



Delivering for all stakeholders

At Smurfit Kappa, we believe that sustainability is not just about doing the right thing but is also good for business. We work closely across our value chain to create value for our stakeholders through our innovative packaging solutions that are material efficient, produced sustainably and support customers in meeting their sustainability objectives.

In this section our priorities are:

Circularity and innovation



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Packaging can help to lower a product's environmental footprint, and to protect and promote our customers' products. We can realise these aims through our data-driven innovation approach. Our packaging solutions are being designed to deliver for a circular economy: they are renewable, recyclable and actually recycled.

Governance and human rights



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We operate in an environment with diverse legislation, regulations and cultures. Our Code of Conduct is the fundamental guideline for everybody at Smurfit Kappa from the Board of Directors, officers and employees to the individuals, entities, agents or anyone acting on the Group's behalf – including our suppliers.

Sustainable and responsible sourcing



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Sharing our sustainability knowledge, experience and expertise with our suppliers increases the sustainability of our whole value chain. In order to sustainably grow our business and attract and retain customers and investors, our materials and goods and services must have the right quality and cost, but also be securely and responsibly sourced.

164,000+

uses of our InnoTools in 2023

WBCSD

recognised Smurfit Kappa for balanced reporting

1,400+

supplier audit activities in 2023



Impactful business continued



Impactful business

Key Principles

Since 2007, when we started reporting our progress in sustainability, our approach has been to make our performance measurable, transparent and tangible. We report our progress annually, and have our sustainability data independently assured using GRI Standards. We then convert the data into tangible, unique customer-relevant information to support our innovation and design processes. Certifying our management systems adds transparency and credibility for our stakeholders, and having clear policies helps everyone understand how we govern our performance.

We are committed to managing our business ethically, in accordance with our declared values recognising that good social citizenship, reflected in how we interact with our employees, business partners and local communities, is an integral ingredient in creating a sustainable future.

We believe that ethical business conduct must be promoted from the most senior levels of the business, and fostered through the entire organisation. Smurfit Kappa has specific policies on key areas of sustainability, which are integral to improving future performance.

To sustainably grow our business we favour short supply chains and will work with suppliers aligned with our sustainability principles.

Society wants its food, clothing and household goods delivered securely and safe from damage or theft and unnecessary waste. Businesses therefore need fit-for-purpose packaging solutions, which protect the product and deliver it safely to the consumer.

Paper-based packaging offers the most versatile and sustainable solution for manufacturers, retailers and consumers, through any chosen sales channel. It has the highest recycling rate of any packaging, which helps deliver on a low-carbon future, and, in the unlikely event it isn't recycled, it is biodegradable. According to the Food and Agriculture Organization of the United Nations ('FAO'), inadequate packaging wastes 20-50% of food in developing countries, compared with only 3-5% in developed countries, where fit-for-purpose packaging ensures safe product transport. Smurfit Kappa works to promote fit-for-purpose packaging in our operations in both developing and developed countries.

We capitalise on the many sustainable packaging business opportunities across the geographies we operate in by working with our customers and suppliers, and applying our Smurfit Kappa Innotools and extensive supply-chain datasets. Our experience and expertise inspires innovative, fit-for-purpose and sustainable packaging solutions.

Risks and Opportunities

The Group conducted a double materiality assessment which commenced in late 2022 and concluded in 2023 (see pages 22-25 of this report), this confirmed that there are three key material topics for the Group related to Impactful business. These are:

- sustainable solutions for circular economy;
- transparency and compliance; and
- human rights across the value chain.

The output from the stakeholder interviews for the materiality assessment indicates that Smurfit Kappa's stakeholders view the circular economy, and innovation that delivers more circular business solutions, as an integral part of the Group's identity. A focus on sustainable packaging solutions for end users could result in opportunities to enhance the industry's attractiveness and meet the increasing demand for eco-friendly products. The update of the EU Packaging and Packaging Waste Regulation together with other related regulatory change poses a risk that the well-established high recyclability and actual recycling of corrugated packaging are not captured and treated appropriately by the EU. This, despite the Group materiality assessment demonstrating that the Group's stakeholders believe in the positive environmental impact and opportunities of Smurfit Kappa's circular products, could negatively impact the Group's business.



Smurfit Kappa is perceived by its stakeholders as a company with good corporate governance. The Group is aware that any failure to uphold responsible business conduct and fair working conditions could result in increased reputational, financial and legal risks. Given the increased level of publicly available information, and with public scrutiny on areas such as lobbying, taxation or payment conditions, ‘Transparency and compliance’ was identified as a material item. One area that was highlighted within this was the high impact potential of failure to uphold good business conduct.

Sustainable Value Chain is our Business

Sustainability is a core element of our strategy. Our approach is end-to-end: from procurement at the supplier end, to production and product delivery to our customers, the principle of aligning economic goals with social, community and environmental responsibility is applied throughout.

We collaborate with customers and suppliers, sustainably growing their and our businesses throughout the value chain. Our innovative packaging solutions help our customers deliver on their sustainability goals through the use of

renewable, recyclable and biodegradable raw materials and by reducing CO₂ emissions through innovative designs that are fit for purpose and naturally circular. Our broader business model is also circular: our key raw material is recycled fibre and we recover the old, corrugated boxes from our value chain to make new ones. We continually search for new synergies within our operations and with our local partners.

We work to minimise our company’s impact on climate change by maximising the efficient use of resources, thereby reducing pressure on the environment.

Our investors want long-term sustainably profitable businesses, so environmental and social responsibility are key factors when they are choosing companies for investment. Smurfit Kappa’s continued progress is being measured by the various investor ratings and disclosure programmes that we participate in, such as Morningstar Sustainalytics, ISS ESG, MSCI, CDP, EcoVadis, FTSE4Good, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, The Green Economy Mark from the London Stock Exchange, and SEDEX.



The small innovations made by Smurfit Kappa were what made the difference.

Justin Koekenbier
Operational Manager at Crisp, online supermarket

Circular Aspects of our Products

Impact of our Products

Direct Impact

Indirect Impact

Impact 1 Refuse

Designing packaging solutions from mono-materials helps our customers to refuse packaging that is difficult to recycle, is therefore not recycled and that is not biodegradable.

Supporting the packaging value chain to reduce packaging waste and uncontrolled litter. Delivering solutions to our customers that help meet the current and future legislation.

Impact 2 Reduce

Designing packaging solutions that help eliminate non-circular packaging materials with a higher environmental footprint. Ensuring that resource efficiencies are maximised and material waste is reduced by offering fit-for-purpose packaging solutions that optimise the use of packaging materials. Where possible, we produce lighter grammage papers which require less fibre.

We intend to use renewable energy wherever it is economically feasible. This will involve additional use of biomass and scaling-up methods, which use our organic waste to generate energy. It will also involve investments that reduce CO₂ emissions and increase energy efficiency.

Impact 3 Reuse

Ensuring that where reuse is economically, logistically, hygienically and environmentally unfavourable, our recyclable packaging solutions offer a more sustainable alternative with less environmental impact than using a reusable solution, helping our customers deliver on the ambitions of the EU’s Packaging and Packaging Waste Regulation.

Ensuring that we reuse resources in our production wherever possible. For example, using the organic by-product of our production process as biofuel, or reusing materials separated in the paper-making process. We also reuse water in our paper-making processes multiple times, before treating it for discharge.

Impact 4 Recycle

77% of the raw material we use consists of recycled fibres. All paper-based packaging we produce is recyclable.

Recycling of our packaging product delivers new corrugated products with the same quality, whereas the majority of plastic packaging, for example, is downcycled.

