BOARD OF DIRECTORS

N R

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Geoff Drabble
Chair

Appointed to the Board on 1 September 2020 as a Non-Executive Director and became the Chair of the Board and the Nomination Committee on 3 January 2021.

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

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

Geoff served for 12 years as Chief Executive of Ashtead Group plc, the FTSE 100 industrial equipment rental company. He was previously an executive director of The Laird Group plc and held a number of senior management positions at Black & Decker. Geoff retired from being the Senior Independent Director at Howden Joinery Group Plc in May 2023.

External appointment
Geoff is non-executive chair of Ferguson plc.

Miles Roberts
Group Chief Executive

Appointed to the Board on 4 May 2010 as Group Chief Executive.

Key strengths
- Clear strategic mindset
- Strong leadership skills

Skills, experience and contribution
Miles' strong leadership skills combined with his clear strategic mindset, rooted in the practicality of his engineering and accountancy training, means that his skills and experience, and ability to identify material risks and sustainable growth opportunities for the Group's business, contribute to the Board's clear strategic vision. He brings to the Board extensive financial and operational experience particularly within international manufacturing industries.

Following his early career in engineering, Miles became a chartered accountant. He was previously Chief Executive of McBride plc, having originally joined as its Group Finance Director.

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

External appointment
Miles is a non-executive director of Land Securities Group PLC.

Adrian Marsh
Group Finance Director

Appointed to the Board on 24 September 2013 as Group Finance Director, Adrian will retire from the Board on 30 June 2023.

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

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

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

External appointments
Adrian is a non-executive director and audit committee chair at John Wood Group PLC and with effect from 1 May 2023 became non-executive director and chair of the risk and audit committee of Co-operative Group Limited.

Principal Board Committees key:

A Audit Committee

N Nomination Committee

R Remuneration Committee

● Chair

A N R

Celia Baxter
Non-Executive Director

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

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

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

Celia was Director of Group HR and responsible for all ESG activities at Bunzl plc for 13 years. Her early executive career was with Ford Motor Company and KPMG. She has held HR positions with Hays plc, Enterprise Oil Plc and Tate & Lyle Plc. As a non-executive director she was on the board of NV Bekaert SA until May 2020 and on the board of RHI Magnesita N.V. until June 2021 and retired as Senior Independent Director and the remuneration committee chair at Senior plc in April 2023.

External appointments
Celia is the senior independent director and remuneration committee chair of Dowlais Group plc and non-executive director of discoverIE Group plc.

A N R

Alan Johnson CMG
Non-Executive Director

Appointed to the Board on 1 June 2022 as a Non-Executive Director.

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

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

Alan has been President and Chair of the Board of the International Federation of Accountants and chaired the audit committee of the International Valuation Standards Council. Alan held a number of senior finance positions at Unilever during a 30-year career, including Chief Audit Executive and Chief Financial Officer of the Global Foods Division. He was previously Chief Financial Officer and then a non-executive director at food retailer Jerónimo Martins, SGPS, SA until April 2016.

External appointments
Alan is a non-executive director of Imperial Brands plc and William Grant & Sons Holdings Limited, where he also chairs the audit committee and has been appointed as the inaugural Chair of the Stakeholder Advisory Council, which will provide strategic advice to the International Ethics Standards Board for Accountants and the International Auditing and Assurance Standards Board.

A N R

Alina Kessel
Non-Executive Director

Appointed to the Board on 1 May 2020 as a Non-Executive Director.

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

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

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

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

A N R

Eric Olsen
Non-Executive Director

Appointed to the Board as a Non-Executive Director on 15 May 2023.

Key strengths
- Knowledge of manufacturing operations
- Experience in leading multinational listed entities

Skills, experience and contribution
Eric's extensive experience in the fields of finance, human resources, strategy, operations and global leadership will contribute a deepening of the range of perspectives brought to the Board's discussions.

Eric is a Certified Public Accountant (CPA), holding a Master of Business Administration from HEC international business school in Paris. Eric was the CEO of LafargeHolcim from 2015-2017. Prior to that he also held a number of other roles within the Lafarge Group, including as EVP Organisation and Human Resources and EVP in charge of Operations. Eric started his career in the field of M&A at Deloitte & Touche and Banque Paribas and was one of the managing partners of Trinity Associates for six years. Eric has dual American and French nationalities.

External appointments
Eric is CEO of Aliaxis SA, board member of Fortera Inc, member of the Technical and Strategic Advisory Committee of Breakthrough Energy Ventures Europe and a corporate advisor for Temasek Holdings Inc.

A N R

David Robbie
Senior Independent Director

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

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

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

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

External appointment
David is a non-executive director and audit committee chair of easyJet plc.

A N R

Louise Smalley
Non-Executive Director

Appointed to the Board on 23 June 2014 as a Non-Executive Director.

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

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

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

External appointments
Louise is a non-executive director and remuneration committee chair of Informa PLC and a non-executive director of A.G. BARR p.l.c.

Principal Board Committees key:

A Audit Committee

N Nomination Committee

R Remuneration Committee

● Chair

Richard Pike

Group Finance Director - designate

As was announced on 27 April 2023, Richard will be appointed to the Board as Group Finance Director and as an Executive Director with effect from 30 June 2023 when Adrian Marsh retires.

Key strengths

- Financial and general management experience in leadership roles in manufacturing
- Experience in the recycling and sustainability sectors

Skills, experience and contribution

Richard's financial and general management experience in leadership roles within manufacturing companies, together with his knowledge and understanding of the recycling and sustainability sectors, will play a central role with the Board's discussions on the next chapter of growth for DS Smith.

Before joining DS Smith, Richard was Chief Financial Officer of Biffa plc. Prior to that he spent time in the food manufacturing sector as Group Finance Director of AB Sugar and Managing Director of British Sugar (both parts of ABF plc), followed by being Chief Financial Officer of Boparan Holdings Limited. Earlier in his career Richard trained and qualified as a chartered accountant with PwC, and thereafter went on to hold a variety of roles at Scapa Group plc, Pilkington plc and Manchester Airports Group.

External appointment

None.

Iain Simm

Group General Counsel and Company Secretary

Appointed Group General Counsel and Company Secretary on 6 June 2016.

Key strengths

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

Skills, experience and contribution

Iain's experience as general counsel and company secretary in listed entities operating on a multi-jurisdictional basis means that the Board benefits from his advice on governance and compliance matters as well as advice on complex legal issues.

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

External appointment

None.

CHAIR'S INTRODUCTION TO GOVERNANCE

Good corporate governance is an essential element in helping to build a successful business in a sustainable manner.

Geoff Drabble,
Chair

Introduction

This section of the Annual Report focuses on corporate governance. Having a structured corporate governance framework enables the right information to be brought before the right people at the right time to make informed decisions, which in turn strengthens the Group's decision-making processes and supports the Board's key focus on delivering the Group's strategy for the benefit of our shareholders and taking into account the interests of all our stakeholders.

Your Board understands that good corporate governance is an essential element in helping to build a successful business in a sustainable manner and that regular evaluation (see page 80) supports that.

Division of responsibilities

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

The approval of certain Group policies (including some of those listed in the Non-Financial and Sustainability Information Statement on pages 66 to 68) is one of the matters reserved to the Board and is one of the ways we, as a Board, have oversight of longer-term aspects of the Group's operations, including our leadership on sustainability matters and our progress in addressing climate-related issues.

Succession planning

As a Board, and when we meet as the Nomination Committee, we regularly discuss senior leadership succession, as we recognise that non-financial resources and the manner in which we deliver our strategy are as important as financial resources and the strategic content of our Corporate Plan. For simplicity of presentation, information about this crucial topic is set out in the Nomination Committee Report.

Balancing stakeholders' interests

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

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

Over the past 12 months the Board has discussed a number of important capital expenditure projects, such as the expansion of the paper mill at Lucca, Italy, our greenfield sites that opened in September 2022 in Italy and Poland, and the development of a biomass plant at Rouen, France. When considering this type of project, the Board looks beyond the financial projections and asks questions about, for example, the emissions of the expanded sites and the impacts on the local communities, whether that be offering new employment opportunities or contributing to concerns about water scarcity. These are long-term projects with the potential for beneficial long-term impacts that contribute to our strategic goal of leading the way in sustainability.

Having approved in 2022 the Group's commitment to a 1.5°C science-based target, validated by the Science Based Targets initiative, the Group is now moving to the next phase which includes adopting decarbonisation templates on a site by site basis, prioritising the greatest emission sources. The templates identify the major technical solutions that will need to be implemented, such as solar and heat pumps, in addition to green electricity sourcing and energy efficiency opportunities, and are being consolidated into a Group-wide roadmap for achieving the 2030 commitment. These solutions will aim to accelerate progress to meet the near-term 2030 target to reduce Scope 1, 2 and 3 greenhouse gas emissions 46 per cent by 2030 compared to 2019, as part of reaching the long-term 2050 target of Net Zero greenhouse gas emissions. The Board understands the importance of being both thoughtful and nimble, as it supports the executive team in implementing longer-term plans, in setting appropriate metrics in this key area and in reacting to the regulatory changes.

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

Geoff Drabble
Chair

22 June 2023

In addition to the regulatory requirement to include a statement about section 172 of the Companies Act 2006 in the Strategic Report (which is on page 9), there is also a requirement to make a statement about the Company's engagement with the wider UK workforce and with suppliers and customers. The methods of engagement in the UK and outside the UK are broadly the same, so we have cross-referenced below, not repeated, our disclosures on these matters.

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

More detail about how we realise the potential of our people by engaging with our wider workforce (a term that is wider than the term employees, who are those employed directly by the Group under contracts of service) wherever they are based (not just those based in the UK) is set out on pages 20 to 23 of the Strategic Report.

Statement about the Company's engagement with suppliers and customers

More detail about how we engage with our customers and the importance of sustainability throughout our supply chain is set out on pages 18 and 19 and 24 to 29 of the Strategic Report.

DIVISION OF RESPONSIBILITIES

DIVISION OF RESPONSIBILITIES OF THE BOARD

The Board

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

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

Chair

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

Group Chief Executive

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

Senior Independent Director

- Provides a sounding board to the Chair and appraises his performance
- Acts as intermediary for other Directors, if needed
- Available to respond to shareholder concerns if contacted.

Non-Executive Directors

- Constructively challenge and help develop proposals on strategy
- Scrutinise the performance of management
- Review performance of the business.

Board and Board Committee meetings attendance

	Board	Nomination Committee	Audit Committee	Remuneration Committee
Total number of meetings in 2022/23	7	6	4	6
Executive Directors				
Miles Roberts	7/7	6/6	n/a	n/a
Adrian Marsh	7/7	n/a	n/a	n/a
Non-Executive Directors				
Geoff Drabble	7/7	6/6	n/a	6/6
Celia Baxter	7/7	6/6	4/4	6/6
Alan Johnson – joined the Board on 1 June 2022	7/7	6/6	4/4	5/6
Alina Kessel	7/7	6/6	4/4	6/6
David Robbie	7/7	6/6	4/4	6/6
Louise Smalley	6/7	5/6	3/4	6/6
Rupert Soames – retired from the Board on 6 September 2022	2/2	2/2	1/1	3/3

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

BOARD'S PRINCIPAL COMMITTEES

Nomination Committee

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

For more information see page 81

Audit Committee

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

For more information see page 86

Remuneration Committee

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

For more information see page 92

Board's standing sub-committees

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

Disclosure Committee

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

US Sub Committee

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

General Purposes Committee

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

Share Schemes Committee

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

Management committees

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

Group Health, Safety, Environment and Sustainability Committee

Meets monthly

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

Group Operating Committee

Meets monthly

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

Group Strategy Committee

Meets once every two months

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

Group M&A Committee

Meets once every two months

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

Group Compliance Committee

Meets quarterly

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

CORPORATE GOVERNANCE IN CONTEXT

Corporate governance in action

The governance section of the Annual Report outlines how we have applied the main principles of the 2018 UK Corporate Governance Code (Code). The Code is published by the Financial Reporting Council (FRC) and available at frc.org.uk.

All relevant provisions of the Code have been complied with throughout the year ended 30 April 2023, other than provision 38. More information about the retirement benefit contribution rates for Executive Directors was included in prior annual reports. These contribution rates were fully aligned to those available to the workforce on 30 December 2022.

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

1 Board leadership and Company Purpose

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

The regulatory requirement is to include in the Strategic Report a statement about the Directors' compliance with section 172 of the Companies Act 2006, which includes taking into account the interests of a variety of stakeholders. This is on page 9.

s172 We use this symbol in the governance section of the Annual Report to highlight examples that illustrate aspects of that statement.

The Directors' biographies on pages 70 to 73 summarise what each Board member contributes to the governance of the Company and its long-term success. The Chair's introduction to governance puts DS Smith's approach to matters of corporate governance into our DS Smith context and links to the topics covered in section 1 of the Code, as we explain in this governance section how we have applied aspects of Code principles A to E and how we have put the related provisions of the Code into practice.

From page 79

2 Division of responsibilities

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

We explain how we have applied aspects of Code principles F to I and how we have put the related provisions of section 2 of the Code into practice in the section on division of responsibilities and in the Nomination Committee Report, where we also have more information about the independence of Directors.

From page 76

3 Composition, succession and evaluation

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

The Nomination Committee Report and the paragraphs on Board evaluation in practice within the Board leadership section explain how we have applied aspects of Code principles J to L and how we have put the provisions of section 3 of the Code into practice.

From page 81

4 Audit, risk and internal control

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

The audit, risk and internal control section and the Audit Committee Report explain how we have applied aspects of Code principles M, N and O in section 4 of the Code and how we have put the provisions of that section into practice, firstly through matters that come before the full Board and secondly through the detailed work of the Audit Committee. Further information about our principal and emerging risks, as well as our viability and going concern statements, are in the risk section on pages 42 to 51.

From page 84

5 Remuneration

Our Remuneration policy, which was approved at the 2020 AGM and is being proposed for renewal at the 2023 AGM, is designed to support our long-term strategy and to promote long-term sustainable success. It was developed taking into account wider circumstances as your Board currently understands them and setting those in the context of the longer-term future of DS Smith in this ever-changing world. Each element of remuneration is looked at, both individually and cumulatively, and in the context of the remuneration arrangements for the wider workforce.

The remuneration sections of this report explain how we have applied aspects of principles P, Q and R in section 5 of the Code and how we have put the provisions of that section into practice, as well as how we have complied with regulatory requirements in relation to remuneration matters. It also includes the full text of the Remuneration policy that is being voted on by shareholders at the 2023 AGM. The remuneration of the Executive Directors is summarised in our 'at a glance' section. Our Remuneration policy is aligned to our Purpose of 'Redefining Packaging for a Changing World'.

From page 92

BOARD LEADERSHIP AND COMPANY PURPOSE

Board leadership in action

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

The Code highlights the importance of effective engagement with shareholders and other stakeholders. The Group's key stakeholders and their differing perspectives are identified and taken into account, not only as part of the Board's annual strategy and corporate planning discussions, but also in our project assessments and in other Board conversations.

Health and safety is always a priority item on the Board's agenda. Setting the example from the top down is critically important and the Board was pleased to hear that the Group-wide lost time accident frequency rate has fallen again to a new low of 1.82.

Delivery of our Corporate Plan will be driven by our continuing progress in sustainability and circularity, innovation, digital and data and organic growth. The Board is regularly briefed about our progress in delivering against each of these. Each element has a key role in the realisation of our Purpose of 'Redefining Packaging for a Changing World'.

The Board understands that the Group has a role as an employer and as a taxpayer, as well as a member of the wider communities in which our sites are based and as a key link in the supply chains through which so many goods pass, and that these roles are broader than the more traditional single role of a corporate entity reporting on its financial results to its shareholders. The balancing of the differing perspectives of all our key stakeholders is a recurrent theme in our Board's conversations.

All discussions, assessments and conversations focus not only on delivering increased value for shareholders, but also assess the impacts of our decisions and strategies on the Group's wider stakeholders. (The concerns of, and our response to, our stakeholders are summarised on pages 14 and 15.) The Board recognises the importance of regular, open and constructive dialogue with shareholders and other stakeholders and this has long been a key aspect of our culture and of our decision-making.

