Board of Directors

Geoff Drabble
Chairman

Key strengths:
- Wealth of industrial and international experience
- Extensive experience as a chairman

External appointments:
- Geoff is Non-Executive Chairman of Ferguson plc and a Non-Executive Director of Howden Joinery Group Plc.

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

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

Miles Roberts
Group Chief Executive

Key strengths:
- Clear strategic mindset
- Strong leadership skills

External appointment:
- Miles is a non-executive director of Aggreko plc

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

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

As Group Chief Executive Miles leads the executive management of the Group and is responsible for DS Smith's overall environmental, social and governance (ESG) performance and its clear objectives at the centre of our business model. He chairs the Group's Health, Safety, Environment and Sustainability Committee that monitors the establishment of goals, reporting and related governance procedures.

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

Adrian Marsh
Group Finance Director

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

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

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

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

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

Celia Baxter
Non-Executive Director

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

External appointments:
- Celia is the senior independent director and the remuneration committee chair at Senior plc and remuneration committee chair at RHI Magnesita NV

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

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

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

Alina Kessel
Non-Executive Director

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

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

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

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

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 will 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.

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


A N R

David Robbie
Non-Executive Director

Key strengths:
- Strong financial and corporate finance experience
- International and strategic mindset

External appointments:
- David is the senior independent director and audit committee chair at FirstGroup PLC and non-executive director of easyJet plc.

David was appointed to the Board as a Non-Executive Director on 11 April 2019 and became Chairman of the Audit Committee at the conclusion of the 2019 AGM.

He was previously Finance Director of Rexam PLC, before its £4.3 billion acquisition by Ball Corporation in 2016. Prior to his role at Rexam, in the aluminium packaging business, 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 Chairman of their audit committee. David qualified as a chartered accountant at KPMG.

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


A N R

Louise Smalley
Non-Executive Director

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

External appointment:
- Louise is Group Human Resources Director and an executive director of Whitbread PLC

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

She has held several key transformation and HR roles at Whitbread PLC, spanning 25 years of growth and significant change for the companies in that group. She previously worked as an 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 to sustainability strategies.

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


A N R

Rupert Soames OBE
Senior Independent Director

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

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

Rupert was appointed to the Board on 1 March 2019 as a Non-Executive Director and became Senior Independent Director at the conclusion of the 2019 AGM.

He was previously Chief Executive at Aggreko plc and Chief Executive of Misys plc Banking and Securities Division. Until July 2016 Rupert was also Senior Independent Director of Electrocomponents plc and a member of its Remuneration, Nomination and Audit Committees.

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

Iain Simm
Group General Counsel and Company Secretary

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

External appointment:
- None

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

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

Chairman's introduction to Governance

"Good governance requires the right information to be brought before the right people at the right time."

Geoff Drabble, Chairman

Introduction

This section of the Annual Report focuses on corporate governance. In essence, good governance requires the right information to be brought before the right people at the right time.

Never has this been more important than in the past 12 months, when we have all faced challenges in every aspect of our lives and when having as comprehensive and rounded a view of the context in which our decisions are taken has never been more relevant, nor, at some stages in the year, more difficult.

UK Corporate Governance Code

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

Board leadership and Company Purpose

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

More information about how we engage with our stakeholders as part of our Board activities is set out on pages 67 to 69 and how we do so as a Group is summarised on page 3.

Division of responsibilities

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

The approval of certain Group policies (including some of those listed in the non-financial information statement on pages 59 to 61) is one of the matters reserved to the Board and is one of the ways as a Board we have oversight of longer-term aspects of the Group's operations, including our leadership on sustainability matters and our progress in addressing climate-related issues.

Board composition, succession planning and evaluation

I joined the Board as Non-Executive Director on 1 September 2020 and became Chairman on 3 January 2021, following Gareth Davis' retirement from the Board. Gareth made an enormous contribution to the Group and, as well as being instrumental in the successful development of the business over the last decade, he chaired the Board with consummate skill and always kept a wide range of considerations in clear focus. Alina Kessel joined the Board with effect from 1 May 2020, bringing her international experience and marketing expertise to our discussions. As at 1 May 2021 our eight member Board was made up of three women and five men.

Over the course of the last two years the Board has had a period of structured change, as the succession planning for Non-Executive Directors has led to a phased series of appointments and retirements. For each appointment made, the Board looked to appoint an outstanding candidate, with a diverse range of experience, to maximise Board effectiveness. When we think about diversity we recognise that diversity can take many forms, including diversity of gender, social and ethnic backgrounds, and of cognitive and personal strengths, and that diversity at Board level and throughout the Company is a valuable strength. We also recognise that the mix of skills needed by Board members will change as the landscape in which the Group operates changes. Therefore, as we consider each new Board appointment, the role specification is not a direct replication of the role of a retiring Board member.

The next external evaluation of the Board and its Committees and how they have contributed to the overall effectiveness of the Group will be undertaken in the autumn of 2021. More information about how the Board has assessed in 2021 its progression in meeting the objectives we set ourselves after the 2020 internal Board evaluation is set out on page 72.

Balancing stakeholders' interests

The Board is conscious that all our stakeholders have multiple roles and the past 12 months have been a difficult balancing act for many. One example is our employees who have had to manage home schooling of children while also, as friends or family members, trying to give care and support to others from a distance. As a business too we know that balancing the many, sometimes divergent, often competing, interests of our different stakeholders requires sensitive vigilance. As a Board we understand the importance of making a decision in the moment and at the time when a decision is needed. We also recognise that some commentators might make different judgements.

Each Board pack for each Board meeting includes on the agenda a reminder of each Director's duties under section 172 of the Companies Act, framing our deliberations at each meeting in the context of a reminder that each 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.

A principal decision we took as a Board in 2020, that was a high profile example of considering the balance of all these factors, was the decision not to pay a dividend in respect of the financial year 2019/20. Further background to this decision is set out on page 67.

The Board has taken a close interest in our stakeholders' reactions to the publication of our Now and Next sustainability strategy. Our progress to date in realising our strategic goal of leading the way in sustainability is summarised on pages 30 to 33 of this report, with more details being available in our latest Sustainability Report.

Since joining the Board I have been impressed by the way in which the Group has shown agility, adapting to the circumstances of the pandemic-aware world that we all now live in.

As your Chairman I look forward to supporting and challenging the team to continue to show that agility and ability 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
Chairman

21 June 2021

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

s172 We use this symbol throughout the governance section of the Annual Report to highlight examples referred to in the section 172 statement on page 15.

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

Corporate Governance in context

Corporate Governance in action

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

This report outlines how we have applied the Code's main principles and explains where, in three specific instances (provisions 19, 36 and 38), our approach (summarised in the box below) differs from the Code's.

The FRC and investors agree that a company is compliant with the Code if it chooses to depart from a provision of the Code, so long as ample, transparent explanation is given.

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. Robust and constructive debate is particularly important when there are no easy answers as we all adjust to the near and longer-term implications of the Covid-19 pandemic.

From page 67

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. This has been particularly valuable as your Board considers how we can better serve our customers in this time of uncertainty.

From page 70

3 Composition, succession and evaluation

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

The background to Gareth Davis having been on the Board for longer than nine years when he retired from the Board in January 2021, although he was Chairman for less than nine, was described in both the 2019 and 2020 Annual Reports.

From page 72

4 Audit, risk and internal control

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

From page 76

5 Remuneration

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

As described on page 85 in the Remuneration Report, the pension contribution rates for Executive Directors are not, at the date of this report, fully aligned to that available to the workforce, although future alignment has been confirmed. (The Group Chief Executive's pension contribution reduced by 10% in 2020 and will reduce by a further 5% on 1 August 2021 to 15% of annual salary. The Group Finance Director's pension contribution was reduced by 5% in 2020 and will reduce by a further 5% on 1 August 2021 to 10% of annual salary.)

As previously explained on page 93 of the 2020 Remuneration Report, there could, in theory, be a combination of events that might, in the case of a certain type of 'good leaver', mean that the period from grant of long-term share award to release of award might not be five years, as, for any PSP awards which vest following departure that have been granted good leaver treatment, the Remuneration Committee will reduce the two year post-vesting holding period so that it does not extend beyond the second anniversary of departure (provided that the three year vesting period has been completed).

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

From page 84

Board leadership and Company Purpose

Board leadership in action

The Covid-19 pandemic has thrown up a wide range of challenges. Every aspect of the business has been impacted throughout the past year. In response to this the Board has met more regularly than in prior years, adding informal briefing calls, their frequency being responsive to the evolving priorities of the business. The regular scheduled meetings have continued to take place. All these meetings have taken place with the support of technology, a compromise that reduces time spent travelling, but also constrains some of the interaction that in-person meetings facilitate. Nevertheless the scheduled meetings continue to cover all the topics essential to support the regular cycle of annual reporting and corporate planning processes and continue to give opportunity to explore with the management team background to proposals, such as the proposals to begin work on two new greenfield sites, one in Italy and one in Poland (that were
s172 announced in December 2020). In discussing our new greenfield site proposals, one of the principal decisions in 2020/21, the Directors asked for more information about environmental impact assessments done in relation to the potential sites and sought clarification about how having these two new sites would impact the Group's overall carbon footprint.

Health and safety is always a priority item on the Board's agenda. Setting the example from the top down is critically important.
s172 Miles Roberts took part this year in our virtual health and safety on-boarding sessions, introducing the programme and then in the second session a month later, reviewing progress on participant commitments made at the first session.

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

All discussions, assessments and conversations focus not only on delivering increased value for shareholders, but also assess the impacts of our decisions and strategies on the Group's wider stakeholders. The 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. In 2020 DS Smith, like all other businesses, was not able to offer shareholders the opportunity of attending the AGM in person, due to the public health guidance and measures regarding the conduct of general meetings brought in by legislation. Instead we encouraged shareholders to email in their questions and to watch on our website the video of the presentation that our Group Chief Executive gave on the Company's performance and strategy.

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.
Celia Baxter, as Chairman of the Remuneration Committee, s172
leads the engagement with shareholders when we have remuneration matters to discuss. Rupert Soames, as Senior Independent Director, led the engagement with our shareholders about succession planning for the Chairman's role and Geoff Drabble met a number of shareholders shortly after becoming Chairman.

In respect of the financial year 2019/20 the Company did not s172
pay either an interim or a final dividend. The Board recognises that the dividend is an important component of shareholder returns. In the context of the unprecedented uncertainty due to the Covid-19 pandemic, exacerbated by its timing in relation to the 30 April year end of the Company, decisions on the dividend needed to be taken earlier in 2020 than had to be taken by 31 December year end companies and had to be taken at the height of the Covid-19 uncertainty. The Board took the view that it was prudent, despite the Group's strong liquidity profile and resilient trading to April 2020, not to pay the interim dividend in May 2020, nor, when assessing the overall outlook in June 2020, to pay a final dividend for the year ending 30 April 2020. The Board is aware that this difficult decision disappointed shareholders. In considering the appropriate course of action in the context of all the dimensions of the pandemic-fuelled uncertainty, the preferences of shareholders were balanced with those of other stakeholders. By September 2020 the Board was able to signal to investors that it would resume payment of dividends and in December 2020 declared an interim dividend, reflecting the strong demand for packaging, and increasing visibility and confidence over the future.

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

Engagement with our workforce

Our engagement with our workforce is being developed further, making good use of the already well-established European Works Council (EWC) structure.

s172 EWC representatives meet regularly with our Group Chief 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 the implementation of our employee charter, IT security and use of CCTV, and the many aspects of adapting to the pandemic, including discussion about measures to contain any spread, the expectations of employees displaying symptoms, travel restrictions and recognising employee contributions.

s172 Members of management continued to attend EWC meetings, held virtually on a platform that enables live interpretation. Again this year an EWC representative joined a meeting of the Remuneration Committee. At that meeting the EWC representative presented to the Remuneration Committee a summary of results and insights provided by the Group-wide employee survey about Sharesave, our employee share plan (as
s172 further described on page 86). Celia Baxter, the Chairman of our Remuneration Committee, has also met with the EWC Executive in 2021 and, building on the dialogue started at their meeting in 2020, she both gave a presentation and answered questions about the main changes to the Directors' remuneration policy approved by shareholders at the 2020 AGM and the impact of the pandemic on the Remuneration Committee's deliberations on executive remuneration. Additionally the EWC Executive asked her about how the voting process worked for resolutions at the AGM and about the Group's commitment to diversity at senior levels of management.

The regular schedule of reporting to the Board includes, in relation to our workforce, such matters as reviewing the outcomes from the topic-based, pulse employee engagement surveys and the regular schedule of reporting to the Nomination Committee includes the review of employee talent. All these activities ensure that the voice of our workforce is heard regularly in the boardroom and provides richer context for the Board's decision-making.