We continually find ways to recycle the metal, plastic, wood and other non-paper components separated from the recovered paper that is delivered to our mills.

Impact 5 Recover

Ensuring all paper-based packaging we manufacture can be recovered. For example, offering mono-material solutions that are easy to recover for our customers and consumers.

Our corrugated plants recover paper clippings and send them back to paper production at our mills. We close loops and create circularity in our energy production through recovering the high-energy value of any by-products, such as black liquor and biogas, and circulating heat. We also seek synergies with our neighbours where possible.

Impact 6 Renew

We promote sustainable forest management in our own forests and plantations as well as throughout our supply chain, and demand deliveries of fibrous materials to be CoC certified by an internationally accepted forest management standard: FSC, PEFC or SFI.

Impact 7 Biodegrade

Paper is made of renewable raw materials, with up to 97% fibre and starch, the rest being fillers and ash, such as calcium carbonate. Renewable materials biodegrade naturally and at the end-of-life are converted in to natural materials, such as CO₂ and water.

Impactful business continued

Paper-based packaging is expected to continue to grow in the future driven by demand from consumers who are increasingly aware of environmental issues with '80% preferring paper-based packaging' (Cepi and Paper and Packaging Org Surveys).

We provide industry-leading transparency and detail to our stakeholders on every aspect of our operations and we were recognised by the WBCSD as an example of good practice in sustainability reporting for our 2022 Sustainable Development Report and UN SDG Report.

Smurfit Kappa uses suppliers who adhere to our Sustainable and Responsible Sourcing Policy, our Supplier Code of Conduct, and who are CoC certified where applicable. We audit suppliers on human rights, labour practices and environmental impact.

Creating Tangible Progress

For us, sustainability is not only about mitigating climate change and reducing inefficiency, it is vital to our future as one of the world's largest paper-based packaging companies, and for stimulating innovation and creating new customer demand.

According to the UN Global Compact-Accenture CEO Study on Sustainability, sustainability is essential to a CEOs' business strategies, and 88% of investors see it as a competitive advantage. For them, and for our customers, we must demonstrate the link between sustainable business and corporate value. We integrate sustainability measurement into our business strategy, and throughout our global operations. We know the impact of our sustainable strategy – the facts and figures are contained within this report, enabling investors to appraise the effect of sustainable performance on our business. We are proud to have received customer awards and investor recognition for our sustainability performance.

In 2023, Smurfit Kappa completed a double materiality and human rights assessment to support good business practice and also in advance of new regulatory reporting requirements such as the EU CSRD and CSDDD. This has enabled the Group to understand any gaps in its business conduct, its policies and their implementation. The conclusion from the double materiality assessment was that the Group's material topics remain unchanged from the previous assessments, but there are changes in emphasis of certain topics. This has been discussed on pages 22-25 of this report. The human rights assessment resulted in a roadmap to support the Group's preparation for the CSDDD.

Responding to our Stakeholders

	What We Believe	What Our Stakeholders Expect of Us	Our Commitments
Circularity and innovation	<p>We have a responsibility to respond to the challenge facing the environment and society today – to inspire more sustainable packaging solutions.</p> <p>Packaging can help to lower a product's environmental footprint, and to protect and promote our customers' products. We can realise these aims through our data-driven approach to innovation.</p> <p>Packaging waste is a global challenge with packaging often made from hard to recycle or non-recyclable materials, against this backdrop we provide low-carbon, circular, fit-for-purpose packaging solutions.</p>	<p>To deliver fit-for-purpose, cost-effective and sustainable packaging solutions to our customers.</p> <p>To develop innovative packaging solutions as our response to the global challenges of climate change, litter and packaging waste.</p>	<p>Commitment #1: To inspire more sustainable packaging solutions through:</p> <ul style="list-style-type: none"> – The development of our Better Planet Packaging initiative; – Using our data to improve our processes, products, supply chains, logistics and markets; and – Optimising the use of our InnoTools to support our innovation and design, and leverage our global ideas.
Governance and Human Rights	<p>We operate in an environment with diverse legislation, regulations and cultures. Our Code of Conduct is the fundamental guideline for everybody at Smurfit Kappa from the Board of Directors, officers and employees, as well as all individuals, entities, agents or anyone acting on the Group's behalf – and we require the same from our suppliers.</p> <p>Our Code of Conduct expects adherence to ethical standards, and commitment to quality and service.</p>	<p>To fundamentally comply with regulations and guidelines, have effective corporate governance and respect human rights.</p>	<p>Commitment #1: We are committed to maintaining a strong governance framework by:</p> <ul style="list-style-type: none"> – Making our Code of Conduct accessible for all stakeholders; – Ensuring our stakeholders adhere to the principles of the Code; and – Offering an independent and unbiased channel to raise concerns about breaches to the Code.
Sustainable and Responsible Sourcing	<p>Sharing our sustainability knowledge, experience and expertise with our suppliers increases the sustainability of our whole value chain. In order to sustainably grow our business and attract customers and investors our materials, goods and services must have the right quality and cost, but also be securely and responsibly sourced.</p>	<p>To extend our ethical and sustainable manner of conducting business to our supply chains, and to require our suppliers to continually advance their sustainable footprints.</p>	<p>Commitment #1: We are committed to:</p> <ul style="list-style-type: none"> – Working with suppliers that adhere to our Sustainable and Responsible Sourcing Policy and Supplier Code of Conduct, are CoC certified (where applicable), and commit to our Modern Slavery Act Statement; and – Regularly auditing our suppliers to ensure adherence with our key Sustainable and Responsible Sourcing principles.



Product

Creating Sustainable Change Together



The Consumer Goods Forum ('CGF') is a global network of companies that aims to drive positive change through action and collaboration in the consumer goods industry.

Plastic pollution has emerged as a critical environmental issue, through our collaboration we seek to support the consumer goods industry in adopting innovative solutions to minimise plastic use, enhance recycling efforts, and ultimately mitigate the impact of plastic waste on the environment.

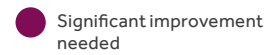
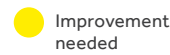
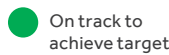
Smurfit Kappa is actively engaged in an innovation working group on flexible packaging, aiming to unlock barriers to scale alternative materials and accelerate adoption. In developing countries where waste management systems are limited, flexible packaging leaks disproportionately into the environment.

Therefore, focus markets have been identified within countries with no or very limited waste management systems and those with a low probability of significant infrastructure development for flexible packaging within the next 10 years.

The primary focus for the packaging materials, based on the understanding of limited recycling infrastructure, is on alternatives to plastic that are less harmful to the environment if they do end up in nature. Additionally, these materials should have the potential for large-scale recycling or composting and should be bio-benign.

Whilst the working group is currently in the research and development phase, we look forward to continuing our collaboration with other industry leaders and working towards a more sustainable and circular economy.

Status key:



Progress Made in 2023

Progress made:

Our tools: Innobook, Pack Expert, Paper to Box, Shelf Viewer and SupplySmart, were used over 164,000 times during 2023.

[Read more on pages 100-103](#)

Status



Delivering for SDGs

Our product offers a great opportunity for innovation that can have a positive impact for society.

Smurfit Kappa contributes to the realisation of the following SDG and targets:

9.2, 9.4 and 9.5



Scope

— All Smurfit Kappa operations

Progress made:

During 2023, no material breaches to our Code of Conduct occurred. No material fines were imposed on the Group for any breaches of such laws and regulations in 2023.

