Smurfit Kappa

Dynamically & Sustainably Delivering

Annual Report 2023

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Supplementary Information

This report is also available online at www.smurfitkappa.com/investors/reports-and-presentations

Who we are

Smurfit Kappa ('SKG'), a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world. We operate across 36 countries with approximately 47,000 employees in over 350 production sites with revenue of €11.3 billion in 2023.

Our strategic framework

Our Purpose

At Smurfit Kappa we are proud to create, protect and care.

Our Vision

To be a globally admired business, dynamically and sustainably delivering secure and superior returns for all stakeholders.

Delivered via

Our Strategy

Our objective is to develop long-term customer relationships by providing customers with innovative, sustainable packaging solutions that enhance the customers' prospects of success in their end markets.

Our Strategic Priorities

- Market Position
- Partner of Choice
- Operational Excellence
- Investment in People
- Capital Allocation

Financial Highlights 2023

Revenue (€ million)

€11,272

-12%

2023	€11,272
2022	€12,815

EBITDA* (€ million)

€2,080

-12%

2023	€2,080
2022	€2,355

EBITDA Margin* (%)

18.5

2023	18.5
2022	18.4

Free Cash Flow* (€ million)

€628

+15%

2023	€628
2022	€545

Basic Earnings per Share (cent)

293.5

-20%

2023	293.5
2022	365.3

Pre-exceptional Basic Earnings per Share* (cent)

348.7

-21%

2023	348.7
2022	444.1

Supported by

Sustainability Strategy

We are committed to being an impactful business, supporting a greener, bluer planet. This means doing the right thing for our people, our communities and the environment, through products and processes that make a real difference for our customers and across our entire value chain.

See pages 58 to 95 for more information

Supported by

People Strategy

We want to be recognised as a globally admired employer of choice. We believe our employees are at the centre of everything we do.

See pages 96 to 109 for more information

Underpinned by

Our Values

We have a strong and positive culture based on our values of:

Safety
Loyalty
Integrity
Respect

These values foster the guiding principles by which we operate:

Teamwork
Entrepreneurship
Inclusion, Diversity and Equality
Rewards and Recognition
Performance Driven Accountability

Net Debt to EBITDA*
(times)

1.4x

2023	**1.4x**
2022	1.3x

Profit before Income Tax
(€ million)

€1,055

-18%

2023	**€1,055**
2022	€1,293

Operating Profit before Exceptional Items*
(€ million)

€1,403

-16%

2023	**€1,403**
2022	€1,662

Net Debt*
(€ million)

2,840

-5%

2023	**€2,840**
2022	€2,992

Return on Capital Employed*
(%)

17.1

2023	**17.1**
2022	21.8

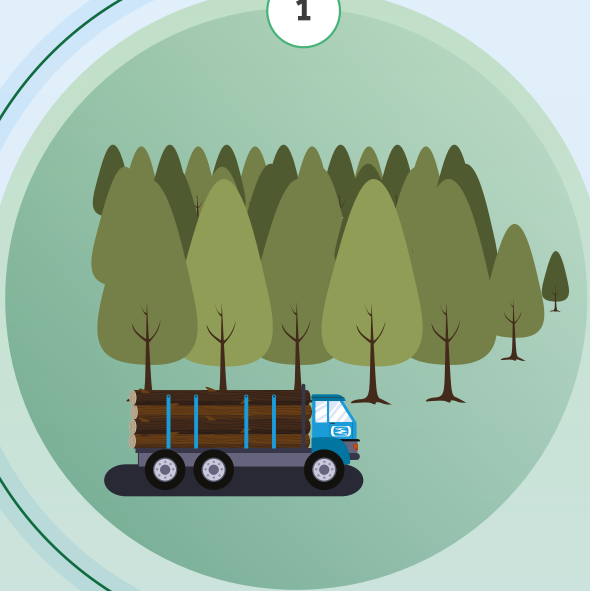
* These financial Key Performance Indicators are not defined under International Financial Reporting Standards. Further information in relation to these Alternative Performance Measures is included in the Supplementary Information section on pages 226 to 231.

What we do

A packaging leader in a growth industry

We create innovative and sustainable paper-based packaging solutions for our customers, we protect products in transit and precious resources for future generations while caring for each other, the environment and the planet.

1



2

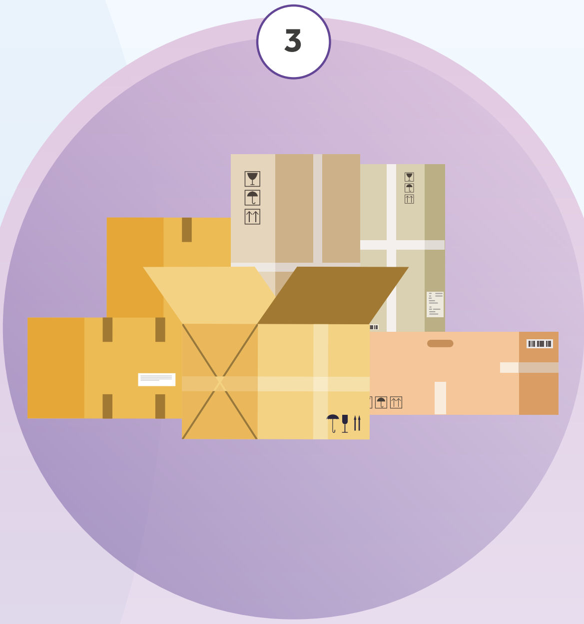
Forests

We own approximately 68k hectares of forest globally, which are FSC® or PEFC certified, promoting economic growth, protection of biodiversity and ecosystems, and fostering of social equity.

Paper

We manufacture a wide range of papers mainly used for packaging purposes. Our total global paper and board capacity is approximately 8.4 million tonnes per annum.

3



4

Packaging

We design, manufacture and supply paper-based packaging to package, promote and protect our customers' products. We manufacture corrugated packaging and also produce solidboard, folding carton and Bag-in-Box.

Recycling

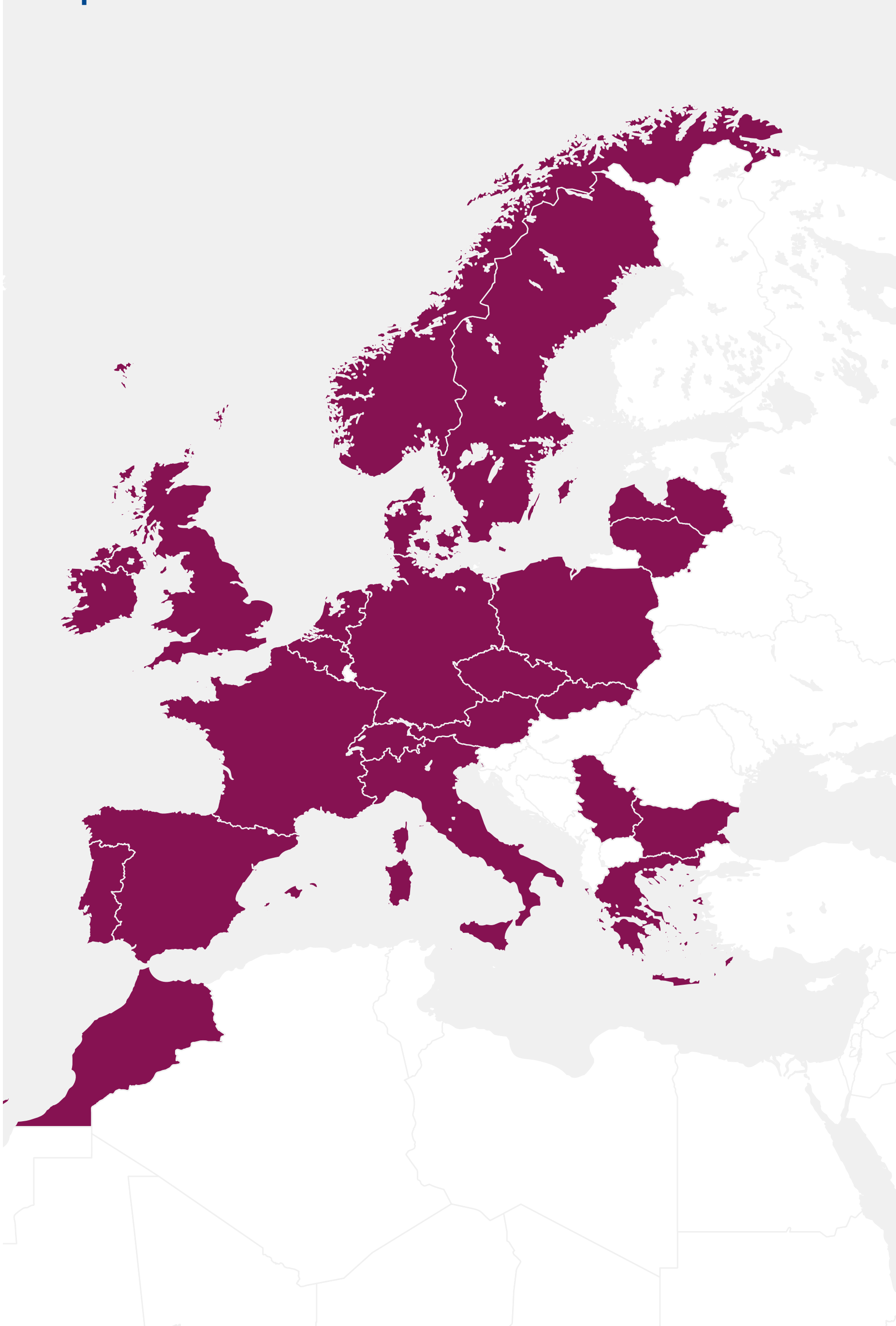
We provide recycling solutions to ensure our customers' corrugated packaging and paper is recycled responsibly, efficiently and reliably. Our recycling operations handle some 7.7 million tonnes of recovered paper, bringing valuable fibres back into the paper-based packaging production loop.

Where we operate

Our global reach

We are one of the largest integrated manufacturers of paper-based packaging solutions in the world. We are located in 22 countries in Europe, 13 in the Americas and one in Africa. In Europe, we are the leader by production volume in corrugated packaging and containerboard and in Latin America, we are the only large-scale pan-regional player.

Europe

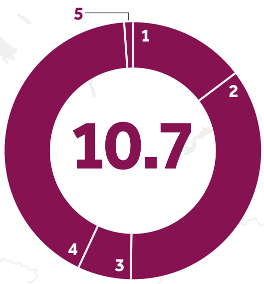


Our operations in Europe

We are the European leader in the production of corrugated packaging, containerboard and Bag-in-Box. The Europe segment includes mills and plants that primarily produce containerboard that is converted into corrugated containers. In addition, we produce other types of paper, such as solidboard, sack kraft paper, MG paper and graphic paper; other paper-based packaging, such as honeycomb, solidboard packaging and folding cartons; and Bag-in-Box packaging.

Read more on pages 23 to 24

2023 Gross Sales Volume
(million tonnes)



1.	Kraftliner	1.6
2.	Recycled containerboard	3.8
3.	Other paper and board	0.7
4.	Corrugated	4.5
5.	Other paper-based packaging	0.1

Revenue
(billion)

€8.5

2022: €9.9

Our Scale and Geographic Diversity

Our large manufacturing footprint provides us with a clear point of differentiation because the corrugated packaging market is a localised market and therefore converting plants need to be close to customers (within 300 kms). Our unique global footprint makes us well placed to reliably deliver on customer requirements.

Converting plants
242

Forestry plantations (hectares)
68k

Other production facilities
33

Fibre sourcing
45

Mills
35

The Americas

Our Operations in the Americas
The Group's operations in the Americas comprise of a system of mills and plants that primarily produce containerboard that is converted into corrugated containers. Our operations in the Americas also include forestry; other types of paper, such as boxboard and sack paper; and paper-based packaging, such as folding cartons, honeycomb and paper sacks.

Read more on page 24

2023 Gross Sales Volume
(million tonnes)

1.	Containerboard	1.4
2.	Other paper and board	0.2
3.	Corrugated	1.5
4.	Other paper-based packaging	0.2

Revenue
(billion)

€2.8

2022: €2.9

Our sustainability commitments

Globally, citizens are asking tougher questions and asking for more transparency, becoming a strong force in the drive for climate and societal change in recent years. The focus on how we treat our planet, how we create a more inclusive world for everyone and support equality across all communities has never been so high on people's agendas.

Our Better Planet 2050 ('BP2050') Commitments and Progress

Category	Climate Change	Forest	Water
Target	**Net zero** our ambition is to have at least net zero emissions by 2050 with a 55% reduction in fossil fuel emissions intensity by 2030	**>95%** packaging solutions sold as Chain of Custody certified to customers by 2025	**60%** reduction in Chemical Oxygen Demand intensity by 2025 **1%** reduction of our water usage intensity annually
Progress in 2023*	**43.7%** reduction in CO_2 emissions since 2005	**95.5%** packaging solutions sold as Chain of Custody certified in 2023	**35.7%** reduction in Chemical Oxygen Demand since 2005 **1.8%** reduction of our water usage in 2023
Link to sustainability strategy			
Link to sustainable development goals ('SDGs')	7 Affordable and Clean Energy; 12 Responsible Consumption and Production; 13 Climate Action	12 Responsible Consumption and Production; 13 Climate Action; 15 Life on Land	6 Clean Water and Sanitation; 12 Responsible Consumption and Production

See page 59 for more information

* For more details on our progress, please see our Sustainable Development Report 2023 which will be available on our website in March 2024.

Key for Sustainability Strategic Priorities

Planet | People | Impactful business

Find out more in our Sustainability Development Report on our website

Waste	Health & safety	People	Communities
30% reduction in waste to landfill intensity by 2025	**at least 5%** reduction in Total Recordable Injury Rate annually	**25%** of management positions held by women by 2024	**€24 million** will be donated between 2020-2025 to support social, environmental and community initiatives
35.8% reduction in waste to landfill since 2013	**3.9%** increase in Total Recordable Injury Rate in 2023	**25.1%** of management positions held by women at end of 2023	**€25.6 million** donated since 2020
Planet, Impactful business	People, Impactful business	People, Impactful business	People, Impactful business
12 Responsible consumption and production	3 Good health and well-being	5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities	8 Decent work and economic growth; 10 Reduced inequalities

Our innovative solutions

Innovation unlocks value and drives growth for our customers. Every day, we help our customers to develop, deliver and scale new sustainable packaging solutions. Recognising the importance and the challenges of innovation our approach is both market and data-driven.

Combining our creativity, learnings taken from over 100,000 supply chains, and the power of new learning technologies such as AI, we strive to take innovation to the next level.

Crisp, online supermarket
The Benelux

Fresh food delivered to your doorstep

Crisp is an online supermarket based in the Netherlands that offers customers a convenient way to order fresh groceries every day.

As the company rapidly grew and became more efficient, Crisp needed a new and better packaging solution to enhance sustainability. This involved a comprehensive approach from packaging design, materials sourcing, to automation, and combined 'reduce', 'reuse', and 'recycle' strategies.

The Challenge:
Crisp faced several challenges along the supply chain as the internal processes had been optimised. One of the challenges was to switch to an automated packaging machine that required new packaging to be developed.

The Approach:
Although the 'Crisp delivery box' looked the same at first sight, subtle and effective innovations presented a more sustainable solution by working together. The project team came up with a new packaging design that included improvements and efficiencies to suit their operations and increased the strength of the carry handles to withstand heavier weights.

More importantly, the new packaging helped Crisp reduce its use of corrugated packaging by 27%, using 82% less ink, an increase in recycled material by 7%, and achieving 23% in transport savings and 161 tonnes reduction in CO_2 emissions.

The Result:
We worked with Crisp to create a sustainable packaging solution that suited the company's operational needs and represented the essence of the Crisp brand. The company also decided to have their food delivery staff collect the cardboard lids so that they can be used again.

Justin Koekenbier, Crisp Operational Manager, shared his satisfaction with the result: "The small innovations made by Smurfit Kappa were what made the difference."

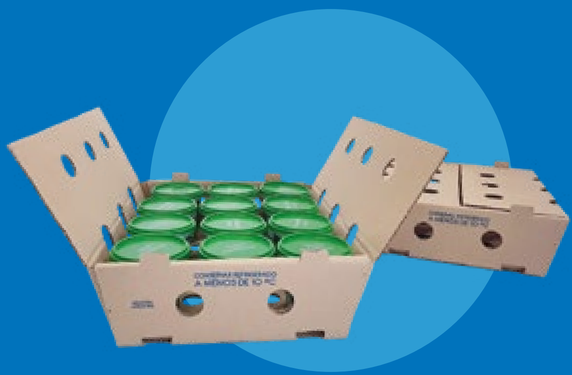
Elcor
Argentina

Eliminating plastic and increasing sales

Elcor, a dairy and food producer in Argentina with a portfolio of brands, approached us with a challenge related to their spreadable cheese pots.

Their existing packaging involved the use of plastic trays to transport the cheese through the production process, which then needed to be packed and palletised before sending them out to store.

The Challenge:
Elcor faced difficulties in maintaining the optimal temperature for their cheese pots. The reliance on plastic trays not only raised environmental concerns but also hindered the cooling process, impacting overall production efficiency.



The Approach:
Working closely with Elcor, Smurfit Kappa developed a corrugated self-assembling pyramid-based tray. It was designed with sloping walls that generate air channels to improve convection inside to help cool the products quickly and effectively.

The Result:
The outcome was a 100% recyclable and sustainable packaging solution. By replacing plastic trays with our corrugated pyramid-based tray, Elcor achieved significant reductions in operating and cooling times. Furthermore, the environmentally friendly approach allowed them to eliminate the use of plastic crates in their production process.

The successful implementation of the new packaging solution led Elcor to upgrade its production line to increase capacity, leading to an increase in product sales by three times. The new efficiency in the cooling process not only met Elcor's immediate needs but also provided a scalable solution to accommodate their growing production capacity. Additionally, the packaging design was extended to various packs of cheese, showcasing its versatility across different product lines.

Ventolini
Colombia

Sustainable packaging: the missing cherry on the cake

Ventolini, a renowned brand in Colombia, is rooted in the vision of Giancarlo Ventolini, an Italian who saw an opportunity to blend Italian gastronomy with the richness of Colombian fruits to create a unique ice cream and pastry experience.

Since 1960 Ventolini's brand has flourished, diversifying its portfolio and delighting customers.

The Challenge:
As Ventolini's brand expanded, so did the need to add a new ingredient: sustainability. Acknowledging the environmental impact of its operations, Ventolini took the important step of eliminating single-use packaging, partnering with Smurfit Kappa to revolutionise their cake packaging.

The Approach:
Smurfit Kappa rose to the challenge of developing innovative primary and secondary packaging solutions. A folding cardboard for cakes eliminated single-use materials, optimised storage, and enhanced brand visibility through customisation. The secondary packaging, a customised cardboard solution, streamlined logistics by eliminating empty spaces and facilitating labelling.

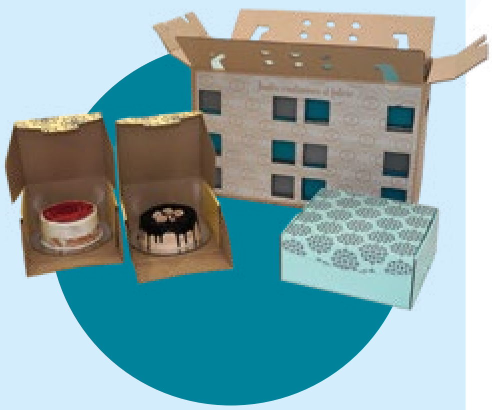
The Result:
The results were significant. Ventolini achieved logistics savings of US$170,000 per year, doubling warehouse storage capacity, and increasing cake shipments by 106% for the large cakes, and 71% for the small cakes. This sustainable shift also led to an 84 tonnes reduction in plastic usage and a significant reduction of 47 tonnes in CO_2 emissions annually.

Ventolini's commitment to sustainability not only improved operational efficiency and reduced its environmental impact but also enhanced the customer experience. The success of this initiative reflects Ventolini's dedication to creating a sustainable future.

Sustainable packaging

84 tonnes
reduction in plastic usage

47 tonnes
reduction in CO_2 emissions annually



Our Innovative Solutions continued

Spadel group
France

Wattwiller, a natural mineral water with a mission

Spadel is the first family-owned mineral water group in the world to obtain a B. Corp certification across its entire brand portfolio.

This reflects the group's commitment to the circular economy, biodiversity preservation and to its carbon footprint reduction.

The Challenge:
To align with its sustainability goals and respond to evolving consumer preferences for more eco-friendly and user-friendly packaging, Spadel embraced the challenge of reimagining its packaging solution for Wattwiller and finding a more sustainable alternative to traditional water packaging.

The Approach:
Spadel embarked on an innovative Bag-in-Box® partnership for its Wattwiller brand, marking a significant step forward in the mineral water industry. This strategic collaboration aimed at providing consumers with a sustainable and convenient alternative to traditional water packaging. The decision to embrace Bag-in-Box® packaging reflected Spadel's commitment to reducing plastic waste and enhancing the overall customer experience.

The Result:
Our Bag-in-Box® solution not only fulfils Spadel's sustainability objectives but also meets the growing demand of environmentally conscious consumers and their desire for more sustainable packaging.

This innovative five litre packaging solution provides ease of recycling and portability. Importantly, it delivers a substantial environmental impact, with a 40% reduction in carbon emissions and a 60% decrease in plastic compared to conventional water packaging. Spadel's move to our Bag-in-Box® packaging not only showcases its commitment to sustainability but also sets a precedent for the industry.

Bag-in-Box® solution

40%
reduction in carbon emissions

60%
decrease in plastic

The North Face

Europe

Accelerating packaging goals through collaboration

The North Face has been a leader in the high-quality outdoor clothing industry for over 50 years.

Rooted in a commitment to making responsible business choices that extend beyond its products, the brand's ethos has sustained its growth and grown its reputation.

The Challenge:
In alignment with its commitment to environmental stewardship, The North Face set an ambitious goal to eliminate single-use plastic packaging by 2025. Recognising the imperative to protect the outdoors for future generations, Amanda Calder-McLaren, Senior Brand Director at The North Face, outlined the need for collaboration to make a substantial impact. "We're an outdoor brand, and therefore we have a responsibility to future-proof our outdoor playgrounds so that they can be endured for generations to come. The only way to truly make an impact is to collaborate."

The Approach:
By working collaboratively with Smurfit Kappa, The North Face has accelerated its sustainable packaging goal.

The Result:
The collaboration with Smurfit Kappa marked a significant stride towards accelerating The North Face's sustainable packaging goal. By replacing polybags with eco-friendly paper-based alternatives, the brand demonstrated its commitment to minimising environmental impact. Amanda Calder-McLaren explains the importance of due diligence in supplier selection, stating, "It's not enough just to be sustainable ourselves; we have to choose suppliers, partners, and other associations that also have a robust promise to reduce their impact. Otherwise, our work becomes negligible."

We were looking for better sustainable solutions in our packaging process. We aligned with that vision, and they helped us phase out polybags from our website shipping and bring in more sustainable paper-based solutions.

Amanda Calder-McLaren
Senior Brand Director, The North Face

Our Innovative Solutions continued

Munchmallow
Serbia

Giving a second life – The Robot Story

Munchmallow, a beloved brand with a rich history over decades, holds a special place with consumers over many generations.

The brand was looking at reuse options and wanted to create an immersive consumer experience. The vision was to create a robot toy reflecting the unique shape of the biscuit by using its wrapping and the outer packaging. As a trusted supplier and packaging partner for over 40 years, Smurfit Kappa was asked for help on how they could bring this idea to life.

The Challenge:
Munchmallow faced the challenge of reimagining its product experience while considering sustainability and consumer engagement. The task at hand was to conceptualise and produce a series of robot toys derived from the outer packaging, aligning with the unique characteristics of the Munchmallow brand. The challenge further extended to optimising the production process to ensure cost effectiveness across the robot designs.

The Approach:
Leveraging our extensive design expertise, we proposed an approach that seamlessly integrated the packaging into the creation of the robot toy. The outer packaging was repurposed to construct the robots, with detailed assembly instructions printed on the inside of each pack. This innovative concept not only aligned with Munchmallow's vision but also showcased its commitment to sustainable and creative solutions.

The Result:
Working collaboratively, the Munchmallow team enthusiastically embraced the concept, bringing to life 15 unique robot designs to captivate and engage consumers. With optimised production processes in place, Munchmallow successfully launched a high-impact marketing campaign to promote this initiative. The campaign spanned across various mediums, including television commercials, social media platforms and outdoor media. The result has been a significant boost in brand engagement and sales. Consumers are not only enjoying the tasty biscuits but also eagerly collecting the robot toys, fostering repeat purchases, and solidifying Munchmallow's position as a brand that seamlessly blends creativity, sustainability and consumer delight.

Edrington

Mexico

Collaborating to achieve carbon reduction for packaging

Edrington is an international ultra-premium spirits company, that has worked for more than 160 years to build a responsible and sustainable business that respects the environment.

Edrington has committed to achieving net zero emissions across its operations, supply chain, and brands by 2045. To deliver this ambitious carbon reduction strategy, Edrington partners with suppliers who can support them on this journey.

The Challenge:
In collaboration with Edrington, we were tasked to create an innovative packaging solution for their new e-commerce channel. The solution needed to address several key criteria, including protecting fragile glass bottles, facilitating a quick and easy assembly process, and eliminating the use of plastic film. Moreover, the packaging had to be adaptable to accommodate varying product sizes, but also recognising the constraints of limited warehouse space that made managing different packaging lines impractical.

The Approach:
By applying our expertise and understanding the customer's needs, the design innovation centred on developing a corrugated box with a versatile paper-based insert. This solution proved capable of accommodating ten different product sizes, ensuring adaptability.

The design innovation of the paper-based insert allowed it to wrap around bottles of various sizes, streamlining the packing process while providing essential protection for Edrington's premium products throughout the supply chain.

The Result:
The new solution not only addressed the initial challenge but also streamlined the entire packing and packaging inventory management process for Edrington. The 100% paper-based and recyclable packaging adheres to its sustainability goals and also enhances the unboxing experience for consumers. The inclusion of high-quality printed branding on the inside of the pack added a premium touch, reinforcing the brand's commitment to excellence.

ShelfSmart AI

Consumer Display and AI

With 82% of purchasing decisions made on the shop floor*, it is critical for brands to find ways to differentiate themselves and engage shoppers in meaningful ways. Display stands have the ability to make a brand stand out from the crowd. For optimum display design, we draw inspiration from our designers and pair multiple user-based design iterations with our AI processing tool. Using authentic shopper data, ShelfSmart AI delivers key performance indicators within hours, significantly increasing our customers' chance of making that all-important purchasing connection.

* Based on a study of over 3,000 shoppers – marketingdive.com


VALMET

Strategic Report

Pages 18 – 109

Chair's Statement

Smurfit Kappa delivered another excellent outcome in 2023

Our performance-led culture continues to drive our industry leading performance, with our people living our values of Loyalty, Integrity, Respect and Safety at work.

Highlights for the Year

— Delivered an excellent outcome for the Group, the second best in our 90 year history
— Delivered on our progressive dividend policy
— Announced our early adoption of the Task Force on Nature-related Financial Disclosures ('TNFD')
— Announced a proposed combination with WestRock to create a global leader in sustainable packaging, Smurfit WestRock

2023 Performance

Smurfit Kappa delivered another excellent outcome for the Group in 2023 with Revenue of €11.3 billion, EBITDA of €2,080 million, and an EBITDA margin of 18.5%. In what has been a challenging year, this result reflects the effectiveness of our capital allocation programme, the security of SKG's integrated operating model and the commitment and dedication of our people in providing our customers with industry-leading, innovative and sustainable packaging solutions. On behalf of the Board and management team, I would like to record our sincere appreciation to each and every one of our employees.

Proposed Combination with WestRock

On 12 September 2023, we were pleased to announce the proposed combination of Smurfit Kappa and WestRock to create Smurfit WestRock, a global leader in sustainable packaging. The Board sees compelling strategic, commercial and financial rationale for combining Smurfit Kappa and WestRock's highly complementary paper-based packaging companies to create a global leader in sustainable packaging. The proposed combination will enhance Smurfit Kappa and WestRock's existing offerings by creating the global 'Go-To' packaging partner of choice. The proposed combination is expected to close early July 2024, (subject to shareholder approval and other closing conditions of the Smurfit WestRock transaction).

Sustainability

Sustainability is a key part of SKG's strategy. As a responsible company, operating globally, Smurfit Kappa has a product that is naturally sustainable and a circular process that is increasingly sustainable. Our performance-led culture continues to drive our industry-leading performance, with our people living our values of Loyalty, Integrity, Respect and Safety at work and our purpose to create, protect and care. SKG understands the challenges facing both our business and the planet and is committed to doing its part in resolving these critical issues.

The Group continued to be recognised in 2023 for its leading sustainability credentials. Having been recognised in 2023 as both a Regional Top Rated and Industry Top Rated company by Morningstar Sustainalytics, SKG has retained both honours in 2024 for its strong ESG credentials and continuous improvement. SKG is now ranked first in Paper Packaging for 2024, up from second in 2023 and fourth in 2022.

The Group has always been at the forefront of ensuring we provide the most innovative and sustainable packaging for our customers as well as setting ambitious sustainability targets for ourselves. We continued to make significant progress towards achieving our sustainability goals and delivered many sustainability achievements during 2023. We were also pleased to announce our early adoption of the Taskforce on Nature-related Financial Disclosures in January 2024. This announcement builds on our existing nature-related reporting and targets which are included in senior management incentives and our cost of funding.

Read more about our Sustainability achievements throughout this Annual Report and the Sustainability Development Report which will be published simultaneously with this Annual Report.

Chair's Statement continued

Innovation
SKG's leadership in innovation and unrivalled market offering is a defining characteristic of our business. During 2023, we continued to deliver the most innovative and sustainable packaging solutions for our customers led by our Better Planet Packaging initiative. The Group continues to invest in research and development to push the boundaries of paper-based packaging and our design teams work closely with our customers to develop bespoke solutions which optimise functionality, cost-effectiveness and consumer appeal. Our culture of innovation is based on our experience, science, creativity and data, with state-of-the-art facilities that allow us to help our entire value chain, our customers, and their consumers, to reduce their carbon footprint and avoid packaging waste.

Some examples of our recent innovative solutions developed for our customers across Europe and the Americas are outlined on pages 10 to 15.

Board Composition
We recognise the importance of continued Board refreshment and renewal, and the benefit of bringing fresh perspectives to complement our longer-tenured Directors. We also recognise the importance of inclusion, diversity and equality throughout the organisation and up to Board level, which includes varying perspectives and career experience as well as diversity of gender, ethnicity, nationality and age. Since the conclusion of the 2023 AGM, the Board has 45% female representation which is in excess of the FCA Listing Rules requirements and the FTSE Women Leaders target of 40% representation in relation to gender diversity. The Board is committed to ensuring that gender diversity continues to be a focus on the Board and senior management agendas and to increasing the representation of women within senior management roles.

The Board also meets the FCA Listing Rules and the recommendation of the Parker Review to have at least one Board member from an ethnic minority background and the FCA Listing Rules requirement to have a senior position held by a woman.

The Board and the Nomination Committee considered many aspects of Board and Committee refreshment during the year.

In January 2023, Mary Lynn Ferguson-McHugh was appointed as an independent Non-executive Director bringing significant global operational experience and fast moving consumer goods knowledge to the Board. Mary-Lynn also joined both the Audit Committee and Remuneration Committee.

Following retirements from the Board in April 2023, there were changes to the Chair's of certain committees: Jørgen Buhl Rasmussen as Chair of the Remuneration Committee; Anne Anderson as Chair of the Nomination Committee; and Kaisa Hietala as Chair of the Sustainability Committee.

Investment

Europe

First industrial water treatment plant in Serbia

In September 2023, we inaugurated a pioneering purification and wastewater treatment plant in Belgrade, Serbia, the first of its kind in the country. The state-of-the-art plant is located on the site of our Belgrade paper mill, which was acquired in 2019.

The €5 million investment in the plant enables water purification to the highest standards before it can be returned to the environment. Purified water can also be partially reused in the process, further reducing water consumption by up to 90%.

This investment underscores our ongoing commitment to water stewardship and follows recent similar initiatives across our plants in Europe and the Americas.

Speaking at the opening ceremony, Prime Minister of Serbia, Ana Brnabić, said: "Today is an important day for environmental protection in Belgrade and throughout Serbia. This is a day that represents a turning point for the sustainable development of our country. By 2025, all companies have a deadline for introducing wastewater treatment plants. Smurfit Kappa did this two years ahead of schedule by building the first industrial biological plant. This is an example of how all business people in Serbia should join the policy of sustainable development."

Since 2018, we have been a signatory to the UN Global Compact CEO Water Mandate and are also members of the Cepi Water Issue Group which investigates water-specific industry issues.

The opening of this state-of-the-art facility demonstrates our ongoing commitment to sustainable water management. We are proud to be the first company to bring this innovative purification and water treatment system to Serbia as part of our continued investment to ensure the process is as sustainable as the product. Smurfit Kappa continues to lead our industry towards more innovative and sustainable methods of water treatment.

Saverio Mayer
CEO of Smurfit Kappa Europe

The Board is currently comprised of 11 Directors who in accordance with the Code will each retire at the forthcoming AGM and submit themselves for re-election. For further details on the re-election of Directors, please see page 122. This will include five female Directors which is in line with our commitment to ensure greater Board diversity. We are also pleased to have a Board which includes Directors from seven different countries including Directors from Europe, North America and Latin America, a diversity of geographic backgrounds which matches our diverse business.

As part of the ongoing development of the Board, for both new and existing Non-executive Directors, a training and development programme continued throughout 2023 with sessions that included specific business areas, climate scenario analysis, cyber security, and legal and governance.

Governance and Oversight

The UK Corporate Governance Code places an emphasis on a company's relationship with its shareholders and other stakeholders and highlights the importance of establishing a corporate culture aligned with business strategy and one which promotes integrity and diversity.

As we reflect on 2023, through our engagement with our people and our continued commitment to the environment and the communities we serve, we truly believe that Smurfit Kappa has a culture and an approach to business which aligns with the spirit of the Code and promotes an inclusive and positive working environment which recognises the perspectives of all our stakeholders. Details of this are included throughout this Annual Report and in the Corporate Governance Statement.

Employee Engagement and Development

Employee engagement is a key consideration of the executives and Board, and one which has continuously developed over time. The Sustainability Committee continues to hold responsibility for workforce engagement on behalf of the Board. The Sustainability Committee assists the Board in understanding the views of the wider workforce, to ensure that the voice of the workforce is heard in the boardroom and the views and interests of employees are taken into account when making decisions and to ensure the employee voice is represented in a manner that is inclusive and fair. A detailed update on our employee engagement including details of our high level of employee interaction during the year and commentary from the Chair of the Sustainability Committee, Kaisa Hietala, is included on page 52.

As a Board we have always understood the importance of maintaining a strong people centric culture and recognise the value of engaging and listening to the diverse views of colleagues across the global organisation. During 2023, the July Board meeting was held in France which included a visit to our Facture mill and the October meeting, which was held in the Dominican Republic, included a visit to our plant in Santo Domingo.

As part of these visits, we were delighted to have the opportunity to meet face-to-face with management and employees and to experience first-hand the Group's operations in these countries.

As a Board we recognise that a central element to our continued success is the quality of our people and therefore supporting and developing the culture and practice of talent management in the organisation is essential. In 2023, we have continued to focus on ensuring that we have the right people in the right place and at the right stages of development to fill critical positions as they become available. By focusing on talent through comprehensive and considered succession plans, we can ensure that we continue to fill key operational and strategic positions across the Group. Read more on pages 98 and 99.

Stakeholder Engagement

The Group and the Board have a continued focus on stakeholder engagement to ensure we build a culture that fosters engagement and enables us to develop successful relationships with our stakeholders. During 2023, we continued to work collaboratively with our customers, suppliers, shareholders and the communities in which we operate.

Our Better Planet Packaging initiative represents the many ways in which we support our customers to deliver on their sustainability agendas. In 2023, we carried out an extensive customer experience survey with our strategic accounts. We were delighted to achieve our highest-ever customer experience score; which speaks to the strength of our relationships, quality of our service and innovative packaging solutions that achieve real and measurable benefits for our customers.

During the year, we continued to build and maintain transparent and long-term relationships with our suppliers. This partnership approach enables us to work together on sustainability improvement processes and provides the opportunity to carry out audits on compliance with our sustainable supply chain standards and work together to improve sustainability in their business where any shortcomings are identified. We are also encouraged to observe that our suppliers who have sustainability programmes in place for many years see their sustainability programmes as an investment rather than a cost.

Our leadership team and investor relations team maintain active engagement and dialogue with the investment community and our shareholders, to discuss key issues including strategy, sustainability, capital allocation, remuneration and governance.

We remained deeply committed to our local communities during 2023. Despite another challenging year, our teams across the world continued to donate their time, effort and expertise to make a positive and lasting impact on their local communities. In 2023, approximately 6,800 of our colleagues participated in 192 initiatives across 24 countries.

In addition to the direct involvement of our operations in our local communities, during 2023 the Group continued to provide all the funding to the Smurfit Kappa Foundation (the 'Foundation'), a registered charity in Ireland, which focuses on delivering a positive impact on the lives of underprivileged people in our communities. Since being formed in 2011, the Foundation has supported a total of 260 projects through its donation of €15 million in 30 countries.

Further details on stakeholder engagement in 2023 is outlined on pages 48 to 57. In the period ahead, my continued focus as Chair will be on the further development of engagement with our key stakeholders.

Dividends

Dividends remain a central component of the Group's objective to deliver value for our shareholders. Our progressive dividend policy recognises the importance of dividends to our shareholders. The Board is recommending a 10% increase in the final dividend to 118.4 cent per share, subject to the approval of shareholders at the AGM in April 2024. This, in combination with the interim dividend of 33.5 cent per share paid in October 2023, will deliver a total dividend of 151.9 cent per share for 2023. This further increase in the dividend reflects our continuing confidence in the strength, quality and performance of the Smurfit Kappa business.

Outlook

While there are and always will be challenges in the macro environment, we look forward to the year ahead with confidence and excitement.

Irial Finan
Chair

Group Chief Executive Officer's Statement

Our 2023 results again demonstrate Smurfit Kappa's proven capacity to perform across all market conditions

Our results, the second best in our 90 year history, reflect the excellence of our people and their dedication in providing the most innovative and sustainable packaging solutions for our customers.

Highlights for the year

— EBITDA margin of 18.5% up from 2022
— Invested over €1 billion in our business, setting a strong platform for future growth
— Return on capital employed of 17.1%
— Recognised as a top employer again in 2023
— Received 74 awards for packaging design, innovation and sustainability
— Announced the proposed combination with WestRock to create a global leader in sustainable packaging

2023 Overview

Revenue for the year decreased by 12% to €11.3 billion. EBITDA for the full year was €2,080 million, a 12% decrease over 2022, with an EBITDA margin of 18.5%, ROCE of 17.1% and a net debt to EBITDA of 1.4x.

The demand environment for the industry in 2023 was difficult primarily due to destocking and a lack of economic activity in certain sectors, particularly durable goods. However, we have seen strong acceleration in demand for sustainable packaging solutions. While full year volumes for the Group were down 3.5%, we saw a progressive improvement in demand during the year with a return to growth in the fourth quarter.

During 2023, we invested over €1 billion in our business, which together with prior years' spend, sets a strong platform for future growth and delivery. Additionally, with the wide geographic and product diversity that exists within SKG, we continue to see opportunities for growth and expansion.

Some examples of this include the development of our Bag-in-Box business across multiple geographic regions and our expansion into Morocco with a new state-of-the-art corrugated facility.

In September, we announced an agreement to combine with WestRock to form Smurfit WestRock. Since then we have had the opportunity to expand our knowledge of the WestRock organisation, and its people, and have visited many of their facilities. With a deeper understanding of the WestRock business, we are increasingly excited about the potential this proposed combination presents.

Europe

The Europe segment is the larger of the Group's two segments, accounting for 75% of its revenue and 77% of its EBITDA in 2023. Our Europe segment is highly integrated. It includes a system of mills and plants that primarily produce a full line of containerboard that is converted into corrugated containers. In addition, the Europe segment also produces other types of paper, such as solidboard, sack kraft paper, machine glazed ('MG') and graphic paper; and other paper-based packaging, such as honeycomb, solidboard packaging and folding cartons; and Bag-in-Box packaging.

EBITDA decreased by 14% to €1,593 million in 2023. The EBITDA margin was 18.8%, up from 18.6% in 2022 with the move reflecting lower box volumes and lower average box prices, which were more than compensated by the impact of lower recovered fibre, energy and other raw material costs. While box volumes in Europe were down 3.3% year-on-year, each quarter showed sequential improvement in demand and box volumes in the fourth quarter of the year remained flat compared to the same period of 2022.

Demand weakness in Western European markets was partly offset by a more resilient performance in our operations in Southern and Eastern Europe.

Group Chief Executive Officer's Statement continued

Our European business continued to build on its strong operating platform during the year with a number of projects across our paper, corrugated and specialty divisions. In our paper division, we approved investments right across our mill network which will take out costs, increase efficiencies and enhance the Group's leadership position in sustainability. In our corrugated division, we are investing in modern, energy efficient equipment, including upgrades to corrugators, new converting equipment and expanding capacity in our Bag-in-Box division. These investments will allow the Group to increase production, reduce our environmental footprint and expand our portfolio of value-added packaging solutions.

In the first half of the year, the Group completed its strategic expansion in Poland with our Pruszków corrugated plant now becoming one of the most advanced packaging plants in Europe. In the second half of the year, the Group completed important sustainability projects including a pioneering purification and wastewater treatment plant in Serbia, the first of its kind in the country.

In March, the Group announced that it had sold its Russian operations to local management thereby completing its exit from the Russian market. In July, the Group opened a new integrated corrugated plant in Morocco, making this SKG's first operation in the attractive growth market of Africa. Also during the year, the Group acquired a specialty packaging operation in Spain and a folding carton business in Poland.

The Americas

Our Americas segment is also highly integrated. Like our Europe segment, it includes a system of mills and plants that primarily produce a full line of containerboard that is converted into corrugated containers. The Americas segment, which includes a number of Latin American countries and the United States, also comprises forestry; other types of paper, such as boxboard and sack paper; and paper-based packaging, such as folding cartons, honeycomb and paper sacks.

EBITDA increased by 1% on 2022 to €557 million. The EBITDA margin improved to 20.1% from 19.0% in 2022 with Colombia, Mexico and the US accounting for over 75% of the region's earnings. Box volumes in the Americas, excluding acquisitions, were down by 4.3% compared to 2022 with sequential demand improvement seen through each quarter and a return to growth realised in the fourth quarter of 1.6% year-on-year.

The Group continued to invest in its Americas business in 2023 with growth and sustainability related investments across our forestry, paper and packaging businesses in Brazil, Colombia, Mexico and the US. We approved investments in our paper division to upgrade machines and increase production efficiencies, investing in automation in our forestry division to take out costs, while investing in state-of-the-art converting equipment in our corrugated division.

Sustainability Investments

Smurfit Kappa continues to make significant progress towards achieving its sustainability goals. An example of an important sustainability project undertaken during the year was the installation of 12,000 solar panels at our Sangüesa paper mill in Spain. This solar energy project is the latest for Smurfit Kappa which has launched similar green energy initiatives at plants in Spain, Colombia, Mexico and most recently, in our new facility in Morocco.

In 2023 we also completed a €27 million investment in a new waste management and recovery facility at our Nervión paper mill in Iurreta, Spain. This investment sees the mill adopt a fully circular production process involving the biggest landfill reduction project that SKG has undertaken to date.

In September, we inaugurated a pioneering purification and wastewater treatment plant in Belgrade, Serbia, the first of its kind in the country. This innovative treatment purifies water to the highest standards before it can be returned to the environment. The purified water can be partially reused thereby further reducing water consumption by up to 90%.

During the year, we approved significant investments to upgrade a combined heat and power plant in one of our European paper mills which will further reduce our carbon emissions alongside upgrading a number of water treatment plants and systems right across our operations.

Having been awarded in 2023 as both a Regional Top Rated and Industry Top Rated company by Morningstar Sustainalytics, SKG has retained both honours this year for its strong ESG credentials and continuous improvement.

Smurfit Kappa continues to be listed on various environmental, social and governance indices and disclosure programmes, such as CDP, FTSE4Good, the Green Economy Mark from the London Stock Exchange, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, ISS Solactive and Ethibel's sustainable investment register. SKG also performs strongly across a number of third party certification bodies, including MSCI, ISS ESG and Morningstar Sustainalytics.

Further details on the progress, developments and investments in sustainability in 2023 are outlined throughout this Annual Report and in the Sustainability section on pages 58 to 95.

Commercial Offering and Innovation

SKG's leadership in innovation and unrivalled market offering is a defining characteristic of our business. With over 1,000 designers across the Group, supported by a network of laboratories, design facilities and unique applications, we continued to deliver the most innovative and sustainable packaging solutions for our customers in 2023. The Group continues to invest in research and development to push the boundaries of paper-based packaging and our design teams work closely with our customers to develop bespoke solutions which optimise functionality, cost-effectiveness and consumer appeal.

Demonstrating our industry leadership, SKG won 74 awards across a host of categories including design, safety, sustainability, community engagement and as a top employer. Smurfit Kappa was recognised for its technical innovation and creativity by winning 14 awards at the Flexographic Industry Association UK awards in addition to eight WorldStar 2023 awards. The latter was followed up by winning an impressive 12 WorldStar 2024 awards in January of this year, more than any other entrant. The Group was also the proud winner of PepsiCo's prestigious 'Supplier of the Year' award. This award recognises excellence across sustainability, speed to market and overall business performance and is the latest milestone in a 15 year partnership during which PepsiCo and Smurfit Kappa have collaborated on various stand-out projects.

During the year, SKG launched its patented Vitop Uno tap which is the first tap in the Bag-in-Box market to have attached tamper protection. Vitop is the leading provider of Bag-in-Box closure solutions with over six billion taps sold worldwide and the Uno tap is now patented in Europe, the US and a number of other countries.

€11.3bn
Revenue for 2023

€2,080m
EBITDA for 2023

Investment

The Americas

E-commerce expertise in the Dominican Republic

In January 2023, we launched a new e-commerce store in the Dominican Republic specialising in packaging for small and medium sized businesses (‘SMEs’) and start-ups.

The new store created by Smurfit Kappa Todo Carton, acts as an online retail packaging boutique, and serves the ever-growing packaging market in the Dominican Republic. This follows on from the success of its bricks-and-mortar shop in the country which has been operating for over 25 years.

The online shop specialises in e-commerce packaging tailored towards SMEs, which includes an emerging market of influencers and entrepreneurs, trading via social media platforms including Instagram. The e-commerce store’s portfolio includes a wide variety of our ‘Better Planet Packaging’ solutions which offer sustainable alternatives to unsustainable packaging solutions. Popular products include paper-based clamshell packaging and packaging for fruit and vegetables, baked goods and giftware. All the packaging solutions can be customised to meet the customers’ needs.

The development of the new e-commerce shop coincided with the 25th anniversary of the bricks-and-mortar store. The store has enabled Todo Carton to broaden its customer base and reach a new audience of small business owners who are looking for quality sustainable packaging, but in smaller quantities, and at affordable prices.

Laurent Sellier, CEO of Smurfit Kappa in the Americas, commented: “We are delighted to have reached this milestone. We have been operating in the Dominican Republic since 1997 and pride ourselves on developing innovative, sustainable and convenient packaging solutions to meet our customers’ needs, however niche those needs may be. Our expertise in e-commerce packaging is applicable to a wide variety of sectors.”

General Manager of Smurfit Kappa Dominican Republic, Andrés Silva, added: “So many companies cater only for businesses that can afford to place bulk orders. At Smurfit Kappa, we think that small businesses and start-ups also deserve to be able to afford sustainable and innovative packaging. Both our off-the-shelf and customised packaging products are in great demand, and we are attracting new customers all the time.”

Thanks to the hard work of our team and our packaging expertise and experience, we are thrilled to be the first Smurfit Kappa store in the region to sell packaging in small quantities.

Andrés Silva
General Manager of Smurfit Kappa Dominican Republic

In 2023, the Group announced the expansion of its Design2Market Factory after a successful first year in operation in the Netherlands. This unique facility, which provides customers with tangible packaging prototypes that can be tested in the market in just two weeks before moving into large-scale production, will be replicated across Germany, Italy, Poland and the UK.

SKG also launched its new digital solution for our existing SupplySmart application. With SupplySmart, we create a digital model of our customers’ supply chains which allows us to stress-test their processes in a completely risk-free way. This helps us to optimise their packaging solutions, enhance efficiencies, reduce CO_2 emissions during transport and drive business growth.

The Group continues to experience strong levels of pipeline development across our business as customers strive for more sustainable packaging solutions.

Our People

Our performance-led culture continues to drive our industry-leading performance, with our people living our values of Loyalty, Integrity, Respect and Safety at work. We have a relentless focus on quality and delivery for our customers.

Our vision, to be a globally admired business, dynamically and sustainably delivering secure and superior returns for all stakeholders, is something that all of us in Smurfit Kappa aspire to every day. We believe the only way to achieve this is through our people. One of the strengths of Smurfit Kappa has been, and will continue to be, the owner/operator type culture that exists within our company.

We continue to invest in our people and have developed bespoke programmes with INSEAD and others ensuring the next generation of leaders is embedded within the Smurfit Kappa system and culture.

I would like to acknowledge the effort and commitment of all our employees in the 36 countries in which we operate for their significant contribution to the results achieved in 2023. I would also like to take this opportunity to acknowledge the support of the Board for the continuing development of the Group. Equally, I would like to recognise our shareholders support over the last number of years.

Conclusion

Our 2023 results, once again, prove our capacity to perform and deliver. While there are, and will always be, challenges in the macro environment, we look forward to the year ahead with confidence and excitement. The proposed combination is expected to create a global leader in sustainable packaging, Smurfit WestRock, which will mark the next and exciting phase in our journey.

Tony Smurfit
Group Chief Executive Officer

Our business model

Our drivers of value creation

We are a packaging leader in a growth industry.

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

Our Integrated Model

We have an integrated system of containerboard mills and corrugated box plants. Our recycling, wood procurement and forestry operations provide raw material to our containerboard mills, who produce a full line of containerboard which is converted into corrugated containers.

Our vertical integration is key to guaranteeing security of supply for our customers and 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 our product through the uncertainty of market falls and rises.

End-to-End Sustainability

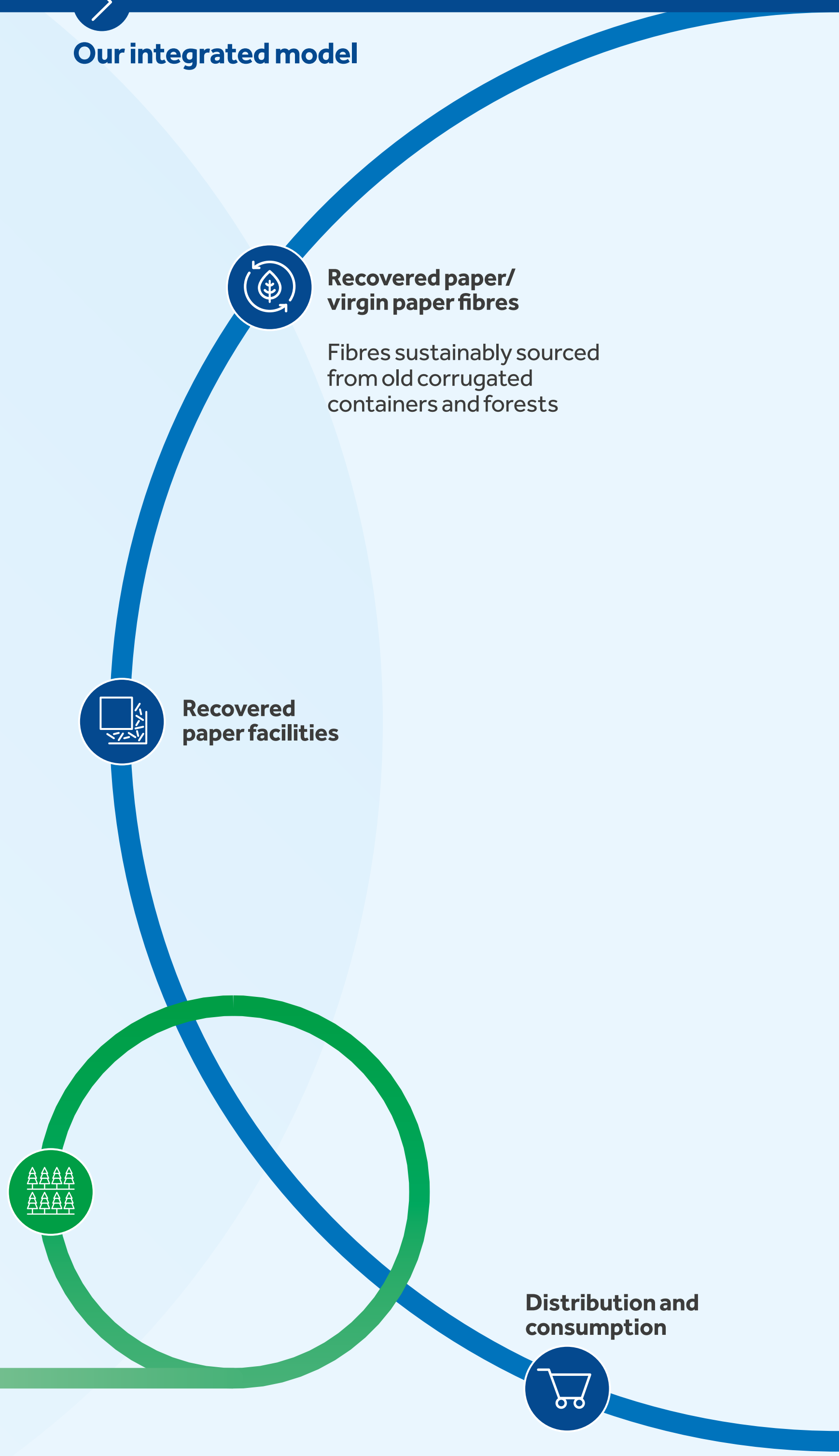
From procurement and working with our suppliers, to production and product delivery to our customers, our economic goals are aligned with our social, community and environmental responsibilities.

