



UK MODERN SLAVERY ACT 2015

Slavery and Human Trafficking Statement

For the year ended 31 December 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

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 around 46,000 employees in over 350 production sites and revenue of €8.9 billion in 2018.

Our business in numbers:



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

WHAT DIFFERENTIATES US

Our integrated model

Our vertical integration is key to 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 material through the uncertainty of market falls and rises.

Technology behind the design

We employ a range of ‘Innotools’, unique to Smurfit Kappa, enabling us to create the optimal fit-for-purpose packaging solutions for our customers. The Innotools feed information to our customer value-added services: SupplySmart, ShelfSmart and eSmart in the areas of supply chain optimisation, brand growth and eCommerce.

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

Annually, our mills consume in excess of 6 million tonnes of recovered fibre, which comprises primarily old corrugated cases. In a truly circular process, we rely on our own product as our key raw material. We are committed to 100% sustainably sourced new fibre from forests where biodiversity and human rights are assured to the highest globally recognised standards.

Proactive team with extensive experience and expertise

Our people are highly motivated, well trained and have unrivalled industry experience which provides the foundation for our innovation. We have a continued focus on recruiting, developing and retaining skilled employees dedicated to working as a team to support and service our diverse customer base.

Data and insights

Our unique approach to innovation for business success is based on combining science, experience, geographic diversity, big data and creativity on a scale and with a depth not seen elsewhere in the industry.

Insights are collected and developed within an innovation network of thousands of bright innovators. These bright minds are connected via a set of unique applications across 35 countries and over 350 locations. This collective innovation system is managed and made accessible to all internal and external stakeholders through our 26 experience centres.



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 and compliant 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 Sustainable Development 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 in 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

Our Sustainable Sourcing Policy, last updated in July 2018, 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.

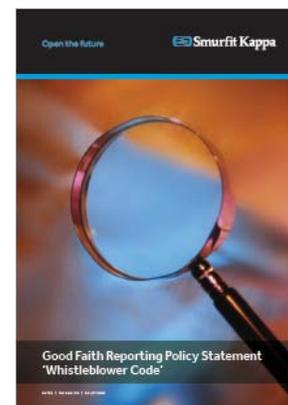
The policy details our commitment to audit strategic suppliers to ensure that they are in compliance with the policy.



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, all business units/plants and depots have been assessed in line with the Ethical Trading Initiative standard or National SMETA standard to ensure all direct operations are regularly assessing and mitigating risk factors as they arise. Formal action plans have been implemented at local site level and annual assessments are taking place to eliminate risk within our direct operations and to review continuous improvement.

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.

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 to this, in the UK, in order to obtain greater oversight of our existing suppliers, the UK business now assess suppliers' risk profile based on their country of operation, and the product/service that they provide. The UK business have used this assessment to engage with strategic and National suppliers. The UK business have now extended this to significant local suppliers. The process involves us gathering evidence from our suppliers to ensure compliance with national and international guidelines on Modern Slavery.

Our Sustainable Sourcing

Our sustainable sourcing programme started in 2010, and since then we have audited over 300 suppliers, ensuring our key materials, goods and services are managed sustainably and meet our standards.

We also 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 key 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 recognized schemes such as FSC®, PEFC™, or SFI™ 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.

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.

At Group level we have developed a presentation detailing the provisions of the Modern Slavery Act and outlines our zero tolerance approach to modern slavery throughout our supply chain. This will initially be presented to senior procurement executives in the organisation and rolled out to other relevant personnel during 2019.

In addition, as outlined in the monitoring performance section below, the UK has also implemented a training programme aimed at improving knowledge of the UK Modern Slavery act in their operations.

MONITORING PERFORMANCE

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

In addition, during the year the Group has made significant progress in terms of developing and implementing performance indicators in this area. The initial focus has been to introduce suitable indicators in the UK.

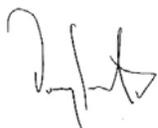
In 2018 the cross functional and cross divisional committee in the UK which is established to drive the UK business forward in eliminating the risk of modern slavery met to assess the businesses key performance indicators.

- The UK 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 whistleblower procedure in 2018.
- The UK business has committed to improving knowledge of the Modern Slavery Act at local site level and this is being achieved by ensuring that all local sites/mills/depots across the 3 divisions have implemented training for Site Champions. The training has commenced and so far 44 champions have been trained with further training scheduled throughout 2019 and into 2020.
- The UK business has already assessed over 400 existing suppliers and continues assessing those with an annual spend above a defined threshold. All new suppliers both indirect and direct are now required to complete an assessment in line with the Company's risk assessment criteria before they will be accepted as a supplier.
- The UK business has committed that all direct operations will be assessed at a minimum in line with the SMETA assessment standard on an annual basis to ensure compliance and eliminating risk within its direct operations.

In addition to the progress outlined, 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 continued to modify our sustainable sourcing processes specifically for this Act.

Strategic 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.

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 is signed on their behalf by Tony Smurfit, Director and Group Chief Executive Officer.



Tony Smurfit
Director and Group Chief Executive Officer