[Read more on pages 104-107](#)



For Smurfit Kappa, impactful business means respecting people and having responsible governance. These, in turn, have a positive impact on the communities we have operations in.

Smurfit Kappa contributes to the realisation of the following SDGs and targets:

8.7
16.2, 16.5 and 16.10



— All Smurfit Kappa operations

Progress made:

During 2023, 63 on-site, physical supplier audit activities took place through our six pillar Sustainable and Responsible Sourcing audit programme.

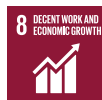
[Read more on pages 108-111](#)



Smurfit Kappa can extend its impact through its supply chains and through that have an impact on decent work and economic growth.

Smurfit Kappa contributes to the realisation of the following SDG and targets:

8.5, 8.7 and 8.8



— All Smurfit Kappa operations

Impactful business continued

Circularity and innovation

The challenges facing society require a new way of thinking and acting to deliver on a low-carbon, circular future. This will drive a need to create more innovative and sustainable packaging solutions. The world needs to focus on reducing waste and carbon emissions, preserving biodiversity and ecosystems, and thinking end-to-end.



Highlights in 2023

100%
used packaging reclaimed

77%
recycled fibres used

74
awards for innovation and design

As a society, we must create products and packaging without wasting resources, there is a need to make packaging more recyclable, actually recycled, biodegradable and from renewable sources.

For Smurfit Kappa, we do not just sell packaging to our customers, we work closely with them, developing value-added solutions for their supply chains. Better Planet Packaging is our programme to deliver packaging solutions that leave no trace for future generations.

We are committed to evolving our business model with new advancing technologies, to ensure we design our products and develop our processes to be innovative, fit-for-purpose and circular by nature. We follow the guiding principle of waste prevention by closing loops at every stage whether it is material efficiency, CO₂ emissions or smart water stewardship.

Circular by Nature

Our circular model focuses on making a positive climate impact, in terms of reducing both carbon and waste. This starts with our product being circular, as it is made with 100% renewable, recyclable, and biodegradable primary raw material.

With a 100% collection rate of which 88% is recycled in our own mills, Smurfit Kappa's corrugated packaging is highly circular, and we continually work to improve the recycling and recyclability of our product. Our integrated business model allows us to design material efficiency throughout our processes. We partner with our communities and neighbours to find synergies for further circularity. We seek circular partners in how we source the raw materials, how we create our products, how they are used and what happens when they reach the end of use.

We start with 100% renewable and recycled resources. 77% of our raw material is recycled fibre and the remaining 23% comes from renewable, Chain of Custody certified wood. Our timber is often a natural side product – from the woodchips and tops of the trees too small for sawmills, as well as trees that are removed to support healthy growth in the forest. This means that everything is used, nothing is wasted.

Annually, Smurfit Kappa's recycling operations handle approximately 5.8 million tonnes of recovered paper in Europe, and 1.9 million tonnes in the Americas. We have a network of 19 recycled paper depots in Europe, and 24 in the Americas, using recovered paper from municipalities, retailers, industries, and our own corrugating and converting operations. All the recycled fibre we use is certified CoC.

Our Circular Operations

We aim to make our operations fully circular. Key to this is minimising waste by finding a use for our side product streams; whether doing so ourselves or in collaboration with regional partners and local communities.

The generation of non-hazardous waste is relatively low within our business, with a significant source coming from post-consumer waste streams (old boxes) such as plastics, fabrics, metal and sand. Today, more than 50% of these side streams are recovered and recycled for reuse. Paper clippings from corrugating and converting operations are returned to our paper mills as raw material, while organic by-products such as wood bark and biogas from biological water treatment are used as biofuel; some water treatment sludges become soil improvers and waste ash can be used in the cement industry.

When it comes to the water we use, we are responsible stewards of this precious resource that is key to producing paper. As we are not a significant consumer, but rather a processor of water, we focus on efficient use of water in our process. Our process water is recirculated several times, and we invest in best-practice water treatment before it is emitted back to the local water system.

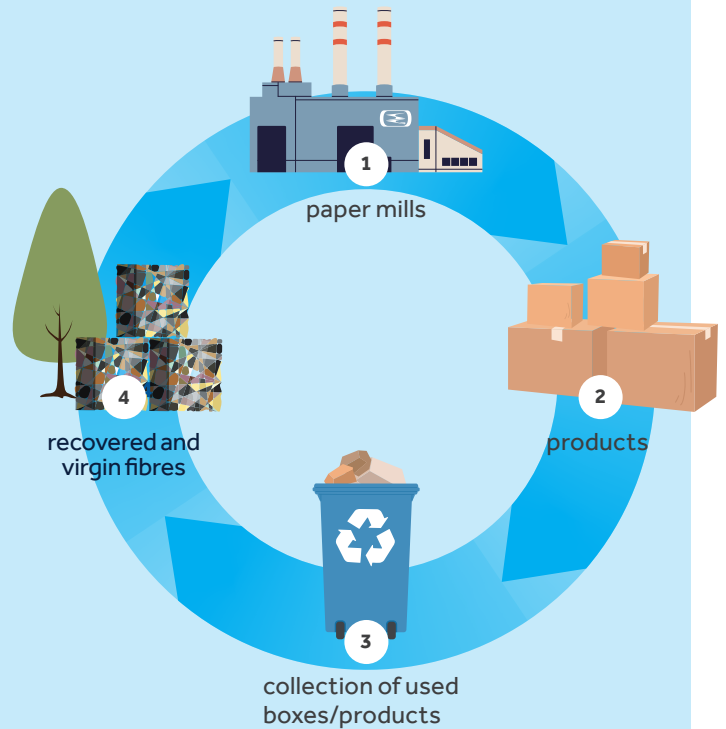
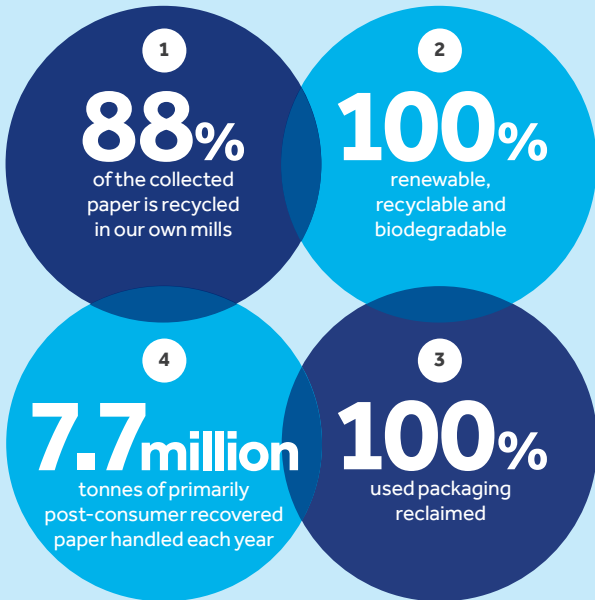
We are also continuously improving our energy efficiency and using more renewable energy to reduce impact and lower costs – for example, in our paper mills we have achieved an 18% improvement in energy efficiency since 2005 and over 50% of the energy produced is now based on renewable energy.



Delivering for our SDGs

<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
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Our Circular Process



Role of Packaging

The role of packaging has become a subject of debate after the world woke up to the littering problem and the amount of plastic in our ecosystems. In the EU, from 2009 – 2020, the amount of packaging waste grew by 20% and is expected to continue to grow by 19% until 2030, which has prompted the regulators to rethink packaging legislation.

