



## UK MODERN SLAVERY ACT 2015

### Slavery and Human Trafficking Statement

**30 June 2018**

*(Updated July 2018)*

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 will continue to comply with the legislation but also making sure that our culture and actions continue to reflect a no tolerance approach to modern slavery.

#### OUR BUSINESS

SKG, a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world, with around 46,000 employees in approximately 370 production sites across 35 countries and with revenue of €8.6 billion in 2017. We are located in 22 countries in Europe, and 13 in the Americas. We are the only large-scale pan-regional player in Latin America. We manufacture, distribute and sell containerboard, corrugated containers and other paper-based packaging products such as solidboard, graphicboard and bag-in-box.

Our products, which are 100% renewable and produced sustainably, improve the environmental footprint of our customers.

In Europe our business is highly integrated and includes a system of mills and plants that primarily produces a full line of containerboard that is converted into corrugated containers. Given this high degree of integration, particularly in terms of containerboard, the Group’s end customers are primarily in the corrugated packaging market, which uses the packaging for product protection and product merchandising purposes.

In Latin America we are the largest pan-regional producer of containerboard and corrugated containers.

We believe that an integrated model, from the sources of fibre to end products, is the most efficient way to provide innovative packaging, logistics solutions and high quality service to the Group’s customers.





## 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 and 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 Report as detailed in the next section.

The Smurfit Kappa 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 Business Conduct***

The Smurfit Kappa Group Code of Business 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 17 languages to ensure full accessibility.

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

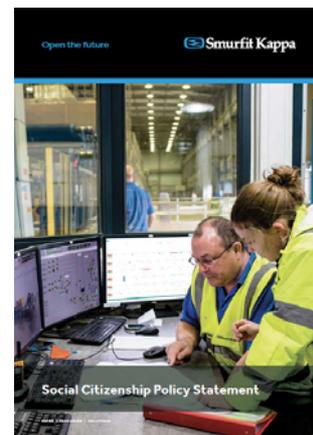


The Code provides accessible and understandable guidance for each employee in every jurisdiction. It sets out our expectations from employees for compliance with local, regional and national law, adherence to ethical standards and commitment to quality and service. Each Group company and its employees is required to apply the Code and abide by the laws and practices required for their industry by the jurisdiction in which they operate. The Code makes it clear that personal and professional integrity is essential to conduct business in an ethical manner.

### ***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 manner in which 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 Sourcing Policy Statement***

Our Sustainable Sourcing Policy also 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.

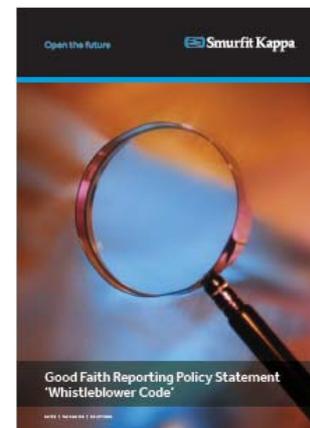
The policy details our commitment to audit strategic suppliers to ensure that they are in compliance with the policy.



### ***Good Faith Reporting Policy Statement***

The Group has a 'Whistleblower Code' to enable employees to report wrongdoing without fear of retaliation.

In addition, all of our policies include direct contact details if questions or concerns are raised.



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

<http://www.smurfitkappa.com/vHome/com/AboutUs/Governance/Policies>

## **DUE DILIGENCE AND RISK ASSESSMENT**

### ***Our Direct Operations***

As outlined in the previous section our employees are governed by the Code of Business 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.

Our Good Faith Reporting Policy Statement is designed to ensure employees have the opportunity to report actual or potential wrongdoing and our Code of Business Conduct includes reference to direct contacts to support employees in resolving questions or concerns.

In the UK, a significant number of the corrugated division manufacturing sites are externally audited every two years against internationally recognised standards. These audits include an assessment of how our sites are managing the risk of forced labour conditions occurring, alongside corrective action plans if areas for improvement are identified. Our UK business have now internally assessed all of our sites across the business divisions to ensure that we are compliant against the recognised SMETA Standard. Those sites which have gaps in compliance are now working towards meeting the standard by June 2019.

### ***Our Supply Chain***

Smurfit Kappa 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 Smurfit Kappa's key materials and services.

In the UK, we audit all of our strategic suppliers, requiring certification or compliance to internationally recognised standards including ISO 9001, ISO14001, OHSAS 18001 and social responsibility elements guided by the ISO 26000 voluntary standard every three years. After initial audit, we work with each supplier to address any cases of non-compliance or areas of improvement. We aim to increase the number of suppliers of key raw materials, goods and services who commit to the 10 principles of the UNGC Global Compact and who report on social data to SEDEX or ECOVADIS.

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.

### ***Our Sustainable Sourcing***

Our sustainable sourcing programme started in 2010, and since then we have audited all of our strategic suppliers, ensuring our key materials, goods and services are managed sustainably and meet our standards.

During 2017, amendments were made to the programme to include a special focus on the UK Modern Slavery Act. We have implemented the requirements of the Act in our sourcing programme, and increased supplier screening on human rights. 23% of our supplier audits have focused on suppliers either present in, or supplying to, the UK. In addition, transport was added to the auditing process, which supports our efforts to combat modern slavery, as illegal transport of persons is a factor in modern slavery.

## **TRAINING**

We are continuously increasing awareness and understanding within our Group of our commitment to eliminating the risk of forced labour and human trafficking occurring in our direct operations and supply chain. We will provide specific formal training courses as necessary.

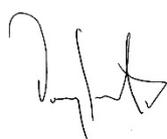
## **MONITORING PERFORMANCE**

In 2017, a cross-functional and cross-divisional committee was established in the UK to drive and focus our commitment to eliminating the risk of modern slavery and establish practical and timely actions. This committee has met to monitor progress and plan future action in the UK in line with our statement commitments.

Throughout the Group, we have a number of policies, processes and controls that have been in place prior to the introduction of the UK Modern Slavery Act. For example, in the Americas we complete a child labour assessment in high risk areas of the recovered paper supply chain periodically. In addition, as noted earlier in this statement we have modified our sustainable sourcing processes specifically for this Act. Following on from that progress we are now working to establish the most suitable KPIs for the Group which will be disclosed when agreed.

Strategic suppliers will continue to be encouraged to disclose their assured data in accordance with Global Reporting Initiative (GRI-4/comprehensive), an independent institution whose mission is to provide a trusted and credible framework for sustainability reporting.

This statement is made pursuant to Section 54 (1) of the UK Modern Slavery Act 2015 and has been approved by the Board of Directors of SKG plc and Executive Committee of SKG plc, and is signed on their behalf by Tony Smurfit, Director and Group Chief Executive Officer.



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**Tony Smurfit**  
**Director and Group Chief Executive Officer**