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. As Group Chief Executive, Miles Roberts is responsible for the Group's overall ESG performance and its clear objectives at the centre of our business model. The Board recognises the crucial importance of delivering on our sustainability ambitions, helping reduce waste and protect natural resources as our designers realise the opportunities within the circular economy by applying our Circular Design Principles. One of the challenges in this area can be some customers' shorter-term goals. The Board appreciates that there may be occasions when the longer-term, more sustainable approach may, in the shorter term, have a financial impact.

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 carbon implications of the Group's sources of energy and how supply planning takes account of future developments in this area.

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

One of the actions from the 2020 Board evaluation was to change the frequency of Board discussions on topics such as relationships with customers and suppliers and our continuing engagement with the Ellen MacArthur Foundation. This has increased in 2020/21. For example, this year the Board heard from the head of our sales, marketing and innovation (SMI) function who takes s172
overall responsibility for relationships with our packaging customers, but this remains an area where the Board recognises that more could be done.

Our engagement with the local communities of which our sites and employees are a part has been a developing area of focus in recent years. A key target in our Now and Next sustainability strategy is to engage in community programmes at all our sites that have more than 50 employees, which we have again achieved in 2020/21. These programmes are guided by our Purpose and focus on supporting the improvement and protection of the environment and inspiring and educating. In addition this year there have been a number of one-off donations, such as 10,000 multipurpose auxiliary bedside tables made from corrugated cardboard donated by our Madrid plant to a field hospital in Spain and 100,000 cardboard plane and helicopter toy models s172 distributed in France to children confined to their homes during their school holidays. As part of the regular cycle of briefings the Board has been updated on these and such community programmes as the eco-classroom, featuring a rainwater collection system, solar panels and an organic garden in a primary school in Hungary, and the development of the biodiversity programmes at each of our paper mills.

Board engagement through site visits

Board site visits are an important way in which Board members can engage with our employees and understand more about our customers and suppliers.

While travelling to attend a physical meeting as a Board, in the way that the Board did in October 2019 when it visited our kraft paper mill in Viana, Portugal, was not possible this year, Alina Kessel and Geoff Drabble, as part of their induction programme, were taken s172 on a virtual tour of the Livingston facility by the UK Packaging management team. In addition to a full review of the site, the tour included updates and discussions about current performance projects at the site and the measures in place to manage health and safety risks, including those related to Covid-19.

Non-Executive Directors are encouraged, when they can, to visit sites individually, as Celia Baxter, David Robbie and Rupert Soames were able to do as part of their induction programmes when they first joined the Board. Such visits enable Directors individually to assess in more detail what our Purpose of 'Redefining Packaging for a Changing World' looks like at a local, site level and how our values (see page 2) underpin the delivery of our Purpose through our strategic goals.

At each Board meeting health and safety is reported on, including the total number of near misses and safety observations and the number per employee. These are seen as indicators of employee engagement in observing and reporting positive behaviour and identifying health and safety risks. The level of engagement is seen as a reflection of the culture and health and safety leadership at a site. This financial year the total number has increased by 25 per cent with the engagement rate showing a similar improvement. On a site visit the impact of that employee engagement with all aspects of health and safety can be seen in action.

The regulatory requirement is to include in the Strategic Report a statement about the Directors' compliance with section 172 of the Companies Act 2006 concerning taking into account the interests of a variety of stakeholders. This is on page 15. What that statement means in practice is also illustrated in this part of the report, which also links to the topics covered in section 1 of the Code (board leadership and company purpose). Here we also explain how we have applied aspects of Code principles A to E and how we have put the related provisions of the Code into practice.

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, as described below, that is wider than the term employees, who are those employed directly by the Group under contracts of service) wherever they are based (not just those based in the UK) is set out on pages 24 to 29 of the Strategic Report.

Statement about the Company's engagement with suppliers and customers

More detail about how we engage with our customers and the importance of sustainability throughout our supply chain is set out on pages 22 and 23 and 30 to 33 of the Strategic Report.

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

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

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

Division of responsibilities

Division of responsibilities of the Board and its principal Committees

The Board

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

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

Chairman

- 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.

Senior Independent Director

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

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.

Non-Executive Directors

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

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

Board and Board Committee meetings attendance

	Board	Nomination Committee	Audit Committee	Remuneration Committee
Total number of meetings in 2020/21	7	4	4	8
Executive Directors				
Miles Roberts	7/7	4/4	n/a	n/a
Adrian Marsh	7/7	n/a	n/a	n/a
Non-Executive Directors				
Geoff Drabble – joined the Board on 1 September 2020	6/6	3/3	n/a	6/6
Gareth Davis – retired from the Board on 3 January 2021	4/4	3/3	n/a	5/5
Celia Baxter	7/7	4/4	4/4	8/8
Chris Britton – retired from the Board on 8 September 2020	1/1	2/2	1/1	3/3
Alina Kessel	7/7	4/4	4/4	8/8
David Robbie	7/7	4/4	4/4	8/8
Louise Smalley	7/7	4/4	4/4	8/8
Rupert Soames	7/7	4/4	4/4	8/8

In addition there were a number of informal briefing calls that the Chairman and Group Chief Executive held with the Board and other ad hoc Board meetings were held to discuss business matters that the Chairman and Group Chief Executive decided should be considered by the Board. Due to the public health guidance and measures regarding the conduct of general meetings brought in by legislation, the full Board, like other shareholders, were not able to attend the AGM in 2020 in person, which was attended by the Chairman and the Group General Counsel and Company Secretary.

Board's principal Committees

Audit Committee

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

For more information see page 78

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 73

Remuneration Committee

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

For more information see page 84

Board standing sub-committees

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

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

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

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

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

Management committees

Three 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, to ensure compliance with 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 monthly

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

Group Compliance Committee

Meets quarterly

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

Composition, succession and evaluation

Board evaluation in practice

Formal evaluation is a valuable tool for improvement. It can be used iteratively as part of a structured process to build, year by year, on the assessments of prior years. It can help inform decisions about succession planning for the Board and senior management and therefore the composition of the Board. As well as giving a structured opportunity to consider areas for potential future development, a formal evaluation is an opportunity to think consciously about what has worked well and how to maintain that in the coming year, as well as what has been less effective and how that might be changed. When considering the timing of the 2021 external Board evaluation the Board decided that it should be undertaken in October 2021 after Geoff Drabble has spent a preliminary period in the Chairman's role, including the closing of the 2020/21 financial year end. It is also hoped that the evaluation can by October be carried out in person, rather than remotely through video technologies, giving a richer opportunity for insight and feedback from the external evaluator.

Following on from the internal evaluation undertaken in 2019/20, for its 2020/21 Board evaluation and performance review the Board revisited the action plan that had been agreed as part of the 2019/20 evaluation, looked at how fully it had addressed those actions, considered whether those actions needed to be amended or added to and also looked generally at the performance and effectiveness of the Board and its Committees.

- The Board was satisfied with the way the Nomination Committee had operated during the year and, following the appointment of a new Group HR Director, was confident that improvements to the process for recruiting to senior management roles were underway.
- The nature of the past year has reduced the amount of time available for wider horizon-scanning discussions in the regularly scheduled Board meetings. It is hoped that 2021 will permit the Board to spend more focused time understanding insights around global, societal and consumer trends, including those outside the immediate categories in which the Company operates, utilising both internal and external expertise.
- The Board has valued the increased frequency and depth of the Board discussions of briefings (including metrics) on ESG (environmental, social and governance) topics such as relationships with customers, suppliers and the businesses' efforts and involvement in the many and diverse communities in which we operate, and recognises that these are fast-evolving areas .

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.

Succession and composition

More details about succession planning are set out in the Nomination Committee Report, later in this Report. More details about the current composition of the Board are set out in the biographies of the Directors on pages 62 and 63. Geoff Drabble joined the Board with effect from 1 September 2020. Chris Britton retired from the Board on 8 September 2020 and Gareth Davis retired from the Board with effect from 3 January 2021. All the other Directors held office throughout the year under review.

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

Nomination Committee Report

"A key objective is to make sure the Board has individuals with the necessary range of skills and knowledge and diversity of experiences to lead the Company."

Geoff Drabble,
Chairman of Nomination Committee

Dear shareholders

The Nomination Committee supports the Board in executive and non-executive succession planning. Our principal objectives as a Nomination Committee are:

- To make sure the Board has individuals with the necessary range of skills and knowledge and diversity of experiences to lead the Company
- To ensure that the Board is effective in discharging its responsibilities and overseeing appropriately all matters relating to corporate governance.

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

Our year under review

Alina Kessel joined the Board in May 2020 and I joined in September 2020. I then took on the role of Chairman when Gareth Davis retired from the Board in January 2021. Alina and I each bring our own perspectives and experience to these roles and look forward to building on the contributions of our predecessors.

Our priorities over the year were:

- To scope out the key skills, experience, characteristics and requirements for new Non-Executive Directors
- To keep under review succession planning at the Executive Director level and support succession planning at senior management levels
- 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
- To monitor the Group's progress towards increasing the relative number of women in senior management positions
- To improve the diversity on the Board and in the pipeline for senior management.

Membership and operation of the Committee

Member	Since
Geoff Drabble (Chairman since 3 January 2021)	2020
Celia Baxter	2019
Alina Kessel	2020
Miles Roberts	2010
David Robbie	2019
Louise Smalley	2014
Rupert Soames	2019

Chris Britton retired from the Board and its Committees on 8 September 2020 and Gareth Davis retired from the Board and its Committees on 3 January 2021.

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

Succession planning and recruitment

Over the course of the last two years the Board has had a period of structured change, as the succession planning for Non-Executive Directors has led to a phased series of appointments and retirements. The process for the appointments of Alina Kessel and myself as new Non-Executive Directors began with inviting a number of recruitment firms to participate in a selection process, focusing on a series of key questions in order to identify the appropriate consultants to support our search. Inzito were selected in that process.

A role specification was agreed and provided to Inzito, who then put forward a shortlist of candidates for review by the Committee. The shortlisted candidates were interviewed by a number of the Executive and Non-Executive Directors and the Committee made a recommendation to the Board. Rupert Soames chaired those meetings when the recruitment of a new Chairman was being considered and Gareth Davis was not involved in the process of the selection or appointment. When making decisions on new appointments, Board members consider the skills, experience and knowledge already represented on the Board and the benefits of diversity, in all its forms, including of gender, ethnicity and life experience. A similar process will be followed for the next recruitment of a Non-Executive Director to the Board.

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

One of the actions arising from the 2020 Board evaluation was to understand better the reasons for the length of time it had been taking to recruit to senior roles and how the process might be improved. A new Group HR Director joined in 2020 and an improvement of those processes is now underway.

The Committee keeps under regular review succession planning at the Executive Director level and supports succession planning at senior management levels. During 2018/19 the Nomination Committee reviewed the contingency plan for unexpected departures and the Group Chief Executive's succession plan. At our March 2021 meeting the Committee looked again at those plans (which contemplate the role being filled by either an internal or external candidate) and considered succession candidates and emergency cover candidates for each member of the General Operating Committee, including the Group Finance Director. The Group HR Director has also briefed the Committee on the talent review and calibration undertaken in relation to the Group's top management positions that report in to members of the General Operating Committee, as well as the associated leadership development programme being held at Oxford's Saïd Business School.

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. Alina Kessel and I have both undertaken a tailored induction programme, which included a virtual tour of the Livingston facility. Alina's programme was tailored to this being her first role on the board of a publicly listed company, so it included an externally-run course specifically designed for those new to such roles.

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

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

Time commitments

Under the Code the reasons for the Board permitting its members to enter into significant new external appointments should be explained in the Annual Report. In November 2020 David Robbie was appointed as a non-executive director of easyJet plc, which the Board noted, when approving his appointment, was his third directorship in his portfolio of listed company appointments. As explained in the 2020 Annual Report, as part of the process of appointing Alina Kessel to the Board, the value of her experience of living, as well as working, in a variety of countries, along with her marketing and communication experience which is kept current in her senior role with WPP, was noted. In relation to my appointment, the Committee noted the value of my range of extensive experience, particularly internationally, while also giving careful consideration to the time commitments required by these other roles.

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

Diversity

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

The Board diversity and inclusion policy (most recently reviewed by the Board in March 2021) is a policy which acknowledges the importance of diversity and includes an explicit requirement to take into account diversity when considering appointments to the Board. The Board recognises that some challenges in achieving diversity arise from social contexts with impacts not limited to the DS Smith Group, but the Board remains committed to ensuring that all have an equal chance of developing their careers within our business. (See pages 26 and 27 for more about our programmes to develop diverse leadership talent; from whom might be drawn a future generation of non-executive directors.)

As at 1 May 2021 our eight member Board was made up of three women and five men, meeting the Hampton-Alexander Review's target of one-third of Board members being women. We are very conscious of the Parker Review recommendation that each FTSE 100 board should have at least one director from an ethnic minority background by 2021 and are actively engaged currently in running such a recruitment process.

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

Independence and re-election of Directors

Biographical details of each Director, including their other directorships, their skills and experience, can be found on pages 62 and 63.

