

Planet continued

Forest

Wood fibres are our main raw material, making us part of the bioeconomy. Smurfit Kappa sustainably manages its own eucalyptus and pine plantations in Colombia, as well as smaller forests in France and Spain. We use certified Chain of Custody wood for pulp from European suppliers in Austria, the Baltic countries, France, Germany, Spain and Sweden.

Our Commitment to Sustainable Fibre

We aim to source virgin fibres from certifiably well-managed forests, or at least of non-controversial origin, or Chain of Custody certified recycled fibres. All materials must be delivered through a third-party-verified Chain of Custody certified supply chain. We accept Forest Stewardship Council® (FSC®), Programme for Endorsement of Forest Certification™ (PEFC™) and Sustainable Forestry Initiative® (SFI®) certified wood, and the Chain of Custody systems at our mills and plants also cover recycled-fibre sourcing.

Products delivered to our customers must meet the commitments we make in our policy statements (Forestry Policy, Code of Business Conduct, Social Citizenship). Most are covered by the Chain of Custody certification standards, which concern all fibre and fibre-based products we use or manufacture, whatever their origin or form.

A total of 58% of the wood we use for virgin paper or pulp comes from forests certified under the FSC, PEFC and/or SFI schemes. The remaining 42% is of non-controversial origin, risk-assessed through our FSC and/or PEFC Chain of Custody system, and verified by a third party. Our efforts in Spain to increase FSC certified wood supplies have started to have a positive impact on the Spanish certified wood volumes. We also had an increase in FSC certified wood supplies in Sweden.

Annually, Smurfit Kappa's recycling operations handle some 5.2 million tonnes of recovered paper in Europe, and 2 million tonnes in the Americas. We have a network of 17 recycled paper depots in Europe, and 22 in the Americas, using recovered paper from municipalities, retailers, industries, and our own corrugating and converting operations.

Chain of Custody

Our sustainability commitments must show supply chain transparency. We use robust monitoring and third-party auditing of our supply chain, ensuring compliance. Smurfit Kappa does

not source fibre from high deforestation-risk areas, but this issue nevertheless affects the whole industry's reputation. The best practice to deliver our commitment is through forest certification, and related Chain of Custody certification.

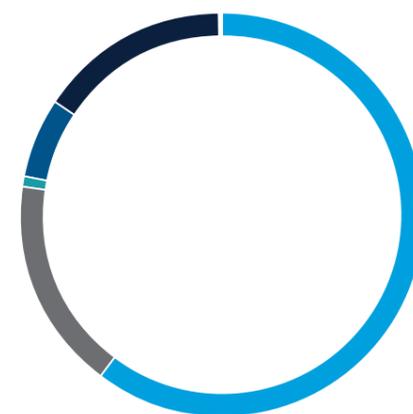
At the end of 2019, 93% of our paper was produced as Chain of Custody certified, according to FSC, PEFC or SFI. The remaining 7% is from non-controversial fibres in accordance with FSC Controlled Wood standard, and managed through the mills' Chain of Custody certified risk assessment systems.

The complete European Smurfit Kappa paper and board mill system has been Chain of Custody certified under the FSC and PEFC schemes since 2010. Since January 2015, all our American paper mills have been certified by FSC and/or SFI standards.

Furthermore, all our converting operations are Chain of Custody certified. We reached our target to sell over 90% of our packaging solutions as Chain of Custody certified at the end of 2016, and during 2019 this increased to 92.1%.

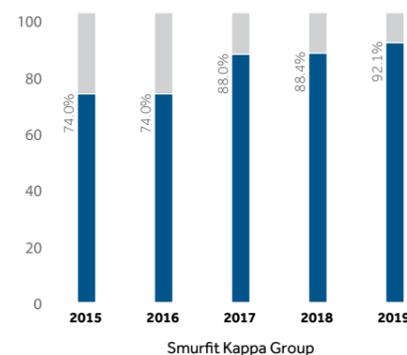
With Nepcon, we performed an assessment and gap analysis to measure the effectiveness of our Chain of Custody and related due diligence systems during 2018/2019, and used this to strengthen our 2019 forestry and fibre sourcing policy. We source fibres from 35 countries among which seven are classified as potential high risk: Argentina, Belarus, Brazil, Chile, Colombia, Russia and Ukraine. In Colombia, we only source from our own FSC certified plantations, but fibres sourced from the other six countries require additional due diligence before purchasing.

Virgin and Recycled Fibres per Source 2019



- Key:
- Recycled pulp produced internally – 60.4%
 - Wood pulp produced internally – 17.1%
 - Market virgin pulp – 0.9%
 - Virgin paper purchased – 6.2%
 - Recycled paper purchased – 15.5%

Share of packaging products sold as CoC certified 2015-2019



Forest and Plantation Management Colombia

Almost all the virgin wood fibre our Colombian plants need is supplied by 68,000 hectares (ha) of forests and plantations which we own and manage. We use protection programmes with the best sustainable development principles, promoting responsible use of natural resources along with economic development and social inclusiveness. We also conform to comprehensive legal, technical and environmental regulations set by local government and international bodies, subject to annual review.