As a significant recycler of primarily post-consumer materials, we are a key part of the circular economy. Our embedded Chain of Custody programme ensures that close to 100% of our raw material comes from sustainable and/or certified sources regardless of whether it is virgin or recycled.

As a leader in sustainable packaging, we have a responsibility to respond to the challenge the world faces with litter and inefficient use of materials. We are addressing this with our Better Planet Packaging initiative.

You can read more about this in our Sustainability section on pages 58 to 95

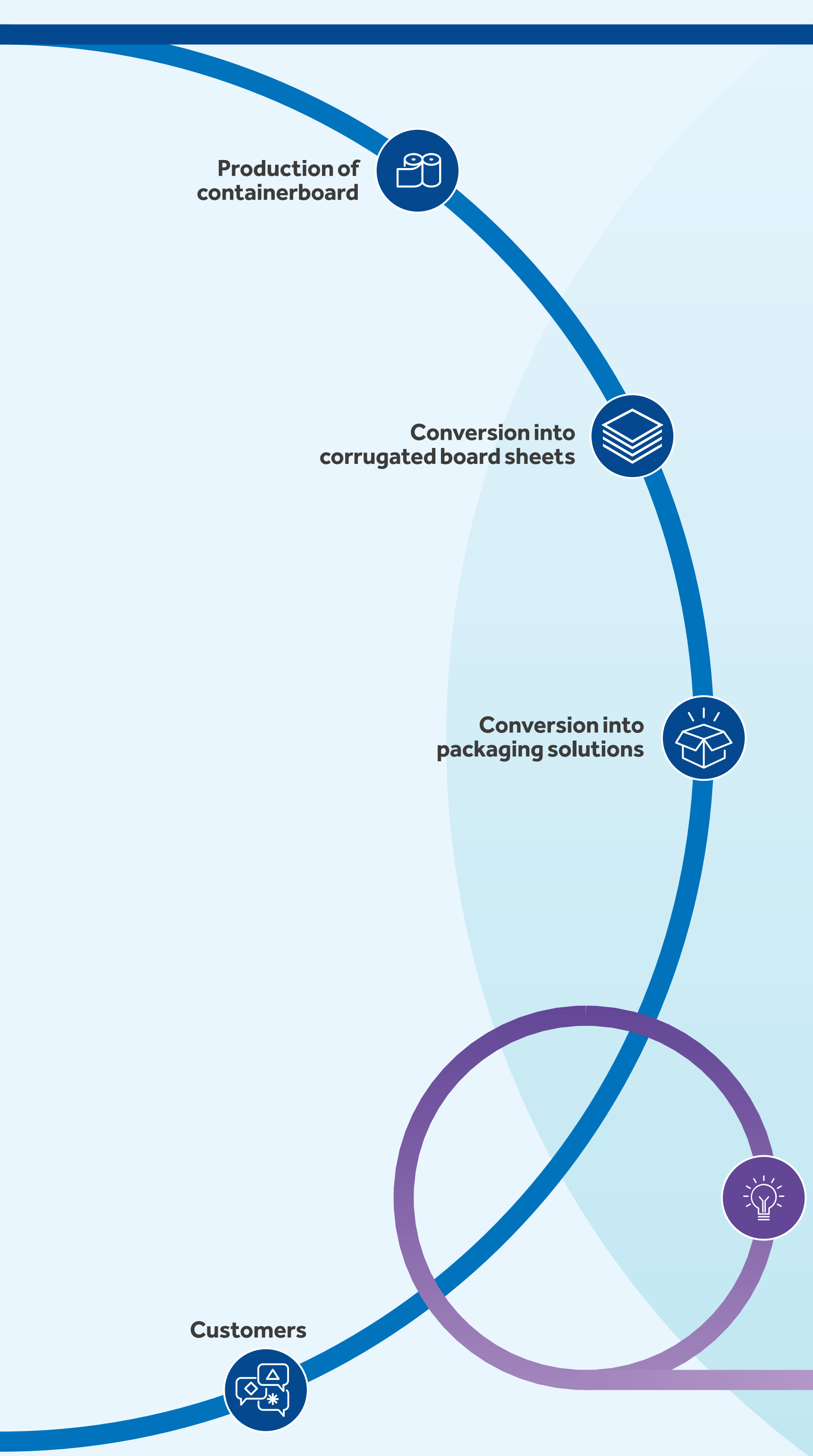
Our integrated model



Our values underpin our business model and guide the decisions we make

Safety

Integrity



Value delivered for our stakeholders

Customers

Employees

Investors

Suppliers

Communities

You can read more about this in our Stakeholder Engagement section on pages 48 to 57

Innovation

We are a highly innovative, design-led company. Our approach to innovation is both market and data-driven, focused on solving our customers' challenges, whether through product promotion, process improvement, carbon reduction or optimising supply chain efficiency.

We employ a range of 'Innotools', unique to Smurfit Kappa, enabling us to create the optimal fit-for-purpose packaging solutions for our customers.

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.

You can read more about this in our Innovative products section on pages 10 to 15

Loyalty

Respect

You can read more about our Strategic Framework on pages 2 and 3

Our Strategy

We deliver for all our stakeholders

Our vision is to be a globally admired business, dynamically and sustainably delivering secure and superior returns for all stakeholders.

The Group's objective is to develop long term customer relationships by providing customers with innovative, sustainable packaging solutions that enhance the customers' prospects of success in their end markets.

Our strategic priorities*

Market Position

Expand our market positions in Europe and the Americas through selective focused growth.

Partner of Choice

Become the supplier/partner of choice.

Operational Excellence

Enhance our operational excellence through the continuous upgrade of our customer offering.

Our objectives

- Organic growth from increased market share through developing innovative solutions in areas such as Better Planet Packaging and e-commerce; and
- Pursuit of accretive acquisitions in higher growth markets such as Eastern Europe and Latin America.

Read more in the Group Chief Executive Officer's Statement on pages 22 to 25

- Deepening our understanding of our customers' world and developing proactive initiatives to improve their offering;
- Constantly innovating our products, service, quality and delivery in order to develop and/or maintain preferred supplier status; and
- Pursuing superior performance measured against clearly defined metrics in all aspects of our business and at all levels in our organisation.

Read more in Our Innovative Solutions on pages 10 to 15

- Improving the output from our high quality asset base through judicious capital investment, continuous improvement programmes, transfer of best practice, industrial engineering and other progressive initiatives;
- Increasing the proportion of differentiated ideas, sustainability initiatives, products and services on offer to our customers through the use of the Group's development and technology centres, our sustainability credentials and our innovation tools; and
- Ensuring that the driving force behind all our operations is one of customer satisfaction and excellence in the marketplace.

Read more in the Group Chief Executive Officer's Statement on pages 22 to 25

* The strategy outlined is Smurfit Kappa on a standalone entity basis.

Investment in People

Recruit, retain, develop and motivate the best people.

- High quality graduate and other recruitment initiatives, progressive goal setting, and performance appraisal programmes;
- Focused job training and coaching;
- Cross-divisional in-house development programmes; and
- Selective executive development programmes.

Read more in the People section on pages 96 to 109

Capital Allocation

Maintain a disciplined approach to capital allocation and maintain the focus on cash generation.

- Maintaining investment grade credit ratings;
- Capital spending to facilitate organic growth, optimise our asset base and enhance operating efficiency;
- Acquiring strategically attractive and accretive assets; and
- Progressive dividend supported by strong free cash flow.

Read more in the Finance Review on pages 40 to 47

Outlook

Driven by strong secular trends such as e-commerce and sustainability, the outlook for our industry remains positive. SKG has positioned itself as the leading company within the industry, with great people, providing our customers with unique packaging solutions centred around innovation, efficiency and sustainability. The inherent strength of our business provides us with an unrivalled platform to accelerate our vision and the Group's next phase of growth and development. Going forward, we will continue to implement our strategy, creating a sustainable business that builds on our strengths and will generate value for all stakeholders over the long term.

We will continue to lead in innovative, sustainable packaging solutions for our customers, led by our 'Better Planet Packaging' initiative which provides our customers with sustainable solutions today, ready for the challenges of tomorrow. We continue to build a platform for durable growth to meet customer demand.

We remain relentlessly focused on attracting, developing, motivating and retaining employees to ensure delivery of all our strategic ambitions and to help our people reach their full potential within the organisation.

Our strategy remains flexible and agile and we maintain a disciplined, returns focused approach to capital allocation.

Key Performance Indicators

Measuring our progress

The Group has a range of Key Performance Indicators ('KPIs') which we use to monitor our performance and measure progress.

Financial KPIs

EBITDA*
(million)

€2,080

2022: €2,355

2023	€2,080
2022	€2,355

Description
EBITDA is the key performance measure of the Group's operating segments. It is an appropriate and useful measure used to compare recurring financial performance between periods.

Performance
EBITDA for 2023 was €2,080 million, €275 million down on 2022. Our 2023 EBITDA represents an excellent outcome set against a challenging year for the wider industry. This result reflects the effectiveness of our capital allocation programme, the security of SKG's integrated operating model and the commitment and dedication of our people in providing our customers with industry-leading, innovative and sustainable packaging solutions.

Strategic priorities

EBITDA Margin*
(%)

18.5

2022: 18.4

2023	18.5
2022	18.4

Description
EBITDA margin is a measure of profitability by taking our EBITDA divided by revenue.

Performance
EBITDA margin was 18.5% in 2023 compared to 18.4% in 2022. In Europe, our overall margin increased from 18.6% in 2022 to 18.8% in 2023. In the Americas, our margin increased from 19.0% in 2022 to 20.1% in 2023.

Strategic priorities

Net Debt*
(million)

€2,840

2022: €2,992

2023	€2,840
2022	€2,992

Description
Net debt comprises borrowings net of cash and cash equivalents. We believe that this measure highlights the overall movement resulting from our operating and financial performance.

Performance
Net debt amounted to €2,840 million at December 2023 compared to €2,992 million at December 2022. The year-on-year decrease of €152 million reflected free cash flow of €628 million for the year, partly offset by outflows in respect of dividend payments, the purchase of businesses, share purchases under the Deferred Bonus Plan ('DBP') and negative currency translation adjustments.

Strategic priorities

* Information in relation to the definition and calculation of these Alternative Performance Measures is included in the Supplementary Information section on pages 226 to 231.

Key to Strategic Priorities

Market Position | Partner of Choice | Operational Excellence | Investment in People | Capital Allocation

Net Debt to EBITDA*
(times)

1.4x

2022: 1.3x

Description
Leverage (ratio of net debt to EBITDA) is an important measure of our overall financial position.

Performance
With net debt of €2,840 million and EBITDA of €2,080 million, our leverage ratio was 1.4 times at December 2023 compared to 1.3 times at December 2022. The Group is operating below its target leverage range of 1.5x to 2.0x.

Strategic priorities

Return on Capital Employed* ('ROCE')
(%)

17.1

2022: 21.8

Description
ROCE is an effective measure of ensuring that we are generating profit from the capital employed.

Performance
ROCE at December 2023 was 17.1%. With a lower level of operating profit and a higher level of average capital employed, our ROCE decreased from 21.8% at December 2022.

See Remuneration Report for Performance Share Plan metrics, pages 129 to 150

Strategic priorities

Free Cash Flow* ('FCF')
(million)

€628

2022: €545

Description
FCF is the result of the cash inflows and outflows from our operating activities, and is before those arising from acquisition and disposal activities. We use FCF to assess and understand the total operating performance of the business and to identify underlying trends.

Performance
FCF of €628 million in 2023 was €83 million higher than the €545 million reported in 2022. Lower EBITDA of €275 million combined with higher outflows on exceptional items, higher tax payments and a higher outflow for changes in employee benefits and other provisions were more than offset by a positive swing in working capital from an outflow in 2022 to an inflow in 2023.

See Remuneration Report for Annual Bonus metrics, pages 129 to 150

Strategic priorities

Key Performance Indicators continued

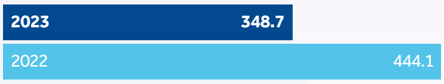
Financial KPIs

Earnings per Share ('EPS') (cent)

Pre-exceptional Basic EPS*

348.7

2022: 444.1



Basic EPS

293.5

2022: 365.3

Description

EPS serves as an effective indicator of a company's profitability and, in conjunction with other metrics such as ROCE, is a measure of a company's financial strength. The calculation of EPS is shown in Note 9 to the Consolidated Financial Statements.

Performance

Our pre-exceptional basic EPS in 2023 decreased by 21% from 444.1 cent in 2022 to 348.7 cent, reflecting a lower pre-exceptional profit attributable to owners of the parent of €901 million in 2023 compared to €1,147 million in 2022.

Basic EPS decreased to 293.5 cent in 2023 compared to 365.3 cent in 2022. This was mainly due to a lower operating profit partly offset by a lower exceptional charge in 2023 resulting in a profit for the financial year attributable to owners of the parent of €758 million, compared to €944 million in 2022.

See Remuneration Report for Performance Share Plan metrics, pages 129 to 150

Strategic priorities

Non-financial KPIs

Health and Safety (TRIR)

0.53

2022: 0.51

Description

A safe and healthy workplace is a fundamental right for every person at Smurfit Kappa, and is a business imperative for the Group. Since 2018, Total Recordable Injury Rate has been the key health and safety performance metric for the Group.

Performance

Our TRIR increased by 3.9% in 2023 bringing the TRIR to 0.53 (2022: 0.51) but remaining below 0.55. The TRIR reduction to the end of 2023 compared to the 2018 baseline was a 48% total reduction, demonstrating the achievements in safety over that period.

See Remuneration Report for Annual Bonus metrics, pages 129 to 150

Strategic priorities

* Information in relation to the definition and calculation of these Alternative Performance Measures is included in the Supplementary Information section on pages 226 to 231.

Key to Strategic Priorities

Market Position | Partner of Choice | Operational Excellence | Investment in People | Capital Allocation

Non-financial KPIs

CO_2 Emissions Reduction (%)

43.7

2022: 43.9

2023	43.7
2022	43.9

Description

Although our industry is energy intensive, it is also one of the most energy efficient and is among the most significant users of renewable energy. Climate change impacts everyone, and in our case it stimulates product design improvements to lower customer carbon footprints, encourages production efficiency and informs how we invest for the long-term.

We are reducing the carbon intensity of our energy mix by reducing the use of fossil fuels and promoting renewable sources where economically viable. We are also saving energy by closing loops in our production process. We make a significant impact in the value chain through smart packaging solutions that can significantly lower customer emissions. We help them optimise their packaging to avoid product waste, minimise over-specified packaging and increase recycling.

Performance

We have committed to a 55% reduction in Scope 1 and 2 fossil fuel-based CO_2 emissions in our mill system compared to 2005 levels by 2030 and we are targeting to reach at least net zero CO_2 emissions by 2050. In 2023, we reached a reduction of 43.7% compared to 43.9% in 2022. The decrease in our relative CO_2 emissions compared to 2022 is due to significant commercial downtime taken in 2023.

See Remuneration Report for Performance Share Plan metrics, pages 129 to 150

Strategic priorities

Chain of Custody (%)

95.5

2022: 94.3

2023	95.5
2022	94.3

Description

Although recovered fibres are our primary raw material, we are also a significant user of wood fibre and we take responsibility to ensure its origin is sustainable. The recyclability of paper fibres is another important factor in the sustainability of our products, and we apply a balanced approach to the use of both virgin and recycled fibres.

We manage our forest holdings based on three sustainable development principles: to promote economic growth, responsibly use natural resources and foster social equity wherever our plantations and forests are located. We have certified all our plantations and forest holdings to FSC and/or PEFC where practical. Independent third party certification is the most reliable means to promote sustainable forest management and combat deforestation.

To extend our approach to our customers, we have committed to selling our packaging solutions as Chain of Custody certified. This transparent approach makes SKG's and our customers' commitment visible to the end consumer.

Performance

We have committed to selling over 95% of our products as Chain of Custody certified to our customers. We reached an initial target level of 90% in 2016 and increased our ambition to 95% in 2020. Our result for the full year 2023 was 95.5%, thereby reaching our target two years early.

Strategic priorities

Risk Report

Risk identification, assessment and management

The Board determines the nature and extent of the principal risks it is willing to accept to achieve its strategic objectives. Risks are identified and evaluated and appropriate risk management strategies are implemented at each level in the organisation.

Risk Management and Internal Control

The Board has overall responsibility for the Group's system of risk management and internal control and for monitoring and reviewing its effectiveness, in order to safeguard shareholders' investments and the Group's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The Board carries out a review of the effectiveness of the Group's risk management and internal control systems at least annually.

Group executive management is responsible for implementing strategy and for the continued development of the Group's operations within parameters set down by the Board. Day-to-day management of the Group's operations is devolved to operational management within clearly defined authority limits and subject to timely reporting of financial and operational performance. Management at all levels is responsible for internal control over the respective operations that have been delegated to them. As such, the system of internal control throughout the Group's operations ensures that the organisation is capable of responding quickly to evolving operational and business risks and that significant internal control issues, should they arise, are reported promptly to appropriate levels of management.

The Board is responsible for determining the nature and extent of the principal risks it is willing to accept to achieve its strategic objectives. Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified and evaluated, and appropriate risk management strategies are implemented at each level. The key business risks are identified by the Executive Risk Committee.

The Audit Committee and the Board in conjunction with senior management, review the key business risks faced by the Group and determine the appropriate course of action to manage these risks. The Audit Committee is responsible for reviewing the effectiveness of the Group's system of internal control including risk management on behalf of the Board and reports to the Board on all significant matters.

During 2023, the ongoing evolution of the Group Risk Framework continued with the suite of risk documents delivered to the Audit Committee and the Board expanded to provide additional risk appetite reporting and narrative for the principal risks.

Risk Register Process

The Group's risk register process is based upon a Group standardised approach to risk identification, assessment and review with a clear focus on mitigating factors and assignment of responsibility to risk owners.

The risk registers incorporate risk profiling against: Group defined risk categories which include; strategic, operational, environmental, legal, economic/political/market, technological and financial risks. Each individual risk identified is assessed based upon potential impact and likelihood of occurrence criteria. New or emerging risks are added to the risk registers as they are identified and assessed accordingly.

In addition, the Board reviewed the potential risks associated with the proposed combination with WestRock, details of which are outlined on the following page.

Divisional management is responsible for reviewing the Country/Cluster risk registers and updating the Divisional risk registers accordingly, which are reviewed and approved by the Divisional risk committees.

The Group Risk Register is updated to reflect any significant changes in the Divisional registers or Group level risks following consultation with the Group's subject matter experts. The Executive Risk Committee reviews and assesses the Group Risk Register and identifies the principal risks. The Group Risk Register is then reviewed by the Audit Committee and the Board. Formal risk reporting timetables and structures are in place across the Group and are adhered to by Country/Cluster, Divisional and Group senior management.

Viability Statement

The Directors have assessed the prospects of the Group over a three-year period. The Directors consider this period to be appropriate as the Group's strategic business plan is devised and assessed over a three-year period in line with the cyclical nature of the business in which the Group operates. A three-year consolidated financial model was built using a bottom-up approach reflecting the Group's current position and including annual budgeting, medium-term planning, and management's estimates of future profitability, taking into account a number of factors including the budget, external economic factors and assumptions as appropriate (including the OECD expectations on GDP growth and the Fastmarkets RISI paper packaging forecast). The model incorporates and considers the important indicators of performance of the operations of the Group: EBITDA, EBITDA margin, free cash flow, net debt, net debt to EBITDA, return on capital employed and earnings per share.

The Directors have undertaken a robust assessment of the principal risks facing the Group, as detailed in this section, which would threaten the Group's business model, future performance, solvency or liquidity. Using the principal risks identified, stress test scenario analysis has been applied to the Group's consolidated financial model to assess the effect on the Group's key indicators of underlying performance. In the scenarios reviewed including reverse stress testing, the Group continues to have significant headroom in relation to its financial covenants.

Based on the results of this analysis, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment. The financial model upon which the stress test scenarios are applied to assess the viability of the Group do not incorporate financial modelling resulting from the proposed combination with WestRock or the finance bridging facility put in place.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements. See Note 2 Summary of Material Accounting Policies on page 176 for further detail on Going Concern.

Emerging Risks

Emerging risks are considered as part of the Group risk process. All identified emerging risks are monitored and reported to the Audit Committee and the Board. Following consideration of emerging risks as part of the risk process for 2023, there were no significant emerging risks identified that require disclosure.

Combination of Smurfit Kappa and WestRock Company

On 12 September 2023, Smurfit Kappa and WestRock Company ('WestRock') announced they had reached a definitive agreement on the terms of a proposed combination (the 'Transaction Agreement') to be implemented through (i) an acquisition by Smurfit WestRock Limited (to be re-registered as a public limited company under the laws of Ireland and renamed Smurfit WestRock plc) ('Smurfit WestRock') of the entire issued share capital of Smurfit Kappa by means of a scheme of arrangement under Section 450 of the Companies Act 2014 of Ireland (the 'Scheme'); and (ii) a merger of a subsidiary of Smurfit WestRock with and into WestRock (the 'Merger' and together with the Scheme, the 'Combination').

The Combination is subject to certain conditions set forth in the Transaction Agreement, including, but not limited to: certain regulatory clearances, approval by the shareholders of Smurfit Kappa and stockholders of WestRock, sanction of the Scheme by the High Court of Ireland, the US registration statement for the offer of the shares of Smurfit WestRock being declared effective by the US Securities and Exchange Commission, approval of the shares of Smurfit WestRock for listing on the NYSE, and approval of the shares of Smurfit WestRock for listing on the Official List of the Financial Conduct Authority.

Subject to shareholder approval and the other closing conditions, the Combination is expected to close in early July 2024.

The process completed for risk at the year-end focused on the principal risks and uncertainties for Smurfit Kappa as a standalone entity. As part of that process, consideration was also given to any risk to Smurfit Kappa which arises specifically as a result of the Combination, details of which are outlined below.

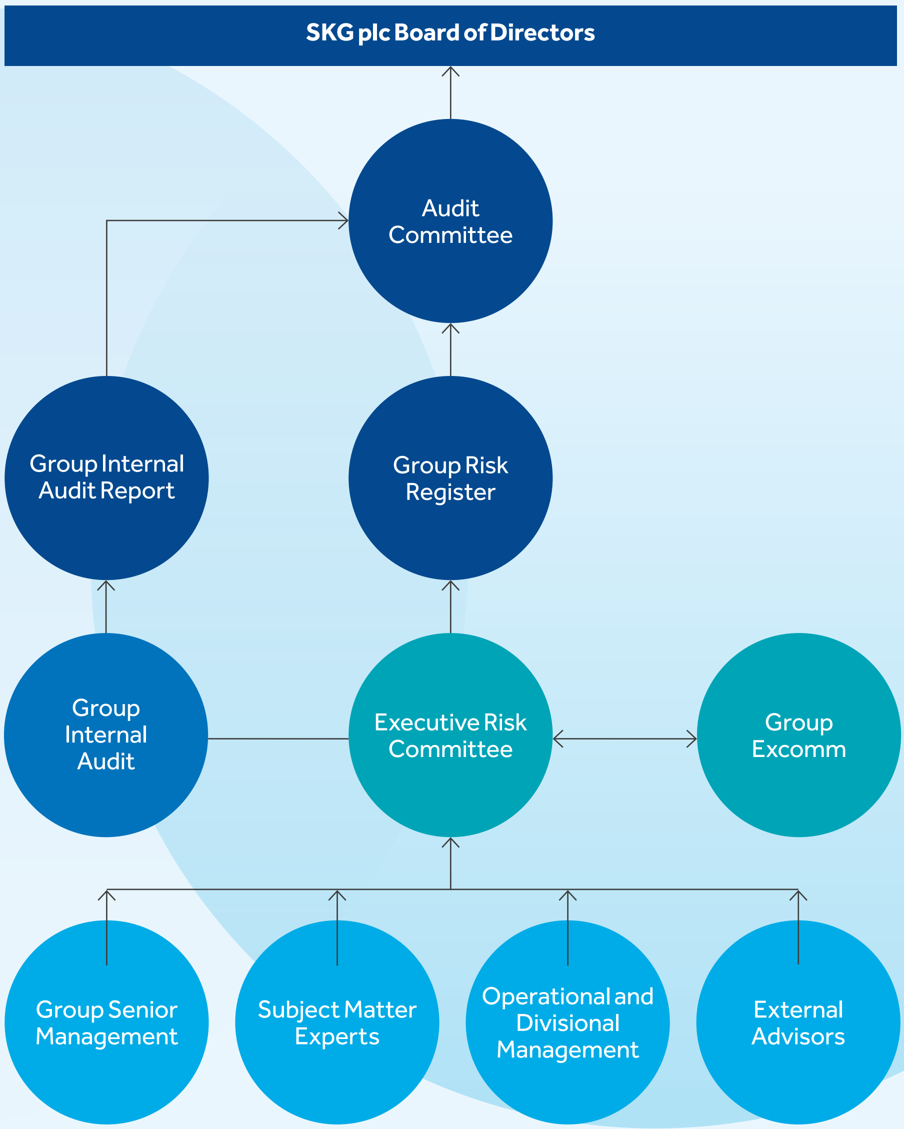
Smurfit Kappa has incurred, and will incur, fees and costs in connection with the Combination, regardless of whether it is completed, and these fees and costs may be greater than anticipated. Any delay in the completion of the Combination would likely incur additional fees and costs. In the event of a valid termination of the Combination by Smurfit Kappa, termination fees may be payable by Smurfit Kappa to WestRock.

Further, Smurfit Kappa have been, and will continue to, invest resources in the Combination and the associated integration planning activities. In the event that the Combination was not to complete, these resources could otherwise have been spent in connection with other activities of Smurfit Kappa.

Risk Management Framework

The Group's risk management framework is embedded within our organisational structure. Risk management is owned by management at each reporting level and is evaluated and reviewed on a continuous basis.

Our risk management framework comprises: operational management, who have responsibility for identifying, managing and mitigating risk within their local operations on a day-to-day basis; Country/Cluster and Divisional management who are responsible for oversight and monitoring; and the Executive Risk Committee who are responsible for oversight together with the identification, management and mitigation of Group level risks. Group Internal Audit acts as an independent assurance provider over certain principal risks.



Risk Report continued

Risk Description	Mitigation	Strategic priority	Trend
Economic **If the current economic climate were to deteriorate, for example as a result of geopolitical events or uncertainty, trade tensions and/or a pandemic, it could result in an economic slowdown which, if sustained over any significant length of time, could adversely affect the Group's financial position and results of operations.**	— As a highly integrated player, we are better able to cope with the effects of an economic downturn than a pure paper or corrugated producer. — The Group supplies approximately 70% of its packaging to FMCG customers whose consumption volumes remain relatively stable through market downturns. — The Group's customer base is spread across Europe, the Americas and Africa, spanning 36 countries across multiple industries. — The Group could significantly curtail capital expenditure and take additional cost cutting measures within a relatively short period as we have done in the past. — Stress testing for the Viability Statement indicates we will continue to have significant headroom on our covenants even in a sustained downturn. — The Group is considered an essential business as our packaging serves many vital supply chains including medical equipment, pharmaceutical, food and sanitation products.		
Pricing **The cyclical nature of the packaging industry could result in overcapacity and consequently threaten the Group's pricing structure.**	— As a highly integrated player, we are better able to cope with the effects of cyclicality and capacity additions than a pure paper or corrugated producer. — Our differentiation programmes ensure we are at the forefront of the industry in developing cost-efficient solutions for our customers through performance packaging, quality management, supply chain optimisation and strong sustainability credentials. This service offering distinguishes the Group from pure commodity suppliers, providing a support for more stable pricing. — Our continuous investment programmes in our operations ensure we remain competitive and have a low cost mill system. In an environment of overcapacity, our well invested, low cost mill system will enable the Group to continue economic production through a period of lower prices while higher cost mills will be forced to shut.		
Business Interruption **If operations at any of the Group's facilities (in particular its key mills) were interrupted for any significant length of time, it could adversely affect the Group's financial position and results of operations.**	— The Group ensures that all facilities have adequate insurance to mitigate the impact of significant interruption. — Operational contingency plans are in place for all mills and plants in the event of a shutdown, including damages caused by climate change related to extreme weather patterns, which have been demonstrated to work during shorter interruptions in the past. — In Europe, the Group has a network of operations which can facilitate the transfer of significant volume to other mills in the event of a shutdown. Furthermore, our European Paper Sourcing operation centrally coordinates all external paper purchases for the European operations. — There is continuous investment in a rigorous programme of preventative maintenance for all key mills and other plants.		

Key to Strategic Priorities

Market Position · Partner of Choice · Operational Excellence · Investment in People · Capital Allocation

Key to Risk Trend

Increased · Reduced · No change

Risk Description	Mitigation	Strategic priority	Trend
Raw Materials and Other Input Costs **Price fluctuations in energy and raw materials costs could adversely affect the Group's manufacturing costs.**	— The Group maintains a dedicated purchasing function which has responsibility for all input costs and ongoing cost reduction programmes. — The Group maintains a strong supply arrangement for approximately 77% of its recovered fibre requirements which provides it with security of supply for its primary raw material while maintaining an optimum level of flexibility with respect to pricing. — In line with the usual time lag, the Group would expect implemented containerboard price increases to support corrugated price recovery of increased input costs. — A proactive energy risk policy of forward pricing is in place which is designed to minimise, where possible, material short-term volatility in energy price risks within approved parameters. — The Group continually invests in a range of cost reduction projects, primarily in the areas of energy and raw material efficiency that can deliver demonstrable economic returns.	Market Position, Partner of Choice, Capital Allocation	No change
Currency **The Group is exposed to currency exchange rate fluctuations.**	— The Group ensures that short-term trading exposures are hedged and, where practical, local operations are financed as much as possible in local currency. — The Group continually monitors and manages its foreign currency exposures for all countries and constantly seeks opportunities to reduce these exposures. The Group Treasury Policy sets out rules and guidance for managing this area.	Capital Allocation	No change
Talent Management and the Workplace **The Group may not be able to attract, develop and retain suitably qualified employees as required for its business.**	— Continuous development by our HR department of a People Strategy to attract, engage, train, motivate and retain our people, to meet emerging talent expectations and to ensure talent competitiveness. — Periodic MyVoice surveys and workforce engagement initiatives are undertaken to measure employee engagement and set future priorities as well as programmes to increase engagement and recognition. — Processes are in place to identify and develop our high potential people, together with a continuous focus on leadership training and succession planning. — A Group wide Human Resource Information System, MyHub, is in place to professionalise, modernise and simplify all our HR systems for a greater employee experience. — Development of our existing competitive remuneration and recognition packages and review processes. — Reinforcement of our talent recruitment strategy (universities, graduate programmes, etc.), to attract highly talented people with the potential to become the future leaders of the Group.	Market Position, Partner of Choice, Operational Excellence, Investment in People	Increased

Risk Report continued

Risk Description	Mitigation	Strategic priority	Trend
Health, Safety and Wellbeing **Failure to maintain good health and safety and employee wellbeing practices may have an adverse effect on the Group's business.**	— Health, safety and employee wellbeing are core considerations in all management reviews. The protection of the health, safety and wellbeing of the workforce is a continual focus in an industry with a broad profile of hazards. — Increased focus is given to the strict adoption of good management, employee practices and a mindset that complements existing risk mitigation measures. Divisional Health and Safety managers are in place with responsibility for enforcing good health and safety standards across their respective regions. — The Group has an established formal practice of investigating accidents and preparing safety bulletins which are shared across divisions. — A Group wide auditing process based on current high risk activities. — Annual safety improvement planning is undertaken. — A Group wide health and safety management tool is in place to efficiently and effectively track, report and analyse data.		↑
Legislation and Regulation – Environmental **The Group is subject to a growing number of environmental and climate change laws and regulations, and the cost of compliance or the failure to comply with current and future laws and regulations may negatively affect the Group's business.**	— The Group's environmental and climate change policies ensure each site has a manager who is responsible for environmental issues including monitoring air, noise and water emissions and ensuring that the site is running within its permits. — The Group's environmental management is in contact with appropriate local authorities and environmental upgrades are made in consultation with them. — All our paper and board mills are operated under an EMS (Environmental Management System) (ISO 14001). — We continuously invest in our operations, to ensure compliance with environmental legislation. — The Group has an IT reporting system in over 300 sites ensuring environmental data is reported on a regular basis. — The Group has centralised coordination of all environmental activity providing a key interface to the EU, supported by regular review by senior executives. — For newly acquired entities robust environmental due diligence is performed.		↑
Legislation and Regulation – Anti-trust **The Group is subject to anti-trust and similar legislation in the jurisdictions in which it operates.**	— A comprehensive Group Competition Law Compliance Policy is in place and communicated to all employees. All managers and market-facing employees are required to formally confirm adherence to the policy for the preceding calendar year by signing a Competition Law Compliance Certificate on an annual basis. — Group General Counsel advises and supports employees and management in this area. — 32 competition law ambassadors have been appointed at cluster level to assist with competition law compliance initiatives including regular communication and promotion to staff and local management. — Continuous process to ensure understanding of issues and implications of regulatory practice and legislative amendments. — Contracts with competitors are recorded in an online register. — Reduced trade association participation.		↔

Key to Strategic Priorities

Market Position | Partner of Choice | Operational Excellence | Investment in People | Capital Allocation

Key to Risk Trend

Increased | Reduced | No change

Risk Description	Mitigation	Strategic priority	Trend
Cyber and Information Security **The Group, similar to other large global companies, is susceptible to cyber attacks with the threat to the confidentiality, integrity and availability of data in its systems.**	— Formally documented policies in relation to information security including cyber security are in place. — The Group maintains a framework to ensure awareness at each level of the organisation with regard to the implementation of cyber security. This framework is regularly tested. — Specific controls are in place to prevent and detect security issues relating to business critical systems. — External Penetration testing is completed on an annual basis by specialist third parties with any issues remediated in accordance with formal procedures. — Defined business continuity and IT disaster recovery plans are in place and are frequently tested. — The Group is committed to ongoing capital expenditure as appropriate to continually enhance the IT infrastructure. — The Group continues to increase employee communications relating to cyber security including the introduction of specific cyber and information security campaigns to ensure vigilance is maintained. — Cyber security training is mandatory for all employees and the Board. — Completion of a cyber security maturity risk assessment by a third party.	Market Position, Partner of Choice, Operational Excellence, Investment in People	Increased
Climate Change **The global impact of climate change in the long-term could adversely affect the Group's business and results of operations.**	— Continuous reduction of Scope 1 and 2 emissions through specific investments in energy generation, energy reduction and non-fossil fuel-based energy sources (including renewables). The Group is improving its understanding of its Scope 3 emissions inventory and developing strategies to reduce them in 2024 and beyond. — Climate scenario analyses conducted in 2021 and 2023 indicates that the proportion of asset value at risk is low. — Continuous development of innovative packaging solutions for the Group's customers that can demonstrably reduce their carbon footprint. — Validation of the Group's emission reduction targets as being science-based and in line with the Paris Agreement.	Market Position, Partner of Choice, Operational Excellence, Investment in People, Capital Allocation	Increased

Financial Review

Our Capital Allocation framework has been central to the transformation of our business.

Our results in 2023 reflect our relentless focus on cost, quality and efficiency, the strength of the integrated model and the incremental benefits from our capital plans.

Our 2023 results represent an excellent outcome set against a challenging year for the wider industry. This performance reflects the resilience of our integrated operating model, the ongoing benefits of our investment programme and the dedication and commitment of our people in providing our customers across 36 countries with the most innovative and sustainable packaging solutions. Sustainability is not separate from our financial performance, with a circular business model, an ever improving environmental footprint and a product portfolio that's renewable, recyclable and biodegradable – sustainability and financial performance are clearly linked.

Revenue

Revenue for 2023 was €11,272 million, down 12% on 2022 on a reported basis and down 11% on an underlying basis. Revenue in Europe was down 14% driven primarily by lower paper and box pricing year-on-year and lower box volumes. On an underlying basis, revenue in Europe was down 12%. In the Americas, revenue was down 5% on 2022, or 6% on an underlying basis.

European revenue decreased by €1,404 million to €8,496 million in 2023, with an underlying decrease of €1,179 million and net negative currency and hyperinflationary movements of €90 million, along with a net negative impact of €135 million from acquisitions and disposals.

Revenue in the Americas decreased by €139 million in 2023 to €2,776 million, with an underlying decrease of €184 million, equating to 6%, and an impact of €32 million from acquisitions, along with net positive currency and hyperinflationary movements of €13 million. The underlying decrease was mainly driven by lower volumes, partly offset by higher box prices.

EBITDA

EBITDA for 2023 was €2,080 million, 12% lower than 2022. However, the Group EBITDA margin for the year was 18.5%, up from 18.4% in 2022, reflecting higher margins in both Europe and the Americas. This result reflects our relentless focus on cost, quality and efficiency, the strength of the integrated model and incremental benefits from our capital plan along with the commitment and dedication of our people. On an underlying basis, Group EBITDA was down 9% on 2022, with Europe down 10% while the Americas was flat.

Further information in relation to Alternative Performance Measures referenced in this Statement is included in the Supplementary Information section on pages 226 to 231.

Highlights

	2023 €m	2022 €m	Change
Revenue	**€11,272**	€12,815	(12%)
EBITDA	**€2,080**	€2,355	(12%)
EBITDA margin	**18.5%**	18.4%	
Basic EPS (cent)	**293.5**	365.3	(20%)
Pre-exceptional EPS (cent)	**348.7**	444.1	(21%)
ROCE	**17.1%**	21.8%	
Net debt to EBITDA (times)	**1.4x**	1.3x	

Financial Review continued

Trading Overview

	2023			2022		
	Pre-exceptional €m	Exceptional €m	Total €m	Pre-exceptional €m	Exceptional €m	Total €m
Revenue	11,272	–	11,272	12,815	–	12,815
Cost of sales	(7,485)	–	(7,485)	(8,752)	–	(8,752)
Gross profit	3,787	–	3,787	4,063	–	4,063
Distribution, admin costs & other expenses	(2,384)	(152)	(2,536)	(2,401)	(223)	(2,624)
Operating profit	1,403	(152)	1,251	1,662	(223)	1,439
Net finance costs	(185)	(13)	(198)	(149)	–	(149)
Share of associates' profit (after tax)	2	–	2	3	–	3
Profit before income tax	1,220	(165)	1,055	1,516	(223)	1,293
Income tax expense			(296)			(348)
Profit for the financial year			759			945

In Europe, EBITDA decreased by 14% to €1,593 million in 2023. The EBITDA margin was 18.8% up from 18.6% in 2022 with the move reflecting lower box volumes and lower average box prices, which were more than compensated by the impact of lower recovered fibre, energy and other raw material costs. EBITDA in Europe was €253 million lower than in 2022 on a reported basis with an underlying decrease of €192 million and a net negative contribution of €30 million from acquisitions and disposals, along with negative currency movements of €31 million. While box volumes were down 3.3% year-on-year, each quarter showed sequential improvement in demand and box volumes in the fourth quarter of the year remained flat compared to the same period of 2022. Demand weakness in Western European markets was partly offset by a more resilient performance in our Southern and Eastern European operations.

Our European business continued to build on its strong operating platform during the year with a number of projects across our paper, corrugated and specialty divisions. In our paper division, we have approved investments right across our mill network which will take out cost, increase efficiency and enhance the Group's leadership position in sustainability. In our corrugated division, we are investing in modern, energy efficient equipment, including upgrades to corrugators, new converting equipment and expanding capacity in our Bag-in-Box division. These investments will allow the Group to increase production, reduce our environmental footprint and expand our portfolio of value-added packaging solutions.

In the first half of the year, the Group completed its investment project in Poland resulting in a significant expansion of its Pruszków corrugated plant. The expansion makes the plant Smurfit Kappa's largest in Poland and one of the most advanced packaging plants in Europe.

In 2023, the average price of testliner was €221 per tonne lower and the average price of kraftliner was €188 per tonne lower compared to the prior year. Commercial downtime taken by our recycled containerboard mills in Europe was approximately 330,000 tonnes in 2023 with almost no commercial downtime taken in our kraftliner mills. In order to maintain our position as a key player in the market and to address the weak demand backdrop, SKG announced the closure of its 75,000 tonnes per year Alfa d'Avignon recycled containerboard mill in Le Pontet, France.

Earlier in the year, the Group announced that it had sold its Russian operations to local management thereby completing its exit from the Russian market. In July, the Group opened a new integrated corrugated plant in Morocco, making this SKG's first operation in the attractive growth market of North Africa. Also during the year, the Group acquired a specialty packaging operation in Spain and a folding carton business in Poland.

In the Americas, EBITDA increased by 1% on 2022 to €557 million. The EBITDA margin improved to 20.1% from 19.0% in 2022 with Colombia, Mexico and the US accounting for over 75% of the region's earnings. Box volumes in the Americas, excluding acquisitions, were down by 4.3% compared to 2022 with sequential demand improvement seen through each quarter and a return to growth realised in the fourth quarter of 1.6% year-on-year.

SKG continued to invest in its Americas business during the year, with growth and sustainability related investments across our forestry, paper and packaging businesses in Brazil, Colombia, Mexico and the US. We approved investments in our paper division to upgrade machines and increase production efficiencies, investing in automation in our forestry division to take out costs, while investing in state-of-the-art converting equipment in our corrugated division.

Allowing for a net negative impact from acquisitions and disposals of €22 million and net negative currency and hyperinflation movements of €32 million, the underlying year-on-year decrease in EBITDA for the Group was €221 million, equating to 9%.

Pre-exceptional net finance costs

Pre-exceptional net finance costs at €185 million were €36 million higher than 2022 primarily due to a negative swing in the net monetary hyperinflationary gain in 2022 to a loss in 2023 and a higher interest cost on net pension liabilities, partly offset by lower cash interest.

Exceptional Items

Exceptional items charged within operating profit in 2023 amounted to €152 million, €58 million of this related to costs associated with the proposed Combination with WestRock, €34 million related to currency recycling, impairment of residual assets up to the date of disposal and other costs associated with the disposal of our Russian operations, €30 million due to the devaluation of the Argentinian Peso, €11 million related to redundancy and reorganisation costs in the Americas and €14 million and €5 million respectively for the closure of our operations and impairment of property, plant and equipment in Alfa d'Avignon, France.

Summary Cash Flow

	2023 €m	2022 €m
EBITDA	**2,080**	2,355
Exceptional items	**(49)**	(3)
Cash interest expense	**(123)**	(132)
Working capital change	**148**	(358)
Capital expenditure	**(1,056)**	(970)
Change in capital creditors	**73**	(24)
Tax paid	**(406)**	(321)
Change in employee benefits and other provisions	**(66)**	(25)
Other	**27**	23
Free cash flow	**628**	545
Disposal of Russian operations	**1**	(50)
Share buyback	**–**	(41)
Purchase of own shares	**(28)**	(28)
Purchase of businesses, investments and NCI	**(30)**	(110)
Dividends	**(367)**	(333)
Bond consent and bridge facility fees	**(23)**	–
Derivative termination (payments)/receipts	**(3)**	1
Net cash inflow/(outflow)	**178**	(16)
Acquired debt	**–**	(3)
Deferred debt issue costs amortised	**(7)**	(7)
Currency translation adjustments	**(19)**	(81)
Decrease/(increase) in net debt	**152**	(107)

A reconciliation of the Summary Cash Flow to the Consolidated Statement of Cash Flows, a reconciliation of Other Non-cash Movements to Note 19 to the Consolidated Financial Statements and a reconciliation of Free Cash Flow to Cash Generated from Operations are included in sections K and L in Alternative Performance Measures in the Supplementary Information section on pages 229 to 231.

Exceptional items charged within operating profit in 2022 amounted to €223 million, of which €128 million related to the impairment of assets in our Russian operations, €56 million and €11 million respectively for the impairment of goodwill in Argentina and Peru, €14 million for redundancy and reorganisation costs in the Americas along with €14 million for the impairment of property, plant and equipment in our North American operations.

Net exceptional finance items were €13 million in 2023 and represented bond consent and bridge facility fees regarding the proposed Combination partly offset by an exceptional item in relation to the devaluation of the Argentinian Peso.

There were no exceptional finance items charged in 2022.

Profit Before Income Tax

After exceptional items, the Group's profit before income tax amounted to €1,055 million in 2023, comprising the pre-exceptional profit of €1,220 million and an exceptional charge of €165 million. In 2022, the profit before income tax was €1,293 million, comprising the pre-exceptional profit of €1,516 million and an exceptional charge of €223 million.

Income Tax Expense

The income tax expense in 2023 was €296 million compared to €348 million in 2022. The net reduction of €52 million was mainly due to lower profitability, the effects of the reversal of timing differences and the recognition of tax losses and other credits. The group recorded tax credits of €22 million on exceptional items compared to €20 million in 2022. Exceptional items increased the effective tax rate by approximately 2% and 3% in 2023 and 2022 respectively. The resulting group effective tax rate in 2023 was 28% compared to 27% in 2022.

The group continues to make a positive fiscal contribution to the countries in which it operates. It made corporate income tax payments of €406 million and €321 million in 2023 and 2022 respectively.

Earnings per Share

Basic EPS amounted to 293.5 cent in 2023 compared to 365.3 cent in 2022. On a diluted basis, our EPS in 2023 amounted to 291.2 cent compared to 361.8 cent in 2022.

The year-on-year decrease in the Group's basic EPS reflected a €188 million decrease in operating profit, along with an increase of €49 million in net finance costs, partly offset by a decrease of €52 million in income tax expense. On a pre-exceptional basis, our EPS in 2023 decreased by 21% from 444.1 cent in 2022 to 348.7 cent in 2023.

Cash Flow

Free cash flow in 2023 was €628 million compared to €545 million in 2022, an increase of €83 million. Lower EBITDA of €275 million combined with higher outflows on exceptional items, higher tax payments and a higher outflow for changes in employee benefits and other provisions were more than offset by a positive swing in working capital from an outflow in 2022 to an inflow in 2023 with capital outflows remaining broadly stable.

Cash interest amounted to €123 million in 2023 compared to €132 million in 2022, with the decrease largely as a result of additional interest income earned on our deposits due to the higher interest rate environment. This was partly offset by higher interest costs on our variable rate debt balances.

The working capital inflow in 2023 was €148 million compared to an outflow of €358 million in 2022. The working capital inflow in 2023 was a combination of a significant decrease in debtors and stock, partly offset by a decrease in creditors. These movements reflected the combination of lower box prices, lower paper prices and lower energy, recovered fibre and other raw material prices. Working capital amounted to €768 million at December 2023 and represented 7.0% of annualised revenue compared to 8.3% at December 2022.

Financial Review continued

Capital expenditure in 2023 amounted to €1,056 million (equating to 171% of depreciation) compared to €970 million (equating to 155%) in 2022.

Tax payments of €406 million in 2023 were €85 million higher than in 2022. The increase in 2023 mainly arises due to higher profits in prior periods and the associated timing of tax payments.

The increase in the outflow for the change in employee benefits and other provisions is primarily due to a higher outflow for retirement benefits and a lower inflow for current provisions in 2023.

The 'other' net inflow in 2023 primarily represented a hyperinflationary adjustment inflow along with right-of-use asset modifications.

The 'other' net inflow in 2022 primarily represented a hyperinflationary adjustment inflow, the sale of property, plant and equipment and right-of-use asset modifications.

Driven by the dividend payments of €367 million and the purchase of businesses, investments and non-controlling interests ('NCI') of €30 million, investment and financing cash flows for the year 2023 amounted to €450 million compared to €561 million in 2022. Other outflows mainly comprised €23 million for bond consent and bridge facility fees for the proposed Combination with WestRock and €28 million for the purchase of shares under the Deferred Bonus Plan ('DBP').

The outflow of €30 million in 2023 for the purchase of businesses, investments and NCI mainly related to the purchase of Cartonajes Carrión in Spain and Asterias in Poland, along with the payment of the deferred consideration on previous acquisitions, Pusa Pack and PaperBox.

Driven by the dividend payments of €333 million and the purchase of businesses, investments and NCI of €110 million, investment and financing cash flows for the year 2022 amounted to €561 million. Other outflows mainly comprised €50 million for the impairment of cash balances held in our Russian operations, €41 million for the share buyback and €28 million for the purchase of shares under the DBP.

The outflow of €110 million in 2022 for the purchase of businesses, investments and NCI mainly comprised the acquisitions in Argentina, the UK, Spain and Brazil along with €11 million for the payment of the deferred consideration for the Serbian acquisition.

With our free cash flow of €628 million in 2023 partly offset by the net investment and financing outflows of €450 million, the result was a net cash inflow of €178 million compared to an outflow of €16 million in 2022. After the amortisation of deferred debt issue costs and net negative currency translation adjustments, net debt decreased by €152 million to €2,840 million at December 2023 from €2,992 million at December 2022.

The net negative currency translation adjustment of €19 million in 2023 mainly related to the Argentinian Peso, the Colombian Peso, the Polish Zloty and the Mexican Peso, partly offset by gains on the US dollar.

The net negative currency translation adjustment of €81 million in 2022 mainly related to the US dollar and the Swedish krona.

With net debt of €2,840 million and EBITDA of €2,080 million, our leverage ratio was 1.4 times at December 2023 compared to 1.3 times at December 2022. The increase in our leverage was driven primarily by the decrease in EBITDA partly offset by a lower level of net debt.

Capital Resources and Liquidity

Committed facilities (excluding short-term sundry bank loans, overdrafts and the bridge facility, which is available to finance the cash consideration and/or fees, commissions, costs and expenses in relation to the proposed Combination) amounted to €5,002 million (2022: €5,045 million) of which €3,344 million (2022: €3,390 million) was utilised at 31 December 2023. The weighted average period until maturity of undrawn committed facilities is 2.2 years (2022: 3.2 years).

The Group has a €1,350 million sustainability-linked Revolving Credit Facility ('RCF') with a maturity of January 2026, which incorporates five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the facility. At 31 December 2023, the Group's drawings on this facility were €4 million, at an interest rate of 4.6%.

At 31 December 2023, the Group had outstanding €13 million variable funding notes ('VFNs') issued under the €230 million trade receivables securitisation programme maturing in November 2026 and €5 million VFNs issued under the €100 million trade receivables securitisation programme maturing in January 2026.

Both these securitisation programmes are sustainability-linked and incorporate five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the programmes.

18.5%
EBITDA margin in 2023

€628m
Free cash flow in 2023

Investment

Europe

Our largest plant in Poland

Investing €40 million in state-of-the-art technology, as part of our expansion in Poland, has created one of the most high-tech packaging plants in Europe.

We announced in May 2023 the completion of this latest investment project in Poland, resulting in a significant expansion of our Pruszków corrugated plant. The expansion makes the plant Smurfit Kappa's largest in Poland and one of the most high-tech and modern packaging plants in Europe.

In addition to the state-of-the-art machinery installed at the plant, we announced that 50 new jobs would be created, bringing employment to more than 250 staff at the location. These new jobs enable the plant to further serve its customer portfolio, which includes some of the leading brands in the FMCG food and beverage sectors, and serves both international and local customers.

The investment in Poland included the installation of a new high-tech corrugator and a range of ultra-modern converting machinery. The plant was also equipped with a new finished goods warehouse, which can accommodate upwards of 12,000 pallets. The investment increases the number of boxes produced annually to 500 million and has extended the facility to its current size of 37,500 m².

Commenting at the official opening event, which was attended by hundreds of our customers, CEO of Smurfit Kappa North-East Europe, Jacek Nieweglowski, said: "We are delighted to officially unveil the new manufacturing plant here in Pruszków. This project took just over one year to complete and will enable us to continue to pursue our strategic goal of being the supplier of choice to our customers, particularly those looking for the most innovative and sustainable packaging solutions."

This significant investment marks our strategic commitment to our presence in Poland and in Eastern Europe. The Pruszków plant is integral to our business and has a talented and skilled workforce fully committed to delivering the best service to our customers.

Saverio Mayer
CEO of Smurfit Kappa Europe

Financial Review continued

In connection with the proposed Combination, we entered into a bridge facility agreement in the amount of US$1,500 million which is available to finance the cash consideration and/or fees, commissions, costs and expenses in connection with the proposed Combination. At 31 December 2023, the bridge facility was undrawn.

The Group remains strongly positioned within its BBB-/BBB-/Baa3 credit rating. Following the announcement of the proposed Combination, Moody's placed our credit rating on Review for Upgrade, S&P Global Ratings placed our credit rating on CreditWatch Positive and Fitch Ratings placed our long-term default rating on Rating Watch Positive.

At 31 December 2023, the Group's average interest rate was 2.79% compared to 2.89% at 31 December 2022. The decrease in our average interest rate on debt was primarily due to the repayment of debt during the year in certain of our higher interest rate environments. At 31 December 2023, over 95% of the Group's gross borrowing were at fixed interest rates.

At 31 December 2023, the Group's diversified funding base and long-dated maturity profile of 4.0 years (2022: 4.9 years) provide a stable funding outlook. At 31 December 2023, we had a strong liquidity position of approximately €2.56 billion comprising cash balances of €905 million, undrawn available committed facilities of €1,346 million on our RCF and €312 million on our securitisation programmes.

Market Risk and Risk Management Policies

The Board sets the Group's treasury policies and objectives, which include controls over the procedures used to manage financial market risks. These are set out in detail in Note 27 to the Consolidated Financial Statements.

The Group's fixed rate debt comprised €250 million 2.75% senior notes due 2025, US$292.3 million 7.50% senior debentures due 2025, €1,000 million 2.875% senior notes due 2026, €750 million 1.5% senior notes due 2027, €500 million 0.5% senior green notes due 2029 and €500 million 1.0% senior green notes due 2033.

The Group's earnings are affected by changes in short-term interest rates on its floating rate borrowings and cash balances. If interest rates for these borrowings increased by 1%, the Group's interest expense would increase, and income before taxes would decrease, by approximately €2 million over the following 12 months. Interest income on the Group's cash balances would increase by approximately €9 million assuming a 1% increase in interest rates earned on such balances over the following 12 months.