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

The Nomination Committee this year considered the then current term of appointment to the Board of Louise Smalley. Board members reviewed her commitment and contribution to the Board and its Committees, as well as the balance of her skills, knowledge and experience with those of the other Directors and it was agreed that her letter of appointment should be renewed for a further year. (Directors do not participate in any debate or decision about their own re-appointment.) The expiry date of the current term of each of the Non-Executive Directors is set out on page 102.

Information about this year's evaluation of the Board and its Committees can be found on page 72.

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:

- Assess ways that the Nomination Committee could work more effectively
- Encourage the focus on diversity and inclusion at all levels throughout the Group and understand more about the challenges and benefits of improving our reporting on diversity
- Maintain the focus on succession planning for our Executive Directors and Group Operating Committee members. Through both our organic growth and acquisitions, DS Smith has a significant pool of executive talent and the Committee continues to oversee the structure and processes in developing these executives for potential succession, including ensuring they are benchmarked against external talent.

Geoff Drabble
Chairman of the Nomination Committee

21 June 2021

Audit, risk and internal control

Risk management and internal control

Along with overall responsibility for establishing and maintaining the Group's systems of risk management and internal control (including financial, operational and compliance controls), the Board also retains ultimate accountability for the effectiveness of the systems and processes implemented. The Board confirms it has conducted an annual review of the overall effectiveness of the Group's system of internal controls and risk management procedures implemented during the year and up to the date of approval of this Annual Report.

The systems and processes implemented are designed to identify, manage and, where possible, eliminate the risk of failure to achieve 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 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 and compliance teams 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 were tested in an unprecedented way during 2020 by the impact of the Covid-19 pandemic. Management and employees responded well, tailoring and redesigning certain risk mitigation remedies and preventative measures to ensure that the principal risks and uncertainties the Group faces continued to be managed effectively. The Audit Committee has kept up to date with these developments throughout the year and has noted the way in which our divisions and Group functions were able to demonstrate their resilience, with revised risk mitigation remedies being integrated into the existing support systems.

With a larger number of previously office-based employees continuing to work remotely in the past year, the Group has been looking for ways to improve the assessment and management of its key risks, despite in-person meetings and the debate opportunities they provide, not being possible. The Group Compliance Committee has continued to meet regularly. Recent topics have included a specific review of business continuity in the light of the Group's experience in the Covid-19 pandemic. This year the Group's management standards were updated and, as part of those revisions, risk management has been explicitly highlighted as one of the foundational elements of these refreshed management standards.

The Board remains encouraged by the work undertaken across the Group with investment being made in financial, operational and reputational risk management to ensure effort is well directed and with the right level of intensity, enabling the Group to remain in a strong position to respond rapidly to those risks that do emerge.

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

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 to risk and discussion of key aspects of execution of the Group's strategy remain the responsibility of the Board. The Board has delegated to the Audit Committee the responsibility for establishing a system of internal controls appropriate to the business environments in which the Group operates. Key elements of this system include:

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

- Communicating key corporate values through our Code of Conduct and associated policies to all employees to ensure relevant staff are properly equipped to exercise management oversight and control.

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

Internal Audit

The Group's Internal Audit function undertakes regular reviews of the operations of standalone entities, functions and Group processes in accordance with a previously agreed audit plan, including an assessment of implemented systems of internal control. The Internal Auditor then makes recommendations on potential control process improvements and will conduct supplementary reviews to ensure that management implements the recommendations made. During the year, Internal Audit's activities were supported and complemented by Group governance and compliance teams.

The Internal Audit plan together with the work plan of the Group governance and compliance teams is determined on a risk assessment basis and is reviewed and approved by the Audit Committee.

Findings from Internal Audit and Group governance and compliance teams are reported to Group and divisional business management as well as to the Audit Committee.

The Company elected to bring the Internal Audit function in-house with effect from 1 May 2021 and appointed a Head of Internal Audit during the 2020/21 financial year. The outsourced arrangements with KPMG ceased with effect from 1 May 2021. Professional firms will continue to provide co-source support as required. The new function will provide assurance separately from the Group governance and compliance teams, and is intended to extend the coverage of independent governance and compliance assurance for the Group. Also from 1 May 2021, the governance and compliance team has become a centrally-led function, as opposed to regionally and divisionally based. It will continue to maintain and develop the internal control framework, provide support and training to the business in complying with that framework and manage compliance with the emerging requirements from the recent UK government consultation on audit matters.

Annual risk reporting cycle

May – Jul

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

Internal Audit reviews their programme and key control risks

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

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

Aug – Oct

Divisions update risk assessments and integrate into their corporate plans

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

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

Internal Audit reviews their programme and key control risks

Audit Committee reviews and approves completed Internal Audit reports and reviews status of programme – this included in 2020 a deep dive into three of our principal risks

Nov – Jan

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

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

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

Feb – Apr

Group functions, divisions and regions produce year-end review of principal and business risks

Internal Audit undertakes the year-end assessment of Internal Audit needs

Group Compliance Committee reviews a selection of Group function and/or divisional risks including in 2021 a specific review of business continuity

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

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

Audit Committee Report

"The Group's established procedures enabled the financial reporting process to continue efficiently during the year, despite the many challenges presented by the Covid-19 pandemic."

David Robbie,
Chairman of Audit Committee

Dear shareholders

The Audit Committee supports the Board in its oversight of the control framework across the Group. 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.

I am pleased to report that the Group's established procedures and systems to identify, mitigate and manage risks enabled the financial reporting process to continue uninterrupted during the year, despite the many challenges presented by the Covid-19 pandemic. The finance team delivered an impressive volume of work in difficult times and I would like to thank them for their sustained commitment.

Our role

The Audit Committee's role is pivotal in ensuring the robustness of the Group's risk management activities and internal control environment, thereby ensuring the integrity of the financial reporting process. As Chairman of the Audit Committee I make myself available at the Company's annual general meeting (AGM) to answer any shareholder questions on the Committee's remit.

Membership and operation of the Committee

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

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 individual Directors' attendance can be found on page 70. As and when required, the Audit Committee members and I were joined by the Group Chief Executive, the Group Finance Director, the Group Financial Controller and representatives from the external Auditor and Internal Audit for parts of these meetings, by invitation. The external Auditor was not present at meetings where their performance and/or remuneration was discussed. The Audit Committee also met privately with the external Auditor as appropriate.

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

The Board is satisfied that I, as Chairman of the Committee, and the other members of the Audit Committee have both current and relevant financial experience (as set out on pages 62 and 63) 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, I, as Chairman of the Audit Committee, held separate individual meetings during the year with representatives from Internal Audit, the Group Finance Director and his team and the external Auditor.

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

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

- Risk management, internal control and compliance enhancements
- Quality of earnings
- Financial commitments and liabilities
- Update on M&A-related activity
- Pensions
- Taxation matters, including review of strategy and risks
- Internal Audit status update, in-house governance compliance and corporate governance update

June 2020

- Review of the 2019/20 Annual Report and announcement, including a review to ensure the report was fair, balanced and understandable
- Going concern and viability statement, including Covid-19 impact assessment
- Impairment assessment review
- Effectiveness of internal control framework update
- Review of adjusting items
- Review of risk appetite and tolerance statement
- 2020/21 Internal Audit plan
- External Auditor report
- Review of external Auditor effectiveness paper and recommendation to the Board to re-appoint Deloitte for 2020/21
- Cyber review

October 2020

- Further rigorous review of adjusting items
- Non-financial areas to be targeted by Internal Audit plan
- Impairment assessment review
- 2020/21 external Auditor plan
- 2020/21 Internal Audit plan and confirmation of KPMG LLP's independence
- Ethics and compliance report review
- Corporate governance training (provided by Deloitte)

December 2020

- 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 review (joint with recently appointed Head of Internal Audit and KPMG LLP)
- Non-audit fees review

April 2021

- Update on full year forecast results and trading outlook
- 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 (including for non-audit services)
- Review of emerging risks and risk update
- Review of Internal Audit Plan

June 2021

- Review of the 2020/21 Annual Report and announcement, including a review to ensure the report was fair, balanced and understandable
- Going concern and viability statement
- Impairment assessment review
- Effectiveness of internal control framework update
- Review of adjusting items
- Review of risk appetite and tolerance statement
- 2021/22 Internal Audit plan
- External Auditor report
- Review of external Auditor effectiveness paper and recommendation to the Board to re-appoint Deloitte for 2021/22
- Review of the audit tender process and agreement of recommendation to the Board

Risk management, internal control and Internal Audit

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

The Audit Committee considered the Group's risk management activities during the year (with specific discussions of such topics as paper price volatility, regulation and governance, packaging product development risks, business continuity and emerging risk developments). 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.

The Committee approved the Group's annual Internal Audit plan, which was primarily risk-based, focusing on the assurance of core processes and projects, as well as overseeing internal 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. An ongoing review of the effectiveness of the Internal Audit function is performed by the Committee, focusing on the content and delivery of the regularly-received reviews, action plans and activity summaries. This, along with the annual review and evaluation of the performance of the Internal Audit function, enabled the Committee to remain satisfied that the quality, experience and expertise of the function is appropriate for the business. Owing to the strong capabilities of our governance and compliance team, which have developed with the support of the KPMG LLP-led Internal Audit function, the Company has elected to return to an in-house Internal Audit model from 1 May 2021 to provide independent assurance. We would like to thank KPMG LLP for their service and insightful reviews provided during a period of significant growth and change for the Group.

The expanded internal control framework developed during the 2019/20 financial year has been rolled out as intended, complemented with comprehensive training.

A key element of the Committee's oversight role is to challenge management and test the validity of any critical assumptions, never more so than in times of uncertainty. In 2020/21, building on its work in 2019/20, the Committee has again focused on debating cyber risks generally, including those present in operational technology. In light of Covid-19 and in common with other businesses, the imperative of encouraging an even wider range of scenarios than usual to be developed to enhance the supporting evidence in relation to the viability statement and going concern basis of accounting in the 2020 Annual Report was recognised and acted upon. Other discussions have probed the implications of the number of employees working from home, or other unaccustomed locations, due to Covid-19; the degree to which a strength, if over developed, could become a weakness; and the level of engagement at all levels of the Group with the risk management processes.

Confidential reporting

The Committee receives a separate report on matters raised through 'Speak Up!', the Group's confidential reporting channel, and any related investigations. The Code specifies that reports arising from such confidential reporting channels should either be reviewed by the Board or an explanation given. All Board members attend that part of the Audit Committee meeting when 'Speak Up!' and any related investigations are reported on. This means that representatives from both Internal Audit and the external Auditor (who attend the Audit Committee meetings but not Board meetings) can contribute their perspectives, which is a valuable part of the review process. Internal Audit are also able to provide specialist support where such assurance is considered necessary. Following consultation with the EWC, in March 2021 the Board reviewed and approved a revised 'Speak Up!' policy, updated to reflect recent legislative developments. Board members during that review debated the tensions inherent in having a comprehensive policy that by its length might be less accessible than the highly visual and simplified posters that have recently been refreshed.

Financial reporting

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

Significant matters considered in relation to the financial statements

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

Our key responsibilities

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

- Ensuring the integrity of financial reporting and associated external announcements
- Reviewing and challenging the application of the accounting policies and principles reflected in the Group's financial statements
- Assessing the basis on which the viability statement and going concern statement are being made and testing 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, performed on the Group's behalf during the year by KPMG LLP, and going forward by the in-house Internal Audit function, which is independent from the Group's external Auditor
- Overseeing the Group's risk management processes and performance
- Reviewing the effectiveness of established fraud prevention arrangements and reports made through the confidential 'Speak Up!' policy process
- Assessing the Group's compliance with the 2018 UK Corporate Governance Code (Code)
- Providing advice to the Board on whether the Annual Report and financial statements, when taken as a whole, are fair, balanced and understandable and provide all the necessary information for shareholders to assess the Group's performance, business model and strategy.

Other activities of the Committee

Financial Reporting Council (FRC) correspondence

In November 2020, the FRC issued their annual advice letter to Audit Committee Chairs and Finance Directors in advance of the 2020/21 reporting period. Not surprisingly, the presentation of financial information in a Covid-19 environment was a key item in this year's letter. Guidance provided by the FRC subsequent to the preparation of the 2019/20 Annual Report was reviewed against the disclosures made in the prior year's Annual Report and considered in the preparation of the current year's Annual Report. Other matters raised by the FRC included the impact of Brexit on company-specific risks and uncertainties and the section 172 statement and reporting. All matters raised have been reviewed and appropriate disclosure updates reflected, where required.

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, such as cyber specialists, or from members of senior management. At its briefing session in October 2020, the Committee considered what might be the next steps taken in response to the recommendations in the Brydon Review, the CMA report and the Kingman Review and in April 2021 the Committee was briefed on the UK government's March 2021 consultation paper calling for feedback on a number of questions in these areas. The Committee reviewed its effectiveness as part of the wider Board's review of its effectiveness, as described on page 72.