Packaging materials should be reusable, recyclable, actually recycled, biodegradable, and produced ethically and sustainably. We have seen how in Europe the Packaging and Packaging Waste Regulation (‘PPWR’) is now entering its final stage of review at European level and we are pleased to see how all three chambers of the EU have recognised how corrugated packaging is part of the solution to deliver the EU’s objectives of delivering on a low-carbon, circular future.

The core function of packaging is to protect, transport and store the packaged goods in a safe manner. When packaging solutions are designed to be fit-for-purpose, this helps to reduce waste and the environmental footprint of the packaged goods throughout their value chains.

We use a holistic approach to find packaging solutions that are impactful and scalable. This leads to fit-for-purpose packaging solutions that ensure that the packaged product is transported and stored safely and delivered undamaged to the consumer.



Case study

Vitop® Uno – a new tap for Bag-in-Box®

Vitop® Uno is the first tap in the Bag-in-Box® product portfolio to have the tamper protection attached and therefore be compliant with the forthcoming EU Single Use Plastics Directive. Tethered caps for drinks will become mandatory in the EU in July 2024.

By reducing oxygen contamination, Vitop® taps also improve the Bag-in-Box® products’ shelf life, so less goes to waste. Across a broad range of products from wine and juices, to oil and paint, Bag-in-Box® makes an attractive alternative to bottles and cartons. One other advantage of Bag-in-Box® over other materials is its flexibility to print new designs on the box, this is proving popular with customers who want to link their design prints to the different seasons.



The Bag-in-Box® packaging solutions offer one of the lowest packaging void ratios between primary and secondary packaging which makes it a good fit with the new PPWR requirements.

Impactful business continued

As part of our product and process development, we analyse customer challenges and find creative solutions for specific products and markets.

With circularity in mind at the design stage, and by optimising both primary and secondary packaging, we can deliver efficiencies in transport, storage and display to ultimately ensure recovery and recycling of our packaging products in recycling channels.

We use Life Cycle Assessments as a tool to understand the environmental footprint of our products and processes but do not rely solely on that. Fit-for-purpose design manages a wider scope of environmental challenges in the packaging design – including the protection of packaged goods from becoming waste – and is therefore the most suitable approach to packaging solutions. Our Better Planet Packaging tools help compare progress against sustainability KPIs and Smart Services help customers to develop new solutions from idea to implementation.

We focus both on our own and our customers' supply chains. Our paper-based packaging is designed to minimise resource use, reduce environmental footprint and use material sourced through certified CoC fibre origin management systems. The effective monitoring

of our sustainability data enables us to discover new approaches to packaging and supply-chain management and we use our InnoTools – eSmart, SupplySmart and Pack Expert – to understand our customers' supply chains.

To drive innovation for our customers and suppliers, we examine the entire packaging concept to develop a more appropriate, sustainable solution. We also consider changing customer preferences, demographics, regulatory developments and other competitive forces.

Our ambition is to deliver fit-for-purpose packaging solutions to our customers and we focus on using our extensive data and proprietary business tools, such as Paper to Box, to deliver this.

Better Planet Packaging

Our vision for innovation for sustainable packaging focuses on eventually delivering net zero emissions from packaging and its production. We see this happening through three steps:

1. Reduce the packaging problem by the elimination of problematic and unnecessary packaging from the market. Direct substitution with a sustainable alternative may not always be enough, packaging can only be defined as sustainable when it is

fit-for-purpose, circular and does the job it is intended for. Oversized packaging or packaging that fails to protect a product from shipping damage does not serve its purpose and destroys rather than creates value.

2. Collect, recover and restore packaging and materials through strategies like reuse, repair, remanufacture and recycle contributes directly to increased circularity and makes it mainstream. Recycling at scale will keep the materials in the economy as long as possible before they are returned safely to the biosphere. This requires the collection system to work at scale so that all used packaging is collected during its entire lifetime to ensure that it is reused or recycled at scale and not littered, landfilled, or exported to other countries for landfilling.
3. Whatever resources we extract from the biosphere must be restored and whatever waste disappears back into it must never pollute. This means using renewable raw materials and ensuring biodegradable packaging. This will ensure that the small amount of waste that does find its way back into the biosphere can do so without causing pollution.



Case study

Impactful Business

Purina

Innovation across Europe with Design2Market Factory



The Smurfit Kappa Design2Market Factory will be expanding across Europe after a successful first year in operation. The innovative prototyping capabilities, combined with a fast and organic process, mean analysis and solution development takes place simultaneously, enabling customers to test in real time and adapt their packaging before a full market launch.

The 3,000m² original innovation hub in the Netherlands has been home to over 50 successful projects for some of the world's biggest consumer brands, underscoring its impact on packaging design. The Design2Market Factory, a testament to our commitment to excellence, reduces the packaging design and production time to ensure it's ready to be tested in the market in just two weeks.

The user-driven prototypes are designed in collaboration with customers combining creativity, technical expertise, and advanced models to address specific needs. So far, the team has created, analysed, and launched many innovative solutions on the market including

shelf-ready packaging for detergent, a paper-based replacement for shrink wrap, and a complete range of e-commerce solutions. Design2Market Factory also creates packaging solutions that meet Amazon's certification standards, that is required to sell on the platform.



The journey of the Design2Market Factory has been remarkable, and the trust placed in us by many industry-leading household names is testament to our commitment to innovation and excellence at speed. Broadening our European footprint will help more customers to stand out in an increasingly competitive landscape and achieve their sustainability goals in line with our Better Planet Packaging initiative.

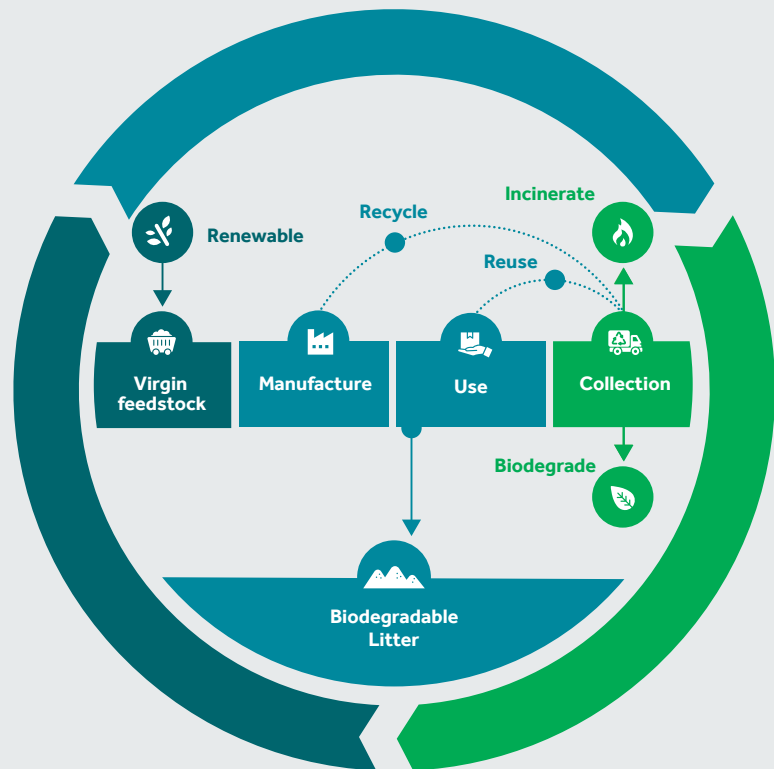
Arco Berkenbosch
Chief Innovation Officer for Smurfit Kappa Europe

Our vision

Truly circular packaging production requires decoupling from fossil carbon leakage in all cycles of packaging reuse and recycling.

