

**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 Participant,

**The DS Smith Plc 2020 Sharesave Plan and the recommended all-share combination of DS Smith and International Paper: Matured UK Sharesave Options**

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 any value from any Matured UK Sharesave Options that you hold. This will NOT happen automatically.**

**IF YOU TAKE NO ACTION YOUR MATURED UK SHARESARE OPTIONS WILL LAPSE ON THEIR NORMAL LAPSE DATE (OR EARLIER UNDER THE UK SHARESARE RULES), YOUR SAVINGS ACCOUNT WILL BE CLOSED AND YOU WILL NEED TO CONTACT EQUINITI TO REQUEST THAT YOUR SAVINGS ARE RETURNED TO YOU.**

Further details about what you need to do are explained in section 6 below.

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

We are writing to explain how the Combination will affect your Matured UK Sharesave Options and the decisions you need to make.

This letter only applies to you if you hold UK Sharesave Options which have already matured (meaning those UK Sharesave Options for which the savings period has ended) or which are already exercisable.

**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 Matured UK Sharesave Options, the Choices available to you and what action you will need to take.
- 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 Matured UK Sharesave Options?

Your Matured UK Sharesave Options are currently exercisable. Your Matured UK Sharesave Options are normally exercisable for six months after the date they became exercisable following the maturity date (unless they lapse earlier under the UK Sharesave Rules).

Court Sanction will not change your Normal Exercise Period for your Matured UK Sharesave Options. You will still only be able to exercise your Matured UK Sharesave Options until the end of the Normal Exercise Period (unless they lapse earlier under the UK Sharesave Rules). You will not be entitled to any longer exercise period as a result of the Scheme. However, please note that you will not be able to exercise your Matured UK Sharesave Options in the ten day period leading up to and including Court Sanction.

Any Matured UK Sharesave Options which are not exercised by the end of the Normal Exercise Period will lapse (unless they lapse earlier under the UK Sharesave Rules) and you will need to log in to your Equiniti account at <http://www.esp-portal.com/clients/DSSmith> and request that your savings are returned to you.

## 6. What can you do?

For your Matured UK Sharesave Options, you have the Choice set out below. If you leave employment with the DS Smith Group before Court Sanction and before you exercise your Matured UK Sharesave Options, different rules may apply – these are explained under, “*What happens if you leave employment with the DS Smith Group*” below.

### **Choice: Exercise your Matured UK Sharesave Options in the ordinary course**

You can exercise your Matured UK Sharesave Options to acquire DS Smith Shares at the Option Price (set out in your grant documentation) using your savings to the date of exercise:

- You can exercise until the end of the Normal Exercise Period (unless your Matured UK Sharesave Options lapse earlier under the UK Sharesave Rules). Please note that you will not be able to exercise your Matured UK Sharesave Options in the ten day period leading up to and including Court Sanction.
- On exercise of your Matured UK Sharesave Options, you will receive DS Smith Shares.
- If you sell some or all of the DS Smith Shares acquired on exercise, the DS Smith Shares will be sold at the market value on the date of sale and the cash proceeds will be paid to you as soon as practicable after exercise (less any deductions for taxes and applicable fees). You will not receive New International Paper Shares with respect to any DS Smith Shares you sell.
- If you do not sell some or all of the DS Smith Shares which you acquire on exercise, any DS Smith Shares which you hold at the Scheme Record Time will be automatically purchased by International Paper Bidco as part of the Combination and you will receive 0.1285 New International Paper Shares for each DS Smith Share that you hold at the Scheme Record Time (rounded down to the nearest whole New International Paper Share) less any deductions for taxes and applicable fees.

**If you want to exercise your Matured UK Sharesave Options, you must follow the normal process (or if you exercise post-Completion, the post-Completion exercise instructions on the Equiniti portal) to exercise your Matured UK Sharesave Options before they lapse.**

**Please note that if you do not exercise your Matured UK Sharesave Options by the end of the exercise period applicable to your Matured UK Sharesave Options, they will lapse (unless they lapse earlier under the UK Sharesave Rules). Your savings account will be closed and you will need to contact Equiniti to request that your savings are returned to you.**

## 7. Can you continue to make monthly savings contributions?

You cannot continue to make monthly savings contributions in respect of your Matured UK Sharesave Options as the savings period has already ended.