The Group uses foreign currency borrowings, currency swaps and forward contracts in the management of its foreign currency exposures.

Sustainability

Sustainability is a key part of SKG's strategy. Focusing on delivering sustainable packaging solutions made in an increasingly sustainable way means that we also play an integral role in the delivery of not only our customers' sustainability goals but also those of the end consumer.

Smurfit Kappa continues to make significant progress towards achieving its sustainability goals as outlined in its 16th Sustainable Development Report ('SDR') published in 2023. The report shows that the Group's actions are delivering today, and together with its ongoing investments and continuous improvement, we are well positioned to deliver on our long-term ambition to have at least net zero emissions by 2050.

In 2023, as outlined in the Sustainability section on pages 58 to 95, the Group made progress on a number of its key sustainability targets; 35.8% reduction in waste to landfill against a 2013 baseline, ahead of its 30%, 2025 target; and 95.5% of packaging solutions sold as Chain of Custody certified.

Following in the footsteps of a landmark US$100 million investment announced in 2022 in a sustainable biomass boiler in our paper mill in Cali, Colombia, further sustainability initiatives were undertaken during 2023 including the installation of 12,000 solar panels at our Sangüesa paper mill in Spain. This solar energy project is the latest for Smurfit Kappa which has launched similar green energy initiatives at plants in Spain, Colombia, Mexico and most recently, in our new facility in Morocco.

In 2023, we also completed a €27 million investment in a new waste management and recovery facility at our Nervión paper mill in Iurreta, Spain. This investment sees the mill adopt a fully circular production process involving the biggest landfill reduction project that the Group has undertaken to date.

In September, we inaugurated a pioneering purification and wastewater treatment plant in Belgrade, Serbia, the first of its kind in the country. This innovative treatment purifies water to the highest standards before it can be returned to the environment. The purified water can be reused thereby further reducing water consumption by up to 90%.

35.8%
reduction in waste to landfill against a 2013 baseline

95.5%
packaging solutions sold as Chain of Custody in 2023

During the year, we approved significant investments to upgrade a combined heat and power plant in one of our European paper mills which will further reduce our carbon emissions alongside upgrading a number of water treatment plants and systems right across our operations.

Having been awarded in 2023 as both a Regional Top Rated and Industry Top Rated company by Morningstar Sustainalytics, SKG has retained both honours this year for its strong ESG credentials and continuous improvement. The Group is now ranked first in Paper Packaging in 2024, up from second in 2023 and fourth in 2022.

Smurfit Kappa continues to be listed on various environmental, social and governance indices and disclosure programmes, such as CDP, FTSE4Good, the Green Economy Mark from the London Stock Exchange, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, ISS Solactive and Ethibel's sustainable investment register. The Group also performs strongly across a number of third party certification bodies, including MSCI, ISS ESG and Morningstar Sustainalytics.

At Smurfit Kappa we understand the importance of developing a greater understanding of nature-based risks and opportunities. The Group announced its early adoption of the Taskforce on Nature-related Financial Disclosures ('TNFD') in January 2024. This is something we look forward to seeing progress on in advance of the 2025 commitment.

Capital Allocation

We aim to ensure that our capital allocation takes into account all stakeholder groups. It is very much a returns focused allocation which continues to be a key underpin to our success.

We believe that capital allocated to internal projects is central to this success. Today, more than ever before, we are seeing the benefits of having a well invested asset base with an integrated system of mills and box plants sitting low on the cost curve and primed for future growth. Well timed and well executed capital expenditure programs are a hallmark for the Group and are a testament to the experience and tenure of our senior management team.

The dividend is another cornerstone of our capital allocation strategy. SKG is a highly cash generative business and our dividend policy is a progressive one and aims to ensure that the allocation of cashflows to the dividend is proportionate to other forms of allocated capital over the long-term. The 10% increase in the recommended final dividend for 2023 is an illustration of our continuing confidence in the strength, quality and performance of the Smurfit Kappa business.

The expansion of our capital allocation framework to now include other forms of shareholders returns underscores the flexibility and agility of this framework and ensures that all avenues to create and return value to our shareholders are considered and benchmarked against all options.

Financial Strength

Our highly effective capital allocation programme, which has deployed higher levels of capital towards internal investments, M&A and grown our dividend over the years, ultimately ensures long-term value creation for all our stakeholders, and with net debt to EBITDA at 1.4 times, the strength of the Group's investment grade balance sheet continues to secure long-term strategic and financial flexibility.

Ken Bowles
Group Chief Financial Officer

1.4x
Net Debt to EBITDA times

10%
increase in final dividend to 118.4 cent per share

Stakeholders

Engaging with our stakeholders

We want to build a culture that fosters engagement and enables us to build and maintain successful relationships with our stakeholders.

Effective engagement

In line with the UK Corporate Governance Code, Smurfit Kappa strives to understand the views and interests of all stakeholders. Feedback from all engagement activities is considered by the Board as part of its decision-making processes and we believe that effective engagement helps us in understanding the impact our decisions have on all our stakeholders and improves and fosters our relationships with them.

Our Key Stakeholder Groups

Customers

Engaging with our customers allows critical information flow about supply chain management, packaging requirements and sustainability goals, enabling us to balance our customers' short-term pressures with long-term resilience.

Employees

Our people are at the centre of everything we do. We want to be recognised as a globally admired company, a great place to work and an employer of choice.

How we engage

— Ongoing Customer Engagement
— Award Winning
— Design2Market Factory
— Events
— Customer Experience

Read more about customer engagement on page 50

— Board Visits and Focus Groups
— Employee Meetings
— Employee Engagement Surveys

Read more about employee engagement on pages 52 to 53

Investors

We engage with our investors to build and maintain confidence and support from those that invest in and lend to Smurfit Kappa.

- Ongoing Investor Engagement
- Annual General Meeting ('AGM')
- Annual Report
- ESG Ratings by Rating Agencies

Read more about investor engagement on page 54

Suppliers

Our sustainable and responsible sourcing programme ensures that we partner with suppliers who have compatible goals and practices.

- Compliance with Our Policies and Audits
- Training
- Standardisation
- Supplier Collaboration
- Innovation
- Sustainability

Read more about supplier engagement on page 55

Communities

We are proud to support the communities in which we operate and make positive, long-lasting changes.

- Smurfit Kappa Foundation
- Community Initiatives
- Supporting Families
- Medical Treatment

Read more about community engagement on pages 56 to 57

Stakeholders continued

Customers

Delivering on our Strategic Priorities:
Partner of choice

How we engage

Ongoing Customer Engagement
In 2023, global recovery remained slow amid a challenging macro backdrop of high inflation and geopolitical instability. Reliable and resilient supply chains that are better adapted to emerging geopolitical uncertainties are now often prioritised over lower cost. Across Europe and the Americas, our sales teams continue to strengthen our customers' supply chains and translate opportunities into tangible and sustainable commercially impactful solutions. One such example is our recently launched SupplySmart digital solution.

SupplySmart has evolved to tackle increased supply chain complexities and uncertainty in a world that has seen one supply chain disruption after another. Using insights from the analysis of over 100,000 supply chains, it identifies opportunities for optimisation across the entire length of the supply chain. Its new digital twin feature also allows customers to test their updated sustainable packaging in a virtual environment to eliminate risks ahead of implementation.

In Our Innovative Solutions Section on pages 10 to 15, we have examples of how our commitment to innovation has made sizeable differences in reducing carbon emissions and driving growth for our customers.

Shaping the future of packaging in Europe is the Packaging and Packaging Waste Regulation ('PPWR'). It envisions a future where all packaging materials are reusable or recyclable by 2030. This paradigm shift will see industries seeking out alternative materials, rethinking packaging design and investing in new waste management systems. It presents as both a challenge and an opportunity. Our whole business at Smurfit Kappa is built around reducing the impact of packaging on the planet and improving supply chains for billions of people. We are more than ready to support our customers achieve their waste related targets.

Award Winning
During 2023, we were delighted to win the prestigious PepsiCo 'Supplier of the Year' award. The prize recognises excellence across sustainability, speed to market and overall business performance. Smurfit Kappa supplies PepsiCo's European food business providing innovative solutions for many of its brands including Walkers, Doritos, Lay's and Cheetos. We also supply PepsiCo in several countries in the Americas including Argentina, Brazil, Colombia, Mexico and the US. The award is the latest milestone in a 15-year partnership during which PepsiCo and Smurfit Kappa have collaborated on various stand-out projects.

Across the Smurfit Kappa Group, we continue to be recognised for our innovative and transformational packaging solutions. In 2023, we received 74 awards. These awards span packaging design, innovation and sustainability, and recognise our unwavering commitment to excelling in these areas on behalf of our customers.

Design2Market Factory
Smurfit Kappa's Design2Market Factory will be expanding across Europe after a successful first year in operation. The 3,000m² original innovation hub in the Netherlands has been home to over 50 successful projects for some of the world's biggest consumer brands. The innovative facility, which enables customers to test and adapt their packaging on a small scale before market launch will be replicated across Germany, Italy, Poland and the UK. Smurfit Kappa's multi-disciplinary team takes a customer packaging challenge and designs a new solution which is ready to be tested in the market in just two weeks. The user-driven prototypes are designed in collaboration with customers combining creativity, technical expertise and advanced AI models to address specific needs.

To date, the team has created, analysed and launched on the market many innovative solutions including shelf-ready packaging for detergent, a paper-based replacement for shrink wrap and a complete range of e-commerce solutions.

In addition to reducing risk and turnaround time, Design2Market Factory provides customers with sustainable packaging solutions that reduce their carbon footprint and support their recyclability targets.

Events
The EU Green Deal along with the eco-conscious consumer has prompted many of our customers to commit to ambitious sustainability targets. We meet their need to 'know more' and make progress on their sustainability agenda with our Better Planet Packaging ('BPP') Innovation programme and its dedicated BPP days held across Europe. The purpose of our BPP days is to keep our customers informed of regulatory developments, share the latest sustainability trends and introduce our most innovative BPP solutions. Throughout 2023, we hosted 12 BPP days across both Europe and the Americas with a high customer turnout across the board.

At Smurfit Kappa, we strongly believe that we become better innovators by bringing discipline to the process of selecting and choosing the best innovations across our business. Our Innovation Awards event held in early 2024 recognises the design talent across our business. Entries were submitted by innovators across the Smurfit Kappa Group in 2023, with the finalists selected by a jury of customers.

Customer Experience
We are passionate about our customers and their experience. In 2023, we carried out an extensive customer experience survey with our strategic accounts. Customer experience is something that we continue to track. The responses help us to understand where we are delivering and where we can better meet our customers' emerging needs. We were delighted to achieve our highest-ever customer experience score; this speaks to the strength of our relationships, quality of our service and innovative packaging solutions that achieve real and measurable benefits for our customers. The survey responses will help to shape our plans and investment for the year ahead.

Smurfit Kappa's Experience Centres offer another opportunity to collaborate with our customers, and are a place to harness innovation and creativity. Our exhibitions with their virtual reality and inspiration rooms offer a hands-on experience of the innovative strength of our business. In July 2023, we opened our new experience centre in Morocco, our first Experience Centre in the country. This latest investment, our 29th worldwide, is an opportunity to foster enhanced collaboration with our customers and provide creative ideas and insights.

This 'Supplier of the Year' award recognises Smurfit Kappa for its outstanding performance and unwavering dedication to advancing our agenda in being faster, stronger and better. Smurfit Kappa exceeded all our expectations in terms of delivering value, showing commitment to delivering our objectives, driving innovation, cost transformation and sustainability.

Sherif Eskandar
Chief Procurement Officer of PepsiCo Europe

Investment

The Americas

Tapping into Mexico's fast-growing economy

Over the last five years, we have been increasing our production capacity in Mexico through investments of over US$350 million.

Mexico is the second largest economy in Latin America, after Brazil, and has an ideal location for accessing the US market.

The Mexican economy is estimated to be growing by up to 3% in 2024, boosted by increased manufacturing investment, according to the most up-to-date government forecast.*

Our latest investment of US$12 million in our Tijuana plant includes new machinery and process upgrades, which will significantly improve both printing quality and efficiency. Laurent Sellier, Smurfit Kappa CEO of the Americas, commented: "Mexico is an important market for Smurfit Kappa. We have invested substantial resources both in paper machines and corrugated plants while increasing our network to support the country's economy and our customers' needs."

* Source: https://www.reuters.com/markets/mexico-draft-budget-sees-economic-growth-up-3-inflation-cooling-2023-03-31

This important investment will lead us to increase capacity and productivity so we're ready for the fast pace of our customers' businesses. We will continue to invest as part of our firm commitment to Mexico and its growing market.

Laurent Sellier
Smurfit Kappa CEO of the Americas

US$12 million

Our latest investment of US$12 million in our Tijuana plant includes new machinery and process upgrades, which will significantly improve both printing quality and efficiency

Stakeholders continued

Employees

Delivering on our Strategic Priorities:
Investment in People

How we engage

The Sustainability Committee of the Board ('the Committee') is responsible for engagement with the workforce on behalf of the Board.

Employee Meetings

Enhancing our Employee Experience at Smurfit Kappa by creating an environment where our people can thrive, be inspired and are comfortable bringing their authentic selves to work every day is a priority. We view the engagement of our people as a core enabler for business growth, performance and success.

During the year, we regularly reviewed employee sentiment indirectly via people data and insights, and directly by meeting and listening to employees on many occasions across a variety of topics. Additionally, we reviewed all feedback on subjects such as ethics and health, safety and wellbeing, while we also took into account employee turnover and morale.

Each year, the needs of our people and our business change and evolve. To ensure we are providing the right support and the best employee experience, we regularly pulse-check our employee engagement and act on the feedback we receive from our people. We all value a two-way dialogue, which is open, honest and covers a breadth of topics that matter to our employees. Open channels of communication and a good pulse on employee sentiment allows us to understand the engagement levels, motivation, trust, and values that our employees feel in Smurfit Kappa.

One of the responsibilities of the Committee is to report to the Board on matters such as employee sentiment, views, and overall areas of interest for employees across the year.

In 2023, the Committee continued its engagement by attending several meetings and interactions with employees directly in addition to ongoing indirect engagement. These meetings focused on ensuring positive support and engagement with our workforce on a number of topics which included: Investing in People Development; Health, Safety and Wellbeing; Female Engagement; Inclusion, Diversity and Equality ('ID&E'); Workplace Satisfaction and Career Development.

Update from the Chair of the Sustainability Committee, Kaisa Hietala, and insights on the Committee's role in Workforce Engagement.

As a Board, we have always understood the importance of maintaining a strong people-centric culture and recognise the value of engaging and listening to the diverse views of colleagues across the organisation.

At the end of April 2023, I was appointed to the role of Chair for the Sustainability Committee as a result of planned Board succession changes. One of my roles as Chair of the Sustainability Committee is to ensure the Committee acts as a communications champion for all colleagues including Board members across the business, to understand the employee voice, and to ensure that voice is heard in the boardroom and represented in a manner that is inclusive and fair.

With the support of the Group VP of Human Resources, one of my roles is to keep the Board informed and take into consideration the interests of the workforce on a broad range of topics that matter to our people.

In January, the Committee attended an employee engagement workshop and focus group on Inclusion, Diversity and Equality. It was great to hear the views and feedback from our employees on important matters such as our LGBTQ+ & Allies network, striving for better gender balance, how we support a multigenerational workforce across a range of ages, and finally, how we can support a more culturally diverse organisation.

In July, the Board visited the Facture Mill in France, and again in October we visited our employees in the Dominican Republic. During these visits, we met with many colleagues and employees at each of these locations, attended site tours and completed a series of employee feedback sessions on how they feel about working for Smurfit Kappa, investment in people, our vision for the future, and their overall sentiments and wellbeing.

These visits provided an opportunity to see first-hand how employees are engaged, as well as providing an understanding of the employee needs and voice on topics like; health, safety and wellbeing; leadership and management; behaviours and culture; training and development, as well as the compensation and benefits in place. It also provided an opportunity to see the investments being made in the facilities and the local community, as well as giving us a good understanding of the social impacts.

The Group Vice President of Human Resources presented on three occasions to the Committee during the year, reviewing trends, ethics, H&S, and evolving our workforce engagement and communications methods.

Overall, it's been another year of strong workforce engagement, and the Committee is looking forward to a calendar of activities in the year ahead with further opportunities to meet colleagues and ensure the employee voice is heard and valued. Those employees we have met during the year have very much appreciated the Committee's engagement and support, and I would like to thank them for their time, openness, honesty and engagement during our visits.

Kaisa Hietala
Sustainability Committee Chair

2023 Key Themes:

The key themes and ongoing considerations emerging from the Committee's workforce engagement meetings and interactions during 2023 were:

- The positive consequence of investing in an Employee Assistance Programme, supporting employees during the current global economic and high inflationary challenges.
- The significance of talent development and career planning for succession management.
- The role that training and learning plays in helping our employees successfully maintain and develop their careers.
- The enhanced focus on employee communications, and overall engagement.
- Recognition of the unique culture at Smurfit Kappa and belief in our values of Loyalty, Integrity, Respect and Safety at work.
- An enhanced focus on our communities and social impact.
- The understanding of our Code of Conduct's compliance with the law and ethical behaviour ensuring an open and safe place to work.
- The value of rewards and recognition programmes.
- The importance of ID&E in our organisation.
- The continued SK Wellbeing programme to support employees.
- Employee alignment with our Purpose – to create, protect and care.

Stakeholders continued

Investors

Delivering on our Strategic Priorities:
Market Position

How we engage

Ongoing Investor Engagement
Our Executive Directors together with the Investor Relations team maintain active engagement with the investment community. During 2023, the team met with over 400 analysts and portfolio managers from over 200 different investment firms. Conversations took place at various in-person and virtual investor conferences, in-person roadshows and site visits as well as ad hoc video and telephone calls.

Following the announcement on 12 September 2023 by the Smurfit Kappa Board and the WestRock Board of the proposed Combination, an extensive virtual roadshow was conducted with a significant portion of our shareholder base. Subsequently, the senior management and investor relations team have undertaken a series of in-person investor meetings in Europe, Canada and the US, in addition to numerous ad hoc engagements with investors.

Annual General Meeting ('AGM')
The Company held its AGM on 28 April 2023. The Group's AGM provides each shareholder the opportunity to engage with and question the Chair of the Board, the Chairs of all Board Committees and all other Board members. The 2023 AGM was an in-person physical AGM.

Shareholders were also encouraged to submit a Form of Proxy appointing a proxy to attend, speak, ask questions and vote at the AGM on their behalf to ensure their votes could be represented at the AGM, if unable to attend the AGM in person. Shareholders were also invited to email any questions relating to the items on the agenda in advance of the meeting. The Notice of the AGM and related papers together with the Annual Report are sent to shareholders at least 20 working days before the meeting. In addition, the Group responds throughout the year to numerous queries from shareholders on a broad range of issues.

Annual Report
The Investors section on the Group's website, smurfitkappa.com, provides the full text of this Annual Report (and including previous Annual Reports) and copies of presentations to analysts and investors. Press releases are also made available in this section of the website immediately after release to the stock exchanges.

ESG Ratings by Rating Agencies
The Group continues to be listed on various environmental, social and governance indices and disclosure programmes, such as CDP, FTSE4Good, the Green Economy Mark from the London Stock Exchange, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, ISS Solactive and Ethibel's sustainable investment register. SKG also performs strongly across a number of third party certification bodies, including MSCI, ISS ESG and Morningstar Sustainalytics.

MSCI ESG RATINGS AA

SCIENCE BASED TARGETS

Corporate ESG Performance Prime ISS ESG

FTSE4Good

ESG REGIONAL TOP RATED

ESG INDUSTRY TOP RATED

GREEN ECONOMY LONDON STOCK EXCHANGE

WE SUPPORT THE GLOBAL GOALS

Suppliers

Delivering on our Strategic Priorities:
Partner of Choice + Operational Excellence

How we engage

Compliance with Our Policies and Audits
We are committed to working with our suppliers to ensure compliance with our Sustainable and Responsible Sourcing Policy and our Supplier Code of Conduct. These policies set out our sustainability standards and objectives including our requirements in relation to compliance, performance risk management, social responsibility, and governance. Suppliers are required to submit a declaration of compliance with our policies. The Global Sourcing team set a target for 2023 regarding the collection of Compliance Declarations from our strategic suppliers of key materials, we achieved this target by collecting 100% of these declarations.

During the year, we continued to build and maintain transparent and long-term relationships with our suppliers. This partnership approach enables us to work together on sustainability improvement processes and provides the opportunity to carry out audits on compliance with our sustainable supply chain standards. Where any shortcomings are identified, we work together to improve sustainability in their business.

During 2023, we have reviewed the approach to SBTi targets within our strategic suppliers. It is our intention to monitor progress and encourage adoption of third party decarbonisation strategies and certification schemes in 2024. At the end of 2023, 11.1% of our strategic suppliers have an SBTi approved target and a further 10.5% have committed to developing targets and submitting these for validation with the SBTi.

We have observed that the audit process has motivated particularly our smaller suppliers, to build or improve their sustainability programmes and to align their programmes with our sustainability priorities: climate change, forest, water, waste, health and safety, people and communities. We are also encouraged to see that our suppliers who have sustainability programmes in place for many years see their sustainability programmes as an investment rather than a cost.

Training
During the audit process, we provide training to our suppliers in relation to the different aspects of sustainability in our organisation and set out our expectations in terms of their deliverables as our suppliers. We explain the importance of supporting the sustainable development goals ('SDGs') where they can have an impact. We explain the future risks and opportunities for our industry going forward and the importance of our actions today for our future tomorrow. In addition, we provide our suppliers with specific training covering many topics including print technology and process improvement, as required.

Standardisation
We continue to standardise our capital equipment purchases for our corrugated plants. This allows our suppliers to achieve process and manufacturing economies of scale and to reduce their energy consumption and carbon footprint while simultaneously allowing our operations to reduce and share stocks of equipment parts and consumables.

Supplier Collaboration
When we enter strategic supplier relationships, we build a relationship based on trust and continuous operational excellence. We work with our suppliers to promote better health, safety and wellbeing and continuous improvement of the work environment. This partnership approach enhances mutual competitiveness as we work together to leverage supplier and operational knowledge.

Innovation
Innovation is in our DNA and we expect the same of our suppliers. Be it investing in shared technology, best-in-class procurement tools, or having close communication on process improvement, knowledge sharing and insights, innovation is always at the core.

Sustainability
We offer our suppliers the ability to collate shipments so that volumes can be optimised and the most sustainable transport options with lower emissions can be selected. This improves service levels and reduces costs.

Stakeholders continued

Communities

Delivering on our Strategic Priorities:
Investment in People

How we engage

We remain deeply committed to our local communities and have always believed strongly in being part of, collaborating with, and giving back to the communities in which we are privileged to operate. During the year, our teams across the world continued to donate their time, effort and expertise to make a positive and lasting impact on their local communities.

Through our operations, we actively support projects that help build a sustainable future for the communities in which we live and work. We engage with and support local economies and livelihoods by creating opportunities directly and indirectly for employment, investing in infrastructure, and contributing to community activities through our Open Community initiatives.

SmurfitKappa Foundation

In addition to the direct involvement of our operations in our local communities, the Smurfit Kappa Foundation (the 'Foundation'), a registered charity in Ireland, focuses on delivering a positive impact on the lives of underprivileged people in our communities. Since being formed in 2011, the Foundation has supported a total of 260 projects with a social investment of over €15 million in 30 countries.

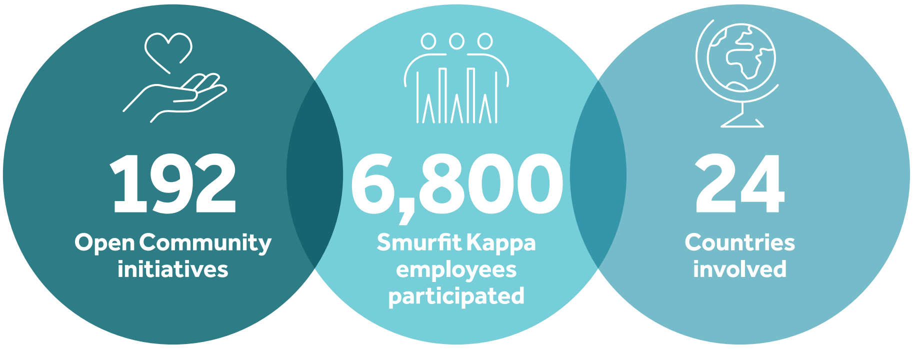
During 2023, we continued to focus on the purpose of the Foundation which is to financially support sustainable projects that positively impact the lives of underprivileged people in the areas of health and nutrition, education and basic care, thus helping to reduce the inequalities that exist.

Throughout 2023, the Foundation supported more than 60 projects, donating over €2.8 million to charitable causes dedicated to addressing the issues of inequality within our communities, with a further €500,000 already committed in 2024 to ongoing projects. We remain focused on enhancing the health and education of underprivileged people, with the goal of supporting the inclusion of everyone in society, and we supported humanitarian relief by making a donation of €200,000 towards the relief efforts in Morocco following an earthquake.

Using the United Nations Sustainable Development Goals as a guide, we focused on delivering impact for six SDGs: No Poverty, Zero Hunger, Good Health and Wellbeing, Quality Education, Gender Equality and Reduced Inequalities.

Purpose and Culture
We are proud of all our community activities and believe these are a demonstration not only of our organisational culture, but also of our essential and enduring purpose to create, protect and care. Our Open Community initiatives cover all aspects of our involvement with our communities worldwide, which are captured under four categories as outlined in the chart below.

In 2023, approximately 6,800 of our colleagues participated in 192 initiatives across 24 countries. We have committed to continuing this work as part of our Better Planet 2050 targets with our commitment to donate €24 million between 2020 and 2025, a target which was achieved by the end of 2023.



Our Open Community Initiatives

Empowering Communities	39%
Encouraging Wellbeing	38%
Inspiring our Future	17%
Protecting our planet	6%

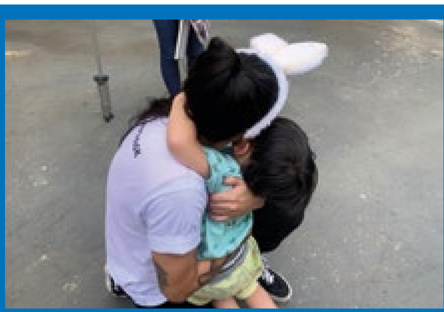
75
Empowering Communities

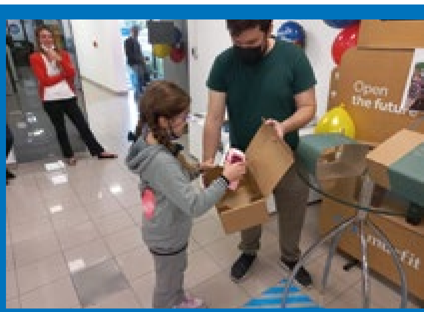
33
Inspiring our Future

72
Encouraging Wellbeing

12
Protecting our Planet

Community projects Highlights





Improving employment prospects

Almost 3,000

People were given the opportunity to improve their employment prospects through vocational training, third level education, skills workshops and more.

Benefiting individuals

100,000+

Over 100,000 people benefited from the amazing efforts made through these initiatives across a wide spectrum of our communities from school-going children to the elderly, and everyone in between.

Medical treatment

13,260

People were supported to get access to the medical treatment they needed. This included access to prosthetic limbs, cancer treatment and end of life care.

Support for the financially vulnerable

7,550

People in our communities were supported with essential food, hygiene and education packages. Others received gifts and opportunities to socialise, which helped them enjoy special moments and create meaningful memories.

Supporting people with disabilities

3,200+

Over 3,200 people with physical and/or learning disabilities were supported through inclusion programmes, educational opportunities and physical therapy. Funding was also provided to support the creation of educational facilities.

Sustainability

Delivering the future together

Sustainability is a key part of SKG's strategy. As a customer-oriented, market-led company, the satisfaction of customers, personal development of employees and respect for local communities and the environment are all inseparable from our goal of creating value for all our stakeholders, guaranteeing them end-to-end sustainability through a circular business model.

SBTi-validated

CO_2 reduction target in line with the Paris Agreement

43.7%

CO_2 emissions reduction since 2005

In their daily lives, people need food, clothing and household goods. Circular, fit-for-purpose packaging protects our customers' product from damage and waste, while delivering them in an efficient and sustainable way. In response to longer-term rising global economic and social development, e-commerce and the worldwide demand for sustainable packaging goods and services will continue to grow. Sustainability is important to all our stakeholders as well as their stakeholders.

Climate change, limited natural resources, littering, deforestation, a growing population and increased social inequality, are pressing global challenges that require forward thinking and a constructive response from the business community. At SKG, we respond to these challenges through our end-to-end approach to sustainability: from sustainable sourcing of our renewable and recyclable raw materials, to responsible production of sustainable and circular packaging products that help our customers and eventually consumers to lower their environmental footprint. At every important step in our value chain – including our governance, our people, our communities and the environment – we are always considering where we have a positive impact and we are constantly aligning our economic goals with our social, community and environmental responsibilities.

This dedication to end-to-end sustainability positions SKG to play its part in making the UN Sustainable Development Goals ('SDGs') a reality. In our materiality assessment we compare the SDGs against our business strategy and policies, as well as against stakeholder expectations. This allows us to strategically build on opportunities and minimise risks within the sustainability context and transparently report our progress towards these goals. SKG's approach to positively impacting the SDGs is covered both in this Annual Report and in our Sustainable Development Report ('SDR').

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 also require the same from our suppliers. In environmental matters our starting point is that all our sites operate at least within their permits.

We ensure compliance by employing modern, low environmental impact equipment, monitoring our progress using our environmental data, including information on permits, incidents and fines to drive action and deliver impact. We continuously invest in our sites to keep them state-of-the-art, and proactively follow environmental legislative developments to ensure compliance. For details on the Non-Financial Key Performance Indicators reporting statement, SKG publishes its sustainability progress in our annual SDR, available at our website: smurfitkappa.com. Our 2023 SDR will be published simultaneously with this Annual Report in March 2024 and all previous SDR's are also available on our website.

SKG is committed to the principles of the UN Global Compact and reports in accordance with the Global Reporting Initiative ('GRI') Standards and our sustainability data and reporting have been independently assured since 2009. This third party assurance ensures our transparency and credibility to stakeholders, especially customers, investors and the communities in which we operate.

Transparency in our disclosures together with the third party assurance of our data are fundamental to the Group's sustainability strategy. Our EU Taxonomy disclosure can be found in this Report on pages 69 to 77 and our Task Force on Climate-Related Financial Disclosures ('TCFD') report can be found on pages 78 to 95.

The Group announced in January 2024 its early adoption of the Task Force on Nature-related Financial Disclosures ('TNFD'), building on the Group's existing nature-related targets and disclosures.

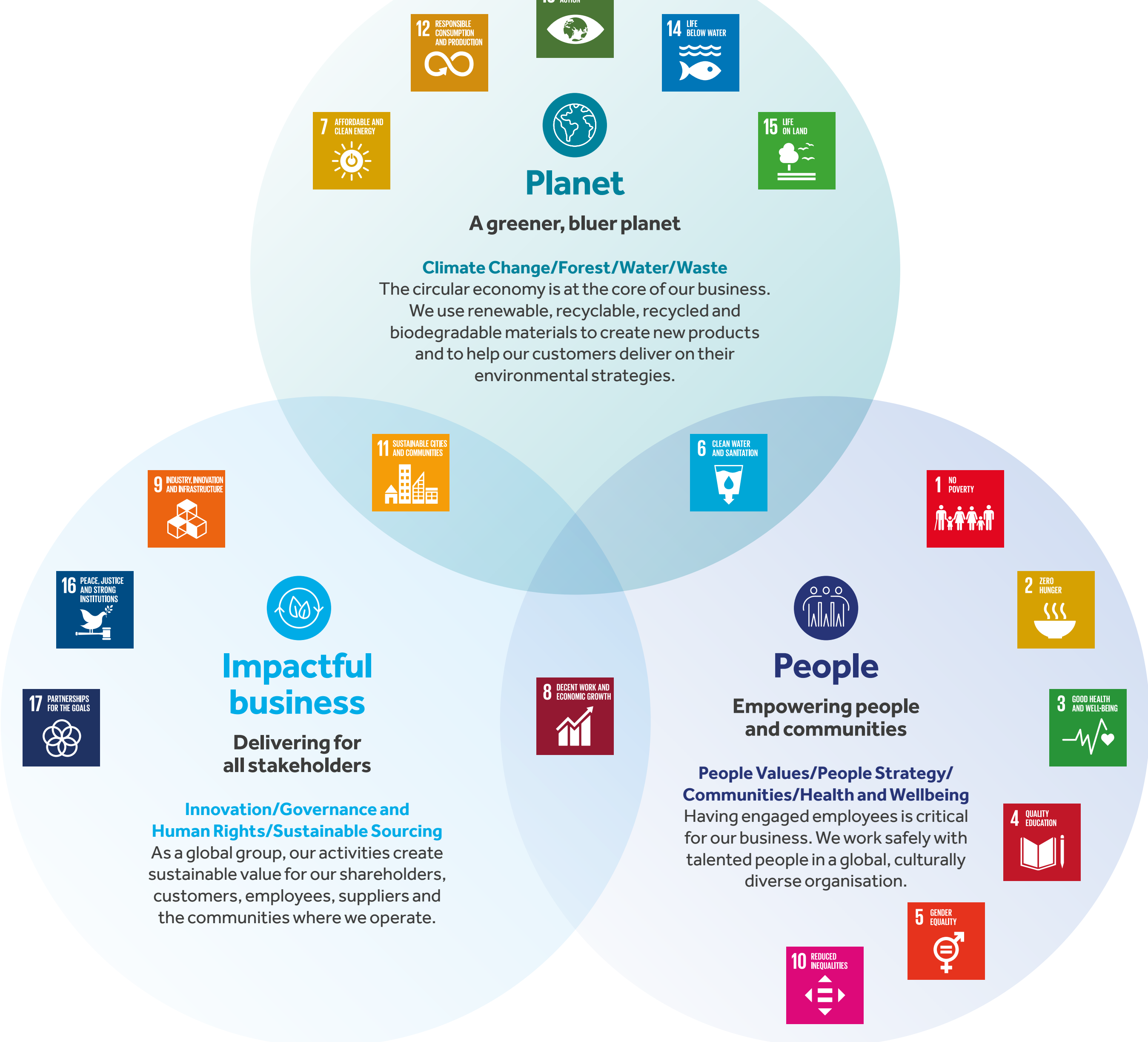
Find out more about our commitment to sustainability in our Sustainable Development Report available on our website in March 2024

Strategic Sustainability Priorities

As a responsible company, operating globally, Smurfit Kappa has a product that is naturally sustainable and a circular process that is increasingly sustainable, driven by a culture with strong values of loyalty, integrity and respect and safety at work. SKG understands the challenges facing both our business and the planet and is committed to doing its part in resolving these critical issues. Therefore our ambition is to deliver sustainable growth for the benefit of all our stakeholders based on three pillars: Planet, People and Impactful Business. Within these pillars, our People and our Communities, Climate Change, Forest, Water and Waste are the main strategic environmental and corporate social responsibility priorities. We have set targets that focus on our strategic areas and that are designed to align the Group with the 2030 UN SDGs.

Our approach to the three pillars is explained below:

Read more about our commitment to the UN SDGs in our SDG report at smurfitkappa.com/sustainability



Sustainability continued

Planet

The circular economy is at the core of our business. We use renewable, recyclable, recycled and biodegradable materials to create new products and to help our customers deliver on their environmental strategies.

Highlights in 2023

Climate Change
Completed second climate scenario analysis of the Group's assets.

The successful completion of the second stage of the Hyflexpower project in our mill in Saillat, France.

Forest
Delivered our Better Planet 2050 forestry target early (2025 target), achieving 95.5% in 2023 (95% target), exceeding the target level of our products sold as CoC certified for the first time.

Water
Reported for 2023 a 1.8% reduction in water usage intensity. We were pleased to open a new state-of-the-art water treatment plant in our mill in Serbia, a first of its kind for the country.

Waste
Delivered our Better Planet 2050 waste to landfill target early (2025 target), reporting a reduction in waste to landfill intensity for our paper and board mills of 35.8% (30% target) against a 2013 baseline.

1.8%
reduction in water usage intensity in 2023

35.8%
reduction in waste to landfill intensity for our paper and board mills in 2023 against a 2013 baseline

A Greener, Bluer Planet

We are committed to sustainability throughout our value chain. Our strategic environmental priorities are climate change, forest, water and waste. The circular economy is at the core of our business. We use renewable, recyclable, recycled and biodegradable materials to create sustainable packaging solutions and play a part in ensuring that at their end of life, our products are recycled.

We seek circular synergies where we can both utilise our side streams and where this is not possible, we seek collaboration with partners. As part of our commitment, we have rigorously collected sustainability data on our operations for 16 years, and we have been independently assured since 2009. We use this information to continually improve the efficiency of our processes and use of resources, which helps us meet our sustainability targets, such as reducing CO_2 emissions.

Forests where our virgin fibres come from are a closed loop from which we can positively benefit when they are managed and used sustainably. Within our industry, SKG has pioneered full Chain of Custody ('CoC') certification, enabling us to sell over 95.5% of our packaging products as FSC®, PEFC or SFI® certified, driving a sustainable loop for our raw materials.

Having integrated paper recycling operations in our business, we can efficiently manage the sustainable sourcing of our raw materials, ensuring good quality in each region. We take our producer responsibility seriously, having 100% renewable and recyclable fibre, and of our final packaging products, over 90% are recovered and brought back into the recycling loop. Sustainably sourcing our fibres benefits us and our stakeholders: with CoC certified raw material sourcing and production, we have traceability systems that comply with regulations, and with customer and investor requirements.

We are resource efficient in our paper mills, using raw materials and their by-products to their fullest. Our Nettingsdorf mill in Austria, Piteå mill in Sweden, Nervion and Sangüesa mills in Spain and our Brazilian paper mills Bento, Pirapetinga and Uberaba run almost entirely on biofuels. In 2022, we announced a US$100 million investment in a sustainable biomass boiler at our Cali paper mill in Colombia which further enhanced our commitment to fossil-free energy and CO_2 emission reductions. In many mills, biogases from waste water treatment are fuel for heat and power production, our Piteå and Nettingsdorf mills are sending excess heat to warm the neighbouring municipalities. Our Roermond mill in the Netherlands has been internationally recognised for finding circular economy synergies by collaborating with local partners. Our recycling operations handle some 7.7 million tonnes of recovered paper, bringing valuable fibres back into the paper-based packaging production loop.

Building on our objective to dynamically and sustainably deliver in 2023, the Group reached another important milestone with the completion of the state-of-the-art water treatment plant at our Belgrade paper mill in Serbia. This water treatment plant is the first industrial scale water treatment plant in Serbia, setting an example to other industries in the country.

Reduction in CO_2 Emissions compared to its Baseline Year of 2005
(%)

43.7

2022: 43.9

2023	43.7
2022	43.9

Packaging Solutions Sold as CoC Certified
(%)

95.5

2022: 94.3

2023	95.5
2022	94.3

Investment

Europe

€27 million investment in sustainability initiative

In February 2023, we announced our investment of €27 million in a state-of-the-art new waste management and recovery facility at our Nervión paper mill in Iurreta, Spain.

With a production capacity of 120 tonnes per day, the lime kiln and gas treatment system provides significant environmental benefits. The new circular system allows the calcium carbonate waste that is generated in the mill's manufacturing process to be transformed into lime and subsequently reintroduced into the production process as a raw material.

This has a significant impact on the mill's environmental performance by diverting 75,000 tonnes of waste from landfill and eliminating approximately 450,000 km per year in road transport.

The initiative has been developed in a collaborative process between Smurfit Kappa Nervión and several technology firms. The investment sees the expansion and optimisation of the plant, as well as the construction of a state-of-the-art lime kiln and gas treatment system.

The treatment system is compliant with Directive 2010/75 EU of the European Parliament and the Council which regulates industrial emissions.

Commenting on the investment, Javier Rivas, Smurfit Kappa COO of Paper & Board Europe, said: "We are delighted about the installation of this industry-leading system which helps our mill to become more sustainable and environmentally friendly. At Smurfit Kappa, we care deeply about new ways in which we can embed circularity into our business, particularly when we are talking about the production process. With this new lime kiln and gas treatment system, we are able to recover and reuse more of our materials."

Commenting on the investment, Rafael Sarrionandia, Smurfit Kappa Nervión General Manager and CEO of Kraft Specialties Spain, said: "This investment marks Smurfit Kappa's clear commitment to the Nervión paper mill, with over €75 million invested in the mill in the last decade. The investment reaffirms our clear commitment to acting sustainably, becoming increasingly circular as a site, and at the same time ensuring the long-term future of the facility."

The new lime kiln system allows us to be even more efficient and sustainable, which ultimately benefits both our employees and the communities we operate in.

Rafael Sarrionandia
Smurfit Kappa Nervión General Manager and CEO of Kraft Specialties Spain

Sustainability continued

Planet	Climate Change	Forest
Priorities	Climate change is the most pressing issue of our time. To counter rising global temperatures, carbon neutrality by the mid-century is vital. Paper making with current available technology is still energy intensive. We are achieving CO_2 emission reductions by improving our energy efficiency, as well as by changing from fossil fuels to low or CO_2 neutral energy sources.	Promoting sustainable forest management involves managing supplies of sustainable, renewable fibre, while protecting ecosystems and creating employment in rural areas. Virgin wood fibres will always be needed for paper production to maintain quality. Fibre can be recycled at least eight times and up to 25 times (according to a 2021 study by the Technische Universität Graz in Austria) when producing paper-based packaging products. It is why using renewable wood fibre, paper recovery and fibre recycling is at the core of our circular economy approach. Furthermore, as our stakeholders, customers and investors expect, we communicate our impact in a transparent way.
Risks and Opportunities	Climate change poses different risks and opportunities within the value chain. Risks vary from extreme weather affecting our sites, to increasing costs for the emission of CO_2 and pressure on availability of raw materials. The circular economy is also an opportunity for our business as we seek to use resources efficiently. We are also investing in technology to reduce our energy demands. Finally, we are improving resource and energy efficiency when producing paper products and optimising the use of raw material residual streams, such as black liquor, in bioenergy production.	As growing consumption increases pressure on resources, society places increased value on sustainable consumption and production, integrity of origin, recycling and avoiding litter and packaging waste. Fit-for-purpose packaging has never been more important. We are implementing forest certification and CoC certification to guarantee origin traceability. Using both recycled and virgin fibres in production, we intend to use this opportunity to deliver fit-for-purpose packaging with the best overall environmental footprint for each product.
Our Commitments	Our approach to the challenges of climate change and energy efficiency sets out to achieve more energy efficient production at our sites, lower energy use in manufacturing and a switch from fossil fuels to renewable and green sources wherever feasible. Our success is measured by our reduction in CO_2 emissions – we have targeted to reach net zero carbon emissions by 2050 and we have committed to a 55% reduction in Scope 1 and 2 fossil fuels based on CO_2 emissions in our mill system compared to 2005 levels by 2030. Our CO_2 emissions reduction target is Science Based Targets initiative ('SBTi') verified and we are committed to report in line with the TCFD recommendations. Read more in the TCFD section on pages 78 to 95	At Smurfit Kappa, are committed to promoting sustainable forest management at our sites and throughout our value chain. This means producing and sourcing our fibres, virgin or recycled, as CoC certified. Our commitment is to deliver over 95% of our packaging solutions sold as CoC certified to customers by 2025, which was achieved early in 2023.

Planet	Water	Waste
Priorities	Clean fresh water is an increasingly scarce commodity, and often cited by our stakeholders as an important sustainability issue. We process large volumes of fresh water to produce our products, and even though we are not a large consumer of water – we release over 90% of the water we take in back to the environment with the balance released back into the atmosphere as steam – availability of fresh water is still essential to us.	Increasing scarcity of resources demands responsible production and consumption. Avoidance of waste is a key issue for all our stakeholders. Our products are specifically designed to prevent loss and damage to the goods they protect. Our process itself is circular by nature. The fibres our products are made from are renewable, recyclable, recycled and biodegradable. 77% of our primary raw material is derived from recycled fibre and the remainder is from sustainable sources. Our production process itself generates almost no waste.
Risks and Opportunities	Our global assessment shows that only 9.4% of our paper production takes place in areas of fresh water scarcity, representing 3% of our water intake. The discharge of our water before or after treatment can be a valuable input for some of our neighbours' processes. To help ensure that our water use is correctly understood, we became a signatory to the CEO Water Mandate, and strive to understand local water related risks and needs so we can address them.	Avoiding packaging waste by simply focusing on packaging weight might be seen as a quick way to decrease landfill. This, however, can lead to more waste resulting from greater damage to goods or poor material choices. We see an opportunity to create fit-for-purpose, sustainable packaging with mono-material solutions designed for optimal performance and recyclability. We are also working with the recycling and paper producing industries to keep our raw materials in the recycling loop.
Our Commitments	As a processor of water, our focus is on the long-term improvement of the quality of water we discharge, and understanding the risks associated with water availability and its use in the areas where we operate. To increase our global and local impact, we will continue to invest in water treatment facilities and require the same standards from all our paper mills, regardless of their location. In addition to our target to reduce our Chemical Oxygen Demand ('COD') discharge intensity by 60% by 2025 compared to 2005, we also have an annual water intake reduction target of 1% annually.	We have a strong focus on innovation. Our Better Planet Packaging initiative drives new efficiency solutions for our raw materials while keeping them in the recycling loop. As a significant operator in the circular economy in Europe and the Americas, we receive non fibre-based waste from the collection of post-consumer waste streams (such as plastic and metals). As a result, we work on recovering energy where a circular option cannot be found and as a final resort, landfill. For landfill, the Group has an intensity target to have 30% less waste to landfill by 2025 compared to the reference year 2013 which was achieved in 2023, delivering a 35.8% reduction.

Sustainability continued

People

Having engaged employees is critical for our business. We work safely with talented people in a global, culturally diverse organisation.

Highlights in 2023

HR Strategy
Better Planet 2050 people target achieved reporting 25.1% of our management positions being held by women at the end of 2023.

Communities
Better Planet 2050 communities target achieved early, reaching €25.6 million as a Group including our Foundation in 2023, ahead of its target to donate over €24 million to social, environmental and community activities between 2020 – 2025.

Talent Management
Our hybrid approach to our Global Learning Academy has increased access to development opportunities for many more of our people.

Read more on pages 96 to 109.

25.1%
management positions held by women

€25.6m
donated to social, environmental and communities activities between 2020 – 2025

Empowering People and Communities

SKG aims to keep attracting and retaining the best employees. We have found that within our global organisation, people of different backgrounds and experiences will have different skills, perspectives and solutions, which in turn delivers better solutions and strategies for long-term business success. SKG is committed to managing its business in accordance with its declared values which recognise that good social citizenship, reflected in the manner in which it interacts with its employees, business partners and local communities, is an essential ingredient in creating and maintaining a sustainable future. SKG invests in employee empowerment ensuring human rights and dignity at work, through freedom of association, fair compensation and promotion of diversity in age, gender, sexual orientation, ethnic origin, disability or nationality. We take care that people from all these groups are attracted and retained, and we recruit and promote on merit.

SKG values open, constructive, regular and timely dialogue with its employees and their representatives, particularly in all matters related to the business and the work environment including safety, working conditions, profitability, business outlook, investment decisions or the terms and conditions of employment. The European Works Council ('EWC'), which was created to assist in the development of an open two-way communication process for all employees and unions on all such matters, had three meetings during the year, with additional meetings held with the Select Committee of the EWC. Matters typically discussed at the EWC include employment opportunities, financial status, projected developments, business conditions, relocation, curtailment or business closures and health and safety.

Implementing SKG's Social Citizenship Policy is the responsibility of line management who are supported by the Human Resource Managers at country, segment and Group level.

Health, Safety and Wellbeing

The health and safety of our workforce is one of the Group's values. We promote a health and safety culture founded on understanding, responsibility and accountability.

We aim to continually improve our performance by adopting a structured systematic approach to the management of health and safety aspects supported by continual improvement of our systems. We regularly perform comprehensive health and safety verification and audit processes tailored specifically to our global operations. The commitments within the Group's health and safety policies are consistent with those of the internationally recognised OHSAS 18001 occupational health and safety system specification. Every facility in SKG adopts a suite of good health and safety management systems designed to protect employees, visitors to its sites, contractors and the public at large from injury and ill health.

All performance reviews at plant, country, division and regional level include a review of recent health and safety performance. On a quarterly basis, the Board receives a progress report outlining key health and safety developments.

Communities

Beyond our employees, we have a deep commitment to our responsibilities to help the local communities in which we live and work, and by behaving as a good corporate citizen in accordance with the UN Declaration of Human Rights, and the Fundamental Principles and Rights at Work. By supporting local education, income generation, collaboration and participation, we can help to strengthen our communities. This is especially true in remote areas with limited opportunities for work.

SKG is focused on breaking the cycle of poverty in the communities in which we are located. Using the UN SDGs as a guide, through our Open Community initiative and aligned to the Smurfit Kappa Foundation, we want to break down the barriers which lead to people in these areas being disadvantaged and remaining in poverty. We work to improve their situation through the lens of health and nutrition, basic care and education.

We believe, by working with key organisations in these areas, we can help to break the cycle of disadvantage for underprivileged people.

People	Employee Strategy	Health, Safety and Wellbeing	Communities
Priorities	Smurfit Kappa unites some 47,000 people around the globe. Our people are at the heart of all our operations which includes those for whom we directly and indirectly create jobs, as well as those whose lives we impact. We can only achieve sustainable long-term success by developing our people's talent, expertise and innovation.	Our stakeholders expect us to provide a safe and healthy working environment and promote a healthy and safe lifestyle. We are committed to maintaining a safe and productive workplace in every part of our Company by minimising the risk of accidents, injury and exposure to health hazards for everyone on our sites.	Our impact is not only on the people we work with. Our responsibilities extend beyond, to supporting local economies and livelihoods, especially in areas with limited opportunities for work and where we are significant employers.
Risks and Opportunities	A key challenge is attracting the right talent to ensure succession planning and leadership continuity, particularly for sites in rural locations, where the education needed may not be provided. Although one of the best known brands and top performers within our market, our awareness among the wider public to attract top talent is limited. This makes it even more important to gain recognition for our efforts in all aspects of sustainability: environmental responsibility, human rights, equal opportunities and fair pay – all important elements for us to be seen as a responsible, attractive employer for the best talent.	As an industrial business operating in 36 countries, we are responsible for the health and safety of a large number of people. Our size creates a challenge to maintain the same standards for all. At Smurfit Kappa, we believe that health and safety extends from work to home. We engage our employees with policies and procedures to deliver, innovate and produce in a safe environment, and pay specific focus to changing behaviours.	We see ourselves as a good 'corporate citizen' in the communities in which we are privileged to operate. All around the world we actively support positive and lasting changes. If we were not concerned about our locations, we would risk damaging our licence to operate. By supporting local education, income generation, collaboration and participation, we can strengthen communities and keep them attractive to our future workforce. The opportunity is to positively participate in communities, making it attractive for the best talent to join us.
Our Commitments	We want to empower all employees to help us achieve our business objectives. We therefore: — Offer employees at all levels the chance to broaden their skillsets and knowledge, fulfil their potential and improve their career prospects; — Stimulate and encourage employee engagement through regular, company-wide surveys and follow-up; — Compensate fairly, review performance regularly and offer gender neutral career opportunities and pay; and — Maintain a good faith 'Whistleblower Code' for reporting any unethical or illegal conduct.	We are committed to maintaining a productive and safe workplace by minimising the risk of accidents, injury and exposure to health hazards for every employee and all subcontractors.	Across Smurfit Kappa, we are committed to the communities in which we operate, and our SK Foundation empowers people to improve their lives. Where the cycle of poverty and dependence is an issue, we aim to help end this, strengthening communities around the world. Between 2020 and 2025, we will donate €24 million to support social, environmental and community initiatives. As a responsible business, we support global human rights and labour standards, and check that our suppliers do so too. We are committed to ethical business standards; we work against corruption in all its forms, including extortion and bribery (see Code of Conduct on the Group's website: smurfitkappa.com).

Sustainability continued

Impactful business

As a global group, our activities create sustainable value for our shareholders, customers, employees, suppliers and the communities where we operate.

Highlights in 2023

Governance
In 2023, Smurfit Kappa was selected by the Climate Governance Initiative ('CGI') to showcase the Group's joined-up approach to its climate and sustainability strategy. This was profiled across CGI's 100,000 members in over 70 countries worldwide. The CGI focuses on mobilising boards of directors around the world to address climate change in their businesses.

Innovation
During 2023, our Experience centres across Europe and the Americas hosted Better Planet Packaging events for our customers. These events focused on such topics as decarbonisation, plastic replacement in packaging and regulatory areas such as the EU PPWR and EUDR.

Sustainable and Responsible Sourcing
100% of our strategic suppliers of key materials have signed a declaration of complying with our Sustainable and Responsible Sourcing policies.

Read more on page 55

29
experience centres across Europe, the Americas and Africa

100%
of our strategic suppliers of key materials have signed a declaration of complying with our Sustainable and Responsible Sourcing policies

Delivering to all Stakeholders

SKG has specific policies on key areas of sustainability which are integral in improving future performance. These cover the Environment, Sustainable Forestry, Sustainable and Responsible Sourcing, Social Citizenship, and Health and Safety. These policies complement other policies in place, including: Code of Conduct incorporating the Speak Up Policy, Code of Ethics for Senior Financial Officers, Group Financial Reporting Guide, Group Treasury Policy, Financial Monitoring Policy, Treasury Compliance Programme and Competition Compliance Programme.

Governance and Human Rights

A report on Corporate Governance is detailed on pages 116 to 124 of this Annual Report and a Sustainability Governance review will be available in the Governance and Human Rights section of the 2023 SDR.

SKG maintains a zero-tolerance policy regarding acts of bribery and corruption. We comply with all anti-bribery and anti-corruption laws in the countries where we conduct business, not only because it is our legal duty to do so, but also because it supports the commitment we make to conducting business ethically and honestly.

