

**This letter is important and requires your immediate attention.**

If you are in any doubt about the contents of this letter or the action you should take, you are recommended to seek your own independent financial advice immediately from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom. Nothing in this pack constitutes financial advice to any holder of shares, share awards or share options in DS Smith or International Paper.

13 September 2024



Dear Richard,

**Your Recruitment Award and the recommended all-share combination of DS Smith and International Paper**

On 16 April 2024, DS Smith and International Paper announced that they had reached agreement on the terms of a recommended all-share combination of DS Smith and International Paper (the “Combination”). Pursuant to the Combination, International Paper Bidco, a wholly-owned subsidiary of International Paper, will acquire the entire issued, and to be issued, ordinary share capital of DS Smith in consideration for the issuance by International Paper of New International Paper Shares to DS Smith Shareholders.

**TAKE ACTION:**

**You will need to take action to receive value from your Recruitment Award. This will NOT happen automatically.**

**YOU WILL NEED TO ACCEPT THE VESTING TERMS AND CONDITIONS. YOUR RECRUITMENT AWARD WILL NOT VEST UNTIL YOU DO THIS.**

**Further details are explained in section 5 below.**

**1. Why are we writing to you?**

We are writing to explain how the Combination will affect your Recruitment Award.

**Please read everything in this letter and everything sent with it (the “Letter”) carefully. The contents are very important.**

In this Letter:

- Part A describes the effect of the Combination on your Recruitment Award.
- Part B explains the key words and phrases used in this Letter. Unless otherwise defined, capitalised terms used in this Letter have the same meaning as in the Scheme Document.

## Part A

### 2. The Combination

The Combination will result in DS Smith and its subsidiaries becoming wholly-owned subsidiaries of International Paper.

The Combination will take place through what is called a “scheme of arrangement” (referred to as the “**Scheme**”). This is a procedure that is subject to approval by DS Smith Shareholders. It is also subject to the approval of the Court on a date referred to in this Letter as “**Court Sanction**”. Court Sanction is not the date on which the Combination will be completed. The Combination is currently expected to complete a couple of days after Court Sanction (“**Completion**”). The Combination is also subject to approval by International Paper Shareholders.

Further information on the Scheme is set out in the Scheme Document sent to DS Smith Shareholders on or around the date of this Letter. A copy of the Scheme Document is also available on the DS Smith website at <https://www.dssmith.com/investors/possible-offer-for-ds-smith-by-international-paper>. If you are already a DS Smith Shareholder, the Scheme Document sets out the impact of the Combination on the DS Smith Shares that you currently hold.

This Letter should be read together with the Scheme Document and the International Paper Prospectus. A copy of the International Paper Prospectus can be found on the International Paper website at <https://www.internationalpaper.com/offer-for-ds-smith-plc>.

### 3. What are the terms of the Combination?

The terms of the Combination are set out in full in the Scheme Document. However, in summary, DS Smith Shareholders will be entitled to receive 0.1285 New International Paper Shares for each DS Smith Share they own (rounded down to the nearest whole New International Paper Share).

### 4. When is Completion likely to take place?

Completion is currently expected to take place in the final quarter of 2024 but only after a number of conditions are satisfied. The expected timetable of events is available in the Scheme Document at page 15.

### 5. How does the Combination affect your Recruitment Award?

The Combination will change the usual treatment of your Recruitment Award.

Normally, the second tranche of your Recruitment Award would vest on 27 June 2025, subject to the satisfaction of the applicable performance conditions. The performance conditions are normally assessed after the end of the performance period and the extent to which the conditions are satisfied will determine whether (or to what extent) your Recruitment Award vests and, accordingly, the number of DS Smith Shares you will be entitled to receive.

However, as a result of the Combination, your Recruitment Award will vest early on Court Sanction, conditional on your acceptance of the Vesting Terms and Conditions (unless it lapses earlier under the Recruitment Award Agreement). For the avoidance of doubt, these are the terms and conditions of

vesting that will be made available to you on the Equiniti portal, in connection with the Combination (in contrast to the terms agreed in the Recruitment Award Agreement itself). Your Recruitment Award will not vest until you accept the Vesting Terms and Conditions.

The extent to which your Recruitment Award will vest is subject to the DS Smith Remuneration Committee's determinations on the satisfaction of the applicable performance conditions, which will be assessed by the DS Smith Remuneration Committee on or shortly before Court Sanction, and time pro-rating.