Engagement with our shareholders

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

The Group's Investor Relations team coordinates ongoing communication with shareholders and analysts, and the Board receives regular updates on the views of the Group's shareholders from our internal team and also from the Company's brokers, so all Board members have a clear understanding of the
s172 views of the shareholders. Celia Baxter, as Chair of the Remuneration Committee, leads the engagement with shareholders when we have remuneration matters to discuss.

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

Engagement with our workforce

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

EWC representatives meet regularly with our Group Chief s172
Executive and Group HR Director to discuss a wide range of topics. While health and safety, Group performance and sustainable employment are always on the agenda for these discussions, this year topics have also included discussions about implementation of closed circuit television in some areas to support further health and safety improvements, mental health and wellbeing, and diversity and inclusion.

Members of management continued to attend EWC meetings s172
throughout the year, held virtually on a platform that enables live
translation. Again this year an EWC representative joined a s172
meeting of the Remuneration Committee to support and inform discussions about the Remuneration policy being proposed for 2023 to 2026 and health and financial wellbeing programmes
and to reflect on some of the topics discussed when Celia Baxter, s172
the Chair of our Remuneration Committee, met with the EWC Executive earlier in 2023. All these meetings build further on the dialogue started in 2020.

The regular schedule of reporting to the Nomination Committee includes the review of employee talent, development and succession plans as well as insight into the progress made on
diversity, equity and inclusion and updates on the growing s172
network of employee resource groups. All these activities ensure that the voice of our workforce is heard regularly in the boardroom and provide richer context for the Board's decision-making.

Engagement with our suppliers, customers and other stakeholders

The business relationships with our suppliers, customers and other stakeholders, such as regulators and non-governmental organisations, are matters which the Group Chief Executive covers in his regular reports to the Board.

In addition the Board receives regular updates from the Group s172
procurement function which has first-line responsibility for relationships with suppliers. In the past year the Board has discussed the continuing effects of Covid-19, the war in Ukraine, and some of the impacts of high levels of inflation in some countries and of the unprecedented volatility in energy prices. The Board has appreciated the work done by the procurement function strengthening existing relationships with suppliers so that supplies have continued to flow, even in times of shortage.

s172 The most recent update to the Board on sales, marketing and innovation highlighted the importance of product-based innovation and the role of the efficiency improvements expected from the digital and data programmes underway. The Global R&D and Innovation Centre focusing on early-stage design and prototyping work, based in Redditch, UK, alongside one of our sheet plants, will support the strong pipeline of product innovation.

Complementing the regular briefings from operational and functional management about Group-specific matters (such as reports from our Corporate Affairs director on progress made during the year on our programme of wider engagement in the community and the report to each Board meeting on health and safety), the Board also has a programme of briefings both from internal specialists (on such topics as the new Packaging and s172 Packaging Waste regulations in the EU and its implications for the Group) and from the Group's external advisers on a range of topics, including cyber security, and the wider views of the market, and of institutional shareholders in particular, on the Group. This enables current and future plans to be set in the wider context of the broader environment. This covers not just topics that are currently visible, but emerging areas of interest and concern across a diverse range of fields.

Our engagement with the local communities of which our sites and employees are a part has been a developing area of focus in s172 recent years. The Board has been briefed on recent examples such as the eco-classroom providing an outdoor classroom and creative community space in Nagykáta, Hungary, and the support provided by colleagues in Asheboro and Cambridge, US, to provide meals at Thanksgiving to residents in Delaware, Maryland, Virginia and North Carolina.

Board engagement through site visits

Board site visits are an important way in which Board members can engage with our employees, assess and monitor culture, and understand more about our customers and suppliers. The Board went to Madrid for its October 2022 meetings and enjoyed seeing at first hand the successful integration of Europac and the strengths and culture of that business and its management and the qualities our employees there bring to the overall Group.

At each Board meeting health and safety is reported on, including the total number of near misses and safety observations. These are seen as indicators of employee engagement in observing and reporting positive behaviour and identifying health and safety risks. The level of engagement is seen as a reflection of the culture and health and safety leadership at a site and in 2022/23 the number of safety observations per employee (the health and safety engagement index) was 20.8, a 65 per cent increase compared to the previous year, demonstrating the increasing levels of engagement with applying continuous improvement techniques in all areas, as this is the highest figure since the Group started tracking it in 2017. While virtual site visits were a helpful part of the induction programme for new Board members s172 in 2020/21, Board members have appreciated the richer experience of in-person visits.

Board evaluation in practice

Board evaluation is an iterative process. After each evaluation (whether internal or external and including evaluations of Committees and Directors) the Board sets itself objectives. Following the formal external evaluation in 2022, the Board set itself a number of objectives, taking forward from that external evaluation a focus on a structured approach to succession planning with improved oversight of talent and development programmes.

In the first part of 2023 Board members completed an internal questionnaire, which gave structured content for each Board member's individual discussions with the Chair. At that time David Robbie, as Senior Independent Director, met with all the Directors individually, to appraise the Chair's performance and subsequently discussed this with him. At the April Board meeting the Directors considered the feedback from the above process and adopted Board objectives for 2023. After the pandemic's disruption of physical site visits and the limited opportunities for virtual site visits, the Board and individual Directors were particularly keen to set an objective of arranging additional visits to sites in the coming months. Other objectives for the Board in 2023/24 include maintaining focus on talent and succession planning and considering the balance between short, medium and longer term in the corporate planning cycle. Both as part of the Board and Committee evaluation process and during the year, the Non-Executive Directors met without members of executive management being present.

As with every high performing board, the Directors will continue to watch for areas of improvement, not just when Board evaluation is a formal agenda item at a Board meeting, so that the Board continues to contribute to the overall effectiveness of the Group. A recent example of this was developing an executive summary financial dashboard for inclusion in the Board papers which supports the focus on the key metrics of the drivers of business performance.

Succession and composition

More details about succession planning are set out in the Nomination Committee Report.

NOMINATION COMMITTEE REPORT

> Our principal objective as a Nomination Committee is to make sure the Board has individuals with the necessary range of skills and knowledge, and diversity of experiences to lead the Company and deliver the Group's strategy.

Geoff Drabble,
Chair of Nomination Committee

Dear shareholders

The Nomination Committee supports the Board on the crucial topic of executive and non-executive succession planning.

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

Our key responsibilities

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

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

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

Our priorities over the year were:

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

Looking forward

Our key priorities over the next 12 months remain consistent with those for the previous year. As well as the regular cycle of matters that the Committee schedules for consideration each year, we are planning to:

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

Geoff Drabble
Chair of Nomination Committee

22 June 2023

Membership and operation of the Committee

Member	Since
Geoff Drabble (Chair)	2020
Celia Baxter	2019
Alan Johnson – with effect from 1 June 2022	2022
Alina Kessel	2020
Miles Roberts	2010
David Robbie	2019
Louise Smalley	2014

Rupert Soames retired from the Board and its Committees on 6 September 2022. Eric Olsen joined the Board and its Committees on 15 May 2023.

During the year, the Committee held six formal meetings and there were updates between formal meetings and a number of ad hoc briefings. Details of individual Directors' attendance can be found on page 76. The Group General Counsel and Company Secretary acts as Secretary to the Committee.

Board changes and composition

Alan Johnson joined the Board on 1 June 2022 and Rupert Soames retired from the Board at the conclusion of the Annual General Meeting on 6 September 2022, but all the other Directors held office throughout the year under review. Their biographies, including their key strengths, skills, experience and contribution to the Board, are set out on pages 70 to 73.

Adrian Marsh will retire from the Board on 30 June 2023 and Richard Pike (whose appointment was announced on 18 November 2022) will replace him from that date as the Company's Group Finance Director and an Executive Director. Eric Olsen joined the Board with effect from 15 May 2023 and Eric's and Richard's respective elections as a Director of the Company will be put to the Annual General Meeting on 5 September 2023 for approval.

Succession planning and recruitment

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

For each Board appointment made we follow a similar process as the Board seeks to appoint an outstanding candidate, with a different range of experience, to maximise Board effectiveness.

When we think about diversity we recognise that diversity can take many forms, including diversity of gender and of socio-economic and ethnic backgrounds, and diversity of cognitive and personal strengths, as well as the diversity of life experience and the role of intersectionality, where different characteristics overlap. We also recognise that diversity at Board level and throughout the Company is a valuable strength, bringing with it a range of perspectives.

The mix of skills needed by Board members will change as the landscape in which the Group operates changes. Therefore, as we consider each new Board appointment, the role specification is not a direct replication of the role of a retiring Board member.

The process for the appointment of Richard Pike as the new Group Finance Director began with a process to appoint an appropriate firm of consultants to support our search. Odgers Berndtson were selected as the preferred partner given their track record in executive finance appointments.

A role specification was agreed and provided to Odgers Berndtson who then put forward a shortlist of candidates for review by the Committee. The shortlisted candidates were interviewed by a number of the Executive and Non-Executive Directors and the Committee made a recommendation to the Board. When making decisions on new appointments, Board members consider the skills, experience and knowledge already represented on the Board and the alignment in terms of the culture and values of DS Smith. The Committee also kept in mind the benefits of diversity, in all its forms, including of gender, ethnicity and life experience. A similar process was followed for the recruitment of Eric Olsen as a Non-Executive Director to the Board, supported by Korn Ferry, who were selected as the preferred partner given their track record in non-executive appointments.

Apart from assisting with recruitment, Odgers Berndtson has no other connection to the Company. Korn Ferry has also provided advice to the Remuneration Committee in relation to various aspects of remuneration and talent assessment services to the Group. Neither Odgers Berndtson nor Korn Ferry have any connection with any individual Directors, other than Korn Ferry is advising the International Federation of Accountants on the search for its next chief executive officer and Alan Johnson is the chair of the search committee.

Induction, training and development programmes

Upon appointment to the Board, Directors undertake an induction programme, receiving a broad range of information about the Group tailored to their previous experience. This includes information on the operational and sustainability performance and business of the Group and details of Group strategy, corporate governance and Board procedures. In reviewing his induction programme experience, as part of the latest Board evaluation, Alan Johnson was very impressed with the well-structured onboarding programme, and thanked the senior management team for the time they spent with him. The engagements gave him a very thorough introduction to the Group.

Assisted by the Group Company Secretary, the Chair has responsibility for Directors' induction programmes, and also for the Board's training and professional development. Directors have been given training and presentations during the course of the year to keep their knowledge current and enhance their experience. This has included topics such as updates on remuneration matters, implementation of our sustainability regime, Task Force on Climate-related Financial Disclosures (TCFD) and associated reporting and cyber security.

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

Time commitments

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

Miles Roberts joined the board of Land Securities Group PLC in September 2022, having until August 2021 been on the board of

Aggreko plc, so the Board was confident that this appointment would not adversely impact the time Miles commits to his DS Smith role. Similarly, (having retired from the board of Senior plc in April 2023) Celia Baxter joined the board of discoverIE Group plc in June 2023 and Dowlais Group plc (where she is senior independent director and remuneration committee chair) became a listed company in April 2023. Also with the Board's approval, noting that this expansion of his portfolio of roles was done in the light of his forthcoming retirement, Adrian Marsh joined the board of Co-operative Group Limited with effect from 1 May 2023. Louise Smalley's appointment to the board of A.G. BARR p.l.c. with effect from 1 June 2023 was also approved by the Board, noting that she was building up her portfolio of roles, following her retirement from full-time executive employment in 2021. As part of the process of appointing Eric Olsen to the Board, the Board noted the value that the variety of his current roles will bring to the Group.

The experience gained in external roles held by our Board members broadens and deepens the knowledge and experience of the Directors, which in turn benefits the Company. Directors do not take part in any discussion concerning their own external appointments.

Diversity

The Board diversity and inclusion policy applies to the Board and its principal Committees. The policy acknowledges the importance of diversity and includes an explicit requirement to take into account diversity when considering appointments to the Board. DS Smith acknowledges the importance of diversity of thought, skills and experience in the effective functioning of the Board and the wider organisation. This diversity may arise from any number of sources, including differences in age, gender, ethnicity, disability, sexual orientation, cultural and economic background and religious belief. Our Directors have experience of a wide range of industries and backgrounds, as well as of complex organisations with a global reach.

Looking at diversity beyond the Board and across the Group, the Board recognises that some challenges in achieving diversity arise from social contexts with impacts not limited to DS Smith as a Group, but the Board remains committed to ensuring that all have an equal chance of developing their careers within our business. Currently the Group's leadership populations are internationally diverse but the Group is aware that more needs to be done to improve the gender and ethnic mix and address the ageing demographic in the leadership population. (See page 22 for more about our programmes to develop diverse leadership talent, from whom might be drawn a future generation of executive and non-executive directors, and to improve the gender balance of those in senior management and their direct reports.)

Tables with numerical data reporting on gender and ethnic background diversity in the format required by recent regulatory changes are set out on page 23. As at 30 April 2023 (the final day of the financial year, which is our chosen reference date) our Board was made up of three women and five men. With 37.5 per cent of the Board being women, we are below the 40 per cent threshold specified by the Financial Conduct Authority. In addition we do not have a woman in at least one of the specified senior board positions (chair, chief executive, senior independent director or chief financial officer). The Board is mindful of these requirements being introduced following recent regulatory changes and of changing expectations of stakeholders. The Board is actively looking to increase the proportion of women on the Board. Our most recently published UK gender pay gap report is available on our website. We know that we have a relative lack of women in executive management positions and that the number of women in senior leadership roles fluctuates, but the trend in recent years has been towards a better gender balance.

With the appointment of Alan Johnson on 1 June 2022 the Board now meets the Parker Review recommendation that each FTSE 100 board should have at least one director from a non-white ethnic minority background.

Independence and re-election of Directors

The Nomination Committee makes an assessment each year of the criteria set out in the Code concerning independence and the Committee also reviews the time commitment of Non-Executive Directors to assess whether each has sufficient time to discharge their duties. Louise Smalley was first appointed to the Board nine years ago in June 2014, but the Board is of the view that Louise remains independent as she continues to exercise independent judgement and that she provides continuity and experience of the Board's previous discussions, since the other Non-Executive Directors were appointed much more recently, in 2019 and later. The Committee therefore confirms that all the Non-Executive Directors are independent and each has sufficient time to discharge their duties. The Committee also considered Geoff Drabble to be independent on his appointment to the Board.

The Nomination Committee this year considered the then current term of appointment to the Board of Geoff Drabble, Alina Kessel and Louise Smalley. Board members reviewed the commitment and contribution to the Board and its Committees of Geoff, Alina and Louise, as well as the balance of their skills, knowledge and experience with those of the other Directors and it was agreed that Geoff's term and Alina's term should be renewed for a further three years and Louise's should be renewed for a further period, recognising her already nine years in the role. (Directors do not participate in any debate or decision about their own re-appointment.) The expiry date of the current term of each of the Non-Executive Directors is set out on page 113.

All current Directors (except for Adrian Marsh) are standing for re-election or, in the case of Eric Olsen, election and Richard Pike will be standing for election, at the 2023 AGM.

Board and Committee evaluation

Information about this year's internal evaluation of the Board and its Committees can be found on page 80.

AUDIT, RISK AND INTERNAL CONTROL

Risk management and internal control

The Board has overall responsibility for establishing and maintaining the Group's systems of risk management and internal control (including financial, operational and compliance controls) and retains ultimate accountability for the effectiveness of the systems and processes implemented. The Board confirms it has conducted an annual review of the overall effectiveness of the Group's system of internal controls and risk management procedures implemented during the year and up to the date of approval of this Annual Report, as well as a robust assessment of the Group's emerging and principal risks, summarised on pages 42 to 49. This review consisted of annual presentations from, and challenges to, senior management, together with regular updates from the risk, governance and Internal Audit functions throughout the year.

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

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

Risk management

Our risk management framework and processes remained robust during the year, supporting management in identifying changes in the profile of our principal risks despite the unprecedented volatility of the external economic environment. Management and employees have continued to manage the day to day risks that the Group faces and have been able to adapt and to plan responses to these changing situations. Our risk reviews, embedded within our strategic planning processes, support effective management of the Group's principal risks and uncertainties and inform the regular updates on specific risk areas that are brought for discussion and review at the Audit Committee. Given the ever-increasing regulatory and governance requirements on risk reporting, including those required as part of the Task Force on Climate-related Financial Disclosures (TCFD), the Board reviewed and updated the Group's risk policy to ensure that increased reporting obligations continue to be managed efficiently. The policy was amended to provide greater clarity of purpose in the Group's risk management objectives, how risk information is to be collected and collated and how that information is shared across the Group's senior management and those who are involved in implementing the Group's risk management strategy and risk reporting.