SKG is subject to the provisions of the UK Modern Slavery Act. 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 which are also applied to our acquisition practices. They are maintained in every country in which we have a presence and are set out in our Code of Conduct, our Social Citizenship Policy Statement and our SDR.

Innovation

Our products are designed to prevent the waste of our customers' product in their supply chains. We are committed to continually reducing waste and finding circular uses for our side-streams. Product development and innovation at SKG is data driven, with a proven scientific approach informing good business decisions. Data collected from our operations is combined with ongoing research and analysis of customer challenges and specific markets.

We employ a range of tools, 'InnoTools', uniquely exclusive to SKG, enabling us to create the optimal fit-for-purpose paper-based packaging solutions for our customers, thereby adding value and helping them deliver on their sustainable goals. Furthermore, 'InnoTools' feeds information to our customer value-added services: SupplySmart; ShelfSmart; and eSmart in the areas of supply chain optimisation, brand growth and e-commerce.

Sustainable and Responsible Sourcing

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 must 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 across our stakeholder base. We have a sustainable and responsible audit programme which is an integral part of our sustainability strategy, covering areas of compliance, performance risk management, social responsibility and governance.

SKG has thousands of suppliers globally and we consider 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. Maintaining transparent and long-term relationships with suppliers is essential for our business. This partnership approach ensures we can audit suppliers on their compliance with our sustainable supply chain standards and, where they fall short, work with them to improve sustainability in their business. By collaborating across our value chain, we can deliver on our long-term sustainability commitments and our suppliers are key in achieving this.

In recognition of the nature and concern about modern slavery, we expect our suppliers to ensure compliance with the Modern Slavery regulations.

Impactful business	Governance and Human Rights	Innovation	Sustainable and Responsible Sourcing
Priorities	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 individuals, entities, agents and anyone acting on the Group's behalf – and we require the same from our suppliers. Our Code of Conduct expects adherence to ethical standards and commitment to quality and service.	We have a responsibility to respond to the challenge facing the environment and society today – to inspire more sustainable packaging solutions. With circularity in mind at the design stage, and by optimising both primary and secondary packaging, we can deliver efficiencies in transport, emissions reductions, replace unsustainable packaging materials, storage and display and ultimately ensure recovery and recycling of our packaging products in recycling channels.	Our value chain impact goes beyond SKG and we must extend our ethical and sustainable manner of conducting business to our supply chains, and to require our suppliers to continually improve their sustainable footprints.
Risks and Opportunities	Strong governance and a respect for human rights are key factors for our stakeholders when choosing investments, suppliers and employers. By complying with regulations, having effective corporate governance and a respect for human rights we can remain a reliable partner of choice for all our stakeholders. In addition it enables us to have a positive impact in the communities in which we operate.	Lightweighting packaging is not always the most sustainable solution for our customers, and if done incorrectly can lead to more waste. We convert our data into intelligent design tools that help us measure the environmental impact of the product designs we offer to our customers. We see an opportunity to create fit-for-purpose, sustainable packaging with mono-material solutions designed for optimal performance and recyclability. We are also working with the recycling and paper producing industries to keep our raw materials in the recycling loop.	In order to sustainably grow our business and attract customers and investors, our sourcing of material, goods and services must have the right quality and cost, but also be ethically and sustainably sourced. Working with and learning from our suppliers as well as sharing our sustainability knowledge, experience and expertise increases the sustainability of the whole value chain.
Our Commitments	We are committed to maintaining a strong governance framework by: — Making our Code of Conduct accessible for all stakeholders; — Ensuring our stakeholders adhere to the principles of the Code; and — Offering an independent and unbiased channel to raise concerns about breaches to the Code.	We are committed to inspire more sustainable packaging through: — The development of our Better Planet Packaging initiative; — Using our data to improve our processes, products, supply chains, logistics and markets; and — Optimising the use of our InnoTools to support our innovation and design and leverage our global ideas.	We are committed to working with our 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 Statement. We regularly audit our suppliers to ensure adherence to our key Sustainable and Responsible Sourcing principles.

Sustainability continued

Investment

Africa

Our expansion into Africa

The inauguration of the new integrated corrugated plant in Rabat, Morocco, marked our first operation in Africa.

Morocco offers an exciting opportunity, with an OECD projected growth forecast of 3.7% in 2024. The country's location enables Smurfit Kappa to serve not only the local market but also wider regions in Africa.

The Group invested over €35 million in the 25,000 m² facility, which was completed from ground-break to operation in seven months and will support 400 direct and indirect jobs.

It serves domestic Moroccan businesses and global companies across different sectors: industrial, agricultural, FMCG, automotive, pharma and ceramics. It also features our newest Experience Centre, part of a network of 29 centres worldwide, which showcase the latest innovations in packaging solutions.

Nearly 1,500 solar panels power the plant, making it Morocco's first packaging facility which is supplied by green energy, ensuring the process is as sustainable as the product. This avoids 900 tonnes of CO_2 emissions per year. At the plant, we also have a purification and water treatment system that reduces consumption by 50%.

Speaking at the inauguration event, Tony Smurfit, Group CEO, said: "Our first corrugated operation in Africa is an exciting step for Smurfit Kappa and we're delighted to unveil our state-of-the-art Moroccan facility. We continue to innovate and give our customers a great product in a sustainable way. Morocco's geographical location complements our operations in Europe and adds to our global footprint which is a competitive advantage."

We're combining our global scale and expertise with our local team's best-in-class knowledge to provide the best service to our customers.

Tony Smurfit
Group CEO

900 tonnes CO_2

avoided through solar panel investment in our Rabat plant

EU Taxonomy

The European Commission presented a growth strategy based on environmental and sustainable development, the Green Deal, in 2019. To direct investments towards sustainable projects and activities, the EU introduced Regulation ((EU) 2020/852) of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the 'Taxonomy Regulation') in 2020. Companies are required to report on their taxonomy-eligible and aligned activities in their Annual Report.

The first set of sustainable activity classification criteria, The Delegated Act on Sustainable Activities for climate change mitigation and adaptation ('the Climate Delegated Act'), was published and adopted in 2021 and amended in 2023. Further criteria on the four remaining objectives were adopted and published as part of the Environmental Delegated Act in 2023. These are: sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems.

The current taxonomy classification criteria does not yet cover the core business activities of the Group. In producing paper-based packaging solutions and having 77% of its raw material from recycled sources, SKG has a strong position in the circular economy. We expect to be well positioned as the scope of the Taxonomy is widened to include further activities contributing towards environmental objectives such as the manufacturing of paper.

The information below is disclosed based on the information available in relation to the Taxonomy Regulation to date. The information is subject to refinement as the Taxonomy Regulation develops further and as practice emerges, as it is embedded within the Group and as we work through the other environmental objectives when they are published. In its sustainable activity eligibility assessment, SKG has taken a careful approach and followed the best interpretation of the currently available guidelines of the European Commission. We acknowledge that the interpretation may change as common practice brings clarity to definitions on activities and the amount of eligible activities may grow.

Taxonomy-Eligible and Aligned Activities

In accordance with Article 8 of the Taxonomy Regulation, non-financial undertakings shall report on their EU Taxonomy aligned Climate Change Adaptation and Climate Change Mitigation activities for their reporting period ended 31 December 2023. For the other environmental objectives only eligibility is required for this reporting period. The following approach has been taken to classify SKG's activities in accordance with the Taxonomy Regulation as either Taxonomy-non-eligible, Taxonomy-eligible but not aligned or Taxonomy-aligned:

- **Taxonomy-non-eligible economic activity:** any economic activity that is not described in the Climate Delegated Act, its amendments and Complementary Delegated Act, or in the Environmental Delegated Act;
- **Taxonomy-eligible but not aligned economic activity:** an economic activity that is described in the Climate Delegated Act, its amendments and Complementary Delegated Act, or in the Environmental Delegated Act and does not meet any or all of the technical screening criteria ('TSC') laid out in these acts;
- **Taxonomy-aligned (a sustainable activity):** an eligible economic activity which meets three requirements:
  1. Contributes substantially to one of the six environmental objectives. This means complying with technical criteria which measure the environmental performance of the activity.
  2. Do no significant harm to any other environmental objective ('DNSH'): This means complying with criteria which measure the negative impact of the economic activity with respect to the other five environmental objectives.
  3. Complies with 'minimum safeguards': This means that the economic activity complies with minimum safeguards related to the topics of human rights (including labour and consumer rights), corruption and bribery, taxation and fair competition.

Taxonomy-Eligible activities

We have undertaken a thorough review involving all relevant divisions and functions through our full value chain. We concluded that our activities of providing paper-based packaging solutions are not currently covered by the activities within the six Taxonomy defined environmental objectives and consequently are Taxonomy-non-eligible. All other business activities have been assessed in line with the Climate Delegated Act and the Delegated Regulation (EU) 2023/2486 of 27 June 2023 (Environmental Delegated Act) (the 'Environmental Delegated Act') and their annexes. The outcome can be seen in the tables on pages 70 to 71.

We have identified 15 sustainable activities of which six are new. Four of the new activities overlap with already existing activities which we have indicated in the tables on pages 70 to 71. By attributing our activities to one environmental objective only, we avoid double counting between multiple environmental objectives, and when aligned, we have tested the TSC of both. With regard to Climate Change, our business practices are currently focused towards pursuing the environmental objective of climate change mitigation and to contribute substantially to the stabilisation of greenhouse gas emissions by avoiding or reducing them or by enhancing greenhouse gas removals. Therefore our assessment has mainly focused on the Climate Delegated Act Annex I, climate change mitigation and we have reported under this Objective.

Taxonomy-Aligned Activities

SKG has further assessed each of its Taxonomy-eligible activities against the TSC and the minimum safeguard requirements and concluded that for 2023 the following activities are Taxonomy-aligned:

- Climate Change Mitigation 1.3 Forest management;
- Climate Change Mitigation 4.20 Cogeneration of heat/cool and power from bioenergy;
- Climate Change Mitigation 5.3 Collection, extension and operation of waste water collection and treatment; and
- Climate Change Mitigation 5.5 Collection and transport of non-hazardous waste in source segregated fractions.

The remainder of the activities are Taxonomy-eligible but not Taxonomy-aligned. Further details on the alignment assessments for the four aligned activities are outlined below.

Sustainability continued
EU Taxonomy continued

Annex	Sector	Eligible economic activity	Description of SKG activities	NACE-Code
Climate Change Adaptation	Disaster Risk Management	14.2 Flood risk prevention and protection infrastructure	Smurfit Kappa Wrexen paper mill is situated by the river Diemel in Germany. The site has dedicated grass land between the operational site and the river to allow water height changes and prevent flood risk.	NACE F42.91
Climate Change Mitigation	Forestry	1.3 Forest management	Smurfit Kappa owns 68,000 hectares of forest of which approximately 46,000 hectares are in commercial forestry use, and the remaining balance is dedicated to forest conservation. *Overlaps with sustainable activities Sustainable Use and Protection of Water and Marine Resources 3.1 on Nature-base solutions for flood and drought risk and prevention and protection; and Protection and Restoration of Biodiversity and Ecosystems 1.1 on conservation including restoration of habitats, ecosystems and species*	NACE A02.10 A02.20 A02.40
Climate Change Mitigation	Energy	4.2 Electricity generation using concentrated solar power (CSP) technology	Smurfit Kappa corrugated sites are increasingly installing solar panels on their sites and operating them as part of their electricity mix.	NACE D35.11 F42.22
Climate Change Mitigation	Energy	4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	Smurfit Kappa Piteå paper mill manufactures tall oil for use in transport.	NACE D35.21
Climate Change Mitigation	Energy	4.15 District heating/cooling distribution	Smurfit Kappa Piteå and in the future Smurfit Kappa Nettingsdorf are part of the local, municipality district heating system and send their excess heat to the municipality system.	NACE D35.30
Climate Change Mitigation	Energy	4.20 Cogeneration of heat/cool and power from bioenergy	Smurfit Kappa virgin paper mills produce their energy increasingly from bioenergy. Some recycled paper mills use the biogas from their biological waste water treatment as part of the gas mix for energy generation.	NACE D35.11
Climate Change Mitigation	Water supply, sewerage, waste management and remediation	5.3 Construction, extension and operation of waste water collection and treatment	30 of our 35 paper mills operate their own waste water treatment plant. *Overlaps partially with our activities regarding Sustainable Use and Protection of Water and Marine Resources 2.2 Urban Waste Water treatment and all items are reported under this item only.*	NACE E37
Climate Change Mitigation	Water supply, sewerage, waste management and remediation	5.5 Collection and transport of non-hazardous waste in source segregated fractions	Smurfit Kappa recycling operations organise collection and transport of paper and paper packaging waste in single fractions aimed at recycling of fibres. *Overlaps with Transition to Circular Economy 2.3 Collection and transport of non-hazardous and hazardous waste and all items are reported under this item only.*	NACE E38.11
Climate Change Mitigation	Construction and real estate	7.3 Installation, maintenance and repair of energy efficiency equipment	Smurfit Kappa continually invests in installation, maintenance and repair of energy efficiency equipment in its paper mills and corrugated plants.	NACE C33.12
Climate Change Mitigation	Construction and real estate	7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Smurfit Kappa updates its forklift systems on its operating sites with electric forklifts and their charging stations.	NACE C17
Sustainable Use and Protection of Water and Marine Resources	Water supply, sewerage, waste management and remediation	2.2 Urban Waste Water Treatment	Smurfit Kappa Morava operates a waste water treatment plant that also treats municipality waste water for the city of Morava. *Overlaps partially with our activities regarding Climate Change Mitigation 5.3 Construction, extension and operation of wastewater collection and treatment. All items are reported under Climate Change Mitigation 5.3 only.*	NACE E37.00 F42.9
Sustainable Use and Protection of Water and Marine Resources	Disaster Risk Management	3.1 Nature-based solutions for flood and drought risk prevention and protection	Our Colombian Forestry Operations R&D centre researches wood species' adaptability to climate change with a focus on drought and drought risk prevention. *This activity is part of our Forest Management (Climate Change Mitigation item 1.3) and will be reported under that item.*	NACE F42.91

Annex	Sector	Eligible economic activity	Description of SKG activities	NACE-Code
Transition to a Circular Economy	Manufacturing – Transition to a circular economy	1.1 Manufacture of plastic packaging goods	Smurfit Kappa manufactures Bag-in-Box packaging solutions that are based on a plastic pouch system that helps to increase the product shelf life and reduce plastic packaging materials.	NACE C22.22
Transition to a Circular Economy	Water supply, sewerage, waste management and remediation	2.3 Collection and transport of non-hazardous and hazardous waste	Smurfit Kappa recycling operations organise collection and transport of paper and paper packaging waste in single fractions aimed at recycling of fibres. *Overlaps with Climate Change Mitigation 5.5 Collection and transport of non-hazardous waste in source segregated sections and all items are reported under Climate Change Mitigation 5.5 only.*	NACE E38.11 E38.12 F42.9
Protection and Restoration of Biodiversity and Ecosystems	Environmental protection and restoration activities	1.1 Conservation, including restoration, of habitats, ecosystems and species	Smurfit Kappa Colombia Forestry Operations owns 67,500 hectares of forests and plantations. 22,700 hectares of this land has been rehabilitated to natural state and protected. We study the development of species in the protected areas. *This activity is part of our Forest Management activities (Climate Change Mitigation item 1.3) and we report this under that item only.*	NACE R91.04

Substantial Contribution

In order to determine if an economic activity is Taxonomy-aligned, it must contribute substantially to one or more of the environmental objectives.

— Climate Change Mitigation 1.3 Forest management: Our Colombian forestry operations, have met the substantial contribution criteria consisting of five sub criteria, including having an FSC®, certified Forest Management plan in place.
— Climate Change Mitigation 4.20 Cogeneration of heat/cool power from bioenergy: Our Piteå and Nettingsdorf paper mills combined heat and power plants meet the substantial contribution criteria. These sites operate Combined Heat and Power plants that supply energy to our mills on an industrial scale, meeting the relevant EU BREF requirements.
— Climate Change Mitigation 5.3 Construction, extension and operation of waste water collection and treatment. Our Ania (Italy), Barbosa (Colombia), Barranquilla (Colombia), Bernal (Argentina), Cali (Colombia), Hoya (Germany) and Zülpich (Germany) paper mills operate best practice waste water treatment plants that meet the substantial contribution criteria. The Zülpich plant runs an industrial waste water treatment process to supply a closed loop water system at the mill.
— Climate Change Mitigation 5.5 Collection and transport of non-hazardous waste in source segregated fractions. Our recycling operations meet the substantial contribution criteria to the extent that all separately collected and transported non-hazardous waste segregated at source is intended for preparation for reuse or recycling operations.

Do No Significant Harm

For all aligned activities a physical climate risk and vulnerability assessment was carried out pursuant to Appendix A of the Climate Delegated Act in line with the Do No Significant Harm ('DNSH') criteria for climate change adaptation.

For each of the sites we conducted a preliminary screening of the climate related risk hazards as mapped in Appendix A of the Climate Delegated Act. Those risks, which were found to be relevant, were further analysed in a climate risk and vulnerability assessment. In 2021 we carried out an extensive climate risk and opportunity assessment and this was repeated in 2023. The results have been further discussed in our TCFD report on pages 78 to 95. The project was supported by an expert third party, reviewing climate risks and opportunities for Smurfit Kappa and utilising a climate scenario modelling tool provided by TCS, Climanomics.

The analysis was conducted across all the Group's operating assets. The scenario analysis and modelling was completed under different Representative Concentration Pathways ('RCP') scenarios 2.6 (0.9-2.3°C), 4.5 (1.7-3.2°C), 6.2 (2.0-3.7°C) and 8.5 (3.2-5.4°C). These model the potential impact on assets from physical and transitional risks in 10-year increments through to 2100. The analysis focused on the critical assets impacted across the RCP scenarios within the period 2030-2040 and 2040-2050, these periods are most critical for decision making in the near to medium-term.

We have been preparing for climate-related risks at our forestry operations for over 10 years. This includes research on natural forests and understanding how tree species adapt to changing climate patterns. This has been included in our FSC/PEFC certified long and short-term forest management plans.

We manage our forest plantations against FSC certified Forest Management Plans that set the basis of sustainable forest management. A thorough assessment against the TSC, including DNSH on sustainable use and protection of water and marine ecosystems, transition to a circular economy, pollution prevention and control as well as protection and restoration of biodiversity and ecosystems concludes that the activity is Taxonomy-aligned.

For the Recycling operations, we have assessed the DNSH criteria for transition to a circular economy in addition to climate change adaptation. The assessment has been based on compliance with EN643:2014, the European list of standard grades of paper and board for recycling.

Minimum safeguards

The minimum safeguards include all procedures implemented to ensure that economic activities are carried out in alignment with the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines); The UN Guiding Principles on Business and Human Rights ('UNGPs'), including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and The International Bill of Human Rights.

The scope of the minimum safeguards covers the topics of human rights (including labour and consumer rights), corruption and bribery, taxation and fair competition. We have implemented adequate policies and processes to prevent negative impacts. We also monitor to ensure whether our processes are effective.

We disclose transparently on all these items in this report as well as in our separate Sustainable Development Report 2023 (to be published in March 2024).

Sustainability continued
EU Taxonomy continued

Turnover, Capital Expenditure ('CapEx') and Operating Expenditure ('OpEx') KPIs and our Accounting Policies

The key performance indicators ('KPIs') include the turnover KPI, the CapEx KPI and the OpEx KPI. For the financial year ended 31 December 2023, the KPIs have to be disclosed in relation to our Taxonomy-aligned, Taxonomy-eligible but not aligned and Taxonomy-non-eligible economic activities as required by the Annexes of the Delegated Acts.

The specification of the KPIs is determined in accordance with Annex I of the Article 8 Delegated Act and presented in the tables on pages 72 to 77.

As we are not performing any of the activities related to natural gas and nuclear energy, we are not disclosing the dedicated templates introduced by the Delegated Regulation (EU) 2022/1214 of 9 March 2022 (Complementary Climate Delegated Act) Complementary Delegated Act.

Turnover

The turnover-aligned KPI is defined as Taxonomy-aligned turnover (numerator) divided by our total turnover (denominator). Similarly, the turnover-eligible but not aligned KPI is defined as Taxonomy-eligible but not aligned turnover (numerator) divided by our total turnover (denominator).

The denominator is SKG's external revenue as reported in the Consolidated Income Statement. The accounting policy applicable for revenue recognition is addressed in detail in Note 2 to the Consolidated Financial Statements.

Taxonomy-aligned turnover (numerator) is defined as the turnover derived from products and services associated with Taxonomy-aligned economic activities:

— Activity 1.3 Forest management. We generate turnover from the sale of roundwood from forests owned by Smurfit Kappa Colombia to third parties.
— Activity 5.5 Collection and transport of non-hazardous waste in source segregated fractions. We generate turnover from the sale of recovered fibre to third parties.

Double counting was avoided by only allocating revenue from third parties once to an economic activity.

All third party revenue is related to contracts with customers and there has been no key elements of change compared to the prior year.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial Year 2023

Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover 2023
		EUR million	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			%
A.1. Environmentally sustainable activities (Taxonomy-aligned)			
Forest Management	CCM 1.3	3	0.0%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20		0.0%
Construction, extension and operation of waste water collection and treatment	CCM 5.3		0.0%
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	151	1.4%
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**154**	**1.4%**
Of Which Enabling			
Of Which Transitional			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2		0.0%
Electricity generation from bioenergy	CCM 4.8		0.0%
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13		0.0%
District heating/cooling distribution	CCM 4.15		0.0%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20		0.0%
Construction, extension and operation of waste water collection and treatment	CCM 5.3		0.0%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3		0.0%
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4		0.0%
Manufacture of plastic packaging goods	CE 1.1	251	2.2%
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**251**	**2.2%**
A. Turnover of Taxonomy Eligible activities (A.1 + A.2)		**405**	**3.6%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities (B)		10,867	96.4%
Total		11,272	100.0%

Y Yes: Taxonomy eligible and Taxonomy aligned activity with the relevant environmental objective
N No: Taxonomy-eligible but not Taxonomy aligned activity with the relevant environmental objective
EL Taxonomy eligible activity for the relevant objective
N/EL Taxonomy non-eligible for the relevant environmental objective
– Not applicable

Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (9)	Circular economy (8)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned or eligible turnover, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
Y	–	–	–	–	–	–	–	Y	Y	Y	Y	Y	100%		
Y	–	–	–	–	–	–	–	Y	–	Y	Y	Y	–		
Y	–	–	–	–	–	–	–	Y	–	Y	Y	Y	–		
Y	–	–	–	–	–	–	–	–	Y	–	–	–	100%		
1.4%													100%		
														E	
															T
EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
				EL											
				2.2%									–		
1.4%				2.2%											

Sustainability continued
EU Taxonomy continued

CapEx

The CapEx-aligned KPI is defined as Taxonomy-aligned CapEx (numerator) divided by our total CapEx (denominator). Similarly, the CapEx-eligible but not aligned KPI is defined as Taxonomy-eligible but not aligned CapEx (numerator) divided by our total CapEx (denominator).

The denominator is SKG's total additions to tangible and intangible assets before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments and excluding fair value changes. It includes acquisitions of tangible fixed assets, intangible fixed assets, biological assets and right-of-use assets.

Additions resulting from business combinations are also included. Goodwill is not included in CapEx. For further details on our accounting policies regarding CapEx, see Note 2 to the Consolidated Financial Statements. Our total CapEx can be reconciled to our Consolidated Financial Statements, see the additions and acquisitions lines, excluding additions to goodwill, in Notes 11, 12, 13 and 14 to the Consolidated Financial Statements.

For the eligibility assessment of CapEx, we have identified the relevant purchases and allocated them to only one economic activity in the Climate Delegated Act ensuring no capital expenditure is considered more than once.

The numerator consists of the following categories of Taxonomy-aligned CapEx:

a. CapEx related to assets or processes that are associated with Taxonomy-aligned economic activities ('category a').

   We consider that assets and processes are associated with Taxonomy-aligned economic activities when they are essential components necessary to execute an economic activity.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial Year 2023 Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx 2023 (4)
		EUR million	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			%
A.1. Environmentally sustainable activities (Taxonomy-aligned)			
Forest Management	CCM 1.3	26	2.4%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0	0.0%
Construction, extension and operation of waste water collection and treatment	CCM 5.3	1	0.1%
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	10	0.9%
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**37**	**3.4%**
Of Which Enabling			
Of Which Transitional			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	5	0.5%
Electricity generation from bioenergy	CCM 4.8		0.0%
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13		0.0%
District heating/cooling distribution	CCM 4.15	0	0.0%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	13	1.2%
Construction, extension and operation of waste water collection and treatment	CCM 5.3	24	2.2%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	27	2.4%
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0%
Manufacture of plastic packaging goods	CE 1.1	45	4.2%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**114**	**10.5%**
A. CapEx of Taxonomy Eligible activities (A.1 + A.2)		**151**	**13.9%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non-eligible activities (B)		932	86.1%
Total		1,083	100.0%

Y Yes: Taxonomy eligible and Taxonomy aligned activity with the relevant environmental objective
N No: Taxonomy eligible but not Taxonomy aligned activity with the relevant environmental objective
EL Taxonomy eligible activity for the relevant objective
N/EL Taxonomy non-eligible for the relevant environmental objective
– Not applicable

In the financial year ending 31 December 2023 all CapEx related to the following areas is considered in the numerator of the CapEx KPI:

— Activity 1.3. Forest management. The CapEx is linked to investments related to sustainable forest management, infrastructure and research.
— Activity 4.20. Cogeneration of heat/cool and power from bioenergy. The CapEx is linked to investments related to our combined heat and power plants that use biofuels as energy source and meet the TSC.
— Activity 5.3. Construction, extension and operation of waste water collection and treatment. The CapEx is linked to investments in our water treatment plants that meet the TSC.
— Activity 5.5. Collection and transport of non-hazardous waste in source segregated fractions. The CapEx is linked to investments in recovered paper collection infrastructure.

Quantitative breakdown of the CapEx numerator at economic activity level, € million

Activity	Additions to PP&E	Intangible Assets	Right-of-Use Assets	Biological Assets	Total	Acquired through a business combination
1.3	12	–	–	14	26	–
5.5	8	–	2	–	10	–
4.20	–	–	–	–	–	–
5.3	1	–	–	–	1	–
Total	21	–	2	14	37	–

b. CapEx that is part of a plan to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity ('category b'). In the financial year ending 31 December 2023 we had no CapEx plans as defined by the Taxonomy Regulation and therefore no amounts from this category are allocated to the numerator.

c. CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling certain target activities to become low-carbon or to lead to greenhouse gas reductions ('category c'). In this category we have identified CapEx spend such as solar panels and the upgrade of waste water treatment plants and biomass boilers.

No changes to the key elements of the CapEx were made in 2023.

Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (9)	Circular economy (8)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned or eligible CapEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
Y	–	–	–	–	–	–	–	Y	Y	Y	Y	Y	100%		
Y	–	–	–	–	–	–	–	Y	–	Y	Y	Y	–		
Y	–	–	–	–	–	–	–	Y	–	Y	Y	Y	–		
Y	–	–	–	–	–	–	–	Y	Y	–	–	–	100%		
3.4%															
														E	
															T
EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
				EL									–		
6.3%				4.2%											
9.7%				4.2%											

Sustainability continued
EU Taxonomy continued

OpEx

The OpEx-aligned KPI is defined as Taxonomy-aligned OpEx (numerator) divided by our total OpEx (denominator). Similarly, the OpEx-eligible but not aligned KPI is defined as Taxonomy-eligible but not aligned OpEx (numerator) divided by our total OpEx (denominator).

The OpEx denominator consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases, repair and maintenance and upkeep relating to the day-to-day servicing of assets of property, plant and equipment. This does not include the expenditure relating to the day-to-day operation of property, plant and equipment such as: raw materials, cost of employees operating the machine and the cost of energy.

The cost includes:

- Research and development expenditure recognised as an expense during the reporting period and disclosed in Note 5 to the Consolidated Financial Statements. This includes all non-capitalised expenditure that is directly attributable to research or development activities.
- The amount of non-capitalised short-term leases as disclosed in Note 12 to the Consolidated Financial Statements.
- Maintenance and repairs and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This also includes building renovation costs. See Note 5 to the Consolidated Financial Statements.

With regards to the numerator, we refer to the explanation provided under the CapEx on page 74 and 75.

No changes to the key elements of the OpEx were made in 2023.

Quantitative breakdown of OpEx numerator

	€'m
R&D Costs	–
Repair and Maintenance	13
Short term leases	1
Total	15

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial Year 2023 Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx 2023 (4)
		EUR million	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			%
A.1. Environmentally sustainable activities (Taxonomy-aligned)			
Forest Management	CCM 1.3	5	0.8%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	1	0.2%
Construction, extension and operation of waste water collection and treatment	CCM 5.3	1	0.2%
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	8	1.4%
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**15**	**2.6%**
Of Which Enabling			
Of Which Transitional			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	0	0.0%
Electricity generation from bioenergy	CCM 4.8		0.0%
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	0	0.0%
District heating/cooling distribution	CCM 4.15		0.0%
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	2	0.4%
Construction, extension and operation of waste water collection and treatment	CCM 5.3	4	0.6%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3		0.0%
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4		0.0%
Manufacture of plastic packaging goods	CE 1.1	4	0.8%
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**10**	**1.8%**
A. OpEx of Taxonomy Eligible activities (A.1 + A.2)		**25**	**4.4%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OpEx of Taxonomy-non-eligible activities (B)		552	95.6%
Total		577	100.0%

Y Yes: Taxonomy eligible and Taxonomy aligned activity with the relevant environmental objective
N No: Taxonomy eligible but not taxonomy aligned activity with the relevant environmental objective
EL Taxonomy eligible activity for the relevant objective
N/EL Taxonomy non-eligible for the relevant environmental objective
– Not applicable

Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (9)	Circular economy (8)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned or eligible OpEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y, N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
Y	–	–	–	–	–	–	–	Y	Y	Y	Y	Y	100%		
Y	–	–	–	–	–	–	–	Y	–	Y	Y	Y	–		
Y	–	–	–	–	–	–	–	Y	–	Y	Y	Y	–		
Y	–	–	–	–	–	–	–	–	Y	–	–	–	100%		
2.6%															
														E	
															T
EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
EL	–	–	–	–	–								100%		
				EL									–		
1%				0.8%											
3.6%				0.8%											

Sustainability continued

Task Force on Climate-Related Financial Disclosures ('TCFD')

A changing climate has implications across our value chain from our raw material sourcing to our customers product demand and packaging requirements. It can affect our key raw materials such as starch and forestry, and natural resources like water that we rely on to make our products. It can cause disruption to our manufacturing sites and supply chain through extreme weather. SKG recognises the challenges climate presents both now and into the future. Sustainability is at the heart of how we think and act in everything we do, driven by our values, vision and our purpose, to create, protect and care. We use a combination of long-term targets, interim targets and continued action today. This multi-horizon approach ensures we look beyond our continued delivery today and also think and act strategically on what is required to deliver a just transition to a low-carbon, circular economy in line with the Paris Agreement. Our ambition is to have at least Scope 1, 2 and 3 net zero emissions by 2050, with a 55% reduction in relative CO_2 emissions in Scope 1 and 2 by 2030.

During 2023, we have seen climate related records being broken across the globe which poses an ominous and immediate need for action. The importance of managing today but understanding potential impacts in the future under different scenarios continues to be a critical consideration for the Group.

Smurfit Kappa Group recognises the importance of climate-related financial disclosures as part of our commitment to sustainability and responsible corporate citizenship. This section of the Report provides information on how climate-related risks and opportunities are integrated into our business strategy and financial planning, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'). Since 2021 we have significantly developed our disclosure as outlined below which is in line with recent legislative updates in the UK and is consistent with all the TCFD recommendations and recommended disclosures. In completing this disclosure, we have provided the recommended disclosures in terms of:
— Governance (see pages 78 to 81)
— Strategy (see pages 82 to 91)
— Risk Management (see page 92)
— Metrics and Targets (see pages 92 to 94)

Our disclosures below should be read in conjunction with the 2023 Sustainable Development Report ('SDR'), will be published simultaneously with this Annual Report in March 2024 and also the Carbon Disclosure Project ('CDP') Climate Change Response made by the Group in 2023. Further information can be found on our website at smurfitkappa.com/sustainability.

Our progress and evolution of reporting in line with the TCFD recommendations includes but is not limited to the following updates in 2023:
— The completion of an updated climate scenario analysis taking into account aspects of the Sixth Assessment Report ('AR6') from the Intergovernmental Panel on Climate Change ('IPCC')
— The successful trial of the Hyflexpower project in our Saillat site in France, a concept project which successfully used 100% Hydrogen;
— In this Annual Report we are reporting an expanded disclosure of our taxonomy eligibility and continued alignment;
— We completed our double materiality assessment project in line with the ESRS standards;
— Board approval for a number of climate related investments such as an energy upgrade in our Verzuolo mill (€26 million), waste water treatment plant in our Facture mill (€12 million) and an anaerobic reactor for our Herzberg mill (€7 million);
— Board training on climate scenario analysis;
— The progression of our multi-year water risk assessment process, which will help us develop our understanding of the risks specific to water and also improve our water stewardship;
— Increasing the understanding across our business of climate risks and opportunities; and
— A summary of our Transition Plan, which sets out our strategy, the strength of which is demonstrated through: delivering today, having independently validated interim targets for 2030 in line with the Paris Agreement, and our long-term ambition of at least net zero by 2050.

In addition, as part of our reporting process, we have considered the recommendations outlined in the FRC reports, 'CRR Thematic review of TCFD disclosures and climate in the financial statements' and 'CRR Thematic review of climate-related metrics & targets'.

We expect that certain aspects of our disclosure will further develop and evolve over time.

We expect over the course of 2024 and beyond to:
— Continue to develop our strategy and Transition Plan towards net zero in line with the latest framework;
— Carry out additional scenario analysis using new and improved approaches and datasets;
— Incorporate insights from water risk assessments carried out during the year; and
— Continue to evolve our Scope 3 understanding and strategy.

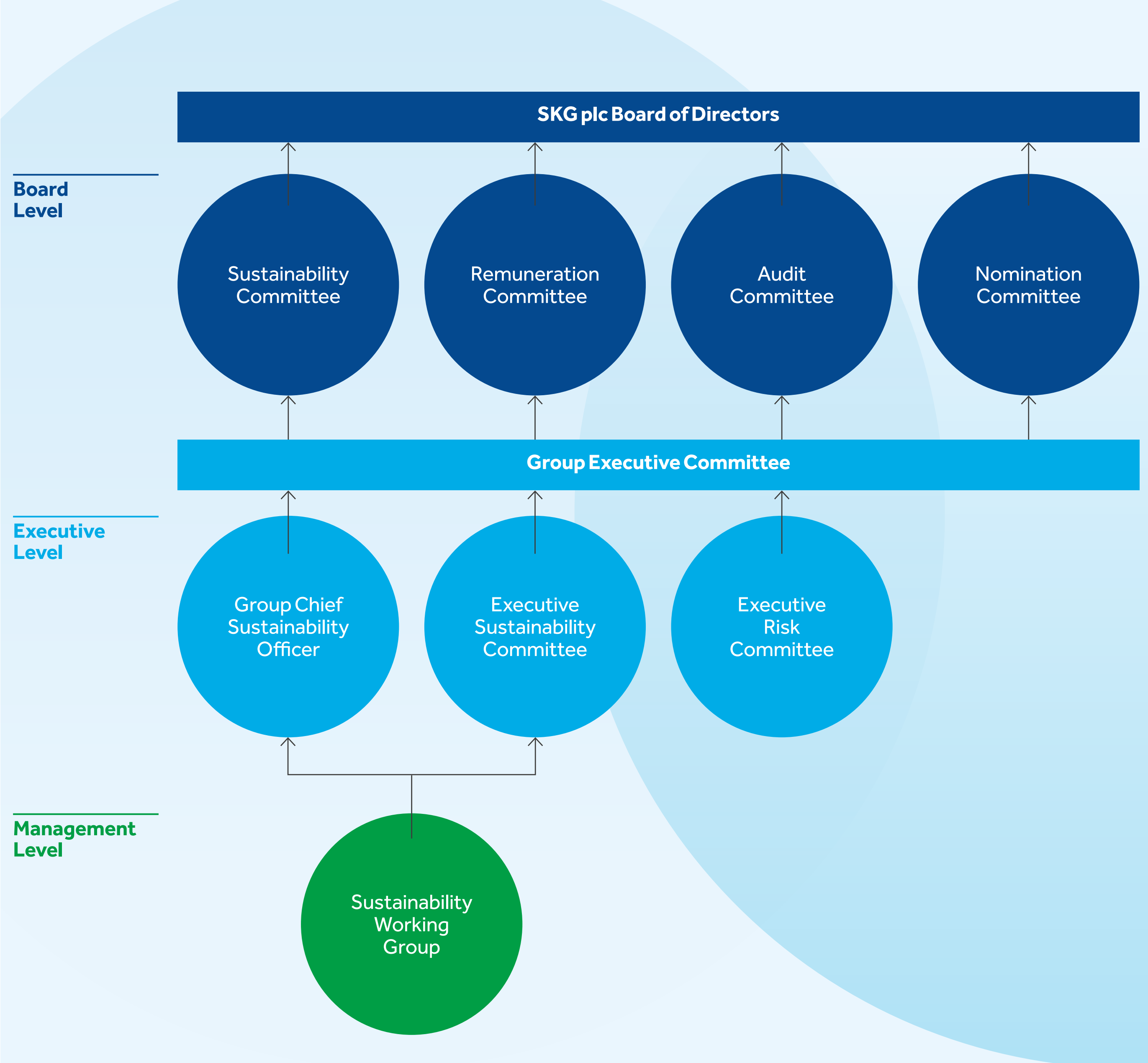
Governance

Board level
Board Oversight on Climate Change

Board Level
The Board is primarily responsible for the long-term success of the Group, for setting the Group's strategic aims, for the leadership and control of the Group and for reviewing the Group's system of internal control and risk management. Given the nature of our business and the importance of sustainability to our stakeholders, sustainability, including climate change, has been a key focus for the Board for many years. This evolved further with specific consideration given to climate change. In recognition of the importance of sustainability in general and climate change in particular, the Board formed a dedicated Sustainability Committee in 2019, the responsibilities of which are outlined on pages 79 and 154.

During 2023, the Sustainability Committee of the Board was engaged across a number of climate related topics which included external training on climate scenario analysis, a review of the World Economic Forum 'How to Set Up Effective Climate Governance on Corporate Boards', Scope 3 emissions and the Group climate risk register. The Committee met six times in 2023. As a principal risk for the Group, climate change is reviewed regularly at both Board and Executive level. Climate change has been recorded as a material topic for the Group since 2007. The development of the Group's competence in climate change in recent years has resulted in the development of a Group climate change risk register, detailed scenario analysis and an ongoing development of the awareness across the business of both climate change risks and opportunities.

Our Governance Structure



One of the key areas where we can manage our impact on climate change is through mitigating actions which are focused predominantly on CO_2 emission reductions. This can be achieved by using energy more efficiently, generating energy in a more efficient way, by investing in renewable energy and considering and trialling new and emerging technologies as we address the challenges of achieving net zero. This is a strategic issue and a standing item at operational review meetings. It is an important element considered in certain major capital expenditure projects and in our overall corporate strategy. It is also part of our overall corporate purpose, vision and strategy which has sustainability at its core. We have set both interim and long-term targets related to climate change and our interim 2030 targets have been approved by the SBTi as in line with the Paris Agreement.

The Group identifies through its strategic planning, significant investment opportunities to deliver on our interim sustainability KPIs and when relevant, the opportunity to reduce CO_2 emissions continues to be considered as part of our acquisitions and divestitures processes.

In 2023, further evidence of the Group's strong sustainability credentials was demonstrated by the publication of our 16th SDR and the publication of our second Green Bond Allocation and Impact Report, both independently assured.

The diagram above shows our governance structure, including sustainability which covers climate-related issues.

Sustainability Committee

The Sustainability Committee has responsibility for providing strategic guidance and support to management in the implementation of the Sustainability Strategy for the Group, which is based on three key strategic sustainability and corporate responsibility pillars; People, Planet and Impactful Business.

The Sustainability Committee updates the Board at each meeting on the matters considered on their agenda, including climate change.

During 2023 an internal evaluation of the Committee was undertaken, the conclusion from that process was that the performance of the Committee and the Chair of the Committee were satisfactory.

Sustainability continued
TCFD continued

In addition, the Committee is responsible for:
- Reviewing and approving the annual SDR and the Sustainability section of the Annual Report;
- Reviewing TCFD compliance and reporting of climate-related financial information;
- Reviewing the climate risks and opportunities of the Group including consideration of emerging and mitigating actions; and
- Engagement with the workforce on behalf of the Board as required by the UK Corporate Governance Code ('the 'Code').

In 2023, the Committee met six times and covered a broad range of sustainability topics at these meetings. In addition, the Chair, the Group Chief Executive Officer ('CEO') and the Group Chief Financial Officer ('CFO') are regular attendees at meetings of the Sustainability Committee. The key climate related topics included review of: the Group's climate risk register, Scope 3 reporting, a comprehensive third party report on climate scenario analysis for the Group's assets, the Group's progress on its key sustainability KPIs and climate related regulatory updates. In 2021, building on the detailed review of the World Economic Forum's 'How to Set Up Effective Climate Governance on Corporate Boards', which highlighted key focus areas, the Group developed an action plan. During 2023, the Sustainability Committee reviewed the progress made against this action plan and it was further considered and updated.

The Sustainability Committee receives updates from management on various matters relating to sustainability and climate change at each meeting.

The Group's Chief Sustainability Officer ('Group CSO'), was also tasked with ensuring relevant sustainability related matters are communicated and discussed at the Board committee level as appropriate. The Group CSO reports to the Group CFO. During 2023 the development of web-based tools to enhance the understanding of sustainability, including climate, was completed. This was done to expand the knowledge and awareness of relevant sustainability topics, explain what it means for internal stakeholders across the business, and, set out how they can all impact and support the Group's delivery on their climate and sustainability targets. The intention is to continue to develop this project to further enhance the understanding of material sustainability topics across our operations.

Non-executive Directors
Non-executive Directors also engage with the Sustainability Committee. Since the formation of the Sustainability Committee, the Chair of the Board has been a regular attendee at meetings.

Audit Committee
The Audit Committee and the Board, in conjunction with senior management, review the key business risks faced by the Group. In reviewing and considering the principal risks of the Group, any emerging risk is also considered. Climate change is a principal risk of the Group recognising that changes in weather patterns could result in catastrophic events which in turn could give rise to business interruption and increases in the cost of raw materials.

Remuneration Committee
The Remuneration Committee has responsibility for continually reviewing the ongoing appropriateness and relevance of the Remuneration Policy. Sustainability metrics form part of the short-term and long-term remuneration incentives. The ESG metrics within the Performance Share Plan cumulatively constitute 15% of the targets for this award. As outlined in the Remuneration Report on page 133, these measures include CO_2 reduction, water discharge reduction and waste to landfill reduction targets.

Nomination Committee
The Nomination Committee is responsible for the succession planning of the Board, and as part of this process, experience and knowledge of sustainability is a consideration in new appointments.

Board Level Knowledge and Training
At Board level, there is strong sustainability and climate-related expertise. Lourdes Melgar is recognised for her expertise in the areas of energy, sustainability and public policy. Kaisa Hietala has a wealth of strategic and operational experience in sustainability, helping companies to transform the challenges of environmental megatrends into business opportunities and growth. Lourdes's and Kaisa's specific expertise in the area of sustainability continue to bring additional strength to and complements the knowledge and international experience of Jørgen Buhl Rasmussen and Anne Anderson.

We continue to support the development of sustainability and climate related capabilities of the Board in the area of climate change. In 2023, third party experts carried out training for Non-executive Directors on the importance of climate scenario analysis, how to use it, and what it means for SKG.

The Sustainability Committee also has regular updates and presentations from the Group CSO on various matters including climate change and associated regulation.

Executive Level
Management Oversight on Climate Change

Group Executive Committee
The development and implementation of the Group's sustainability strategy, objectives and policies are managed by the Group Executive Committee ('the Excomm') led by the Group CEO. A large part of the Excomm are also members of the Executive Sustainability Committee.

Executive Sustainability Committee ('the Sustainability Excomm')
The Sustainability Excomm consists of relevant members of the Excomm who have responsibilities directly connected to sustainability matters. This Sustainability Excomm ensures the delivery of the sustainability strategy of the Group throughout the business. The Sustainability Excomm is led by the Group CSO. Certain climate change related issues are governed by some of the members of this Committee as part of their direct operational responsibilities.

Executive Risk Committee
This committee reviews and assesses the Group Risk Register and identifies the principal risks and emerging risks. The Group Risk Register is then reviewed by the Audit Committee and the Board. Climate change is a principal risk of the Group. In addition, the growing number of environmental and climate change laws and regulations continues to be a principal risk of the Group. Details of these risks are included in the Risk Report on pages 34 to 39 and are subject to the Group's formal risk management process.

Executive Directors
The Group CEO through his overall responsibility for the day-to-day oversight of the Group's business and the implementation of the Group strategy and policies is directly responsible for actions governing climate change. He is also responsible for ensuring that the Group's purpose, values and culture are instilled throughout the Group. The Group CEO is also a Director of the Board and leads the Excomm.

In 2023, the Group CEO and Group CFO presented a number of sustainability related projects to the Board, such as projects aimed at meeting best practices in terms of energy reduction, water treatment and reduction of waste to landfill.

The Group CFO is a member of Accounting for Sustainability ('A4S'), whose 'aim is to transform finance to make sustainable business, business as usual'. The Group CEO and Group CFO are regular attendees of the Board Sustainability Committee.

Group Chief Sustainability Officer
The Group CSO is a member of the Excomm and is focused on delivering the sustainability strategy for the Group, maintaining our strong governance framework, and embracing new strategic opportunities from both a capital markets perspective and across all stakeholders. Climate change is a key element of all aspects of his role. During 2023, the Group CSO engaged with colleagues and presented on both the opportunities and risks of sustainability across the Group, with climate a key consideration.

The Group CSO is a member of the 'Corporate Responsibility & Sustainability Council' which is part of the non-profit 'Conference Board' and includes heads of sustainability from across industries and regions and where best practice is shared in the broader sustainability area.

During 2023, members of the Group's sustainability team attended training on TCFD reporting and Transition Planning. Greenhouse Gas ('GHG') protocol training was also provided by the UN Global Compact Academy covering carbon accounting for Scope 1, 2 and 3.

Management Level

Sustainability Working Group
The Sustainability Working Group consists of relevant representatives from operations and the Group's head office, with different areas of expertise and stakeholder interaction relating to sustainability and climate change. The Sustainability Working Group monitors the progress and achievements of targets across all key areas and supports the Group operations in assessing and managing sustainability/climate change strategies. The group which is led by the Group CSO promotes our sustainability strategy across our stakeholders. In addition, members of the group coordinate the sustainability roles with responsibility for local implementation of the sustainability strategy within our business operations. During 2023, it held four meetings, discussing topics such as: customer expectations on sustainability and climate, sustainability communications and understanding (including climate), decarbonisation strategies, Scope 3 emissions, Science Based Targets initiative ('SBTi') updates, human rights, responsible sourcing, and regulation covering areas such as climate, packaging and deforestation.

The expectations of our stakeholders is that we approach climate change responsibly and provide regular, detailed progress reports. The Group stays close to the areas that are important to our stakeholders through continuous engagement with them. The Group benefits from engaging with customers, investors, employees, communities and other relevant stakeholders at different levels of the business, this is done both formally and informally. Sustainable businesses encourage diverse views, and we provide opportunities for dialogue with the many stakeholders who impact our business.

This was progressed in a significant and highly structured way in 2023 with the conclusion of our Group Double Materiality Assessment; to understand and prioritise sustainability topics which are fundamental to our business and our stakeholders. The Double Materiality Assessment was conducted to fulfil part of the initial requirements mandated by the EU Corporate Sustainability Reporting Directive ('CSRD') in alignment with the European Sustainability Reporting Standards ('ESRS'). This assessment included significant stakeholder engagement and assessed their view on Smurfit Kappa's impact on nature and society and vice-versa. More details related to our Double Materiality Assessment will be included in the Sustainable Development Report which will be published simultaneously with this Annual Report.

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.

This engagement includes:
- Organising meetings and round-table discussions on sustainability with our stakeholders;
- Collaborating in research and development projects to decarbonise the industry such as our projects in Saillat (Hydrogen), Townsend Hook (Digital Twin) and Morava (Heat Pumps);
- Participating in discussions within and outside our industry through our membership of Cepi, FEFCO, 4evergreen initiative and World Business Council for Sustainable Development ('WBCSD'); UN Global Compact; UN Global Compact's CEO Water Mandate;
- Participating across external benchmarking bodies such as CDP, EcoVadis, FTSE4Good and SEDEX surveys, and benchmarking against 2030 UN Sustainable Development Goals; and
- Participating in the development of Forest Certification as a member of FSC and PEFC.

On an ongoing basis, discussions with investors provide guidance on areas requiring focus across the broader sustainability agenda. This has increasingly highlighted the need for emissions targets to be approved as science-based and has also highlighted the need for enhanced disclosure of our climate change risks and opportunities. In addition, we also perform regular desktop research to evaluate investors' climate change agenda (e.g. letters from investors and investment managers about their expectations from companies on climate-related issues).

The Group is aware that the investment community is facing pressure to eliminate green-washing and this often means requesting greater disclosure on the ESG impacts of their investments. Smurfit Kappa takes pride in its strong reporting credentials with 16 years of public disclosure and reporting on sustainability, independently assured since 2009. This is further supported by strong performances across third party rating companies such as MSCI, ISS ESG and Sustainalytics. The quality of the Group's reporting was also recognised by the WBCSD for its approach to balanced reporting as well as its approach to the UN SDGs.

Our emissions reduction targets have been validated by SBTi as in line with the Paris Agreement. We strive to be the sustainability leader in our sector and to match our long-term ambition with action and delivery today.

Our customer facing teams regularly engage with our customers in relation to material sustainability challenges including climate change. For many of our customers their carbon footprint is primarily Scope 3 emissions and so we can often have significant impact on their decarbonisation strategies through our leading sustainable packaging solutions and through our own emissions reduction delivery. Our customers are increasingly looking for supply chain partners to engage with them on delivering sustainable products with lower carbon footprints.

Smurfit Kappa has a robust customer engagement process to assist in demonstrating the value of its sustainability approach and successes. We use data to generate Life Cycle Assessments and generate the most sustainable packaging solutions for our customers.

Similar to the approach with investors we generate greater understanding of our customers sustainability and climate needs through ongoing engagement and dialogue on data requirements and a focus on issues important to them. During 2023 we delivered carbon reduction programmes across our customer base including logistics optimisation (fewer trucks), packaging optimisation (less material) and material substitution (removing less sustainable materials).

During 2023, the Group was an active member of the Consumer Goods Forum where many of our customers and their customers (retailers) convene. This forum along with others such as the WBCSD enhances the Group's understanding of its customers challenges as well as broader industry challenges, opportunities and best practice sharing.

Sustainability continued
TCFD continued

Strategy – Climate Change

Overview and Background
SKG is committed to sustainability throughout our value chain. Our circular business model drives positive change end-to-end, from the responsible sourcing of renewable raw materials to the sustainable production of recyclable, biodegradable and fit-for-purpose packaging solutions to the collection of the post-consumer packaging and re-integration into the circular economy. Our sustainability strategy is based on three pillars: Planet, People and Impactful Business. The Planet pillar covers four key focus areas of climate change, forest, water and waste.

Our decarbonisation strategy is focused on minimising energy use and moving from fossil fuels to low-carbon, renewable sources. Our focus is on increasing our own low-carbon and energy efficient production systems, increasing our use of low-carbon renewable fuels, lowering our customers' carbon footprints and decreasing CO_2 emissions within our own supply chain through actions such as transport optimisation. These core elements are aimed at reducing our fossil emissions in line with the Paris Agreement, and reaching at least net zero by 2050.

See our net zero transition plan on pages 84 to 87 for more details

Climate Risks and Opportunities
The Group has a formal risk identification methodology to assess climate change risk and opportunities. The output of which is a Risk Register. This register is reviewed twice a year and presented to the Sustainability Committee of the Board.

The tables on pages 89 to 91 outline some of the key transition and physical risks as well as opportunities which have been identified and assessed and which enable SKG to prioritise appropriately. A high-level impact assessment has been used to measure inherent and residual risks based on identified mitigation actions, their timeframes, and their potential financial impact on our business.

Our Sustainability Journey

Smurfit Kappa continues to build on its many years of achievements. Please see examples, dating back to the first SDR in 2007, of key milestones of the Group's long-standing objective to drive change and nurture a greener and bluer planet.

Key milestones

2005
- Baseline of our CO_2 emissions target.

2007
- First sustainability report.
- New biomass boiler in Sweden.

2008
- Investments in CHP facilities and bio-fuel investments.
- New Black liquor recovery boiler installed in Cali, Colombia.

2009
- External assurance of our annual SDR commenced.

2010
- Set 2020 target of 20% reduction in relative CO_2 emissions target (2005 baseline).
- Commissioned biomass boiler in France.
- Globally our mill system cut relative CO_2 emissions by 5.4% year-on-year.

2011
- Globally our mill system cut relative CO_2 emissions by more than 12% since 2005. This was delivered against a backdrop of the EU publishing its roadmap towards a low-carbon economy by 2050.

2012
- Globally our mill system cut relative CO_2 emissions by 3.1% year-on-year.
- Supported by investments such as a new shoe press in Cerro Gordo (Mexico) and a rebuild of the biomass boiler in Sangüesa (Spain).

2013
- 2020 target of 20% reduction achieved with a 21% reduction by the end of 2013.

2014
- New relative emissions reduction target of 25% reduction set for 2020.
- 28% reduction of COD discharge (water) compared to 2005.

