


MEETING DATE	Tue, 25 Jul 2017 14:00 pm	TYPE	EGM	ISSUE DATE	Mon, 17 Jul 2017
MEETING LOCATION	Offices of Allen & Overy LLP, One Bishops Square, London E1 6AD				
CURRENT INDICES	FTSE MidCap				
SECTOR	Containers & Packaging				

COMPANY OVERVIEW

DS Smith plc is a holding company engaged in the supply of recycled packaging for consumer goods. It provides corrugated packaging solutions throughout Europe as well as plastic packaging solutions worldwide. The Company originally listed on the London Stock Exchange in 1960 and is currently a constituent of the FTSE 250 index.

PROPOSALS

ADVICE

1 Approve Acquisition

For

Approval is sought for the Acquisition, by the Company and its wholly-owned U.S. subsidiary, DS Smith Holdings, Inc., of 80 per cent. of the total issued share capital of Indevco Management Resources, Inc.(IMRI), the holding company for the Interstate Resources, Inc. group (together the IRI Group) from Merpas Co. S.a r.l. (Merpas). The consideration will amount to US\$920 million (approximately £722 million) (the Initial Acquisition). The Company will also assume or procure repayment of 100 per cent. of the IRI Group's financial indebtedness at Completion, expected to be approximately US\$226 million (approximately £177 million).

The consideration will be satisfied through: (a) a payment of US\$846 million (approximately £664 million) in cash, to be satisfied out of the net proceeds of a £280 million cash placing (the Placing), utilisation of up to £400 million from New Debt Facilities and the rest from existing cash resources; and (b) the issue of 52,474,156 new Ordinary Shares (the Consideration Shares) with an aggregate value of US\$300 million (approximately £235 million), calculated by reference to the average Closing Price of the Ordinary Shares on 23 June 2017, 26 June 2017 and 27 June 2017, to Merpas.

Existing shareholders will have their proportionate shareholdings in the Company diluted by approximately 4.9 per cent. as a consequence of the issue of the Consideration Shares.

The Board believes that the Acquisition is strategically and financially attractive and expects it to create significant value for customers and consistent and attractive returns for Shareholders. Specifically, the Board plans to build upon the IRI Group's well-invested operational asset base, technology and distribution network in the Eastern United States to support the IRI Group's existing customers and the Company's global and multi-national customers, many of whom have operations in the US.

Such proposals are considered on the basis of whether they are deemed fair, whether they have been adequately explained, and whether there is sufficient independent oversight of the recommended proposal. There is sufficient disclosure of the proposal and the transaction is considered to be in line with the Company's strategy. Also, there is a majority of independence on the Board, which provides assurance that the decision was taken with appropriate objectivity. Support is recommended.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 1 - Approve Acquisition

The IRI Group is a family-owned integrated packaging and paper producer concentrated on the East Coast of the United States, operating from 19 production sites and having approximately 1,500 employees. For the year ended 31 December

2016, the IRI Group had revenues of \$618 million.

No changes will be made to the Company's Board as a result of the Acquisition.

BOARD AND COMMITTEE COMPOSITION (post-Meeting)

DIRECTOR	GENDER	INDEPENDENT BY		BOARD	AC	RC	NC	TENURE
		PIRC	COMPANY					
Gareth Davis	M	Yes	Yes	Ch	-	M	C	7
Miles Roberts	M	No	No	CEO	-	-	M	7
Adrian Marsh	M	No	No	Exec	-	-	-	3
Jonathan Nicholls	M	Yes	Yes	SID	C	M	M	7
Chris Britton	M	Yes	Yes	NED	M	M	M	4
Ian Griffiths	M	Yes	Yes	NED	M	M	M	3
Kathleen O'Donovan	F	Yes	Yes	NED	M	C	M	4
Louise Smalley	F	Yes	Yes	NED	M	M	M	3
Number of Meetings				-	-	-	-	
Number of NED only Meetings				-				

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, C = Chairperson of Committee, M = Member of Committee.

