



Gary McGann, Group CEO: "In 2013 we added four long-term commitments in the areas of health and safety, community involvement, waste, and sustainable sourcing. We have already achieved two of our existing long-term commitments ahead of schedule. Sustainability and social responsibility are at the heart of how we operate and interact with our stakeholders."

Introduction

Smurfit Kappa is one of the leading producers of paper-based packaging in the world. We view sustainability as a key business driver, a fundamental part of our supply chain management and a vital component of corporate social responsibility which we take very seriously.

The Sustainable Development Report 2013 demonstrates the Group's progress on our long-term commitments to the supply of sustainable paper-based packaging solutions. The Report also outlines our approach to the three key elements of sustainability: Environment, Society and Business as follows.

- ▶ Environment – we operate in a manner that helps to protect the natural environment.
- ▶ Society – we are socially conscious and pro-active in how we deal with people.
- ▶ Business – we remain economically viable, doing business on an ethical basis.

Sustainability and social responsibility are core values at Smurfit Kappa, aimed at improving the quality of life today and in the future.

2013 Highlights

CO₂ Reduction

We have met our long-term target to reduce the relative fossil CO₂ emissions by 20%, compared to the base year 2005, with a relative reduction in emissions of 21% achieved by the end of 2013.

Certifications

Chain of Custody. 91% of all Group converting operations are now certified Chain of Custody, surpassing our long-term commitment to reach 90% by 2015.

Certified Packaging. Nearly 90% of our packaging produced in Europe can be declared as certified Chain of Custody. By the end of 2014 we expect the same will be true for our products from the Americas.

ISO Certifications

- ▶ One paper mill in Venezuela and two paper mills in Argentina have obtained their ISO 14001 certifications.
- ▶ Five of our paper and board mills in Germany and the Netherlands and the corrugated plant Atlacomulco in Mexico were certified under ISO 50001 for their energy management system.
- ▶ 92% and 22% of our mills are now certified under ISO 14001 and ISO 50001 respectively.

COD Discharge Reduction

Globally, our mills reduced COD discharges to surface water by 0.4% per tonne of paper and board produced compared to 2012.

Investments in fossil CO₂ Reduction

- ▶ Completion of a new lime kiln in our Cali paper mill in Colombia in March 2013 will reduce fossil CO₂ emissions by 13,000 tonnes on an annual basis.
- ▶ The new CHP in our Barranquilla paper mill in Colombia has reduced fossil CO₂ emissions by 13,000 tonnes on an annual basis.
- ▶ A new CHP became operational in the second quarter of 2014 in our Hoya paper mill in Germany. This completed a multiyear investment project which reduced fossil CO₂ emissions by 15% per tonne of paper produced.

Code of Business Conduct

A Group-wide awareness campaign to inform all our employees about the core principles of the Code was initiated in 2013 and will be completed during 2014.

Sustainable Packaging

Smurfit Kappa held Innovation & Sustainability events in Europe and the Americas. Companies from both regions were presented with awards for the most innovative sustainability ideas in process, product, supply chain and social engagement.

Acquisitions

CRP Print and Packaging was acquired in October 2013. This UK-based company specialises in litho-laminated packaging, 3D point of sale products, high definition preprint, food contact and heavy duty packaging. The company employs 220 people.

Long-term commitments

Chain of Custody	Origin of fibre	By 2015 all fibres produced and purchased will be labelled as Chain of Custody certified under FSC®, PEFC® or SFI®. As a minimum requirement fibre should be from a sustainable origin
	Certification of final products	By 2015 over 90% of our paper-based packaging will be labelled as Chain of Custody certified under FSC, PEFC or SFI
CO ₂ emissions	Scope 1 and 2 emissions	Revised target of 25% in relative fossil CO ₂ emissions in our mill system by 2020 compared to 2005
	Carbon footprint	Collaborate with customers to determine the carbon footprint of the packaging life cycle
Waste	Non-hazardous waste	Conduct a company-wide assessment to minimise non-hazardous waste before the end of 2015
	Waste to landfill	Conduct a company-wide assessment to minimise waste to landfill before the end of 2015
	Hazardous waste	Conduct a company-wide assessment to minimise hazardous waste before the end of 2015
Water	Water usage	Perform water impact assessments of our sites on their environment in relevant areas and develop water usage measures as appropriate before 2017
	Water discharge	Reduce the organic content discharged in the process water (COD) of our mill system by one third by 2020 compared to 2005 and assess specific mills for phosphorous and nitrogen effluents before the end of 2015. The reduction is relative to the organic discharge measured by COD, expressed per tonne of paper, discharged directly in water bodies
Health and safety	Fatalities	Zero fatalities
	Safe behaviour and well-being	<ul style="list-style-type: none"> • Develop a holistic approach to increase safety and well-being at work • Increase awareness of safety in the working environment by promoting actions such as near miss reporting • Stimulate pre-emptive actions on reporting of near misses to avoid serious accidents
	Injuries	Reduce the lost-time and injury rate by 5% annually for the next 5 years (2013-2017)
Sustainable sourcing	Risk assessments	Perform risk assessments of suppliers regarding food safety, technical data sheets, material safety, substances of high concern
	Supplier audits	Implement system of auditing based on the key sustainable sourcing principles
	Sustainable sourcing key principles	Implement our key sustainable sourcing principles with our suppliers
Community involvement	Quality of life	Smurfit Kappa foundations to reach 100,000 people in local communities by 2020 by spending at least €1 million per annum on the education of children and €1 million per annum on (scientific) research e.g. on biodiversity
	Local employment and education	Local management teams (mill/plant level) to comprise at least 90% local citizens in every country where we operate
Code of business conduct		To continuously emphasise the importance of the Code of Business Conduct to our employees and to integrate these principles into our day-to-day business dealings

Environment

Sustainable use of fibres

We supply our customers with environmentally friendly paper-based packaging solutions which use raw materials from renewable sources and create end products that are fully recyclable. Of the fibres used, 26% are virgin and 74% come from recovered paper. At the end of 2013, 88% of the paper and board produced within Smurfit Kappa and 91% of our packaging operations were certified Chain of Custody (FSC and/or PEFC).