The timeframes used in the categorisation of risks are defined as:

- Short-term (0-3 years): Typical capital expenditure pay-back time and short-term time frame for climate change risks and opportunities; acting now with continued year-on-year reductions using best available technology and continuous improvement;
- Medium-term (3-10 years): Pay-back time for a strategic capital expenditure investment in Smurfit Kappa, and medium-term for climate change risks and opportunities; strategic investment projects to replace high emitting assets, continuous improvement, availing of best available technology, collaboration across the value chain, all leading us to achieve our reduction target; and
- Long-term (10-30 years): This is linked to long-term time horizon, for example investment in paper manufacturing machinery is expected to be valid for some 30 years; it is the long-term time frame for climate change risks and opportunities. Through collaborative projects, executing controlled trials of new/emerging technology today to understand the feasibility and cost of large-scale implementation beyond 2030.

The risk identification process is designed to consider the risks and opportunities through the specific lens of climate change. This means that the climate risk register is considering risks across a longer time frame than the traditional risk assessment of principal risks.

2015

- New CHP plant in Hoya (Germany) running for its first full year.
- Finalised certification of our production sites according to FSC/PEFC or SFI CoC standards.

2016

- New CHP investments in Ania (Italy) and Barbosa (Colombia).
- Globally our mill system cut relative CO_2 emissions by 22.9% against a 2005 baseline.

2017

- 2020 target of 25% reduction achieved with a 26.1% reduction by the end of 2017.

2018

- More ambitious relative emissions reduction target of 40% by 2030 set, reflecting the need for industry to act on the Paris Agreement.

2019

- Approval of €134 million new recovery boiler in Nettingsdorf (Austria).
- Globally our mill system cut relative CO_2 emissions by 32.9% against a 2005 baseline.

2020

- Long-term target of at least net zero emissions by 2050 and increased the 2030 emissions reduction target to 55%.
- On deforestation and biodiversity, we announced a new alliance with the World Wildlife Fund Colombia to work together to promote sustainable practices within the forestry industry.
- We started reporting on the recommendations of the TCFD and the relevant SASB criteria.

2021

- Globally, our mill system cut relative CO_2 emissions by 41.3% against a 2005 baseline.
- SBTi approval received for our emissions targets as being in line with the Paris Agreement and well below 2°C trajectory.
- Launched Better Planet 2050 programme which enhanced existing targets or introduced new ones across water use, diversity and inclusion and communities.
- Successful launch of our Green Finance Framework and subsequent €1 billion of Green Bonds issuance.

2022

- Achieved A- CDP Climate Change Response (B in 2021).
- Announced an investment of almost US$100 million in a sustainable biomass boiler in our paper mill in Colombia which will reduce our global Scope 1 and Scope 2 CO_2 emissions by approximately 6%.
- Announced a new sustainable district heating project in our paper mill Nettingsdorf, Austria, which will benefit 20,000 homes across three communities.
- Completion of Zülpich energy project, an €11.5 million investment reducing CO_2 emissions annually by 55,000 tonnes.
- Invested US$23.5 million to upgrade the Nuevo Laredo plant in Mexico which will have the two-pronged benefits of reducing CO_2 emissions by up to 40% and doubling production capacity.
- Successfully completed the first stage of the HYFLEXPOWER hydrogen project at our Saillat paper mill (France) which is a world first for a paper mill.

2023

- Achieved A- CDP Climate Change Response (A- in 2022).
- Completion of a €5 million waste water treatment plant investment in Serbia, the first of its kind for a private business in Serbia
- Completion of €27 million investment in a lime kiln in our Nervion facility removing 75,000 tonnes of landfill and eliminating over 450,000 kilometres of road transport
- Opening of our first corrugated plant in Morocco with 1,500 solar panels to help provide clean energy to the new facility
- Approval of new climate-related investments including an energy upgrade in our Verzuolo mill (€26 million), waste water treatment plant in our Facture mill (€12m) and an anaerobic reactor for our Herzberg mill (€7 million)
- Announced €6 million investment in a solar energy project at our Sangüesa mill in Spain which will reduce CO_2 emissions by over 3,200 tonnes
- Successfully completed the second stage of the HYFLEXPOWER hydrogen project at our Saillat paper mill (France) which is a world first for a paper mill.
- Continued progress in our understanding of the Group's Scope 3 inventory.

Sustainability continued

Our Net Zero Transition Plan

Our long-term ambition, third party validated targets and continued action today have us well positioned to deliver on our commitments.

Our Ambition, Strategy and Accountability

Our Ambition

Our ambition is to have at least net zero emissions by 2050 across all 3 Scopes, with a 55% reduction in fossil fuel emissions intensity for Scope 1 and 2 by 2030.

The strength of our approach is demonstrated through our:

- History of delivery
- Continued delivery today
- SBTi approval for interim targets
- Collaboration across the value chain
- Trialling emerging technology today

Our Strategy Across the Value Chain

Scope 1 and 2 Emissions
Achieving a 55% reduction in fossil fuel emissions intensity.

Investing in Fossil CO_2 Reductions

- Shifting to low or zero carbon fuels including CO_2 neutral energy sources:
  - Use of biofuels; and
  - Electrification.
- Research and development into new and emerging technologies with controlled trials:
  - Green hydrogen, geo-thermal and heat pump technology.

Greening of Electricity Supply

Reducing Energy Use

- Investing in technologies that reduce energy consumption; and
- Re-engineering our processes and implementing smart energy-efficient solutions.

Investing in Efficient Energy-generation

- Investing in highly efficient Combined Heat and Power ('CHP') systems*; and
- Improving the efficiency of our existing boilers.

* Note the hydrogen trials in our Saillat paper mill should facilitate the move from current energy efficiency outcomes to low or no carbon outcomes via the retro-fitting of existing CHP assets.

Our Governance and Accountability

16 years
of public disclosure on sustainability activity, independently assured since 2009.

SBTi validation
of Group targets as being in line with the Paris Agreement.

Management
Management incentives linked to delivery on key sustainability KPIs (including emissions reduction targets).

Scope 3 Emissions

Supplier Engagement

- Requesting SBTi commitment from strategic suppliers:
  - Expand beyond strategic suppliers in time.
- Sustainable and Responsible Sourcing programme.

Customer Engagement

- Better Planet Packaging programme delivering lower CO_2 solutions for customers through:
  - Material design;
  - Packaging design; and
  - Supply chain optimisation.

Transport

- Modal shift: CO_2 reduction by shifting transport from road to lower emission transport models;
- Operational efficiency: CO_2 reduction by optimising transport operations, sources and destinations; and
- Fuel efficiency: CO_2 reduction by leveraging new technology, alternative fuels, engine efficiency.

Supported by our end-to-end approach to circularity

Residual Emissions

While the Group is focused on its direct impact on emissions reductions across its value-chain, with significant scope well into the future, we acknowledge that as we approach 2050 we may have residual emissions which we cannot eliminate. In the event that this occurs, the Group would consider neutralising these emissions through appropriate and credible solutions.

Our Approach – Timelines

Short-term:

Acting now with continued year-on-year reductions using best available technology and continuous improvement.

Medium-term:

Strategic investment projects to replace high emitting assets, continuous improvement, availing of best available technology, collaboration across the value chain, all leading us to achieve our 55% reduction target.

Long-term:

Through collaborative projects, executing controlled trials of new/emerging technology today to understand the feasibility and cost of large-scale implementation beyond 2030.

These plans are expected to be financed by a combination of both operational expenditure and capital expenditure.

Funding

Cost of funding linked to delivery of key sustainability KPIs (including emissions reduction targets).

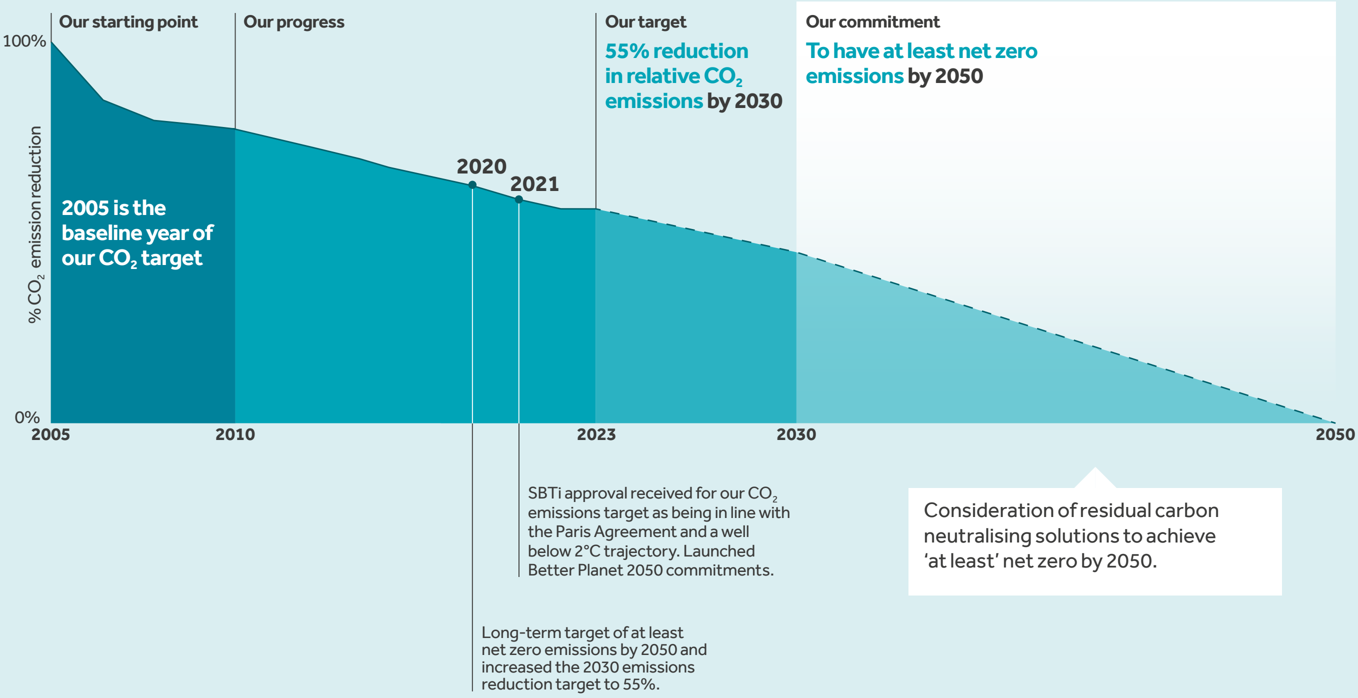
Expertise

Engaged Board with appropriate expertise and experience.

Recognition

Strong external recognition by third parties.

Sustainability continued
Our Net Zero Transition Plan continued



2010
Set target of 20% reduction in relative CO_2 emissions by 2020 (2005 baseline).

2013
2020 target of 20% reduction achieved with a 21% reduction by the end of 2013.

2014
New relative emissions reduction target of 25% reduction set for 2020.

2018
2020 target of 25% reduction achieved and more ambitious relative emissions reduction target of 40% by 2030 set.

2019
Approval of €134 million new recovery boiler in Nettingsdorf (Austria).

2020
Long-term target of at least net zero emissions by 2050 and increased the 2030 emissions reduction target to 55%.

2021
SBTi approval received for our CO_2 emissions target as being in line with the Paris Agreement and a well below 2°C trajectory. Launched Better Planet 2050 commitments.

2022
43.9% reduction in CO_2 emissions. Successfully trialled hydrogen project at our Saillat paper mill (France). Announced a major investment in our Cali paper mill (Colombia) of almost US$100 million in a sustainable biomass boiler.

2023
Significant investment in our Hoya paper mill and board manufacturing plant (Germany). A CO_2 emissions reduction of 5,500 tonnes per annum is expected.

2024
Reviews of our third party validation.

2024-2030
Approximately 60 projects identified to implement until 2030 in order to achieve our 55% CO_2 emissions reduction target.

2025
Contribution from a state-of-the-art sustainable biomass boiler at our paper mill in Cali, Colombia which will reduce our global Scope 1 and Scope 2 CO_2 emissions by approximately 6%.

Beyond 2030
Scaling new and emerging technologies, as they become available.

Acting Today Across our Value-chain

Scope	Time Horizon*	Action today
Scope 1 and 2	Short-term	— In 2023, we achieved a reduction of 43.7% in CO_2 emissions intensity for our paper and board mills. — Continuous improvement of our operations through the implementation of best operational practices, insulation of pipes, LED lights, monitoring and improving processes, using data, reuse of residual steam to reduce the need for fresh steam, using biogas from water treatment plants, efficiency improvement in operations and energy efficiency. — In early 2023, announced installation of 12,000 solar panels adjacent to our Sanguesa Mill in Spain which will reduce CO_2 emissions by over 3,200 tonnes. — In July 2023, inaugurated the Group's first box plant in Africa (Morocco) which included 1,500 solar panels — In 2023, start up of new water treatment plant in our paper mill in Belgrade, Serbia. First of its kind in the country. The €5 million investment in the state-of-the-art plant enables it to purify water to the highest standards before it can be returned to the environment and also reduces electricity usage and CO_2 emissions. — In 2023, start up of €27 million state-of-the-art waste management and recovery facility at our Nervión paper mill in Spain, sees the mill adopt a fully circular production process involving the biggest landfill reduction project Smurfit Kappa has undertaken to date to support the delivery of its 2025 sustainability commitments; in addition eliminating approximately 450,000 km per year in road transport — In 2023, start up of Evaporator project in Cali, Colombia which is an important part of the Group's Biomass boiler project preparation due in 2025. — Using Digital Twin technology in our Townsend Hook mill to reduce steam consumption by approximately 5%. — Nettingsdorf Biomass investment of €134 million completed in 2020 and now achieving its full run-rate of 40,000 tonnes of emissions reduction. — Invested €11.5 million in our Zülpich paper mill. A major redesign of the multi-fuel boiler provides a more sustainable fuel source for generating steam and electricity and reduces CO_2 emissions by 55,000 tonnes. — Optimising starch use in our Hoya mill which requires less steam and energy to dry. — Water treatment plant investments in Colombia and Brazil which will help improve our COD (water) and capitalise on biogas from plants (CO_2). — Greening of energy supply in the Netherlands and UK.
Scope 1 and 2	Medium-term	— Approximately 60 projects identified between now and 2030 to deliver our interim target, reducing our emissions by 55% by 2030, including: — Investing almost US$100 million in a sustainable biomass boiler in our paper mill in Cali, Colombia which will reduce our global Scope 1 and Scope 2 CO_2 emissions by approximately 6%, planned to be operational by the middle of 2025. — Controlled trialling of new/emerging technology and feasibility of large-scale implementation: — Build on learnings from Digital Twin pilot in Townsend Hook Mill (UK); and — Collaborative heat pump project in Morava paper mill (Czech Republic).
Scope 1 and 2	Longer-term	— Controlled trialling of new/emerging technology today for the future: — In 2023 The HYFLEXPOWER consortium and SKG successfully completed the second stage of the HYFLEXPOWER hydrogen project, the first in the world for a paper mill and a truly collaborative project including suppliers, academia and government support; and — Geo-thermal being explored in our paper mills in the Netherlands and Germany.
Scope 3	Short-term	— Customers: We have hundreds of examples where a collaborative approach has delivered a lower carbon, circular solution, an example, by working together with a customer in Switzerland, we reduced the CO_2 emissions in transport by switching from road to rail delivery. This reduced the transport emissions by approximately 600 tonnes of CO_2. — Customers: Developing products such as TopClip and Click-to-Lock which reduces the carbon footprint of our customers' packaging by over 30%. A number of customer examples are outlined in this Annual Report on pages 10 to 15 and in the 2023 SDR. — Continued progress in our understanding of the Group's Scope 3 inventory. — Engagement with suppliers: In our Sustainable and Responsible Sourcing programme, we audit our suppliers on their energy reduction programmes and participation in commonly accepted best practice and certification schemes such as SBTi commitments and validation.
Scope 3	Medium-term	— Reviewing additional SBTi commitments, including Forest Land and Agriculture ('FLAG') targets — Considering Scope 3 targets. — Internal: Trialled electric delivery vehicles in Germany and the Netherlands, biofuel trucks in Ireland and continue to explore opportunities in transport.

* Time-horizons are defined by when we believe they could be scaled, so we are actively exploring and trialling them now but their scalability could be now (short-term), 3-10 years (medium-term) or 10-30 years (long-term).

Sustainability continued
TCFD continued

Understanding Climate Risks and Opportunities for Smurfit Kappa

Climate change is a strategic concern for Smurfit Kappa with an increasing understanding on the direct and indirect impacts climate change has now and could have in the future. According to the IPCC global emissions need to fall by 43% by 2030 in order to limit temperatures rising above 1.5°C. For Smurfit Kappa climate change risk is expected to present itself either through physical risks or transition risks. The Group understands its need to address its impact on climate change and also the impact from climate change on the Group.

Physical risks are those arising from the increasing severity and frequency of climate and weather-related events such as flooding. Transition risks are those which could result from the process of adjustment towards a lower carbon economy such as the development of policy and regulation and shifting societal preferences. Transition and physical risks along with opportunities have been identified and assessed by the Group in conjunction with external advisors and climate scenario modelling partners.

SKG has identified many opportunities arising out of climate change to leverage its full cycle value chain and global operating model.

In line with the identified key risks, the opportunities represent areas of strategic, operational and financial focus for SKG in the medium to long-term.

In several areas, the identification of the opportunity is linked to capital investment programmes and medium to long-term strategic planning. An example of how we consider climate in our financial planning was during our €660 million equity raise in 2020 when we advised the capital markets that the equity raise would be used not just for higher return projects but also for lower (financial) return projects with a significant sustainability impact. Whilst the continued delivery of strong financial returns remains a key focus for senior management, significant consideration for projects with strong sustainability credentials is fundamental to the Group delivering on its public targets. In many instances, the most efficient and effective sustainability projects deliver strong financial returns, enabling continued progress against our interim climate target, to reduce carbon emissions by 55% by 2030 compared to 2005.

In our capital allocation plan, we take into account which investments will be needed to realise our strategic goal to decrease our fossil CO_2 emissions by 55% by 2030 compared to 2005. When we set the target of 55% in 2020, we completed a gap analysis of what was needed to come from a baseline level of emissions (2005) and what was needed to reach the 55% reduction level.

Some of the key climate change risks and opportunities for Smurfit Kappa are outlined on pages 89 to 91; these are expected to evolve over time with the benefit of deeper insights and the ongoing changes and developments in this area.

Disclosure of Impacts on and by the Business

There are certain climate change related risks that could have an impact on our business including:

- Extreme weather patterns may affect our operations and supply chain, potentially impacting forests, water, carbon regulation and taxation, and energy availability and affordability; and
- Drought, flooding and local restrictions on water usage may limit our access to water and therefore water risk assessments are conducted on a periodic basis at our paper mills.

Forests play an important role in environmental resilience. We therefore need to promote healthy forests and manage these resources sustainably. We source virgin fibres from certifiably well-managed forests, or at least of non-controversial origin, or certified recycled fibres. All materials must be delivered through a third party verified Chain of Custody ('CoC') certified supply chain. Our manufacturing sites are CoC certified, and over 99% of our fibres are sourced through CoC certified supply chains. Our commitment is to deliver over 95% of our sold products as CoC certified, a level we exceeded in 2023.

Furthermore, paper manufacturing is energy intensive, with a risk of carbon leakage if emission policies are not consistently applied. We recognise that combatting climate change will only be achieved by a global effort, across societal stakeholders, as we generate 75% of our revenue in Europe, we fully support the EU Green Deal from both a climate and financial perspective. The Forest Fibre Industry 2050 Roadmap to a low-carbon bioeconomy shows a CO_2 reduction of 50%-60% compared with 1990 levels is possible for our sector, based on available and emerging technologies. To reach an industry reduction of 80% or more by 2050, breakthrough technologies must be available by 2030. We play our part as a leader in this area, for example, by testing new technologies, such as our hydrogen project in our Saillat paper mill in France, our geo-thermal project in the Netherlands and Germany; and our heat pump trial in the Czech Republic.

The Group has considered the impact of climate change in the application of its accounting policies, judgements, estimates and assumptions and the assessment concluded that climate change in the medium-term is not expected to have a material impact (for more information please reference Note 2 to the Consolidated Financial Statements).

The Group's risk process is based upon a standardised approach to risk identification, assessment and review with a clear focus on mitigating factors and assignment of responsibility to risk owners. Each individual risk identified is assessed based upon potential impact and likelihood of occurrence criteria. The likelihood of occurrence is based upon the probability of the risk occurring using percentage thresholds from remote up to probable.

The impact of risk on cost is measured based upon applicable percentage thresholds of the Group's pre-exceptional EBITDA which for 2023 was €2,080 million. Reputational impact is also considered.

Smurfit Kappa Group defines substantive impact for this purpose as significant financial, strategic or reputational damage that forces us to change our business strategy significantly either locally or as a Group. An impact is considered substantive if its impact is more than 10% of the Group's pre-exceptional EBITDA (2023: € 2,080 million).

Business Resilience to Climate-related Risks and Opportunities

As a leading paper-based packaging business, the Group understands the need to lead in the area of climate. Smurfit Kappa was the first in the broader paper and packaging sector to announce a target of at least net zero emissions by 2050 and was pleased to see its emissions reduction target approved as Science based and in line with the Paris Agreement by SBTi in 2021. The targets covering greenhouse gas emissions from Smurfit Kappa's operations (Scope 1 and 2) are consistent with reductions required to keep global warming to well below 2°C using the Sectoral Decarbonisation Approach.

In addition to assessing our own emission reduction targets and having them independently approved, we also carried out an extensive climate change risk and opportunity assessment as outlined above during 2021. The project was supported by an expert third party, reviewing climate risk and opportunity for Smurfit Kappa and utilising a climate scenario modelling tool. In 2023, an updated climate scenario analysis was carried out using more up to date scenarios from the Coupled Model Intercomparison Project ('CMIP') 6 as well as CMIP 5. The 2023 analysis is now starting to incorporate parts of the Shared Socioeconomic Pathways ('SSPs') approach which builds on the existing RCP approach and incorporates how global society, demographics and economics might change over the next century in different scenarios.

The 2023 analysis was conducted across the Group's operating assets, with the identification of impacts and high level mitigations also completed, when appropriate. The analysis allowed the Group to assess the impact on its assets due to both physical and transition risks, understand the potential changes over time, and understand the impacts of climate beyond its immediate operating base looking at areas such as access to water, labour, energy and raw materials.

The scenario analysis and modelling was completed under different Representative Concentration Pathways ('RCP') scenarios 2.6 (0.9-2.3°C), 4.5 (1.7-3.2°C), 6.2 (2.0-3.7°C) and 8.5 (3.2-5.4°C). These model the potential impact on assets from physical and transitional risks in 10-year increments through to 2100. The analysis focused on the critical assets impacted across the RCP scenarios within the period 2030-2040 and 2040-2050, which is the period most critical for decision making in the near to medium-term.

The physical perils considered: coastal flooding, drought, fluvial flooding, temperature extremes, water stress, wildfire and tropical cyclone; and the transition risk modelling considered: reputational damage, new technology, markets carbon pricing, and current and emerging regulation.

The output of this assessment was positive, with the results indicating that the proportion of asset value at risk was low. The main physical risks highlighted within the portfolio are temperature extremes and wildfires. This is consistent with the location and type of assets analysed. In addition no assets are anticipated to be significantly or materially affected by changes in physical climate perils by 2050.

A summary of some of the key outputs from this process is included in the climate risk and opportunities table on pages 89 to 91.

Key to Strategic Priorities

Market Position | Partner of Choice | Operational Excellence | Investment in People | Capital Allocation

Physical Risks

Risk Type and Description	Our Response
Chronic Climate-related chronic shortages in availability or supply of key materials for its production process **Link to Strategic Priority:** **Horizon:** Long-term	SKG business operations rely on raw materials that are key for the production of corrugated paper packaging, such as wood and starch. Climate change and abnormal weather patterns may create chronic shortages in availability or supply of such materials that could cause loss of yield, interruptions to business and constraints on the supply of these critical materials. **Mitigation:** — A multi-source strategy is in place that balances the local and global provision of materials to ensure constant availability of raw materials and increases supply resilience. — SKG's integrated model insulates the Company from certain key raw material supply constraints as the raw material supply is under direct control of the Company. — Continuous process optimisation which in turn results in a lower material need. — Continuous research into alternative and/or new materials to use as substitutes for its key materials to ensure resilience of supply chain and business operations. — Investment in research and development to increase drought resistance of the Group's forestry assets.
Chronic Changes in climate reduce the product life cycle and durability of key products **Link to Strategic Priority:** **Horizon:** Long-term	Changing climate patterns such as changes in mean temperature, precipitation, humidity or increased incidence of drought may affect product life cycle and durability of the Company's key products. This could ultimately lead to loss of customer revenue, require changes to production, lead to increased transportation or storage costs, further product development costs and research and development costs. **Mitigation:** — SKG has an active research and development strategy that reviews the performance requirements of its packaging to meet the demands of its customers' supply chains and how different environmental conditions could impact this performance. — Proprietary tools such as SupplySmart are used to ensure SKG's products meet or exceed the supply chain requirements of its customers. — Product characteristics are considered in SKG's design process, matching this to customer requirements and their respective supply chain challenges. — SKG employs a customer-led approach to understand the needs and requirements necessary to provide a sustainable, fit-for-purpose packaging solution. — Through continuous research and development in its products, the Group aims to continuously improve the durability and life cycle of its products with innovation and research programmes.

Sustainability continued
TCFD continued

Key to Strategic Priorities

Market Position | Partner of Choice | Operational Excellence | Investment in People | Capital Allocation

Transition Risks

Risk Type and Description	Our Response
Market Reduced energy grid stability/power outages creating outages impacting product delivery **Link to Strategic Priority:** **Horizon:** Medium to Long-term	Governmental regulatory decisions on alternative energy sources, prioritisation of energy security and/or lack of government investment in critical infrastructure could impact SKG operations. As a result, power outages could cause issues with the effective running of its operations. These events could create business interruption or losses, supply continuity issues, risk of contract breaches, impact on plant maintenance costs and increased manufacturing costs. **Mitigation:** — SKG is focused on investing in new energy sources, energy reduction, and on the efficient generation of energy on site to avoid the potential impact of future interruption of the energy grid and resulting power outages. — SKG has increased its energy independence through on-site generation and a broadening of its green energy sourcing. — Continuous investment in lower emissions technologies. — Review and trial of alternative low carbon energy sources. — Processes in place to evaluate individual plants' grid risks and identify back-up options for locations at higher risks of energy interruptions.
Policy and Legal External infrastructure and energy transition planning resulting in increased costs and requiring strategic capital investment **Link to Strategic Priority:** **Horizon:** Long-term	The availability of low carbon and reliable energy sources for energy intensive assets such as paper mills, along with National Governments' policies and investment in clean energy, or lack thereof, could impact the continuity of production, increase costs of energy sources and require extensive investment to ensure key assets have reliable, clean energy sources. **Mitigation:** — SKG has strategic planning in place to assist the Group in ensuring that its energy needs are met without interruption to its services and at optimal cost. — The SKG operational excellence team focuses on innovations that reduce energy consumption and materials while also seeking solutions such as 'in plant' energy generation. — SKG regularly monitors the regulatory and policy trends in the countries where it operates to identify changes in the regulatory environment that could adversely affect SKG's energy requirements. — The Group applies hedging of energy as appropriate to avoid energy price fluctuations. — SKG continually reviews, investigates and trials alternative, lower carbon energy sources.

Key to Strategic Priorities

Market Position | Partner of Choice | Operational Excellence | Investment in People | Capital Allocation

Opportunities

Opportunity Type and Description	Our Response
Resilience/Resource Efficiency Using the Group's strong sustainability credentials to promote SKG as an innovative, sustainable, future focused organisation to attract new talent and retain existing talent **Link to Strategic Priority:** Investment in People	The role of SKG as a sector leader in the packaging industry and in sustainability practices could be further promoted to attract new and retain existing talent. **Action to Maximise:** — Further promotion of SKG's positive action in moving towards a low carbon, circular economy. — Further development of the communication strategy of the Group's sustainability credentials and story. — Increased collaboration with research institutions such as universities and think tanks can further increase the visibility of SKG as a leader in innovation and high-tech practices and in turn, an attractive place to work to attract the best talent.
Markets Identify and target new global markets based on sustainability focus and scale **Link to Strategic Priority:** Market Position	SKG has the potential to use its position as a global leader in sustainable packaging solutions to identify new markets that are transitioning to more demanding sustainable packaging requirements driven by the consumer and/or regulation. This is grounded in SKG's strategic objective of expanding its market presence in Europe and the Americas through selective and focused growth and could provide both revenue and margin opportunities. **Action to Maximise:** — Continue disciplined approach to consideration of possible acquisitions, investments and other opportunities. — SKG has the potential to use its global scale and ability to leverage best practice across its value chain. — Through its selective and focused growth the Group has the opportunity to develop and enhance its profile in new markets which can further attract new talent to SKG.
Resource Efficiency Use SKG's integrated model to generate further control and efficiencies in the sourcing and consumption of energy, raw materials and operating costs **Link to Strategic Priority:** Operational Excellence	SKG's integrated model could be used to further increase efficiencies in energy consumption, use of raw materials, logistics and overall operating costs. **Action to Maximise:** — Through further integration of existing technologies and SKG intellectual property, the Group could develop new techniques and practices that would further enhance its operational performance. — SKG could further reduce its costs while increasing its position as an industry leader and innovator by increasing resource efficiency throughout its operations. — Maintain investment in research and development, process optimisation and product innovation.
Energy Source Making decisions on future acquisitions or capital investments dependent upon reliable sustainable energy supply **Link to Strategic Priority:** Capital Allocation	Climate change transition towards cleaner and renewable energy presents SKG with the opportunity to focus the development and acquisition of paper mills and other energy intensive assets on the availability of reliable, sustainable energy. By accessing alternative low-cost sources of sustainable energy, SKG could increase its energy and asset resilience while ensuring continuity and reducing costs for its main assets. This would de-risk climate transition risks linked to energy but would also contribute to the Group's sustainability goals. **Action to Maximise:** — Continue to consider local government policy on renewable energy and low carbon technology when considering acquisitions and internal investment. — Explore retro-fitting opportunities on existing assets. — Continued focus on clean and reliable energy supply to support the wider sustainability strategy of SKG.

Sustainability continued
TCFD continued

Risk Management

The Group has a comprehensive climate change risks and opportunities register, which reflects a combination of existing risk controls and approaches and includes the physical and transitional climate risks in addition to the opportunities. The process to develop the register involved input from Smurfit Kappa participants from across the business, with geographic and functional diversity. Interactive risk workshops and interviews were used to facilitate the identification of climate risks and opportunities, producing a climate risk register for the Group. During 2022, we carried out a review of our climate risks and opportunities and TCFD reporting with participants from across the business and the register is reviewed and updated as necessary on an ongoing basis. In 2023 the Climate risk register was reviewed and presented to the Sustainability Board Committee.

The Group has a formal and well established framework to determine the nature and extent of the principal risks it is willing to accept to achieve its strategic objectives with climate-related risk integrated into our overall risk management. The Board carries out a review of the effectiveness of the Group's risk management and internal control systems at least annually. The process involves the consideration of the existing risks to the Group and also emerging risks. Climate change is a principal risk for the Group. Environmental climate change laws and regulations are also a principal risk of the Group for some time.

In addition, the Group has a Sustainable and Responsible Sourcing Audit Programme, which helps us deliver against our three pillars of sustainability: Planet, People and Impactful Business, through which it audits its principal suppliers on a number of sustainability criteria. Climate change criteria are part of the audit programme with an assessment of the climate change risk per supplier. By developing more sustainable supply chains in collaboration with our suppliers, we can manage risks and costs, develop new revenue streams, and deliver on our sustainability goals.

Metrics and Targets

Smurfit Kappa has ambitious sustainability targets which focus on a further reduction of our environmental footprint, increased support for the communities in which we operate and further enhancement to the lives of its employees. These targets, which were announced in February 2021, build upon the Company's well-established sustainability record, on which it has been reporting since 2007, independently assured since 2009, and are contained in the Better Planet 2050 targets.

The Group's Better Planet 2050 targets quantify our commitment to protect what we care about – our planet, our people, our business – through a set of ambitious goals, the sustainability targets will sustain thriving communities, support good business, and create a better planet.

The Group's long-term commitment and action across these targets, climate and sustainability in general, is evidenced on the tables on pages 8, 9 and 94. Further details will be presented in the 2023 SDR.

The progress against our publicly stated targets and other key non-financial targets and metrics of the Group will be disclosed in the SDR, including the standards reference, scope, boundary, and measurement methods applied. Certain key non-financial metrics are disclosed on pages 32 to 33 of this Annual Report.

All our metrics and data are disclosed in our SDR including, Scope 1 and 2 emissions, together with an update on our work on scope 3 emissions, electricity usage, grid supply and cogeneration, fossil fuel and biofuels consumption, water, waste, raw material, and social data. Read more in our 2023 SDR.

To enhance the understanding of sustainability data and the accuracy of its reporting across our operations, we have added new self-assessment requirements and explanations in our annual Internal Control Questionnaire ('ICQ'). The ICQ provides an opportunity to communicate any control issue considered to be of concern, irrespective of materiality and must be completed by all local plant managers. This further increases the importance, level of attention and need for careful review of non-financial data delivery.

In addition, in our 2023 CDP response, within section 'C4. Targets and performance' and section 'C6. Emission data', we have reported our metrics and targets related data, including the consideration and methodology implemented.

The Group published its second Green Bond Allocation and Impact Report in October 2023. The report provides details on the use of the proceeds of its inaugural €1 billion dual-tranche Green Bond issued in September 2021. The 2023 report was independently assured and builds on Smurfit Kappa's Green Finance Framework, which is aligned with the ICMA Green Bond Principles 2021 and the LMA Green Loan Principles 2021 and have been confirmed by ISS ESG in a positive Second Party Opinion. The proceeds of the Group's inaugural Green Bond were allocated to assets associated with the following two categories:

1 Circular economy adapted products, production technologies and processes and/or certified eco-efficient products (96%); and
2 Environmentally sustainable management of living natural resources and land use (4%).

Smurfit Kappa's Green Finance Framework is reflective of the sustainable nature of its business model, with eligibility criteria that span the geographic scope of the Group's operations and take into account its strong circular business practices. This is done by using sustainable raw materials, with post-consumer recovered paper, its main raw material, and implementing circular production processes that are subject to continuous improvement. Accordingly, Smurfit Kappa's approach to sustainable financing mirrors what the Group is: a global business which places sustainability firmly at the centre of its operating model.

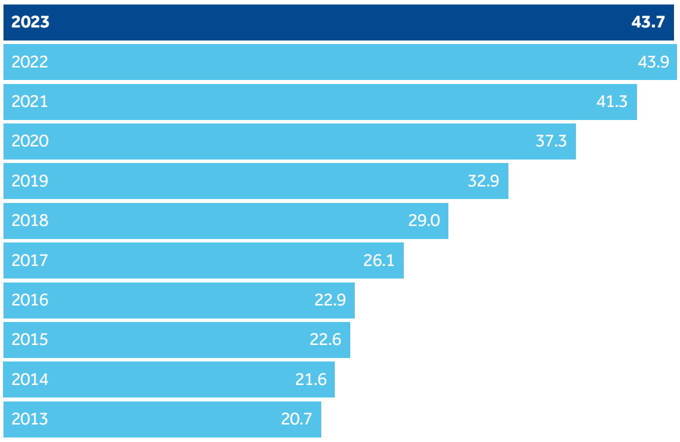
As noted within the governance section, the long-term incentive plan for the Group, the Performance Share Plan, has a number of climate-related performance measures with ESG metrics cumulatively constituting 15% of the targets. As outlined in the Remuneration Report on page 133, these measures include CO_2 reduction, water discharge reduction and waste to landfill reduction targets.

Smurfit Kappa has five key ESG objectives in its sustainability linked Revolving Credit Facility ('RCF'). The margin on our RCF is linked to the achievement of our five key performance indicators on climate change, forest, water, waste and health and safety. All five targets need to be achieved in order to attain maximum margin benefit.

We have included disclosures in the Consolidated Financial Statements prepared under IFRS to indicate where we have considered the financial impacts of climate change.

Our entire SDR has been independently third party assured in accordance with the GRI Standards. This covers all material metrics, data and other reporting. For more information, see our Assurance Report of the Independent Auditor in the 2023 SDR.

CO_2 Emissions Reduction against our 55% reduction target by 2030 (%)



15.7%
reduction in SBTi CO_2 emissions since 2019

Investment

Europe

Embracing green energy in Spain

Smurfit Kappa announced an investment of €6 million at our Sangüesa paper mill in Spain to install up to 12,000 solar panels on land adjacent to the mill. The new solar panels are expected to reduce CO_2 emissions at the mill by over 3,200 tonnes annually and provide significant cost savings.

It is estimated that the panels will generate more than 10 GWh of power annually, achieving a reduction in electricity consumption and dependency of 7%.

The Spanish solar energy project follows similar initiatives launched across the Group in Colombia, Mexico, Morocco and Spain to generate sustainable solar energy.

The mill at Sangüesa produces light MG kraft paper, a packaging solution widely used across industrial and consumer markets in products such as grocery bags and wrapping paper. Its customer base includes some of Europe's largest consumer brands.

Pedro Mendarozketa, General Manager of Smurfit Kappa Sangüesa, said: "The solar panels will enable us to generate sustainable energy, reduce our overall external energy consumption and reduce our CO_2 emissions."

This investment to harness another renewable source of energy is testament to Smurfit Kappa's commitment to sustainability and our desire to make real environmental change at a practical level. Through collaboration and hard work, together we can make every aspect of our operations as sustainable as possible in our journey towards net zero.

CEO of Smurfit Kappa's Virgin Fibre Cluster

Sustainability continued
TCFD continued

Smurfit Kappa's Better Planet 2050 Targets

Key Area	Targets	Status*	Achievement in 2023	2022	2021	2020	2019
Climate Change	A 55% relative reduction in Scope 1 and 2 fossil fuel-based CO_2 emissions in our mill system compared with 2005 levels by 2030. Reach at least net zero by 2050	On track to achieve target	43.7% reduction in fossil fuel emissions intensity since 2005	43.9%	41.3%	37.3%	32.9%
Forest	> 95% of our packaging is certified as CoC certified under FSC, PEFC or SFI	Target achieved	95.5% packaging solutions sold as CoC certified in 2023	94.3%	93.45%	93.8%	92.1%
Water	Reduce the organic content of water returned to the environment from our mill plants ('COD') by 60% compared with 2005 levels by 2025	Improvement needed	35.7% reduction in Chemical Oxygen Demand since 2005	36.9%	38.5%	38.2%	35%
	At least 1% relative reduction annually of water intake by our global paper and board mill system with 2020 as reference year	On track to achieve target	1.8% reduction of our water usage annually	2.1%	6.2%	–	–
Waste	Decrease the waste sent to landfill by 30% per tonne of product produced by our mill system compared with 2013 levels by 2025	Target achieved	35.8% reduction in waste to landfill since 2013	24%	29.2%	23.7%	7.1%
Health and Safety	Reduce Total Recordable Injury Rate by at least 5% annually	48% reduction against 2018 baseline	3.9% increase in Total Recordable Injury Rate in 2023	13.6%	1.7%	29%	17%

* See our 2023 SDR for more details.

TCFD Index

Area	Recommended Disclosures	Source	Page(s)/Section
Governance			
Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	AR 2023 SDR 2023 CDP Climate Change response 2023	AR: 34-35, 78-81 SDR 2023 section: Governance CDP: Section C.1 Governance
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	AR 2023 SDR 2023 CDP Climate Change response 2023	AR: 34-35, 81 SDR 2023 section: Planet and Climate Change CDP: Section C.1 Governance
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.	AR 2023 CDP Climate Change response 2023	AR: 82-91 CDP: Section C.2 Risk and Opportunities
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	AR 2023 SDR 2023 CDP Climate Change response 2023	AR: 82-91 SDR 2023 section: Planet and Climate Change CDP: Section C.2 Risk and Opportunities and C.3 Business Strategy
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	AR 2023 CDP Climate Change response 2023	AR: 82-91 CDP: Section C.3 Business Strategy
Risk Management			
Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	AR 2023 CDP Climate Change response 2023	AR: 34-35, 92 CDP: Section C.2 Risk and Opportunities
	b) Describe the organisation's processes for managing climate-related risks.	AR 2023 SDR 2023 CDP Climate Change response 2023	AR: 34-35, 92 SDR 2023 section: Planet and Climate Change CDP: Section C.2 Risk and Opportunities
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	AR 2023	AR: 92
Metric and Targets			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	AR 2023 SDR 2023 CDP Climate Change response 2023	AR: 33, 92-94 SDR 2023 section: Climate Change and Supporting Data CDP: Section C.4 Targets and Performance and Sections C.6 Emissions Data
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks.	AR 2023 SDR 2023 CDP Climate Change response 2023	AR: 33, 92-94 SDR 2023 section: Climate Change and Supporting Data CDP: Section C.4 Targets and Performance and Section C.6 Emissions Data
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	AR 2023 SDR 2023 CDP Climate Change response 2023	AR: 33, 92-94 SDR 2023 section: Climate Change CDP: Section C.4 Targets and Performance

AR – Annual Report
SDR – Sustainable Development Report
CDP – Carbon Disclosure Project

People

A year of progress and performance

During 2023, we delivered on many of the initiatives we had been planning as part of our evolved HR strategy. This year the Group celebrates its 90th year in business, and we would like to thank all those who have contributed to our success as we look ahead with great excitement to the future.

Our people are the cornerstone of our business, and central to everything we do. It is our responsibility to provide a safe, inclusive workplace where employees are inspired to work to the very best of their ability. In doing this, we enable our people to make this organisation the best it can be, as we strive towards our vision of being a globally admired company and an employer of choice.

The four pillars of our HR strategy outline how we can empower our employees to achieve their potential in a culture of inclusion and belonging, while also serving our wider business goals. These pillars are People Development and Talent Management, Employee Experience and Internal Communications, Inclusion, Diversity and Equality and Rewards and Recognition.

Our HR Foundations provide an anchor for these pillars and enable us in bringing our strategy to life. They include our Health, Safety and Wellbeing commitments, our legal framework, Code of Conduct and Speak Up ethics service, commitments to employee relations, and the evolution of our HR Information System. These Foundations give us the means to fulfil our responsibilities to our employees and embed world-class practices for all our benefit.

Additionally, we continue to evolve our support structures, activities, and events to meet the needs of our people and our business ambitions. I have been delighted to visit several of our sites this year and to meet many of our employees face-to-face and I very much look forward to meeting many more in the weeks, months and years ahead.

I want to thank all my colleagues for their commitment to the organisation over the past year. We look forward to 2024 with optimism and hope for all the possibilities it may bring.

Sharon Whitehead
Group Vice President, Human Resources

Our HR Strategy

Smurfit Kappa

People Development and Talent Management	Employee Experience and Internal Communications	Inclusion, Diversity and Equality	Rewards and Recognition
Health, Safety & Wellbeing	Legal Framework	Employee Relations	HR Information Systems

Our HR Strategy

People Development and Talent Management

Our Ambition:
To help our people grow their careers and deliver on their potential, so we can realise our ambition for them and the organisation, as we move forward.

Our Progress:
Developing our people to support our business goals and to help them achieve their ambitions is a continuing priority. Our hybrid approach to our Global Learning Academy has increased access to development opportunities for many more of our people. In addition to Smurfit Kappa's in-house programmes and our long-term INSEAD partnership, this year we have successfully embedded two new programmes to our suite of SK Academy programmes: SK Rise; and the Harvard Business School's 'Advanced Management Programme'. We have also introduced a new e-learning platform to support Inclusion, Diversity and Equality ('ID&E') education and awareness. Access to this platform is given to anyone who participates in any of our global programmes such as the General Manager Programme ('GMP') or the Advanced Manager Development ('AMD') programme.

Smurfit Kappa's Talent Management cycle took place during the year, and for the first time we leveraged our new Human Resources Information System ('HRIS') MyHub, to capture quality talent data, prepare succession plans and to assist with more effective performance and career conversations.

Employee Experience and Internal Communications

Our Ambition:
To create a continuous two-way dialogue, to ensure our people understand our strategy and the role they play in its delivery and to inspire them to perform at their best every day.

Our Progress:
In 2023, we continued to progress our digital workplace strategy along with our internal communications channels and approach. This has provided greater opportunities for engagement with colleagues across the organisation. The refresh of our Internal Communications channels including the introduction of 'MySK', our new digital employee app in early 2024, has led to more seamless employee communications.

Additionally, the introduction and piloting of three key HR processes in our HRIS MyHub: MyRewards; MyPerformance; and MyTalent, has effectively kick-started our objectives to professionalise, modernise and simplify all our HR systems for a better employee experience.

Inclusion, Diversity and Equality

Our Ambition:
To create an inclusive workplace where everyone has a real sense of belonging and can be their authentic selves at work every day.

Our Progress:
In terms of our commitment to Inclusion, Diversity and Equality we believe that diverse and inclusive teams work and perform better together. They excel at solving complex problems, innovate and make better decisions. We accelerated many initiatives under our global EveryOne programme during 2023.

As part of our commitment to improving Inclusion, Diversity and Equality within Smurfit Kappa, we are striving to create a diverse workplace and ensure that female gender representation across the Group reaches above 30% over time. We successfully met our Better Planet 2050 target of having 25% of our management positions held by women. This was delivered at the end of 2023, with women holding over 25% of these roles.

Rewards and Recognition

Our Ambition:
To attract, retain and recognise our employees, through competitive work practices. Making sure that people are not just appropriately rewarded from a monetary perspective, but also see their achievements recognised and valued in the workplace.

Our Progress:
We have continued to build on our fair and competitive Rewards and Recognition philosophy to attract and retain our key talent, and to motivate employees at every level of the organisation to achieve the Group's strategic objectives. We are resolute in our commitment to gender pay equality. In December 2023, we published our second Gender Pay Gap Report for Ireland. We have also continued to digitalise our Group rewards system which we used to conduct annual pay reviews.

People continued

People development and talent management

Our Ambition: To help our people grow their careers and deliver on their potential, so we can realise our ambition for them and the organisation, as we move forward.

Our talent agenda continues to focus on ensuring we have the right people in the right places and at the right stages of their careers to fill critical positions as they become available. Our talent cycle integrates talent identification, succession planning and talent development to ensure we invest in our people and support them to achieve their ambitions. We are pleased to see several successful moves of internal talent into key vacancies in the last year.

This year, our talent planning cycle took place for the first time using our HRIS, MyHub, which streamlined our process, enabling quality performance and career conversations. It also facilitated the focus on maturing the process of talent identification, assessment and succession planning across all clusters and countries.

Our Smurfit Kappa Academy continues to offer development opportunities to our existing and future leaders, through Talent Acceleration and Leadership Development programmes. This year saw two new Open Leadership programme cohorts of SK leaders start their first programme modules on campus in INSEAD, Fontainebleau, France. These participants will join our alumni of leaders who have already successfully completed the programme. We also ran our SK Rise programme in Spanish during the year, a first for the SK Academy.

This is a snapshot of the work that is done to support the development of our people. Many other training and development programmes take place at regional, country and site level. These programmes delivered an average of 22 hours of career development for each of the permanent members of our workforce.

Case study

Open Leadership @INSEAD

The Smurfit Kappa Open Leadership programme joined the SK Academy portfolio in 2016.

The programme is run in partnership with INSEAD, one of the world's leading business schools, who designed a fully customised programme based on the Smurfit Kappa Open Leadership model.

The programme gives participants an opportunity to develop more breadth and depth in the way that they lead and behave in Smurfit Kappa. Since its launch, over 350 leaders have attended the programme, and the feedback has demonstrated the value of the programme to our people and to the business.

The Smurfit Kappa Open Leadership @ INSEAD programme was an inspirational experience for me. It helped me to develop tremendously as a leader and as a person while at the same time creating friendships with colleagues from all over the globe.

David Upton
VP Technical & Operational Excellence, Smurfit Kappa Europe

With 71 additional leaders starting their Open Leadership programme journey in 2023, our commitment to developing our leaders remains steadfast.

Case study

RISE – Female Development Programme

New to the SK Academy suite of programmes in 2022 was SK Rise. It set out to uniquely support the development of our female employees; to help enhance their belief in their own abilities and give them the skills to manage challenges commonly faced in the workplace.

A unique element of this programme amongst our suite of SK Academy programmes is that access to the programme is by self-nomination and is therefore open to all female employees, regardless of their function, position, or location who want to build and grow their careers in Smurfit Kappa.

In 2023, we were pleased to further increase access to SK Rise by developing and running the programme in Spanish, the very first SK Academy non-English programme, thereby offering increased access to Group programmes for those who speak Spanish.

Since its launch we have had a large number of our female employees putting themselves forward to participate in the programme and have seen exceptional results.

In 2024, we will grow the programme further by increasing the number of attendees at each programme and we plan to add another 100 participants to our alumni this year.

The final word from a RISE participant:

I feel ready to be a support for my teams, ready to be direct and clear in my way of communication, ready to empower myself and those around me. I am actually not much different. I'm just a better version of myself.

Vanessa Flores
Health and Safety Manager, Smurfit Kappa Mexico

Employee experience and internal communications

Our Ambition: To create a continuous two-way dialogue to ensure our people understand our strategy and the role they play in its delivery. To inspire our talent to perform at their best every day.

How an employee feels about their time and experience in Smurfit Kappa is extremely important to our organisation. We believe it affects our success and drives our ability to attract, retain, and motivate our people, while ensuring their career in Smurfit Kappa is both enjoyable and successful.

Working together, we contribute to building a positive work environment and culture, and within the HR section of our business in particular, we put colleagues at the centre of everything we do, because these are the people who are at the very heart of our success.

Employee Engagement and Internal Communications

Over the past year we have focused on improving, extending and digitalising the processes and channels we have in place around our employee communications.

We have transitioned, audited and restructured all key communications channels to make them more effective, multi-lingual and to ensure we are able to communicate directly with both our office and site-based employees.

Our intranet has been re-designed, making it more accessible and user-friendly, while Smurfit Kappa TV now has global, regional and multi-lingual channels available. This has resulted in recent campaigns such as H&S and ID&E cascading seamlessly across the organisation.

As was requested through our last MyVoice survey, we have been working with a global multi-functional team to develop MySK, a communications app which will be available to all employees. Designed 'mobile-first' to appeal to colleagues who do not have access to computers and laptops, the build phase of the project has now been completed and is set to be piloted across 14 sites, with almost 4,000 colleagues in the first quarter of 2024.

The app includes strong governance capability, workflow approval of all content, decentralised as well as centralised content creation and distribution and on demand multi-language translations. It will facilitate information flow at every level of the organisation, at the touch of a button, for our employees to access when and where it suits them. We plan to roll out the app to all sites during 2024.

We have also made significant progress with MyHub, our first company-wide Human Resources Information System. We have completed pilots of three of our key HR processes; MyRewards, MyPerformance and My Talent. This has kick-started our journey to digitalise our key HR processes and provide an improved HR service to all employees. For more information on MyHub, please refer to our case study.

Employee Feedback and Two-Way Dialogue

Providing opportunities for colleagues, to give us direct feedback, remains a priority for the organisation. During the year, two of our key countries in Europe – Italy and the UK, conducted pulse surveys across their entire workforces. The results of these surveys are currently being analysed and will be used to help shape the people programmes in both countries going forward.

In summary, we see employee experience as a vital part of our work, as it directly impacts our ability to achieve our goals and maintain a competitive edge. It affects employee satisfaction, engagement, and wellbeing, and it can have a ripple effect on the overall success and reputation of the organisation.

MySK launched in Q1 2024
Our communications app enabling all of our workforce, whether they are office or site-based, to be equally informed. It is available on both Android and iOS platforms.

Case study

MyHub – Embracing a Digital HR Future

Having started in 2022, our Group-wide Human Resources Information System for Smurfit Kappa, called MyHub, has evolved throughout the course of 2023.

Three modules have been successfully piloted across the countries in which we operate: MyRewards for the online pay planning of our senior managers; MyPerformance for the performance reviews of approximately 2,000 employees; and MyTalent for succession planning for our senior managers.

Our global objective was to enhance our overall employee experience, by empowering our managers to manage and plan for performance, talent, compensation, engagement and learning. Over time our employees will also gain autonomy over their workplace experience, enabling them to grow in their careers no matter where they are in their journey, or career stage.

Thanks to this new platform, we can start to design standardised reports, dashboards and KPIs, enabling us to make data driven decisions in a more efficient way for the benefit of all stakeholders.

Our goal remains to deliver excellent HR services that drive the right behaviours in our business and deliver an excellent employee experience. This new platform enhances the HR team's ability to enable the business to deliver on its people strategy agenda.

People continued

Inclusion, Diversity and Equality

Our Ambition: To create an inclusive workplace where everyone has a real sense of belonging and can be their authentic selves at work every day

We continued to evolve our ID&E work through our EveryOne programme during 2023. Our five communities have continued to work with our people to evolve our understanding and support of diverse communities of people across Smurfit Kappa. These communities are: Disability, Family & Age, Gender, LGBTQ+ & Allies and Origin, Race & Ethnicity.

In 2023 we further evolved our EveryOne council structure to ensure regional and local accountability. This allowed us to embed new ways of working into the organisation where local and regional accountability is increased.

At Group level the focus is now on progressing the ID&E strategic priorities.

These priorities were developed based on feedback received in our EveryOne Discovery survey, a voluntary survey in 2022, which attracted almost 8,000 respondents and delivered over 9,000 employee comments.

In order to advance our ID&E journey, we created a three-year roadmap focused on these priorities as follows:

1. ID&E education and awareness programme of events;
2. Inclusive Infrastructure;
3. Inclusive recruitment; and
4. Smart Working – the future of work.

We continued to work across these priorities in 2023. We made strong progress particularly in ID&E education and awareness, where we partnered with 'Social Talent', an industry-leading ID&E training platform, to help educate our people. ID&E modules have now been built into all our SK Academy Programmes and will be further rolled out across the business.

We are also finalising details of our Inclusive Infrastructure project. This will allow for our businesses to apply for capital expenditure for ID&E projects from a specific budget set aside for this sole purpose.

