, MGIE or Mercer AG to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustee is, however, able to consider Mercer, MGIE or Mercer AG's assessment of how each underlying third party asset manager embeds ESG into their investment process. This includes the asset managers' policies on voting and engagement. The Trustee is also able to assess how Mercer's Sustainable Investment philosophy aligns with the Trustee's own responsible investment policy. This includes the asset managers' policies on voting and engagement. Section 11 provides further details of the steps taken, and information available, to review the decisions made by managers, including voting history and the engagement activities of managers to identify decisions that appear out of line with a Mercer Fund's investment objectives or the objectives/policies of the Scheme.

The asset managers are incentivised as they will be aware that their continued appointment by Mercer, MGIE and Mercer AG will be based on their success in meeting Mercer, MGIE and Mercer AG expectations and those of its clients. If Mercer, MGIE and Mercer AG is dissatisfied then it will, where appropriate, seek to replace the manager.

The Trustee monitors, and evaluates, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in section 3. The fees for Mercer and MGIE are based on a percentage of the value of the Scheme's assets under management, which covers the advice, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance. The fees paid to Mercer and the underlying third party asset managers is reported separately.

Mercer AG fees are charged based on net commitment for the first four years following the final close and, thereafter, by reference to the Net Asset Value of the Mercer Fund.

Mercer reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer, and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustee, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.

Details of all costs and expenses are included in the Mercer Funds' Supplements, the Report & Accounts and within the Scheme's annualised, MiFID II Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustee does not have an explicit targeted portfolio turnover range, but before significant restructuring the transaction costs are considered alongside the benefits. Performance is also reviewed net of portfolio turnover costs. Mercer (within its fiduciary duty) also considers the portfolio turnover of the underlying investment managers.

13. Additional Voluntary Contribution Assets ("AVCs")

Assets in respect of members' AVCs are invested in a range of investment options. With the assistance of Mercer, the AVC arrangements will be reviewed periodically to ensure that the investment range available remains consistent with the objectives of the Trustee and the needs of the members. More information on the AVC providers is detailed in the IPID.

14. Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy or legislation. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

For and on behalf of DS Smith Pension Trustees Limited as Trustee of the DS Smith Group Pension Scheme