

Impactful Business

# Delivering for all stakeholders

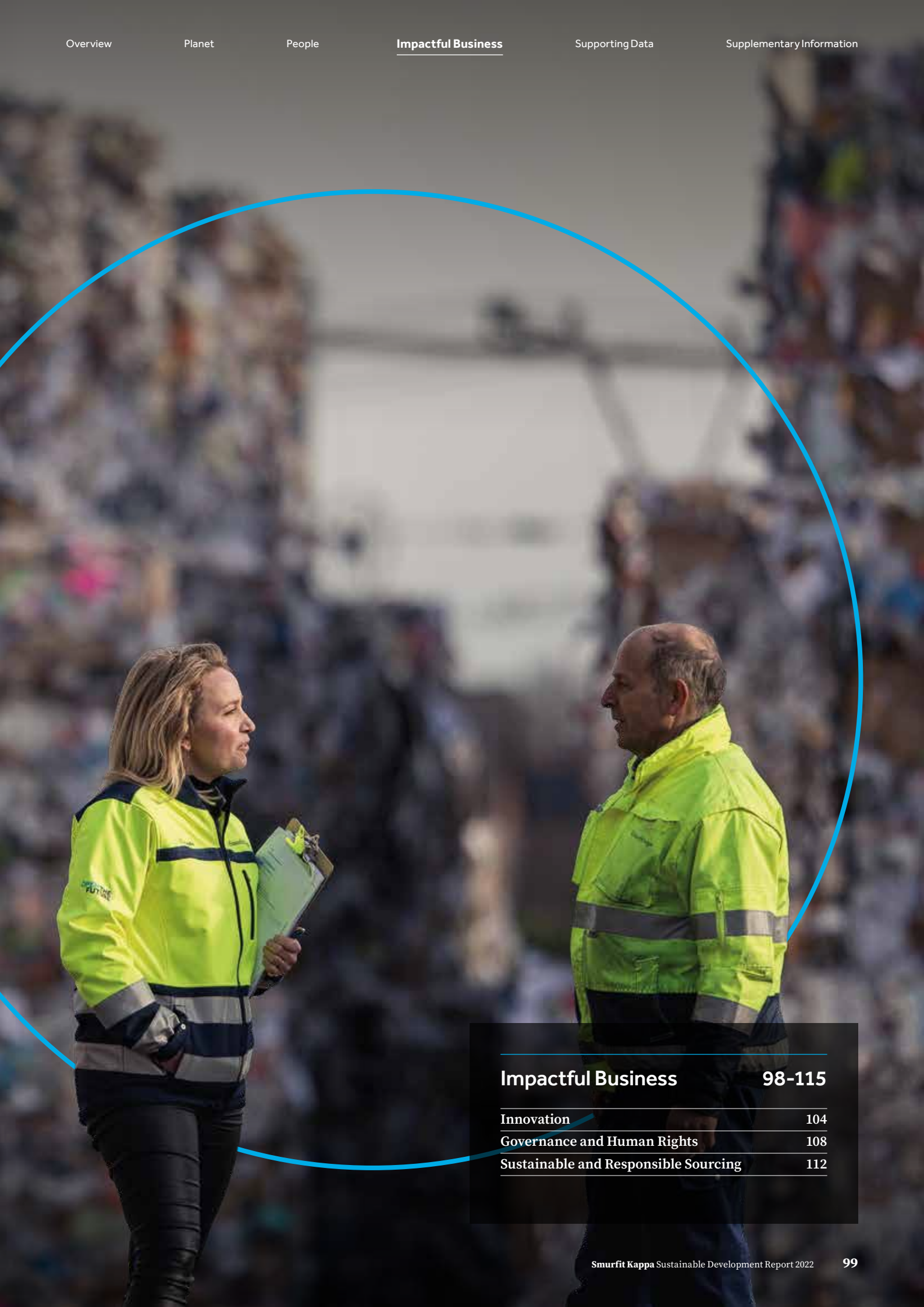
Sustainability creates value and is a core element of our strategy. We collaborate with customers and suppliers, sustainably growing their and our businesses throughout the value chain. Our innovative packaging solutions are material efficient, produced sustainably and support customers in delivering their sustainability objectives.

**121**

sustainability supplier  
audit activities

**160k**

uses of our InnoTools  
in 2022



**Impactful Business**

**98-115**

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## Impactful Business continued

### 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 whole 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.

We all want our 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 to reduce product waste, and in the unlikely event it isn't recycled, it is biodegradable. According to the Food and Agriculture Organisation 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 maximise this sustainability for ourselves, our customers and suppliers, through continuous research. Our experience and expertise inspire innovative, fit-for-purpose and sustainable packaging solutions.