## 8. Do you have to exercise your Matured UK Sharesave Options?

No but if you do not exercise your Matured UK Sharesave Options, your Matured UK Sharesave Options will lapse automatically at the end of the Normal Exercise Period, and you will need to contact Equiniti to request that your savings are returned to you.

**9. How many New International Paper Shares will you receive?**

If you still hold DS Smith Shares acquired on exercise of your Matured UK Sharesave Options, you will receive 0.1285 New International Paper Shares for each DS Smith Share you still hold at the Scheme Record Time (less any deductions for taxes and 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).

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

If you exercise your Matured UK Sharesave Options and sell the DS Smith Shares which you receive on exercise before the Scheme Record Time, the DS Smith Shares will be sold at the market value on the date of sale and the cash proceeds will be paid to you as soon as reasonably practicable after exercise (less any deductions for taxes and applicable fees). You will not receive any New International Paper Shares.

If you exercise your Matured UK Sharesave Options and do not sell all of the DS Smith Shares which you receive on exercise, any DS Smith Shares which you still hold at the Scheme Record Time will be sold to International Paper Bidco under the terms of the Scheme and you will receive the New International Paper Shares as soon as reasonably practicable after Completion.

**11. How does the Combination affect your UK Sharesave Options that have not matured yet?**

You will receive a separate letter which explains the impact of the Combination if you have any UK Sharesave Options that have not matured yet and the actions which you would need to take in respect of those unmatured UK Sharesave Options.

**12. What if Court Sanction does not go ahead?**

If Court Sanction does not happen for any reason, your Matured UK Sharesave Options will continue to subsist as normal under the UK Sharesave Rules and your Matured UK Sharesave Options will lapse at the end of the Normal Exercise Period.

**13. What happens if you leave employment with the DS Smith Group?**

The leaver provisions under the UK Sharesave Rules will apply to your Matured UK Sharesave Options in the normal way. This means that:

- if you leave for any reason other than dismissal for misconduct, your Matured UK Sharesave Options will remain exercisable until the end of the Normal Exercise Period, to the extent of the savings which you have accumulated to the date of exercise; or
- if you are dismissed for misconduct, your unexercised Matured UK Sharesave Options will lapse on the date that you leave employment with the DS Smith Group and you will need to contact Equiniti to request that your savings are returned to you.

If your Matured UK Sharesave Options are already exercisable because you have left employment with the DS Smith Group as a good leaver, under the UK Sharesave Rules, your Matured UK Sharesave

Options will be exercisable until the date that is six months after the date your employment ended (unless they lapse earlier under the UK Sharesave Rules).

Special rules apply in the event of death.

#### **14. What if you are a PDMR or an insider?**

If you are a Person Discharging Managerial Responsibilities (“**PDMR**”) or if the DS Smith Share Dealing Code applies to you, if you want to exercise your Matured UK Sharesave Options in the ordinary course you must obtain permission to exercise your Matured UK Sharesave Options before you submit an instruction to exercise your Matured UK Sharesave Options. 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, if you are a PDMR or a closely associated person of a PDMR, during a closed period.

#### **15. 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 participants resident for tax purposes in the United Kingdom and nowhere else throughout the time between the date that their Matured UK Sharesave Options were granted and the time that they are exercised. We strongly recommend that, if you are unsure how your Matured UK Sharesave Options 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 exercise, 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, as applicable.*

No income tax or National Insurance contributions should be payable on the exercise of your Matured UK Sharesave Options.

Capital Gains Tax (“**CGT**”) may be payable on the sale of your DS Smith Shares. 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 who exercise their Matured UK Sharesave Options on or before Court Sanction and sell the resulting DS Smith Shares to International Paper Bidco under the Scheme.

Further tax liabilities (such as further 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.

