

# UK Modern Slavery Act 2015

Slavery and Human Trafficking Statement

The Smurfit Kappa Group ("SKG", "The Group") is committed to eliminating the risk of forced labour and human trafficking occurring in our direct operations and supply chain and we welcome the requirements set out in the UK Modern Slavery Act. We continue to comply with the legislation and will make sure that our culture and actions continue to reflect a no tolerance approach to modern slavery.

## Our Business

Smurfit Kappa ('SKG'), a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world, operating across 35 countries with more than 47,000 employees in over 350 production sites and revenue of €12.8 billion in 2022. The Group headquarters is located in Ireland and we have subsidiary operations located in 22 countries in Europe and 13 in the Americas. SKG announced that it had completed its exit from the Russian market on 20 March 2023. In Europe we are the leader by production volume in corrugated packaging and containerboard and in Latin America, we are the only large-scale pan-regional player. More information on our locations can be found on website at [smurfitkappa.com/locations](https://smurfitkappa.com/locations).

The Group is organised into two operating segments: 1) Europe and 2) the Americas. The two segments are each highly integrated. They include a system of mills and plants that primarily produce a full line of containerboard that is converted into corrugated containers within each segment. In addition, the Europe segment also produces other types of paper, such as solidboard, sack kraft paper, machine glazed ('MG') and graphic paper; other paper-based packaging, such as honeycomb, solidboard packaging and folding cartons; and bag-in-box packaging. The Americas segment, which includes a number of Latin American countries and the United States, also comprises forestry; other types of paper, such as boxboard and sack paper; and paper-based packaging, such as folding cartons, honeycomb and paper sacks.

### Our business in numbers\*:

Forestry and plantations (hectares)	Recovered fibre facilities/ forestry operations	Paper and board mills	Converting plants	Other production facilities
<b>68k</b>	<b>46</b>	<b>35</b>	<b>243</b>	<b>33</b>

\* These numbers are reflective of the Group as at 31 December 2022.

We design, manufacture, and supply sustainable and innovative packaging solutions to promote and protect our customers' products.

## What Differentiates Us

### Our integrated model

We have an integrated system of containerboard mills, corrugated box plants, sheetfeeding operations and specialist manufacturing sites. Our recycling, wood procurement and forestry operations provide raw material to our containerboard mills, who produce a full line of containerboard which is converted into corrugated containers.

Our vertical integration is key to guaranteeing security of supply for our customers and enabling us to drive efficiencies across the whole supply chain with technological advances, paper machine optimisation and logistics management, which in turn means we can offer optimal paper design, quality and logistics. We have lower exposure to volatility in containerboard prices and our integrated structure ensures that we provide a stable outlet for our product through the uncertainty of market falls and rises.



## Innovation

We are a highly innovative, design-led company. Our approach to innovation is data-driven and focused on solving our customers' challenges, whether through product promotion, process improvement carbon reduction or optimising supply chain efficiency. We employ a range of 'Innotools', unique to SKG, enabling us to create the optimal fit-for-purpose packaging solutions for our customers.

## Sustainability

Our circular business model, from replacing natural resources to recycling materials and optimising processes, including reducing CO<sub>2</sub> emissions, gives us a competitive advantage. Our embedded Chain of Custody ensures that close to 100% of our raw material comes from non-controversial and/or certified sources regardless of whether it is virgin or recycled. We continuously strive to reduce our CO<sub>2</sub> emissions, our waste to landfill and our water consumption. As a leader in sustainable packaging, we have a responsibility to respond to the challenges the world faces with litter and inefficient use of materials. We are addressing this with our Better Planet Packaging Initiative which seeks to create more sustainable packaging solutions for our customers providing them with solutions that minimise inefficiency and waste and address their sustainability needs today and tomorrow.

We continue to make progress against our Better Planet 2050 environmental and social targets. At the end of 2022, when compared to 2005, CO<sub>2</sub> emissions were reduced by 43.9% and water discharge quality improved by 36.9% and compared to a 2013 baseline, waste to landfill decreased by 24%. Chain of Custody certified packaging deliveries to customers reached a level of 94.3% at the end of 2022, a record for the Group. In addition, our Total Recordable Injury Rate ('TRIR') reduced by 13.6% in 2022.

## Culture and People

At SKG, we recognise that culture plays a fundamental role in the delivery of our strategy and the Board is ultimately responsible for ensuring that our activities reflect the culture we wish to instil in our colleagues and other stakeholders to drive appropriate behaviours. Our focus on culture and learning from one another is continuous, which helps us to adapt to a changing environment and ensure our culture supports our business model.

In having a workplace culture that embeds the core values of Safety, Loyalty, Integrity, and Respect, and strives for a diverse and inclusive workforce, we are empowering our people to reach their full potential. Our people are, and always will be, at the heart of our performance. In 2022 we have again delivered against all key performance measures. This is due to our dedicated and loyal employees who strive to deliver successfully for all our stakeholders. The commitment of our people to our core values is what we believe truly differentiates our Company from all others in the sector.