### Sustainable Value Chain is our Business

Sustainability creates value and is a core element of our strategy. Our approach to it 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 reduce use of raw materials, helping customers deliver their sustainability objectives. Our business model is 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 climate change by maximising the efficient use of resources, thereby reducing pressure on the environment.

Our investors want long-term profitable businesses, so environmental and social responsibility are key factors when choosing companies for investment. Evidence of Smurfit Kappa's continued progress is clear through the various investor ratings and disclosure programmes that we participate in, such as FTSE4Good, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, The Green



Economy Mark from the London Stock Exchange, CDP, SEDEX and EcoVadis. Furthermore, paper-based packaging is expected to grow as consumers are increasingly aware of environmental issues and 80% prefer paper-based packaging (Cepi and Paper and Packaging Org Surveys).

We provide industry-leading transparency and detail to our stakeholders of every aspect of our operations, whilst promoting sustainability in our customers' businesses. 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 in 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.

**Circular Aspects of our Products**

Impact of our Products	Direct Impact	Indirect Impact
<p><b>Impact 1 Refuse</b></p> 	<p>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.</p>	<p>Supporting the packaging value chain to reduce packaging waste and uncontrolled litter. Delivering solutions to our customers that help meet the EU Single Use Plastics Directive requirements.</p>
<p><b>Impact 2 Reduce</b></p> 	<p>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.</p>	<p>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 CO<sub>2</sub> emissions and increase energy efficiency.</p>
<p><b>Impact 3 Reuse</b></p> 	<p>Ensuring that where reusing 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.</p>	<p>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.</p>
<p><b>Impact 4 Recycle</b></p> 	<p>76% of the raw material we use consists of recycled fibres. All paper-based packaging we produce is recyclable.</p> <p>Recycling of our packaging product delivers new corrugated products with the same quality, whereas the majority of plastic packaging, for example, is downcycled.</p>	<p>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.</p>
<p><b>Impact 5 Recover</b></p> 	<p>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.</p>	<p>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.</p>
<p><b>Impact 6 Renew</b></p> 	<p>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.</p>	
<p><b>Impact 7 Biodegrade</b></p> 	<p>Paper is made of renewable raw materials, with up to 97% fibre and starch; the rest being fillers and ashes, such as calcium carbonate. Renewable materials biodegrade naturally and at the end-of-life are converted to natural materials, such as CO<sub>2</sub> and water.</p>	

## Impactful Business continued Responding to our Stakeholders

	What We Believe	What Our Stakeholders Expect of Us	Our Commitments
<b>Innovation</b>	<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 innovation approach.</p> <p>A fundamental challenge with packaging waste is litter; by offering fit-for-purpose packaging solutions we can minimise material waste.</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 challenge of litter and packaging waste.</p>	<p><b>Commitment #1:</b> To inspire more sustainable packaging solutions through:</p> <ul style="list-style-type: none"> <li>• The development of our Better Planet Packaging initiative;</li> <li>• Using our data to improve our processes, products, supply chains, logistics and markets; and</li> <li>• Optimising the use of our InnoTools to support our innovation and design, and leverage our global ideas.</li> </ul>
<b>Governance and Human Rights</b>	<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><b>Commitment #1:</b> We are committed to maintaining a strong governance framework by:</p> <ul style="list-style-type: none"> <li>• Making our Code of Conduct accessible for all stakeholders;</li> <li>• Ensuring our stakeholders adhere to the principles of the Code; and</li> <li>• Offering an independent and unbiased channel to raise concerns about breaches to the Code.</li> </ul>
<b>Sustainable and Responsible Sourcing</b>	<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><b>Commitment #1:</b> We are committed to:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Regularly auditing our suppliers to ensure adherence with our key Sustainable and Responsible Sourcing principles.</li> </ul>

### Case Study

## TechniPaper® Portfolio Delivers Sustainable Solutions for Complex Supply Chains

### Europe

Smurfit Kappa’s Better Planet Packaging focuses on four areas of reinventing sustainable packaging. One of these areas is research and development work of packaging materials. Under the portfolio of TechniPaper®, we are reinventing paper solutions that help deliver packaging solutions for reduced consumption of plastic. In 2022, we introduced TechniPaper® AquaStop™ and Thermo-Sealant™. When designing TechniPaper® AquaStop™,


we focused on the fit-for-purpose water resistant packaging. Many other coatings either compromise recyclability or exceed requirements of the packaging beyond what is needed, leading to a wasteful use of resources. TechniPaper® AquaStop™ is a fully recyclable solution that delivers water protection for products that need short-term water protection, protection from condensation or visual damage from water. Possible applications for

TechniPaper® AquaStop™ include transport packaging for fruits, frozen produce or transport packaging for cut flowers.