You may also refer to the Tax Guide where general tax notes are provided outlining the tax implications applicable to your Matured UK Sharesave Options. You can find the Tax Guide by logging in to your Equiniti account at <http://www.esp-portal.com/clients/DSSmith>.

#### **16. 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 Matured UK Sharesave Options.

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.

#### **17. Proposal: Recommendation**

The DS Smith Directors recommend that you exercise your Matured UK Sharesave Options before Court Sanction and before they lapse.

The recommendation does not apply to any Matured UK Sharesave Options where the value that you ultimately receive following the exercise of your Matured UK Sharesave Options is less than the applicable Option Price. The value you receive will be contingent on the market value of DS Smith Shares or (where those DS Smith Shares are purchased by International Paper Bidco) International Paper Shares. The market value of such shares is subject to change from time to time.

You should consider the above factors and your own personal circumstances, including your tax position, when deciding if and when to exercise your Matured UK Sharesave Options.

The DS Smith Directors, who have been so advised by Goldman Sachs International, Citi and J.P. Morgan Cazenove as to the financial terms of the proposal, consider the terms of the proposal described above to be fair and reasonable in the context of the Combination. In providing their advice to the DS Smith Directors, Goldman Sachs International, Citi and J.P. Morgan Cazenove have taken into account the commercial assessments of the DS Smith Directors. Goldman Sachs International is providing independent financial advice to the DS Smith Directors for the purposes of Rule 15.2 of the City Code on Takeovers and Mergers.

#### **18. What if you have any questions?**

If you have any questions about your Matured UK Sharesave Options, or how to exercise your Matured UK Sharesave Options, including 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 Matured UK Sharesave Options.

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.

## **19. 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 UK Sharesave Rules or any relevant legislation, the UK Sharesave Rules and the legislation will prevail.

Yours faithfully

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

Yours faithfully

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



## Part B

### A brief explanation of some definitions

“**Citi**” means Citigroup Global Markets Limited;

“**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 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;

**“J.P. Morgan Cazenove”** means J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove);

**“Matured UK Sharesave Options”** means UK Sharesave Options which are exercisable and for which the savings period has ended (but which have not yet been exercised);

**“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;

**“Normal Exercise Period”** means the period during which the Matured UK Sharesave Options are normally exercisable, being a period of six months following the maturity date;

**“Option Price”** means the price at which you can acquire DS Smith Shares under your UK Sharesave Options;

**“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;

**“UK Sharesave”** means the DS Smith Plc 2020 Sharesave Plan, as amended from time to time;

**“UK Sharesave Options”** means options granted over DS Smith Shares under the UK Sharesave; and

**“UK Sharesave Rules”** means the rules of the UK Sharesave, as amended from time to time.

## 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.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for DS Smith and no one else in connection with the matters referred to in the Scheme Document and will not be responsible to anyone other than DS Smith for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in connection with the Combination or any matter referred to herein.

Citi, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for DS Smith and for no one else in connection with the matters described in the Scheme Document and will not be responsible to anyone other than DS Smith for providing the protections afforded to clients of Citi nor for providing advice in connection with the matters referred to in this document. Neither Citi nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Citi in connection with this document, any statement contained herein or otherwise.

J.P. Morgan Cazenove, which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority, is acting as financial adviser exclusively for DS Smith and no one else in connection with the matters set out in the Scheme Document and will not regard any other person as its client in relation to the matters set out in this document and will not be responsible to anyone other than DS Smith for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to the matters set out in this document or any other matter or arrangement referred to herein.

Goldman Sachs International, Citi and J.P. Morgan Cazenove have each given and not withdrawn their consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy, any securities by any person in any jurisdiction (a) in which such offer or invitation is not authorised, (b) in which the person making such offer or invitation is not qualified to do so, or (c) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or where the making of such offer, solicitation or invitation would impose any unfulfilled registration, qualification, publication or approval requirements on DS Smith, International Paper or any of their respective directors, officers, agents, affiliates and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Neither DS Smith nor International Paper nor their respective directors, officers, agents, affiliates or advisers accept any responsibility for any violation of any of these restrictions by any other person.

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.