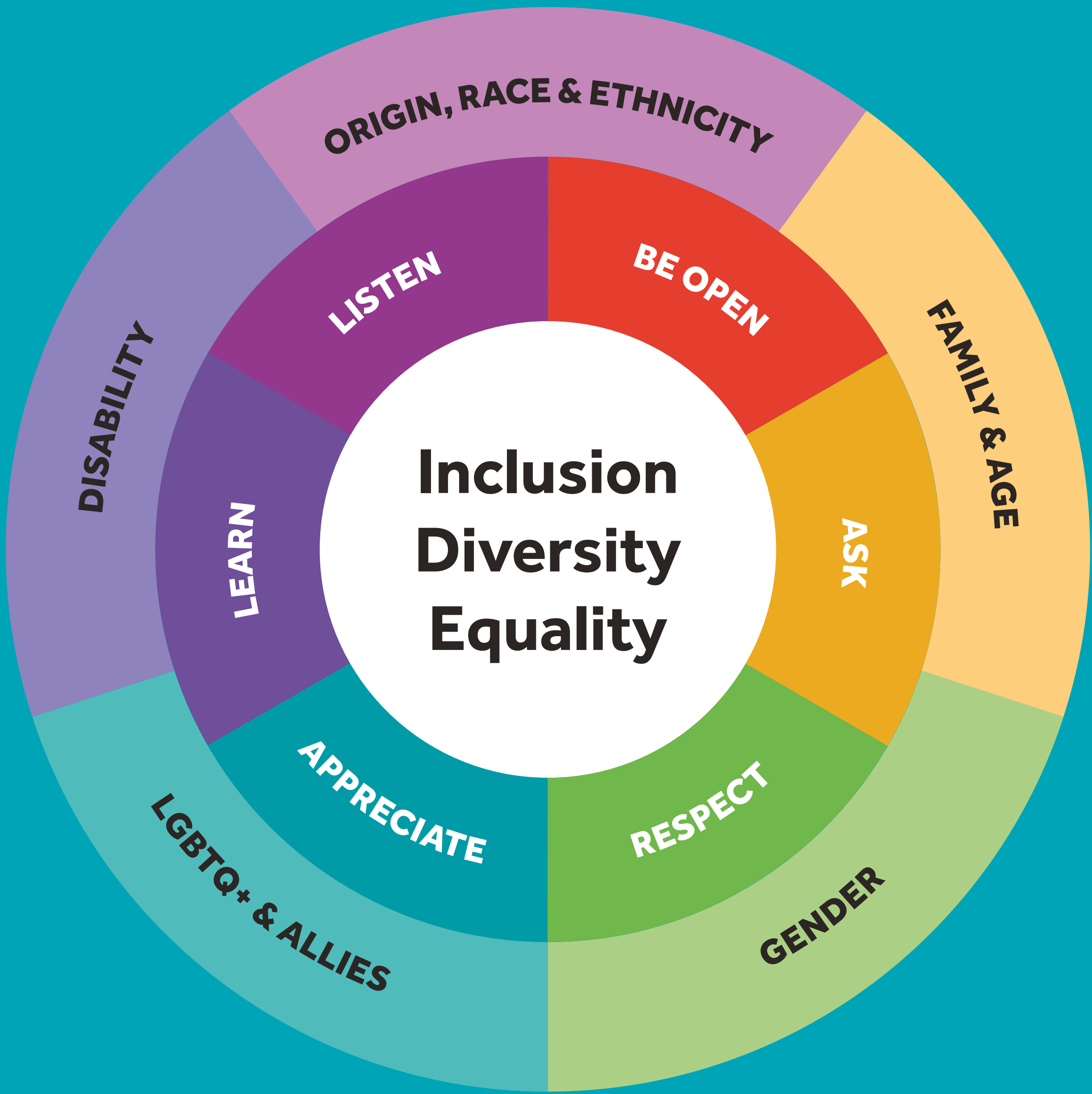
During the year, we also came together to celebrate a series of Inclusion, Diversity and Equality events, including International Women's Day (March), Pride (June), World Mental Health Day (October), International Men's Day (November) and International Day of Persons with Disabilities (December).

Celebrating these events helps us raise awareness of our equality programmes, while educating and inspiring everyone to focus and participate in our wider ID&E agenda. Each of these events were celebrated across the organisation with many local activities.

Update on Gender Balance

In terms of the gender diversity goals we set as part of our Better Planet 2050 commitments, we successfully reached our target of 25% of our management positions being held by women at the end of 2023. The female representation on our Group Executive Committee and our Board was 33.3% and 45% at the end of 2023, respectively. These numbers demonstrate progress on our journey to achieve a better gender balance.

During the year, we also continued our work with our strategic Inclusion, Diversity and Equality partners, including the Trinity Centre for People with Intellectual Disabilities, the 30% Club and Social Talent.



EveryOne

for Inclusion, Diversity and Equality

ID&E Education and Awareness

Our ID&E strategy continues to evolve for our organisation and our people, supporting our strong and ambitious commitment to ID&E.

Aligned to our clear strategy, sponsored by our senior leadership team and endorsed by the voice of our colleagues we have developed plans to advance our ID&E journey in four key areas. The focus for one of these areas is an ID&E Education and Awareness programme of events.

We have partnered with Social Talent, the world's leading ID&E e-learning platform, as they share our visions of enabling people and teams with skills and training to hire, onboard, engage, develop and retain great talent. We are creating customised learning paths for teams who will hear powerful stories from leading industry experts, who will share practical tips, advice and strategies to drive change and shape diversity focused mindsets.

In our pilot phase we have opened the platform to 250 learners, who have taken over 400 courses on topics such as inclusive language, allyship, ID&E 101 and how bias manifests to support their education and awareness. We will also launch specific paths to support building capability for inclusive recruitment, which is another of our strategic priorities.

This partnership allows colleagues to access learning at their own pace, which we follow with facilitated live discussions to embed the learning and grow ID&E awareness with individuals and teams across the organisation. In future phases we will scale the roll out of this learning across the management and supervisory roles in Smurfit Kappa and extend it further where possible.

People continued

Rewards and Recognition

Our Ambition: To attract, retain and recognise our employees, through competitive work practices. Making sure that people are not just appropriately rewarded from a monetary perspective, but also see their achievements recognised and valued in the workplace.

In 2023, we continued to challenge ourselves to ensure the compensation and benefits we offer at every level of our organisation in terms of our Rewards and Recognition packages are fair and compare favourably with the market.

It is also critical that our Rewards and Recognition programmes are aligned to ensure our people can see a clear link between their compensation package and their performance, particularly when they perform above and beyond what is expected. In setting our reward packages, Smurfit Kappa takes into consideration the employee's performance, external benchmark data for their role in companies of similar size and scope, while also ensuring internal equity within the Group.

During 2023, we began digitalising our Rewards and Recognition processes, which will continue in the years to come. Our leaders completed all the necessary details for these processes in the new Human Resources Information System, MyHub. This pilot will provide the organisation with a scalable approach to the process, while maintaining confidentiality and confidence.

As an organisation, we are committed to gender pay equality and we continue to proactively monitor the pay of male and female colleagues in similar roles, to ensure it is comparable. Under UK legislation, employers with more than 250 employees are required to publish key metrics on their gender pay gap. Our business continues to show improvement on this key metric.

The Employment Equality Act 1998 (Section 20A) (Gender Pay Gap) Regulations 2022 (the 'Irish Gender Pay Gap Reporting Guidelines') came into effect from 31 May 2022 and applied to all Irish companies with over 250 employees.

In 2023, we reported a mean Gender Pay Gap of minus 10.6% (in 2022 it was +1.6%) which means that the mean total pay of women is higher than the mean total pay of men by 10.6% in Smurfit Kappa Ireland.

The Group is also very focused on ensuring that positive employee and trade/labour union relations are maintained to the highest of standards, to ensure fair and sustainable Collective Labour Agreements.

Our Rewards Policy

The objectives of our Rewards Policy are to:

1
Create a framework to enable the Group to attract and retain talented employees;

2
Motivate employees at every level of the organisation to achieve the Group's strategic objectives;

3
Provide competitive rewards and benefits that are clearly linked to performance;

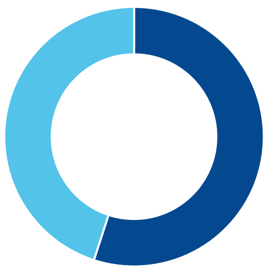
4
Digitalisation of our key processes.

Diversity of the Executive Team

We take part in the FTSE Women Leaders Review which sets out recommendations for FTSE 350 companies to improve the representation of women.

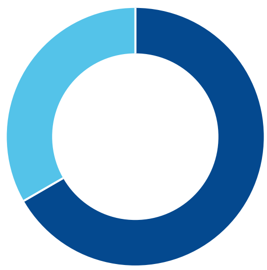
The Board recognises the value of gender diversity to the Group and has 45% female representation which is in excess of the FCA Listing Rules requirements and the FTSE Women's Leaders target of 40% representation in relation to gender diversity.

Board of Directors
(as at 31 December 2023)
(Gender split out of 11)



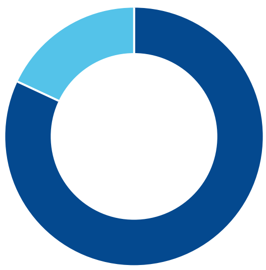
Male	55%
Female	45%

Executive Committee
(as at 31 December 2023)
(Gender split out of 12)



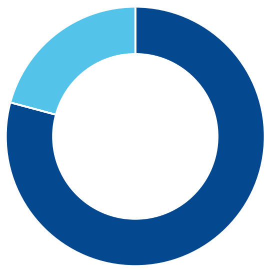
Male	66.7%
Female	33.3%

Regional Executive Committees
(Gender split)



Male	82%
Female	18%

Total Permanent Employees
(Gender split)



Male	79.4%
Female	20.6%

People continued

Health, safety and wellbeing

Safety remains at the centre of our organisation and is one of our core values. Our approach to safety is focused on self-empowerment and accountability, while our health and wellbeing strategy is to support and assist.

In Smurfit Kappa our ethos is that nothing is so important that it cannot be done safely. That is why, no matter where we work, we are expected to be self-aware and show concern for ourselves and others. This drives our most important goal, which is to ensure that everyone gets home safely every day.

This ethos has served us well and one of the most important achievements of our Health, Safety and Wellbeing programme is the continued overall performance of our TRIR since it was introduced as the key performance metric in 2018. Our TRIR increased by 3.9% in 2023 bringing the TRIR to 0.53 (2022: 0.51) but remaining below 0.55. The TRIR reduction to the end of 2023 compared to the 2018 baseline was a 48% total reduction, demonstrating the achievements in safety over that period. There were no fatalities in 2023. We continue to strive for improvements in safety and will not rest until we deliver zero incidents on an ongoing basis.

Additionally, we have 144 sites at zero TRIR for the year and a further five sites have achieved 750,000 hours with zero TRIR. Nettingsdorf was also awarded the Austrian Association of Pulp & Paper ('OZEPA') Occupational Safety Award for 425 injury free days.

Our strategy is aimed at improving our health and safety outcomes and ensuring we make every effort to make our workplace safe for all. This strategy is supported by a strong governance model and an extensive audit programme.

Our Health and Safety Policies continue to support everything we do. They are widely implemented across the organisation, with all new starters fully briefed to ensure they are onboarded correctly, promoting strong and consistent risk management across the business. During 2023, we have added additional health and safety resources in our paper and corrugated divisions in Europe, whose focus is on implementation and governance.

Our health and safety management system which was implemented in our plants across the world has now been in operation for a full year. The tool was designed to support supervisors, managers and our health and safety teams with their reporting responsibilities. In 2023, it was used to track and report safety data, an auditing module was rolled out to further enhance accountability and action management and ensure that we do what we say we do.

The health and safety management system allows us to track and report safety data, analyse trends, and draw insights, meet compliance requirements, and reduce administrative work, more efficiently. It has also helped to increase visibility and continues to promote a safety culture across our organisation.

Health & Safety strategy

During 2023 we progressed our five year Health & Safety strategy developed in 2022 that focused on four pillars:

High Risk & Process Safety Management;

Behavioural Based Safety;

Implementation of a Global Safety Management System;

Health & Wellbeing.

Safety for life.

Safety Improvement Planning

Consistency and progressive improvement

Smurfit Kappa

Behavioural Safety

- Safety for Leaders.
- Safety for Colleagues.
- Safety Leadership Programme.
- Task-based observations.
- Safety conversations (quality).

Safety Day

- Group wide tailored programme.
- Build on the "Safe Decisions" theme.
- Safe Decisions: *If Only...*

H&S Framework

- New Divisional H&S Implementation Managers in Q4, 2023.
- Policy implementation.
- Risk-based approach to operational stops (e-Safe).
- H&S audit quality, planning and response.

Health & Wellbeing

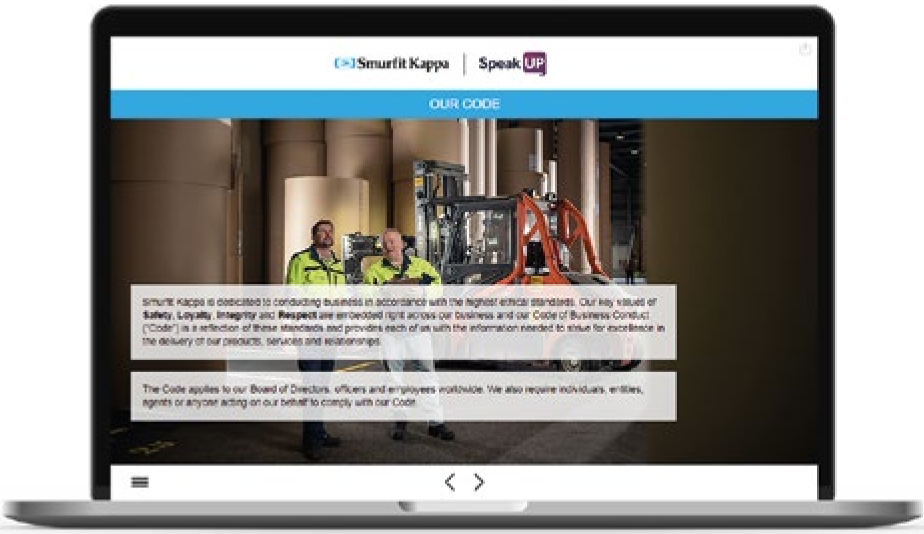
- Employee Assistance Programme service available across Europe and The Americas.
- Formation of an SKG Health and Wellbeing Committee.
- Inclusion within audit protocol.

Code of Conduct and Speak Up E-Learning Programme

Our Code of Conduct reflects Smurfit Kappa's values and standards, providing a guide to the legal and ethical responsibilities we share as members of the Smurfit Kappa family. It is the responsibility of our local Management and HR teams in our sites to build awareness of Smurfit Kappa's Code of Conduct and Speak Up service for their current staff and any new joiners.

Our Speak Up ethics reporting system encourages transparency and drives accountability and governance at every level of the organisation. The fact that the use of the system increases every year, demonstrates that our people have trust in it.

We also have an online e-learning programme to support the Code of Conduct and Speak Up service. The programme remains available for everyone within Smurfit Kappa to ensure that every employee fully understands their responsibilities and expected conduct as responsible corporate citizens, how they can report a suspected case of wrongdoing and to learn about the various elements of the Code.



Case Study

Amsterdam

Health & Wellbeing Workshop 2023

To provide the essential skills and knowledge to ensure we have a workplace culture that prioritises mental health and wellbeing, we held a two-day Health & Wellbeing workshop for our European HR Directors and Health & Safety Cluster Managers.

The first day of the workshop centred on establishing a solid foundation in mental health awareness. Participants delved into the introductory aspects of mental health and engaged in reflective exercises and discussions. These sessions were aimed at enabling leaders to apply Mental Health First Aid skills in realistic settings. The critical aspects of suicide awareness were also addressed.

On day two, the workshop was aimed at helping participants leverage their newly acquired knowledge to help enhance overall wellbeing within the organisation. Participants focused on Smurfit Kappa's wellbeing strategy and the synergies between well-looked after employees and organisational success. Discussions encouraged them to tailor their approach to the unique workplace environments in which each of them operate.

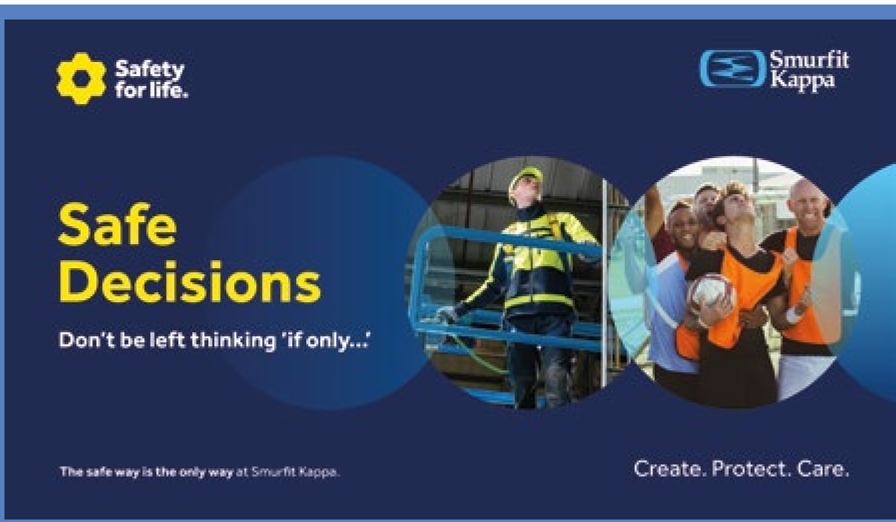
Overall, the workshop equipped HR Directors and H&S Cluster Managers with a holistic understanding of mental health and wellbeing. By combining foundational awareness with practical skills and strategies, these leaders will be able to drive this agenda within their areas of responsibility, creating healthier, more resilient workplaces that prioritise the wellbeing of colleagues.

People continued

Annual Safety Improvement Plan

We also implemented the following activities as part of our Annual Safety Improvement Plans to continue to drive awareness and retain attention on this key topic:

- On World Safety Day (28 April 2023), we continued with our 'Safety for Life' campaigns and this year we led with our 'Safe Decisions – if only…' initiative.
- We also developed this Safety Day topic further across the year, when we undertook a 'Safe Decisions' summer campaign to reinforce that two thirds of all non-reversible injuries in 2022 were associated with a 'lapse in concentration or a moment of complacency', occurring mostly in the summer months.
- We continued with our Safety for Leaders programme, in Europe. This programme is aimed at ensuring our managers further develop their impact and influence over their teams. Here we focus on why safety is important, to ensure our employees 'see safety' as part of their daily role to ensure they and those around them go home safely every day.
- Across Europe we undertook detailed reviews of Operating Standards and machine specification.
- Our case management process, which supports colleagues when a serious injury occurs was in place for the first time across a full year and helped support people involved in safety incidents during 2023.
- We continue focusing on our Behavioural Based Safety initiative with our Safety Leadership Programme for Senior Management and front-line leaders across the Americas that will continue into 2024.



- To ensure we embed our wellbeing strategy, we conducted seminars for each European Divisional management team focusing on mental health awareness and implementation of our Wellbeing Framework. This was further supported by one and a half day workshops for all European HR Directors and all health and safety cluster managers.
- We continued to provide support to our employees and their family members to cope with any work, life, or health concerns, through our free and confidential Global Employee Assistance Programme. We have also invested significant resources to make improvements to this programme.

Case study

Wellbeing for life

Preventative Health programme in DACH

Smurfit Kappa in DACH (Germany, Austria and Switzerland) offers various health and wellbeing programmes for its employees and their families to support their workforce needs under the five headings: Be Active, Be Connected, Be Supported, Be Fulfilled and Be Together. Courses offered include online yoga and cooking courses in addition to setting up third party partnerships with local bicycle stores and health service providers.

In addition, with our keen focus on mental health first aid and prevention, we have arranged for approximately 90 Mental Health First Aiders ('MHFAs') to be trained. Our goal is to have at least five MHFAs at each of our sites.

We also offer free services in relation to preventive measures for serious diseases including colon cancer and diabetes. Employees can access these services anonymously and conveniently through online platforms or home tests. The feedback from the participants has been positive and grateful for the programme and opportunity for testing.

Be active
Be connected
Be supported
Be fulfilled
Be together


SmurfitKappa

Governance

Pages 112 – 124

Board of Directors

Irial Finan
Chair

Committee Membership:

Nationality: Irish

Term of Office
Irial Finan joined the Board in February 2012. He was appointed Chair in May 2019.

Independent
Yes.*

Key External Appointments
Listed: Board member of Fortune Brands Innovations, Inc.
Non-Listed: NeoArc Inc.

Experience
Irial Finan was Executive Vice President of The Coca-Cola Company and President of the Bottling Investments Group from 2004 until he stepped down from the role in December 2017 and retired in March 2018. Prior to this, Irial served as Chief Executive Officer of Coca-Cola Hellenic Bottling Company SA. He joined the Coca-Cola System in 1981.

Anthony Smurfit
Group Chief Executive Officer

Nationality: Irish

Term of Office
Anthony Smurfit has served as a Director of the Group since 1989** and was appointed Group Chief Executive Officer in September 2015.

Independent
No.

Key External Appointments
Non-Listed: Member of the European Round Table of Industrialists.

Experience
Anthony Smurfit has worked in various parts of the Smurfit Kappa Group both in Europe and the United States since he joined the Group. He was appointed Group Chief Executive Officer in September 2015, prior to which he was the Group Chief Operations Officer from November 2002. He was also Chief Executive of Smurfit Europe from October 1999 to 2002, prior to which he was Deputy Chief Executive of Smurfit Europe and previously Chief Executive Officer of Smurfit France.

Ken Bowles
Group Chief Financial Officer

Nationality: Irish

Term of Office
Ken Bowles was appointed Group Chief Financial Officer in April 2016 and was appointed a Director in December 2016.

Independent
No.

Experience
Ken Bowles joined the Group in 1994 and has occupied a number of finance roles in various parts of the Group. He was appointed Group Chief Financial Officer in April 2016, prior to which he was the Group Financial Controller from 2010. He was the Group's Head of Tax from 2007 to 2010 prior to which he was appointed as the Group's first Head of Compliance in 2004. He is an associate member of the Institute of Chartered Management Accountants and holds a first class MBA from the UCD Graduate School of Business.

* On his appointment as Chair in May 2019 Irial Finan was independent.
** For Smurfit Kappa Group plc or its predecessor companies, SKG returned to Euronext Dublin and the LSE on its IPO in March 2007.

Anne Anderson
Non-executive Director

Committee Membership:
C

Nationality: Irish

Term of Office
Anne Anderson joined the Board in January 2019.

Independent
Yes.

Key External Appointments
Non-listed: Chair of the Board of Advisers at the Institute for the Study of Diplomacy at Georgetown University, Washington DC. Board member of the Druid Theatre Galway.

Experience
Anne Anderson is an experienced international diplomat who most recently served as the Ambassador of Ireland to the United States from 2013 to 2017. She joined the Department of Foreign Affairs in 1972 and was appointed Assistant Secretary General in 1991 serving in this post until 1995. She was then appointed Ireland's Permanent Representative to the United Nations in Geneva after which she became Permanent Representative of Ireland to the European Union in 2001. Following this she was appointed Ambassador of Ireland to France in 2005, where she served until 2009. In 2009, she became Permanent Representative of Ireland to the United Nations in New York.

Frits Beurskens
Non-executive Director

Committee Membership:

Nationality: Dutch

Term of Office
Frits Beurskens has served as a Director of the Group since December 2005.**

Independent
No.

Experience
Frits Beurskens joined the Kappa Group in 1990 and held various Managing Director positions until his appointment as its President and CEO in 1996 which he held until the merger with Smurfit. He is a former Chair of both the Confederation of European Paper Industries and the International Corrugated Cases Association and a former member of the Board of Sappi Limited. In December 2007, he was knighted and appointed by the Dutch Queen as Officer in the Order of Oranje Nassau.

Carol Fairweather
Non-executive Director

Committee Membership:
C

Nationality: British

Term of Office
Carol Fairweather joined the Board in January 2018.

Independent
Yes.

Key External Appointments
Listed: Non-executive Director of Segro plc.

Experience
Carol Fairweather was Chief Financial Officer and an executive Director of Burberry Group plc from July 2013 to January 2017. She joined Burberry in June 2006 and prior to her appointment as CFO, she held the position of Senior Vice President, Group Finance. Prior to joining Burberry, she was Director of Finance at News International Limited from 1997 to 2005 and UK Regional Controller at Shandwick plc from 1991 to 1997. Carol is a Fellow of the Institute of Chartered Accountants.

** For Smurfit Kappa Group plc or its predecessor companies, SKG returned to Euronext Dublin and the LSE on its IPO in March 2007.

Board Committees

- Audit
- Remuneration
- Nomination
- Sustainability
- (C) Chair

Board of Directors continued

Mary Lynn Ferguson-McHugh
Non-executive Director

Committee Membership:

Nationality: American

Term of Office
Mary Lynn Ferguson-McHugh joined the Board in January 2023.

Independent
Yes.

Key External Appointments
Listed: Non-executive Director of Molson Coors Beverage Company.

Non-listed: Board member of FJ Management Inc.

Experience
Mary Lynn spent over 35 years at Procter & Gamble, where she held a number of senior leadership positions, including her roles as Chief Executive Officer of Family Care (Paper Products) and P&G Ventures, positions she held since 2019 having served as Group President of Family Care (Paper Products) since 2014 and P&G Ventures since 2015. Prior to that, from 2011, she was based in Switzerland where she held the position of Group President Western Europe and then Group President Europe.

Kaisa Hietala
Senior Independent Non-executive Director

Committee Membership:
C

Nationality: Finnish

Term of Office
Kaisa Hietala joined the Board in October 2020.

Independent
Yes.

Key External Appointments
Listed: Non-employee Director at Exxon Mobil Corporation and Non-executive Director of Rio Tinto Group.

Experience
Kaisa Hietala spent over 20 years at Neste Corporation, where she was a key architect in the strategic transformation of the company to become the world's largest producer of renewable diesel and renewable jet fuel. She served as Executive Vice President, Renewable Products at Neste Corporation and was a member of the Neste Executive Board from 2014 to 2019. Prior to this she held a number of senior positions including VP, Renewable Fuels, Neste Oil Corporation. Kaisa was previously a Non-executive Director of Kemira Oyj from 2016 to 2021.

James Lawrence
Non-executive Director

Committee Membership:

Nationality: American

Term of Office
James Lawrence joined the Board in October 2015.

Independent
Yes.

Key External Appointments
Listed: Non-executive Director of Avnet, Inc. and Aercap Holdings N.V.

Non-listed: Chair of Lake Harriet Capital, LLC, an investment and advisory firm.

Experience
James Lawrence served as Chair of Rothschild North America from 2012 to 2015 and previously served as Chief Executive Officer of Rothschild North America from 2010 to 2012. Prior to this, he served as Chief Financial Officer and an executive Director of Unilever plc. He joined Unilever from General Mills where he was Vice-Chair and Chief Financial Officer. He previously also held senior positions with Northwest Airlines and PepsiCo Inc.

Lourdes Melgar
Non-executive Director

Committee Membership:

Nationality: Mexican

Term of Office
Lourdes Melgar joined the Board in January 2020.

Independent
Yes.

Key External Appointments
Listed: Board member of Banco Santander Mexico S.A. and an Independent Director of CEMEX, S.A.B. de C.V.

Non-listed: Research Affiliate at the Center for Collective Intelligence of MIT's Sloan School of Management and an Independent Board member, Global Energy Alliance for People and Planet.

Experience
Lourdes Melgar is an academic and strategic advisor recognised for her expertise in energy, sustainability and governance. As former Vice Minister for Electricity from 2012 to 2014 and Vice Minister for Hydrocarbons from 2014 to 2016, she played a key role in the design, negotiation and implementation of Mexico's 2013 Energy Reform. Previously, as a career diplomat, she held various positions in Mexico's Foreign Service and at the Ministry of Energy.

Jørgen Buhl Rasmussen
Non-executive Director

Committee Membership:
C

Nationality: Danish

Term of Office
Jørgen Buhl Rasmussen joined the Board in March 2017.

Independent
Yes.

Key External Appointments
Non-listed: Chair of Uhrenholt A/S. Chair of the Executive Advisory Board in Blazar Capital.

Experience
Jørgen Buhl Rasmussen is the former Chief Executive Officer of Carlsberg A/S. He served as the Chief Executive Officer of Carlsberg A/S from 2007 until he retired from this position in 2015 having joined the company in 2006. He previously held senior positions in several global FMCG companies, including Gillette Group, Duracell, Mars and Unilever over the previous 28 years. He was a Board member of Novozymes A/S from 2011 and Chair from 2017 until March 2023.

Gillian Carson-Callan
Group Secretary

Nationality: Irish

Term of Office
Gillian Carson-Callan was appointed Group Secretary in June 2020.

Key External Appointments
Non-listed: Board member of Smurfit Kappa Foundation.

Experience
Gillian joined the Group in 2009. She held roles within the Group Finance function before her appointment as Assistant Group Secretary in 2016. Gillian is a Fellow of the Institute of Chartered Accountants of Ireland and holds a Certificate in Company Secretarial Law and Practice.

Board Committees

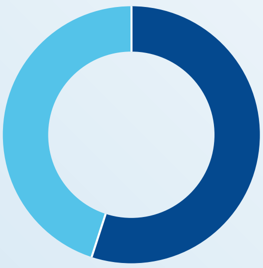
- Audit
- Remuneration
- Nomination
- Sustainability
- C Chair

Corporate Governance Statement

Governance at a glance

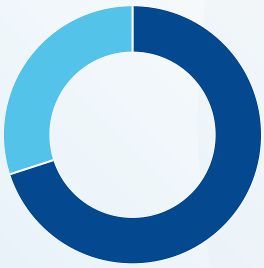
The Directors continue to be committed to maintaining the highest standards of corporate governance. This Corporate Governance Statement describes how throughout the financial year ended 31 December 2023, Smurfit Kappa Group plc applied the principles of the UK Corporate Governance Code ('the Code') published by the Financial Reporting Council ('FRC').

Gender diversity
As at 31 December 2023



Male	55%
Female	45%

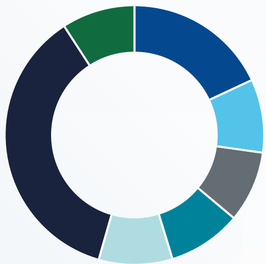
Director independence*
As at 31 December 2023



Independent	70%
Non-independent	30%

* Excludes the Chair who was independent on appointment as Chair in May 2019.

Nationalities



American	2
British	1
Danish	1
Dutch	1
Finnish	1
Irish	4
Mexican	1

Experience and Skills of the Non-executive Directors
The range of key skills and experience includes the following:

Paper/Packaging	Operations
FMCG	International
Finance	Sustainability
Executive Experience	Academic/Diplomacy

Compliance with the Code

The Directors believe that the Group complies with the provisions of the Code, apart from Provision 19 for which an explanation has been provided in line with the Code. Please see Chair Succession on page 123.

Stock Exchange Listings

Smurfit Kappa Group plc, which is incorporated in Ireland and subject to Irish company law, has a premium listing on the London Stock Exchange and a secondary listing on Euronext Dublin. For this reason, Smurfit Kappa Group plc is not subject to the same ongoing listing requirements as those which would apply to an Irish company with a primary listing on Euronext Dublin.

Board Leadership and Company Purpose

Ensuring Long-term Success

The Board is primarily responsible for the long-term success of the Group, for setting the Group's strategic aims, for the leadership and control of the Group and for reviewing the Group's system of internal control and risk management. There is a clear division of responsibilities within the Group between the Board and executive management. The Board retains control of strategic and other major decisions under a formal schedule of matters reserved to it which includes:

— Approval of the Group's strategy which is set out on pages 28 to 29;
— Board appointments including those of the Chair, Group Chief Executive Officer and other Executive Directors;
— Appointment and removal of the Group Secretary;
— Agreement of terms of appointment of the Chair, Group Chief Executive Officer and other Executive Directors;
— Agreement of any fundamental changes to the Group's management and control structure;
— Approval of the annual financial budgets;
— Approval of capital expenditure above fixed limits;
— Approval of material acquisitions and disposals of businesses;
— Approval of the Trading Statements, the Interim Report, the Preliminary Results Release and the Annual Report;
— Establishment and review of corporate governance policy and practices;
— Monitoring of the Group's risk management and internal control systems; and
— Confirming that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position and performance of the Group, its business model and strategy.

Board Meetings

The Board meets at least five times each year with additional meetings as required. The Board met 16 times in 2023, six of these meetings were scheduled meetings, and ten additional ad hoc meetings primarily related to the proposed Combination. Details of the meetings held during the period are contained in the adjacent table, which also includes information on individual attendance. The Board usually holds at least one of its meetings each year at a Group operation site to give the Directors an opportunity to meet with a wider range of management and to see and remain familiar with the Group's operating activities. During 2023, the July Board meeting was held in France which included a visit to our Facture mill, and the October Board meeting was held in the Dominican Republic including a visit to our plant in Santo Domingo.

The Board is supplied, on a timely basis in advance of Board meetings, with a Board report comprising strategic updates, operational, financial, health and safety, and investor relations information together with Board papers on key issues, in a form and of a quality to enable it to discharge its duties effectively. At each Board meeting, the Chair of each Committee gives a report on major agenda items discussed at Committee meetings held since the last Board meeting. In addition, all Board members have access to all Board Committee papers and minutes.

All Directors attended all scheduled meetings of the Board that they were eligible to attend during 2023.

When Directors are unable to attend a meeting, having been advised by the Board papers circulated prior to the meeting of the matters to be discussed, they are given an opportunity to make their views known to the Chair or the Group Chief Executive Officer prior to the meeting.

Attendance at Board Meetings During the Year to 31 December 2023

	Scheduled		Ad hoc	
Attendance Record	A*	B*	C**	D**
I. Finan	6	6	10	10
A. Smurfit	6	6	10	10
K. Bowles	6	6	10	10
A. Anderson	6	6	10	10
F. Beurskens	6	6	10	9
C. Fairweather	6	6	10	9
ML. Ferguson-McHugh	6	6	10	7
K. Hietala	6	6	10	9
J. Lawrence	6	6	10	9
L. Melgar	6	6	10	8
J. Moloney***	2	2	4	3
J. Buhl Rasmussen	6	6	10	8
G. Restrepo***	2	2	4	4

* Column A indicates the number of meetings held during the period the Director was a member of the Board and was eligible to attend and Column B indicates the number of meetings attended.

** Column C indicates the number of ad hoc meetings held during the period the Director was a member of the Board and was eligible to attend and Column D indicates the number of ad hoc meetings attended.

*** John Moloney and Gonzalo Restrepo retired from the Board following the AGM held in April 2023.

Corporate Governance Statement continued

Our Governance framework

The Directors have continued to evolve the Group's governance framework. The value in developing corporate and Board culture is fully recognised in the knowledge that culture plays a fundamental role in the delivery of our strategy, stakeholder engagement and sustainability, which, as this report highlights, are critical for SKG as we continue to build a sustainable business, ensure compliance with the Code and meet best practice requirements. A copy of the Code can be obtained from the FRC's website: www.frc.org.uk.

Division of Responsibilities

Board Committees

As recommended by the Code, the Board has established three Committees to assist in the execution of specific matters within its responsibility. These are the Audit Committee, the Remuneration Committee and the Nomination Committee. In addition, there is a Sustainability Committee with responsibility to provide strategic guidance and support to management in the implementation of the Smurfit Kappa Sustainability Strategy.

The Sustainability Committee is also responsible for engagement with the workforce on behalf of the Board as required by the Code. The responsibilities of each of these Committees are set out clearly in written terms of reference, which are reviewed annually and are available on the Group's website. The Chair of each Committee reports to the Board on the major agenda items discussed since the last Board meeting and the minutes of all Committee meetings are available to all of the Directors.

The current membership of each Committee, details of attendance and each member's tenure are set out in the individual Committee reports on pages 125 to 155.

Roles and Responsibilities

As recommended by the Code, the roles of Chair and Group Chief Executive Officer are held by separate individuals and the division of responsibilities between them is clearly established and has been set out in writing and approved by the Board. The Board has delegated responsibility for the day-to-day management of the Group through the Group Chief Executive Officer to executive management. The Board has also delegated some of its responsibilities to Committees of the Board. The powers of Directors are determined by Irish legislation and the Articles of Association. The Directors have access to independent professional advice at the Group's expense, if and when required. No such advice was sought by any Director during the year. The Board Committees are provided with sufficient resources to undertake their duties.

The Board with the support of the Group Secretary is satisfied that it has the policies, processes, time and information to function effectively.

Group Secretary

The Directors have access to the advice and services of the Group Secretary who is responsible to the Board for ensuring that Board procedures are followed, applicable rules and regulations are complied with and that the Board is advised on its corporate governance obligations and developments in best practice. The Group Secretary is responsible for formal minuting of any unresolved concerns that any Director may have with the operation of the Company. During the year, there were no such unresolved issues. The Group Secretary also acts as secretary to all of the Board Committees.

Board of Directors

The Board is primarily responsible for the long-term success of the Group, for setting the Group's strategic aims, for the leadership and control of the Group and for reviewing the Group's system of internal control and risk management. There is a clear division of responsibilities within the Group between the Board and executive management.

Chair

Irial Finan, as the Chair, is responsible for the leadership of the Board and the efficient and effective working of the Board. He sets and manages the Board agenda so that it (at appropriate times) addresses all matters reserved to the Board and ensures that adequate time is available for discussion on strategy and the strategic issues facing the Group. He ensures that the Directors receive accurate, timely and clear information, and that the Directors are updated periodically on the views or concerns of major investors. He also ensures that a culture of openness and debate is fostered to facilitate constructive Board relations and the effective contribution of the Non-executive Directors to the Board. Please see update on the Chair Succession on page 123 and on page 152 of the Nomination Committee Report.

Senior Independent Director

Kaisa Hietala's duties as the Group's Senior Independent Director include being available to shareholders if they have concerns which cannot be resolved through the Chair or Group Chief Executive Officer or where contact with either of them is inappropriate. She is available to serve as an intermediary for other Directors where necessary. The Senior Independent Director also conducts an evaluation of corporate governance compliance, the operation and performance of the Board, the Directors, its Committees and the Chair's performance in conjunction with the other Non-executive Directors on an annual basis except in the year when an externally facilitated evaluation takes place.

Audit Committee

The Committee is responsible for:
- Providing oversight and assurance to the Board regarding:
  - The integrity of the published financial statements and the significant financial reporting judgements;
  - Internal financial controls and risk management and internal control systems;
  - The Internal Audit function;
  - The External Audit arrangements; and
  - Whether the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Remuneration Committee

The Committee is responsible for:
- Determining the remuneration framework or broad policy for the Company's Chair, Chief Executive Officer, Executive Directors and Group Secretary and other senior executives;
- Continually reviewing the ongoing appropriateness, competitiveness and relevance of the Remuneration Policy;
- Approving the design and determining targets for any performance related pay schemes;
- Determining the policy for and scope of pension arrangements for Executive Directors and other senior executives;
- Reviewing the workforce remuneration trends and related policies across the Group and the alignment of incentives and reward with the Company's culture;
- Overseeing any major changes in employee benefits throughout the Group; and
- Ensuring effective engagement with relevant stakeholders in relation to remuneration and related policies and practices.

Nomination Committee

The Committee is responsible for:
- Leading the process for appointments to the Board and making recommendations to the Board;
- Evaluating the balance of skills, knowledge, experience and diversity, including geographical, gender, age and ethnic diversity, on the Board and its Committees to ensure they operate effectively;
- Setting measurable objectives and targets for diversity and inclusion for the Board and senior Board positions (having consideration of the requirements under the UK Listing Rules);
- Preparing descriptions of the role and requirements for new appointees; and
- Give full consideration to succession planning for Directors and senior managers.

Sustainability Committee

The Committee is responsible for:
- Providing strategic guidance and support to management in the implementation of the Smurfit Kappa Sustainability Strategy;
- Reviewing and approving the annual Sustainable Development Report and the Sustainability section of the Annual Report;
- Reviewing the Task Force on Climate-related Financial Disclosures compliance and reporting of climate related financial information;
- Reviewing the climate risks and opportunities of the Group including consideration of emerging trends and mitigating actions; and
- Engagement with the workforce on behalf of the Board as required by the Code.

Group Chief Executive Officer

Tony Smurfit as the Group Chief Executive Officer has overall responsibility for the day-to-day oversight of the Group's business and the implementation of the Group strategy and policies as approved by the Board. He is also responsible for ensuring that the Group's purpose, values and culture are instilled throughout the Group.

Corporate Governance Statement continued

Communication with Shareholders

The Board places a high level priority on effective communications with shareholders and recognises the benefits of shareholder engagement in order to foster mutual understanding of the Company's strategy and the views of major investors. On a day-to-day basis, contact with institutional shareholders is the responsibility of the Group Chief Executive Officer, the Group Chief Financial Officer and the Head of Investor Relations.

There is regular dialogue with individual shareholders and the investment community. During the year, there was ongoing engagement with shareholders, various in-person and virtual investor conferences and roadshows, and numerous conference calls and presentations. This engagement takes place as and when it is necessary, as well as at the time of the release of the Annual Report, preliminary and interim reports, and trading statements. The Chair, the Senior Independent Director and any other member of the Board are available to meet or virtually engage with investors as required.

The Board reports provided in advance of Board meetings include a comprehensive report summarising investor relations activity during the preceding period, including contacts between executive management and current and prospective institutional shareholders.

The Group issues its Annual Report, preliminary and interim reports, and trading statements promptly to shareholders and also publishes them on the Group's website: smurfitkappa.com. The Group operates an investor relations section on the website, which in addition to the above reports and statements contains investor presentations and all press releases immediately after their release to the relevant Stock Exchanges.

The Group's Annual General Meeting ('AGM') affords each shareholder the opportunity to engage with and question the Chair of the Board, the Chairs of all Committees and all other Board members. The 2023 AGM was an in-person physical AGM. Shareholders were encouraged to submit a Form of Proxy appointing a proxy to attend, speak, ask questions and vote at the AGM on their behalf to ensure their votes could be represented at the AGM, if they were not attending the AGM in person. Shareholders were also invited to email any questions relating to the items on the agenda in advance of the meeting. All resolutions proposed at the 2023 AGM were duly passed by way of a poll. The Notice of the AGM and related papers together with the Annual Report are sent to shareholders at least 20 working days before the meeting. In addition, the Group responds throughout the year to numerous queries from shareholders on a broad range of issues.

Shareholder Meetings and Shareholder Rights

Shareholders' meetings are governed by the Articles of Association of the Company (the 'Articles of Association') and the Irish Companies Act 2014 (as amended) (the 'Companies Act').

The Company is required to hold an AGM each year in addition to any other shareholder meeting in that year, and must specify whether the meeting is an AGM or an Extraordinary General Meeting ('EGM') in the notice calling such meeting. An EGM may be convened in accordance with the Companies Act, including by Directors. Notice of a general meeting must be provided in the manner required by the Companies Act.

At its general meetings, the Company proposes a separate resolution on each substantially separate issue and does not bundle resolutions together inappropriately. Resolutions on consideration of the Annual Report, the Directors' Remuneration Report and the Remuneration Policy (on adoption or renewal) are put to shareholders at the AGM.

The Chair of the Board or, in his absence, another Director nominated by the Directors, will preside as Chair of a general meeting. Ordinary shares carry voting rights. Two members entitled to vote at the meeting present either in person or by proxy constitute a quorum. Votes may be cast either personally or by proxy. Under the Articles of Association, voting can take place either by a show of hands, where each shareholder has one vote, or by way of a poll, where each shareholder has one vote for each ordinary share held.

The Companies Act provides for a number of key powers of general meetings, including the right to elect or re-elect a Director, the right to give authority to the Company to disapply pre-emption rights, the right to give authority to the Company to buy back shares and the right to amend the Memorandum and Articles of Association.

The Companies Act also provides for a number of shareholder rights in respect of general meetings and the methods of exercising those rights, which are set out in the notes to the Notice of the AGM, including the right a) to table agenda items and resolutions for inclusion on the agenda of an AGM, b) to table a draft resolution in respect of an item already on the agenda of the general meeting, c) to ask questions in relation to an item on the agenda of a general meeting and d) to appoint a proxy electronically.

Sustainability

In order to create long-term value, the Company has built its business on three pillars of sustainability – Planet, People and Impactful Business. This means respecting the social environment we are in and ensuring that the impacts on nature and natural resources do not exceed the needs of future generations. SKG manages its business in a way which recognises its key responsibilities in all material aspects of sustainability especially in the areas of Environment, Sustainable Forestry, Social Citizenship and Health and Safety. The Group's Sustainability priorities are summarised on pages 62 to 67 and are described in detail in the Sustainable Development Report for 2023 which will be available on the Group's website.

The Board Sustainability Committee is responsible for providing strategic guidance and support to management in the implementation of the Smurfit Kappa Sustainability Strategy. Please see the Sustainability Committee Report on pages 154 to 155 for details on the role and activities of the Sustainability Committee during the year under review.

Composition, Succession and Evaluation, Membership and Board Size

There are currently 11 Directors on the Board, comprising: a Non-executive Chair, two Executive Directors and eight Non-executive Directors. Mary Lynn Ferguson-McHugh was appointed as an independent Non-executive Director effective 5 January 2023. John Moloney and Gonzalo Restrepo retired from the Board following the AGM in April 2023.

The Board considers the size of the Board appropriate, that it is not so large as to be unwieldy and that the Directors, having a broad spread of nationalities, backgrounds and expertise, bring the breadth and depth of skills, knowledge and experience that are required to effectively lead the Group.

The Board recognises the value of gender diversity to the Group and has 45% female representation which is in excess of the FCA Listing Rules requirements and the FTSE Women's Leaders target of 40% representation in relation to gender diversity. The Board also meets the requirements of the FCA Listing Rules and the recommendation of the Parker Review to have at least one Board member from an ethnic minority background.

The Group also complies with the FCA Listing Rules requirement to have a senior board position held by a woman with Kaisa Hietala holding the position of Senior Independent Director of the Board.

The following tables set out the information required to be included in the Annual Report under the UK Listing Rule 9.8.6R(10), as set out in the Annex 2 to UKLR 9, as at 31 December 2023. The 31 December reference date is used to align with the Company's financial statements. Board and Executive Management diversity related data are collated directly from each Director/Executive on a self-identifying basis.

Board and Executive Management reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of executive management*	Percentage of executive management*
Men	6	55%	3	8	66.7%
Women	5	45%	1	4	33.3%
Other	–	–	–	–	–
Not specified/prefer not to say specified/prefer not to say	–	–	–	–	–

Board and Executive Management reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of executive management*	Percentage of executive management*
White (including minority-white groups)	10	91%	4	12	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	1	9%	–	–	–
Not specified/prefer not to say	–	–	–	–	–

* Executive management is defined as our Group Executive Committee.

The Board of Directors and their biographical details are set out on pages 112 to 115.

The Group has an effective Board which provides the highest standards of governance to an internationally diverse business with interests spanning four continents and 36 countries and whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. Each of the Group's Non-executive Directors has broad-based international business expertise and many have gained significant and relevant industry specific expertise over a number of years. The composition of the Board reflects the need, as outlined by the Code, for an effective Board to maintain a balance of 'skills, knowledge and experience'. The experience of each Director is also set out in their biographies which are detailed on pages 112 to 115. The Board continues to include an appropriate balance of longer serving and more recently appointed Directors.

In particular, a central aspect of maintaining Board effectiveness is an ongoing programme of Board refreshment to ensure robust debate, where challenge, support and teamwork are essential features and where the sharing of diverse perspectives in the boardroom and the generation of new strategies and business ideas is fostered.

The Board, through the Nomination Committee, reviews the composition of the Board on an annual basis. This includes a review and refreshment of Board policies, Board diversity, including gender diversity and the skills, knowledge and experience of the Directors.

Board Independence

The Code recommends that, apart from the Chair, at least half of the Board of Directors of a listed company should comprise Non-executive Directors determined by the Board to be independent. During the year under review, the Company complied with the Code recommendation on composition and independence.

The Board reviewed the current composition of the Board and determined that Anne Anderson, Carol Fairweather, Mary Lynn Ferguson-McHugh, Kaisa Hietala, James Lawrence, Lourdes Melgar and Jørgen Buhl Rasmussen are independent. In reaching that conclusion, the Board took into account the principles relating to independence contained in the Code and specifically whether any Non-executive Director:

— Is or has been an employee of the Group within the last five years;
— Has or has had within the last three years, a material business relationship with the Group;
— Has received or receives remuneration from the Group apart from a Director's fee, participates in the Group's share plans, or is a member of the Group's pension scheme;
— Has close family ties with any of the Group's advisers, Directors or senior employees;
— Holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies;
— Represents a significant shareholder; or
— Has served on the Board for more than nine years from the date of their first appointment.

The Board is satisfied that the independence of the relevant Directors is not compromised by these or any other factors.

While Frits Beurskens was previously an employee of the Group and receives fees from a Group subsidiary, the Board does not believe these facts compromise his independence of judgement, his contribution to the Board or the quality of his oversight. Irial Finan, Chair of the Board, was independent on appointment. Please see Chair Succession on page 123.

Executive and Non-executive Directors Experience and Skills

Each of the Executive Directors' has extensive experience of the paper-based packaging industry. Their knowledge is supported by the general business skills of the individuals involved and previous relevant experience. The Non-executive Directors use their broad-based skills, their diverse range of business and financial experience and their international backgrounds in reviewing and assessing any opportunities or challenges facing the Group.

Corporate Governance Statement continued

These characteristics play an important role, enabling the Executive Directors to develop the Group's strategy and scrutinise the performance of management in meeting the Group's goals and objectives. Frits Beurskens has the additional benefit of many years' exposure to paper-based packaging companies either as an employee, director or stakeholder which complements the experience of the Executive Directors and which is a reason for the Board to continue to recommend Frits for re-election to the Board. The diversity of skills and experience are set out in the biographies of the Directors on pages 112 to 115 and in the Governance at a Glance on page 116.

Appointments, Retirement and Re-election to the Board
Any Director co-opted to the Board by the Directors is subject to election by the shareholders at the first AGM after their appointment and, pursuant to the Articles of Association, all Directors are subject to re-election at intervals of no more than three years. However, in accordance with the Code, the Directors individually retire at each AGM and submit themselves for re-election.

The procedures governing the appointment and replacement of Directors are contained in the Articles of Association. Changes to the Articles of Association must be approved by the shareholders in accordance with Irish company law.

The standard letter of appointment of Non-executive Directors will be available for inspection at the AGM and is available on request from the Group Secretary.

All of the Directors are offering themselves for re-election at the 2024 AGM.

Induction and Development
On appointment, all Non-executive Directors receive comprehensive briefing documents on the Group, its operations and their duties as a Director. They are also given presentations by the senior management team, external legal counsel and other advisors. In addition, they are encouraged to visit sites and meet with the local management. During 2023, the Nomination Committee reviewed and approved an enhanced induction programme for Non-executive Directors including committee specific induction.

For both new and existing Non-executive Directors, the ongoing training and development programme continued in 2023 with sessions that included specific business areas, climate scenario analysis, cyber security and legal and governance. The Directors received their annual update on the Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the 'Market Abuse Regulation') during the year under review.

During 2023, the July Board meeting was held in France which included a visit to our Facture mill and the October meeting, which was held in the Dominican Republic, included a visit to our plant in Santo Domingo. The Board travelled to both of these meetings and fully availed of the opportunity to visit the Group's operations in both countries. As part of their visits the Directors met with management and employees and experienced first-hand the Group's operations in these countries.

Directors also receive regular briefings and presentations on a wide range of the Group's activities together with all significant analyst and rating reports. In addition to the opportunities offered by the Group to director development, all Directors are encouraged to undergo training to ensure they are kept up to date on relevant legal developments or changes in best practice.

External Directorships and Time Commitments
The Board believe that there is benefit from the experience and perspective Non-executive and Executive Directors can bring to the Group from other appointments such as directorships of other companies they may hold. In addition, the Executive Directors are encouraged to accept a small number of external appointments as Non-executive directors on industry associations.

In their roles, Directors are required to devote adequate time to perform their duties which includes attendance at Board and Committee meetings, their preparation in advance of meetings, their attendance at training and development programmes and visits to the Group's operations. For roles such as the Chair of the Board, Chair of a Committee and the Senior Independent Director, additional time is allocated and required to fulfil these roles.

Prior to appointment, potential Non-executive Directors are required to disclose details of their other significant commitments to ensure that they have adequate capacity. For existing Directors, approval of the Board is required prior to accepting any significant additional roles or directorship. In considering additional roles consideration is given to the factors set out in the Code, including the additional time commitment.

The Board is satisfied that each Director has demonstrated that they have sufficient time to meet their Board responsibilities.

External Board Evaluation
In 2022, a Board effectiveness review was conducted by Ffion Hague of Independent Board Evaluation ('IBE'). The process was completed in accordance with the requirement to have an externally facilitated evaluation every three years under Provision 21 of the Code. The evaluation considered the performance of the Board, its Committees, the individual Directors and the Chair. Following the evaluation, there were certain actions and areas for consideration that were agreed by the Board. These included: additional structure to the Board meeting agendas with the inclusion of predefined, measurable, Board specific objectives; strategy discussions being further supplemented with more longer-term, blue-sky discussions; enhancement of the existing comprehensive induction process to tailor it more specifically to individual non-executive director background and their specific role on the Board including committee specific induction; development of a mentor programme for new appointments to the Board or for new Committee Chairs as appropriate; and review of the process around Board refreshment and the planning of future appointments. These actions were considered and developed during 2023.