External Auditor

Effectiveness

In addition to the external Auditor confirming their independence, and objectivity, the Audit Committee also evaluates and monitors their effectiveness through a review of the qualifications, expertise and resources of the engagement team. This is conducted through direct assessment and recurring activities. As part of the current assessment of effectiveness, the Audit Committee has taken into consideration the guidance issued by the FRC. Based on evidence from management, the external Auditor and, as appropriate, external sources together with its own experience, the Audit Committee assessed the mindset and culture, skills, character and knowledge, quality control and judgement of the Auditor. The assessment considered the degree of challenge to management, the issues identified and the quality of explanations. The Audit Committee recognises that the quality of an audit is paramount. Particular note was taken of the current year audit work, considered against the backdrop of the Covid-19 pandemic, which has presented practical process challenges and required enhanced audit requirements. The Committee is satisfied with the effectiveness of the Auditor and that the current year audit was one of high quality.

The quality of the audit is also assessed by the Committee, informed by discussion of each post-audit review.

Separate to the meetings of the Audit Committee, I meet regularly with the lead external Audit engagement partner, as do other individual members of the Committee.

In December 2019, an update to the May 2015 Audit Committee Practice Aid on Audit Quality was published by the FRC. The update contained significant changes in respect of the external audit tendering process as well as refined guidance on the assessment of auditor effectiveness. Our approach to auditor effectiveness complies with this guidance.

Independence and objectivity

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

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

Non-audit services and fees are reported to the Audit Committee twice each year. During 2020/21, total non-audit fees paid to the external Auditor of £0.4 million were 9 per cent of the annual Group audit fee (2019/20: £0.3 million: 8 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 £0.7 million for work relating to Internal Audit.

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

Auditor's fee, appointment and tender process

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

Deloitte LLP were first appointed as external Auditor to the Group in 2006. Nicola Mitchell became the lead audit partner for the 2018/19 year end, with her five year rotation to end with the 2022/23 audit.

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. Deloitte has been the external Auditor following the tender process in 2013/14. Mindful of the constraints within the audit market, the Committee decided to put the external audit out to tender a year earlier than the ten-year limit would require. The tender process was conducted in accordance with the applicable legal requirements and followed the relevant FRC guidance. At its June 2021 meeting the Committee recommended to the Board that Ernst & Young LLP be appointed external Auditor with effect from the 2022/23 audit.

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 2021.

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 the range of Internal Audit's reviews in the coming year to include Group processes and functional assurances such as looking at the safeguards around anti-bribery and corruption policies and the effective operation of the 'Speak Up!' protocols while maintaining the rigour of internal financial control assurance
- Look in greater detail at emerging risks for the Group
- Continue to monitor legislative and regulatory changes that may impact the work of the Committee, particularly the outcome of the UK government's consultation paper on restoring trust in audit and corporate governance which develops many of the recommendations in the earlier Brydon Review, the CMA report and the Kingman Review
- Monitor adjusting items and policy.

David Robbie
Chairman of Audit Committee

21 June 2021

Remuneration Committee Report

"As a Committee, we take our decisions in the context of the Group's achievements and the wider stakeholder experience."

Celia Baxter,
Chairman 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 2021, which sets out our implementation of the remuneration policy that was approved by shareholders at the Annual General Meeting (AGM) in September 2020.

As usual, my letter on pages 84 to 86, the summary on pages 87 and 88 and the Annual Report on Remuneration on pages 94 to 107 will also be presented for approval by an advisory vote at our AGM in September 2021.

Our purpose as a Remuneration Committee is to develop a reward package that supports our vision and strategy as a Group and to ensure the rewards are performance-based and encourage long-term shareholder value creation. In the past 12 months many things have changed in the world around us, but the Group's strategic focus continues to be on being a leader in sustainable fibre-based packaging, with a corporate Purpose of 'Redefining Packaging for a Changing World'. All regions in which the Group operates were affected by the Covid-19 pandemic, but all our sites remained operational as essential suppliers to critical supply chains. We continued to deliver to our customers, to develop new and improved ways of meeting their needs (for example our new web-based business, ePack) and to develop innovative sustainable solutions. All these factors drive the Group's ongoing profitability and cash flow, which are the current performance measures for our incentive plans.

Our achievements and variable pay outcome

The full financial year of 2020/21 has been impacted by Covid-19 and this has been a year unlike any other in our lifetimes, but in these uncertain times we have worked in tandem with governments to ensure that our factories could remain open and continue to keep goods moving, including vital supplies like medicines and food. Putting the safety and wellbeing of our workforce as our first priority has enabled us to support our customers and their supply chains and we are proud of what our employees have delivered for our customers in these difficult times.

You can read about the achievements of our business during 2020/21 in more detail in the Strategic Report starting on page 1. Highlights for the 2020/21 financial year include:

- Return on sales of 8.4%
- Adjusted operating profit of £502 million
- 14% reduction in accident frequency rate
- MSCI Index rating has increased from A to AA.

In respect of the variable pay elements linked to the 2020/21 financial year, the Committee has decided that the Executive Directors will receive 98% of the maximum annual bonus opportunity. Further details are set out below and on pages 96 and 97.

Unfortunately, the performance share plan (PSP) award made in 2018 which was due to vest in June 2021 based on the three year average earnings per share (EPS) and return on average capital employed (ROACE) performance between 2018/19 and 2020/21 and the three year cumulative relative total shareholder return (TSR) performance, did not meet the threshold targets for the two financial measures and fell below median for the relative TSR measure. The financial targets were set in 2018 in the context of the expectation of a stable economy and were not adjusted, but the negative impact of the pandemic on the 2020/21 results made those targets unachievable.

With many of DS Smith's markets in lockdown at the beginning of the year, and consequently very weak trading and an uncertain outlook, 2020/21 presented the Committee with significant challenges in setting realistic but stretching targets for the annual bonus incentive. The targets the Committee chose demanded a significant improvement in profitability month by month as the year progressed and were aligned to the sell-side consensus at the time; they ultimately proved successful in incentivising an impressive recovery from the very weak trading seen in the first months of the year. The targets were not amended by the Committee.

The bonus award as a percentage of maximum will apply to around 1,500 employees who participate in the Group bonus plan and the vesting percentage of 0% under the 2018 PSP will apply to the top 150 senior managers who participate in the Group's long term incentive plan. When deciding the level of these variable pay elements, the Committee considered the experience of the Group's stakeholders during the 2020/21 financial year. In respect of the 2020/21 financial year, an interim dividend has been paid and a final dividend has been recommended, subject to the approval of shareholders at the forthcoming AGM. The share price on 30 April 2021 was £4.21, up from a low of £2.53 earlier in 2020. Employment levels Group-wide have been maintained, with a strong focus on employee health and wellbeing, exemplified by a Group-wide extra day of holiday offered in 2021. Any UK Government furlough support taken in the initial stages of the pandemic, when the situation was very uncertain, has been repaid. The Group's connection with the local communities where our sites are based has become much stronger in the past year through increased engagement in community programmes. (Some examples of this are described on page 32). Our commitment to carbon reduction has continued, with a 23% relative to production decrease from 2015 levels. Most importantly for our customers, and for their customers, putting in place new policies and practices to allow production to continue, has enabled volume growth and supported responsiveness to react to changes in customers' needs. The proportion of orders that are delivered on time, in full across our businesses has, despite the circumstances of the past 12 months, remained at 95 per cent, as it has been for the previous two years. The Committee also noted that there were some negative impacts of the pandemic in the last quarter of 2019/20 and this had resulted in no bonus award being payable under the 2019/20 plan. The Committee concluded that the variable pay outcome (both of the annual bonus and PSP) in respect of 2020/21 appropriately reflected the Company's performance in the period and was commensurate with the broader stakeholder experience in the period. It was therefore not felt necessary to apply any discretion to amend the outcome. The Committee also concluded that the remuneration policy has operated as intended, both in terms of appropriately incentivising corporate performance and in respect of quantum.

Our year under review

The key discussions and decisions taken since 1 May 2020 were:

- Finalising the proposed remuneration policy for 2020-2023 that was approved at the 2020 AGM
- Considering the impact of Covid-19 on the business when deciding on the appropriate approach for bonus and PSP: for determining vesting levels and the grant size, selecting performance measures and targets, making sure that such decisions take into account the new economic context with reference to the wider workforce and the expectations of other stakeholders, such as our investors, suppliers and customers, but at the same time balancing the business need for meaningful incentivisation for management and recognition for leading through unusually challenging and turbulent times
- Reviewing the salaries of the Group Chief Executive and Group Finance Director and the next layer of management. Agreeing that for them (unlike the majority of the workforce) pay increases in August 2020 would be postponed until the economic situation was more certain. Deciding, having gained the necessary clarifications and in line with the approach taken for others within the workforce affected by the pay review postponement, an interim pay review would be implemented with effect from 1 January 2021. Reviewing these salaries as usual in April 2021 and deciding that a pay increase in line with the average increase provided to the workforce as a whole would be implemented on 1 August 2021
- Reviewing the market rates for comparable positions when setting the fee for the Chairman with effect from 3 January 2021
- Bringing forward the further review of the alignment of the Executive Directors' pension contributions with the workforce and making a commitment for the incumbent Executive Directors' pension contributions to be aligned with that available to the workforce in the UK (being the country where they are based for employment purposes). The Group Chief Executive's pension contribution reduced by 10% in 2020 and will reduce by a further 5% on 1 August 2021 to 15% of annual salary. The Group Finance Director's pension contribution was reduced by 5% in 2020 and will reduce by a further 5% on 1 August 2021 to 10% of annual salary. Due to the amount of the pension contribution reduction required to align with that available to the workforce in the UK, currently 6%, the Committee agreed that full alignment with the UK workforce rate would be achieved by 1 August 2024
- Setting the targets for the annual bonus and PSP awards made in 2020/21 and the performance measures and weighting for the 2021/22 awards. For recipients of PSP awards below Executive Director level it was agreed that part of the award made in 2020 would, with an appropriate discount applied, be made in restricted stock with no performance conditions. This decision was taken at a time of uncertainty in July 2020 when the impact of the pandemic was unclear, but the need for meaningful incentivisation and retention was clear
- Agreeing to make a retention and recognition award in 2020 under the Deferred Share Bonus Plan (DSBP) to over 1,500 employees below Executive Director level whose annual bonus is determined by reference to the Group bonus plan
- Reviewing the Group Finance Director's PSP award level and deciding to increase it from 175% to 200% of salary and commensurately increasing the shareholding requirement for from 175% to 200% of salary. This was done taking into account his experience and advancement in the role and the market position, ensuring that the resulting total remuneration package remained no higher than mid-market for the Group Finance Director role in companies in the FTSE51 to 150 (excluding Financial Services companies); while noting that the opportunity will only be realised if the corporate targets are met and five years after the awards have been granted
- Assessing the costs and benefits of operating Group-wide employee Sharesave plans and deciding to continue to operate them in countries where there are larger employee populations and no constraining legal or taxation restrictions
- As part of developing the Committee's understanding of the remuneration-related policies that apply to the wider Group's workforce, we have held a series of briefing sessions to further enhance our knowledge of the broader approach to reward being taken across the Group, building on the programme that started in 2018/19. During the year we completed the initial 18 month programme of briefing sessions, to provide information on the type of benefits available across the Group including retirement benefits, healthcare, life insurance, disability cover and employee assistance programmes, including, as appropriate, the level of State support. (Separate updates were given to those Non-Executive Directors who had recently joined the Committee and missed parts of the programme.) Going

forward the Committee will be updated on any major policy changes for the workforce or new approaches to remuneration.

Our conversation with our workforce

The diagram on page 89 sets out the approach the Group is taking to collate ideas and hear any concerns from the workforce around reward. One of the consequences of Covid-19 has been an enforced delay on our planned expansion of this programme of engagement at site level. While there are many things that can be done through the medium of electronic meetings, focus sessions at site level are most valuable and insightful when held in person.

The UK Corporate Governance Code asks the Board to ensure effective engagement with, and encourage participation from, its shareholders and stakeholders. As a Board we decided that the complexities of consulting and engaging with around 29,000 people at more than 350 sites and offices, in more than 30 countries are such that engagement with the workforce was not a role for just one person (such as a designated non-executive director). The Board has used as its starting point for this important work the European Works Council (EWC), a formal workforce advisory panel. It has chosen to build on that existing structure as it is already a well-established forum for engagement on a range of matters relating to the workforce. The Board considers it appropriate to use this body, initially, as a communication channel with the workforce to hear the 'employee voice' in the boardroom.

An EWC representative joined a Committee meeting this year to support and inform discussions about Sharesave (our employee share plan). Prior to that meeting we worked closely with the EWC representative to design a questionnaire to send out to all employees across the Group to find out:

- What people thought about Sharesave
- What their motivations for joining the plan were
- What the main reasons holding people back from joining the plan were.

The EWC representative then attended the Committee meeting to present the feedback received from around 4,000 employees (drawn from across a broad representation of the whole employee population). He also provided his own insight on what improvements could be made to continue to increase participation levels. Overall, the satisfaction for those participating in Sharesave was extremely high. Accordingly, the ongoing focus will be on ensuring that those employees who choose not to participate are making a fully informed choice and understand the benefits provided by Sharesave that they are foregoing.