We do this through:

- Eliminating unnecessary packaging or optimising renewable and recycled sustainable raw material alternatives, designing out waste and pollution from the outset;
- Fully utilising the true value of all resources, including generating bioenergy from residues and circular energy recovery;
- Reducing leakage through economically viable recycling systems and biodegradable raw material;
- Promoting organic carbon cycles through biodegradation or incineration waste from products made from organic, renewable sources and keeping with net zero emissions; and
- Increasing material life cycles through collect, recover and restore packaging and materials using strategies like reuse, repair, remanufacture and recycle, keeping products and raw materials in use for as long as possible.



To achieve this circularity, we believe that packaging needs to be reinvented. To make this happen, we reinvent in five areas:

1. Reinvent packaging manufacturing: consistently reducing the environmental footprint of packaging and eventually minimising it to zero.
2. Reinvent packaging materials: develop fit-for-purpose packaging materials that are renewable, recyclable, recycled, and biodegradable.
3. Reinvent packaging design: develop fit-for-purpose Better Planet Packaging solutions for today, tomorrow and ultimately for a sustainable future.
4. Reinvent supply chain: packaging solutions that protect the product in its journey and optimises that journey to reduce its environmental footprint.
5. Reinvent end-of-life: packaging solutions which even if ending up in the environment do not harm it. After finally having maximised the use of the resource, it returns to the nature through biodegradation.

World Without Packaging Waste

Our Better Planet Packaging initiative's purpose is to create better packaging for a better world for future generations and using packaging where needed. It seeks to make a positive impact on supply chains around the globe and on millions of consumers, while improving the environmental footprint of packaging and reducing packaging traces on the planet.

By developing optimised and fit-for-purpose paper-based packaging solutions that are designed to be recyclable and are recycled, we can help our customers, entire value chain to reduce their carbon footprint.

We also contribute to a vision of a world without packaging waste by supporting the concept of circularity. As part of that, we play a role in collecting used packaging; the industry reuses more than 80% of this material.

By innovating and understanding the added value of every fibre of our products, the result is greater sustainability, from start to finish.

Our approach to packaging solutions:

- Uses our strength and industry-leading expertise in innovation to develop sustainable packaging solutions, especially in plastic substitution, that are renewable, recyclable, actually recycled, and biodegradable;
- Applies our industry knowledge and expertise on end-to-end supply chain management to help our customers improve the environmental impact and efficiency of their supply chain while also delivering a superior consumer experience; and
- Sustainability has been at the core of our business for decades. We will continue to lead the industry by developing new solutions and are committed to managing our operations in a sustainable way.

Progress in 2023

In 2023, we continued to introduce the benefits of our Better Planet Packaging tool suite:

- Paper to Box calculates the carbon footprint of the packaging solution.
- LCA lite compares the carbon footprint of different packaging materials advising on the optimal solutions.
- BPPprogress demonstrates our customers packaging related carbon footprint, its evolution over time using historical data and projection into the future, eventually to 2050 towards our net zero goal.
- SupplySmart helps to uncover, target and deliver improvements to packaging in order to increase efficiency and effectiveness across their supply chain.
- Buffers Inspirator, to help our design team create innovative and new recyclable and biodegradable paper-based alternatives to plastic buffers in packaging.
- Our Better Planet Packaging case study library makes all design concepts available for our designers anywhere in the world to deliver the best possible design concepts to our customers.

In November 2023, our Experience Centres hosted many customers with whom we discussed topical issues such as decarbonisation, plastic reduction in packaging and the EU PPWR and EUDR.

Smurfit Kappa's sustainability credentials are well recognised and eight of its design innovations won at the World Star Awards in 2023.

Impactful business continued

Governance and human rights

We are committed to strive for the highest standards of corporate governance and ethical business conduct. This commitment is instilled across our business, from the boardroom to the factory floor, and throughout our operations and supply chain.



Highlights in 2023

2

recognitions from WBCSD for reporting on SDGs and for balanced reporting

1st

Group level Human Rights assessment conducted by an expert third party

CGI

The Climate Governance Initiative showcased the sustainability strategy of Smurfit Kappa and the role of the Board



Delivering for our SDGs

We believe that ethical business conduct must be promoted from the most senior levels of the business, and fostered through the whole organisation. This section outlines Smurfit Kappa's approach to governance in terms of sustainable conduct. We require the same standards of conduct from our suppliers, and this section also summarises our approach to supplier compliance. For further information on corporate governance, see pages 112-124 of the 2023 Annual Report.

Complying with Regulations and Guidelines

It is Group policy to comply, at a minimum, with the relevant laws and regulations in the countries in which we operate. We ensure that our employees are aware of relevant guidelines and conduct themselves accordingly.

During 2023, no material fines were imposed on the Group for any breaches of such laws and regulations.

Wherever possible we go beyond minimum compliance with regulations and maintain the highest reporting standards. Information about our voluntary actions in legal and regulatory matters can be found in sections Planet, People and Impactful Business on pages 34-111. Our entire Sustainable Development Report has a limited assurance by KPMG, in accordance with the GRI Standards.

Each significant business unit is subject to an annual external and independent financial audit conducted by the Group's external Auditor. Most of our business units are subject to local statutory financial audits. The Group also has an Internal Audit function which, during 2023, performed 49 detailed internal audits.

Code of Conduct and Corporate Policies

The Smurfit Kappa Code of Conduct ('the Code') applies to the Board of Directors, officers and employees, as well as all individuals, entities, agents or anyone acting on the Group's behalf. The Code is available in 21 languages to ensure accessibility and worldwide compliance.

The Code takes account of the following international conventions and codes:

- International Labour Organization ('ILO') Declaration on Fundamental Principles and Rights at Work (core conventions);
- UN Declaration on Fundamental Human Rights;
- Organisation for Economic Cooperation and Development ('OECD') Guidelines for Multinational Enterprises; and
- UN Global Compact.

The Code provides accessible and understandable guidance for employees in every jurisdiction.

Each Smurfit Kappa entity and its employees are required to apply the Code, as well as abiding by the laws and practices of their industry and the jurisdiction in which they operate. It makes clear that personal and professional integrity is essential to conducting business in an ethical manner. The Code also requires adherence to ethical standards, and commitment to quality and service.

Adhering to ethical standards includes the way we interact with external bodies, including anti-corruption and complying with competition laws. We have designed controls to mitigate the risks related to corruption and these are tested during our internal audits. All market-facing employees have been trained on competition law; interactions where there is specific focus on complying with the law are registered centrally, and are subject to annual self-declaration controls.

During 2023, there were no material incidents reported which the Group considered to be non-compliant with the Code.

The Code is supplemented by policies relating to our operational and managerial practices. These policies cover Environment, Sustainable Forestry and Fibre Sourcing, Sustainable and Responsible Sourcing, Social Citizenship, and Health and Safety. All our codes and policies are available on our website: www.smurfitkappa.com.



Case study

Climate Governance Initiative Strong Governance supporting an industry leader

In 2023, Smurfit Kappa was selected by the Climate Governance Initiative ('CGI') to showcase the Group's joined-up approach to its climate and sustainability strategy. This was profiled across CGI's 100,000 members in over 70 countries worldwide. The CGI focuses on mobilising boards of directors around the world to address climate change in their businesses.

They do this by developing and supporting national associations that equip their members with the skills and knowledge needed to make climate a boardroom priority, building on the World Economic Forum's Principles for Effective Climate Governance.