Internal Board Evaluation
Following the externally facilitated Board evaluation which was completed in 2022, the Senior Independent Director ('SID') coordinated a rigorous annual internal evaluation of the operation and performance of the Board, the Directors, the Committees and the performance of the Chair during 2023. This evaluation process involved the completion of a detailed questionnaire by each Director and separate discussions with each Director. In addition, the Chair conducted an annual evaluation of the performance of the Directors. The Committees also undertook an annual evaluation of their performance and reported back to the Board. At least once a year the Chair meets with the Non-executive Directors without the Executive Directors being present. The Board discussed the results of its evaluation conducted in 2023 in order to identify and address areas in which the effectiveness of the Board might be improved and the resulting recommendations will be put in place during 2024.

Succession Planning and Diversity
The Board has a Board Diversity Policy in place and believes that, as a global business, inclusion, diversity and equality are integral to how we do business. The Board Diversity Policy recognises and supports the importance of these values throughout the organisation to building long-term success. The Board believes that a truly diverse Board includes varying perspectives and career experience as well as diversity of gender, ethnicity, nationality and age, all of which are considered in determining the optimum composition of the Board and, wherever possible, are balanced appropriately. All Board appointments and succession plans are based on merit and against objective criteria, in the context of the appropriate balance of skills, diversity of knowledge and thinking, professional and geographic backgrounds and experience which the Board as a whole requires to be effective and to be essential aspects of diversity for a company with businesses in 36 countries worldwide.

During 2023, the Nomination Committee evaluated the composition of the Board with respect to the balance of skills, knowledge, experience and diversity, including geographical, gender and ethnic diversity on the Board. The Board recognises the need for orderly succession and has a comprehensive succession plan in place. Mary Lynn Ferguson-McHugh was appointed to the Board in January 2023, there were no further appointments to the Board during the year, with the proposed Combination with WestRock a conditioning factor in the latter months of the year.

Chair Succession

Tenure
Irial Finan joined the Board in February 2012 and was appointed Chair in May 2019. He was independent at the time of appointment, as recommended by the Code. He was appointed as Chair designate in October 2018 and became Chair at the conclusion of the AGM in May 2019.

In 2021, as Irial had then exceeded nine years on the Board, a comprehensive review of the Chair's tenure including a shareholder consultation was conducted. On completion of the review, the Board concluded that it was in the best interests of the Company and its stakeholders, including its shareholders, that the tenure of Irial be extended by a period of up to three years (or up to the 2025 AGM) as it would provide clarity and certainty for all stakeholders of the Group. Full details of the review process undertaken and the rationale for the Board's recommendation are outlined in the 2021 Annual Report on pages 84 and 85, and in the 2022 Annual Report on page 111. At the 2022 AGM and the 2023 AGM there was strong support from the Company's shareholders for the Chair with approximately 93% of votes cast in favour of his re-election at both meetings.

During 2023, the Chair Succession process remained a priority for the Senior Independent Director.

In line with the commitments outlined in the 2022 Annual Report, an independent external recruitment firm was appointed following a formal selection process led by the SID and the Chair of the Nomination Committee. A comprehensive exercise was also undertaken to prepare and approve a detailed specification for the role. This process included external benchmarking, interviews with each individual Board member and input from the external recruitment firm, the output of which was approved by the Board.

An internal evaluation of the Chair's performance was conducted by the SID as part of the overall Board evaluation process during 2023. This followed the externally facilitated evaluation that was conducted in 2022. The feedback from the external evaluation of Irial was highly positive with recognition of the interpersonal dynamics Irial has established in what is considered a diverse and engaged Board. The external review also noted Irial's strong people, investor and customer focus as well as his notable understanding of our business. The outcome of the internal evaluation in 2023 reinforced this highly positive feedback of the Chair.

On 12 September 2023, Smurfit Kappa and WestRock announced the signing of a definitive transaction agreement to create Smurfit WestRock, a global leader in sustainable packaging. The announcement noted that Smurfit WestRock will bring together the best of both companies' management teams to create a world class leadership team and announced that Irial Finan will be Chair of the Board of Directors of Smurfit WestRock.

In light of the developments relating to the proposed Combination, the SID gave due consideration to the continuation of the Chair Succession process and proposed that the process be postponed. The Board concluded that stability, effective leadership and the continuity of the Chair position during this time of significant change for the Company was critical. As a result the Board decided that it is in the best interests of all stakeholders that the Chair Succession process be postponed (subject to shareholder approval of the proposed Combination in 2024).

In conclusion, the Board believes that while the decision has been taken to postpone the process, it remains in the best interests of all stakeholders that Irial continue as Chair during this time of significant change for the Company. The Board is therefore recommending to shareholders the re-election of Irial Finan at the forthcoming AGM in April 2024.

Audit Risk and Internal Control

Risk Management and Internal Control
The Board has overall responsibility for the Group's system of risk management and internal control and for monitoring and reviewing its effectiveness, in order to safeguard shareholders' investments and the Group's assets. Details in relation to Risk Management and Internal Control are included in the Risk Report on pages 34 to 39.

The Directors confirm there is an ongoing process for identifying, evaluating and managing the emerging and principal risks faced by the Group which is in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. This process has been in place throughout the accounting period and up to the date of approval of the Annual Report and Consolidated Financial Statements and is subject to regular review by the Board.

The Directors confirm that they have carried out a robust assessment of the emerging and principal risks facing the Group's business model, future performance, solvency and liquidity. The Directors also confirm they have conducted an annual review of the effectiveness of the Group's risk management and system of internal control up to and including the date of approval of the Annual Report and Consolidated Financial Statements. This review had regard to the emerging and principal risks that could affect the Group's business (as outlined on pages 36 to 39), the methods of managing those risks, the controls that are in place to contain them and the procedures to monitor them.

Corporate Governance Statement continued

Financial Reporting
As part of its overall system of internal control, the Group has in place control and risk management systems to govern the Group's financial reporting process and the process for the preparation of the Group's Consolidated Financial Statements. The requirements for producing financial information are governed by the Group's Financial Reporting Guide and Financial Monitoring Policy which gives guidance on the maintenance of records that accurately and fairly reflect transactions, provide reasonable assurance that transactions are recorded correctly to permit the preparation of Consolidated Financial Statements in accordance with International Financial Reporting Standards and that require reported data to be reviewed and reconciled. These systems include the following financial reporting controls: access controls, reconciliations, verification controls, asset security controls and segregation of duties. Segment management and the Group's executive management team review the results of the operations on a monthly basis. The Group's executive management team receive detailed monthly reports from all operations and meet with segment management at least on a quarterly basis to review the year-to-date results against budget and rolling forecasts enabling them to monitor and challenge any variance against the expected financial outcome for the period. Internal Audit review financial controls in different locations on a test basis each year and report quarterly to the Audit Committee. Each operation through to segment level is required to self-assess on the effectiveness of its financial control environment. This includes the completion of an Internal Control Questionnaire which is reviewed by the Group Financial Controller and audited on a test basis by Internal Audit. Senior management representations with respect to the Group Consolidated Financial Statements showing a true and fair view are also required and supplied at year-end.

Code of Conduct
The Smurfit Kappa Code of Conduct includes principles of best practice which apply to the Group's Board, officers and employees worldwide. We also require individuals, entities, agents or anyone acting on the Group's behalf to comply with the Code of Conduct. The Code of Conduct incorporates the Speak Up Policy and is available on the Group's website: smurfitkappa.com and is translated into 21 languages. During 2023, completion of the Group's Code of Conduct incorporating the Speak Up Policy e-learning programme was mandatory for new entrants and remained accessible for all colleagues at country/site level.

Securities Dealing Code and Share Ownership
The Group has a policy on dealing in Company securities that applies to restricted persons comprising all Directors, senior management and certain other employees. Under this policy, restricted persons are required to obtain clearance from prescribed persons before dealing. Restricted persons are prohibited from dealing in Company securities during designated closed periods and at any other time when the individual is in possession of Inside Information (as defined by the Market Abuse Regulation).

Details of Directors' shareholdings are set out on pages 147 to 150.

Directors' Report
The Change of Control, Capital Structure and Purchase of Own Shares information are set out on page 157 of the Directors' Report and form part of this Corporate Governance Statement.

Please see the Audit Committee Report on pages 125 to 128 for details on the role and activities of the Audit Committee during the year under review.

Remuneration
Details of remuneration paid to Directors, (Executive and Non-executive) are set out in the Remuneration Report on pages 129 to 150.

As disclosed in previous years the Remuneration Committee committed to aligning the Executive Directors' pension contribution rate to the wider workforce rate by means of a phased reduction. Effective 1 January 2023, the Group CEO and Group CFO's non-pensionable cash allowance reduced to 10% of salary, which is aligned to the workforce rate.

Non-executive Directors are paid fees for their services and none of their remuneration is performance related. They are not eligible to participate in the Group's annual bonus scheme or long-term incentive plan ('LTIP'). Non-executive Directors' fees are not pensionable.

The Remuneration Report will be presented to shareholders for the purposes of a non-binding advisory vote at the AGM on 26 April 2024. In addition, the Remuneration Policy that was approved by shareholders in 2021, will be rolled over with only minor wording changes to aid clarity and will be presented to shareholders as a non-binding advisory resolution. Please see the Remuneration Committee Report on pages 129 to 150 for details on the role and activities of the Remuneration Committee during the year under review.

Audit Committee Report

Dear Shareholders, I am pleased to present the Audit Committee Report for the 2023 financial year.

Carol Fairweather
Chair of Audit Committee

5 March 2024

Committee Members

C. Fairweather (Chair)
ML. Ferguson-McHugh
J. Lawrence
L. Melgar

The Role of the Audit Committee

The Committee is responsible for providing oversight and assurance to the Board regarding:

— The integrity of the published financial statements and the significant financial reporting judgements;
— Internal financial controls, risk management and internal control systems;
— The Internal Audit function;
— The External Audit arrangements; and
— Whether the Annual Report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The role and responsibilities of the Committee are set out in its Terms of Reference which are available on the Group's website: smurfitkappa.com. The Terms of Reference were reviewed and updated in November 2023.

Attendance Record	A*	B*	Appointment Date
C. Fairweather (Chair)	7	7	2018
ML. Ferguson-McHugh	7	7	2023
K. Hietala**	2	2	2021
J. Lawrence	7	7	2015
L. Melgar	7	7	2020
J. Moloney**	2	2	2014

* Column A indicates the number of meetings held during the period the Director was a member of the Committee and was eligible to attend and Column B indicates the number of meetings attended.
** Kaisa Hietala and John Moloney retired from the Committee following the AGM in April 2023.

Membership of the Committee

The Committee is currently comprised of four independent Non-executive Directors.

Mary Lynn Ferguson-McHugh joined the Committee in January 2023. Kaisa Hietala and John Moloney retired from the Committee following the AGM in April 2023.

Each Committee member has considerable commercial experience and Jim Lawrence and I bring recent and relevant financial experience.

The biographical details of each member are set out on pages 112 to 115.

Audit Committee Report continued

This report details how the Committee has discharged its responsibilities together with the other areas we have focused on during the year, as well as the Committee's priorities for the year ahead.

Meetings

The Committee met seven times during the year under review. Details of the Committee members and meetings attended are provided in the table on the previous page.

The Group Chief Financial Officer, the Group Head of Internal Audit and Risk, the Group VP Human Resources and senior members of the Group finance team normally attend meetings of the Committee. The Group Chief Executive Officer periodically attends meetings of the Committee.

The External Auditor also attends all meetings and together with the Group Head of Internal Audit and Risk has direct access to the Committee Chair at all times.

In advance of every meeting, the Committee Chair meets individually with the Group Chief Financial Officer, the Group Secretary, the Group finance team, the Group Head of Internal Audit and Risk, the External Auditor and the Group VP Human Resources.

Committee papers and minutes are available to all members of the Board.

Areas of Focus in 2023

The key focus of the Committee during the year continued to be the review and monitoring of the integrity of the financial statements and the significant reporting judgements; reviewing internal controls and risk management systems; the lnternal and External Audit arrangements; ensuring the process followed to support the Viability Statement and going concern recommendations to the Board remained robust; and advising the Board on whether the Annual Report taken as a whole is fair, balanced and understandable. More details on the work carried out in these areas are set out on the following pages.

In addition, we spent time on the following:

- Reviewing the continued evolution of the Group Risk Framework (including risk appetite and associated KPIs) see pages 34 to 39;
- Considering a presentation by external experts on the political landscape of the countries where SKG operate in Latin America;
- Reviewing the progress on evolving the mandate of Internal Audit;
- Considering the quarterly reports on cyber security and the continued investments in this area to respond to current trends and increasing cyber security threats;
- Reviewing the results of an external cyber security maturity assessment;
- Receiving an annual tax update covering tax strategy and developments in the external tax landscape and compliance;
- Receiving an update on the Group's insurance cover in relation to property, business interruption, climate and cyber security and the continued capital investment in risk protection;
- Receiving an update from the Group's Legal Counsel on Competition Law Compliance, Sanctions, Screening and Data Protection compliance;
- Receiving regular updates on cases raised via the Speak Up process from the Group VP Human Resources;
- Considering the IAASA Quality Assurance Review Report on the External Auditors;
- Working closely with KPMG to ensure a smooth transition of the lead audit partner;
- Continuing to follow developments on audit reform and evolving best practice and considering any other new regulations, guidance or recommendations;
- Considering work of the Sustainability Committee on emerging sustainability reporting requirements including CSRD and ESRS's; Corporate Sustainability Due Diligence Directive and International Sustainability Standard Board developments;
- Reviewing the proposed disclosures in the Annual Report against the recommendation of the Task Force on Climate-Related Financial Disclosures ('TCFD') and EU Taxonomy, see pages 78 to 95 and pages 69 to 77; and
- Considering the reporting implications of the proposed Combination with WestRock including SEC compliance requirements including US GAAP and SOX reporting.

Committee Evaluation

An internal evaluation of the Committee was undertaken in 2023. The conclusion from that process was that the performance of the Committee and the Chair of the Committee were satisfactory.

Priorities for the Year Ahead

This year, we will focus on:

- Continuing to follow developments on audit reform and evolving best practice, including sustainability reporting, and considering any other new regulations, guidance or recommendations; and
- The reporting and internal control framework implications of the proposed Combination with WestRock including any future SEC compliance requirements including US GAAP and SOX reporting.

Carol Fairweather
Chair of Audit Committee

Financial Reporting and Significant Matters Related to the Consolidated Financial Statements

The Group's Consolidated Financial Statements are prepared by the Group finance team who have the appropriate level of qualifications and expertise. The Committee reviewed all published financial and narrative statements of the Group, including the annual and interim reports, preliminary results announcement and trading statements released during the year and reported its views to the Board to assist in the Board's approval of the results announcements.

The Committee assessed whether suitable accounting policies had been adopted and whether management has made appropriate estimates and judgements. The Committee considered management's position in relation to the main significant matters and financial reporting judgements, as detailed below.

The Committee also reviewed reports by the External Auditor on the hard-close and year-end audit procedures which highlighted any matters identified from the work undertaken on the external audit.

Fair, Balanced and Understandable

The Code requires that a fair, balanced and understandable assessment of the Company's position and prospects be presented by the Board and that it considers that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Committee, on behalf of the Board, considered and discussed with management the key processes that they have in place for the preparation of the Annual Report including their comprehensive review procedures. This allowed the Committee to confirm to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides the necessary information for shareholders to assess the Group's position and performance, business model and strategy. In addition, the Committee noted the formal processes performed by KPMG in relation to the Annual Report.

Viability Statement and Going Concern

The Committee is responsible for ensuring that the process in place to allow the Board to provide the Viability Statement is robust. The Committee reviewed the process that had been followed and the stress testing scenarios that had been applied based on the Group's principal risks. The Committee confirmed to the Board that it was comfortable with the process that had been followed to provide the Viability Statement on page 34.

The Committee reviewed and was comfortable with the recommendation setting out the support for adopting the going concern basis in preparing the Financial Statements. The Board's statement on going concern is set out on page 34.

Internal Audit

The Group operates an internally resourced Internal Audit function which reports directly to the Committee.

The Internal Audit Plan for 2023, which was approved by the Committee in 2022 included financial and IT audits, a review of the governance on two business transformation projects, and preliminary reviews of controls over the collation and reporting of ESG data.

The Committee received and reviewed the quarterly reports from the Head of Internal Audit and Risk summarising audit findings, agreed actions and recommendations and reviewed progress on addressing those actions and recommendations.

In compliance with the Chartered Institute of Internal Auditors ('IIA') requirements, an independent review of the Internal Audit function must be conducted at least once every five years by a qualified assessor. The last independent review of Group Internal Audit took place in 2020 and was performed by EY. The assessment concluded that the Internal Audit function was performing well in accordance with its mandate at that time but that there were opportunities to develop the mandate of Internal Audit which have now been progressed.

The Committee reviewed the effectiveness of the Group's Internal Audit function and was satisfied it was operating effectively within the current remit and is appropriate for the business. The Committee met privately with the Head of Internal Audit and Risk during the year with no significant matters of concern raised.

Significant Matters Related to the Consolidated Financial Statements

Significant Matter	Action Taken/Conclusions
Assessment of the Carrying Value of Goodwill The Group has goodwill of €2,475 million at 31 December 2023. The Group performs an impairment review at least annually and at any time an impairment is considered to exist.	Through discussions with management and KPMG: — The Committee considered management's assessment of the carrying value of goodwill relating to groups of cash-generating units ('CGUs'). The Committee considered the methodology applied and the key assumptions (including future profitability and terminal value and discount rates) used in the assessment; and — The Committee considered a number of different scenarios to test the sensitivity of the model to changes in its key drivers and to understand the level of headroom available at a CGU level. The Committee was satisfied that the judgements made by management were reasonable and that no impairment to goodwill was required, and the disclosures in Note 13 to the Consolidated Financial Statements are appropriate.
Valuation of Defined Benefit Obligations The Group has net defined benefit liabilities totalling €511 million at 31 December 2023.	The Committee considered the key assumptions management used in determining the defined benefit liabilities (which included a full actuarial valuation of the unfunded liabilities undertaken by independent experts) and was satisfied that they were reasonable, appropriate and consistent with market practice.
Exceptional Items The Group has recognised exceptional charges totalling €165 million in 2023.	The Committee considered management's proposed treatment of each of the items included within exceptional charges which totalled €165 million, of which €81 million related to costs associated with the proposed Combination, €34 million related to the disposal of our Russian operations, €20 million for the devaluation of the Argentinian Peso, €11 million for redundancy and reorganisation costs in the Americas, along with €14 million closure costs and €5 million impairment of property, plant and equipment for one of our French mills. The Committee was satisfied that the nature and size of the items included within the exceptional charge were consistent with the Group's accounting policy and were appropriately disclosed.

Audit Committee Report continued

Whistleblowing

The Committee is responsible for ensuring that the Group maintains suitable whistleblowing arrangements.

The Group has a Code of Conduct in place which incorporates the Speak Up Policy (Whistleblower Code). There is a Speak Up service which allows employees to raise concerns across all key communication channels which is available in 21 different languages and provides confidentiality and/or anonymity and assurance of non-retaliation (see page 107 for further details).

The Committee received regular updates on cases raised via the Speak Up process from the Group VP Human Resources. No material cases were reported to the Committee during 2023.

Risk Management and Internal Control

The Group's internal control and risk management systems are embedded within the organisation structure.

The Committee is responsible for reviewing the adequacy and effectiveness of the internal control and risk management systems on behalf of the Board.

The Group Risk Framework continued to mature during the year. The risk appetite statements and associated KPIs were reported to the Committee and the Board. The Committee was also updated on the trends in relation to the interconnectivity of risks.

The Committee has reviewed the adequacy and effectiveness of the Group's internal control systems regularly through various activities including reviewing:

— The effectiveness of its risk management processes including the consideration of emerging risks;
— Challenging management's self-assessment of the internal control framework;
— The work undertaken by internal and external auditors in relation to internal controls; and
— The regular reporting on any control, fraud related or whistleblowing issues.

Having completed its review of the effectiveness of the Group's system of internal controls including risk management, the Committee confirms that it has not been advised of, or identified, any significant failings or weaknesses.

For further details on the Group's Risk Management and Internal Control, please see the Risk Report on pages 34 to 39.

External Auditor

The Committee is responsible for overseeing the relationship with, and the performance of, the External Auditor. This includes making a recommendation on the appointment, reappointment and removal of the External Auditor, assessing their independence and effectiveness, involvement in fee negotiations and assessing their performance. KPMG has been the Group's external auditor since 2018, following a formal tender process.

As noted in last year's Audit Committee Report, the External Auditor is required to rotate the audit partner responsible for the Group audit every five years. Barrie O'Connell replaced Roger Gillespie and was the lead partner for the 31 December 2023 audit. The Committee closely monitored the progress on the transition of the audit partner and is satisfied that the transition has been effective.

Prior to the commencement of the 2023 year-end audit, the Committee reviewed, challenged and approved the External Auditor's strategy and plan and agreed the scope of the audit, the key risks, the proposed audit fee and the terms of engagement.

During the year, the Committee considered the effectiveness and independence of the External Auditor and confirmed its satisfaction on both. This review involved discussions with both Group management and Internal Audit; feedback provided by divisional management; consideration of the robustness of the audit process and the level of scepticism and challenge by the External Auditor particularly in relation to key judgements; review of the ratio of audit to non-audit fees; and the most recent publicly available results of IAASA's quality assurance review of KPMG. Following these considerations, the Committee has recommended to the Board that KPMG be proposed for reappointment at the forthcoming AGM.

KPMG attended all of the Audit Committee meetings during the year and had a number of private meetings with the Committee during the year where no significant matters of concern were raised.

External Auditor Non-audit Services

The Committee recognises that the independence of the External Auditor is an essential part of the audit framework and the assurance that it provides. The Committee has adopted a policy which sets out the types of permitted and non-permitted non-audit services and those which require explicit prior approval.

Non-audit services provided by the External Auditor must be considered by the Committee to be necessary in the interests of the business and by their nature, these services could not easily be provided by another professional auditing firm.

The provision of tax advisory services and due diligence/transaction services may be permitted with the Committee's prior approval. The provision of internal audit services, valuation work and any other activity that may give rise to any possibility of self-review are not permitted under any circumstance.

All contracts for non-audit services in excess of €50,000 must be notified to and pre-approved by the Chair of the Committee.

As a result of the proposed Combination, KPMG were engaged to provide additional services relating to regulatory reporting and extended assurance work. All appropriate approvals were obtained and KPMG received a derogation from IAASA in relation to the statutory fee cap for 2023 and 2024 given the exceptional circumstances. The Committee considered this in the context of the assessment of effectiveness and independence of KPMG.

Details of the amounts paid to the External Auditor during the year for audit and other services are set out in Note 5 on page 185. Fees paid to KPMG for non-audit work in 2023 amounted to €7 million and total 62% of the fees paid for the statutory audit (2022: 5%).

During the year, there were no circumstances where KPMG was engaged to provide services which might have led to a conflict of interests or compromised their independence.

Remuneration Report

Dear Shareholders, I present the Remuneration Report for the financial year ended 31 December 2023.

Jørgen Buhl Rasmussen
Chair of Remuneration Committee

5 March 2024

Committee Members

J. Buhl Rasmussen (Chair)
C. Fairweather
ML. Ferguson-McHugh

The Role of the Remuneration Committee

- Determine the remuneration framework or broad policy for the Company's Chair, Chief Executive Officer, Executive Directors, Group Secretary and other senior executives;
- Continually review the ongoing appropriateness, competitiveness and relevance of the Remuneration Policy;
- Approve the design and determine targets for any performance related pay schemes;
- Determine the policy for and scope of pension arrangements for Executive Directors and other senior executives;
- Review the workforce remuneration trends and related policies across the Group and the alignment of incentives and reward with the Company's culture;
- Oversee any major changes in employee benefits throughout the Group; and
- Ensure effective engagement with relevant stakeholders in relation to remuneration and related policies and practices.

The role and responsibilities of the Committee are set out in its Terms of Reference which are available on the Group's website: smurfitkappa.com. The Terms of Reference were reviewed and updated in November 2023.

Attendance Record	A*	B*	Appointment Date
J. Buhl Rasmussen (Chair from 2023 AGM)	7	7	2017
C. Fairweather	7	7	2018
ML. Ferguson-McHugh**	7	7	2023
J. Moloney (Chair up to 2023 AGM)***	3	3	2015
G. Restrepo***	3	3	2015

* Column A indicates the number of meetings held during the period the Director was a member of the Committee and was eligible to attend and Column B indicates the number of meetings attended.
** Mary Lynn Ferguson-McHugh was appointed to the Committee in January 2023.
*** John Moloney and Gonzalo Restrepo retired from the Committee following the AGM in April 2023.

Remuneration Report continued

I am pleased to report that the Group has delivered an excellent performance over the past year against a challenging macroeconomic backdrop. Our results in 2023 reflect the excellence of our people and their dedication in providing the most innovative and sustainable packaging solutions for our customers.

This Remuneration Report and Remuneration Policy have been prepared on the basis of Smurfit Kappa as a standalone entity.

Remuneration in Context

Over the course of 2023, the Remuneration Committee monitored the rise in inflation and the cost of living in many of the countries in which the Group operates. In terms of the salary reviews of the wider workforce, the level of inflation in each of the countries varies, and on an overall basis the increases of the wider workforce were on average 4%. The Committee will continue to monitor the economic backdrop and take further steps that are deemed appropriate to ensure that our workforce is adequately supported. In addition to financial benefits, our 'wellbeing for life' programme continued during the year. This programme is part of our EAP (Employee Assistance Programme) and includes support for employees on their financial wellbeing in addition to overall physical health and mental wellbeing.

Executive Director Salaries

The review of the salaries for the executive Directors at the year-end considered the performance of the Group and the Directors, increases of the wider workforce and the macroeconomic environment. Following consideration, the Committee approved an increase of 4% for both the Group CEO and Group CFO from 1 January 2024 which is in line with the average increase for the wider workforce.

In addition, the Board approved an increase in the fees of the Non-executive Directors and the Chair by 4% in line with the increase for the Executive Directors and with the average increase for the wider workforce.

Executive Director Pensions

In line with the requirements of the UK Corporate Governance Code and reflecting external sentiment on executive Director pensions, the Committee agreed with the executive Directors in 2020 that their pension contributions would be reduced on a phased basis to be in line with the workforce by the end of 2022 (i.e. effective 1 January 2023). The final reduction in their pension rates to 10% of salary was effective from 1 January 2023 and brought the contribution rate in line with the workforce.

2023 Performance and Incentive Out-turns

Smurfit Kappa reported strong results for 2023, with adjusted EBIT of €1,404 million and a free cash flow of €628 million. In this context, the Committee reviewed performance against the metrics and the operational and strategic objectives under the annual bonus plan for 2023 and approved a bonus of 90.7% of maximum for the Group CEO and Group CFO, with 50% of the annual bonus being deferred into shares for three years, in line with the Policy.

The Committee reviewed the outcome of the Performance Share Plan ('PSP') for the performance period 2021–2023, which resulted in an adjusted cumulative three-year earnings per share ('EPS') of 1,078 cent; an adjusted three-year average return on capital employed ('ROCE') of 19.4%; and a total shareholder return ('TSR') performance which was below median versus the global paper and packaging peers in the TSR benchmark. In addition, the results for the ESG metrics were 43.00% for adjusted CO_2 emission reduction, 36.93% for adjusted water discharge reduction and 36.10% for adjusted waste reduction. Overall, the 2021 PSP award outcome was 64.44% of maximum.

In determining the outcomes of the 2023 annual bonus and the 2021 PSP cycle, including consideration of potential for windfall gains, the Committee was satisfied that the outcomes reflected the underlying performance of the Company and the experience of stakeholders, and therefore deemed it unnecessary to apply any discretionary overrides or adjustments.

Further details on performance against the targets are set out on pages 142 144.

2024 Performance and Incentive Plans

There are no changes proposed to the operation of the annual bonus and PSP for 2024. The award levels and performance measures are consistent with those applied in 2023. Each year, the Committee reviews targets for the annual bonus and PSP to ensure that they continue to support the strategy and incentivise executives to deliver clearly defined and stretching goals. Performance targets for the 2024 award cycles have taken into account the Group's annual budgeting, medium-term strategic planning and Viability Statement processes, which consider a number of factors including external economic factors such as the OECD expectations on GDP growth.

In line with previous years, targets for the annual bonus will be published in full on a retrospective basis in next year's Annual Report. Targets for the 2024 PSP award are set out on page 133. The Committee believes the proposed targets for the period are suitably stretching to reward out-performance whilst also incentivising the management team. The EPS targets are set on a cumulative basis and ROCE targets are set on a three-year average basis. In addition, the ESG metrics (CO_2 emission reduction, waste reduction and water discharge reduction) which cumulatively constitute 15% of the targets for this award, are central in reinforcing the Company's focus on sustainability.

As ever, the Committee will use its judgement to review the formulaic outcomes across all the metrics, to ensure that vesting levels accurately reflect the underlying performance of the business and the experience of wider stakeholders. Any adjustment to the formulaic outcome will be communicated to investors at the end of the relevant performance period.

Employee Engagement

The Remuneration Committee continues to support the Group's goal of creating greater social, economic and environmental value, with metrics linked to these aims included in the incentive plans. As the Remuneration Committee is responsible for overseeing pay arrangements for all employees, the Committee recognises the need to engage with the wider workforce as part of its efforts to align with the Group's sustainability strategy and make the right decisions on pay. We have already made good progress in this area, voluntarily adopting a number of the requirements of UK remuneration reporting regulations and in 2022 and 2023 reporting on Gender Pay Gap for Ireland (as detailed further on page 104), in recognition of the importance of transparency around matters of pay.

In 2023, the Sustainability Committee once again undertook a programme of employee engagement in 2023 with employees from across Europe and the Americas in a number of sessions promoting two-way dialogue, read more on page 155. As market practice evolves, the Committee will continue to explore new ways of bringing the voice of the workforce into the boardroom, affirming our mission of being a sustainable company that builds excellent relationships with employees and other stakeholders.

Committee Evaluation

An internal evaluation of the Committee was undertaken in 2023. The conclusion from that process was that the performance of the Committee and of the Chair of the Committee were satisfactory.

Remuneration Policy Review

As indicated in last year's report, during 2023 the Committee undertook a review of the Remuneration Policy which was last approved by shareholders at the 2021 AGM, with the intention that approval would be sought at the 2024 AGM for a new Policy. However, following announcement of the proposed Combination with WestRock in September 2023, and the expected timing of completing the Combination being early July 2024, the Committee has concluded that the 2021 Policy will be rolled over at the 2024 AGM with only minor wording changes to aid clarity.

Conclusion

On behalf of the Committee, I thank you for your continued support and I hope that you will feel able to support the remuneration related resolutions at the upcoming AGM. As ever, I welcome any comments you have.

Jørgen Buhl Rasmussen
Chair of Remuneration Committee

Remuneration Report continued

Remuneration at a glance

Our 2023 Performance

Adjusted* EBIT
(€m)

2023	1,404
2022	1,645

Adjusted Return on Capital Employed (three-year average)**
(%)

2023	19.4
2022	18.0

Free Cash Flow
(€m)

2023	628
2022	545

Adjusted Pre-exceptional Basic EPS (cumulative over three years)**
(cent)

2023	1,078
2022	1,014

* The EBIT achievement used in the calculation of the 2023 Annual Bonus outcome was adjusted for the impact of acquisitions. The purpose of the adjusted measures is to ensure the same basis is used when assessing the performance outcomes, to ensure comparability.

** The EPS and ROCE achievement used in the calculation of the 2021 PSP award outcome were adjusted for items such as acquisitions and disposals and the impact of the 2022 share buyback. The purpose of the adjusted measures is to ensure the same basis is used when assessing the performance outcomes, to ensure comparability. These adjustments did not impact on the vesting outcome of the 2021 PSP award.

Impact on Director Pay

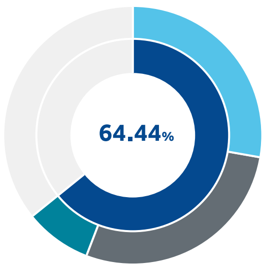
Annual Bonus Outcomes

FCF (35%)	100%
Adjusted EBIT (35%)	73%
Health, Safety & Wellbeing (10%)	100%
People & ESG (10%)	100%
Personal/Strategic Goals (10%)	100%

The figures in brackets represent the performance metric weighting.

The bonus out-turn for the Group CEO and Group CFO was 136% of salary. 50% of the bonuses were paid in cash and 50% are deferred under the Deferred Bonus Plan.

Performance Share Plan Outcomes



Overall outcome	64.44%
ROCE (28%)	28.00%
EPS (28%)	28.00%
ESG (15%)	8.44%
TSR (29%)	0%

The figures in brackets represent the performance metric weighting.

The outcome of the 2021 PSP award was 64.44% of the maximum as a result of the achievement of the relevant performance targets in the three-year period ending on 31 December 2023.

Total Remuneration

A. Smurfit

K. Bowles

Basic Salary · Pension · Benefits · Annual Bonus · LTIP

2024 Implementation-Executive Directors

Component of Pay	Implementation in 2024	
	Group Chief Executive Officer	**Group Chief Financial Officer**
Basic Salary	The Group CEO's and Group CFO's salaries are being increased by 4% from 2024 which is in line with the average increase for the wider workforce.	
	A. Smurfit = €1,232,954 p.a.	K. Bowles = €757,120 p.a.
Benefits	Market competitive benefits provided in line with Remuneration Policy.	
Pension	A. Smurfit = 10% of salary (cash allowance) Aligned with workforce rate from 1 January 2023.	K. Bowles = 10% of salary (cash allowance) Aligned with workforce rate from 1 January 2023.
Annual Bonus	Performance will be measured over one year against the following key financial, operational/strategic and individual performance metrics: (see table below) In line with previous years, the actual targets have not been disclosed prospectively. The target setting process will be in line with the prior year and the targets will be published retrospectively in the Annual Report. 50% will be delivered in cash and 50% will be deferred into Company shares for three years.	
	A. Smurfit (maximum) = 150% of salary	K. Bowles (maximum) = 150% of salary
Performance Share Plan	Performance measured over three years against four quadrants. Awards are subject to a post-vesting holding period such that they are released following the fifth anniversary of the grant date. (see table below)	
	A. Smurfit (maximum) = 250% of salary	K. Bowles (maximum) = 205% of salary
Share Ownership Requirements	A. Smurfit is required to build a shareholding equivalent to 300% of basic salary.	K. Bowles is required to build a shareholding equivalent to 200% of basic salary.
Post-employment Share Ownership Requirements	The share ownership requirement will apply for the first year post-departure and 50% of the requirement will apply for the second year post-departure.	

Annual Bonus:

Measure	Weighting
EBIT	35%
Free Cash Flow	35%
Health, Safety and Wellbeing	10%
People & ESG	10%
Personal/Strategic Goals	10%

Performance Share Plan:

Measure	Weighting	Threshold Vesting (25% of maximum)	Maximum Vesting (100% of maximum)
EPS (pre-exceptional items – cumulative over three years)	28%	970c	1,190c
ROCE (three-year average)	28%	15.0%	18.5%
Relative TSR*	29%	Median Performance	Upper Quartile
ESG – Planet			
CO_2 Emissions Reduction[1]	5%	51.0%	54.0%
Water Discharge Reduction[2]	5%	54.0%	63.0%
Waste to Landfill Reduction[3]	5%	40.0%	50.0%
			Straight line vesting between points

* Measured against the following peers: Billerud Korsnas, Cascades, DS Smith, Empresas CMPC, Graphic Packaging, International Paper, Klabin, Mayr-Melnhof, Metsa Board, Mondi, Packaging Corporation of America, Stora Enso, UPM Kymmene and WestRock.
1 Intensity reduction in fossil CO_2 emissions in our global paper and board mill system compared with our baseline year 2005.
2 Intensity reduction of COD content of water returned to the environment from our global paper and board mill system compared with our baseline year 2005.
3 Intensity reduction in waste sent to landfill by our global paper and board mill system compared with our baseline year 2013.

Remuneration Report continued

The following table summarises how the Remuneration Policy fulfils the factors set out in Provision 40 of the UK Corporate Governance Code 2018:

	Code	SKG Remuneration
Clarity	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The annual bonus and PSP have been designed to incentivise executives to achieve clearly defined stretching targets. Performance measures and targets are reviewed each year by the Committee to ensure that they continue to be clear and appropriate.
Simplicity	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	We operate a simple remuneration structure with a single long-term incentive plan operating separately from the annual bonus.
Risk	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The policy has been designed to support the Group's business strategy and the objective of developing superior, sustainable returns and value at acceptable levels of risk but with a clear and intelligible link to performance and the financial prosperity of the Group.
Predictability	The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The Committee believes it is important for executive Directors and senior management that a significant portion of the package is performance related. The potential value and composition of the executive Directors' remuneration packages at below threshold, target and maximum (including share price performance) scenarios under our Remuneration Policy are set out on page 139.
Proportionality	The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	Payments from the annual bonus and PSP require delivery against stretching performance conditions. The performance conditions are directly linked to the Group's strategy and KPIs. The Committee has discretion to override formulaic out-turns to ensure that they are appropriate and reflective of overall performance.
Alignment to Culture	Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	Smurfit Kappa is a multinational Group and it is important that remuneration packages in each geographical location are fair and competitive for that location and at a most senior level, on an international basis. Details of how our remuneration arrangements support delivery of the Group's strategy (including changes to increase the emphasis on sustainability metrics) are set out on pages 133 to 139.

Non-executive Directors

The table below sets out a summary of Non-executive Director fees. The fees have increased by 4% in line with the salary increase of the Group CEO and Group CFO which is in line with the average increase for the wider workforce.

	Annual Fee
Chair	€378,560
Non-executive Director base fee	€75,712
Additional Fees:	
Senior Independent Director fee	€64,896
Committee Chair fee	€64,896
Committee membership fee	€21,632

Alignment with the Workforce

Smurfit Kappa unites some 47,000 people around the globe. The Group's reward policies are designed to attract and retain the best employees, providing fair and competitive reward packages and motivating employees at every level of the organisation to achieve the Group's strategic objectives. Whilst exact structures differ by level and geography, our reward programmes are strongly aligned with the Group's pay for performance culture, enabling people to see a clear link to their remuneration packages when they perform above and beyond what is expected.

Remuneration Policy

Introduction

As indicated in last year's report, during 2023 the Committee undertook a review of the Remuneration Policy which was last approved by shareholders at the 2021 AGM, with the intention that approval would be sought at the 2024 AGM for a new Policy. However, following announcement of the proposed Combination in September 2023, and the expected timing of completing the transaction being early July 2024, the Committee has concluded that the 2021 Policy will be rolled over at the 2024 AGM with only minor wording changes to aid clarity, and it is this Policy which is described over pages 135 to 141.

Executive Director Policy Table

Component	Purpose and Link to Strategy, Long-term Interests and Sustainability	Operation	Opportunity	Performance Metrics
(i) Basic Salary	Competitive salaries are set to attract, retain and motivate executives to deliver superior performance in line with the Group's business strategy.	Reviewed annually; changes are generally effective on 1 January. Set by taking into consideration the individual's skills, experience, performance and position against peers. When determining increases, consideration is given to: (i) scope of role and responsibility; (ii) personal performance; (iii) Group performance; (iv) step changes in responsibility; (v) remuneration trends across the Group; and (vi) competitive market practice.	Whilst there is no maximum salary level, basic salary increases will normally be in line with the range of increases for the wider workforce. The Committee may at its discretion award larger increases in certain circumstances, such as a change in responsibilities or development in the role.	Not applicable.
(ii) Benefits	Competitive benefits taking into account market value of role.	Benefits relate principally to the use of company cars. Other benefits may be provided, including but not limited to club subscriptions. In the event of recruitment or relocation, additional benefits may be provided as considered appropriate by the Committee.	The level of benefit provision is determined based on the cost to the Company and as such no maximum level is set.	Not applicable.
(iii) Pension	To provide a market competitive package to attract and retain executives.	Contributions are made to the Group's defined contribution pension arrangement, or equivalent cash allowances are paid.	Current executive Directors – maximum Company contribution, or cash equivalent, set at 10% of salary for the CEO and CFO, aligned with the workforce rate. The rate for new hires will be aligned with the rate available to the majority of employees in the relevant jurisdiction.	Not applicable.

Remuneration Report continued

Component	Purpose and Link to Strategy, Long-term Interests and Sustainability	Operation	Opportunity	Performance Metrics
(iv) Annual Bonus Plan	To incentivise the executives to achieve clearly defined stretching annual targets (financial and non-financial) which are aligned with the Group's strategy. A deferral element in shares provides a retention element and aligns executives with shareholder interests.	Performance measures, their respective weightings and targets are normally set each year by the Committee to ensure continued alignment with the Group strategy. Payouts are determined by the Committee after the year-end taking into account performance against targets. The Committee retains the discretion to review out-turns to ensure they are appropriate in the context of overall performance and how it was delivered. 50% of any bonus award is normally deferred into shares for a period of, normally, three years. Deferred awards may include the right to receive (in cash or shares) the value of the dividends that would have accrued during the vesting period. Malus and clawback provisions are in place. The Committee may adjust and amend awards in accordance with the rules.	The maximum bonus opportunity in respect of a financial year is 150% of basic salary. Up to 25% of the bonus pays out for threshold performance.	Performance is measured against a range of key financial, operational/strategic, sustainability and individual performance metrics. No less than 60% of the bonus will be based on financial measures.
(v) Performance Share Plan	To incentivise the executives to achieve clearly defined stretching long-term targets which are aligned with the Group's long-term strategic and sustainability ambition.	Annual awards are normally subject to a performance period of no less than three years. Subject to performance, awards will then normally be subject to a holding period of two years. Performance measures, their weightings and targets are normally reviewed each year by the Committee to ensure continued alignment with the Group's long-term strategy. Vesting levels are determined by the Committee after the end of the performance period taking into account performance against targets. The Committee retains the discretion to review formulaic outcomes to ensure they are appropriate in the context of overall performance and how it was delivered. Any adjustment to the formulaic outcome will be communicated to investors at the end of the performance period. Awards may include the right to receive (in cash or shares) the value of the dividends that would have accrued during the performance period and any holding period. Malus and clawback provisions are in place. The Committee may adjust and amend awards in accordance with the rules.	The maximum PSP award opportunity in respect of a financial year is 250% of basic salary. Up to 25% of the award pays out for threshold performance.	Performance measures for the PSP are selected by the Committee to be aligned with the Group's long-term strategic priority of delivering sustainable returns to shareholders. Prior to each grant, the Committee will select performance measures and targets. Measures may be financial, non-financial, share-price based, strategic, and sustainability-focused or on any other basis that the Committee considers appropriate. PSP awards for 2024 will be subject to the following performance measures including their percentage weighting: — Earnings per share (28%); — Return on capital employed (28%); — Relative TSR (29%); and — Sustainability (15%)

Component	Purpose and Link to Strategy, Long-term Interests and Sustainability	Operation	Opportunity	Performance Metrics
Share ownership requirements	To align the interests of executive Directors with those of shareholders and incentivise long-term performance.	The Group Chief Executive Officer is required to build a shareholding equivalent to 300% of basic salary, and other executive Directors a shareholding equivalent to 200% of basic salary. Executives will normally also be subject to a post-cessation shareholding requirement. The share ownership requirement will apply for the first year post-departure and 50% of the requirement will apply for the second year post-departure.	Not applicable	Not applicable
Recovery provisions	Recovery provisions (clawback and malus) may apply where stated in the table above. The provisions may be enforced in the event of: — A material misstatement of the Group's consolidated audited financial statements; — Where an award was determined by reference to an assessment of a performance condition which was based on an error, or inaccurate or misleading information; — Fraud or other material financial irregularity affecting the Group; — The occurrence of an event that causes or is likely to cause reputational damage to the Group; — Serious misconduct by a participant; — Corporate failure; or — Other circumstances which the Committee in its discretion considers to be similar in their nature or effect as the above. Recovery provisions may be enforced in respect of the cash bonus for three years following payment, in respect of deferred shares for three years from grant and in respect of PSP awards for five years from grant.			

Notes to the Remuneration Policy Table

Committee Discretion in Relation to Existing Commitments

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed: (i) before the Policy set out above, or (ii) at a time when a previous Policy, approved by shareholders, was in place, provided the payment is in line with the terms of that policy, or (iii) at a time when the relevant individual was not a Director of the Company and the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, payments include the Committee satisfying awards of variable remuneration. This means making payments in line with the terms that were agreed at the time the award was granted.

Committee Discretion in Relation to Future Operation of the Remuneration Policy

The Committee will also retain flexibility in a number of areas regarding the operation and administration of variable pay plans, including (but not limited to): change of control, variation of share capital, demerger, special dividend, winding up or similar events. The Committee retains the discretion within the Policy to amend targets and/or set different measures and weightings if events happen that cause it to determine that the original targets or conditions are no longer appropriate and the amendment is required so that the targets or conditions achieve their original purpose. Revised targets/measures will be, in the opinion of the Committee, no less difficult to satisfy than the original conditions.

The Committee may make minor amendments to the Remuneration Policy without obtaining shareholder approval for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation. The Committee may accelerate the vesting and/or the release of awards if an executive Director moves jurisdictions following grant and there would be greater tax or regulatory burdens on the award in the new jurisdiction.

Remuneration Report continued

Approach to Setting Performance Measures and Targets

Performance measures and targets (both short and long-term) are set each year taking into account a range of internal and external factors including internal forecasts, prior year performance, degree of stretch within the business plan, market conditions and expectations, and sector and regulatory developments. Performance targets will take account of market expectations with regards to future developments in the Group's external environment, which in turn feed into specific objectives based on strategy.

The combination of performance measures and targets for the incentive arrangements (both short and long-term) are chosen to create direct alignment to the successful implementation of our strategy which will result in the delivery of sustainable long-term shareholder value.

The following table sets out why the performance measures for the purpose of the incentive plans were chosen.

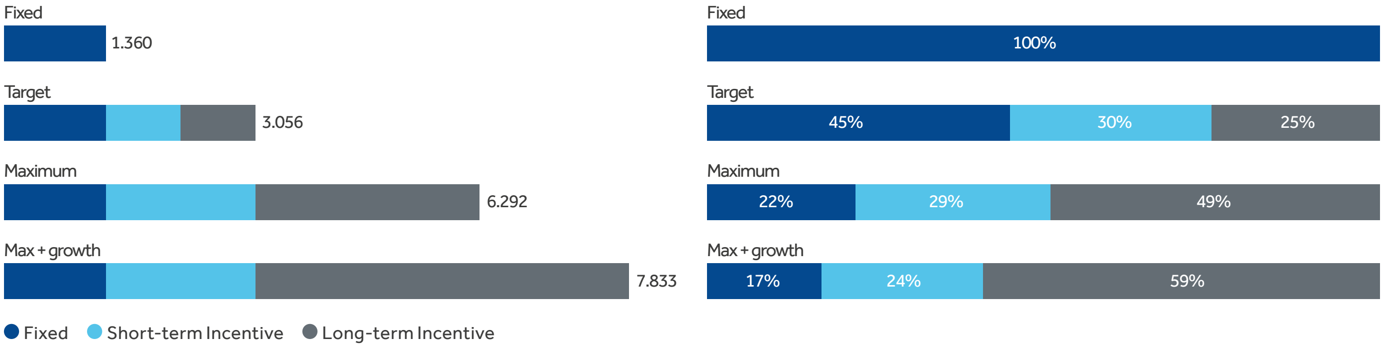
Element of Reward	Bucket of Metrics	Rationale/Types of Metrics Used
Annual Bonus Plan	Financial metrics	Measures chosen to support delivery of the Group's annual business plan. Metrics vary annually but may include metrics linked to: — Profitability; — Cash generation; and — Any other performance perspective considered appropriate by the Committee.
	Non-financial metrics	Measures chosen to support delivery of the Group's annual strategic priorities. Metrics vary annually but may include metrics linked to: — Health, Safety and Wellbeing; — People and ESG; — Personal/Strategic Goals; and — Any other performance perspective considered appropriate by the Committee.
Performance Share Plan	Financial/sustainability metrics	Measures chosen to support delivery of the Group's long-term strategic and sustainability priorities. Metrics may vary by cycle but may include metrics linked to: — Profitability (e.g. EPS); — Efficient use of capital employed (e.g. ROCE); — Total shareholder return (e.g. relative TSR); and — Sustainability (e.g. water reduction/climate change/waste reduction).

Value and Composition of Remuneration Packages

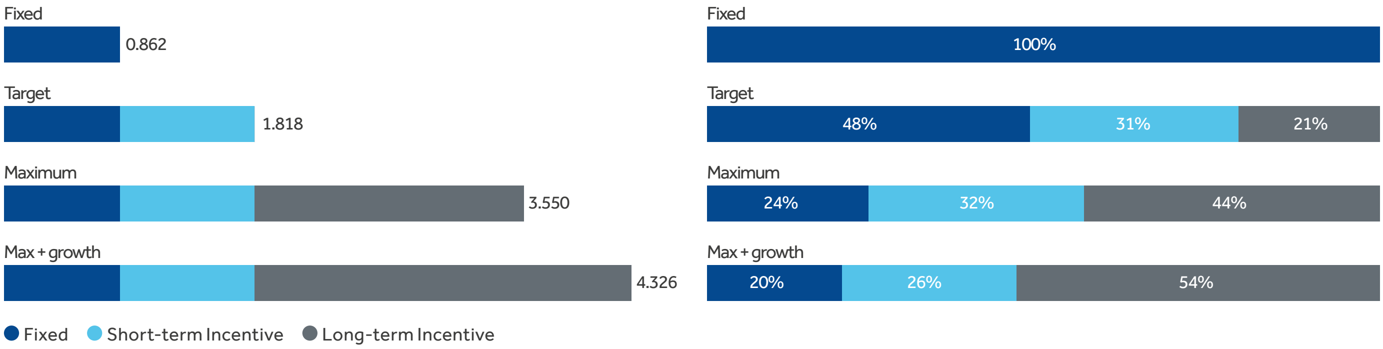
The Committee believes it is important for executive Directors and senior management that a significant portion of the package is performance related and a significant portion is delivered in shares to align their interests with shareholders. The potential value and composition of the executive Directors' remuneration packages at below threshold, target and maximum scenarios under the proposed Policy are set out in the charts on the following page.

Value and Composition of Package

CEO
(€m)



CFO
(€m)



In developing the scenarios the following assumptions have been made:
— Salary: Salary at 1 January 2024.
— Benefits: Estimate based on benefits received in 2023.
— Pension: Cash in lieu rate or contribution rate applied to salary.
— Below Threshold: No pay-outs under any incentive plan.
— Target: Up to 50% of the maximum potential under the annual bonus plan and 25% of the maximum PSP awards to be made in 2024 are earned.
— Maximum: The maximum potential under the incentive plans for 2024 is earned.
— Maximum plus share price growth of 50%: The maximum potential under the incentive plans for 2024 is earned, plus share price growth of 50%.
— Other: No share price (unless otherwise stated), dividends or discount rate assumptions have been included.

Recruitment Policy

In determining the recruitment package for a new executive Director, the Committee would have regard to the following principles:
— The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent.
— So far as practical, the Committee would seek to align the remuneration package for any incoming executive Director with the Remuneration Policy set out above.
  — In terms of fixed pay (including basic salary, benefits and pension), these would be set in line with the Policy table and at a suitable level to recruit individuals with the required calibre, skills and experience to deliver the Company's strategy.
  — In terms of variable pay (including short and long-term incentives), the maximum level of variable remuneration which may be awarded (excluding 'buy-outs') in the first year of appointment is 400% of salary (which is made up of the maximum annual bonus opportunity (150%) and maximum PSP opportunity in the plan rules (250%)).
— Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account all relevant factors including the form of awards, expected value and vesting timeframe of the forfeited opportunities. When determining such a 'buy-out' the guiding principle would be that awards would be on a 'like-for-like' basis to those forfeited.
— To facilitate the awards outlined above, the Committee may make awards under Company incentive plans, or other available structures as appropriate, for the purpose of making 'buy-out' awards.
— In the case of internal promotions, the Committee will honour existing commitments entered into before promotion.

Remuneration Report continued

Executive Directors' Service Contracts and Loss of Office Payment Policy
Details of the service contracts of the executive Directors are as follows. Contracts are available for inspection at the Company's office:

	Effective Date of Contract	Notice Period	Termination Payments
A. Smurfit	9 March 2007 (amended 1 September 2015)	12 months' notice	Annual salary, the highest annual bonus for the most recent three years, the regular pension contribution in respect of the annual salary and the cash value of any benefits.
K. Bowles	1 April 2016	12 months' notice	Annual salary, the regular pension contribution in respect of the annual salary and the cash value of any benefits.
Policy going forward	n/a	12 months' notice	For any new executive Director, any payment in lieu of notice would solely include salary, pension and other benefits.

The Committee reserves the right to make any other payments (including appropriate legal fees) in connection with an executive Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of that executive Director's office or employment.

Treatment of Incentives on Cessation
In the event of an executive Director's departure from the Group, any outstanding share awards will be treated in accordance with the relevant plan rules.

The following table sets out the treatment of annual bonus, deferred share awards and PSP awards for good and bad leavers. A good leaver is an executive Director who ceases to be an employee of the Group by reason of:
— Death;
— Ill health, injury or disability;
— Redundancy;
— Retirement with the agreement of the Committee;
— The sale of the individual's employing business or company out of the Group; or
— Other circumstances at the discretion of the Committee.

Awards	Bad Leavers	Good Leavers
Annual Bonus Plan	Not eligible to receive a bonus, except where a contractual entitlement exists.	If the termination date falls during the performance year, eligible for a bonus pro-rated for time and performance as appropriate. Awards will be paid in the normal manner, including an appropriate balance of cash and shares, subject to the Committee determining a different approach should apply (e.g. on death).
Deferred bonus awards	Awards lapse in full on cessation of employment.	Outstanding awards will be retained by participants and would vest in full at the normal time. The Committee retains discretion to accelerate vesting where it is considered appropriate (e.g. on death).
PSP awards	For leavers during the performance period, awards lapse in full on cessation of employment.	During the performance period, outstanding awards will be retained and would vest at the normal time taking into account the extent to which the performance conditions have been achieved (measured at the normal time) and time in employment as a proportion of the performance period. For any leavers during the holding period, outstanding awards will be released at the normal time, except where a participant is summarily dismissed, in which case awards lapse in full on cessation of employment. The Committee retains discretion to accelerate the vesting or release of awards where it is considered appropriate (e.g. on death).