In addition, I once again attended a meeting of the EWC Executive to engage with them and give an updated presentation about how executive remuneration policy is set and take questions from them about the way in which the Committee operates. In our meeting in March 2021 we covered the changes made to the remuneration policy which had been approved by shareholders at the 2020 AGM and discussed some of the considerations the Committee has to take into account in making its decisions about executive remuneration in the new Covid-19 environment. The focus of the meeting was to engage with the EWC representatives to explain how executive remuneration aligns with wider Group pay policy, but the representatives were also keen to share their views on aspects of the remuneration of the wider workforce, such as the level of discount offered when setting the Sharesave option price and the scope for an increase in the pension contribution rates offered to the workforce. These meetings are now a regular feature of the routine timetable as the EWC Executive value the opportunity they provide and find them useful to understand more about matters relating to the Executive Directors' remuneration and its alignment with that of the wider workforce. Any other reward-related feedback from any sources, whether that is from pulse engagement surveys, Town Hall meetings, management site visits or social media is fed back to the Remuneration Committee.

The Committee decided to take this more structured approach to consulting with the workforce on executive pay, as we felt that it would be a more effective way to open and develop the dialogue about remuneration matters. The Committee will consider further steps to consult more widely, taking into consideration the complexities of achieving this when travel is likely to remain restricted for a period in the pandemic-aware world.

Looking forward

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

- Develop further the programme of topics discussed with the EWC representative
- Work with the EWC Executive to support them in keeping the wider workforce appropriately informed and listening to their feedback on executive remuneration matters
- Keep abreast of the continuing changes in regulation and best practice with regard to remuneration policy and practice and carefully consider the applicability of any such trends to our business.

Due to the current uncertain times, the difficulties of predicting customer demand and the economic conditions, target setting for incentive plans continues to be challenging. The Committee recognises that it may need to exercise discretion on any vesting of the respective plans in forthcoming years.

As a Committee we are mindful that some shareholders are encouraging companies to introduce non-financial performance measures, particularly ESG (environmental, social and governance) measures. To lead the way in sustainability is a key pillar of our corporate strategy and success in the delivery of that strategy feeds directly into the financial KPIs used in our short and long-term incentive plans. To reinforce the importance and commitment to this, the 2021/22 annual bonus plan will include an ESG underpin (see page 97 for more details). Looking further ahead, although we have the flexibility in our remuneration policy to introduce such ESG metrics into the primary performance measures, the Committee is conscious that this would need careful consideration. The current incentive measures are considered to be clear, challenging, consistent and well understood. The Committee will however continue to consider and review this matter as practice matures. More details about our approach to sustainability are set out on pages 30 to 33 of the Annual Report, as well as in our latest Sustainability Report.

Our conversation with our shareholders

Shareholder views, whether directly or indirectly expressed, together with relevant guidance and emerging trends, are carefully considered when reviewing reward design and outcomes. At the AGM in September 2021, shareholders will be asked to vote on the Remuneration Report. I hope that the Committee will have your support.

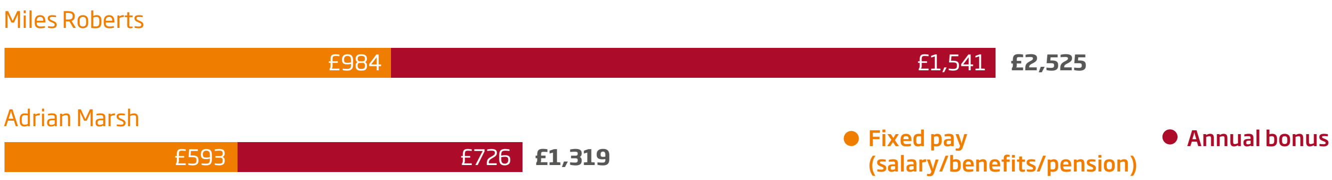
As Committee Chairman, I continue to be available to engage with shareholders, as they so wish, on remuneration matters.

Celia Baxter
Chairman of Remuneration Committee

21 June 2021

Remuneration at a glance

Single total figure of remuneration for 2020/21 (£'000s) (Audited)



	Total £'000		Increase (decrease)
	2020/21	2019/20	
Miles Roberts	**2,525**	1,422	78%
Adrian Marsh	**1,319**	796	66%

For more information on how this is calculated see page 94.

2020/21 performance related outcomes

Vesting as a % of maximum	2020/21 annual bonus	2018/19 PSP vesting in 2021/22
Miles Roberts	98%	0%
Adrian Marsh	98%	0%

Salary and shareholdings

Salary increases with effect from 1 August 2021 are set out on page 95.

The percentage of salary each Executive Director holds in shares is set out on page 101.

Pension

The contribution rates for incumbent Executive Directors are being reduced. Miles Roberts receives an annual pension allowance which was reduced from 30% of base salary to 20% with effect from 1 August 2020 and will be reduced again to 15% with effect from 1 August 2021. Adrian Marsh receives an annual pension allowance which was reduced from 20% of base salary to 15% with effect from 1 August 2020 and will be reduced again to 10% with effect from 1 August 2021. The pension allowance of both Miles Roberts and Adrian Marsh will be reduced further so that their pension benefit will be aligned with that available to the workforce in the UK (being the country where they are based for employment purposes) with effect from 1 August 2024.

2021/22 application

The table below sets out a summary of how the remuneration policy for 2020-23 will apply during 2021/22.

Remuneration element	Application of the remuneration policy

Base salary	• Salaries will be increased by 2.5% (in line with the average increase of 2.5% for the workforce as a whole) as follows:
	  • Group Chief Executive £814,000; and
	  • Group Finance Director £511,500.

Annual bonus	• No changes to maximum award levels of:
	  • Group Chief Executive 200%; and
	  • Group Finance Director 150%.
	• Bonus paid half in cash and half in deferred shares, under the deferred share bonus plan (DSBP), with the shares vesting after three years.
	• The performance measures for 2021/22 remain as adjusted EBTA and free cash flow with equal weighting. (Details of the ESG underpin are set out on page 97.)

Performance share plan (PSP)	• No change to maximum award level for Group Chief Executive of 225% • Increase in award level for Group Finance Director from 175% to 200%. • The performance measures for 2021/22 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.

Remuneration element	Application of the remuneration policy in 2021/22 (continued)
Pension	• With effect from 1 August 2021 the contribution or cash alternative rate is reduced: • Group Chief Executive from 20% to 15%; and • Group Finance Director from 15% to 10%.
Shareholding guidelines	• Shareholding target remains at 225% of salary for the Group Chief Executive and increases from 175% to 200% for the Group Finance Director. • Actual holding (valued at 30 April 2021 share price) was 1,317% and 551% respectively. Any shares that vest under the PSP awards granted in 2020/2 1 will be held in a nominee arrangement for the appropriate period, because they are also subject to a post-employment holding condition (in addition to the two-year post-vesting holding condition).

Illustration of the application in 2021/22 of the remuneration policy

The balance between fixed and variable 'at risk' elements of remuneration changes with performance. Our remuneration policy results in a significant proportion of remuneration received by Executive Directors being dependent on performance. The total remuneration of the Executive Directors for maximum, target and minimum performance in 2021/22 is presented in the charts below. (The basis of the calculation of the share price appreciation is that the share price embedded in the calculation for the PSP awards in the maximum bar chart is assumed to increase by 50% across the performance period.) These figures are indicative as future share prices and future dividends are not known at present.

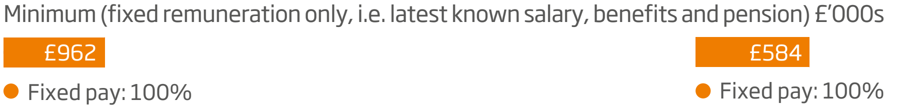
Miles Roberts | Adrian Marsh

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

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

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

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



Key attributes to consider in reviewing remuneration matters

Under the 2018 Corporate Governance Code (the Code) the Committee is asked to describe with examples how it has considered six specific factors. In 2020 the Committee's review of the remuneration policy was an example of taking all these factors into account, but in every year the decisions made in relation to remuneration matters are taken in alignment with the over-arching reward principles that apply to all executive management. These principles are periodically reviewed by management and considered by the Remuneration Committee.

In 2021 the Committee reviewed the reward principles (set out on page 89) and noted that these principles are **clear** and **expressed simply**. Under our reward principles incentive levels are to be **proportionate** and designed in a way **to minimise any behavioural risks**.

All the criteria for each element of an individual's remuneration are explained, so that each individual has a clear and **predictable** line of sight as to what actions will impact their remuneration outcomes, so that all remuneration is appropriately earned for genuine business performance aligned to Company **strategy**.

DS Smith reward principles

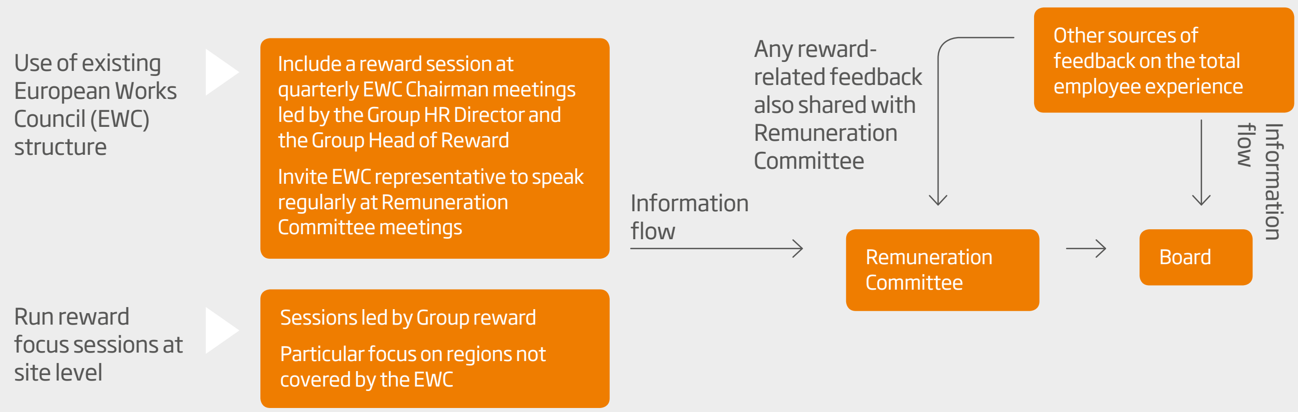
As part of good practice for any reputable company we apply the following baseline principles when setting reward across the organisation:

- 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.

1. 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.
2. We strive to have consistent policies and practices at a local level and transparency in our benefits offering and policies.
3. 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.
4. All employees should have the opportunity to share in the success of the Group.
5. Share ownership is fundamental at senior levels and desirable across the Group.
6. 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.
7. Our pension offering should be competitive with the local market where this is a benefit valued by employees.
8. 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.
9. In managed exits people should be treated fairly, in line with the Group's values and with dignity, but failure should not be rewarded.
10. Safeguards are applied to ensure that incentive levels are proportionate, appropriately earned for genuine business performance aligned to Company strategy and designed in a way to minimise any behavioural risks.

Employee voice in the boardroom



The remuneration sections of this report explain how we have applied aspects of principles P, Q and R in section 5 (remuneration) of the Code and how we have put the provisions of that section into practice, as well as how we have complied with the Companies Act 2006 and other regulatory requirements in relation to remuneration matters. After the introductory letter from the Chairman of the Remuneration Committee, we summarise the remuneration of the Executive Directors in our 'at a glance' section. We have put that summary section next as we know some readers are less interested in the more detailed sections that follow about how the implementation of the remuneration policy has operated in practice in the year under review in 2020/21 and how the remuneration policy will operate in 2021/22. Finally there are some other required disclosures that also relate to remuneration matters included in the last part of this Remuneration Report.

Remuneration policy

(approved in 2020)

Set out below are the key elements of our Directors' remuneration policy applicable from 8 September 2020 when the policy was approved by our shareholders. The full policy can be found in the Annual Report 2020 on our website at https://www.dssmith.com/investors/annual-reports/archive. Since the policy was approved at the 2020 AGM, the Committee has in 2021 undertaken a further review of the level of pension contribution and on 1 August 2024 the maximum pension contribution for the Executive Directors will be reduced further to be aligned with that available to the workforce in the UK (being the country where they are based for employment purposes).