The Climate Governance Initiative notes the role our Board plays in our climate and sustainability agenda, with four non-executive Board members actively participating in the Sustainability Committee. The CGI commented in their case study published in April (2023): "By issuing green finance instruments Smurfit Kappa has embedded sustainability into its capital structure whilst simultaneously placing sustainability firmly at the centre of its operating model. This has allowed the organisation to invest in reducing its CO₂ emissions in line with the Paris Agreement and reaching at least net zero by 2050. This process has been supported by an experienced and proactive board that has worked closely with the executive team to ensure a joined-up approach to the organisation's climate and sustainability strategy."

A unified approach to sustainable leadership

As a global leader in the packaging industry, we prioritise being a responsible business. Smurfit Kappa was the first FTSE 100 company to be awarded the full five stars by Support the Goals in recognition of our support for the UN Sustainable Development Goals ('SDGs'), and we were the first in our sector to set a net zero emissions target.

At the centre of our sustainability strategy is our circular business model. From responsibly sourcing renewable and recyclable raw materials to the production of recyclable and biodegradable packaging solutions, we are dedicated to reducing and minimising our environmental footprint.

Collaboration

Smurfit Kappa is also a member of cross-industry forums that are driving best practice, such as the Consumer Goods Forum and the WBCSD. We also collaborate with like-minded companies on projects to trial and scale emerging technologies, for example the Digital Twin technology project in the UK, the Hyflexpower consortium hydrogen project located at our Saillat paper mill in France, and the EU Just Transition Fund project in Sweden, which is a sustainable energy research and development project. In collaboration with leaders in energy technology and research institutes, we are committed to renewable energy and to supporting the acceleration of decarbonisation within energy-intensive industries.

Speaking to the CGI, Ken Bowles, Group Chief Financial Officer and Executive Director of Smurfit Kappa commented: "We understand that sustainability is a crucial element of responsible business practice, and we take our responsibility as a purpose-driven company to drive positive change seriously. As such, our Board plays an important role in leading the change towards a more sustainable future through its strong oversight, ensuring the Group is adhering to our sustainability commitments and making progress in achieving our Better Planet 2050 targets."

Impactful business continued

Respecting Human Rights

As a responsible business, we support global human rights and labour standards, and check that our suppliers do too. Smurfit Kappa Group is committed to the application of the principles expressed in the UN Guiding Principles on Business and Human Rights, and the Fundamental Principles and Rights at Work developed by the ILO in all of the countries in which we have (or will have) a presence. Our Social Citizenship Policy Statement reflects our commitment to upholding internationally recognised human rights. For more information on our commitment to human rights, see our People Values section on pages 74-75.

Our Supplier Code of Conduct requires that those who seek to do business with the Group respect and uphold the rights of workers and prohibit the use of child labour and forced labour of any type. For more information on our engagement with suppliers in this area, see our Sustainable and Responsible Sourcing section on pages 108-111.

The Group is subject to the provisions of the UK Modern Slavery Act and publishes an annual Modern Slavery Act ('MSA') Statement, which is available on the Group website at www.smurfitkappa.com.

We also require our suppliers to comply with the Modern Slavery regulations and conduct audits to ensure compliance. Suppliers are required to confirm their compliance with the Modern Slavery regulations every three years and the MSA is available in eight languages, which represent the languages used by the majority of our suppliers. Confirmation of compliance with the Group's Sustainable and Responsible Sourcing Policy, Supplier Code of Conduct and Modern Slavery Act Statement are one of the first steps in the onboarding of new suppliers.

In 2021, the FSC CoC standards were revised to include labour requirements based on ILO Core Conventions. The Group's FSC Chain of Custody certified sites are required to implement the FSC core labour requirements in their operations and must be able to demonstrate this to external third-party auditors. To conform with the FSC core labour requirements, organisations are required to complete a self-assessment in relation to the ILO Core Convention requirements. During 2023, our FSC certified sites completed the self-assessments and were audited to ensure compliance. The relevant sites were able to demonstrate their compliance with all FSC core labour requirements and in doing so have retained their FSC certification.

In keeping with the UN Guiding Principles on Business and Human Rights, and the Fundamental principles and Rights at Work developed by the ILO, we are committed to the principles of respect, diversity, working fairly, fair pay, compensation and benefits, and our acquisition practices are in line with these principles as well. They are maintained in every country in which we have a presence and our principles and policies with respect to our employees and suppliers are updated to ensure compliance.

Demonstrating Leadership

Our goal is to be the most sustainable paper-based packaging solutions company globally. To achieve this, we believe it is important to share our sustainability experience with our customers, suppliers and the wider industry.

We are involved with selected trade bodies to influence understanding and share knowledge about embedding sustainability throughout organisations, including:

- Confederation of European Paper Industries ('Cepi') – Group and National level membership. Smurfit Kappa CEO for Europe is currently a board member;
- European Corrugated Packaging Association ('FEFCO') – Group and national level membership. Smurfit Kappa's CEO for Europe is currently a board member;
- International Corrugated Case Association ('ICCA'). Smurfit Kappa's CEO for Europe is currently a board member; and
- Asociación de Corrugadores del Caribe Centro y Sur América ('ACCESA'). Smurfit Kappa's Caribbean Corrugated Director is currently a board member.

In addition, we are active participants in and/or signatories to many environmental reporting and sustainability organisations:

- CDP (formerly Carbon Disclosure Project);
- UN Global Compact;
- UN Global Compact's CEO Water Mandate;
- The Forest Stewardship Council ('FSC');
- The Programme for the Endorsement of Forest Certification ('PEFC');
- The Science Based Targets initiative ('SBTi');
- The Supplier Ethical Data Exchange ('SEDEX'); and
- World Business Council for Sustainable Development ('WBCSD').

Influencing Public Policy for Good

Beyond compliance, Smurfit Kappa upholds standards on a variety of matters material to our business, representing them to the parties concerned, either directly or through industry bodies such as Cepi, FEFCO or the European Round Table of Industrialists ('ERT'). We also work closely with the Irish Business and Employers' Confederation ('IBEC') and equivalent bodies in other countries. Our Group CEO is a member of the ERT.



Through our green finance instruments, we aim to give our debt investors the opportunity to invest in truly sustainable business practices, reporting transparently on our ambitious sustainability targets and the progress we are making towards achieving them

Emer Murnane
Group Treasurer, Smurfit Kappa

At all times, the people representing the views of Smurfit Kappa do so with reference to the Code, and the local laws and regulations that apply to the Group's operations. There were no significant criticisms of the Group in this respect in 2023.

In line with the Code, no financial contributions were made to political parties in 2023. No national government is a direct investor in Smurfit Kappa.

Our Approach to Tax

As a responsible company, operating globally, Smurfit Kappa is acutely aware of its responsibilities around corporate citizenship. This includes managing and maintaining a sufficient level of tax contribution, which means we do not engage in aggressive tax planning. An example of that is how we approach cross-border transactions, which, given the multi-national nature of our Company and business, occur on a daily basis. Our transfer pricing policies are aligned with our operating business model and with commercial substance. Transactions between related parties are made on an arm's-length basis in accordance with OECD guidance and principles. Our business activities generate a significant amount and a variety of taxes including corporate income taxes, value-added taxes, employment taxes, wealth taxes and other transaction taxes. We are committed to complying with tax laws in a fair and responsible manner and to having open and constructive relationships with tax authorities. We embrace our responsibility to pay an appropriate amount of taxes and we engage with international initiatives to improve and simplify tax regimes to achieve a balance that promotes greater transparency and certainty whilst also incentivising investment and growth in countries.