The DS Smith Remuneration Committee currently expects that:

- (i) your Recruitment Award will not be subject to time pro-rating; and
- (ii) following the assessment of performance conditions, your Recruitment Award will vest at a level that is no less than 66%.

Once the DS Smith Remuneration Committee has determined the extent to which your Recruitment Award will vest (if at all) and whether time pro-rating will apply, you will be notified of its decision. Any part of your Recruitment Award that does not vest due to the assessment of applicable performance conditions or the application of time pro-rating will lapse on Court Sanction.

For the avoidance of doubt, following Court Sanction, your Recruitment Award will not be subject to a holding period to the extent it vests on or after Court Sanction.

The number of DS Smith Shares you receive may be increased (or alternatively you may receive a sum in cash) to reflect the value of the dividends that would have been paid on those DS Smith Shares in respect of dividend record dates that fall between the date of grant and the date of vesting.

The DS Smith Shares you receive when your Recruitment Award vests will be automatically purchased by International Paper Bidco under the Combination. You will receive 0.1285 New International Paper Shares for each DS Smith Share you hold at the Scheme Record Time (rounded down to the nearest whole New International Paper Share) less any deductions for income tax and National Insurance contributions and any applicable fees.

As you cannot hold a fraction of a New International Paper Share, the number of New International Paper Shares which you receive will be rounded down to the nearest whole share, and a cash amount equal to the value of your fractional entitlements will instead be paid to you (rounded down to the nearest penny).

**For your Recruitment Award to vest early on Court Sanction, you will need to accept the Vesting Terms and Conditions which you can find by logging in to your Equiniti account at <http://www.esp-portal.com/clients/DSSmith> by no later than 5:00 p.m. (UK time) on 4 October 2024 (or by any earlier deadline you are told about once the expected date of Court Sanction is known). If you do not accept the Vesting Terms and Conditions, the vesting of your Recruitment Award will be delayed until you do so, and will lapse to the extent they remain unvested on Court Sanction.**

If you are having any difficulties accessing and using the Equiniti portal, including if you cannot see any award on the Equiniti portal that you were expecting to see, please contact the Equiniti helpline on +44 (0) 371 384 2196.

## **6. When will you receive the New International Paper Shares?**

Assuming you accept the Vesting Terms and Conditions by the deadline above, you will receive the New International Paper Shares as soon as reasonably practicable after Completion.

## **7. What if Court Sanction does not go ahead?**

If Court Sanction does not happen for any reason, your Recruitment Award will continue to subsist as normal under the Recruitment Award Agreement.

## **8. What happens if you leave employment with the DS Smith Group before your Recruitment Award vests?**

The leaver provisions under the Recruitment Award Agreement will apply to your Recruitment Award in the normal way prior to vesting. This means that:

- if you leave for a “good leaver” reason under the Recruitment Award Agreement, for example, injury or disability in certain circumstances, retirement with the agreement of the DS Smith Remuneration Committee, or redundancy (within the meaning of the Employment Rights Act 1996) the default position is that your Recruitment Award will vest, subject to the satisfaction of the applicable performance conditions and any time pro-rating that may be applied, on the earlier of: (i) its normal vesting date; or (ii) the date of Court Sanction. In exceptional circumstances, the DS Smith Remuneration Committee may determine that the Recruitment Award may vest on the date you leave employment with the DS Smith Group, subject to the assessment of applicable performance conditions and time pro-rating; or
- if you do not qualify as a “good leaver” under the Recruitment Award Agreement, your Recruitment Award will lapse on the earlier of the date that your notice is served or the date on which your employment with the DS Smith Group ceases.

Special rules apply in the event of death.

## **9. What about your status as a PDMR or an insider?**

As you are a Person Discharging Managerial Responsibilities (“**PDMR**”) and the DS Smith Share Dealing Code applies to you, by accepting the Vesting Terms and Conditions you will be deemed to have asked for permission to deal under the DS Smith Share Dealing Code. If appropriate, DS Smith will grant you permission to deal shortly before your Recruitment Award vests. You do not need to request permission to deal under the DS Smith Share Dealing Code in the usual way.