Thermo-Sealant™ contains heat sealing properties that provide both paper-to-paper and paper-to-plastic secure seals. This versatile new solution is ideal for multi-packs, flow-packs, or any other secondary packaging wraps used for bundling products in a dry environment.










Status key:

Significant improvement needed 

Improvement needed 

On track to achieve target 

Progress Made in 2022	Status	Delivering for SDGs	Scope
<p><b>Progress made:</b> Our tools: Innobook, Pack Expert, Paper to Box, Shelf Viewer and SupplySmart, were used almost 160,000 times during 2022.</p> <p>➔ Read more on <b>pages 104-107</b></p>		<p>Our product offers a great opportunity for innovation that can have a positive impact for society.</p> <p>Smurfit Kappa contributes to the realisation of the following SDG and targets:</p>  <p>9.2, 9.4 and 9.5</p>	<ul style="list-style-type: none"> <li>All Smurfit Kappa operations</li> </ul>
<p><b>Progress made:</b> During 2022, no material breaches to our Code of Conduct were made. No material fines were imposed on the Group for any breaches of such laws and regulations in 2022.</p> <p>➔ Read more on <b>pages 108-111</b></p>		<p>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.</p> <p>Smurfit Kappa contributes to the realisation of the following SDGs and targets:</p>   <p>8.7      16.2, 16.5 and 16.10</p>	<ul style="list-style-type: none"> <li>All Smurfit Kappa operations</li> </ul>
<p><b>Progress made:</b> During 2022, 121 supplier audit activities took place through our six pillar Sustainable and Responsible Sourcing audit programme.</p> <p>➔ Read more on <b>pages 112-115</b></p>		<p>Smurfit Kappa can extend its impact through its supply chains and through that have an impact on decent work and economic growth.</p> <p>Smurfit Kappa contributes to the realisation of the following SDG and targets:</p>  <p>8.5, 8.7 and 8.8</p>	<ul style="list-style-type: none"> <li>All Smurfit Kappa operations</li> </ul>

Thermo-Sealant™ has a high resistance to traction or tearing and can be used across a variety of industries and applications including direct contact with dry foodstuffs, fresh produce punnet closure and wrapping hygiene products. Thermo-Sealant™ is recyclable, 100% FSC CoC certified and supports our customers to achieve their packaging targets.



Impactful Business continued

# Innovation

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

## 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. E-commerce has made the issue of packaging waste and void between products and packaging a focus for customers. Packaging materials have to be reusable, recyclable, actually recycled and biodegradable, and produced ethically and sustainably.

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 solutions that are impactful and can be realised on a large scale. 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.

As part of our product and process development, we use engineering based thinking to 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 and 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.