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

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

Element, purpose and link to strategy	Operation and performance metrics	Maximum opportunity
All employee share plan Encourages long-term shareholding in the Company.	Executive Directors have the opportunity to participate in the UK or international sharesave plans on the same terms as other eligible employees (which is currently an opportunity to save up to £250, or local currency equivalent, per month). There are no performance conditions applicable to awards.	Up to £500 per month (or local currency equivalent).
Pension To remain competitive in the marketplace and provide income in retirement.	Executive Directors can elect to: • participate in the Group's registered defined contribution plan (DC Plan); or • receive a salary supplement; or • a combination of the above.	Maximum: 20% (for Group Chief Executive) and 15% (for Group Finance Director) of base salary from 1 August 2020 (combined cash supplement and DC Plan contribution). On 1 August 2021 the maximum pension contribution will be reduced to 15% (for Group Chief Executive) and 10% (for Group Finance Director) of base salary. A further review of the level of pension contribution will take place in 2022[1]. 1. Since the policy was approved at the 2020 AGM the Committee has in 2021 undertaken a further review of the level of pension contribution and on 1 August 2024 the maximum pension contribution for the Executive Directors will be reduced further to be aligned with that available to the workforce in the UK (being the country where they are based for employment purposes). Future appointments to the Board or any Board member changing roles would be given a pension benefit aligned with that available to the workforce in the country where they are based for employment purposes.
Benefits To help retain employees and remain competitive in the marketplace.	Directors, along with other UK senior executives, receive a car allowance or company car equivalent, income protection insurance, four times life cover, family medical insurance and subsidised gym membership. Additional benefits (including a relocation allowance) may be provided from time to time, where they are in line with market practice. Any reasonable business related expenses may be reimbursed (including tax thereon, if deemed to be a taxable benefit).	Benefit levels may be increased in line with market levels to ensure they remain competitive and valued by the recipient. However, as the cost of the provision of benefits can vary without any change in the level of provisions, no maximum is predetermined.
Non-Executive Directors and Chairman Attract and retain high performing individuals.	Reviewed annually by the Board (after recommendation by the Committee in respect of the Chairman). Fee increases, if applicable, are normally effective from 1 August. The Board and, where appropriate, the Committee, considers pay data at comparable companies of similar scale. The Senior Independent Director and the Chairmen of the Audit and Remuneration Committees receive additional fees. No eligibility for participation in bonuses, retirement plans or share plans but limited benefits may be delivered in relation to the permanency of their duties as a Director (e.g. hospitality, provision of a mobile phone, tablet/laptop and travel-related expenses). Tax may be reimbursed if these benefits are deemed to be a taxable benefit. If there is a temporary yet material increase in the time commitments for non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload.	No prescribed maximum annual increase. Details of current fees are set out in the annual report on remuneration. Aggregate annual fees limited to £1,000,000 by Articles of Association.

Discretions and judgements

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

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

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

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

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

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

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

In summary: key objectives of our remuneration policy

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

- Attracts and retains high calibre Executive Directors and senior managers in a challenging and competitive business environment
- Reduces complexity, delivering an appropriate balance between fixed and variable pay for each Executive Director and the senior management team
- Encourages long-term performance by setting challenging targets linked to sustainable growth
- Is strongly aligned to the achievement of the Group's objectives and 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 on page 89)
- Takes into account overall corporate performance as well as business performance.

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

Annual report on remuneration

The tables below show how we have applied the remuneration policy during 2020/21. They disclose all the elements of remuneration earned by the Directors during the year. Full details of the policy that was voted on in 2020 are included in the 2020 Annual Report and is available on our website.

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

Single total figure of remuneration for each Director (audited)

Executive Directors		Salary £'000	Benefits[1] £'000	Pensions[2] £'000	Total fixed remuneration	Annual bonus[3] £'000	Long-term incentives £'000[4]	Total variable remuneration	Total single remuneration figure
Miles Roberts	2019/20	778	22	233	1,033	0	389 [4]	389	1,422
Group Chief Executive	**2020/21**	**786**	**21**	**177**	**984**	**1,541**	**0**	**1,541**	**2,525**
Adrian Marsh	2019/20	489	19	98	606	0	190[4]	190	796
Group Finance Director	**2020/21**	**494**	**19**	**80**	**593**	**726**	**0**	**726**	**1,319**

1. Taxable benefits in 2019/20 and 2020/21 principally include a car allowance of £20,000 for Miles Roberts and £17,500 for Adrian Marsh. Both Directors also receive income protection, life and health cover.
2. In lieu of membership of the defined contribution scheme Miles Roberts receives an annual pension allowance which was reduced from 30% with effect from 1 August 2020 to 20% of base salary and Adrian Marsh receives an annual pension allowance which was reduced from 20% with effect from 1 August 2020 to 15% of base salary. The annual pension allowances are not pensionable and are not considered to be salary for the purpose of calculating any bonus payment. More details about the further planned reductions in pension benefits are set out on page 87.
3. The annual bonus, when paid, is paid 50% in cash and 50% in deferred shares as described in the policy table on page 90.
4. The long-term incentives for 2019/20 were valued in the 2020 Annual Report using the average share price for the last three months of that financial year, which was 311.7p. This has been restated to reflect the share price on the next working day following the actual vesting date of Saturday 18 July 2020, which was 278.6p. This also impacts the total and sub-total figures for 2019/20.

	Fees £'000 **2020/21**	Fees £'000 2019/20	**Total[8] 2020/21 £'000**	Total[8] 2019/20 £'000
Non-Executive Directors				
Geoff Drabble[1]	**128**	–	**128**	–
Gareth Davis[2]	**191**	284	**191**	284
Celia Baxter[3]	**76**	43	**76**	43
Chris Britton[4]	**22**	60	**22**	60
Alina Kessel[5]	**61**	–	**61**	–
David Robbie[6]	**76**	70	**76**	70
Louise Smalley	**61**	60	**61**	60
Rupert Soames[7]	**71**	67	**71**	67
Total	**686**	584	**686**	584

1. Geoff Drabble joined the Board with effect from 1 September 2020 and became Chairman with effect from 3 January 2021, when his fee increased to £330,000 per annum (fixed for three years).
2. Gareth Davis stepped down from the Board with effect from 3 January 2021.
3. Celia Baxter joined the Board with effect from 9 October 2019.
4. Chris Britton stepped down from the Board with effect from 8 September 2020.
5. Alina Kessel joined the Board with effect from 1 May 2020.
6. David Robbie joined the Board with effect from 11 April 2019.
7. Rupert Soames joined the Board with effect from 1 March 2019.
8. Non-Executive Directors received no taxable benefits, annual bonus, long-term incentives or pension payments during 2019/20 or 2020/21 .

Fixed pay

Basic salary (audited)

Salaries for Executive Directors (audited)

	Salaries effective from 1 August 2019 (£)	1 August 2020 (£)	1 January 2021 (£)	1 August 2021 (£)	**Earned in 2020/21 (£)**
Miles Roberts	782,300	782,300	794,000	814,000	**786,200**
Adrian Marsh	491,600	491,600	499,000	511,500	**494,067**

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 2021, 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 2020 the outcome of the salary review for the UK workforce was on average an increase of 1.7%. In view of the economic uncertainty caused by Covid-19, the Company took the decision not to go ahead with an 'across the board' review in the normal timeframe (which varies by country and business area). This decision impacted all management roles and certain business areas where any collective pay arrangements were not already in progress or in the pipeline. Consistent with the treatment of the rest of the management population, the Executive Directors did not receive a salary increase in August 2020. At the end of 2020, due to the resilient performance of the business in the second six months of 2020, this area was revisited and pay increases were awarded, with effect from 1 January 2021, with an average pay increase of 1.7 % where given. Accordingly, the Committee felt that it was appropriate to treat the Executive Directors in the same way, awarding them a 1.5% pay increase with effect from 1 January 2021. The usual review of executive remuneration was held in April 2021 and it was agreed that a pay increase of 2.5% (in line with the average increase for the workforce as a whole) would be implemented on 1 August 2021.

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

In addition to a base fee of £60,500, the Chairman of the Audit Committee and the Chairman 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. For the same reasons (as set out above) that the Executive Directors did not receive a salary increase in August 2020, there was no increase in the Non-Executive Director base fee or the additional role fees in August 2020. Nor was there an increase in January 2021. The fee for the Chairman 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 2.5% (in line with the average increase for the workforce as a whole) would be implemented in respect of the base fee for Non-Executive Directors on 1 August 2021.

The rates for the Chairman's and Non-Executive Directors' fees are:

	Base fee effective from 1 August 2019 (£)	1 August 2020[8] (£)	1 August 2021 (£)	**Earned in 2020/21 (£)**
Geoff Drabble[1]	–	–	330,000	**128,284**
Gareth Davis[2]	285,400	285,400	n/a	**191,364**
Celia Baxter[3]	60,500	60,500	62,000	**75,500**
Chris Britton[4]	60,500	60,500	n/a	**21,563**
Alina Kessel[5]	-	60,500	62,000	**60,500**
David Robbie[6]	60,500	60,500	62,000	**75,500**
Louise Smalley	60,500	60,500	62,000	**60,500**
Rupert Soames[7]	60,500	60,500	62,000	**70,500**

1. Geoff Drabble joined the Board with effect from 1 September 2020 and became Chairman with effect from 3 January 2021. His fee as a Non-Executive Director was £60,500 per annum. His total fee as a Non-Executive Chairman is £330,000 per annum, which will not be reviewed for three years.
2. Gareth Davis stepped down from the Board with effect from 3 January 2021.
3. Celia Baxter joined the Board with effect from 9 October 2019.
4. Chris Britton stepped down from the Board with effect from 8 September 2020.
5. Alina Kessel joined the Board with effect from 1 May 2020.
6. David Robbie joined the Board with effect from 11 April 2019.
7. Rupert Soames joined the Board with effect from 1 March 2019.
8. In line with the decision made for the Executive Directors above, a decision was taken not to go ahead with a fee review at the normal time on 1 August 2020 for Non-Executive Directors .

Variable pay

The Committee believes it is important that a significant portion of the Executive Directors' package is performance-related and that the performance conditions support the delivery of the Group's strategy and its long-term sustainable success. The remuneration policy encourages long-term performance by setting challenging targets linked to sustainable growth for the variable pay, which consists of the annual bonus and the longer-term PSP. The Remuneration Committee has discretion to adjust retrospectively the targets, for example after a substantial restructuring, and would normally discuss this with its larger shareholders. Alternatively adjustments to published outturns may be appropriate for significant events or changes in the asset base that were not envisaged when the targets were originally set, to ensure that the performance conditions achieve their original purpose. Full disclosure of this would be given in the Remuneration Report. The Remuneration Committee has the discretion to override formulaic outcomes in order to ensure that outcomes reflect true underlying business performance. When considering that discretion in relation to the annual bonus for 2021/22 the Committee will also take into account various ESG matters (as described on page 97).

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 2020/21

The Executive Directors' targets for the 2020/21 bonus were based on the financial targets set out in the tables on the next page, with annual bonus payments determined by reference to performance over the financial year ended 30 April 2021. 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	£359m	£394m	£429m	£426m
Free cash flow	£276m	£295m	£316m	£490m

Outcomes (audited)

	Miles Roberts	Adrian Marsh
Adjusted EBTA (as a proportion of the maximum opportunity)	48/50	48/50
Free cash flow (as a proportion of the maximum opportunity)	50/50	50/50
Total (as a proportion of the maximum opportunity)	98/100	98/100
Maximum bonus opportunity as a % of salary	200%	150%
Value of bonus paid in cash	£770,476	£363,139
Value of bonus deferred into shares	£770,476	£363,139
Overall award level	£1,540,952	£726,278

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 2020/21 for Miles Roberts was 200% of salary and for Adrian Marsh was 150% and was between 65% and 110% for the other 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 2020/21 financial year (as summarised on page 85) and the Committee concluded that the outcome of the annual bonus in respect of 2020/21 appropriately reflected the Company's performance in 2020/21 and was commensurate with the broader stakeholder experience in that period. It was therefore not felt necessary to apply any discretion to amend the outcome of the overall award level.

Implementation for 2021/22

The annual bonus for 2021/22 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 2021/22 it will be based on EBTA and free cash flow, each with equal weighting. In the event of an unbudgeted acquisition or disposal in the year, the Committee will assess how the financial performance of the acquired or disposed of company should be treated.

In the opinion of the Committee, the annual bonus measures and targets for 2021/22 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 2021/22 annual bonus, the Committee will take into account and report on the following factors:

- The Company committing to using longer-term science-based targets for carbon reduction in the business
- The maintenance of high health and safety standards
- The continued work with our communities.

Introducing 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 approximately the top 150 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 2018/19, 2019/20 and 2020/21 awards is the FTSE 350 Industrial Goods and Services Supersector.

2018/19 awards vesting in 2021/22 based on performance in the three-year period to 2020/21

Unfortunately, the PSP award granted on 22 June 2018 which was due to vest in June 2021 based on the 3 year average EPS and ROACE performance between 2018/19 and 2020/21 and the 3 year cumulative relative TSR performance (each equally weighted), did not meet the threshold targets for the two financial measures and fell below median for the relative TSR measure. The financial targets (in the table below) were set in 2018 in the context of the expectation of a stable economy, but the negative impact of the pandemic on the 2020/21 results made those targets unachievable.