Our 67,100 ha of forests and plantations in Colombia include:

- 42,000 ha of commercial plantations, of which 6,000 ha are partnerships with private landowners;
- 22,000 ha of protected natural forest; and
- 3,100 ha for infrastructure.

In our commercial plantations, 58% of the land is pine, 35% eucalyptus, 6% is being replanted and 2% is dedicated to research. Our Colombian forest management programmes have been certified by FSC since 2003.

Biodiversity and Ecosystem Conservation

A third of our Colombian forest land is dedicated to protecting forest sustainability, helping maintain the area's rich biodiversity and preserving watersheds, habitats and ecosystems.

To maintain forest biodiversity and sustainability, our principles are to:

- conserve them, by protecting and promoting species diversity, sustaining ecosystems, and protecting water sources and habitats;
- identify appropriate species and practices that increase plantation yields whilst protecting the environment; and
- develop research programmes to preserve and enhance soil productivity.

Plantation forestry efficiently produces sustainable fibres for paper production. We use carefully selected areas for plantations, avoiding valuable ecosystems and protected forest areas.

Protecting and promoting natural habitats is important to our approach, so in Colombia we use our own research centre as well as third-party institutions. Since 2009, we have worked with four local universities – Cauca, Nacional, Valle and Quindío – studying the flora and fauna populations in and around our forests. Examples include:

- Since 2013, a partnership with the Biology Programme of the Natural Science School of Universidad del Valle has studied the 'diversity of birds, mammals and plants in the natural forests of the forestry nucleus in Sevilla'

- In 2014, a literature review aimed to inform conservation planning by identifying areas of special biodiversity close to the Company's plantations and natural forests in the Santa Rosa-Pereira core areas
- During the past five years, studies developed by Smurfit Kappa identified 1,223 species in our forests. This includes 651 trees, 494 birds, 77 mammals, and one amphibian, of which 42 species are endangered. Our plantations and neighbouring protected forests form important wildlife corridors, contributing to species conservation in the Andean ecosystem, and need careful management

We also work with neighbouring communities, engaging local people in our decision-making. This is especially important in Latin America, where indigenous people may have land rights, and livelihoods are often dependent on forests. In 2019, there were no violations of the rights of indigenous people.

France and Spain

In Europe, we offer forest management services through our wood supply companies in Spain and France, where we manage some 600 hectares of forest. In both, we follow local best practice for forest management, as certified by PEFC. Our wood-handling operations are Chain of Custody certified to FSC and PEFC standards.

Solar Power for the Laboratories // Colombia

The Smurfit Kappa Colombia Forestry Operations are responsible for the management of the 45,000 hectares of pines and eucalyptus plantations and 22,000 hectares of protected natural forest owned by the Company.

They also are responsible for one nursery and two laboratories that support sustainable forest management.

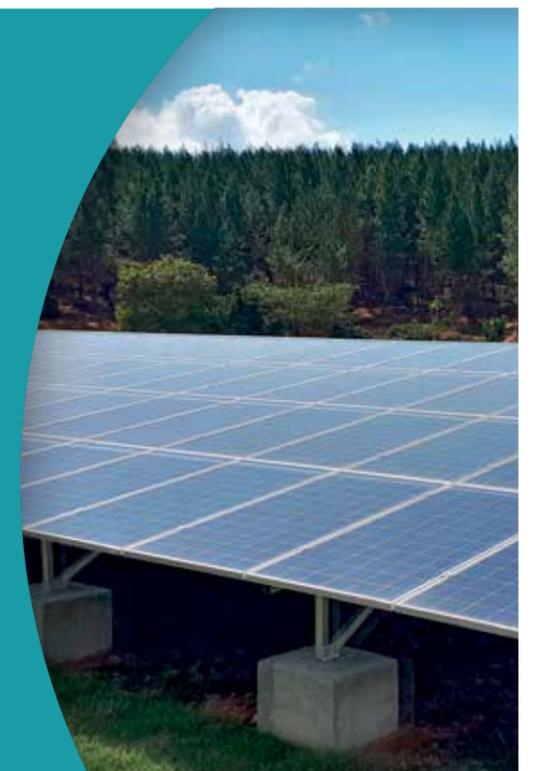
In 2019, the Forestry Operations started a project to install solar panels to supply the energy demand of its laboratories at the Rancho Grande estate. The 168 solar panels, with a capability of reaching 300 watts each, supply 50% of the energy need of the laboratories dedicated for forest entomology and forest phytopathology.

The total amount of solar energy production is almost 78,000 KWh per year and the CO₂ emission savings equal 29.7 tonnes per year.

"It is a nice way to use the same power for our laboratories as what our trees use to grow," says members of the Project team: Carlos M. Jiménez, Byron Urrego and Andrés Jaramillo.