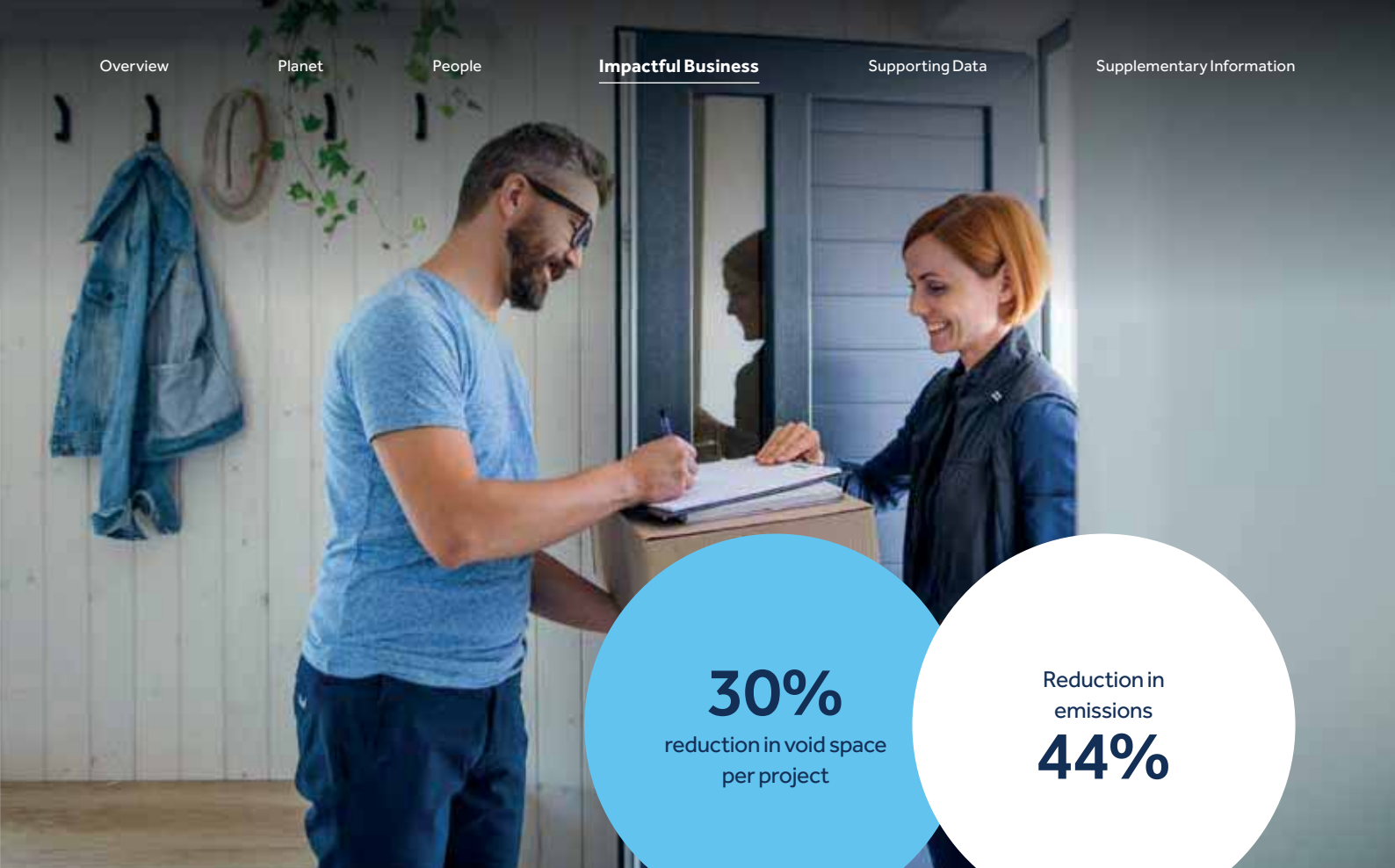
We focus both on our own and our customers' supply chains. Our paper-based packaging is designed to minimise resource use, reduce environmental footprint and use material sourced through certified CoC fibre origin management systems. The effective monitoring of our sustainability data enables us to discover 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 our customers fit-for-purpose packaging solutions, and we focus on using our extensive data and proprietary business tools, such as Paper to Box, to deliver this.

**“It’s reassuring to see the adoption and growing success of our Click-to-Lock box solution and how this collaboration with Smurfit Kappa is supporting the move to more environmentally friendly products, which in turn, supports the delivery of our customers’ sustainability targets.”**

**Olivier Chevalier, Head of Product Development and Sustainability, McBride plc**



**30%**  
reduction in void space  
per project

Reduction in  
emissions  
**44%**

#### Case Study

## Reduce Void Space, Reduce Carbon Emissions

### Global

Online shopping is an industry which is thriving and adding to the problem of carbon emissions as transport represents 25% of EU carbon emissions, and it's the only sector whose emissions are increasing. The single biggest contributor to environmental impact in e-commerce is shipping parcels that are too large for the products they contain and to get rid of this abundant space additional material is used, void filler. The wide variety of void fillers, from straw to plastic bubbles, means they can become challenging for shoppers to separate in household waste in order to enable recycling, so fillers often end up in landfill. E-commerce companies can only keep a limited number of box sizes in stock and this leads to void space and the use of fillers.

As part of our Better Planet Packaging initiative, we wanted to explore how Smurfit Kappa could help cut transport emissions and void waste through data-driven insights and packaging innovation. Gérard van den Boogaard, Supply Chain Innovation Director with the Better Planet Packaging team, was part of the research team that developed an AI solution for oversized packaging in e-commerce deliveries. He helped engage sales and design teams within Smurfit Kappa to understand what packaging customers were using, and how we could make sure their parcels portfolio became fit-for-purpose.