If your Recruitment Award vests in the ordinary course before Court Sanction and you wish to sell your DS Smith Shares before Court Sanction, you must obtain permission to deal in the normal way. You can ask for permission to deal by following the process set out in the relevant dealing policy. However, unless exceptional circumstances exist, it is unlikely that you will be granted permission to deal while you are an insider or PDMR during a closed period.

## 10. What are the tax implications for you?

*The information in this section is intended as a general guide only to certain United Kingdom tax considerations based on current United Kingdom law and what is understood to be the current practice of HMRC as at the date of this Letter and does not constitute tax advice to any individual participant. Please remember that tax law can and often does change, and you should not necessarily assume the current tax position will continue. As the tax rules for each country are different, the final amount of tax and social security contributions you will have to pay depends upon where you are resident for tax purposes. The information in this section applies only to a participant resident for tax purposes in the United Kingdom and nowhere else throughout the time between the date that the Recruitment Award was granted and the time that it vests. We strongly recommend that, if you are unsure how your Recruitment Award will be taxed or if you are a resident or otherwise subject to tax in a jurisdiction outside the United Kingdom and in particular if your tax residency has changed during the period between grant and vesting, you seek advice from an independent tax adviser in your country of tax residence.*

*Please note that none of DS Smith, International Paper or Equiniti, or any of their employees, can provide you with legal, personal tax or financial advice. If you are in any doubt as to the contents of this Letter or the effect that the Combination will have on your personal tax position, you are recommended to seek your own independent tax and/or financial advice immediately from an appropriately qualified independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.*

You will be subject to income tax and National Insurance contributions on the market value of the DS Smith Shares you receive at the time your Recruitment Award vests.

DS Smith may, if you accept the terms and conditions of vesting of your Recruitment Award, withhold income tax and employee National Insurance contributions on your behalf through the Pay As You Earn system by selling sufficient New International Paper Shares on your behalf to generate the required amount of income tax and employee National Insurance contributions. Please note that the value of the New International Paper Shares could increase or decrease after the date on which your Recruitment Award vests and before the sale of any such New International Paper Shares on your behalf to cover income tax and employee National Insurance contributions, which would mean that a greater proportion of your New International Paper Shares will need to be sold to pay the income tax and employee National Insurance contributions liabilities. There may also be a dealing cost connected with this sale. Please note that, if you do not accept the terms and conditions of vesting of your Recruitment Award, your Recruitment Award will not vest.

No capital gains tax is expected to arise because you will have paid income tax and National Insurance contributions when your Recruitment Award vests and the amount on which you paid income tax is the base cost of those DS Smith Shares. Although, if the value of any of your New International Paper Shares which are sold to satisfy any tax liability increases before the New International Paper Shares are sold then, subject to the CGT annual allowance referred to below, CGT may be payable. Please see the "United Kingdom taxation" section of the Scheme Document for information on "rollover relief" which may be available for UK DS Smith Shareholders.

Further tax liabilities (such as CGT) may arise when you dispose of the New International Paper Shares that you acquire under the Scheme. Any CGT on the sale of DS Smith Shares or New International

Paper Shares is payable by you to HMRC under self-assessment. If your aggregate capital gains are likely to exceed your annual allowance (£3,000 for the tax year beginning 6 April 2024), you are strongly recommended to seek your own independent tax advice including as to whether you need to submit a tax-return.

**11. What if you participate in other DS Smith share plans or are a DS Smith Shareholder?**

If you participate in other DS Smith share plans you will receive a separate letter about your other options and/or awards. Please read those letters carefully as the treatment of any options and/or awards under those plans will be different from the treatment of your Recruitment Award.

If you are already a DS Smith Shareholder, please read the Scheme Document which sets out the impact of the Combination on the DS Smith Shares that you currently hold.

**12. What if you have any questions?**

If you have any questions about your Recruitment Award or how to accept the Vesting Terms and Conditions or how to access your account on the Equiniti portal, please contact the Equiniti helpline on +44 (0) 371 384 2196.

Please note that DS Smith, International Paper and/or Equiniti cannot give you any legal, tax, investment or financial advice on the merits of the Combination, or its effect on your Recruitment Award.

If you are in any doubt about what you should do you should consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, consult another appropriately authorised independent financial adviser.

**13. Important notes**

Nothing in this pack constitutes financial advice to any holder of shares, share awards or share options in DS Smith or International Paper.