Smurfit Kappa unites more than 47,000 people around the globe, our people are at the heart of all our operations. We can only achieve sustainable long-term success by relying on our people's talent, expertise and innovation.

## Our UK Business

The Smurfit Kappa Group UK business operations include 2 paper mills, 6 recycling plants, 32 manufacturing operations and various office locations. Our UK external supplier network is predominantly based in the UK and Europe.

## Our Commitments

In keeping with the United Nations Guiding Principles on Business and Human Rights and the Fundamental principles and Rights at Work developed by the International Labour Organisation, we are committed to the principles of respect, diversity, working fairly, fair pay, compensation and benefits which are also applied to our acquisition practices. These principles are maintained in every country in which we have a presence and are set out in our Code of Business Conduct, our Social Citizenship Policy Statement and our Sustainability Development Report as detailed in the next section.

The Group has thousands of suppliers globally and we believe that our suppliers are an integral part of the value chain of our business. We are committed to working with our suppliers in accordance with our sustainability principles and objectives whereby we distinguish the areas of compliance, performance risk, management, social responsibility, and governance. Maintaining transparent and long-term relationships with suppliers is essential for our business. This partnership approach ensures we can audit suppliers on their compliance and our sustainable supply chain standards and, where they fall short, work with them to improve sustainability in their business.

# Our Policies

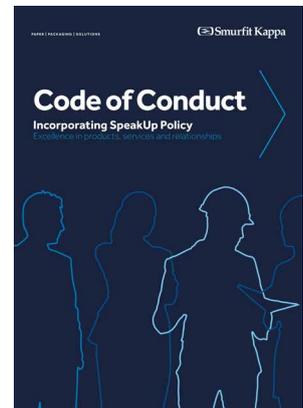
We require all individuals, entities, agents, or anyone acting on the Group's behalf to comply with our various Group policies which are supported and approved by our Board of Directors.

## Code of Conduct

The Smurfit Kappa Group Code of Conduct (the 'Code') applies to the Group's Board of Directors, officers and employees worldwide. We require all individuals, entities, agents, or anyone acting on the Group's behalf, to comply with the Code, which has been translated into 21 languages to ensure full accessibility.

The Code of Conduct incorporates the Group's Speak Up Policy which is designed to ensure our employees and all other stakeholders have the opportunity to report actual or potential wrongdoing.

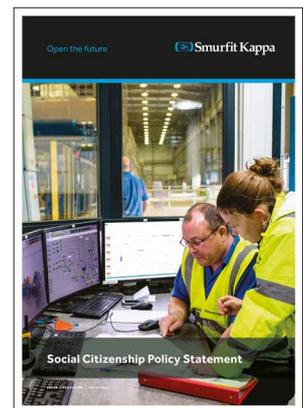
The Code takes account of international conventions and codes such as International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work (core conventions) and the UN declaration on Fundamental Human Rights.



## Social Citizenship Policy Statement

Smurfit Kappa Group is committed to managing its business in accordance with its declared values which recognise that good social citizenship, reflected in the way we interact with our employees, business partners and host communities is an essential ingredient in creating and maintaining a sustainable future. The policy statement summarises the Group commitments in this regard.

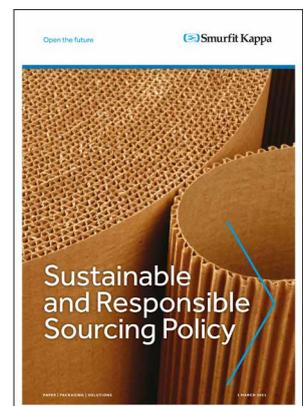
It covers human rights, freedom of association, child labour, forced labour and abuse, indigenous peoples, and employee respect.



## Sustainable and Responsible Sourcing Policy

Our Sustainable Sourcing Policy, last updated in May 2022, explicitly states that we will not work with suppliers who do not share our declared values in good citizenship such as respecting human rights, including forced labour specifically.

The policy details our commitment to audit our suppliers with a focus on suppliers of SKG's key materials, to ensure that they are in compliance with the policy.



All our policies include direct contact details if questions or concerns are raised.

For copies of these policies, please see our website at:

[smurfitkappa.com/about/corporate-governance/policies](https://smurfitkappa.com/about/corporate-governance/policies)

# Due Diligence and Risk Assessment

## Our Direct Operations

As outlined in the previous section, all of our employees are governed by the Code of Conduct which provides a guide to legal and ethical responsibilities and points them to the information and the resources needed to exercise sound decision-making on the job. Employees are required to be familiar with the Code and all Group policies, to apply them every day and ask questions if they are ever unsure of the correct action to take.