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

The Audit Committee has kept up to date with risk developments throughout the year with in-depth discussion of the Group's principal risks and mitigation efforts and has noted the way in which our divisions and Group functions have continued to demonstrate resilience and revise risk mitigation remedies in their plans where appropriate.

The Group Compliance Committee has continued to meet regularly and to expand its oversight of the business. Recent topics have included product safety compliance, compliance training, UK defined benefit pensions legislation, update on TCFD requirements, embedding compliance through a communications campaign and the introduction of a risk-profiling tool to improve the due diligence on modern slavery in the supply chain.

Further details on the Group's risk management and mitigation approach for each principal risk, including its emerging risks reporting, are set out in the risk management section on pages 42 to 49 and the Group's viability statement on page 50. Our Task Force on Climate-related Financial Disclosures are set out on pages 52 to 63. Emerging risks are reported on as part of the risk management reviews. Integrating them into the reporting processes supports the Board in maintaining a clear overview, taking account of the increasing ESG disclosure requirements and the effect of macroeconomic uncertainty.

Internal control

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

- A clearly defined divisional organisation structure for monitoring the conduct and operations of individual business units
- Clear delegation of authority throughout the Group, starting with the matters reserved for the Board
- A formal process for ensuring that key risks affecting operations across the Group are identified and assessed on a regular basis, together with the controls in place to mitigate those risks. Risk consideration is embedded in decision-making processes at all levels with input from risk specialists where appropriate, and the most significant risks are periodically

reviewed by the Board. The risk process is reviewed by the Audit Committee

- Control policies and procedures in functions including finance, tax, IT, HR, procurement and legal, are reviewed and updated as appropriate and supplemented by mandatory training
- Assurance processes over the internal financial control environment such as annual controls self-assessment and ongoing divisional control review programmes
- The preparation and review of comprehensive annual divisional and Group budgets; and an annual review and approval by the Board of the three-year Corporate Plan
- The monthly reporting of actual results using the Group consolidation system and their review against budget, forecasts and the previous year, with explanations obtained for all significant variances
- The Operating Framework which outlines key control procedures and policies to apply throughout the Group. This includes clearly defined policies and escalating authorisation levels for capital expenditure and investment, with larger capital projects, acquisitions and disposals requiring Board approval. This framework is kept under periodic review
- Regular formal meetings between the Group Chief Executive, the Group Finance Director and divisional management to discuss strategic, operational and financial issues
- Communicating key corporate values through our Code of Conduct and associated policies to all employees to ensure relevant staff are properly trained and equipped to exercise management oversight and control.

The Group Governance team is a centrally-led function that maintains and develops the internal control framework, provides support and training to the business in complying with that framework and provides assurance to management about compliance with the framework through a site and risk-based work programme. As the second line of defence, an important part of this function's role is to support the business in development of remediation plans and corrective actions for control weaknesses identified through the governance and compliance work programme, or through Group Internal Audit's activities. The function continues to lead the cross-functional preparation for the anticipated UK Government-led reform of financial and non-financial internal controls and corporate governance.

Internal Audit

The Internal Audit function is an in-house function that operates under a charter approved by the Audit Committee that sets out the purpose, scope and authority of the function to deliver the Internal Audit plan. It is the third line of defence.

The Internal Audit function's remit is to provide independent assurance to measure the success of the organisation at managing risk and to drive continuous improvement. This takes the form of reviews of the operations of Group sites, service centres, functions, projects, processes and compliance risk areas, in accordance with a previously agreed plan, including an assessment of implemented systems of internal control. Internal Audit provides reports detailing findings and recommendations of potential control process improvements and conducts supplementary reviews, where merited, to ensure that management implements the recommendations agreed. During the year, Internal Audit's activities were supported and complemented by management's Group Governance team.

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

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

The Audit Committee periodically considers stakeholder feedback on the quality of the work of Internal Audit. External Quality Assessment is required by the Institute of Internal Auditors Standards every five years so this will next be due in 2025.

AUDIT COMMITTEE REPORT

The Committee plays a key role in assisting the Board to fulfil its oversight obligations and continues to respond to its remit concerning the Group's reporting processes, risk management and the control environment, while preparing for developments in new regulations.

David Robbie,
Chair of Audit Committee

Dear shareholders

I am pleased to present the Audit Committee Report, which provides an overview of the Audit Committee's role supporting the Board in its oversight of the integrity of the reporting process and control framework across the Group. Details of the Board's procedures and processes in relation to oversight of risk management and internal control are set out on pages 84 and 85.

Our principal objectives as an Audit Committee are:

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

Our role as a Committee is pivotal in ensuring the robustness of the Group's risk management activities and internal control environment, ensuring the integrity of the financial reporting process. The Group's procedures and systems to identify, mitigate and manage risks continue to develop to allow the internal control and financial reporting processes to also benefit from continuous incremental improvement.

During the year under review, Ernst & Young LLP (EY) were appointed as the Group's external Auditor, following the conclusion of Deloitte's tenure. The Group has successfully worked with EY on the necessary audit transition activities, and EY now having completed both their first half year review and full year Group and Company audits.

The Committee continues to monitor the presentation of financial results, particularly taxation and the measures of underlying performance, cash flows and financial position together with impairment assessments, going concern and viability. This year the Committee has included ESG information presented under the Streamlined Energy and Carbon Reporting (SECR) and the Task Force on Climate-related Financial Disclosure (TCFD) requirements as part of its review work. In addition, the Committee has reviewed the Group risks and systems of risk management and internal control, noting the likely developments in response to the UK Government-led reforms to financial and non-financial controls and corporate governance.

Looking forward

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

- Expand scrutiny, both by the Committee and Internal Audit, over sustainability, climate and broader ESG reporting
- Continue to monitor emerging risks for the Group
- Continue to monitor legislative and regulatory changes that may impact the work of the Committee, particularly the development of the requirements from the UK Government's restoring trust in audit and corporate governance initiative.

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

David Robbie
Chair of Audit Committee

22 June 2023

AUDIT COMMITTEE MEETINGS' KEY TOPICS

2022

JUN 2022

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

OCT 2022

- 2022/23 external Auditor plan for the half year
- Review of letter to management from external Auditor on 2021/22 audit
- Impairment assessment review
- Review of adjusting items
- Internal Audit report
- Ethics and compliance report review
- Risk update

DEC 2022

- Update on half year forecast results
- Going concern
- Review of announcement of half year results
- External Auditor half year report, including confirmation of independence and objectivity
- Internal Audit report
- Non-audit fees review
- Risk update

2023

APR 2023

- Update on full year forecast results and trading outlook and emerging year-end accounting issues and matters of judgement
- Interim going concern assessment and consideration of significant accounting policies and judgements
- Annual impairment review
- Effectiveness of internal controls review
- Ethics and compliance report review
- Update on external Auditor plan and fees
- Risk update and review of emerging risks
- Review and approval of Internal Audit plan for 2023/24 including confirmation of non-financial areas to be targeted
- Review of fraud processes
- Review of current developments in ESG reporting

JUN 2023

- Review of the 2022/23 Annual Report and announcement, including a review to ensure the report was fair, balanced and understandable
- Going concern and viability statement
- Review of the key non-financial metrics in the SECR and TCFD tables
- Impairment assessment review
- Effectiveness of internal control framework update
- Review of adjusting items
- Internal Audit report and review of internal assessment of the effectiveness of the Internal Audit function
- External Auditor report
- Review of external Auditor effectiveness
- Recommendation of appointment of the external Auditor

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

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

Membership and operation of the Committee

Member	Since
David Robbie (Chair)	2019
Celia Baxter	2019
Alan Johnson – since 1 June 2022	2022
Alina Kessel	2020
Louise Smalley	2014

Eric Olsen joined the Board and its Committees on 15 May 2023.
Rupert Soames retired from the Board and its Committees on 6 September 2022.

The Audit Committee met on four occasions during the year, with meetings scheduled to align with the Group's external financial reporting obligations. Details of the attendance of individual Directors can be found on page 76. As and when required, the Audit Committee members were joined by the Group Chief Executive, the Group Finance Director, the Group Financial Controller, the Group Risk Officer and representatives from the Internal Audit and Governance teams and the external Auditor for parts of these meetings, by invitation. The external Auditor was not present at meetings where their performance was discussed. The Audit Committee also met privately with the external Auditor as appropriate.

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

The Board is satisfied that the Chair of the Committee and other members of the Audit Committee have both recent and relevant financial experience (as set out on pages 70 to 73) and that the Audit Committee, as a whole, has competence relevant to the sector (namely manufacturing) in which the Company operates.

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

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

Risk management, internal control and Internal Audit

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

The Audit Committee considered the Group's risk management activities during the year (with specific discussions of topics such as an update on the Group's Risk policy, an in-depth discussion on sustainability commitment risks, security of paper supply and risks associated with future resourcing capability needs, particularly in the strategic growth drivers of innovation, sustainability and digital and data). The Audit Committee continued its regular review of risk reporting to ensure that the balance between risk and opportunity was in keeping with the Group's risk appetite and tolerance. The Audit Committee is satisfied that the Group's executive compensation arrangements do not prejudice robust controls and good stewardship.

A key element of the Committee's oversight role is to challenge management and test the validity of any critical assumptions and matters of significant judgement. Areas debated include an assessment of the Group's mitigation of the risk of fraud and the impairment assessment assumptions. The Committee has taken a close interest in developments in sustainability reporting. In conjunction with the Board, the Committee continues to challenge management on its approach to matters relating to cyber security.

The Committee approved the Group's annual Internal Audit plan, which was primarily risk-based, focusing on those areas which are the most significant risks facing the business, as well as providing rotational coverage of processes, systems, core compliance risks and strategic projects, and overseeing internal management compliance activities. During the year, the Committee received regular reports summarising findings from the Internal Audit reviews performed, action plans to address any areas highlighted for improvement and additional activity review summaries from internal compliance teams. As two years had elapsed since bringing the Internal Audit function in-house, an independent internal assessment of the effectiveness and performance of the Internal Audit function was carried out during the year with the findings reported to and evaluated by the Committee. This annual review, complemented by the insights into performance provided by the quality of the regular reports, enabled the Committee to remain satisfied that the performance of the function was effective and that its quality, experience and expertise are appropriate for the business.

Fraud risk

The Group has a framework to both protect itself against the risk and the consequences of fraud and to detect and investigate instances of actual and alleged fraud. Fraud encompasses misappropriation of assets, financial misstatement, and bribery and corruption. The tone from the top is clear – the Group has a zero tolerance to fraud, as set out in the fraud policy guidance. In terms of protection against fraud, there is an operational framework setting out policies on such areas as code of conduct, anti-bribery and corruption, conflicts of interest and gifts and hospitality, complemented by mandatory training. The Group internal financial control framework provides the day to day first line of defence against misappropriation and misstatement, and adherence to this control framework is monitored through site visits by Internal Audit and Group Governance and detailed bi-annual certification processes. The confidential 'Speak Up!' reporting programme, together with a comprehensive, specific fraud response policy and associated guidance, underpin the approach to detection and investigation of alleged and actual fraud. All instances of alleged fraud are investigated fully and lessons learnt incorporated, as appropriate, into the frameworks and training. The Internal Audit function takes the lead on these investigations and the Audit Committee is informed fully on these activities. The Committee is satisfied that the Group's overall framework to mitigate the risk of fraud is appropriate and proportionate.

Confidential reporting

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

Financial reporting

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

Significant matters considered in relation to the financial statements

Issue	Review and conclusion
Carrying value of goodwill	The Group has significant balances of goodwill and customer related intangibles arising from the acquisition programme of the last 10 years. Goodwill is subject to an annual impairment exercise undertaken by comparing the value in use of the Group's four cash-generating units (CGUs) – Northern Europe, Southern Europe, Eastern Europe and North America. This exercise uses the Group's annual Board approved budget financial information and assumptions as the basis for the CGUs' cash flows, together with long term growth assumptions and market based discount rates. The Committee has reviewed the results of this exercise and the disclosures in the Financial Statements. The Committee is mindful that these assumptions are subject to change and has considered appropriate scenarios reflecting these sensitivities. The Committee noted that the assumptions for North America, as a region in which the Group has a limited track record, required more judgement. The Committee is satisfied that the impairment exercise was rigorous and the judgements made by management were reasonable, that there is significant headroom of value in use over the carrying values of each of the CGUs, that no impairments were necessary and that the disclosures in the Financial Statements are appropriate.
Taxation	Taxation remains a key area of focus for the Committee, particularly given the continued and increasing level of fiscal authority activity, ongoing tax enquiries and the second pillar of the OECD Base Erosion and Profit Shifting framework. The Group is exposed to differing tax regimes and risks which affect both the carrying values of tax balances (including deferred tax) and the resultant income statement charges. The Audit Committee reviewed the tax charge for the half year and the full year, including the underlying tax charge, the appropriateness of and movement in tax provisions recognised and the risks associated with them. The Committee is satisfied that the amounts recognised and the disclosure provided are appropriate.

ESG reporting

The ESG reporting landscape has over the past 12 months been an area of significant regulatory development and this is set to continue. The Group maintains its monitoring and assessment of the implications of developments such as CSRD (Corporate Sustainability Reporting Directive) and ISSB (International Sustainability Standards Board), in addition to EU Taxonomy requirements and the recommendations set out under the UK TPT (Transition Plan Task Force).

Over the past year, the Group has continued to develop its ESG disclosures, including reporting under the requirements of the TCFD (Task Force on Climate-related Financial Disclosures) on pages 52 to 63, EU Taxonomy (pages 64 and 65), the Non-Financial and Sustainability Information Statement (pages 66 to 68) and Streamlined Energy and Carbon Reporting (SECR) in alignment with the greenhouse gas protocol on page 63. The ESG reporting function is integrated within the Group reporting and governance functions within the Group finance team and delivers work relating to assurance, reporting systems, forecasting and planning and disclosure, in addition to partnering with the business to strengthen the production and use of ESG data. The Audit Committee has received a comprehensive briefing during the year covering the evolving ESG landscape together with regular updates. The Committee has specifically reviewed the SECR and TCFD disclosures and is satisfied that they are appropriate.

Deloitte LLP is the independent assurance provider providing assurance for selected metrics (indicated with an asterisk in the relevant disclosures in the 2023 Annual Report) during the financial year 2022/23.

Other activities of the Committee

Preparation for corporate governance reform

The Committee continues to stay abreast of ongoing guidance and consultations arising from the UK Government's proposals for restoring trust in audit and corporate governance. The Committee has reviewed updates on management's ongoing preparation activities to respond to the likely final requirements.

Financial Reporting Council (FRC) correspondence

During the year, the FRC reviewed the Group's Annual Report and Financial Statements for the year ended 30 April 2022. No questions or queries arose from this review and matters noted of disclosure improvement and compliance with legal, accounting and reporting requirements have been reflected as appropriate in this year's Annual Report.

Committee's continued development

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

The Committee's effectiveness was reviewed as part of the wider Board's evaluation and review of effectiveness, as described on page 80.

External Auditor

Effectiveness

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

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

Separate from the meetings of the Audit Committee, the Chair of the Committee meets regularly with the external Auditor's lead engagement partner. The Committee also has meetings with members of the external Auditor team, with no members of executive management present.

Independence and objectivity

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

The Group has a policy on the supply of non-audit services by the external Auditor, which was most recently updated in April 2023. The policy prohibits certain categories of work in accordance with guidance such as the FRC Ethical Standard. It specifies that the Group should not employ the external Auditor to provide non-audit services where either the nature of the work or the extent of such services might impair their independence or objectivity. The external Auditor is permitted to undertake some non-audit services under the Group's policy, providing it has the skill, competence, integrity and appropriate independence safeguards in place to carry out the work in the best interests of the Group, for example, permissible reporting accountant work associated with significant acquisitions. All proposed permitted non-audit services above a de-minimis financial threshold are subject to the prior approval of the Audit Committee.