If you have only received this Letter electronically, you may request a hard copy of this Letter, free of charge, by contacting Equiniti on +44 (0) 371 384 2196 stating your name, and the address to which the hard copy should be sent. You may also request that all future documents, announcements and information to be sent to you in relation to the Combination should be in hard copy form.

If there is any difference between the information in this Letter and the Recruitment Award Agreement or any relevant legislation, the Recruitment Award Agreement and the legislation will prevail.

Yours faithfully

Miles Roberts  
Group Chief Executive  
For and on behalf of DS Smith Plc

Yours faithfully

Andy Silvermail  
Chief Executive Officer  
For and on behalf of International Paper Company

## Part B

### A brief explanation of some definitions

**“Combination”** means the proposed recommended combination of International Paper and DS Smith in respect of the entire issued and to be issued share capital of DS Smith, to be implemented by way of the Scheme;

**“Completion”** means the date on which the Scheme becomes effective in accordance with its terms;

**“Court”** means the High Court of Justice in England and Wales;

**“Court Sanction”** means the date on which the Scheme is sanctioned by the Court;

**“DS Smith”** means DS Smith Plc, a public limited company incorporated in England and Wales with registered number 01377658;

**“DS Smith Directors”** means the board of directors of DS Smith;

**“DS Smith Group”** means DS Smith and its subsidiary undertakings and associated undertakings;

**“DS Smith Remuneration Committee”** means the remuneration committee of the board of directors of DS Smith;

**“DS Smith Share Dealing Code”** means the share dealing code in force at DS Smith;

**“DS Smith Shareholders”** means the holders of DS Smith Shares from time to time;

**“DS Smith Shares”** means the ordinary shares of 10 pence each in the capital of DS Smith;

**“Equiniti”** means Equiniti Limited, a private limited company incorporated in England and Wales with registered number 06226088;

**“HMRC”** means HM Revenue & Customs;

**“International Paper”** means International Paper Company, a New York Corporation, with its headquarters at 6400 Poplar Avenue, Memphis, Tennessee, United States;

**“International Paper Bidco”** means International Paper UK Holdings Limited, a private limited company incorporated in England and Wales with registered number 15880439;

**“International Paper Directors”** means the board of directors of International Paper;

**“International Paper Group”** means International Paper and its subsidiaries and subsidiary undertakings from time to time;

**“International Paper Prospectus”** means the prospectus to be published by International Paper on or around the date of the Scheme Document;

**“International Paper Shareholders”** means the holders of International Paper Shares;



**“International Paper Shares”** means shares of common stock, par value \$1.00 per share, of International Paper;

**“New International Paper Shares”** means the new International Paper Shares, or the DTC book-entry interests representing such shares, proposed to be issued to Scheme Shareholders under the Scheme;

**“Recruitment Award”** means the award granted over 194,191 DS Smith Shares on 27 April 2023, with a normal vesting date of 27 June 2025, under the Recruitment Award Agreement in connection with your recruitment;

**“Recruitment Award Agreement”** means the agreement dated 27 April 2023 under which you were granted the Recruitment Award;

**“Scheme”** means the procedure by which International Paper Bidco will become the holder of the entire issued and to be issued ordinary share capital of DS Smith;

**“Scheme Document”** means the document setting out the terms of the Scheme, dated on or around the date of this Letter, sent to DS Smith Shareholders;

**“Scheme Record Time”** means 6.00 p.m. on the Business Day immediately after Court Sanction;

**“Vested Recruitment Award”** means the award granted over 85,675 DS Smith Shares on 27 April 2023, with a normal vesting date of 14 June 2024, under the Recruitment Award Agreement in connection with your recruitment; and

**“Vesting Terms and Conditions”** means the terms and conditions on the Equiniti portal to be accepted prior to the vesting of the Recruitment Award.

## Notes

The distribution of this document (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

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The DS Smith Directors, whose names are set out in the Scheme Document, accept responsibility for the information contained in this Letter (including, any expressions of opinion), other than the information for which responsibility is taken by others pursuant to the paragraph below. To the best of the knowledge and belief of the DS Smith Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The International Paper Directors, whose names are set out in the Scheme Document, accept responsibility for the information contained in this Letter (including any expressions of opinion) relating to the International Paper Group, the International Paper Directors and their respective immediate families and the related trusts of and persons connected with the International Paper Directors, and persons deemed to be acting in concert with International Paper (as such term is defined in the Code). To the best of the knowledge and belief of the International Paper Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.