All UK employees receive training during their induction and the code is updated and re-issued on an annual basis with copies easily accessible at each plant location.

In addition to our Speak Up Policy there is also a 'Speak Up' service in place, which allows anyone to raise a concern across all key communication channels, including telephone, email and online. It is available in 21 different languages, 24/7/365 and provides confidentiality and/or anonymity and assurance of non-retaliation.

In 2022, a total of 80 cases were reported via our Speak Up service, none of which related to modern slavery. There were 11 substantiated cases. All reported cases were fully investigated and resulted in 29 corrective actions or improvements to address substantiated cases. All substantiated cases were evaluated using our formal materiality assessment and it was determined that there were no material cases in 2022.

The UK business continues to take pro-active steps to ensure all our direct operations within all three divisions are minimising direct risk and measuring compliance in accordance with the Ethical Trading Initiative

All UK units/plants and depots continue to be assessed in line with the Ethical Trading Initiative standard or National SMETA 4 Pillar standard to ensure all direct operations are regularly assessed and mitigating risk factors as they arise. Formal action plans are reviewed on a regular basis to eliminate risk within our direct operations and to review continuous improvement.

All UK sites are registered on the SEDEX platform for transparency with customers, to link with our direct operations and for reviewing the Audits or Supplier Assessment Questionnaire (SAQ). These SAQ's are reviewed annually and in accordance with the SEDEX standard. This allows full transparency with all customers and supply chains within the UK operations.

Direct Operational compliance continues to rise in line with the applicable standards, always remaining high on the UK agenda to ensure that all employees are treated fairly and equally in line with applicable UK legislation.

In 2023 the UK business will partner with the UK modern slavery charity, Unseen. This partnership will enable us as a business to deliver more focused training across the operational facilities, support our human rights risk assessment and identify through gap analysis areas in which the UK can continuously improve.

This partnership will also give the business opportunities and additional resources. Unseen runs the UK's 24/7 Modern Slavery & Exploitation Helpline which is manned by a team of subject matter experts and since its launch, the helpline has received over 25,000 contacts with concerns of modern slavery or human trafficking within the UK and beyond.

The Unseen business hub will allow us to work with likeminded businesses that are committed to improving their approach to combat worker exploitation. This will allow us the opportunity to network, attend webinars and updates on UK and international legislation as well as access to unique helpline trend analysis, locally reviewing any issues arising near manufacturing facilities.

## Our Supply Chain

The Group will not work with suppliers who do not share its commitment to combat slavery and human trafficking. We will ask suppliers to disclose relevant data in that regard directly or via a recognised organisation.

We are committed to setting a clear objective and target of zero tolerance in relation to slavery and human trafficking in our supply chain and will measure suppliers' performance against this.

As part of our commitment of zero tolerance within our supply chain, we identify and mitigate risk, by completing audits of suppliers on a regular basis to assess and monitor potential risk areas. In doing this the primary focus will be on suppliers of SKG's key materials and services.

In the UK the SMETA Audit compliance supports in the due diligence of onsite contractor suppliers, assessing in line with the standards that we apply to our own organisation. This ensures that all findings are highlighted at the earliest of opportunities and gives the opportunity for us to work with our suppliers ensuring that we are eradicating any potential issues and work collaboratively for an effective relationship

In 2021, we commenced a review of our purchasing spend on sourcing materials, goods, and services with regard to country risks, based on the risk ranking of the Global Slavery Index. We have progressed this review and have identified that over 90% of the purchasing spend for the European division originates from countries with an A, BB or BBB rating. In addition, we have implemented a tool which will enhance our ability to risk assess suppliers. As a result of the country evaluation, during 2022, the business relationship with 13 suppliers of key materials in Russia, a high-risk country, have been terminated.

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

Across the Group, we are explicitly communicating our expectations to our strategic suppliers to uphold our commitment to combatting slavery and human trafficking and are working with suppliers to develop similar compliance programmes within their own supply chains. In addition, suppliers will continue to be encouraged to disclose their assured data in accordance with Global Reporting Initiative, an independent institution whose mission is to provide a trusted and credible framework for sustainability reporting.

In order to obtain greater oversight of our existing suppliers within the UK, we continue to assess their risk profile based on their country of operation, and the product/service that they provide. Throughout 2022 we continued to assess and engage with all suppliers including preferred, multinational, and local suppliers.

## Our Sustainable Sourcing

Our sustainable sourcing programme started in 2010, and since then we have assessed over 400 suppliers, ensuring our key materials, goods and services are managed sustainably and meet our standards.

Our Tier-One suppliers of key materials are global brands themselves and are governed by stringent regulation. We audit all of our strategic suppliers, requiring certification or compliance to internationally recognised standards including ISO9001, ISO14001 and ISO45001. Spread over seven regions, across our global network, we work with 17 external auditors supporting us with their knowledge of local legislations regarding environment, working conditions, labour rights, culture, and language.