Non-audit services and fees are reported to the Audit Committee twice each year. During 2022/23, total non-audit fees paid to the external Auditor of £0.3 million were 5 per cent of the annual Group audit fee (2021/22: £0.5 million: 10 per cent): see note 3 to the consolidated financial statements. In addition, £9.4 million was paid to other accounting firms for non-audit work, including £0.1 million for specific work projects allocated by the Internal Audit team.

The EU Audit Regulation (Retained Legislation) and the FRC's revised Ethical Standard mean that there is also a cap of 70 per cent on the ratio of non-audit fees to audit fees that can be paid to the external Auditor, which places a further constraint on the non-audit services permitted.

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

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

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

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

External Auditor fee and appointment

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

Ernst and Young LLP were appointed as external Auditor to the Group in 2022, with Kevin Harkin being appointed the lead audit partner for the 2022/23 year end.

Pursuant to the terms of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014 (Competition & Markets Authority Order), which is now in force, the Audit Committee is solely responsible for negotiating and agreeing the external Auditor's fee, the scope of the statutory audit and initiating and supervising any competitive tender process for the external audit. When a tender is undertaken, the Committee is responsible for making recommendations to the Board as to the external Auditor's appointment. The Committee's policy is that the role of external Auditor will be put out to tender at least every ten years in line with the applicable rules.

The Audit Committee confirms that the Company has complied with the provisions of the Competition & Markets Authority Order with regards to external audit tendering and audit responsibilities throughout its financial year ended 30 April 2023.

Our key responsibilities

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

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

REMUNERATION COMMITTEE REPORT

Our Remuneration policy and practices remain aligned to our strategy and incentivise performance.

Celia Baxter,
Chair of Remuneration Committee

Dear shareholders

Introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 April 2023, which sets out how we have implemented the Remuneration policy that was approved by shareholders at the annual general meeting (AGM) in September 2020. Three years on from that vote, our Remuneration policy is due for renewal this year and will be put to shareholders for approval at our AGM in September. The Remuneration policy proposed for 2023 to 2026 is set out in full on pages 98 to 104, together with background to the minor changes proposed to the existing policy.

My letter on pages 92 to 94, the summary on pages 95 to 97 and the Annual Report on Remuneration on pages 105 to 118 will be presented for approval by an advisory vote at our AGM in September 2023.

Our role as a Remuneration Committee is to develop a reward package for executives and senior management that supports our vision and strategy as a Group and ensures those rewards are performance-based and encourage long-term shareholder value creation. Our Purpose as a Group is 'Redefining Packaging for a Changing World'. More about the delivery of our Purpose through our strategic goals and our Now & Next Sustainability Strategy is set out on page 3 and pages 24 to 29 of this year's Annual Report.

Our achievements and variable pay outcome

Our Purpose also informs the Group's approach to strategy, which has led, not only to the financial and non-financial results highlighted on the inside front cover, but also to our high scores among the environmental, social and governance (ESG) ratings published by MSCI (AA) and EcoVadis (Platinum) as well as those issued by Sustainalytics, S&P Global Corporate Sustainability Assessment (CSA – formerly known as DJSI) and CDP.

You can read about the achievements of our business during 2022/23 in more detail in the Strategic Report starting on page 1. Highlights for the 2022/23 financial year include:

- Adjusted operating profit increased by 35%, on a constant currency basis to £861 million
- 6 per cent reduction in accident frequency rate
- 762 million units of plastic replaced since 2020.

In respect of the variable pay elements linked to the 2022/23 financial year, the Performance Share Plan (PSP) award made in 2020 had performance conditions based on earnings per share (EPS) and return on average capital employed (ROACE) performance and the three year cumulative relative total shareholder return (TSR) performance between 2020/21 and 2022/23. The Committee is mindful of the potential for windfall gains from the vesting of this award. In considering this potential issue the Committee noted that the grant had been made in July 2020 after the share price had recovered from the Covid-19 impact in the first part of that calendar year. The 272p share price used for the grant had recovered 14 per cent by 30 April 2023 and, importantly, this share price recovery has been underpinned by an increase to £861 million from £660 million in adjusted operating profit since the year ending 30 April 2020, being the year before any significant impact of Covid-19. The Committee believes that the PSP outcome is appropriate and is a fair reflection of business performance over the period.

The Group's performance against the bonus measures of adjusted earnings before tax and amortisation (EBTA) and free cash flow was strong and the formulaic outcome of the bonus was 100 per cent of the maximum bonus opportunity. The details of the 2022/23 annual bonus performance are set out on pages 107 and 108.

In considering whether to apply discretion to override the annual bonus formulaic outcome, an ESG underpin is used. The Committee took into account three ESG factors:

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

The Committee reviewed the evidence of performance against these factors (see summary on page 108) and concluded this was satisfactory and that no discretion needed to be applied. The Committee has therefore decided that the Executive Directors will receive 100 per cent of the maximum annual bonus opportunity.

Taking into consideration the context of the wider experience of our key stakeholders described below, the Committee concluded that the total variable pay outcome (both the PSP and the annual bonus) in respect of 2022/23 appropriately reflected the Company's performance and was commensurate with the broader stakeholder experience in the period. It was therefore not felt necessary to apply any discretion to amend the outcome of the PSP or the annual bonus. The Committee also concluded that the Remuneration policy has operated as intended, both in terms of appropriately incentivising corporate performance and in respect of quantum.

Stakeholder experience in the year under review

When deciding the level of these variable pay elements, the Committee also considered the experience of a wide range of the Group's key stakeholders during the 2022/23 financial year.

We have continued to deliver on our commitment to quality and service for our customers, with our on-time, in-full rate increasing to 96 per cent with commensurate improvements in product quality and customer satisfaction scores. These improvements are reflected in the most recent brand survey undertaken by the Group that shows a further increase in the value and standards our brand represents as scored by our actual and prospective customers.

Group-wide we have kept a strong focus on employee health and wellbeing, which features a number of aspects. Our programmes have included supporting the financial education of employees and raising the awareness of the importance of saving for the future, even in challenging economic times.

The Committee has been mindful of the external economic environment and in particular the high levels of inflation which are impacting the cost of living for so many of our employees. We have been able to support our lowest paid colleagues with higher salary increases than those for our more senior colleagues and the use of lump sums in certain countries to address cost of living challenges. An example of the former, in the UK, is that the majority of our lowest paid employees received an increase of 8 per cent in 2022/23, while our more senior employees received an increase of 4 per cent. In the UK and US, during the year we launched a financial wellbeing campaign and consultation service to provide access to online materials on how to manage their money in a challenging economic environment.The Group has surveyed over 250 sites, to better understand what current health and wellbeing initiatives are available to employees across the Group. A health, safety and wellbeing week is planned to further engage with employees around experiences, knowledge, skills and available tools as part of an ongoing programme of employee support.

The Group's connection with the local communities where our sites are based has continued to strengthen. For the fourth year running all our sites with more than 50 full-time employees have participated in community activities. Over the past 12 months we have continued to work with our suppliers and at our sites to increase our focus on human rights due diligence and to integrate this more fully into our business. In 2022/23, our procurement and paper sourcing teams began to engage our strategic suppliers to set their own science-based targets as part of our supplier engagement programme, customised to the carbon maturity of each supplier. We joined the Supplier Leadership on Climate Transition initiative, founded by some of our key customers, to actively encourage our least mature suppliers to begin the process of calculating their carbon footprint, setting a science-based target and implementing an emissions reduction programme. This work has initially prioritised our strategic paper suppliers, given that they represent our largest source of upstream emissions.

As we continue to refine our policies and practices across all areas of the ESG agenda, the Committee continues to be impressed with the progress in relation to sustainability matters that DS Smith makes. This has been driven by the Group's values. Our commitment to carbon reduction has driven our work with a specialist energy consultancy throughout the year to develop our plans to achieve the science-based target, including decarbonisation roadmaps for our packaging plants. These roadmaps identify the major technical solutions that will need to be implemented, such as solar and heat pumps, in addition to green electricity sourcing and energy efficiency opportunities. Our decarbonisation roadmap for our paper mills continued its delivery whilst being refined, continuing to optimise for best cost solutions and improving assessments relating to future alternative fuel availability.

All these factors drive the Group's ongoing profitability and cash flow, impacting the performance measures of our incentive plans. The underlying importance of these factors to the Group continues to be emphasised by the use of a variety of these ESG considerations as an underpin to the annual bonus, both for the 2022/23 and the 2023/24 annual bonus.

In respect of the 2022/23 financial year, an interim dividend has been paid and an increased final dividend has been recommended, subject to the approval of shareholders at the forthcoming AGM.

Our year under review

The key discussions of the Committee and decisions taken since 1 May 2022 were:

- Making sure that there is appropriate balance between the business need for meaningful incentivisation for management and the recognition of the wider societal context in which the business operates, taking into account the differing expectations of each key stakeholder group, including our customers, employees, investors and suppliers

- Undertaking the triennial review of our Remuneration policy, consulting with stakeholders on minor changes proposed and preparing the policy for 2023 to 2026
- Reviewing the salaries of the Group Chief Executive and the next layer of management and approving the treatment of remuneration arrangements for joiners and leavers in that layer of senior management. As part of our review we always consider the salary increases implemented across the Group. This year due to the high inflation rates in the UK, the country in which our Executive Directors are based, we decided to award lower percentage pay increases to senior management than those awarded to the majority of non-management employees
- Considering the treatment of the outstanding unvested awards under the PSP and deferred share bonus plan (DSBP) held by Adrian Marsh, our current Group Finance Director, when he served notice of his intention to retire from the Board and from full-time executive roles. Adrian will continue to receive his salary, retirement and other benefits and will be eligible to receive a bonus for 2023/24 pro-rated to the date he ceases to be an employee. The bonus will (subject to performance targets being met) be payable at the normal time and will be paid 50 per cent in cash and 50 per cent in deferred shares in line with the policy. Adrian will be treated as a good leaver in respect of his outstanding PSP, DSBP and Sharesave awards. The post-cessation shareholding requirement will apply to Adrian on cessation of his employment in September
- Reviewing the remuneration of Richard Pike, the incoming Group Finance Director who joins the Board on 30 June 2023. Richard will receive a salary of £550,000 and benefits in line with the Remuneration policy, including a retirement benefit contribution rate of 6 per cent of salary. He will be entitled to an annual bonus opportunity of 150 per cent of salary and a PSP award of 200 per cent of salary. To compensate for remuneration forfeited from his previous employer on joining DS Smith Plc, Richard has been granted buy-out awards, further details of which are set out later in this report
- Considering whether the formulaic outcome of the annual bonus and PSP are judged to be appropriately aligned with business performance and stakeholder experience over the relevant periods and assessing the impact of Covid-19 on the business when deciding on the appropriate approach for bonus and PSP: this continues to be an important consideration for determining vesting levels in 2023, as it was for selecting performance measures and targets in 2022
- Setting the targets for the annual bonus and PSP awards made in 2022/23 and the performance measures and weighting for the 2023/24 awards: taking into account a number of factors which included our medium term growth targets, the volatility of paper pricing, the challenging economic environment with inflationary pressures, rising interest and tax rates, and our investment programme
- Assessing the operation of the ESG underpin in the bonus
- Considering whether there is a need to include specific ESG measures in the bonus and PSP awards. Sustainability continues to be one of the key values of DS Smith and our progress and our leading position in promoting the circular economy have been achieved without the need to directly incentivise ESG. Accordingly, the Committee decided to maintain the current approach of having an ESG underpin to the annual bonus. The Committee will continue to monitor further developments in this area and will take those into account in considering whether a different approach to using ESG in remuneration might be appropriate in the future.

Our Remuneration policy for 2023 to 2026

The Committee reviewed the operation of the Remuneration policy and concluded that this structure has operated as expected in the context of the Company's performance for the 2020 to 2023 period. It is therefore not proposed to change the structure of remuneration set out in the Remuneration policy approved by shareholders in 2020. Since that policy was approved in 2020 there have been two changes in relation to its implementation as to quantum. Both changes were referred to in the 2022 Annual Report and those changes are now reflected in the proposed Remuneration policy for 2023 to 2026, namely:

- the alignment of the Executive Directors' retirement benefit contribution rate with that available to the workforce in the country where they are based for employment purposes (currently 6 per cent); and
- the increase of the expected shareholding requirement of the Group Finance Director from 175 per cent to 200 per cent of salary.

As part of our regular three-yearly cycle, the Committee this year reviewed the current policy in the context of the business strategy and the evolving expectations of our shareholders and stakeholders and is only proposing a couple of minor changes as detailed (together with the reasoning behind them) on page 98.

Our conversation with our workforce

A European Works Council (EWC) representative joined a Committee meeting this year to support and inform discussions about the Remuneration policy being proposed for 2023 to 2026 and about health and financial wellbeing programmes and to brief the Committee about some of the topics discussed at recent meetings of the EWC.

In addition, I once again attended meetings of the EWC Executive to engage and consult with them on executive remuneration and wider employee remuneration issues. When we met in April 2023 we discussed employee mental health and financial wellbeing. I also updated the EWC Executive on the proposed changes to the Remuneration policy and we discussed the reasons why an employee Sharesave opportunity had not been launched during the year but was under consideration for the forthcoming year. These meetings are a regular feature of the annual timetable as both I and the EWC Executive value the opportunity they provide to understand more about matters relating to the Executive Directors' remuneration and its alignment with that of the wider workforce, as well as providing an additional channel through which the voice of employees can be heard in the boardroom.

Our conversation with our shareholders

Shareholder views, whether directly or indirectly expressed, together with relevant guidance and emerging trends, are carefully considered when reviewing reward design and outcomes. We wrote to our major shareholders in October 2022 asking them for any comments on the proposed 2023 Remuneration Policy. As we are only proposing minimal amendments to our Policy, there was minimal shareholder response and comments received on the changes proposed. At the AGM in September 2023, shareholders will be asked to vote on the Remuneration policy and the Remuneration Report. I hope that the Committee will have your support on both of these resolutions.

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

Celia Baxter
Chair of Remuneration Committee

22 June 2023

REMUNERATION AT A GLANCE

Single total figure of remuneration for 2022/23 (£'000s) (Audited)

	Total single remuneration figure £'000 2022/23	2021/22	Increase
Miles Roberts	**4,190**	2,580	62%
Adrian Marsh	**2,141**	1,347	59%

	Vesting as a % of maximum: 2022/23 annual bonus	2020/21 PSP vesting in 2023/24
Miles Roberts	100%	66.67%
Adrian Marsh	100%	66.67%

For more information on how this is calculated see page 105.

Salary

Salary increases with effect from 1 August 2023 are set out below and on page 106.

Retirement benefit

The contribution rates for Miles Roberts and Adrian Marsh were further reduced with effect from 30 December 2022 and their retirement benefit contribution rate is now aligned with that available to the workforce in the UK, 6 per cent of salary (being the country where they are based for employment purposes).

2023/24 application

The table below sets out a summary of how the Remuneration policy proposed for 2023 to 2026 will apply during 2023/24.

Remuneration element	Application of the Remuneration policy
Base salary	• The salary for Group Chief Executive Miles Roberts will be increased by 5.13% to £890,000, an increase that took into account the average increase of 5.72% for the UK workforce as a whole. • No increase in the salary of Adrian Marsh, Group Finance Director. • Richard Pike, Group Finance Director designate: £550,000.

Annual bonus	• No changes to maximum award levels of:
	  • Group Chief Executive 200%; and
	  • Group Finance Director 150%.
	• Bonus payable to Executive Directors paid half in cash and half in deferred shares, under the DSBP, with the shares vesting after three years.
	• The performance measures for 2023/24 remain as adjusted EBTA and free cash flow with equal weighting. (Details of the ESG underpin are set out on page 108.)

Performance share plan (PSP)	• No change to maximum award level for Group Chief Executive of 225% and for Group Finance Director of 200%. • The performance measures for 2023/24 will remain as adjusted EPS, adjusted ROACE and relative TSR with equal weighting. • Any shares that vest under this award must be retained for a further two years before they can be sold and they are also subject to a post-employment holding condition.
Retirement benefit	• Contribution or cash alternative rate for Group Chief Executive and for Group Finance Director is 6%, which is aligned with that available to the UK workforce.
Shareholding guidelines	• Shareholding target remains at 225% of salary for the Group Chief Executive and at 200% of salary for the Group Finance Director. • Actual holding (valued at closing price on the last trading day of financial year) was 970% for Miles Roberts and 314% for Adrian Marsh. Richard Pike is required to build up his shareholding over five years from his appointment as an Executive Director. Before joining the Company as an employee Richard already held 372,871 shares in the Company. Any shares that vest under PSP or DSBP awards granted in 2020/21 or subsequent years will, until the relevant shareholding requirement is met, be held in a nominee arrangement, because they are subject to a post-employment holding condition (in addition to the two-year post-vesting holding condition).