Number of solar panels

168



Planet continued

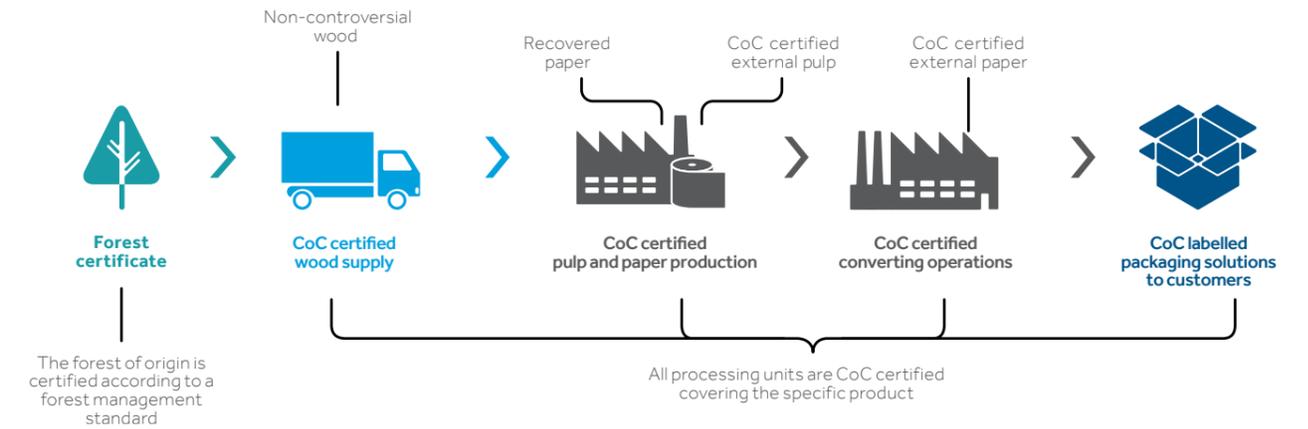
Chain of Custody: proven trail for sustainable fibres

Transparency throughout the supply chain is vital to delivering our sustainability commitments. We are committed to maintaining robust monitoring and third-party auditing of our supply chain, ensuring sourced fibre complies with our sustainability principles.

Our manufacturing sites are Chain of Custody certified, and over 99% of our fibres are sourced through Chain of Custody certified supply chains. Our commitment is to deliver over 90% of our sold products as Chain of Custody certified.

Below, five dedicated Smurfit Kappa employees explain what happens at each stage of a Chain of Custody certified supply chain.

Chain of Custody (CoC) Model



Five of our dedicated employees outline the important part they play in the Chain of Custody journey



Responsible Sourcing at Paper Mills

"We are committed to securing our wood from sustainably managed forests, mainly from nearby regions, either from certified forests or from controlled sources. When a timber load enters the paper mill, our resource planning systems are in place to check the status of certification and prevent any unidentified fibres from being put into production. Once we know fibres are okay to use, a documented information trail of the raw material follows it throughout the paper-making process. From certification documentation to origin controls and independent third-party audits, our processes ensure transparency. As a forest engineer in the paper industry and as a father, I am passionate about the benefits of certified forestry – not just environmental, but social and economic."

Ernst Kastner, Wood Purchasing Manager at Smurfit Kappa Nettingsdorf paper mill in Austria



Paper Recovery and Recycling

"Our principal raw material is recovered paper and cardboard which we receive from Smurfit Kappa's recycling operations (post-consumer waste), as well as clippings which we receive from our corrugated operations (pre-consumer waste). Material sources and specifications are stipulated and compliance is closely monitored – a key requirement to help demonstrate appropriate Chain of Custody. For me personally, our approach to Chain of Custody means we're minimising our impact on the depletion of natural resources; that makes me proud to work at Smurfit Kappa."

Mark Webster, Compliance & Environmental Manager at Smurfit Kappa SSK's recycled paper mill in the UK

Transforming Paper into Packaging

"Our plant doesn't work with non-certified material. For a start, it's all traced and tracked through our order system. My colleagues and I also receive annual in-house FSC training to ensure we know and understand the materials we work with; so customers can rest assured the people behind our products know what they're working with. Our training and day-to-day work within the parameters of our Chain of Custody system has raised our awareness of the importance of certified material; it has a massive impact on both the environment and society."

Dave Senior, Conversion Shift Manager at Smurfit Kappa Weston Super Mare corrugated plant in the UK



The Final Packaging Product

"Product delivered? Have a look at the paperwork that came with it. All of our customers receive a dispatch note and an invoice with our certified 'stamp of proof' clearly marked – their guarantee that our product originates from a sustainable source, verified throughout the supply chain. What's more, all of our products are fully recyclable so you can have peace of mind that the paper from your packaging can be recovered and reused again and again. Selling certified, sustainable products gives the whole of our Company great pride – and it sets us apart."

Peter De Knop, Key Account Manager for Smurfit Kappa Benelux

Sustainable Forest Management

"Certified forests mean that we apply specific procedures to protect and manage the forest and forest ecosystems sustainably, as well as to maintain the safety of our operations in the forest. I know this is important to our customers, but certified plantations also act as a source of employment for the surrounding communities that we are committed to supporting."

Jose Nehil Zuluaga Trujillo, Harvest Technician of Forestry, who works in Smurfit Kappa's own Colombian FSC® certified forest plantations

