DS SMITH PLC

Meeting Date:	Wed, 17 Sep 2014 11:00am	**Type:**	AGM	**Issue date:**	Tue, 02 Sep 2014
Meeting Location:	Allen & Overy LLP, One Bishops Square, London E1 6AD				
Current Indices:	FTSE MidCap				
Sector:	Containers & Packaging				

	PROPOSALS	ADVICE
1	**Receive the Annual Report** The Strategic Report is considered acceptable. The objectives for the Company are clearly stated and an adequate group-wide environmental policy has been published and quantitative data is provided. A breakdown of gender is provided at Board, senior management and on an organisational level.	**For**
2	**Approve the dividend** The Board recommends a final dividend of 6.8 pence per share, which together with the interim dividend of 3.2 pence per share gives a total dividend for the year of 10.0 pence per share (2012/13: 8.0 pence per share). This represents an increase of 25 per cent over the prior year and a cover of 2.1 times in relation to adjusted earnings per share. Covered by earnings.	**For**
3	**Approve Remuneration Policy** Disclosure is considered acceptable, with the exception that past performance conditions for the annual bonus are not stated as clearly as is desired. The Company does not consult employees over executive pay, either. The Company will operate one Long Term Incentive Plan (LTIP). Simplification of remuneration structure is welcomed. Awards under the LTIP vest subject to EPS targets, relative TSR and ROCE. These conditions do not operate concurrently which is not considered best practice. Also, a non-financial measure should be used. At three years, the performance period for the LTIP is not considered sufficiently long term. A holding period of two years has been introduced. Total potential awards under all variable schemes can be excessive, as they may exceed 200% of base salary. The The balance of awarded CEO pay with financial performance is not considered acceptable as the CEO awarded pay is considered excessive in proportion to the Company's TSR performance over the last five years. Directors are required to build and retain an appropriate shareholding in the Company, however the 5-year time-frame is not considered adequate as best practice recommends three years. Schemes are not available to enable all employees to benefit from business success without subscription. The Company's recruitment policy allows for the replication of new appointees' forfeited schemes at their previous employers. This is considered an inappropriate practice as it undermines the rationale behind the remuneration policy to retain Executive Directors. Upside discretion may be used while determining severance. Clawback provisions are in place for the bonus and LTIP awards. Mitigation arrangements also exist. Rating: ADC awards are potentially excessive and the CEO awarded is not in line with performance, Triodos opposes this resolution.	**Oppose**
4	**Approve the Remuneration Report** Rewards made to the Executive Directors for the year are considered excessive in comparison with their base salaries and the CEO realised pay over the last five years is not commensurate with financial performance of the Company. All elements of each director's cash remuneration are disclosed. All share incentive awards are stated with award dates and market prices at the date of grant are provided. Pension contributions and entitlements are disclosed. Rating: C As CEO pay over the past five years is not commensurate with performance, Triodos abstains on this resolution.	**Abstain**

5	**To elect Mr I W Griffiths** Newly appointed, independent, Non-Executive Director.	**For**
6	**To elect Mr A R T Marsh** Newly appointed, Group Finance Director.	**For**
7	**To elect Ms L H Smalley** Newly appointed, independent, Non-Executive Director.	**For**
8	**To re-elect Mr C P Britton** Independent Non-executive director.	**For**
9	**To re-elect Mr G Davis** Incumbent Chairman. Independent on appointment.	**For**
10	**To re-elect Mr M W Roberts** Chief Executive Officer. Twelve months' rolling contract.	**For**
11	**To re-elect Ms K A O'Donovan** Independent Non-executive Director.	**For**
12	**To re-elect Mr J C Nicholls** Independent Non-Executive Director.	**For**
13	**Re-appoint the auditors: Deloitte LLP** The total non-audit fees were approximately 33.33% of audit fees during the year under review, and the three year average is 71.43%. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. Triodos opposes this resolution.	**Oppose**
14	**Allow the board to determine the auditors remuneration** Standard proposal.	**For**
15	**Approve the Performance Share Plan rules** Authority is sought to amend the existing DS Smith 2008 Performance Share Plan (PSP) to increase the maximum value of shares over which an individual can be granted awards in any financial year of the Company from 150% of salary to 225% of salary. The committee also seeks to incorporate a deferred sub-plan by way of a schedule to the LTIP. Under the proposal, shares that vest under the PSP at the end of the three year period must be retained for a further two years before they can be sold. The deferral period shall be for a minimum of 2 years and will be subject to clawback provisions. Dividends equivalents may be accrued from the date on which the awards are made until the time when the awards vest. This practice is not in line with shareholders' best interests. Although the proposed move of a deferred PSP plan may align with shareholders' interests and the Company discontinued the share matching, the proposed increase to the performance share awards cap exceeds the quantum of remuneration previously available to directors before the changes, particularly when increases to the bonus awards are incorporated. In addition, the amounts available to executive directors is deemed excessive, as it exceeds 200% of base salary. Rating: DB Based on the potentially excessive increase in awards under the Plan, Triodos opposes this resolution.	**Oppose**

16	**Approve the US Stock Purchase Plan rules** On 3 December 2013, the Share Schemes Committee adopted the DS Smith US Stock Purchase Plan 2013 (the "US Plan"). The US Plan was used in the February 2014 International Sharesave offer to replicate the DS Smith 2011 Sharesave Plan as far as possible within the relevant US legislation. The US Plan is an all-employee savings related stock purchase plan with certain tax and social security benefits gained. Any employee of a US company in the Company's group is eligible to participate in the US Plan, although participation can be restricted to employees who have completed a qualifying period of service. The price per share payable upon the exercise of an option will not be less than 85% of the average middle-market quotation of a share, and the Company may not issue more than 10% of the issued ordinary share capital under the Plan in any ten calendar year period. It is considered that all employee plans to have a positive impact on employee motivation. A company's profit is generated by the efforts of its entire workforce and it is appropriate for all employees to benefit. As the plan for which the board seeks approval is made available to a sufficiently wide body of employees, Triodos supports this proposal.	**For**
17	**Issue shares with pre-emption rights** Authority limited to one third of the issued share capital and two thirds when in connection to a Rights Issue. The authority expires no later than the next AGM. All directors stand for annual re-election. Acceptable proposal.	**For**
18*	**Issue shares for cash** Authority limited to 5% of the issued share capital and expires no later than the next AGM. Acceptable proposal.	**For**
19*	**Authorise Share Repurchase** Authority limited up to 10% of the issued share capital and expires no later than the next AGM. Acceptable proposal.	**For**
20*	**Meeting notification related proposal** The proposed resolution reflects the implementation of the EU Shareholder Rights Directive into English law, which took place on 3 August 2009 as implemented by the company in its Articles of Association. Under the regulations, the minimum notice period for general meetings (other than Annual General Meetings) will increase to 21 days unless shareholders agree on a shorter notice period, in which case it may be 14 days. Shareholder approval is sought to call general meetings on 14 clear days notice. All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. Although this change is permissible by the Companies Act, Triodos does not support this proposal. **** = Special resolution***	**Oppose**

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