Payment schedule for remuneration elements

Year commencing	Base year	Base year +1	Base year +2	Base year +3	Base year +4	Base year +5
Base salary	Paid over financial year					
Annual bonus	Following the end of the base year:	• 50% of annual bonus awarded is paid in cash • 50% of annual bonus awarded paid in an award of shares under the deferred share bonus plan (DSBP) which vests in base year +3		Three years after the cash bonus is paid, the 50% deferred share-based portion vests under the DSBP and is subject to any applicable post-employment holding condition		
Performance share plan (PSP)	Shares are awarded under the PSP			Shares awarded under the PSP vest if performance conditions are satisfied Shares remain subject to a two year post-vesting holding period (that does not extend beyond the second anniversary of any departure) and are subject to any applicable post-employment holding condition		Two year post-vesting holding period for PSP awards ends

Key attributes to consider in reviewing remuneration matters

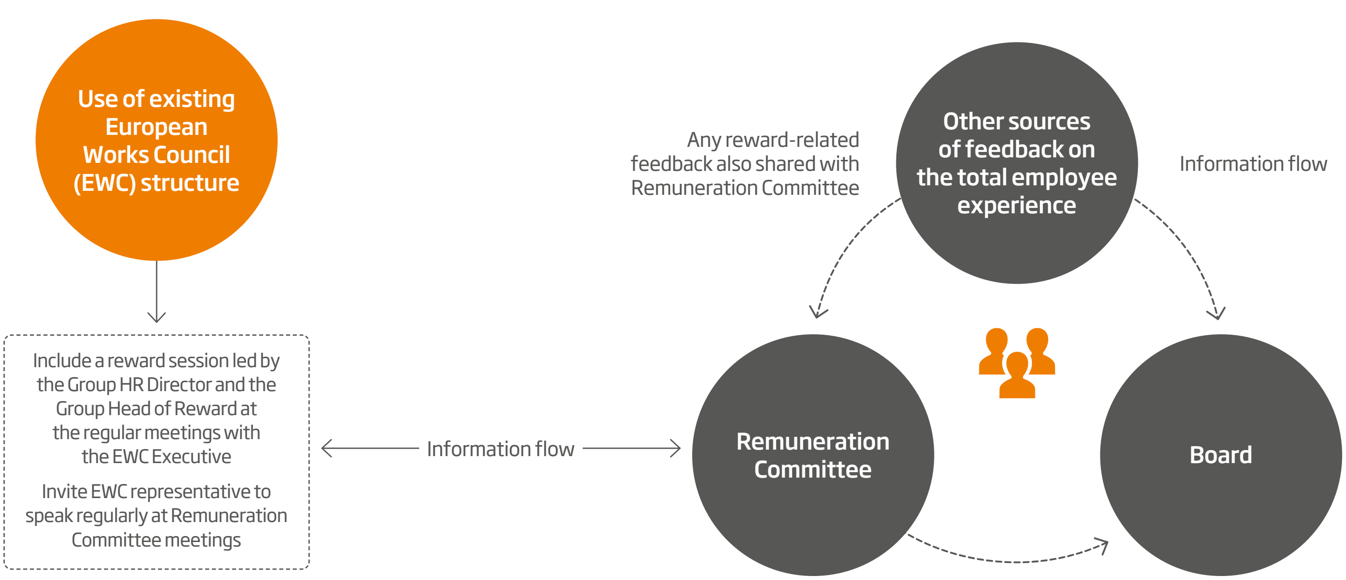
Under the 2018 Corporate Governance Code the Remuneration Committee is asked to describe with examples how it has considered six specific factors.

The Committee has reviewed the reward principles (set out on page 97).

The Committee has noted that these principles are **clear** and **expressed simply**. Under our reward principles incentive levels are to be **proportionate** and designed in a way **to minimise any behavioural risks**. All the criteria for each element of an individual's remuneration are explained, so that each individual has a clear and **predictable** line of sight as to what actions will impact their remuneration outcomes, so that all remuneration is appropriately earned for genuine business performance aligned with the Company's **culture, values and** strategy.

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

Employee voice in the boardroom



DS Smith reward principles

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

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

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

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

In summary: key objectives of our Remuneration policy

The purpose of our current and of our proposed Remuneration policy is to deliver a remuneration package that:

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

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

REMUNERATION POLICY

This part of the report sets out the proposed Remuneration policy to be put to a binding vote of the shareholders at the annual general meeting (AGM) currently expected to be held on 5 September 2023. This policy will apply for a maximum of three years from the date of approval.

The current Remuneration policy was applicable from 8 September 2020 when the policy was approved by shareholders at the AGM. Votes cast by proxy and at the meeting in respect of the Remuneration policy were 93 per cent voting in favour. That policy can be read in full in the 2020 Annual Report at https://www.dssmith.com/investors/annual-reports/archive.

Proposed Remuneration policy

There are no significant changes being proposed in 2023 to the policy approved in 2020, which it is proposed to roll over for the next three years, with only minor changes, either of a housekeeping nature or intended to provide some degree of future proofing as we set down the policy for the next three years.

In determining the proposed new policy the Committee reviewed the extent to which the current policy was working in the context of the current business strategy and therefore its alignment with the strategic direction of the Company. It also took into account the alignment to the wider pay policy across the Group, the evolving expectations of our shareholders and stakeholders, the appropriateness from a risk appetite perspective, and feedback from shareholders during the policy period. Celia Baxter, the Chair of the Remuneration Committee, met with the EWC Executive earlier in 2023 and an EWC representative joined a meeting of the Remuneration Committee. This dialogue supported and informed discussions about the Remuneration policy being proposed for 2023 to 2026.

All Committee members are independent Non-Executive Directors who have no potential conflict of interest in relation to matters of executive remuneration. In relation to the policy on matters of non-executive remuneration, no changes are proposed in 2023. The limit on aggregate annual fees were last amended and approved by shareholders at the AGM in 2017 and are set out in the Company's Articles of Association.

Both the policy on remuneration of Directors and the policy on remuneration of employees are guided by DS Smith's reward principles (see page 97). Employees in senior management, including the Executive Directors, have a significantly higher proportion of performance-related variable pay. Outside the senior management team, variable pay is also operated with a variety of performance measures used as targets for the applicable bonus plans.

The main changes to the policy are:

- Increasing the shareholding requirement for the Group Finance Director (from 175 per cent to 200 per cent of salary) which was reported in the 2021 Annual Report
- Reducing the maximum retirement benefit contribution rate for Executive Directors which was implemented in 2022 and reported in the 2022 Annual Report.

In addition, a number of minor changes have been included to provide some additional flexibility and clarity to the policy.

Element, purpose and link to strategy	Operation and performance metrics	Maximum opportunity
Base salary To help recruit and retain key senior executives. To provide a competitive salary relative to comparable companies, in terms of size and complexity.	Normally reviewed by the Committee annually and fixed for the 12 months commencing 1 August. The Committee takes into account: • role, competence and performance; • average change in broader workforce salary; and • total organisational salary budgets. When external benchmarking is used, the comparator groups are chosen having regard to: • size: market capitalisation, turnover, profits and the number of employees; • diversity and complexity of the business; • geographical spread of the business; and • domicile of the Executive Director.	Salaries will normally be increased in line with increases for the workforce in general, unless there has been an increase in the scope, responsibility or complexity of the role, when increases may be higher. Phased higher increases may also be awarded to new Executive Directors who were hired at a discount to the market level to bring salary to the desired mid-market positioning, subject to individual performance. The aim is to position salaries around the mid-market level, although higher salaries may be paid, if necessary, in cases of external recruitment or retention.

Element, purpose and link to strategy	Operation and performance metrics	Maximum opportunity
Annual bonus To incentivise executives to achieve or exceed specific, predetermined objectives during a one-year period. To reward ongoing delivery and contribution to strategic initiatives. Deferred proportion of bonus, awarded in shares, provides a retention element and additional alignment of interests with shareholders.	Targets are set annually. The performance measures, targets and weightings may vary from year to year in order to align with the Company's strategy and goals during the year to which the bonus relates. Performance measures can include some or all of the following: financial measures, strategic measures and ESG measures. Bonus payouts are determined by the Committee after the year end, based on performance against predetermined objectives, at least the majority of which will be financial. Up to half of the bonus is paid in cash and the balance is deferred into shares. The deferred bonus shares vest after three years. Dividend equivalents arising over the period between the grant date and the vesting date are paid in cash or shares in respect of the shares which vest. The annual bonus plans are not contractual and bonuses under the plans are not eligible for inclusion in the calculation of the participating executives' retirement benefit arrangements. Malus and clawback provisions apply to the annual bonus plan and the deferred bonus shares so that individuals are liable to repay/forfeit some or all of their bonus if there is a material misstatement of results, error in calculation, gross misconduct, payments based on erroneous or misleading data, significant reputational damage or corporate failure. The Committee will act reasonably in the application of malus and clawback.	Maximum bonus potential of 200% of base salary, with target bonus being no greater than one half of the maximum. Bonus starts to be earned at the threshold level (below which 0% is payable). Current maximum potential for each Executive Director is set out in the Annual Report on Remuneration.
Performance share plan (PSP) To incentivise Executive Directors and other senior executives to achieve returns for shareholders over a longer time frame. To help retain executives and align their interests with shareholders through building a shareholding in the Company.	Awards of nil-cost options or conditional awards of shares are made annually with vesting dependent on the achievement of performance conditions measured at the end of the three-year performance period. Awards will vest, subject to performance, on the third anniversary of grant and will be subject to an additional two-year holding period post-vesting, during which time awarded shares may not be sold (other than for tax purposes). The Committee reviews the quantum of awards annually to ensure that they are in line with market levels and appropriate, given the performance of the individual and the Company. Performance measures can include some or all of the following: financial measures, strategic measures, ESG measures and relative TSR. Dividend equivalents arising over the period between the grant date and the vesting date are paid in cash or shares in respect of the shares which vest. Malus and clawback provisions apply to the PSP so that individuals are liable to repay/forfeit some or all of their shares if there is a material misstatement of results, error in calculation, gross misconduct, vesting based on erroneous or misleading data, significant reputational damage or corporate failure. The Committee will act reasonably in the application of malus and clawback.	The maximum annual award under the PSP that may be granted to an individual in any financial year is 225% of salary in normal circumstances and 400% of salary in exceptional circumstances, which is limited to buy-out awards under recruitment. Actual award levels to Executive Directors are set out in the Annual Report on Remuneration. No greater than 25% of the relevant part of the award will vest for achieving threshold performance (which for a relative TSR performance measure would be median performance), increasing to full vesting for the achievement of maximum performance.

Element, purpose and link to strategy	Operation and performance metrics	Maximum opportunity
Share ownership guidelines To further align the interests of executives with those of shareholders.	**During employment** Executive Directors are expected to build and maintain a shareholding in the Company's shares as a multiple of their base salary within five years of appointment as an Executive Director (Group Chief Executive 225%, Group Finance Director 200%). To achieve this, Executive Directors are expected to retain at least 50% of shares (net of tax) which vest under the Company's share plans until the share ownership guidelines are met. Incentive awards which have vested but that the Executive Director has yet to exercise and unvested incentive awards under the DSBP (if they are only subject to a time-based condition) are considered to count towards the shareholding on a notional post-tax basis. Non-Executive Directors are expected to build and maintain a shareholding that is equivalent to 50% of their annual fee from the Company within two years of their date of appointment. **After employment** In respect of share plan awards granted from 2020 onwards, Executive Directors are required to retain, for two years after leaving the Company, a holding of shares at a level equal to the lower of the shareholding requirement they were subject to during employment and their actual shareholding on departure (excluding shares purchased with own funds and any shares from share plan awards made before 2020).	Not applicable
All employee share plan Encourages long-term shareholding in the Company.	Executive Directors have the opportunity to participate in the UK or international sharesave plans on the same terms as other eligible employees (which is currently an opportunity to save up to £250, or local currency equivalent, per month). There are no performance conditions applicable to awards.	Up to £500 per month (or local currency equivalent).
Retirement benefit To provide income in retirement.	Executive Directors can elect to: • participate in the Group's registered defined contribution plan (DC Plan); or • receive a salary supplement; or • a combination of the above.	Maximum: a retirement benefit contribution rate aligned with that available to the workforce in the country where they are based for employment purposes.
Benefits To help retain employees and remain competitive in the marketplace.	Directors, along with other UK senior executives, receive a car allowance or company car equivalent, income protection insurance, life cover of four times salary, family medical insurance and subsidised gym membership. Additional benefits (including a relocation allowance) may be provided from time to time, where they are in line with market practice. Any reasonable business related expenses may be reimbursed (including tax thereon, if deemed to be a taxable benefit).	Benefit levels may be increased in line with market levels to ensure they remain competitive and valued by the recipient. However, as the cost of the provision of benefits can vary without any change in the level of provisions, no maximum is predetermined.

Element, purpose and link to strategy	Operation and performance metrics	Maximum opportunity
Non-Executive Directors and Chair Attract and retain high performing individuals.	Reviewed annually by the Board (after recommendation by the Committee in respect of the Chair). Fee increases, if applicable, are normally effective from 1 August. The Board and, where appropriate, the Committee, considers pay data at comparable companies of similar scale. Directors with additional responsibilities, currently the Senior Independent Director and the Chairs of the Audit and Remuneration Committees, receive additional fees. No eligibility for participation in bonuses, retirement plans or share plans but limited benefits may be delivered in relation to the permanency of their duties as a Director (e.g. hospitality, provision of a mobile phone, tablet/laptop and travel-related expenses). Tax may be reimbursed if these benefits are deemed to be a taxable benefit. If there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload.	No prescribed maximum annual increase. Details of current fees are set out in the Annual Report on Remuneration. Aggregate annual fees limited by Articles of Association (currently to £1,000,000).

Recruitment (and appointment) policy

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's approved Remuneration policy in force at the time of appointment. Similar considerations may also apply where a Director is promoted to the Board from within the Group.

Element	Recruitment policy
Base salary	The Committee will take into consideration a number of factors, including the current pay for other Executive Directors, external market forces, skills and current level of pay. Salary may (but need not necessarily) be set below the normal market rate, with a series of planned increases implemented over the following few years to bring it to the desired positioning, subject to individual performance.
Benefits	Benefits provision would be in line with normal policy. The Committee may agree that the Company will meet appropriate relocation costs and tax thereon.
Retirement benefit	The retirement benefit contribution rate will be aligned with that available to the workforce in the country where the Executive Director is based for employment purposes.
Annual bonus	Eligible to take part in the annual bonus, with a maximum bonus of up to 200% of salary in line with policy. Depending on the timing of the appointment, the Committee may deem it appropriate to set annual bonus performance metrics different from those that apply to the current Executive Directors for the first performance year in which the appointment falls.
PSP	A normal award of up to 225% of salary, in line with policy. In exceptional circumstances this may be increased up to 400% of salary in order to accommodate any buy-out awards.
Buy-out awards	In exceptional circumstances, the Committee may offer additional awards (using Listing Rule 9.4.2, if necessary). Any such awards would be for the specific purpose of recruiting an Executive Director key to the operation of the Group. The awards would not exceed what is felt to be a fair estimate of remuneration forfeited when leaving the former employer and would reflect (as far as possible) the nature and time horizons attached to that remuneration and the impact of any performance conditions. The Company would aim to replace any forfeited cash awards with shares wherever possible. Shareholders will be informed of any such payments at the time of appointment.

In the case of an internal executive appointment, any variable salary element awarded in respect of the prior role would be allowed to pay out according to its existing terms, adjusted as relevant to take the appointment into account. In addition, any other ongoing remuneration obligations existing prior to appointment would continue.

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration policy in force at that time.