We made modifications to our sustainable sourcing programme as a result of the introduction of the UK Modern Slavery Act including an increase in supplier screening on human rights. We broadened the scope of our supplier assessment, from Human Rights to Sustainable Development Goals (SDG's), targeted at our suppliers of key materials. 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. The SKG Modern Slavery Act Statement is available in eight languages, which represent the languages used by the majority of our suppliers.

In addition, to the audits through our sustainable sourcing programme, we ensure, that where wood and primary fibre-based material is used as raw material, that no wood from controversial origins is used in the supply chain. We request our suppliers to be Chain of Custody certified for pulp and paper and we purchase in line with internationally recognised schemes such as FSC®, PEFC™, or SFIT™ in the Americas.

Each of our own mills, converting operations and our FSC certified suppliers of any wood-based materials we consume are required to complete the FSC self-declaration and in addition all FSC certificate holders are audited periodically against the FSC criteria outlined in a FSC Chain of Custody standard. This declaration involves explicitly agreeing not to be directly or indirectly involved in a number of unacceptable activities including violations of human rights and violations of the ILO Core Conventions as defined in the ILO Declaration on Fundamental Principles and Rights at Work.

In 2021 the FSC Chain of Custody standards were revised to include labour requirements based on ILO Core Conventions. FSC chain of custody certificate holders 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 comply with the FSC core labour requirements, the organisation must:

- Not use child labour.
- Eliminate all forms of forced and compulsory labour.
- Ensure that there is no discrimination in employment and occupation.
- Respect freedom of association and the effective right to collective bargaining.

To conform with the FSC core labour requirement, organisations are required to complete a self-assessment in relation to the requirements outlined. During 2022, our FSC-certified sites completed the self-assessments and were audited to ensure compliance. The relevant sites were able to demonstrate their conformance to the FSC core labour.

## Training

We are continuously increasing awareness and understanding of our commitment to eliminating the risk of forced labour and human trafficking occurring in our direct operations and supply chain.

At Group level presentations detailing the provisions of the Modern Slavery Act which outlines our zero-tolerance approach to modern slavery throughout our supply chain will again be presented to senior procurement executives in the organisation and will continue to be presented during 2023.

In the UK the training programme to raise knowledge and awareness has continued with a significant focus around knowledge basis within our sales teams as well as operational knowledge supporting SMETA and FSC audits ensuring compliance and understanding at the base of our operations. This is to support and improve the knowledge and understanding of the UK Modern Slavery act within our direct operations and supporting our customers in the knowledge they are working with a responsible supplier under ethics and modern slavery.

## Monitoring Performance

This statement has outlined the various measures taken by the Group, and specifically the UK, in relation to our zero-tolerance approach to modern slavery.

In 2022 the UK cross functional and cross divisional committee, which was established to drive the business forward in eliminating the risk of modern slavery, met to assess the businesses key performance indicators.

The business target is to have zero incidents either within its direct operations or direct supply chain and can confirm that we had zero incidents reported either via our sustainability reporting or whistle-blower procedure in 2022.

The UK business has continued to review the processes that were implemented and have monitored ongoing compliance. Additional training has taken place at site locations and the processes will continue to be reviewed to ensure ongoing compliance

In 2023 the UK business new supplier portal database will be rolled out to all sites which will give the business a clear and engaging way of being able to access all new suppliers in a fair and consistent manner, in line with the Company's supplier risk assessment tool based on type of supply and country of origin. The UK business centralise all modern slavery documentation for all site contacts to have simplified access ensuring that they can support customer requests for ethical auditing compliance.

In 2022 the business continued to assess all prospective new suppliers in line with the Company risk assessment criteria. This ensures that 100% of all direct suppliers are compliant with the Company purchasing policy.

The risk assessment criteria in 2022 did not highlight any supplier of potential risk within the supply chain.

All new suppliers both indirect and direct will continue to be required to complete an assessment in line with the Company's risk assessment criteria before they will be accepted as a new supplier to Smurfit Kappa UK.

Our Direct Operations – The UK business will continue to assess annually all direct operations against the SMETA assessment standard to drive compliance with this standard and further eliminate risk as demonstrated within this statement.

This statement is made pursuant to Section 54 (1) of the UK Modern Slavery Act 2015 and has been approved by the Smurfit Kappa UK Ltd Board of Directors and signed on their behalf by Eddie Fellows, CEO Corrugated UK & Ireland UK Corrugated Division at Smurfit Kappa UK Ltd and Director of statutory entity.

A handwritten signature in black ink, appearing to be 'Eddie Fellows', written over a horizontal line.

**Eddie Fellows**

CEO Corrugated UK & Ireland

30th June 2023