EPS, ROACE and TSR performance targets for 2018/19 awards based on performance in the three-year period to 2020-21 (audited)

	Weighting	Threshold (25% vests)	Maximum (100% vests)	Outcome
Three-year average EPS	One third	35.7p	40.8p	30.5p
Three-year average ROACE	One third	12.3%	13.5%	10.8%
Relative TSR[1]	One third	Median	Upper quartile	Below median

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

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

Deferred share bonus plan (DSBP) awards vesting in 2021

The DSBP award vesting in 2021 relates to the deferral into shares of half of the bonus paid in June 2018 in relation to the financial year 2017/18. The number of shares vesting in 2021 under the DSBP award granted on 22 June 2018 when adjusted for the rights issue is 132,849 for Miles Roberts and 62,603 for Adrian Marsh. Details of those awards and the single total figure of remuneration that included them were set out in the remuneration report for 2017/18. Dividend equivalents for the DSBP award also accrued during the three-year vesting period. Those dividend equivalents will be paid in shares (10,588 for Miles Roberts and 4,989 for Adrian Marsh) shortly after the award vests on 22 June 2021, the third anniversary of grant of the award.

PSP awards granted in 2020 vesting in 2023/24 and DSBP awards in 2020 (audited)

The PSP awards made in 2020 in respect of 2020/21 were in line with the current remuneration policy and, as reported in last year's remuneration report, were:

- 225% of salary for the Group Chief Executive and 175% of salary for the Group Finance Director
- Any shares that vest under the PSP awards granted in 2020/21 must be retained for a further two years before they can be sold (a total of five years from original grant) and they are also subject to a post-employment holding condition, meaning that any shares that vest will be held in a nominee arrangement for the appropriate period. For any PSP awards which vest following departure that have been granted good leaver treatment, the Committee will reduce the two year post-vesting holding period so that it does not extend beyond the second anniversary of departure, provided that the three year vesting period has been completed.
- The PSP awards were granted as nil-cost options and are subject to three performance measures: adjusted EPS, adjusted ROACE and relative TSR, with equal weighting on each element.

Executive Director	Award	Number of options granted under award on 14 July 2020	Face value of award at time of grant (£)
Miles Roberts	PSP	647,123	1,760,175
Adrian Marsh	PSP	316,286	860,298

The PSP awards were made on 14 July 2020. The face value in the above table is calculated using 272p 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.

The targets for the 2020/21 PSP award are set out below:

% vesting as a proportion	Adjusted EPS One third[1]	Adjusted ROACE One third[1]	Relative TSR One third[2]
100%	36.5p	12.5%	Upper quartile
Between 25% and 100%	34.2-36.5p	11.0%-12.5%	Between median and upper quartile
25%	34.2p	11.0%	Median

Awards vest on a straight-line basis between threshold and maximum performance. The performance measurement period for the adjusted EPS and adjusted ROACE targets is the 2022/23 financial year and for the relative TSR target is the three years to 30 April 2023.

1. The 2019/20 baseline results are 33.2p for adjusted EPS and 10.6% for adjusted ROACE.
2. The comparator group for measurement of relative TSR is the FTSE 350 Industrial Goods and Services Supersector, as it was in 2018/19 and 2019/20.

No DSBP awards were granted to Executive Directors in 2020, because no annual bonus in respect of the 2019/20 financial year was paid.

PSP awards to be granted in 2021 vesting in 2024/25

The PSP awards to be made in 2021 in respect of 2021/22 will remain in line with the remuneration policy. For the Group Chief Executive this will remain at the same level as the award level in 2020/21, namely 225% of salary. In recognition of the progression that the Group Finance Director has made in his role with regard to his personal performance and the increased complexity of the business in recent years, the award level for the Group Finance Director will increase from 175% of salary to 200% of salary which serves to close the gap to the market position for the role. The opportunity is only able to be realised if the corporate targets are met and five years after the awards have been granted. At the same time, the shareholding requirement for the Group Finance Director will increase from 175% to 200%. As a matter of best practice, before finalising the PSP award levels, the Committee considered the movements in the share price since the beginning of the 2020/21 financial year. As the share price had increased over the period and continues to trade strongly, it was felt appropriate to grant the PSP awards based on the normal percentage of salary.

The performance measures and their weighting for the award will remain the same as in 2020/21. The targets for the 2021/22 PSP award will be:

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

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

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

The Committee's aim, as always, has been to set robust targets with a strong degree of stretch. In setting the target ranges the Committee took into account a number of factors which included the broker forecast consensus for DS Smith performance and a recognition that the 2020/21 results provided too low a starting point on which to base the three year targets. So for the PSP targets for the 2021 awards we have instead built growth into the PSP targets set for last year's awards. Our desire continues to be to set targets which balance stretch with the ability to at least achieve the threshold level so that awards remain motivating and meaningful to the c.150 plan participants. The Committee will, as a matter of good practice, take a step back when determining the vesting outturn in three years' time to consider whether any discretion should be applied to the formulaic outturn.

DSBP awards in 2021

As set out on page 97, half of the value of the bonus to be paid in 2021 in respect of the performance over the financial year ended 30 April 2021, will be deferred into shares, which will not vest until 2024.

Outstanding PSP and DSBP share awards during 2020/21 and as at 30 April 2021 (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 2020	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 2021**	Vesting date (if any performance conditions applicable are met)	Expiry date
Miles Roberts											
PSP	1 Jul 16	256,822	–	–	–	–	379.80	–	**256,822**	1 Jul 19	1 Jul 26
PSP	18 Jul 17	360,117	–	12,929	126,761	233,356	484.70	–	**139,690**	18 Jul 20	18 Jul 27
PSP	22 Jun 18	341,748	–	–	–	–	523.47	–	**341,748**	22 Jun 21	22 Jun 28
PSP	15 Jul 19	481,039	–	–	–	–	357.00	–	**481,039**	15 Jul 22	15 Jul 29
PSP	14 Jul 20	–	647,123	–	–	–	272.00	–	**647,123**	14 Jul 23	14 Jul 30
DSBP	1 Jul 16	156,676	–	–	–	–	379.80	–	**156,676**	1 Jul 19	1 Jul 26
DSBP	18 Jul 17	72,022	–	7,346	72,022	–	484.70	–	**79,368**	18 Jul 20	18 Jul 27
DSBP	22 Jun 18	132,849	–	–	–	–	523.47	–	**132,849**	22 Jun 21	22 Jun 28
DSBP	15 Jul 19	157,055	–	–	–	–	357.00	–	**157,055**	15 Jul 22	15 Jul 29
									2,392,370		
Adrian Marsh											
PSP	18 Jul 17	175,977	–	6,318	68,261	114,034	484.70	383.00	**0**	18 Jul 20	18 Jul 27
PSP	22 Jun 18	167,015	–	–	–	–	523.47	–	**167,015**	22 Jun 21	22 Jun 28
PSP	15 Jul 19	235,098	–	–	–	–	357.00	–	**235,098**	15 Jul 22	15 Jul 29
PSP	14 Jul 20	–	316,286	–	–	–	272.00	–	**316,286**	14 Jul 23	14 Jul 30
DSBP	18 Jul 17	33,937	–	3,461	37,398	–	484.70	383.00	**0**	18 Jul 20	18 Jul 27
DSBP	22 Jun 18	62,603	–	–	–	–	523.47	–	**62,603**	22 Jun 21	22 Jun 28
DSBP	15 Jul 19	74,015	–	–	–	–	357.00	–	**74,015**	15 Jul 22	15 Jul 29
									855,017		

1. This includes the awards granted in 2017 which vested during 2020/21 and, in the case of Adrian Marsh, dividend equivalent shares and vested awards which were exercised during 2020/21. Adrian Marsh as at 30 April 2021 did not hold any vested but unexercised awards. Miles Roberts as at 30 April 2021 held awards granted on 1 July 2016 and 18 July 2017 which have now vested but have not been exercised.
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 number of options originally awarded was subsequently adjusted for the rights issue in 2018 as described in the Annual Report for 2019.

The target ranges for the 2018/19 PSP awards are set out on page 98. The target ranges for the 2020/21 awards are set out on page 99. The relative TSR target for the 2019/20 award is the same as it was for the 2018/19 award. For the 2019/20 awards the target ranges for EPS and ROACE are set out in the audited table below.

PSP plan	EPS range	ROACE range
2019/20	37.4p-42.0p	12.4%-13.6%

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

Sharesave – employee share plans (audited)

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

Name of Director	Options held at 30 April 2020	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 2021**	Exercise price (p)	Date from which exercisable	Expiry date
Miles Roberts	2,899	–	–	2,899	–	**–**	310.35[1]	1 Apr 20	30 Sep 20
Miles Roberts	–	2,769	–	–	–	**2,769**	325.00	1 Apr 24	30 Sep 24
Adrian Marsh	2,899	–	–	2,899	–	**–**	310.35[1]	1 Apr 20	30 Sep 20
Adrian Marsh	–	2,769	–	–	–	**2,769**	325.00	1 Apr 24	30 Sep 24

1. Exercise price after adjusted for rights issue

Share ownership guidelines

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

Name of Director	Total shareholding as at 30 April 2020	**Total shareholding as at 30 April 2021**	Unvested only subject to continued employment[1]	Vested awards (not exercised)[2]	Shareholding required (% salary)	Shareholding at 30 April 2021 (% salary)[3]	Requirement met
Executive Directors							
Miles Roberts	1,989,927	**1,989,927**	159,261	335,255	225%	1,317%	Yes
Adrian Marsh	521,996	**577,889**	75,052	0	175%	551%	Yes

1. Includes the deferred bonus shares awards granted in 2018 and 2019. 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 awards granted on 1 July 2016 and 18 July 2017 which have now vested but have 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 2021 and a share price of 420.8p (being the closing price on 30 April 2021) multiplied by the current year shareholding and interests in shares which count towards the shareholding requirement.

The PSP awards granted in 2019 and 2020 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. Adrian Marsh as at 30 April 2021 did not hold any such vested but unexercised awards; but Miles Roberts did.

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

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

Name of Director	Total shareholding as at 30 April 2020	**Total shareholding as at 30 April 2021**	Shareholding required (% fee)	Shareholding at 30 April 2021 (% fee)[1]	Requirement met
Non-Executive Directors					
Geoff Drabble[2]	–	**60,000**	50%	77%	Yes[2]
Gareth Davis[3]	136,054	not applicable	not applicable	–	–
Celia Baxter[4]	10,993	**10,993**	50%	61%	Yes[4]
Chris Britton[5]	13,427	not applicable	not applicable	–	–
Alina Kessel[6]	–	**7,000**	50%	49%	not yet applicable[6]
David Robbie	20,000	**20,000**	50%	111%	Yes
Louise Smalley	18,600	**18,600**	50%	129%	Yes
Rupert Soames	28,800	**28,800**	50%	172%	Yes

1. Based on the fee as at 30 April 2021 and a share price of 420.8p (being the closing price on 30 April 2021) multiplied by the current year shareholding and interests in shares which count towards the shareholding requirement.
2. Geoff Drabble joined the Board with effect from 1 September 2020 and became Chairman with effect from 3 January 2021. He has not yet been on the Board for two years.
3. Gareth Davis stepped down from the Board with effect from 3 January 2021. At that date his shareholding was 136,054 shares.
4. Celia Baxter joined the Board with effect from 9 October 2019. She has not yet been on the Board for two years.
5. Chris Britton stepped down from the Board with effect from 8 September 2021. At that date his shareholding was 13,427 shares.
6. Alina Kessel joined the Board with effect from 1 May 2020. She has not yet been on the Board for two years.

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 is a non-executive director of Aggreko plc and retained fees of £61,000 for the year ended 30 April 2021 (£61,000 for the year ended 30 April 2020). Adrian Marsh is a non-executive director of John Wood Group PLC and retained fees of £61,975 for the year ended 30 April 2021 (£56,557 for the year ended 30 April 2020).

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	Chairman	1 September 2020	31 August 2023
Miles Roberts	Group Chief Executive	4 May 2010	not applicable
Adrian Marsh	Group Finance Director	24 September 2013	not applicable
Celia Baxter	Chairman of Remuneration Committee	9 October 2019	8 October 2022
Alina Kessel		1 May 2020	30 April 2023
David Robbie	Chairman of Audit Committee	11 April 2019	10 April 2022
Louise Smalley		23 June 2014	22 June 2022
Rupert Soames	Senior Independent Director	1 March 2019	28 February 2022

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

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

No payments were made to past Executive Directors during the year ended 30 April 2021 (2019/20: Nil). No payments were made in respect of loss of office during the year ended 30 April 2021 (2019/20: Nil).