Our design teams are now collaborating with customers on new solutions such as expandable boxes and integrated buffers that can be adapted to create more or reduce space without the need for an unsustainable amount of void fillers. One customer has reduced their box volume from 24 litres to 3 litres and used the buffer to print brand messages that enhance the consumer's experience of unboxing. We are helping other customers in the transition to mono-material solutions: paper-based void fillers that make recycling easy together with the paper-based box.

"Packaging has been designed for transportation and not for the product," says Gérard. "e-commerce packaging needs to enable transportation. Based on our findings, we've been able to design solutions that give flexibility to the box size and supply mono-material void fillers. This means we can now offer a fully sustainable solution. Using our LCA Lite software we can show customers how different packaging options can reduce emissions."

For the 15 customer parcel portfolios that were analysed in the last year, this innovative approach has achieved on average a 30% reduction in void space per project, and reduced emissions by 44%. Most importantly, this can help customers reduce the need for transport vehicles, packaging material and emissions across the entire supply chain – and the more customers adopt this approach, the greater the reduction of carbon emissions.



## Impactful Business continued

### Better Planet Packaging

In Spring 2022, we published our renewed vision for innovation for sustainable packaging. Our vision 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 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. 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.

To achieve this circularity, we believe that packaging has to be reinvented. To make this happen, we reinvent in four 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 and 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.

### 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 90% of this material.

In 2022, we extended our Better Planet Packaging tools to a four-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 visualises 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.



**“Our vision focuses on eventually delivering net zero emissions from packaging and its production...**

**...To achieve this circularity, we believe that packaging has to be reinvented.”**

In 2021, we introduced a new tool, 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.

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

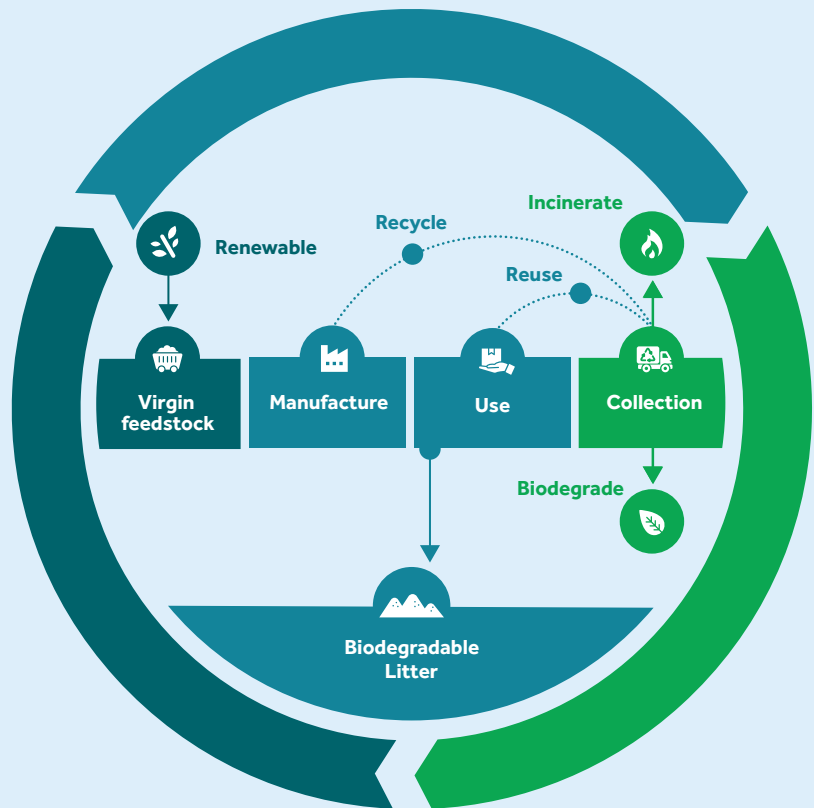
Our approach to packaging solutions:

- Uses our strength and industry-leading expertise in innovation to develop sustainable packaging-solutions, especially in plastic substitution, that are renewable, recyclable and 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.

## Our Vision

A 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 valoric 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.



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.

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 104-112 of the 2022 Annual Report.

## Lead from the Top

The overall responsibility for ensuring the Group demonstrates leadership within the paper-based packaging sector, promoting an actionable sustainable development agenda, lies with the Board of Directors.

The Sustainability Committee of the Board has responsibility for providing strategic guidance and support to management in the implementation of Smurfit Kappa's Sustainability Strategy. The sustainability strategy continues to focus on the three key pillars: People; Planet; and Impactful Business. The Group's sustainability strategy, objectives and policies are managed by the Group Executive Committee led by the Group CEO. In addition, the Group Chief Sustainability Officer, reporting into the Group CFO, forms an important link between the executive, the Board and our broader stakeholder base.