Notice period and payment for loss of office

The Company employs the Executive Directors on 'rolling' service contracts which are terminated only by notice from the Company or the Executive Director. These notice periods will not exceed one year. Non-Executive Directors have letters of appointment for a term not to exceed three years whereupon they are normally renewed, but generally for no more than three terms in aggregate. The notice period is one month by either the Company or the Non-Executive Director. Non-Executive Directors are not eligible for payments on termination. In line with the UK Corporate Governance Code (the Code), all Directors (including Non-Executive Directors) are subject to annual re-election by shareholders at the AGM. Their letters of appointment detail the time commitment expected of each Non-Executive Director. Both these and the Executive Directors' service contracts are available for inspection at the registered office during normal business hours and at each AGM.

Termination payments

Service contracts may be terminated without notice and without payment or compensation, except for sums earned up to the date of termination of employment, on the occurrence of certain events, such as gross misconduct.

The Company may terminate the contract with immediate effect by making a payment equal to basic salary and, in the case of the current Group Chief Executive, retirement benefit contribution/allowance for any unexpired period of notice. In the case of the current Group Chief Executive only, the quantum of the retirement benefit allowance would be based on the rate set out in his original service agreement of 30 per cent of salary (rather than any reduced allowance applying at the time of the termination). As part of the agreement to amend the terms of Miles Roberts' contact in relation to his retirement benefit arrangements, the Company agreed to not amend the existing terms in the employment contract in relation to any payment in lieu of notice due in the event of a termination instigated by the Company.

The Committee's normal policy on termination is to make phased compensatory payments and to reduce or stop such payments to former Executive Directors where they receive remuneration from other employment during the notice period (where this is consistent with local employment legislation and market practice).

The table below sets out key provisions for Directors leaving the Company under their service contracts and the incentive plan rules. Share ownership guidelines applicable after the cessation of employment are set out in the earlier section of this policy under 'share ownership guidelines'.

Element	Termination policy
Fixed pay (salary, retirement and other benefits)	• Payment will be made up to the termination date in line with relevant contractual notice periods and will not exceed contractual entitlements.
Annual bonus: good leaver	• The annual bonus will normally be paid out, subject to performance against targets set. • The award level will be reduced on a pro-rata basis to reflect the proportion of the performance period served. • The Committee retains discretion to further reduce the awards granted to reflect any personal performance issues. • The award will be made half in cash and half in deferred shares with the vesting date for the share element set at the third anniversary of grant. • Payment of the cash bonus will be on the normal payment date unless the Committee determines that the payment will be made early on the date of termination of employment (in exceptional circumstances only).
DSBP: good leaver	• DSBP awards, that are unvested at the date notice is served, will vest on the normal vesting date (i.e. third anniversary of grant) unless the Committee determines that awards will vest early on the date of termination of employment.

Element	Termination policy
PSP: good leaver	• PSP awards will vest, subject to performance, on the normal vesting date unless the Committee determines that the awards will vest early on the date of termination of employment (in exceptional circumstances only). • For awards that vest following departure, the Committee will reduce the two year post-vesting holding period so that it does not extend beyond the second anniversary of departure. • Awards will normally be reduced on a pro-rata basis unless, exceptionally, the Committee determines that such an adjustment would be inappropriate. • The Committee retains discretion to further reduce the awards granted to reflect any personal performance issues.
Incentive plans: all other leavers	• All unvested performance-related elements of pay will normally lapse immediately at the earlier of notice being served or the date of termination, unless by exception the Committee determines that it will lapse on the date of termination. • Any vested but unexercised PSP awards still in their two year post-vesting holding period will still remain available for exercise regardless of the reason for leaving.

For all leavers, the Committee may also determine to make a payment in reimbursement of a reasonable level of outplacement and legal fees and tax thereon in connection with a settlement agreement. The Committee may agree payments it considers reasonable in settlement of legal claims. This may include an entitlement to compensation in respect of leavers' statutory rights under employment protection legislation in the UK or in other jurisdictions.

Change of control

There are no enhanced provisions on a change of control, but the Committee can exercise judgement and discretion in line with the respective incentive plans (such as for the vesting of share awards or making bonus payments part of the way through the financial year).

Discretions and judgements

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

- Who participates in the plan
- Determining the timing of grants of awards and/or payments
- Determining the quantum of an award and/or payment
- Determining the extent of vesting
- How to deal with a change of control or restructuring of the Group
- Whether or not an Executive Director or a senior manager is a good leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s)
- How and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends)
- What the weighting, measures and targets should be for the annual bonus plan and PSP awards from year to year
- The Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted PSP award are unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and PSP awards.

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

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

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

The Committee can use its discretion to reduce or waive the post-employment shareholding requirement in the event of ill health or death. The post-employment shareholding requirement would normally fall away on a change of control, although the Committee reserves the right to continue its application where there is a merger involving a share-for-share exchange.

In addition, the Committee can amend the Remuneration policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

Any historic share awards that were granted before the date a revised policy came into force remain eligible to vest or be exercised or sold based on their original award terms and the Remuneration policy that was in force when those awards were granted.

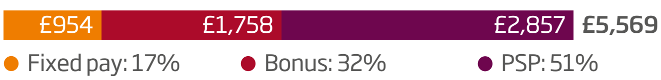
Illustration of the application in 2023/24 of the Remuneration policy

The balance between fixed and variable 'at risk' elements of remuneration changes with performance. Our Remuneration policy results in a significant proportion of remuneration received by Executive Directors being dependent on performance. The total remuneration of Miles Roberts and (on an annualised basis) for Richard Pike (who will join the Board on 30 June 2023) for maximum, target and minimum performance in 2023/24 is presented in the charts below. (The basis of the calculation of the share price appreciation is that the share price embedded in the calculation for the PSP awards in the maximum bar chart is assumed to increase by 50 per cent across the performance period.) These figures are indicative as future share prices and future dividends are not known at present.

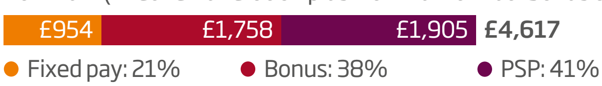
Miles Roberts

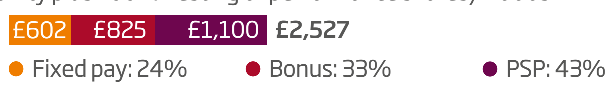
Richard Pike

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

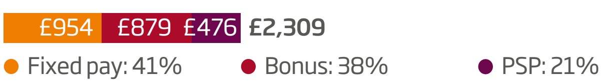


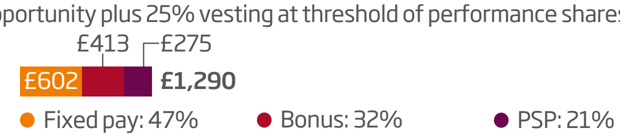
Maximum (fixed remuneration plus maximum annual bonus opportunity plus 100% vesting of performance shares) £'000s



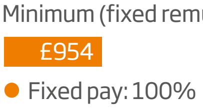


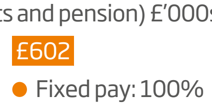
Target (fixed remuneration plus half of maximum annual bonus opportunity plus 25% vesting at threshold of performance shares) £'000s





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





ANNUAL REPORT ON REMUNERATION

The tables below show how we have applied the Remuneration policy during 2022/23. They disclose all the elements of remuneration earned by the Directors during the year. Full details of the policy that was voted on in 2020 are included in the 2020 Annual Report and is available on our website. Information about the Remuneration policy to be voted on in 2023 is set out in this report.

Ernst & Young LLP has audited, as required by the applicable regulations, those tables labelled as audited.

Single total figure of remuneration for each Director (audited)

Executive Directors		Salary £'000	Benefits[1] £'000	Retirement benefits[2] £'000	Total fixed remuneration £'000	Annual bonus[3] £'000	Long-term incentives £'000	Total variable remuneration £'000	Total single remuneration figure £'000
Miles Roberts	2021/22	809	22	131	962	1,618	0	1,618	2,580
Group Chief Executive	**2022/23**	**838**	**22**	**100**	**960**	**1,677**	**1,553[4]**	**3,230**	**4,190**
Adrian Marsh	2021/22	508	19	57	584	763	0	763	1,347
Group Finance Director	**2022/23**	**527**	**19**	**46**	**592**	**790**	**759[4]**	**1,549**	**2,141**

1. Taxable benefits in 2021/22 and 2022/23 principally include a car allowance of £20,000 for Miles Roberts and £17,500 for Adrian Marsh. Both Directors also receive income protection, life and health cover.
2. In lieu of membership of the defined contribution scheme Miles Roberts and Adrian Marsh each receive an annual retirement benefit allowance which was reduced with effect from 30 December 2022 to align with that of the workforce in the UK. The annual retirement benefit allowances are not pensionable and are not considered to be salary for the purpose of calculating any bonus payment or long-term incentive.
3. The annual bonus, when paid, is paid 50% in cash and 50% in deferred shares as described in the policy table on page 99.
4. The value of long-term incentives for 2022/23 represents the estimated value of the 2020/21 award, using the average share price of the last three months of the 2022/23 financial year of 328p (the performance period for this award being the three years ending 30 April 2023).

	Fees £'000		**Total[3] 2022/23 £'000**	Total[3] 2021/22 £'000
	2022/23	2021/22		
Non-Executive Directors				
Geoff Drabble	**330**	330	**330**	330
Celia Baxter	**79**	77	**79**	77
Alan Johnson[1]	**59**	–	**59**	–
Alina Kessel	**64**	62	**64**	62
David Robbie	**89**	78	**89**	78
Louise Smalley	**64**	62	**64**	62
Rupert Soames[2]	**22**	70	**22**	70
Total	**707**	679	**707**	679

1. Alan Johnson joined the Board on 1 June 2022.
2. Rupert Soames stepped down from the role of Senior Independent Director with effect from 28 February 2022 and from the Board with effect from the conclusion of the 2022 AGM.
3. Non-Executive Directors received no taxable benefits, annual bonus, long-term incentives or retirement benefit payments during 2021/22 or 2022/23.

Eric Olsen joined the Board on 15 May 2023.

FIXED PAY

Base salary (audited)

Salaries for Executive Directors (audited)

	1 August 2021 (£)	1 August 2022 (£)	1 August 2023 (£)	**Earned in 2022/23 (£)**
Miles Roberts	814,000	846,600	890,000	**838,450**
Adrian Marsh	511,500	532,000	n/a[1]	**526,875**

1. Adrian Marsh will retire from the Company's Board on 30 June 2023.

When reviewing salaries the Committee takes account of a number of factors, with particular focus on the general level of salary increases awarded to employees throughout the Group. Where relevant, the Committee also considers external market data on salary and total remuneration. When initially considering the Executive Directors' salary increase for 2023, the Committee also looked at the data for the peer group of FTSE 51-150 companies (excluding Financial Services companies). It chose that comparator group as one that (in line with the Remuneration policy) reflected a similar size and complexity of business and of geographical spread as well as the domicile of the Executive Directors. The Committee applies judgement when considering such data.

In April 2023 the usual review of executive remuneration was held and it was agreed that a pay increase of 5.13% would be implemented on 1 August 2023 for Miles Roberts, an increase that took into account the average increase of 5.72% for the UK workforce as a whole.

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

In addition to a base fee of £64,500, the Chair of the Audit Committee and the Chair of the Remuneration Committee each receive a fee of £15,000 per annum and the Senior Independent Director receives a fee of £10,000 per annum. The fee for the Chair with effect from 3 January 2021 was set taking into account market rates for comparable positions and is fixed for three years. It was agreed that an increase of 5% would be implemented on 1 August 2023 in respect of the base fee for Non-Executive Directors increasing to £67,750, with the fee for the Chair of the Remuneration Committee and the fee for the Chair of the Audit Committee increasing to £18,000 per annum and that for the Senior Independent Director increasing to £15,000 per annum. This decision took into account market rates for comparable positions and the average increase for the UK workforce as a whole of 5.72%.

	Base fee effective from			
	1 August 2021 (£)	1 August 2022 (£)	1 August 2023 (£)	**Earned in 2022/23 (£)**
Geoff Drabble[1]	330,000	330,000	330,000	**330,000**
Celia Baxter	62,000	64,500	67,750	**78,875**
Alan Johnson[2]	–	64,500	67,750	**58,708**
Alina Kessel	62,000	64,500	67,750	**63,875**
David Robbie	62,000	64,500	67,750	**88,875**
Louise Smalley	62,000	64,500	67,750	**63,875**
Rupert Soames[3]	62,000	64,500	–	**21,867**

1. Geoff Drabble joined the Board with effect from 1 September 2020 and became Chair with effect from 3 January 2021. His total fee as Non-Executive Chair is £330,000 per annum (fixed for three years).
2. Alan Johnson joined the Board on 1 June 2022.
3. Rupert Soames stepped down from the role of Senior Independent Director with effect from 28 February 2022 and from the Board with effect from the conclusion of the 2022 AGM.

Eric Olsen joined the Board on 15 May 2023.

VARIABLE PAY

The Committee believes it is important that a significant portion of the Executive Directors' package is performance-related and that the performance conditions support the delivery of the Group's strategy and its long-term sustainable success. The Remuneration policy encourages long-term performance by setting challenging targets linked to sustainable growth for the variable pay, which consists of the annual bonus and the longer-term PSP. The Remuneration Committee has discretion to adjust retrospectively the targets, for example after a substantial restructuring, and would normally discuss this with its larger shareholders. Alternatively adjustments to published outturns may be appropriate for significant events or changes in the asset base that were not envisaged when the targets were originally set, to ensure that the performance conditions achieve their original purpose. Full disclosure of this would be given in the Remuneration Report. The Remuneration Committee has the discretion to override formulaic outcomes in order to ensure that outcomes reflect true underlying business performance. When considering that discretion in relation to the annual bonus for 2022/23 the Committee took, and in relation to the annual bonus for 2023/24 the Committee will take, into account various ESG matters (as described on page 108).

Performance measures

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

Adjusted earnings per share (EPS) applicable to the PSP

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

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

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

Total shareholder return (TSR) applicable to the PSP

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

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

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

Free cash flow applicable to annual bonus

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

Annual bonus

Bonus in 2022/23

The Executive Directors' targets for the 2022/23 bonus were based on the financial targets set out below, with annual bonus payments determined by reference to performance over the financial year ended 30 April 2023. Achievement is calculated on a straight-line basis between threshold and target and between target and maximum. Adjusted EBTA and free cash flow have equal weighting as annual bonus performance measures.

Targets and outcomes (audited)

Financial measure	Threshold 0% of maximum	Target 50% of maximum	Maximum	Achieved
Adjusted EBTA	£602m	£632m	£662m	£769m
Free cash flow	£65m	£105m	£145m	£346m

ESG underpin

ESG underpin element	Assessment of performance in 2022/23
Development of initial plans to achieve longer-term science-based targets for carbon reduction in the business	The programme of work for our sites to achieve the longer-term science-based targets for carbon reduction has been planned and those plans have been shared with each site for further fine-tuning. For more information see page 27.
Continuing maintenance of high health and safety standards	Group-wide lost time accident performance is 6% better than 2021/22. Group-wide H&S engagement index has increased in each of the last six years, further evolving our safety culture and contributing to the reduction in the total number of accidents (with and without lost time) that is 8% better than 2021/22. For more information see pages 16 and 21.
Continued work with our communities	The Group has completed the planned community programme activity in all 164 targeted sites.

Outcomes (audited)

	Miles Roberts	Adrian Marsh
Adjusted EBTA (as a proportion of the maximum opportunity)	50/50	50/50
Free cash flow (as a proportion of the maximum opportunity)	50/50	50/50
Total (as a proportion of the maximum opportunity)	100/100	100/100
Maximum bonus opportunity as a % of salary	200%	150%
Value of bonus paid in cash	£838,450	£395,156
Value of bonus deferred into shares	£838,450	£395,156
Overall award level	£1,676,900	£790,312

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

Bonus awards are measured against the achievement of the Group's objectives. Maximum bonus opportunity for 2022/23 for Miles Roberts was 200% of salary and for Adrian Marsh was 150% of salary and was between 50% and 100% for the other most senior executives.