Our approach to tax can be found at www.smurfitkappa.com



Product

PepsiCo's Global 'Supplier of the Year'



Smurfit Kappa has distinguished itself amongst all PepsiCo's suppliers to win its 'Supplier of the Year' award. The prize recognises excellence across sustainability, speed to market and overall business performance.

Saverio Mayer, CEO of Smurfit Kappa Europe, commented: "We are thrilled to receive this award from PepsiCo which acknowledges our steadfast commitment to sustainability and innovation. Seeing how many excellent suppliers from a vast number of sectors were in the room, it was both an honour and a privilege to get this prize. Our partnership is based on our shared determination to do more to protect the planet. This is recognition of the excellent work of our teams, including our 1,000 world-class designers and the talented employees in our plants, who deliver quality, innovative packaging solutions that achieve real and measurable sustainability benefits for our customers."

Smurfit Kappa supplies PepsiCo's European food business providing innovative solutions for many of its brands including Walkers, Doritos, Lay's and Cheetos. We also supply PepsiCo in several countries in the Americas including Argentina, Brazil, Colombia, Mexico, and the US. Sherif Eskandar, Chief Procurement Officer of

PepsiCo Europe, said: "This award recognises Smurfit Kappa for its outstanding performance and unwavering dedication to advancing our PepsiCo Positive agenda. Smurfit Kappa exceeded all our expectations in terms of delivering value, showing commitment to delivering our objectives, driving innovation, cost transformation, and sustainability."

The award is the latest milestone in a fifteen-year partnership during which we have collaborated with PepsiCo on various stand-out projects. One such example was for PepsiCo's Walkers crisps brand in the UK. Smurfit Kappa developed a 100% recyclable paper-based box to replace the plastic bag that its multipacks originally came in. By switching to cardboard, Walkers removed 250 tonnes of plastic from its supply chain, was able to increase its pallet load and deliver a faster, more efficient process.

250 tonnes

Walkers removed 250 tonnes of plastic from its supply chain

Fiscal Contribution

In 2023, we recorded a corporate income tax expense of €296 million for an effective tax rate of 28%.

We paid €406 million in corporate income tax in the period. We also paid dividends of €367 million on which we remitted approximately €38 million in taxes on behalf of our shareholders.

Safe Products and Satisfied Customers

Ensuring our packaging solutions are safe is an integral part of our business. As our packaging is used to deliver and store food products, our products must meet all relevant food safety standards. These include OECD guidelines for Multi-national Enterprises and providing statements on food safety and the regulation on the registration, evaluation, authorisation and restriction of chemicals ('REACH') to our customers.

We provide our customers, when required or requested, with support and advice on matters relating to the regulations and/or voluntary codes concerning the health and safety aspects of our products. We have a central team working

on food safety to ensure compliance with regulations and provide customers with specific advice if needed. The support we offer is limited to information provided by the customer detailing their individual circumstances.

As a highly customer-centric organisation, we put customer experience at the heart of our operating model. We strive to differentiate ourselves with an enhanced buying experience, and to create measurable value for our customers and key stakeholders.

Delivering a great customer experience calls for disciplined execution and consistent service delivery. We use data and analytics-based insights to review customer journeys and pinpoint the operational improvements that can have the biggest effect. We also use tangible methods and tools to measure customer satisfaction and understand what matters to our customers and how we can deliver it. Our customer relationship management ('CRM') tools enable us to follow up on customer feedback and capture insights that can maximise customer satisfaction. This drives customer value and loyalty. GDPR requirements are fully complied with when dealing with customer data and analytics.

Sustainable Finance

Since 2005, we have invested approximately €1.37 billion to make our operations more sustainable. Of this, approximately €1.1 billion has been invested in different energy efficiency and CO₂ reduction projects, over €157 million in best practice water treatment systems and over €100 million in projects optimising fibre use and reducing waste.

Our more recent approach to sustainable finance further integrates the sustainability ambitions at the core of our business model into our funding strategy. As part of this continued commitment, we launched our Green Finance Framework, which reflects the sustainable and circular nature of our business model. This considers our efforts to produce circular products, the reuse of recycled paper or certified sustainable raw materials, and to implement circular production processes, which we continuously improve.

Our third EU taxonomy disclosure can be found on pages 69-77 in our Annual Report 2023.

Impactful business continued

Sustainable and responsible sourcing

Sourcing materials, goods and services represents the single largest cost item for Smurfit Kappa. Sustainable and responsible sourcing is therefore an important part of our sustainability vision and strategy. In 2023, for example, we spent €6.7 billion on raw materials, energy, logistics, maintenance/repair, and capital equipment.



Highlights in 2023

1,391

suppliers assessed through external platform

63

audits on site

100%

strategic suppliers of key raw materials had signed compliance with our supplier policies



Delivering for our SDGs



We want to sustainably grow our business and value chain. That means our materials, goods and services not only have the right quality and cost, but also should be sourced securely in a sustainable and responsible way as described in our Sustainable and Responsible Sourcing Policy (available in the download centre at Smurfitkappa.com) and in alignment with the objectives of the 2030 UN SDGs.

By developing more sustainable supply chains in collaboration with our suppliers, we can manage risks and costs, develop new revenue streams, and add value to our brand. Our Sustainable and Responsible Sourcing audit programme helps us deliver against our three pillars of sustainability: Planet, People and Impactful Business.

The programme itself consists of six sections. These are quality; hygiene health and safety; business continuity; manufacturing; performance reporting; and environment and sustainable development.

Each section has a strong sustainability focus, namely: assessing supplier risks, focusing on relevant supplier processes (especially regarding business continuity), mitigating risks related to environmental, social and equality issues, respecting the right to water sufficiency, safety, accessibility, affordability and reducing waste. During our on-site audits, employees responsible for the areas of the six sections are interviewed.

In 2023, Smurfit Kappa completed a double materiality and human rights assessment to support good business practice and also in advance of new regulatory reporting requirements such as the EU CSRD and CSDDD. This has enabled the Group to understand any possible gaps in its business conduct, its policies and their implementation. The human rights assessment resulted in a roadmap to support the Group's preparation for the CSDDD. As the Supply Chain Law was implemented in Germany in 2023, we have introduced an online tool to cover the due diligence requirements regarding Environment, Human Rights and Governance for the suppliers delivering to Germany.

Our approach to Sustainable and Responsible Sourcing goes beyond regulatory requirements. To deliver our commitments and those of our

stakeholders, we have a set of sourcing policies, informed by the Smurfit Kappa Suppliers' Code of Conduct, Sustainable and Responsible Sourcing Policy, Sustainable Forestry and Fibre Sourcing Policy (see: www.smurfitkappa.com).

We require our suppliers to participate in commonly accepted best practice and certification schemes. These include: good non-financial reporting under the UN Global Compact, GRI Standards and CDP; preferably reporting social data to SEDEX; adhering to ISO 9001 quality management; ISO 14001 environmental management; ISO 50001 energy management systems; ISO 22001 hygiene management; and ISO 45001 on safety. ISO 46001 water-efficiency management – if applicable to the supplier's industry – and on food safety standards where relevant.

Leading the way in Sustainable and Responsible Supply Chains

To meet the requirements of our vision and strategy, our suppliers must adhere to the Smurfit Kappa Suppliers' Code of Conduct. Those who do not sign up to it must be committed to a compatible code in compliance with the UN Declaration of Human Rights and the ILO Principles and Rights at Work covering: freedom of association, prohibiting child labour and forced labour, treating employees humanely, working times in accordance with internationally recognised standards, respecting employee contributions, fair compensation with no wage deduction as a disciplinary measure, encouragement of continuous training and development, health and safety at work, non-discrimination, prohibiting harassment, bullying, other unfair practices and promoting community involvement. They will recruit, hire and train without regard to race, colour, gender, sexual orientation, age, religion, creed, national origin, disability or any other legally protected status in the countries where they do business.