BOARD OF DIRECTORS (post-Meeting)

GARETH DAVIS				CHAIRMAN	
AGE	n/d	TENURE	7 Years	COMMITTEES	R,N*
OTHER POSITION	William Hill plc [Ch]; Wolseley plc [Ch]; ex-Imperial Tobacco Group plc [CEO]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	
COMMENT	Independent upon appointment. There are concerns over his aggregate time commitments as he is also Chairman at two other FTSE 350 companies, one of which is a FTSE 100 company.				
MILES ROBERTS				CHIEF EXECUTIVE	
AGE	n/d	TENURE	7 Years	COMMITTEES	N
OTHER POSITION	Poundland Group plc [SID]; ex-Care UK plc [NED]; ex-McBride plc [CE]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		N	
SEVERANCE	12 month rolling				
ADRIAN MARSH				EXECUTIVE DIRECTOR	
AGE	n/d	TENURE	3 Years	COMMITTEES	None
OTHER POSITION	ex-AstraZeneca plc [CFO]; ex-Pilkington plc [CFO]; ex-Tesco plc [Head of Finance]				
INDEPENDENT BY PIRC	N	INDEPENDENT BY COMPANY		N	
COMMENT	Group Finance Director.				
JONATHAN NICHOLLS				SENIOR INDEPENDENT DIRECTOR	
AGE	n/d	TENURE	7 Years	COMMITTEES	A*,R,N
OTHER POSITION	Great Portland Estates plc [SID]; Ibstock plc [SID]; SIG plc [NED]; ex-Hanson plc [FD]; ex-Old Mutual plc [FD]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

CHRIS BRITTON		NON-EXECUTIVE DIRECTOR			
AGE	n/d	TENURE	4 Years	COMMITTEES	A,R,N
OTHER POSITION	Aromatherapy Associates [Dir]; Graze [Ch]; PhD Nutrition [Dir]; ex-Alliance Boots GmbH [NED]; ex-B&B Investment Partners LLP [Co-Fnd]; ex-Diageo [Management]; ex-Findus Group [CEO]; ex-Royal Numico [Div Pres]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

IAN GRIFFITHS		NON-EXECUTIVE DIRECTOR			
AGE	n/d	TENURE	3 Years	COMMITTEES	A,R,N
OTHER POSITION	ITV plc [FD]; ex-Emap plc [FD]; ex-Ernst & Young [Mem of Corporate Finance Team]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

KATHLEEN O'DONOVAN		NON-EXECUTIVE DIRECTOR			
AGE	n/d	TENURE	4 Years	COMMITTEES	A,R*,N
OTHER POSITION	ex-ARM Holdings plc [SID]; ex-BTR plc [CFO]; ex-Court of the Bank of England [Dir]; ex-EMI Group plc [NED]; ex-Great Portland Estates plc [SID]; ex-Invensys plc [CFO]; ex-O2 plc [NED]; ex-Prudential plc [NED]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

LOUISE SMALLEY		NON-EXECUTIVE DIRECTOR			
AGE	n/d	TENURE	3 Years	COMMITTEES	A,R,N
OTHER POSITION	Whitbread plc [Exec & HR Dir]; ex-BP [HR role]; ex-David Lloyd Leisure [HR Dir]; ex-Esso Petroleum [HR role]				
INDEPENDENT BY PIRC	Y	INDEPENDENT BY COMPANY		Y	

BOARD COMPOSITION

BOARD COMPOSITION FOLLOWING THE EGM

			FTSE MIDCAP MEAN	
	Number	% of Board	Number	% of Board
Executive Director	2	25.0	2.2	28.0
Independent NEDs	5	62.5	4.0	50.1
Connected NEDs	0	0.0	0.8	10.8
Other	1	12.5	0.8	10.8

BOARD COMMITTEES FOLLOWING THE EGM

				FTSE MIDCAP MEAN	
	Number of Members	% Independent by PIRC	% Independent by Company	Number of Members	% Independent by PIRC
Whole Board	8	62.5	75.0	7.8	51.4
Audit	5	100.0	100.0	3.5	89.2
Remuneration	6	83.33	100.0	3.8	88.2
Nomination	7	71.43	85.71	4.4	75.6

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