An Executive Sustainability Committee, consisting of key, relevant members of the senior management team, ensures

that the sustainability strategy is driven throughout the business and reports to the Sustainability Committee of the Board. It also reports on a regular basis to the Group Executive Committee.

The Sustainability Working Group, consisting of relevant representatives from operations and the Group's head office, ensures that targets are met across all material areas. It also promotes sustainability targets among our customers and suppliers. Both the Executive Sustainability Committee and the Sustainability Working Group are led by our Group Chief Sustainability Officer. Critical concerns in the area of sustainability are communicated to the Board through these committees and by the Group CEO.

## Case Study

### Inclusive Design: More Accessible and Inclusive Website for Users with Disabilities and Impairments

At Smurfit Kappa, our purpose and values work hard together to create a safe and inclusive culture, with equal opportunities for all, where inclusion and adherence to human rights are a priority. As part of our group-wide social strategy, with a focus on inclusion, diversity, and equality under the 'EveryOne' programme, and as a proud member of The Valuable 500, we undertook a significant project to make the website more accessible and inclusive for users with disabilities and impairments.

Our website now conforms to rigorous international standards for accessibility, placing the Smurfit Kappa global website in the top tier of websites worldwide for accessibility.

The Group website is the digital home of our company, where we welcome approximately 2.3 million visitors each year, who collectively view over 8.3 million pages of content. By achieving this exemplary standard of accessibility, we are making ourselves as welcoming and available for the widest range of people we can, including those with a disability.

During 2022, with the support of the independent charity consultants AbilityNet, we have taken meticulous steps to meet the 'Web Content Accessibility Guidelines' ('WCAG'). WCAG is a universally accepted standard for measuring the accessibility of a website. Our commitment to WCAG's AA standards of compliance means that people with a disability should be able to access the majority of our website content easily.



## Complying with Regulations and Guidelines

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

During 2022, no material fines were imposed on the Group for any breaches of such laws and regulations.

To demonstrate our commitment, 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 34-115. Our entire Sustainable Development Report has a limited assurance by KPMG, in accordance with the GRI Standards.

In addition, 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 2022, performed 57 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 Organisation ('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 2022, 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](http://www.smurfitkappa.com).

## 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.

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 112-115.



## Impactful Business continued

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](http://www.smurfitkappa.com).

We also require our suppliers to comply with the Modern Slavery regulations and conduct audits on them 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 2022, 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's Group CEO 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 ('ACCCSA'). Smurfit Kappa's America and Caribbean Corrugated Director is currently a board member.

In addition, we are active participants in and 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 Target 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.

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 2022.

In line with the Code, no financial contributions were made to political parties in 2022. 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 arms-length basis in accordance with OECD guidance and principles.

Our approach to tax can be found at [smurfitkappa.com/tax-strategy](http://smurfitkappa.com/tax-strategy).

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.

### Fiscal Contribution

In 2022, we recorded a corporate income tax expense of €348 million for an effective tax rate of 27%.

We paid €321 million in corporate income tax in the period. We also paid dividends of €332 million on which we remitted approximately €36 million in taxes on behalf of our shareholders.