Relative importance of spend on pay

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

	2020/21 £m	2019/20 £m	Percentage change
Overall expenditure on employee pay[1]	**1,363**	1,312	**3.9%**
Dividend paid during the year	**0**	222	**n/a**

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

Remuneration of the Group Chief Executive

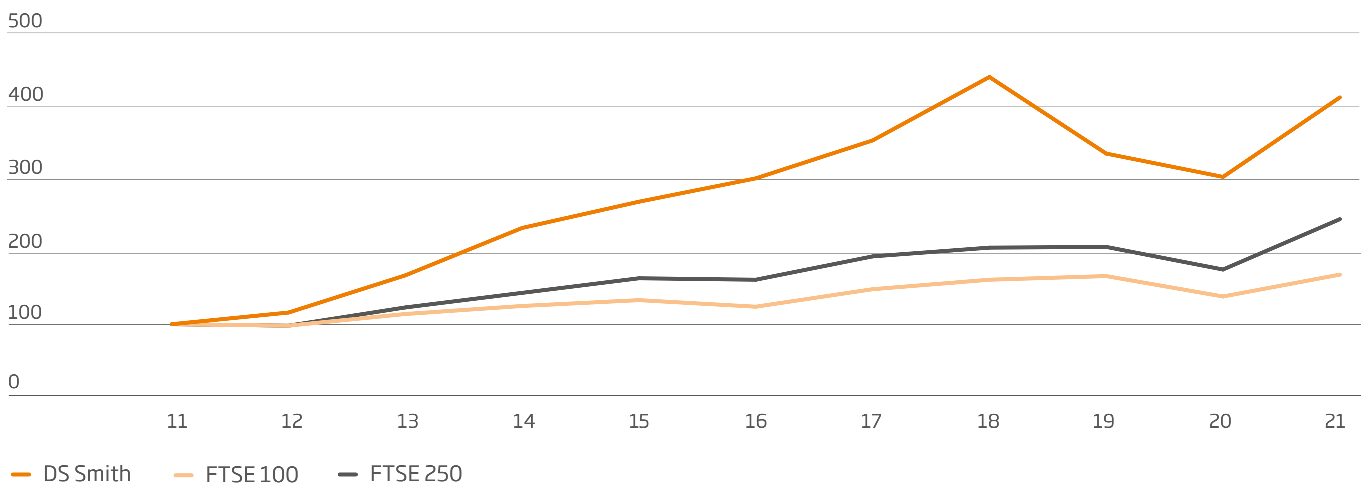
The table below shows the total remuneration figure for the Group Chief Executive for each of the last ten financial years. The total remuneration figure includes the annual bonus and long-term incentive awards which vested, based on performance in those years. The annual bonus and long-term incentive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

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20[1]	**2020/21**
Total remuneration (£'000)	2,170	6,057	3,696	5,527	4,447	4,861	4,220	3,065	1,422	**2,525**
Annual bonus	100%	82%	85%	88%	79%	45%	88%	74%	0%	**98%**
Long-term incentive vesting	100%	100%	98%	92%	94%	100%	93%	52%	35%	**0%**

1. The 2019/20 figure has been restated to include the actual share price on the next working day following the date of vesting on Saturday 18 July 2020 for the options vesting under the 2017/18 PSP award now that this is known.

Total shareholder return

+311%



Review of past performance – total shareholder return graph

The graph above illustrates the Company's TSR performance since 1 May 2011 (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 2021 DS Smith ranked 87 by market capitalisation. This graph looks at the value, over the ten years to 30 April 2021, of an initial investment of £100 in DS Smith shares compared with that of £100 invested in both the FTSE 100 and FTSE 250 Index. The other points plotted are the values at intervening financial year ends.

Group Chief Executive pay ratio disclosures (audited)

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

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. In last year's Annual Report the ratios for 2019/20 were calculated using the average share price in the last three months of the financial year as an estimate for the value of the 2017/18 PSP. Those figures have been restated to include the actual share price on the next working day following the date of vesting for the 2017/18 PSP on Saturday 18 July 2020 now that this is known. All STFRs for the 2020/21 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.

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**

DS Smith has chosen to use methodology B (as defined in the applicable regulations) which is to use the 2020 UK gender pay gap data to identify the relevant comparator employee falling at the relevant percentile and to calculate the annual total remuneration relating to 2020/21 for the three identified employees on the same basis as the Group Chief Executive's annual total remuneration for the same period in the single figure table. In 2020/21, there were multiple bonus plans in place across the UK which are not payable in some cases in advance of the Directors' remuneration report being approved by the Board. It was therefore not practical to collate the bonus amounts relating to performance during 2020/21 for every UK employee in advance of the report being approved. We are confident that the three employee STFR figures (which include applicable bonus) used in the pay ratio reporting are as representative of the respective percentiles as would have been the case if the 2020/21 STFR had been calculated for all UK employees. (The data reference date was 12 May 2021.)

The increase in the ratio since last year is driven by the higher level of vesting overall for the Group Chief Executive in 2020/21 (annual bonus of 98% and PSP of 0%) compared with 2019/20 (annual bonus of 0% and PSP of 35%). As a result of the large proportion of variable pay in the Group Chief Executive's total reward, the ratio will be subject to a high degree of volatility from one year to the next.

We will continue to report on trends in these figures, which are expected to fluctuate as variable pay outcomes fluctuate for the Group Chief Executive. The Company does believe that the median pay ratio for 2020/21 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 2021 compared to full-time equivalent employees of the Company. (The format of the table is prescribed by regulation. Benefits and bonus are not applicable to Non-Executive Directors. The increase in fees for certain Non-Executive Directors relates to their change of role in the applicable period, as noted below.) The column headed '% change 2020/21' sets out the change from financial year 2019/20 to financial year 2020/21. The normal date for any implementation of a pay review is 1 August, not the start of the financial year. However, as explained on page 95, for Directors (unlike employees in the wider Group) there was not a pay or fee increase in August 2020, but there was a pay increase with effect from 1 January 2021 for Executive Directors and Company employees.

	Salary/Fee	Benefits	Bonus
	% change 2020/21	% change 2020/21	% change 2020/21
Miles Roberts	1.1	(1.2)[4]	n/a[5]
Adrian Marsh	1.1	(2.3)[4]	n/a[5]
Geoff Drabble[1]	n/a	n/a	n/a
Celia Baxter [2]	0	n/a	n/a
Alina Kessel[1]	n/a	n/a	n/a
David Robbie[3]	8.1	n/a	n/a
Rupert Soames[3]	5.9	n/a	n/a
Louise Smalley	0.6	n/a	n/a
Company employees	2.0	1.3[4]	n/a[5]

1. Geoff Drabble joined the Board on 1 September 2020 and became Chairman with effect from 3 January 2021, and Alina Kessel joined the Board on 1 May 2020 so they have no prior year to compare 2020/21 with.
2. Celia Baxter joined the Board on 9 October 2019 (part way through 2019/20), so to provide a meaningful comparison her fees received for 2019/20 have been annualised.
3. Rupert Soames became Senior Independent Director and David Robbie became Audit Committee Chairman on 3 September 2019 (part way through 2019/20), hence the increase in their fees due to the change in their roles, part way through the prior comparison year.
4. Minor changes in health cover and gym membership accounted for the change in taxable benefits .
5. Miles Roberts and Adrian Marsh and Company employees (unlike some employees in the wider Group) did not receive a bonus in 2019/20.

Voting on the remuneration policy and report at the 2020 AGM

At the AGM held in 2020 votes cast by proxy and at the meeting were as follows:

	Votes in favour	Votes against
In respect of the remuneration policy	916,656,836 (93.13%)	67,569,543 (6.87%)
In respect of the Directors' remuneration report	956,409,527 (94.86%)	51,858,006 (5.14%)

There were 24,228,039 votes withheld on the remuneration policy resolution and 186,885 votes withheld on the Directors' remuneration report resolution. Votes withheld are votes that are not recognised as a vote in law.

Remuneration Committee governance

The Board is ultimately accountable for executive remuneration and delegates this responsibility to the Remuneration Committee. The Committee's principal function is to support the Group's strategy by ensuring that its delivery is underpinned by the Company's overall remuneration policy, as described earlier in this report. It also determines the specific remuneration package, including service contracts and pension arrangements, for each Executive Director and our most senior executives, as well as the fees paid to the Chairman. 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 (Chairman since October 2019)	2019
Geoff Drabble	2020
Alina Kessel	2020
David Robbie	2019
Louise Smalley	2014
Rupert Soames	2019

Chris Britton retired from the Board and its Committees on 8 September 2020. Gareth Davis retired from the Board and its Committees on 3 January 2021. Geoff Drabble joined the Committee on his appointment to the Board on 1 September 2020.

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

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

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

To differentiate our employee value proposition and reinforce our strong DS Smith culture, the Group has developed the DS Smith reward principles (set out on page 89) which are endorsed by the Committee and were last reviewed by the Committee in 2021. Current policies and future decision making are matched against these to drive continuous improvement in this area.

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

- How the business has performed
- 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 environmental, social, governance or other risks
- Consideration of remuneration and related policies across the Group
- Discussion of the relevant aspects of this year's Board effectiveness review.

In January 2021, following a thorough tender process, Korn Ferry were appointed as the Committee's advisers. During the financial year of 2020/21 the Committee was advised by Korn Ferry in relation to various aspects of the remuneration of Executive Directors for which they were paid £8,250, partly on a fixed fee basis and partly on a time and materials basis. Korn Ferry in the financial year 2020/21 has also provided executive search and talent assessment services to the Group. The teams providing this advice are separate from the Remuneration Committee advisers and there was no conflict of interest. During the financial year of 2020/21 the Committee was also advised by PricewaterhouseCoopers LLP (PwC) on the remuneration of Executive Directors and other senior executives. PwC had been appointed by the Committee as its advisers in January 2018. The total fees in respect of PwC's services to the Remuneration Committee during the year were £4,000. These fees were incurred on a time and materials basis. PwC provided advice to the Company in connection with the accounting charge for the Company's share-based incentive plans and to different parts of the Group on tax and other advisory and consultancy matters. The teams providing this advice are separate from the Remuneration Committee advisers and there was no conflict of interest. The Committee is satisfied that the advice it receives from its advisers is objective and independent. Korn Ferry and PwC are both members of the Remuneration Consultants Group and adhere to the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com).

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

On behalf of the Board

Celia Baxter
Chairman of the Remuneration Committee

21 June 2021

Additional information

Acquisitions and disposals

Acquisitions and disposals in the year ended 30 April 2021 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, 808,816 ordinary shares of 10 pence each were issued during the year. Between 1 May and 21 June 2021 inclusive, 165,155 shares were issued pursuant to the Company's employee share option schemes. The Company has not utilised its authority to make market purchases of 137,273,253 shares granted to it at the 2020 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 2020/21 of 4.0 pence per ordinary share was paid on 4 May 2021 and the Directors recommend a final dividend of 8.1 pence per ordinary share, which together with the interim dividend, increases the total dividend for the year to 12.1 pence per ordinary share (2019/20: nil). Subject to approval of shareholders at the AGM to be held on 7 September 2021, the final dividend will be paid on 1 November 2021 to shareholders on the register at the close of business on 8 October 2021.

Political donations

No political donations were made during the year ended 30 April 2021 (2019/20: nil). DS Smith has a policy of not making donations to political organisations or independent election candidates or incurring political expenditure, as defined in the Political Parties, Elections and Referendums Act 2000, anywhere in the world.

Directors' and officers' liability insurance

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

Additional employee disclosures

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

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

Substantial shareholdings

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

	As at 30 April 2021	As at 21 June 2021	Nature of holding
Aviva plc and its subsidiaries	7.96%	6.79%	Direct & indirect
Standard Life Aberdeen	5.44%	5.44%	Indirect
BlackRock, Inc.	Below 5%	Below 5%	Indirect
Norges Bank	4.98%	4.98%	Direct
Ameriprise Financial, Inc. and its group	4.981%	4.981%	Direct & indirect
Black Creek Investment Management Inc.	3.994585%	4.034428%	Direct & Indirect
Merpas (UK) Limited	2.985%	2.985%	Direct & indirect

Auditor

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

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

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

A resolution to reappoint Deloitte LLP as Auditor will be proposed at the forthcoming AGM.

Other disclosures

Certain information is included in our Strategic Report (pages 1 to 61) or financial statements that would otherwise be required to be disclosed in this section of the report. This is as follows:

Subject matter	Page
Likely future developments in the business	6 to 13
Research and development	16
Use of financial instruments	45
Greenhouse gas emissions	33

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

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

The information that fulfils the requirements of the corporate governance statement for the purposes of DTR 7 can be found on pages 62 to 83, and that governance report also forms part of the Directors' report.

The Strategic Report on pages 1 to 61 and the governance report and Directors' Remuneration Report on pages 62 to 109 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 21 June 2021 and is signed on its behalf by:

Iain Simm
Group General Counsel and Company Secretary

21 June 2021

Directors’ responsibilities

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

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Group financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). The Directors have also chosen to prepare the parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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

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

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

Directors’ responsibility statement

We confirm that to the best of our knowledge:

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

This responsibility statement was approved by the Board of Directors on 21 June 2021 and is signed on its behalf by:

Miles Roberts
Group Chief Executive

21 June 2021

Adrian Marsh
Group Finance Director

21 June 2021