Suppliers are also required to follow our Sustainable and Responsible Sourcing Policy, and all other relevant policies, which also cover the safeguarding of the natural environment and respecting indigenous peoples and traditional livelihoods. During our audits, we found evidence of three suppliers having exceeded their environmental permits. Corrective actions are already in place or are being defined.

Suppliers are required to submit a declaration form for compliance with our Sustainable and Responsible Sourcing Policy, our Suppliers' Code of Conduct, our Modern Slavery Act Statement and a Statement on controversial sources of Raw Materials, Goods and Services. This declaration is refreshed every three years and we monitor our suppliers' compliance through our Sustainable and Responsible Sourcing audit programme. 860 suppliers have signed this declaration, of which, 75% of our preferred suppliers are included. In 2023, we increased the focus on ensuring the signed compliance with our policies with a target for our sourcing teams to cover 100% of the strategic suppliers for key materials by end of 2023 which was achieved. We are now targeting 100% of all strategic and tactical suppliers by the end of 2024.

The first three documents are available in the following languages: Dutch, English, French, German, Italian, Polish, Spanish and Swedish. These standards should be extended upstream in the suppliers supply chain.

Our Sustainable and Responsible Sourcing programme is founded on risk mapping against our key criteria: overall sourcing spend, global presence, labour rights, working conditions, technological innovation, excellent service and reputation. We use country evaluation of international parties like the Global Slavery Index, Euler and FSC. Risk mapping considers the sourcing categories with the highest impact on our products, and therefore our stakeholders.

The most relevant sourcing categories are our key materials (paper and other wood fibre-based materials, starch, chemicals, inks, adhesives and industrial tapes) that are used in our primary production process and form the basis for our packaging solutions we deliver to customers.

The sourcing of wood fibre-based materials, as well as our own forestry operations, are controlled by our Sustainable Forestry and Fibre Sourcing Policy. A more detailed report on these activities can be found in the Forest section on pages 50-55.

We require the key materials, other goods and services we contract to be produced and delivered sustainably and responsibly. Since launching our Sustainable and Responsible Sourcing programme in 2010, we have assessed 437 of our suppliers to ensure they meet our standards. Including self-assessments, re-approval audits and follow-up of improvement plans, 864 activities with suppliers have taken place. As Argentina, Mexico and Colombia are considered the highest-risk countries regarding child labour in paper recovery, we have visited in 2023 (following similar activities in 2014, 2017 and 2022) 73 operations in Argentina (75%), 315 in Mexico (35%), 176 in Colombia (45%) and an additional 137 in Brazil (98%). These visits were to assess whether there was any presence of child labour identified in this sector. With this activity, we comply with the new FSC requirement 7.2. No cases of child labour have been identified during our visits. Most of these visits were unannounced.



Brand reputation protection is very important, therefore entire supply chains activities behind packaging (also other products, like ingredients, etc.) should be sustainable and transparent, including working conditions.

Stakeholder response



Impactful business continued



Six Section Supplier Audit Programme

We monitor whether suppliers are a member of SEDEX or are assessed on their ethical practices by EcoVadis. We believe however that on-site audits increase competence and commitment in our supplier base, while training and enhancing our mutual understanding of key requirements. Based on their scoring at the audit, follow-up programmes are designed on a supplier by supplier basis. This includes further strengthening their understanding of, and compliance with, Smurfit Kappa’s Sustainable and Responsible Sourcing principles and indicators.

Audits result in a rating against each of the six sections of our Sustainable and Responsible Sourcing programme. If the result is below ‘expected performance’ an obligatory improvement programme is devised.

Failure to commit to the improvement action list may, ultimately, lead to termination of the business relationship.

The supplier assessment is repeated every three to five years through a re-approval audit process.

Our country-based risk mapping which uses sources like FSC, Global Slavery Index and Euler, combined with supplier audit results, shows that 94% of our suppliers of key materials carry moderate to low risk. Our sourcing network includes suppliers ranging from small-scale local companies to large multi-nationals. In total, an estimated 71% of our suppliers’ deliveries can be classified as local. In 2023, supplier improvement opportunities typically included Business Continuity and Environment & Sustainable Development.

Overall, there were no material findings in our audits that would impact safe and timely deliveries of our products to our customers and we have not come across violations of human rights, labour and/or working conditions.

We hold annual global sourcing seminars in which part of the programme is to train and update the knowledge of our sourcing managers on developments, achievements and challenges in the area of Sustainable and Responsible Sourcing. In 2023, our Global Sourcing Team and other members of the sourcing community, in total 78 participants, obtained online training. Further audit tool training was given to the teams in Germany, Spain, Sweden, the UK and the Americas that are in contact with suppliers.



This process has been supported by an experienced and proactive board that has worked closely with the executive team to ensure a joined up approach to the organisation’s climate and sustainability strategy

Climate Governance Initiative

Progress in 2023

To contribute to the objectives of the 2030 UN SDGs, we focus on selected SDGs in our Sustainable and Responsible Sourcing programme. This focus specifically targets our strategic and key suppliers. We ask our suppliers to support, where material, at least the SDGs where Smurfit Kappa can make an impact. These SDGs are numbers 15 (Forest), 13 and 7 (Climate action and energy), 12 (Waste), 7 (6 (Water) and 3 (People). From our supplier involvement, Smurfit Kappa Group has been awarded five stars by Support the Goals, and reached an 80% score for Sustainable Procurement in the EcoVadis assessment.

Following the initial audit, we work with each supplier to identify continual improvement opportunities.

The best compliance to our sustainability objectives has been consistently achieved by suppliers of starch, paper, chemicals and ink. Furthermore, only one of our audited suppliers in these industry sectors score below expectation. From all sourcing categories, ten have been identified as key material and most relevant to our Sustainable and Responsible Sourcing programme.

From the key materials, 82% of the spend has been monitored.

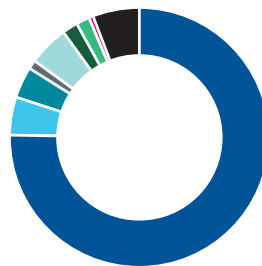
Spread over seven regions, we work with 15 external auditors supporting us with their knowledge of local legislations regarding environment, working conditions, labour rights, culture and language. Some have specific experience with industries and/or with our Sustainable and Responsible Sourcing audit programme; four of them took part in the 2023 online training programme and three were trained 'on the job' in 2023.

2023 Total Sourcing Costs (€m)



● Raw Material & Consumables	3,404
● Transportation and storage	934
● Capital Equipment (additions)	901
● Energy	880
● Maintenance & Repairs	548

Supplier Audit Activities by Country

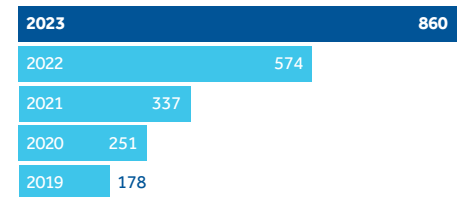


● D-A-CH	1,098
● PL	69
● UK/IR	56
● Americas	16
● BNL	72
● Scandinavia	29
● IT	26
● FR	6
● Rest of World	84

Average Audit Score



Signed Sustainability Declarations*



* The declarations cover compliance with our Suppliers' Code of Conduct, Modern Slavery Act Statement and Sustainable and Responsible Sourcing Policy.