When deciding the level of variable pay, including the annual bonus, the Committee considered the experience of the Group's stakeholders during the 2022/23 financial year (as summarised on page 93). The Committee concluded that the outcome of the annual bonus in respect of 2022/23 appropriately reflected the Company's performance in 2022/23 and was commensurate with the broader stakeholder experience in that period; and that appropriate progress and actions have continued to be made to realise our ESG agenda. It was therefore not felt necessary to apply any discretion to amend the outcome of the overall award level.

Implementation for 2023/24

The annual bonus for 2023/24 will remain in line with the Remuneration policy and with a maximum opportunity of 200% of salary for the Group Chief Executive and 150% for the Group Finance Director.

For 2023/24 the bonus will be based on EBTA and free cash flow, each with equal weighting. In the event of an unbudgeted acquisition or disposal in the year, the Committee will assess how the financial performance of the acquired or disposed of company should be treated.

In the opinion of the Committee, the annual bonus targets for 2023/24 are commercially sensitive and accordingly are not disclosed prospectively. These will be disclosed next year in the Directors' remuneration report, so that achievement against those targets will be visible, in retrospect.

When considering the application of discretion to override the formulaic outcome for the 2023/24 annual bonus, the Committee will take into account the following factors:

- Roll out of an updated Now & Next Sustainability Strategy, which includes our approach to the delivery of science-based targets, to take account of updated actual performance and current customer/regulatory requirements
- Continuing maintenance of high health and safety standards
- Continued work with our communities.

The Committee will report on its assessment of the Group's performance in those areas in the Annual Report 2024 (following a similar format to its assessment for 2022/23 above).

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

Performance Share Plan (PSP)

Overview of the Performance Share Plan

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

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

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

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

The TSR comparator group for the 2020/21, 2021/22 and 2022/23 awards is the FTSE 350 Industrial Goods and Services Supersector.

2020/21 awards vesting in 2023/24

The PSP award made on 14 July 2020 has EPS, ROACE and TSR performance conditions, each with an equal weighting and measured at the end of the three-year performance period ending on 30 April 2023. The EPS, ROACE and TSR performance targets and actual performance against targets are set out in the table below. The Committee is mindful of the potential for windfall gains when an award vests and having considered the wider context of the grant and vesting of this award, the Committee believes that the PSP outcome is appropriate and is a fair reflection of business performance over the period.

As no bonus was paid in the summer of 2020 there were no DSBP awards made then and therefore there are no DSBP awards vesting in summer of 2023.

EPS, ROACE and TSR performance targets for 2020/21 awards (audited)

	Weighting	Threshold (25% vests)	Maximum (100% vests)	Outcome	Outcome (% of measure)
Adjusted EPS	One third	34.2p	36.5p	43.0p	100%
Adjusted ROACE	One third	11.0%	12.5%	14.3%	100%
Relative TSR[1]	One third	Median	Upper quartile	Below median	0%

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

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

Resulting vesting levels for 2020/21 awards (vesting in 2023/24) (audited)

Executive Director	Award	Number of shares at grant	Number of shares to vest[1]	Number of shares to lapse	Dividend equivalents	Total number of shares	Estimated value[2] (£'000)
Miles Roberts	PSP	647,123	431,415	215,708	41,976	473,391	1,553
Adrian Marsh	PSP	316,286	210,857	105,429	20,516	231,373	759

1. These shares are subject to a two-year holding period from the vesting date.
2. The estimated value of the shares vesting on the third anniversary of the grant made on 14 July 2020 and the dividend equivalents is based on the average share price during the three months to 30 April 2023 (328p).

Breakdown of the estimated value of 2020/21 awards (vesting in 2023/24) (audited)

	PSP original award value[1] (£'000)	PSP award appreciation[2] (£'000)	Dividend equivalents[3] (£'000)	Total value (£'000)
Miles Roberts	1,173	242	138	1,553
Adrian Marsh	574	118	67	759

1. Calculated as the number of shares from the original award vesting multiplied by the grant price (based on the average share price for the three trading days preceding the award) of 272p.
2. Calculated as the number of shares vesting multiplied by the difference between 272p (see footnote above) and the average share price during the three months to 30 April 2023 of 328p.
3. Calculated as the number of dividend equivalent shares vesting multiplied by the average share price during the three months to 30 April 2023 of 328p.

PSP and DSBP awards granted in 2022 vesting in 2025/26 (audited)

The PSP awards made in 2022 in respect of 2022/23 were in line with the applicable Remuneration policy and, as reported in last year's Remuneration Report, were:

- 225% of salary for the Group Chief Executive and 200% of salary for the Group Finance Director
- Any shares that vest under the PSP awards granted in 2022/23 must be retained for a further two years before they can be sold (a total of five years from original grant) and they are also subject to a post-employment holding condition, meaning that any applicable shares that vest will be held in a nominee arrangement, if the required shareholding level in the nominee arrangement has not been met. For any PSP awards which vest following departure that have been granted good leaver treatment, the Committee will reduce the two year post-vesting holding period so that it does not extend beyond the second anniversary of departure, provided that the three year period after grant has been completed
- The PSP awards were granted as nil-cost options and are subject to three performance measures: adjusted EPS, adjusted ROACE and relative TSR, with equal weighting on each element.

The DSBP awards made in 2022 relate to the deferral into shares of half of the bonus paid in 2022 in relation to the bonus award included in the single total figure of remuneration for 2021/22. They were granted as nil-cost options and are not subject to performance conditions, but are subject to continued employment.

Executive Director	Award	Number of options granted under award on 27 June 2022	Face value of award at time of grant (£)
Miles Roberts	PSP	638,153	1,831,499
	DSBP	281,881	808,998
Adrian Marsh	PSP	356,445	1,022,997
	DSBP	132,850	381,280

These PSP and DSBP awards were made on 27 June 2022. The face value in the above table is calculated using 287p which was the average price of a DS Smith share for the three trading days preceding the grant of the award and the price used in the calculation of the number of options awarded. 25% of the PSP award vests for achieving threshold performance, increasing on a straight-line basis to full vesting for maximum performance. The applicable performance period for these PSP awards ends on 30 April 2025.

The targets for the 2022/23 PSP award are set out below:

% vesting as a proportion	Adjusted EPS One third	Adjusted ROACE One third	Relative TSR One third[1]
100%	42.0p	13.8%	Upper quartile
Between 25% and 100%	36.0 - 42.0p	12.0 - 13.8%	Between median and upper quartile
25%	36.0p	12.0%	Median

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

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

PSP awards to be granted in 2023 vesting in 2026/27

The PSP awards to be made in 2023 in respect of 2023/24 will be in line with the applicable Remuneration policy, with grants being made of up to 225% of salary for the Group Chief Executive and 200% of salary for the Group Finance Director. As a matter of best practice, before finalising the PSP award levels, the Committee considered the movements in the share price since the 2022 PSP grant and will monitor performance against the targets to consider whether discretion should be applied to the formulaic outturn when determining the vesting outturn.

The performance measures and their weighting for the award will remain the same as in 2022/23. The targets for the 2023/24 PSP award will be:

% vesting as a proportion	Adjusted EPS One third	Adjusted ROACE One third	Relative TSR One third[1]
100%	42.0p	13.8%	Upper quartile
Between 25% and 100%	36.0 - 42.0p	12.0 - 13.8%	Between median and upper quartile
25%	36.0p	12.0%	Median

1. The comparator group for measurement of relative TSR will be the FTSE 350 Industrial Goods and Services Supersector, as it was in 2020/21, 2021/22 and 2022/23.

Awards vest on a straight-line basis between threshold and maximum performance. The performance measurement period for the adjusted EPS and adjusted ROACE targets is the 2025/26 financial year and for the relative TSR target is the three years to 30 April 2026.

The Committee's aim, as always, has been to set robust targets with a strong degree of stretch in the applicable economic context. In setting the target ranges the Committee took into account a number of factors which included our medium term growth targets, the volatility of paper pricing, the challenging economic environment with inflationary pressures, rising interest and tax rates, and our investment programme. Our desire continues to be to set targets which balance stretch with the ability to at least achieve the threshold level so that awards remain motivating and meaningful to all participants.

DSBP awards in 2023

As set out on page 108, half of the value of the bonus to be paid in 2023 in respect of the performance over the financial year ended 30 April 2023, will be deferred into shares, which will not vest until 2026.

Outstanding PSP and DSBP share awards during 2022/23 and as at 30 April 2023 (audited)

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

	Award date	Awards held at 30 April 2022	Granted	Dividend equivalents	Exercised/ vested[1]	Lapsed/ forfeited	Grant price for award (p)[2]	Market price on date of exercise (p)	**Awards held at 30 April 2023**	Vesting date (if any performance conditions applicable are met)	Expiry date
Miles Roberts											
PSP	15 Jul 19	481,039	–	–	–	481,039	357.00	–	**0**	15 Jul 22	15 Jul 29
PSP	14 Jul 20	647,123	–	–	–	–	272.00	–	**647,123**	14 Jul 23	14 Jul 30
PSP	8 Jul 21	411,635	–	–	–	–	434.00	–	**411,635**	8 Jul 24	8 Jul 31
PSP	27 Jun 22	–	638,153	–	–	–	287.00	-	**638,153**	27 Jun 25	27 Jun 32
DSBP	15 Jul 19	157,055	–	11,889	168,944	–	357.00	–	**168,944**	15 Jul 22	15 Jul 29
DSBP	8 Jul 21	177,529	–	–	–	–	434.00	–	**177,529**	8 Jul 24	8 Jul 31
DSBP	27 Jun 22	–	281,881	–	–	–	287.00	–	**281,881**	27 Jun 25	27 Jun 32
									2,325,265		
Adrian Marsh											
PSP	15 Jul 19	235,098	–	–	–	235,098	357.00	–	**0**	15 Jul 22	15 Jul 29
PSP	14 Jul 20	316,286	–	–	–	–	272.00	–	**316,286**	14 Jul 23	14 Jul 30
PSP	8 Jul 21	229,953	–	–	–	–	434.00	–	**229,953**	8 Jul 24	8 Jul 31
PSP	27 Jun 22	–	356,445	–	–	–	287.00		**356,445**	27 Jun 25	27 Jun 32
DSBP	15 Jul 19	74,015	–	5,602	79,617	–	357.00	263.50	**0**	15 Jul 22	15 Jul 29
DSBP	8 Jul 21	83,672	–	–	–	–	434.00	–	**83,672**	8 Jul 24	8 Jul 31
DSBP	27 Jun 22	–	132,850	–	–	–	287.00	–	**132,850**	27 Jun 25	27 Jun 32
					–				**1,119,206**		

1. Miles Roberts as at 30 April 2023 continued to hold awards granted on 15 July 2019 which had vested but remained unexercised. Adrian Marsh as at 30 April 2023 did not hold any vested, unexercised awards.
2. The figure in this column is the average price of a DS Smith share for the three trading days preceding the award and is the price used in the calculation of the number of options originally awarded.

The target ranges for the 2020/21 PSP awards are set out on page 109. The target ranges for the 2022/23 awards are set out on page 110. The relative TSR target for the 2021/22 award is the same as it was for the 2020/21 award. For the 2021/22 awards the target ranges for EPS and ROACE are set out in the audited table below.

PSP plan	EPS range	ROACE range
2021/22	35.2 - 40.0p	11.2 - 13.1%

It is currently intended that any ordinary shares required to fulfil entitlements under the DSBP and the award granted to Richard Pike in connection with his recruitment (the full details of which are set out on pages 116 and 117) will be satisfied solely with existing shares acquired by Computershare Trustees (Jersey) Limited in its capacity as trustee of the employee benefit trust (the Trust), which buys shares to do so. The Trust may also be used to fulfil certain entitlements under the PSP and the employee sharesave plans or those may be fulfilled by newly-issued shares.

Sharesave – employee share plans (audited)

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

Name of Director	Options held at 30 April 2022	Options granted during the year	Options exercised during the year	Options lapsed during the year	Market price on date of exercise (p)	**Options held at 30 April 2023**	Exercise price (p)	Date from which exercisable	Expiry date
Miles Roberts	2,769	–	–	–	–	**2,769**	325.00	1 Apr 24	30 Sep 24
Adrian Marsh	2,769	–	–	–	–	**2,769**	325.00	1 Apr 24	30 Sep 24

Share ownership guidelines

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

Name of Director	Total shareholding as at 30 April 2022	**Total shareholding as at 30 April 2023**	Unvested only subject to continued employment[1]	Vested awards (not exercised)[2]	Shareholding required (% salary)	Shareholding at 30 April 2023 (% salary)[3]	Requirement met
Executive Directors							
Miles Roberts	2,063,831	**2,063,831**	494,385	89,540	225%	970%	Yes
Adrian Marsh	291,021	**301,021**	237,384	0	200%	314%	Yes

1. Includes the awards of deferred bonus shares granted in 2021 and 2022 and the 2020/21 PSP award, to the extent that it is due to vest on 14 July 2023, which is not subject to any further performance conditions. A reduction to the gross award levels of 47% has been applied for the expected level of tax and social security deductions that will ultimately be due on these shares.
2. The DSBP award granted on 15 July 2019 has now vested but has not been exercised by Miles Roberts. A reduction to the gross award levels of 47% has been applied for the expected level of tax and social security deductions that will ultimately be due on these shares.
3. Based on the salary as at 30 April 2023 and a share price of 310p (being the closing price on 28 April 2023, the last trading day of the financial year) multiplied by the current year shareholding and interests in shares which count towards the shareholding requirement.

The PSP awards granted in 2021 and 2022 are unvested and remain subject to performance conditions so are not included in the above table as they do not count towards the shareholding requirement. Nil-cost options which have vested but have yet to be exercised are considered to count towards the shareholding requirement, other than any such shares that correspond to the estimated tax and national insurance contributions. As at 30 April 2023 Miles Roberts did, and Adrian Marsh did not, hold any such vested but unexercised awards.

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

Awards which vest on 14 July 2023 (and subsequent years) will be held in a nominee arrangement, if the required shareholding in the nominee arrangement has not been met, because they are subject to a post-employment holding condition (in addition to the two-year post-vesting holding condition that applies to vested PSP awards). On cessation of employment, Adrian Marsh will be required to retain for a period of two years in that nominee arrangement a shareholding, in respect of awards granted from 2020 onwards only, equal to the lower of 200% of his base salary or his actual shareholding in that arrangement on cessation of employment.

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

Name of Director	Total shareholding as at 30 April 2022	**Total shareholding as at 30 April 2023**	Shareholding required (% fee)	Shareholding at 30 April 2023 (% fee)[1]	Requirement met
Non-Executive Directors					
Geoff Drabble	60,000	**77,445**	50%	73%	Yes
Celia Baxter	10,993	**15,113**	50%	59%	Yes
Alan Johnson[2]	–	**12,596**	50%	61%	Yes[2]
Alina Kessel	12,000	**19,000**	50%	91%	Yes
David Robbie	20,000	**30,000**	50%	104%	Yes
Louise Smalley	18,600	**18,600**	50%	89%	Yes

1. Based on the fee as at 30 April 2023 and a share price of 310p (being the closing price on 28 April 2023, the last trading day of the financial year) multiplied by the current year shareholding and interests in shares which count towards the shareholding requirement.
2. Alan Johnson joined the Board on 1 June 2022. He has not yet been on the Board for two years.

Eric Olsen joined the Board on 15 May 2023.

External appointments

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

Miles Roberts was appointed a non-executive director of Land Securities Group PLC with effect from 19 September 2022 and retained fees of £43,526 for the year ended 30 April 2023. Adrian Marsh retained fees of £69,142 for the year ended 30 April 2023 (£67,450 for the year ended 30 April 2022) in respect of his appointment as a non-executive director of John Wood Group PLC.