### Safe Products and Satisfied Customers

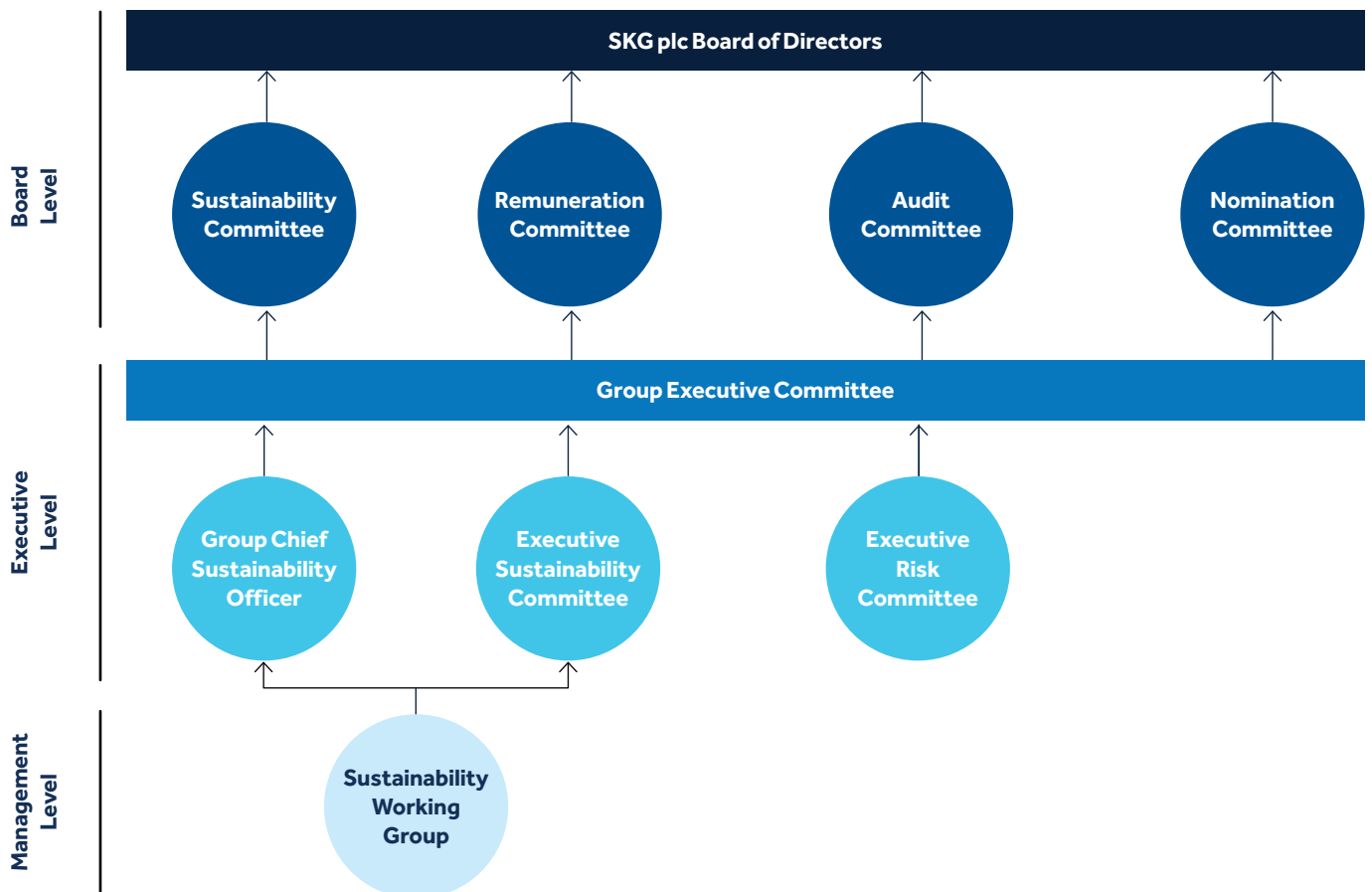
Ensuring our packaging solutions are safe is an integral part of our business. As our packaging is used to deliver and store food products, our products must meet all relevant food safety standards. These include OECD guidelines for Multi-national Enterprises and providing statements on food safety and 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.

### Our Governance Structure





Impactful Business continued

# Sustainable and responsible sourcing

In 2022, we spent €8.1 billion on raw materials, energy, logistics, maintenance/repair, and capital equipment. Sourcing materials, goods and services represents the single largest cost item for Smurfit Kappa. As such, sustainable and responsible sourcing is an integral part of our sustainability vision and strategy.

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 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 brands. We have a Sustainable and Responsible Sourcing audit programme, which helps us deliver against our three pillars of sustainability: Planet, People and Impactful Business.

The programme itself consists of six sections. These are:

- 1 quality
- 2 hygiene, health and safety
- 3 business continuity
- 4 manufacturing
- 5 performance reporting
- 6 environment and sustainable development.

Each one has a strong sustainability implication, 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.

The audit questionnaire will be further updated to reach compliance with the upcoming 'EU Directive on Mandatory Human Rights, Environmental and Good Governance due diligence'. As the Supply Chain Law will be implemented in Germany per 2023, we have decided on an online tool to cover the due diligence requirements

regarding Environment, Human Rights and Governance. The implementation started in October 2022.

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: [smurfitkappa.com](https://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; and 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

**“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.”**

➔ Read more at [smurfitkappa.com](https://smurfitkappa.com)

574

suppliers have submitted a declaration form for compliance with our sourcing policies

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 seven 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. 574 suppliers have signed this declaration representing 57.0% of our preferred suppliers and 74.1% of the relevant sourcing spend.

In 2022, we updated the first three documents and made them 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.

This year, as a result of the country evaluation, the business relationship with 13 suppliers of key materials in Russia, a high-risk country, have been terminated.