Efficient use of energy

We are a large and efficient generator of energy based on biomass, and our products are also ultimately biomass-based. 90% of our fuel consumption consists of either renewable fuel (biomass) or the relatively low CO₂-emitting fossil fuel natural gas. In 2013, 44% of all energy used was biomass-based. A total of 80% of all fuels used to generate electricity and steam are processed through Combined Heat and Power (CHP) installations.

Reducing CO₂ emissions

By achieving a 21% reduction in the fossil CO₂ emissions per unit of production, we have realised an absolute reduction in fossil CO₂ emissions of 930,000 tonnes since 2005 through a combination of investments in energy reduction, energy efficiency initiatives and overall optimisation of our mill system. This follows a decrease of 6.5% in carbon emissions per tonne of paper produced in 2013. We have intensified our commitment to tackle climate change by increasing our target to reduce fossil CO₂ emissions per tonne of paper produced by 25% by 2020, having achieved our original 2020 target of a 20% reduction well ahead of schedule.

Waste

The vast majority of waste generated in our operations is non-hazardous. Over 90% of all waste is generated in our paper and board mills with the balance generated by the packaging operations.

During 2013, we performed an in-depth assessment of the different types of waste generated by our mills and packaging operations. In 2014 we will add further detail to this assessment including analysing which waste streams are generated during the production process and determining best practices on how to prevent waste and how to recover waste.

Water management

Apart from energy, water is the next most important element in the production process of paper and board and is therefore carefully treated. Over 90% of our water intake is returned to the water bodies in good condition. Between 2005 and 2013, COD content in the process water discharged by our global paper and board system has decreased relative to production by over 25%.

Society

Health and safety

Providing healthy and safe working conditions for our people is a core commitment. We recognise the importance of strong leadership, continuous employee involvement, and representation in development and the maintenance of a positive safety culture.

Social citizenship

We are committed to managing relationships with fellow employees, business partners and host communities in a socially responsible manner. Our Social Citizenship policy covers subjects such as: human rights, freedom of association, child labour, forced labour and abuse, employee respect, diversity and non-discrimination, and fair compensation.

Employee training and development

Success within our company can only be delivered through our people. We are fully committed to ensuring that employees at all levels in all locations are fully aligned, empowered, inspired and trained to deliver outstanding results and to achieve personal growth and advancement where possible.

Our involvement with the community

Smurfit Kappa invests significantly in the communities in which we operate, recognising it is a responsibility and an opportunity to contribute positively to the economic and social development of our host regions. Each plant General Manager takes the lead on maintaining an active dialogue with the communities living in close proximity to his/her facility.

Business

Innovation in sustainable packaging solutions

With 750 designers worldwide, an array of design expertise, logistical tools and experience provides us with the opportunity to make a difference for our customers.

Creating value with customers

We seek to differentiate ourselves by offering superior insights, service, quality, delivery and customer relationships.

Our packaging can make the delivery of our customers' product to consumers more sustainable by addressing two main aspects of innovative packaging design and customers' supply chain optimisation. Firstly, we guarantee customers that

our packaging solutions are sustainably produced using materials from sustainable origin, utilising the collective design skills of our global team of designers. Secondly, we focus on how our packaging can minimise the total environmental impact per unit of product delivered to the customer.

Working together with suppliers

Smurfit Kappa has over 200 strategic suppliers of key raw materials and goods in Europe and the Americas.

Maintaining transparent and long-term relationships with our suppliers is essential to ensuring high quality and financial stability for both parties. As part of our customers' and their customers' supply chain, guaranteeing that supplied goods meet environmental, social and technical standards, requires a robust sustainable sourcing policy. Our Sustainable Sourcing Programme includes a risk assessment of suppliers in these seven areas: quality, hygiene and safety, order processing, manufacturing, continuous improvement, service and technical support, environmental and business sustainability.

Product responsibility and product safety

At all stages in our production process from the design of our product to its delivery to the customer we assess product safety.

Memberships in organisations

We are an active member of a number of industry and business organisations. These include CEPI, FEFCO, ICCA, Eurokraft and ACCSA.

We are also actively involved in organisations situated in the area of environmental reporting and sustainability. These include: CDP®, Sedex®, the Water Footprint Network®, FSC, PEFC and UN Global Compact.

KEY FACTS

revenue
€8bn



41,000
Employees

32
countries



21
Europe
11
The Americas

Number of
facilities

348



OUR PRODUCTION NETWORK

EUROPE	THE AMERICAS
Corrugated Plants 158	Corrugated Plants 33
Other Locations 74	Other Locations 40
Recycled Containerboard Mills 13	Recycled Paper & Board Mills 10
Other Recycled Paper & Board Mills 8	Paper Sack Plants 5
Virgin Mills 5	Virgin Mills 2

OUR PRODUCTION CAPACITY

EUROPE	THE AMERICAS
Sales Volumes mtonnes	Sales Volumes mtonnes
Corrugated 4.2	Containerboard 1.1
Recycled Containerboard 2.9	Corrugated 1.0
Kraftliner 1.6	Other Paper & Board 0.3
Other Paper & Board 1.1	
Solid Board Packaging 0.3	

Our Sustainable Development Report 2013 is available at www.smurfitkappa.com

Water Footprint
NETWORK



Business
Community
Ireland