Directors' contracts and notice periods

		Date of contract/date of initial appointment to the Board	Expiry date of current term for Non-Executive Directors
Geoff Drabble	Chair	1 September 2020	31 August 2026
Miles Roberts	Group Chief Executive	4 May 2010	not applicable
Adrian Marsh	Group Finance Director	24 September 2013	not applicable
Celia Baxter	Chair of Remuneration Committee	9 October 2019	8 October 2025
Alan Johnson		1 June 2022	30 May 2025
Alina Kessel		1 May 2020	30 April 2026
Eric Olsen		15 May 2023	14 May 2026
David Robbie	Chair of Audit Committee and Senior Independent Director	11 April 2019	10 April 2025
Louise Smalley		23 June 2014	31 March 2024

Miles Roberts and Adrian Marsh each have a notice period of 12 months exercisable by either the Company or the individual. As previously announced, Adrian Marsh will retire from the Company's Board on 30 June 2023. Non-Executive Directors have letters of appointment for an initial term of three years whereupon they are normally renewed. The current terms of the Non-Executive Directors are set out in the table above. The notice period is one month exercisable by either the Company or the Non-Executive Director. Non-Executive Directors are not eligible for payments on termination. In line with the UK Corporate Governance Code, all Directors (including Non-Executive Directors) are subject to annual re-election by shareholders at the AGM. Their letters of appointment detail the time commitment expected of each Non-Executive Director. Both these and the Executive Directors' service contracts are available for inspection at the registered office during normal business hours and at each AGM.

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

No payments were made to past Executive Directors during the year ended 30 April 2023 (2021/22: Nil). No payments were made in respect of loss of office during the year ended 30 April 2023 (2021/22: Nil).

Relative importance of spend on pay

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

	2022/23 £m	2021/22 £m	Percentage change
Overall expenditure on employee pay[1]	**1,500**	1,381	9%
Dividend paid during the year	**289**	166	74%

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

Review of past performance – total shareholder return graph

The graph below illustrates the Company's TSR performance since 1 May 2013 (the period required by the applicable regulations), relative to the FTSE 100 Index as well as the FTSE 250 Index. In December 2017 the Company joined the FTSE 100 Index from the FTSE 250 Index. Therefore, both indices are considered appropriate comparator indices for the Company. As at 30 April 2023 DS Smith ranked 90 by market capitalisation. This graph looks at the value, over the ten years to 30 April 2023, of an initial investment of £100 in DS Smith shares compared with that of £100 invested in both the FTSE 100 and FTSE 250 Index. The other points plotted are the values at intervening financial year ends.

Remuneration of the Group Chief Executive

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	**2022/23**
Total remuneration (£'000)	3,696	5,527	4,447	4,861	4,220	3,065	1,422	2,525	2,580	**4,190**
Annual bonus payout	85%	88%	79%	45%	88%	74%	0%	98%	100%	**100%**
Long-term incentive vesting	98%	92%	94%	100%	93%	52%	35%	0%	0%	**66.67%**

Group Chief Executive pay ratio disclosures (audited)

		25th percentile	Median	75th percentile
	Method	Total pay ratio	Total pay ratio	Total pay ratio
2018/19	B	100:1	91:1	72:1
2019/20	B	52:1	44:1	35:1
2020/21	B	90:1	71:1	60:1
2021/22	B	81:1	60:1	56:1
2022/23	**B**	**132:1**	**104:1**	**101:1**

The table above sets out how the single total figure of remuneration (STFR) for the Group Chief Executive compares to the STFR of the UK employees at the 25th percentile, median and 75th percentile. All STFRs for the 2022/23 financial year have been based on full-time equivalent values and annualised where necessary. The table below sets out the split between total remuneration (fixed and variable pay and benefits) and the salary component of that total for UK employees used in the above total pay ratio calculations. DS Smith has chosen to use methodology B (as defined in the applicable regulations) to calculate the figures in the tables above and below, because, in 2022/23 as was the case in prior years, there were multiple bonus plans in place across the UK which are not payable in some cases in advance of the Directors' remuneration report being approved by the Board, meaning it is not practically possible to collate the bonus amounts relating to performance during 2022/23 for every UK employee in advance of this remuneration report being approved.

Remuneration used to calculate the Group Chief Executive pay ratio disclosures

	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
	Total remuneration (£)	Base salary (£)	Total remuneration (£)	Base salary (£)	Total remuneration (£)	Base salary (£)
2018/19	30,744	26,608	33,804	32,051	42,277	31,622
2019/20	27,244	26,647	32,342	31,479	40,349	36,202
2020/21	28,042	25,729	35,384	33,566	42,142	39,756
2021/22	31,877	28,282	42,645	37,647	46,215	42,210
2022/23	**31,850**	**30,632**	**40,288**	**38,748**	**41,564**	**39,217**

As DS Smith uses methodology B, the 2022 UK gender pay gap data has been used to identify the relevant comparator employee falling at the relevant percentile and to calculate the annual total remuneration relating to 2022/23 for the three identified employees on the same basis as the Group Chief Executive's annual total remuneration for the same period in the single figure table. We are confident that the three employee STFR figures (which include applicable bonus) used in the pay ratio reporting are as representative of the respective percentiles as would have been the case if the 2022/23 STFR had been calculated for all UK employees. (The data reference date was 25 April 2023.)

As a result of the large proportion of variable pay in the Group Chief Executive's total reward, the ratio can be subject to a high degree of volatility from one year to the next. That is the case this year, when, unlike last year, there has been a vesting of the PSP award, which has resulted in an increase in the ratio.

We will continue to report on trends in these figures, which are expected to fluctuate as variable pay outcomes fluctuate for the Group Chief Executive. The Company does believe that the median pay ratio for 2022/23 is consistent with the pay, reward and progression policies for UK employees taken as a whole.

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

The table below shows the percentage change in three aspects of remuneration (salary or fee, benefits and bonus) for the Group Chief Executive, the Group Finance Director and the Non-Executive Directors who were Directors at 30 April 2023 compared to full-time equivalent employees of the Company. (The format of the table is prescribed by regulation. Benefits and bonus are not applicable to Non-Executive Directors. The increase in fees for certain Non-Executive Directors relates to their change of role in the applicable period, as noted below.) The section headed '% change on prior year for 2022/23' sets out the change from financial year 2021/22 to financial year 2022/23. The normal date for any implementation of a pay review is 1 August, not the start of the financial year. (Other explanatory notes concerning the figures for the prior years were set out in the Annual Reports for 2021 and 2022.)

	Miles Roberts	Adrian Marsh	Geoff Drabble	Celia Baxter	Alan Johnson[1]	Alina Kessel	David Robbie[2]	Louise Smalley	Company employees
% change on prior year for 2022/23									
Salary/Fee	**3.6**	**3.6**	**0**	**2.9**	**n/a**	**3.7**	**13.5**	**3.7**	**4.9**
Benefits	**(1.2)**	**0.2**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**5.0**
Bonus	**3.6**	**3.5**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**9.8**
% change on prior year for 2021/22									
Salary/Fee	2.9	2.9	0	1.5	n/a	1.9	3.7	1.9	4.1
Benefits	2.8	1.2	n/a	n/a	n/a	n/a	n/a	n/a	11.2
Bonus	5.0	5.1	n/a	n/a	n/a	n/a	n/a	n/a	8.3
% change on prior year for 2020/21									
Salary/Fee	1.1	1.1	n/a	0	n/a	n/a	8.1	0.6	2.0
Benefits	(1.2)	(2.3)	n/a	n/a	n/a	n/a	n/a	n/a	1.3
Bonus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. Alan Johnson joined the Board on 1 June 2022 so in 2022/23 he has no prior year to compare 2022/23 with.
2. David Robbie became Senior Independent Director on 28 February 2022 (part way through the prior year of 2021/22).

Eric Olsen joined the Board on 15 May 2023.

Remuneration of Richard Pike

Richard Pike will replace Adrian Marsh as the Company's Group Finance Director and as an Executive Director with effect from 30 June 2023. Set out on page 95 are details of Richard's remuneration as Group Finance Director, which is in line with the applicable Remuneration policy.

To compensate Richard for share-based incentive awards that he forfeited on leaving his former employer, Richard was granted on 27 April 2023 two conditional awards in respect of the Company's shares. The principal terms of these awards are summarised below. These awards were granted in the context of Richard's recruitment and under Listing Rule 9.4.2, given that it was not practicable under the Company's existing share plans to grant these awards in addition to an executive director's normal 'business as usual' awards and the commercial necessity to agree the terms of buying out these awards as part of Richard's onboarding.

The first of these awards (which represents the element of Richard's 2021 long-term incentive award from his former employer that Richard forfeited) is over 85,675 shares and will have a normal vesting date of 14 June 2024. The number of shares over which this award has been granted has been calculated to reflect the extent to which the performance conditions applicable to the original award would have been, in the opinion of the former employer's independent remuneration committee, achieved. The second of the awards (which represents the 2022 long-term incentive award which lapsed in connection with Richard joining the Company) is over 194,191 shares, has a normal vesting date of 27 June 2025 and will be subject to the same performance conditions as the awards granted to the Company's Executive Directors in June 2022.

To align Richard with the rest of the senior management team, the terms of the awards have been designed to replicate, so far as practicable, the terms of the Company's current PSP which was last approved by shareholders in September 2017. The two awards therefore both contain provisions equivalent to the existing PSP rules, including in relation to (i) the treatment of awards if Richard were to leave the Group or if there was a takeover of the Company; (ii) the application of malus and clawback to awards; (iii) the fact that the awards will not be pensionable; and (iv) the Listing Rule requirement to obtain prior shareholder approval for amendments to the arrangements. Both awards are also subject to a two-year post-vesting holding period in line with both best practice expectations for UK-listed companies and the Remuneration policy that will apply to Richard Pike when he becomes an Executive Director and after vesting will be held in a nominee arrangement, if the required shareholding in the nominee arrangement has not been met, because they are subject to a post-employment holding condition.

Voting on the remuneration policy at the 2020 AGM and on the remuneration report at the 2022 AGM

At the AGM held in 2022, votes cast by proxy and at the meeting in respect of the Directors' remuneration report were 1,006,312,888 (94.22%) voting in favour and 61,690,968 voting against (5.78%) with 196,214 votes withheld, being votes that are not recognised as a vote in law.

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

Remuneration Committee governance

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

KEY RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

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

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

Members	Since
Celia Baxter (Chair since October 2019)	2019
Geoff Drabble	2020
Alan Johnson – since 1 June 2022	2022
Alina Kessel	2020
David Robbie	2019
Louise Smalley	2014

Rupert Soames retired from the Board and its Committees on 6 September 2022. Eric Olsen joined the Board and its Committees on 15 May 2023.

Details of individual Directors' attendance can be found on page 76. The Group General Counsel and Company Secretary acts as Secretary to the Committee.

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

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

To differentiate our employee value proposition and reinforce our strong DS Smith culture, the Group has developed the DS Smith reward principles (set out on page 97) which are endorsed by the Committee and were last reviewed by the Committee in 2023. Current policies and future decision making are matched against these to drive continuous improvement in this area.

TOPICS CONSIDERED AS PART OF REGULAR ANNUAL DECISION-MAKING CYCLE OF REMUNERATION COMMITTEE

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

During the financial year of 2022/23 the Committee was advised by Korn Ferry in relation to various aspects of the remuneration of Executive Directors for which they were paid £43,376, partly on a fixed fee basis and partly on a time and materials basis. Korn Ferry in the financial year 2022/23 has also provided non-executive and executive search and talent assessment services to the Group. The teams providing that are separate from the Remuneration Committee advisers and there was no conflict of interest. The Committee is satisfied that the advice it receives from its advisers is objective and independent. Korn Ferry is a member of the Remuneration Consultants Group and adheres to the Code of Conduct for Remuneration Consultants (which can be found on their website at remunerationconsultantsgroup.com).

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

On behalf of the Board

Celia Baxter
Chair of Remuneration Committee

22 June 2023

ADDITIONAL INFORMATION

Acquisitions and disposals

Acquisitions and disposals in the year ended 30 April 2023 are described in note 30 to the consolidated financial statements.

Events after the reporting date

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

Share capital

Details of the issued share capital and the rights and restrictions attached to the shares, together with details of movements in the Company's issued share capital during the year, are shown in note 24 to the consolidated financial statements. Pursuant to the Company's employee share option schemes 1,527,919 ordinary shares of 10 pence each were issued during the year. Between 1 May and 22 June 2023 inclusive, 1,487 shares were issued pursuant to the Company's employee share option schemes. The Company has not utilised its authority to make market purchases of 137,632,140 shares granted to it at the 2022 annual general meeting (AGM) but, in line with market practice, will be seeking to renew such authority at this year's AGM.

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

Dividends

An interim dividend for 2022/23 of 6.0 pence per ordinary share was paid on 31 January 2023 and the Directors recommend a final dividend of 12.0 pence per ordinary share, which together with the interim dividend, increases the total dividend for the year to 18.0 pence per ordinary share (2021/22: 15.0 pence). Subject to approval of shareholders at the AGM to be held on 5 September 2023, the final dividend will be paid on 3 October 2023 to shareholders on the register at the close of business on 8 September 2023.

Political donations

No political donations were made during the year ended 30 April 2023 (2021/22: nil). DS Smith has a policy of not making donations to political organisations or independent election candidates or incurring political expenditure, as defined in the Political Parties, Elections and Referendums Act 2000, anywhere in the world.

Directors' and officers' liability insurance

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

Additional employee disclosures

In our Strategic Report on pages 1 to 69 we set out some of the ways in which we realise the potential of our people, including how we engage with our workforce. As part of creating a modern, diverse and inclusive culture all companies within the Group strive to operate fairly at all times and this includes not permitting discrimination against any employee, applicant for employment or contingent worker on the basis of race, religion or belief, gender, disability, age, sexual orientation, gender reassignment, marital status or any other characteristic protected by local law (and complying with the Group's Equal Opportunities and Anti-Discrimination policy). This also includes giving full and fair consideration to suitable applications for employment from disabled persons, making reasonable adjustments in the hiring process to ensure fairness and equity in the selection process. For existing employees who develop a disability we will make all reasonable adjustments to support their continued employment, in their same job or, if this is not practicable, making every effort to find suitable alternative employment and to provide relevant training and career development opportunity.

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

Substantial shareholdings

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

	As at 30 April 2023	As at 22 June 2023	Nature of holding
Aviva plc and its subsidiaries	6.79%	6.79%	Direct & indirect
BlackRock, Inc.	5.05%	5.05%	Indirect
abrdn plc	Below 5%	Below 5%	Indirect
Ameriprise Financial, Inc. and its group	4.981%	4.981%	Direct & indirect
Black Creek Investment Management Inc.	4.034428%	4.034428%	Direct & indirect
Sarasin & Partners LLP	3.01%	3.01%	Indirect
Norges Bank	2.991380%	2.991380%	Direct
Merpas (UK) Limited	2.985%	2.985%	Direct & indirect

Auditor

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

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

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

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

Listing Rule 9.8.4 and other required disclosures

To the extent that there is information applicable to be disclosed under Listing Rule (LR) 9.8.4, such information is set out on the pages listed in the table below:

Subject matter	Page(s)
Details required by LR 9.4.3 of award granted in context of LR 9.4.2	116 and 117

Certain information is included in our Strategic Report (pages 1 to 69) or Financial Statements that would otherwise be required to be disclosed in this section of the report. This is as follows:

Subject matter	Page(s)
Likely future developments in the business	4 to 7
Research and development	12 and 13
Use of financial instruments	40 and 41
Greenhouse gas emissions	63

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

Companies within the Group have branches in Norway, Poland and Slovakia.

The information that fulfils the requirements of the corporate governance statement for the purposes of DTR 7 can be found on pages 70 to 91, and that governance report also forms part of the Directors' report.

The Strategic Report on pages 1 to 69 and the governance report and Directors' Remuneration Report on pages 70 to 120 together represent the management report for the purpose of compliance with DTR 4.1.8R.

The Directors' report was approved by the Board of Directors on 22 June 2023 and is signed on its behalf by:

Iain Simm
Group General Counsel and Company Secretary

22 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law they have elected to prepare the Group Financial Statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, and the parent Company Financial Statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework. Company law requires the Directors to prepare Group and parent Company Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards (IFRSs) and have elected to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- for the Company Financial Statements, state whether the applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company Financial Statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Directors' Remuneration Report and a corporate governance statement that comply with that law and those regulations.

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

Responsibility statement of the Directors in respect of the Annual Report and the Financial Statements

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole; and
- the Strategic Report and the Directors' Report, including content contained by reference, includes a fair review of the development and performance of the business and the position and performance of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board confirms that the Annual Report and the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 22 June 2023 and is signed on its behalf by:

Miles Roberts
Group Chief Executive

22 June 2023

Adrian Marsh
Group Finance Director

22 June 2023