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, which was renewed in 2022. 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 412 of our suppliers to ensure they meet our standards. Including self-assessments, re-approval audits and follow-up of improvement plans, 821 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 2022 (after our tours in 2014 and 2017) 81 operations in Argentina (68%), 245 in Mexico (95%), 154 in Colombia (50%) and an additional 106 in Brazil (76%). These visits were to check whether there is any presence of child labour 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 (partly unannounced) visits.



# 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 is based on analysis by international institutes like FSC, Global Slavery Index and Euler, combined with supplier audit results, show that 93.5% of our suppliers of key materials carry moderate to low risk. Our sourcing network includes suppliers ranging from small-scale local companies to large multinationals. In total, an estimated 81% of our suppliers' deliveries can be classified as local. In 2022, supplier improvement opportunities typically included Performance Reporting and Business Continuity management.

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 2022, our Global Sourcing Team obtained online training. Further training of the audit tool was given to the teams in Germany, Sweden and the Americas that are in contact with suppliers.

## Progress in 2022

To contribute to the objectives of the 2030 UN SDGs, we focus on selected SDGs in our Sustainable and Responsible Sourcing programme. This new 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), 12 (Waste), 6 (Water) and 3 (People). From our supplier involvement, Smurfit Kappa Group has been awarded five stars by Support the Goals.

With some COVID-19 restrictions still in place during the year, we were able to perform 66 on-site audits. Due to large distances, we performed three audits online. In 2022, we performed more work on supplier audits in the Americas, where we have assessed nine suppliers of key materials. Of the total of 121 activities, 21 of these were a first-time audit. Eighteen of these initial assessments were done in Europe and three in the Americas. A total of 79.7% of all suppliers audited during 2022 scored at least 'expected performance', and the remaining will pass the audit once they complete improvement plans.

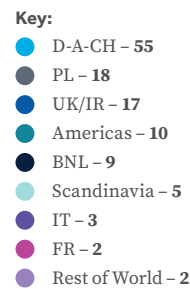
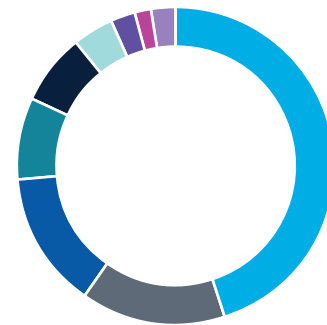
Following the initial audit, we work with each supplier to identify continual improvement opportunities.

The best compliance to our sustainability objectives has been consistently achieved by suppliers of starch, paper, chemicals and ink. Furthermore, none 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.

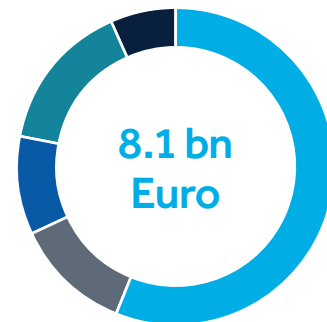
From the key materials, 80.9% of the spend has been monitored.

Spread over seven regions, we work with 17 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; nine of them took part in the 2021 online training programme and three were trained 'on the job' in 2022.

## Supplier Audit Activities by Country 121 Audit Activities (112 individual suppliers audited)

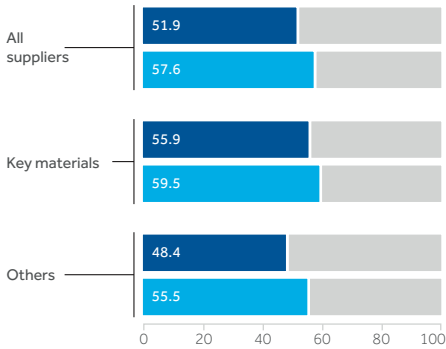


## Total Sourcing Costs (€m)



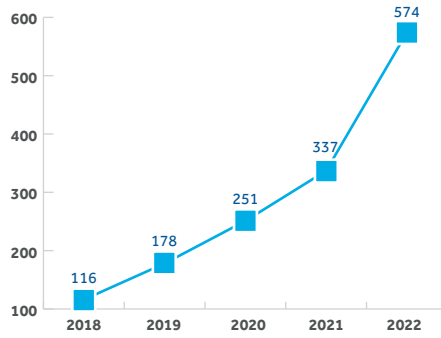


**Average Audit Score  
Initial vs 2022**



**Key:**  
● Initial audits ● 2022 Current level

**Signed Sustainability Declarations\***



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



**121**  
sustainable supplier audit  
activities in 2022