Non-executive Directors and the Chair

Terms and Conditions for Non-executive Directors

All Non-executive Directors have letters of appointment for a period of three years which are renewable but generally for no more than three terms in aggregate. In compliance with the UK Corporate Governance Code, all Directors will retire at each AGM and offer themselves for re-election. A copy of the letter of appointment is available for inspection at the Company's registered office during normal business hours and at the AGM. Non-executive Directors are not eligible to participate in the annual bonus plan or the long-term incentive plans and their service as a Non-executive Director is not pensionable.

Non-executive Director Policy Table

Approach to Fees	Operation	Other Items
Fees for the Chair and Non-executive Directors are set at an appropriate level to reflect the time commitment, responsibility and duties of the position and the contribution that is expected from Non-executive Directors. The remuneration of the Non-executive Directors is determined by the Board within the limits set out in the Articles of Association.	The Chair receives an aggregate fee. The Remuneration Policy for Non-executive Directors is to pay: (i) a basic annual fee; and (ii) fees for additional Board responsibilities (including the Senior Independent Director and the Chair and membership of a committee). Additional fees may also be paid where the time commitment in a particular year was significantly more than anticipated. The Board retains discretion to remunerate the Non-executive Directors in shares rather than cash where appropriate.	Non-executive Directors are reimbursed for travel and reasonable personal expenses (including any related tax liability on such expenses). Additional fees or benefits may be provided at the discretion of the Board.

If a new Chair or Non-executive Director is appointed, the remuneration arrangements will normally be in line with those detailed in the table above.

Consideration of Remuneration Arrangements Throughout the Group

As the Group is multinational, remuneration packages in each geographical location must be fair and competitive for that location and at a most senior level, on an international basis. Our objectives are to a) ensure that SKG can attract and retain talented employees of the calibre necessary for it to compete in all its markets, b) motivate employees at every level of the organisation to achieve the Group's objectives, both short and long-term, in order to create sustainable value and c) align remuneration packages with the Group's values of supporting a performance culture.

The employees are rewarded in line with their individual and business performance. In setting remuneration levels, SKG takes into consideration the employees' performance appraisal, external benchmark data for their role in companies of similar size and scope in their geographical area while also ensuring reasonable internal equity within the Group.

Consideration of Shareholder Views

The Company is committed to ongoing shareholder dialogue when considering changes to the Remuneration Policy. The intention had been to engage with major shareholders during 2023 on the Policy renewal, prior to the 2024 AGM, but this consultation programme was cancelled in light of the proposed Combination with WestRock.

Remuneration Report continued

Annual Report on Remuneration

Total Executive Directors' Remuneration in 2023

The following table shows a single figure of total remuneration for each executive Director for the years 2023 and 2022.

				Total Annual Bonus		LTIP[2]					
	Basic Salary €'000	Pension €'000	Benefits[1] €'000	Cash €'000	Deferred Shares €'000	PSP Shares €'000	Share Depreciation[3]/ Appreciation[4] €'000	Total LTIP €'000	Total Fixed €'000	Total Variable €'000	Total €'000
2023											
A. Smurfit	**1,186**	**119**	**4**	**806**	**806**	**1,980**	**(177)**	**1,803**	**1,309**	**3,415**	**4,724**
K. Bowles	**728**	**73**	**29**	**495**	**495**	**957**	**(87)**	**870**	**830**	**1,860**	**2,690**
2022											
A. Smurfit	1,140	177	11	837	837	2,124[5]	408[5]	2,532	1,328	4,206	5,534
K. Bowles	700	95	44	514	514	987[5]	190[5]	1,177	839	2,205	3,044

1 Benefits include the use of a company car, club subscriptions or cash equivalent.
2 For 2023, this represents conditional share awards granted under the Group's 2018 Performance Share Plan in 2021 ('the 2021 PSP award') at their grant price. The outcome of the 2021 PSP award was 64.44% of the maximum as a result of the achievement of the relevant performance targets in the three-year period ended 31 December 2023. The 2021 PSP award (post-tax) is subject to a two-year holding period post-vesting.
3 Share price depreciation element – the devaluation generated through share price decline over the grant price in 2021. In estimating the devaluation for the 2021 grants a share price of €37.39, the average market price for the February 2024 vesting to eligible employees, was applied compared to the weighted average grant price of €41.07. Two grants of performance shares were made in 2021; the first in March 2021 at a grant price of €40.76, with a second tranche granted in May 2021 at a grant price of €43.93, to reflect the increased PSP opportunity approved at the AGM as part of the 2021 Remuneration Policy.
4 Share price appreciation element – the additional value generated through share price growth over the grant price in 2020. For the 2020 grants, the share price used was €31.83 compared to the grant price of €26.70 per share.
5 The vesting of the 2020 PSP award to Executive Directors was delayed until September 2023 due to the existence of inside information in relation to the proposed Combination. The numbers used in the 2022 Total Executives Directors Remuneration were estimates based on the vesting of the 2020 PSP award to eligible employees in February 2023. The 2022 comparatives included in the table above have been updated to reflect the actual number of shares which vested and the average market price for the September vesting to Executive Directors.

Pensions

Tony Smurfit and Ken Bowles previously participated in a Group contributory defined benefit pension plan based on an accrual rate of 1/60th of pensionable salary for each year of pensionable service, designed to provide two thirds of salary at retirement for full service. The defined benefit plan which Tony Smurfit and Ken Bowles are members of closed to future accrual with effect from 30 June 2016 and was replaced by a defined contribution plan. All pension benefits are determined solely in relation to basic salary. As explained in more detail in Note 23, during the year the Group made a Transfer Value Option available to all employed members of the Irish defined benefit pension schemes. The terms of the Transfer Value Option were consistent across all members. On acceptance of the option all associated defined benefit pension obligations in respect of Tony Smurfit and Ken Bowles have been removed.

For 2023, the non-pensionable cash allowance for Tony Smurfit and Ken Bowles represented 10% of salary, which is aligned to the workforce rate.

Annual Bonus

Executive Directors participate in an annual bonus scheme based on the achievement of clearly defined stretching annual financial targets, together with targets for Health, Safety and Wellbeing, People & ESG and personal/strategic goals for each of the executive Directors.

2023 Annual Bonus

The key target areas, as well as their weightings and the specific targets for the 2023 annual bonus plan are set out in the table below:

Performance Metrics (weighting)	Threshold	Target	Maximum	Resultant Payout (% of max.)
Adjusted EBIT (35%)	€1,404m			25.7% (73.3%)
	€974m	€1,267m	€1,560m	
FCF (35%)	€628m			35.0% (100%)
	€218m	€417m	€616m	
Health, Safety and Wellbeing (10%)	100% payout for less than 0.55. The Group TRIR was 0.53.			10% (100%)
People & ESG (10%)	Strong progress against People & ESG goals. Further details set out overleaf for the Executive Directors.			10% (100%)
Personal/Strategic Goals (10%)	Strong progress against personal/strategic goals. Further details set out overleaf, individually for the CEO and CFO.			10% (100%)

People and ESG Outcome for Executive Directors (10% weighting)

Focus area	Objectives	Assessment	Resultant Payout (%)
People	Develop next generation of leaders, increase employee engagement, promote and champion Inclusion, Diversity and Equality ('ID&E') programmes.	— Carried out successful strategic talent review for top talent. — Continued to focus on and build the talent pool of high potential leaders. — Created a development plan to ensure the readiness for the future Group CEO and Group CFO positions. — Developed and completed a detailed workforce engagement schedule which included frequent direct and indirect engagement opportunities. — Progressed the Group's ID&E agenda and delivered on its target of having 25% of our management positions held by women by 2024, with a level of 25.1% at the end of 2023.	100%
Sustainability	Drive the Group to be a fully sustainable circular business.	— Continued to make significant progress towards achieving the Group's sustainability goals. The Group made progress on a number of its key sustainability targets, such as selling over 95% of our packaging solutions as Chain of Custody certified two years earlier than our target. — Undertook a number of important sustainability projects during the year. — SKG awarded both a Regional Top Rated and Industry Top Rated company by Morningstar Sustainalytics. — Continued to achieve strong scores with key rating agencies such as MSCI, ISS ESG and Sustainalytics.	100%
			Total: 10% (100%)

Personal/Strategic Goals (10% weighting)

The following table sets out the executive Directors' achievements against their personal/strategic objectives for 2023:

Executive	Objectives	Assessment	Resultant Payout (%)
A. Smurfit	**Strategy for Growth** Development of strategic plans for the Group.	— Continued to evolve the Group's strategy through the development of an updated strategic planning process during 2023. — Enhanced the strategic direction of the Group by reaching a definitive agreement on the terms of the proposed Combination. — Ambitious investment and strategic plans developed, presented and approved by the Board. — Identification of new key areas for expansion and development including the completion of two acquisitions which strategically support the Group's growth plan.	100%
	Digital enablement Oversee completion of Digital Strategy for the Group.	— Continued implementation and evolvement of the multi-functional Digital Strategy transformation plan and delivered on operational efficiencies outlined in the plan. — Completed the move from a regional reporting structure to a functional reporting structure and the introduction of a Service Management Structure.	100%
			Total: 10% (100%)
K. Bowles	**Strategy for Growth** Development of strategic plans for the Group.	— Continued to evolve the Group's strategy through the development of an updated strategic planning process during 2023. — Enhanced the strategic direction of the Group by reaching a definitive agreement on the terms of the proposed Combination. — Ambitious investment and strategic plans developed, presented and approved by the Board. — Identification of new key areas for expansion and development including the completion of two acquisitions which strategically support the Group's growth plan.	100%
	Digital enablement Oversee completion of Digital Strategy for the Group.	— Continued implementation and evolvement of the multi-functional Digital Strategy transformation plan and delivered on operational efficiencies outlined in the plan. — Completed the move from a regional reporting structure to a functional reporting structure and the introduction of a Service Management Structure.	100%
			Total: 10% (100%)

Following the consideration of performance against the targets, and in the context of the wider performance of the Group, the Committee did not consider it necessary to apply discretion to the out-turns and approved the following annual bonuses for 2023:

	2023				
Executive Directors	(% Maximum)	Bonus Payable (% Salary)	Annual Cash Bonus €'000	Deferred Shares €'000	Total Bonus €'000
A. Smurfit	**90.7%**	**136.0%**	**806**	**806**	**1,612**
K. Bowles	**90.7%**	**136.0%**	**495**	**495**	**990**

In line with the Remuneration Policy, half of the bonuses shown above were paid in cash and half are deferred into Company shares which vest after three years subject to the continuity of employment.

Remuneration Report continued

Performance Share Plan

Awards Vesting in Respect of Performance to 31 December 2023

In 2021, Tony Smurfit and Ken Bowles were granted awards under the 2018 PSP. These awards were based on the following performance criteria: EPS (pre-exceptional); Return on Capital Employed; Total Shareholder Return against a bespoke peer group; and sustainability measures. Performance was measured on a straight-line basis between threshold and maximum.

In line with our normal approach for EPS and ROCE, we adjust the achievement for items which would affect comparability such as acquisitions and disposals. These adjustments did not impact on the vesting outcome for the 2021 award. We have also applied this approach to the ESG-Planet metrics, which were adjusted for an acquisition, resulting in a marginal reduction in the vesting outcome.

Performance Metrics (weightings)	Threshold (25% Vesting)	Maximum (100% Vesting)	Achievement	Level of Vesting
Adjusted EPS (pre-exceptional items – cumulative over three years) (28%)	635c	775c	1,078c	28.00%
Adjusted ROCE (three-year average) (28%)	13.0%	16.0%	19.4%	28.00%
Relative TSR vs. a select peer group (29%)	Median	Upper quartile	Below median	0.00%
ESG-Planet				
Adjusted CO_2 Emissions Reduction (5%)	39.5%	45.5%	43.00%	3.44%
Adjusted Water Discharge Reduction (5%)	45%	55%	36.93%	0.00%
Adjusted Waste to Landfill Reduction (5%)	25%	27%	36.10%	5.00%
Overall vesting				64.44%

The peer group used for the TSR measure comprised the following companies: Billerud Korsnas, Cascades, DS Smith, Empresas CMPC, Graphic Packaging, International Paper, Klabin, Mayr-Melnhof, Metsa Board, Mondi, Packaging Corporation of America, Stora Enso, UPM-Kymmene and WestRock. SKG finished below median in terms of TSR outcome, as calculated by our external remuneration advisors Ellason, against the peer group for the performance period and was therefore below the threshold in terms of the achievement for the 2021 award.

The Committee reviewed performance against the targets in the context of the wider performance of the Group and also considered potential windfall gains. Given the share price at the time of this vesting determination was lower than the share price at the time of grant of these awards (€40.76 for the main awards in March 2021 and €43.93 for the additional post-AGM awards made in May 2021) the Committee was satisfied that windfall gains had not arisen. The Committee agreed it was not necessary to apply discretion to the out-turns and approved the level of vesting of the 2021 PSP awards. PSP Awards although vested, are subject to an additional holding period such that they are released following the fifth anniversary of the grant date.

Share Awards Granted During the Year

During the year, executive Directors were granted Deferred Share Awards in respect of the 2022 annual bonus. They were also granted PSP Awards that may vest based on the achievement of performance targets for the three-year period ending on 31 December 2025. PSP Awards are subject to an additional holding period such that they are released following the fifth anniversary of the grant date. Details of the performance conditions attached to these awards are set out on page 121 of the 2022 Annual Report.

Details of the executive Directors' awards are set out below. Further detail on the executive Directors' outstanding shares are set out on page 148.

	Type of Interest	Face Value €'000	Granted in 2023	Basis on Which Award Made	% Vesting at Threshold	Performance Period
Deferred Bonus[1]						
A. Smurfit	Deferred shares	837	23,049	Deferred bonus	n/a	n/a
K. Bowles	Deferred shares	514	14,154	Deferred bonus	n/a	n/a
Performance Shares[2]						
A. Smurfit	Performance shares	2,964	91,816	250% of salary	25%	01/01/2023–31/12/2025
K. Bowles	Performance shares	1,492	46,233	205% of salary	25%	01/01/2023–31/12/2025

1 Share price of deferred shares granted in September 2023 was €36.32. Awards will vest based on continued employment to February 2026 (subject to leaver provisions within the plan rules).

2 Share price of performance shares granted in September 2023 was €32.28. These awards are subject to the following performance conditions and weightings: EPS (pre-exceptional, 28%); ROCE (28%); relative TSR (29%) against a bespoke peer group; CO_2 emissions reduction (5%); water discharge reduction (5%); and waste to landfill reduction (5%). Details of the underlying targets are set out in the 2022 Annual Report. The Committee retains discretion to review the formulaic out-turn at the end of the performance period to ensure that it is appropriate and reflective of overall performance and to ensure that no windfall gains will arise on vesting.

Annual Percentage Change in Remuneration of Directors and Employees

Details of the percentage change in the salary, annual bonus and benefits from 2022 to 2023 for the Directors of the Company, along with that applicable to an average FTE employee of Smurfit Kappa, is set out below:

	Change 2022–2023			Change 2021–2022		
	Basic Salary[1]	Total Bonus	Benefits	Basic Salary	Total Bonus	Benefits
Executive Directors						
Group Chief Executive Officer – A. Smurfit	**4%**	**(4%)**	**(61%)**	3%	1%	(62%)
Group Chief Financial Officer – K. Bowles	**4%**	**(4%)**	**(35%)**	3%	1%	16%
Non-executive Directors[2]						
I. Finan	**4%**	**n/a**	**n/a**	0%	n/a	n/a
A. Anderson[5]	**35%**	**n/a**	**n/a**	0%	n/a	n/a
F. Beurskens	**2%**	**n/a**	**n/a**	0%	n/a	n/a
C. Fairweather	**4%**	**n/a**	**n/a**	0%	n/a	n/a
ML. Ferguson-McHugh[3]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
K. Hietala[5]	**37%**	**n/a**	**n/a**	10%	n/a	n/a
J. Lawrence	**4%**	**n/a**	**n/a**	0%	n/a	n/a
L. Melgar	**4%**	**n/a**	**n/a**	0%	n/a	n/a
J. Moloney[4]	**(65%)**	**n/a**	**n/a**	0%	n/a	n/a
J. Buhl Rasmussen	**4%**	**n/a**	**n/a**	0%	n/a	n/a
G. Restrepo[4]	**(65%)**	**n/a**	**n/a**	0%	n/a	n/a
Average employee of Smurfit Kappa Group ('FTE')	**9%**	**(9%)**	**n/a***	6%	22%	n/a*

1 The Executive and Non-executive Directors received an increase in basic salary/fees of 4% effective from 1 January 2023.
2 Page 149 provides the underlying single figure of remuneration for Non-executive Directors used to calculate the figures above.
3 Mary Lynn Ferguson-McHugh joined the Board in January 2023.
4 John Moloney and Gonzalo Restrepo retired from the Board following the 2023 AGM.
5 Anne Anderson was appointed Chair of the Nomination Committee following the 2023 AGM and Kaisa Hietala was appointed Senior Independent Director in October 2022.
* Due to data availability, it is not possible to calculate the percentage change in benefits for all employees for the purpose of this table.

Chief Executive Officer Pay Ratio

Although this legislation does not apply to SKG, the Committee has voluntarily published the ratio. The following table sets out the Group CEO pay ratio against Irish employees within the Group, which is considered the most relevant reference point as the Group's headquarters are in Ireland.

Year	Population	25th percentile	50th percentile	75th percentile
2023	**Irish employees**	**121**	**89**	**61**
2022	Irish employees	137	101	70
2021	Irish employees	152	116	83
2020	Irish employees	132	97	72
2019	Irish employees	92	68	50

Total remuneration for each individual in the above data has been calculated on the same basis as the Group CEO's annual total remuneration for the same period in the single figure table. For part-time employees, their relevant pay and benefit components have been adjusted to the equivalent full-time figure for the relevant business.

The pay ratio reflects how remuneration arrangements differ as responsibility increases for more senior roles within the organisation; with a significant proportion of the CEO's remuneration derived from at-risk, performance-based pay linked to the Group's overall performance and also to Smurfit Kappa's share price performance through the equity-based incentives. The Committee is comfortable that the pay ratio reflects the pay progression policies at Smurfit Kappa and acknowledges that there will be volatility in the reported pay ratio year-on-year, driven by the performance-based pay outcomes.

Remuneration Report continued

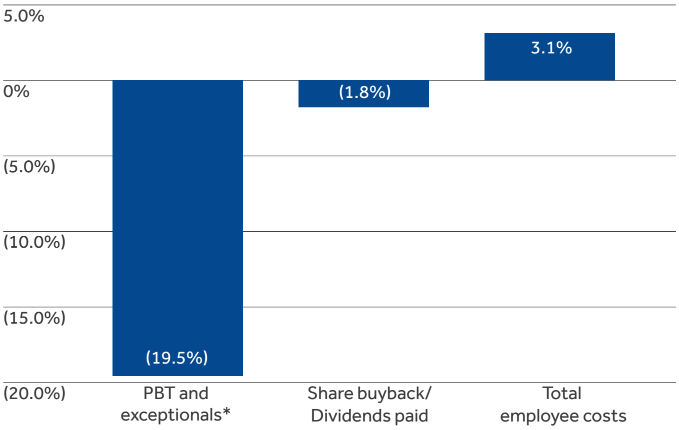
Relative Importance of Spend on Pay

The following tables set out the change in profit, share buyback, dividends and total employee costs for the financial year ended 31 December 2023 against a five year comparative.

	2023 €m	2022 €m	2021 €m	2020 €m	2019 €m	2018 €m
Profit before income tax and exceptional items	**1,220**	1,516	944	779	872	938
Dividends/share buyback paid to shareholders	**367**	374	302	260	238	213
Total employee costs[1]	**2,627**	2,547	2,292	2,218	2,195	2,139
Directors' Remuneration	**9**	10	11	9	7	6

1 Total employee costs (excluding Directors) for continuing operations includes wages and salaries, social insurance costs, share-based payment expense, pension costs and redundancy costs for all employees. The average full time equivalent number of employees and part-time employees in continuing operations was 46,982 (2022: 48,624).

Percentage Change of Spend on Pay 2023 vs 2022
(%)

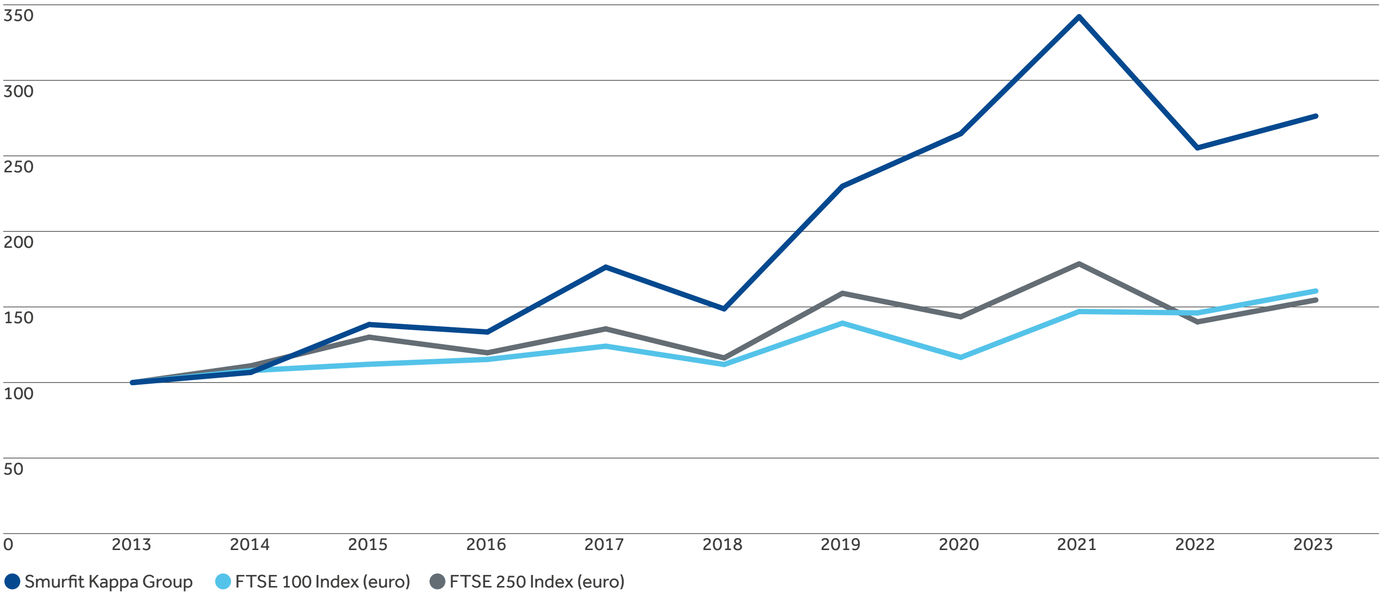


* Profit before income tax and exceptional items.

Total Shareholder Return Performance

The performance graph below shows the Group TSR performance from 31 December 2013 to 31 December 2023 against the performance of the FTSE 100 and FTSE 250 over the same period. Both the FTSE 100 and FTSE 250 have been chosen, as during the relevant period these are the two broad equity market indices of which the Group has been a member.

Total Return Indices – Smurfit Kappa vs FTSE 100 and FTSE 250
(Total Shareholder Return – rebased to 100)



Group Chief Executive Officer Remuneration

The table below summarises the single figure of total remuneration for the Group Chief Executive Officer for the past ten years as well as how the actual awards under the annual bonus and LTIP compare to the maximum opportunity.

		Single Figure of Total Remuneration €'000	Annual Bonus Award Against Maximum Opportunity*	LTIP Award Against Maximum Opportunity
Group Chief Executive Officer				
2023	A. Smurfit	4,724	90.7%	64.44%[1]
2022	A. Smurfit	5,534	97.9%	75%[2]
2021	A. Smurfit	6,237	99.8%	62.02%[3]
2020	A. Smurfit	5,263	82.6%	78.35%[4]
2019	A. Smurfit	3,670	71%	100%[5]
2018	A. Smurfit	3,372	97.3%	51.6%[5]
2017	A. Smurfit	2,477	41%	45%[5]
2016	A. Smurfit	2,407	35%	45%[5]
2015	A. Smurfit (appointed 1 September)	1,180	42%	67%[5]
2015	G. McGann (retired 31 August)	3,837	42%	67%[5]
2014	G. McGann	7,203	55%	75%[5]

1 The Performance Share award granted in 2021 had an outcome of 64.44% of the maximum based on the achievement of the relevant performance targets for the three-year period ending on 31 December 2023. Awards will be released after a two year holding period.
2. The Performance Share award granted in 2020 vested in September 2023 based on the achievement of the relevant performance targets for the three-year period ending on 31 December 2022. Awards will be released after a two year holding period.
3 The Performance Share award granted in 2019 vested in February 2022 based on the achievement of the relevant performance targets for the three-year period ending on 31 December 2021. Awards will be released after a two-year holding period.
4 The Performance Share award granted in 2018 vested in February 2021 based on the achievement of the relevant performance targets for the three-year period ending on 31 December 2020. Awards are being released in three equal tranches.
5 The Matching and Conditional Matching Awards granted in 2017, 2016, 2015, 2014, 2013 and 2012 vested in February 2020, 2019, 2018, 2017, 2016 and 2015 respectively based on the achievement of the relevant performance targets for the three-year periods ending on 31 December 2019, 2018, 2017, 2016, 2015 and 2014.
* The annual bonus award was paid 50% in cash and 50% in Deferred Share Awards.

The information below on pages 147 to 150 forms an integral part of the audited Consolidated Financial Statements as described in the Basis of Preparation on page 176.

Pension Entitlements – Defined Benefit

	Increase/ (Decrease) in Accrued Pension During Year €'000	Transfer Value of Increase/ (Decrease) in Accrued Pension €'000	**2023 Total Accrued Pension[1] €'000**
Executive Directors			
A. Smurfit	–	–	**–**
K. Bowles	–	–	**–**

1 At 31 December 2023, the defined pension payable to A. Smurfit and K. Bowles is nil as they both accepted the Transfer Value Option which was made available to all employed members of the Irish defined benefit pension schemes during the year.

Additional Information

Payments to Former Directors

There were no payments made to former Directors in the year.

Payments for Loss of Office

There were no payments for loss of office made in the year.

Executive Directors' Interests in Share Capital at 31 December 2023

The table below summarises the personal shareholdings of each executive Director. The figures include beneficially owned shares and unvested share awards which are not subject to further performance criteria (other than continued employment) on a net of tax basis.

Name	Beneficially Owned at 31 December 2022	Beneficially Owned at 31 December 2023	Unvested Awards Not Subject to Performance Criteria (Net of Tax)	**Total Shareholding as at 31 December 2023**	Shareholding (% of Salary)	Shareholding Guideline (% of Salary)	Shareholding Guideline Met?
A. Smurfit	1,383,253	1,478,528	29,844	**1,508,372**	4,369%	300%	Yes
K. Bowles	78,423	100,326	17,955	**118,281**	558%	200%	Yes

External Appointments

The Company recognises that, during their employment with the Company, Executive Directors may be invited to become Non-executive Directors of other companies and that such duties can broaden their experience and knowledge. Executive Directors may, with the written consent of the Company, accept such appointments outside the Company, and the policy is that any fees may be retained by the Director. The Executive Directors do not hold any paid appointments at present.

Remuneration Report continued

Deferred Bonus Plan Awards

Deferred Share Awards

Deferred Share Awards were granted to eligible employees in 2023 in respect of the financial year ended 31 December 2022. These awards are not subject to performance conditions.

	31 December 2022	Granted (Lapsed) in Year 2023	Shares vested	31 December 2023	Market Price on Award Date	Deferral Period
Directors						
A. Smurfit						
	17,460		**(15,714)[1]**	**1,746[2]**	33.91	01/01/2020–31/12/2022
	17,114			**17,114**	40.24	01/01/2021–31/12/2023
	17,779			**17,779**	46.81	01/01/2022–31/12/2024
		23,049		**23,049**	36.32	01/01/2023–31/12/2025
K. Bowles						
	9,798		**(8,818)[1]**	**980[2]**	33.91	01/01/2020–31/12/2022
	9,940			**9,940**	40.24	01/01/2021–31/12/2023
	10,836			**10,836**	46.81	01/01/2022–31/12/2024
		14,154		**14,154**	36.32	01/01/2023–31/12/2025
Secretary						
G. Carson-Callan						
	1,969		**(1,969)[1]**	**–**	33.91	01/01/2020–31/12/2022
	2,746			**2,746**	40.24	01/01/2021–31/12/2023
	3,435			**3,435**	46.81	01/01/2022–31/12/2024
		5,024		**5,024**	36.32	01/01/2023–31/12/2025

1 The deferred shares vested and were released in September 2023. The market price at date of distribution was €31.83.
2 The 2020 DBP award of the Executive Directors was subject to an underpin pending the final outcome of appeals by Smurfit Kappa Italia of fines imposed on the Group subsidiary in 2019. As the outcome is not yet known, the Committee considered the vesting of the 2020 DBP and in their discretion decided to withhold 10% of the award pending the final outcome of the process for Smurfit Kappa Italia.

The market price of the Company's shares at 31 December 2023 was €35.88 and the range during 2023 was €29.30 to €40.17.

Performance Share Plan Awards

PSP Awards were granted to eligible employees in 2023. Awards may vest based on the achievement of the relevant performance targets for the three-year period ending on 31 December 2025. Details of the status of the original awards is included below.

	31 December 2022	Granted (Lapsed) in Year 2023*	Shares Vested	31 December 2023	Market Price on Award Date	Performance Period**
Directors						
A. Smurfit						
	93,719	**(23,430)**	**(70,289)[1]**	**–**	26.70	01/01/2020–31/12/2022
	61,391	**–**	**–**	**61,391[2]**	40.76	01/01/2021–31/12/2023
	6,329[3]	**–**	**–**	**6,329**	43.93	01/01/2021–31/12/2023
	70,384	**–**	**–**	**70,384**	40.49	01/01/2022–31/12/2024
	–	**91,816**	**–**	**91,816**	32.28	01/01/2023–31/12/2025
K. Bowles						
	43,547	**(10,887)**	**(32,660)[1]**	**–**	26.70	01/01/2020–31/12/2022
	28,954	**–**	**–**	**28,954[2]**	40.76	01/01/2021–31/12/2023
	3,731[3]	**–**	**–**	**3,731**	43.93	01/01/2021–31/12/2023
	35,441	**–**	**–**	**35,441**	40.49	01/01/2022–31/12/2024
	–	**46,233**	**–**	**46,233**	32.28	01/01/2023–31/12/2025
Secretary						
G. Carson-Callan						
	7,865	**(1,966)**	**(5,899)[1]**	**–**	26.70	01/01/2020–31/12/2022
	9,495	**–**	**–**	**9,495[2]**	40.76	01/01/2021–31/12/2023
	11,114	**–**	**–**	**11,114**	40.49	01/01/2022–31/12/2024
	–	**16,109**	**–**	**16,109**	32.28	01/01/2023–31/12/2025

1 Based on the achievement of relevant performance targets for the three-year period ending on 31 December 2022, the conditional share awards including dividend equivalents vested at 75% in September 2023. The market price at the time of vesting was €31.83. The dividend equivalents that vested amounted to 9,272, 4,306 and 775 shares for A. Smurfit, K. Bowles and G. Carson-Callan respectively.
2 The Performance Share award granted in 2021 had an outcome of 64.44% of the maximum based on the achievement of the relevant performance targets for the three-year period ending on 31 December 2023.
3 Two grants of performance shares were made in 2021; the first in March 2021, with a second tranche granted in May 2021 to reflect the increased PSP opportunity approved at the AGM as part of the 2021 Remuneration Policy.
* Awards are eligible to accrue dividend equivalents during the performance period.
** The executive Directors awards (post-tax) are subject to a two-year holding period post-vesting.

Directors' Remuneration

	2023 €'000	2022 €'000
Executive Directors		
Basic salary	**1,914**	1,840
Annual cash bonus	**1,301**	1,351
Annual bonus deferred shares	**1,301**	1,351
Pension	**192**	272
Benefits	**33**	55
Total LTIP	**2,673**	3,709
Executive Directors' remuneration	**7,414**	8,578
Average number of executive Directors	**2**	2
Non-executive Directors		
Fees	**1,416**	1,389
Non-executive Directors' remuneration	**1,416**	1,389
Average number of Non-executive Directors	**10**	10
Directors' Remuneration	**8,830**	9,967

Individual Remuneration for the Financial Year Ended 31 December 2023

	Total 2023 €'000	Total 2022 €'000
Non-executive Directors*		
I. Finan	**364**	350
A. Anderson	**121**	90
F. Beurskens[1]	**154**	150
C. Fairweather	**135**	130
ML. Ferguson-McHugh	**94**	–
K. Hietala	**135**	99
J. Lawrence	**94**	90
L. Melgar	**94**	90
J. Moloney	**45**	130
J. Buhl Rasmussen	**135**	130
G. Restrepo	**45**	130
	1,416	1,389

* Non-executive Director remuneration is entirely fixed.
1 Frits Beurskens' fees include additional fees of €60,000 (2022: €60,000) for services as a Director of a Group subsidiary and advisory services.

Share-based Payment

The executive Directors receive Deferred Share Awards and Performance Share Awards, details of which are outlined on page 148 of this report. The share-based payment expense recognised in the Consolidated Income Statement for the executive Directors in the year totalled €4 million (2022: €5 million).

Remuneration Report continued

Non-executive Directors' Interests in Share Capital at 31 December 2023

The interests of the Non-executive Directors and Secretary in the shares of the Company as at 31 December 2023 which are beneficial unless otherwise indicated are shown below. The Directors and Secretary have no beneficial interests in any of the Group's subsidiary or associated undertakings.

Ordinary Shares	31 December 2023	31 December 2022
Directors		
I. Finan	**30,209**	24,709
A. Anderson*	**6,911**	6,911
F. Beurskens	**7,250**	7,250
C. Fairweather	**3,000**	3,000
K. Hietala	**1,471**	1,471
ML. Ferguson-McHugh	**–**	–
J. Lawrence	**–**	30,000
L. Melgar	**–**	–
J. Buhl Rasmussen	**6,146**	6,146
Secretary		
G. Carson-Callan	**6,752**	2,617

* From October 2021, Anne Anderson has an indirect interest in 1,000 SKG shares, held by a connected person.

The changes in the Secretary's interest between 31 December 2023 and 1 March 2024 was as follows:
— Gillian Carson-Callan increased her holding by 2,170 shares in February 2024 following the vesting of the share plans.

There were no changes to the Non-executive Directors interests during this time.

End of information in the Remuneration Report that forms an integral part of the audited Consolidated Financial Statements.

The Remuneration Committee

The Remuneration Committee is chaired by Jørgen Buhl Rasmussen and currently comprises three Non-executive Directors. John Moloney and Gonzalo Restrepo retired from the Committee following the Group's AGM held on 28 April 2023. Mary Lynn Ferguson-McHugh joined the Committee in January 2023. The Directors' biographical details on pages 112 to 115 demonstrate that the members of the Committee bring to it a wide range of experience in the area of senior executive remuneration in comparable companies.

The Committee receives advice from independent remuneration consultants, as appropriate, to supplement its knowledge and to keep the Committee updated on current trends and practices. In 2023, the Committee received advice from its independent advisors, Ellason LLP, in relation to the external governance landscape and on the approach to executive remuneration in the Group going forward. The Committee considers that the advice provided by Ellason, who do not have any other affiliation with the Group, was objective and independent. The total fees paid to Ellason LLP in relation to Remuneration Committee work during 2023 were £103,020 and were charged on a time and materials basis. Ellason were appointed in 2021, following a competitive tender process. Ellason are signatories to the Remuneration Consultants' Group code of conduct in relation to executive remuneration consulting in the UK.

The role and responsibilities of the Committee are set out in its Terms of Reference which were updated and approved in November 2023 and are available on the Group's website: smurfitkappa.com.

The Committee met seven times during the year. Details of Committee members and meetings attended are provided in the table on page 129. The Group Chief Executive Officer normally attends the meetings and the Group Chief Financial Officer and Group VP Human Resources attend when appropriate (none are involved in discussions concerning their own remuneration).

Statement on Shareholder Voting

The Company is committed to ongoing dialogue with our shareholders regarding executive remuneration. The Company's intention had been to engage with major shareholders during 2023 on the Policy renewal, but this consultation programme was cancelled in light of the proposed Combination.

The following table shows the voting outcomes at the 28 April 2023 AGM for the 2022 Directors' Remuneration Report and the voting outcome at the 30 April 2021 AGM for the Directors' Remuneration Policy.

Item	Votes For and Discretionary	% Votes Cast For	Votes Against	% Votes Cast Against	Total Votes Cast	Votes Withheld
Directors' Remuneration Report	156,754,868	86.5%	24,437,034	13.5%	181,191,902	2,862,012
Directors' Remuneration Policy (2021 AGM)	146,576,022	94.0%	9,420,688	6.0%	155,996,710	1,266,390

Nomination Committee Report

Dear Shareholders, I am pleased to present the Nomination Committee report, my first as Chair, covering the work the Committee performed during the 2023 financial year.

Anne Anderson
Chair of Nomination Committee

5 March 2024

Committee Members

A. Anderson (Chair)
F. Beurskens
I. Finan
K Hietala
J. Lawrence

The Role of the Nomination Committee

— Lead the process for appointments to the Board and make recommendations to the Board;
— Evaluate the balance of skills, knowledge, experience and diversity, including geographical, gender, age and ethnic diversity, on the Board and its Committees to ensure they operate effectively;
— Set measurable objectives and targets for diversity and inclusion for the Board and senior Board positions (having consideration of the requirements under the Listing Rules);
— Prepare descriptions of the role and requirements for new appointees; and
— Give full consideration to succession planning for the Board and senior management.

The roles and responsibilities of the Committee are set out in its Terms of Reference which are available on the Group's website: smurfitkappa.com. The Terms of Reference were reviewed and updated in November 2023.

Attendance Record	A*	B*	Appointment Date
A. Anderson (Chair from the 2023 AGM)**	5	5	2019
G. Restrepo (Chair up to the 2023 AGM)**	1	1	2019
F. Beurskens	5	5	2013
I. Finan***	4	4	2019
K. Hietala**	4	4	2023
J. Lawrence	5	4	2015

* Column A indicates the number of meetings held during the period the Director was a member of the Committee and was eligible to attend and Column B indicates the number of meetings attended.
** Gonzalo Restrepo retired from the Board and as Chair of the Committee at the conclusion of the AGM in April 2023 and was succeeded by Anne Anderson as Chair of the Committee. Kaisa Hietala was appointed to the Committee following the AGM.
*** Irial Finan was not eligible to join one of the meetings as it was in convened to discuss the Chair succession.

Membership of the Committee

The Committee is currently comprised of five Non-executive Directors. The Committee met five times during the year under review. Details of Committee members and meetings attended are provided in the table above. The Group Chief Executive Officer normally attends meetings of the Committee and the Group VP Human Resources attends as appropriate. At the conclusion of the AGM in April 2023, I succeeded Gonzalo Restrepo as Chair of this Committee following his retirement from the Board and Kaisa Hietala, Senior Independent Director ('SID') was appointed to this Committee.

Nomination Committee Report continued

Areas of Focus

The Committee has fully complied with the principles of the Code, which includes up-to-date guidance for Nomination Committees of companies listed on the London Stock Exchange and Euronext Dublin throughout the accounting period.

The primary role of the Committee is to monitor and maintain an appropriate balance of skills, experience, independence and diversity on the Board while regularly reviewing its structure, size and composition. It is also responsible for ensuring there is a formal, rigorous and transparent process for the appointment of new Directors to the Board.

Where necessary, the Committee uses the services of external advisors in order to assist in the search for new appointments to the Board. Advisors are provided with a brief which takes into consideration the skills, experience and diversity required at the time to give balance to the Board. When suitable candidates have been identified, some Committee members will meet with them and if a candidate is agreed upon, the Committee will then recommend the candidate to the Board. All appointments to the Board are approved by the Board as a whole. All newly appointed Directors are subject to election by shareholders at the AGM following their appointment and in compliance with the Code, all Directors are required to retire at each AGM and offer themselves for re-election.

Succession planning is a fundamental aspect of the Committee's work both for Directors and senior management. A detailed succession planning process is in place which has been developed and has evolved in recent years. The Committee and the Board regularly review succession plans for Directors and senior management of the Group and are assisted by comprehensive updates from the Group VP Human Resources.

There were a number of recommendations in relation to the Committee arising from the externally facilitated evaluation of the Committee which was conducted by Ffion Hague of Independent Board Evaluation ('IBE') during 2022. The Committee considered the recommendations during the year and agreed steps in relation to the following: enhancement of the existing comprehensive induction process to tailor it more specifically to individual non-executive director background and their specific role on the Board including committee specific induction; development of a mentor programme for new appointments to the Board or for new Committee Chairs as appropriate; and review of the process around Board refreshment and the planning of future appointments.

Refreshing the Board and its Committees

During the year, the Committee evaluated the composition of the Board with respect to the balance of skills, knowledge, experience and diversity, including geographical, gender, age and ethnic diversity.

Mary Lynn Ferguson-McHugh was appointed as an independent Non-executive Director effective 5 January 2023. As outlined in the 2022 Annual Report, this appointment was made following a process which involved Russell Reynolds Associates, who had no other affiliation with the Group.

Following the retirement of John Moloney and Gonzalo Restrepo from the Board at the conclusion of the 2023 AGM, Jørgen Buhl Rasmussen succeeded John as Chair of the Remuneration Committee, Kaisa Hietala succeeded Jørgen as Chair of the Sustainability Committee and I succeeded Gonzalo as Chair of this Committee. There were no further changes or appointments to the Board during the year, with the proposed Combination with WestRock a conditioning factor in the latter months of the year.

Subsequent to these changes the Committee further considered the composition of the Board which it concluded was currently compliant with all Group and governance requirements. The Committee will review the composition again in 2024.

Chair Succession

Tenure

Irial Finan joined the Board in February 2012 and was appointed Chair in May 2019. He was independent at the time of appointment, as recommended by the Code. He was appointed as Chair designate in October 2018 and became Chair at the conclusion of the AGM in May 2019.

In 2021, as Irial had then exceeded nine years on the Board, a comprehensive review of the Chair's tenure including a shareholder consultation was conducted. On completion of the review, the Board concluded that it was in the best interests of the Company and its stakeholders including its shareholders, that the tenure of Irial be extended by a period of up to three years (or up to the 2025 AGM) as it would provide clarity and certainty for all stakeholders of the Group. Full details of the review process undertaken and the rationale for the Board's recommendation are outlined in the 2021 Annual Report on pages 84 and 85, and in the 2022 Annual Report on page 111. At the 2022 AGM and the 2023 AGM there was strong support from the Company's shareholders for the Chair with approximately 93% of votes cast in favour of his re-election at both meetings.

During 2023, the Chair Succession process remained a priority for the Senior Independent Director.

In line with the commitments outlined in the 2022 Annual Report, an independent external recruitment firm was appointed following a formal selection process led by the SID and the Chair of the Nomination Committee. A comprehensive exercise was also undertaken to prepare and approve a detailed specification for the role. This process included external benchmarking, interviews with each individual Board member and input from the external recruitment firm, the output of which was approved by the Board.

An internal evaluation of the Chair's performance was conducted by the SID as part of the overall Board evaluation process during 2023. This followed the externally facilitated evaluation that was conducted in 2022. The feedback from the external evaluation of Irial was highly positive with recognition of the interpersonal dynamics Irial has established in what is considered a diverse and engaged Board. The external review also noted Irial's strong people, investor and customer focus as well as his notable understanding of our business. The outcome of the internal evaluation in 2023 reinforced this highly positive feedback of the Chair.

On 12 September 2023, Smurfit Kappa and WestRock announced the signing of a definitive transaction agreement to create Smurfit WestRock, a global leader in sustainable packaging. The announcement noted that Smurfit WestRock will bring together the best of both companies' management teams to create a world class leadership team and announced that Irial Finan will be Chair of the Board of Directors of Smurfit WestRock.

In light of the developments relating to the proposed Combination, the SID gave due consideration to the continuation of the Chair succession process and proposed that the process be postponed. The Board concluded that stability, effective leadership and the continuity of the Chair position during this time of significant change for the Company was critical. As a result the Board decided that it is in the best interests of all stakeholders that the Chair Succession process be postponed (subject to shareholder approval of the proposed Combination in 2024).

In conclusion, the Board believes that while the decision has been taken to postpone the process, it remains in the best interests of all stakeholders that Irial continue as Chair during this time of significant change for the Company. The Board is therefore recommending to shareholders the re-election of Irial Finan at the forthcoming AGM in April 2024.

Board and Committee Evaluation

The SID coordinated a rigorous annual internal evaluation of the operation and performance of the Board, its Committees, the Directors and the performance of the Chair during 2023. Please see further details of this internal evaluation in the Corporate Governance Statement on page 122.

An internal evaluation of the Committee was undertaken in 2023. The conclusion from that process was that the performance of the Committee and the Chair of the Committee were satisfactory.

Board Balance and Effectiveness

As is the case each year, the Committee reviewed the size and performance of the Board during 2023. Key elements of ensuring the Board continues to operate at a high standard are independent oversight and a diverse background of skills, which allow Non-executive Directors to scrutinise and, when necessary, challenge management proposals and strategy. The Committee continues to review that each of the Non-executive Directors, excluding the Chair, remain impartial and independent in order to meet the challenges of their roles. Throughout the year, over half of the Board was comprised of independent Non-executive Directors. The Board has had due regard to various matters which might affect, or appear to affect, the independence of certain Directors. The Board considers that other than Frits Beurskens, each of the Non-executive Directors is independent. In determining the independence of the Non-executives, the Committee scrutinised any issues relating to actual or perceived conflicts of interest.

Boardroom and Senior Management Diversity

As a global business, inclusion, diversity and equality are integral to how we do business. The Board and Committee recognise the importance of these values at Board level, senior management level and throughout the organisation.

As part of our Better Planet 2050 Targets, we set an ambitious target of 25% of management positions to be held by women by 2024. We successfully reached this target with 25.1% of management positions held by women at the end of 2023. The Board is committed to ensuring that gender diversity continues to be a focus on its Board and senior management agendas and to increasing the representation of women within senior management roles. At Board level, female representation is currently 45% and therefore in excess of both the FCA Listing Rules target and the FTSE Women's Leader target of 40% representation in relation to gender diversity. In addition, the female representation of our Group Executive Committee is 33% at the year end. We also continue to be compliant with the FCA Listing Rule requirement to have at least one senior board position held by a woman, with Kaisa Hietala in the position of Senior Independent Director. You can read more about diversity at Smurfit Kappa in our Corporate Governance Statement and our People section on page 123 and 96 to 109.

The Board and Committee gives due regard to all aspects of diversity including ethnic and social diversity. The Board includes Directors from seven different nationalities. The Board and the Committee are mindful of the requirements of the FCA Listing Rules and recommendation of the Parker Review to have at least one Board member from an ethnic minority background and the Board currently meets this recommendation.

We are also mindful of the additional voluntary requests from the Parker Review: to provide a target percentage on ethnic diversity of our senior management team for December 2027; and to report on the current ethnic diversity of the senior management team.

We emphasise that any search for Board candidates and any subsequent appointments are made on merit and against objective criteria, in the context of the appropriate balance of skills, diversity of knowledge and thinking, professional and geographic backgrounds and experience which the Board as a whole requires to be effective.

We are committed to appointing the best people and ensuring that all employees have an equal opportunity of developing their skills within the Group. We have been on an accelerated journey to achieve step changes across many of the initiatives within our EveryOne programme. (Further information on EveryOne is available on pages 102 to 103 of the Report.) With significant input and effort from our teams across the world, many of our key areas of focus for Inclusion, Diversity, and Equality have seen substantial progress over the past few years. This is testimony to the shared commitment to creating a globally admired company with diverse talent, where all employees feel respected and all have a sense of belonging.

Anne Anderson
Chair of Nomination Committee

Sustainability Committee Report

Dear Shareholders, I am pleased to present the 2023 report of the Sustainability Committee, my first as Chair, and outline the Committee's continued development, its objectives and activities.

Kaisa Hietala
Chair of Sustainability Committee

5 March 2024

Committee Members

K. Hietala (Chair)
A. Anderson
L. Melgar
J. Buhl Rasmussen

The Role of the Sustainability Committee

The Committee has responsibility for:

— Providing strategic guidance and support to management in the implementation of the Smurfit Kappa Sustainability Strategy which is based on three key strategic sustainability and corporate responsibility pillars, People, Planet and Impactful Business;
— Reviewing and approving the annual Sustainable Development Report and the Sustainability section of the Annual Report;
— Reviewing the TCFD (Task Force on Climate-related Financial Disclosures) compliance and reporting of climate-related financial information;
— Reviewing the climate risks and opportunities of the Group including consideration of emerging trends and mitigating actions; and
— Engagement with the workforce on behalf of the Board as required by the Code.

The role and responsibilities of the Committee are set out in its Terms of Reference which are available on the Group's website: smurfitkappa.com. The Terms of Reference were reviewed and updated in November 2023.

Attendance Record	A*	B*	Appointment Date
K. Hietala (Chair from the 2023 AGM)	6	6	2021
A. Anderson	6	6	2019
L. Melgar	6	6	2020
J. Buhl Rasmussen (Chair up to the 2023 AGM)	6	6	2019

* Column A indicates the number of meetings held during the period the Director was a member of the Committee and was eligible to attend and Column B indicates the number of meetings attended.

Membership of the Committee

The Committee is currently comprised of four Non-executive Directors. The Committee met six times during the year under review. Details of Committee members and meetings attended are provided in the table above. The Group Chief Sustainability Officer normally attends meetings of the Committee and the Group Chair, Group Chief Executive Officer, Group Chief Financial Officer and the Group VP Human Resources attend as appropriate. I replaced Jørgen Buhl Rasmussen as Chair of the Committee at the conclusion of the AGM in April 2023. Jørgen remains a member of this Committee.

Strategic Sustainability Priorities

As a responsible company, operating globally, Smurfit Kappa has a product that is naturally sustainable and a process that is increasingly sustainable, driven by a culture with strong values of loyalty, integrity, respect and safety at work. Smurfit Kappa understands the challenges facing both our business and the planet and is committed to doing its part in resolving these critical issues. Driven by our purpose to create, protect and care, Smurfit Kappa Group is dedicated to sustainable growth for our stakeholders across three pillars: Planet, People and Impactful Business. Our main strategic sustainability priorities are, our People and our Communities, Climate Change, Forest, Water and Waste.

Strategic Guidance

The Board upholds the highest standards of corporate governance and ethical business conduct, and is focused on creating sustainable value for, amongst others, our customers, investors, employees, suppliers and the communities in which we are privileged to operate. The Committee is responsible for providing strategic guidance to management in the implementation of the Smurfit Kappa sustainability strategy, ensuring alignment with global best practices.

As a principal risk for the Group, climate change is reviewed regularly at both Board and Executive level. Climate change has been recorded as a material issue for the Group since 2007. Climate risk and opportunities reporting continued during the year including the consideration of emerging and mitigating actions, in addition to reviewing TCFD compliance and reporting of climate-related financial information. A disclosure consistent with the recommendations of TCFD is outlined on pages 78 to 95 of this report. There is continuous evolution in the laws and regulations in relation to climate change which are constantly monitored as part of the Group's risk management process.

Areas of Focus in 2023

The Committee had another very active and productive year with the Group completing many projects across its sustainability agenda, which have been outlined below and throughout this Annual Report.

The Group has ambitious goals and sustainability targets, Better Planet 2050, that quantify our commitment to protect what we care about – our planet, our people and our business. Our interim emissions target has been approved by the Science Based Targets initiative ('SBTi') as in line with the Paris Agreement.

During 2023, the Committee was engaged across a number of climate related topics which included external training on climate scenario analysis, a review of the World Economic Forum 'How to Set Up Effective Climate Governance on Corporate Boards', Scope 3 emissions and the Group climate risk register.

It has been a year since the Kunming-Montreal Global Biodiversity Framework ('GBF') was successfully adopted in Montreal, Canada in December 2022. At Smurfit Kappa we understand the importance of developing a greater understanding of nature-based risks and opportunities and as a result were delighted to approve the Group announcing its early adoption of the Taskforce on Nature-related Financial Disclosures ('TNFD'). The Committee look forward to the ongoing progress and disclosure with respect to nature in advance of the 2025 commitment.

The Board considered a number of strategic investments including an energy project in Italy and water projects in France and Germany. These projects support the delivery of the Group's mid-term targets and enable the continued improvement in its sustainability performance. The Board also had a regulatory update at each meeting reflecting the importance of draft legislation specific to the Group's business.

The Committee was pleased to see the delivery of some of our 2025 targets in 2023. In 2023, SKG reported the highest CoC certification percentage in the Group's history at 95.5%, ahead of its 95%, 2025 target. The Group also reported a 35.8% reduction in waste to landfill, ahead of its 30%, 2025 target. In addition, the Group has reported 25.1% of management positions being held by women at the end of 2023.

Details of our progress against the targets in our Better Planet 2050 commitments are included on pages 8 and 9.

During 2023, I was proud to see recognition of the Group from a number of third parties such as, the Climate Governance Initiative (in collaboration with the World Economic Forum) which profiled Smurfit Kappa for its cohesive approach to climate and sustainability strategy.

In relation to our customers and their demands for more sustainable packaging solutions, the Committee was also pleased to see the number of awards for innovation and also global companies, such as PepsiCo, awarding Smurfit Kappa 'Best supplier' reflecting the hard work and dedication of the approximately 47,000 employees. Our Better Planet Packaging initiative also provides us with a key platform for differentiation in a competitive market. Details of some of the innovations and solutions we have provided to customers are included on pages 10 to 15.

In March 2023, further evidence of the Group's strong sustainability credentials was demonstrated by the publication of our 16th Sustainability Development Report ('SDR'). The Group's 17th SDR will again be published simultaneously with this Annual Report. In October 2023, the Group published its second Green Bond Allocation and Impact Report. This report provided details on the use of the proceeds of the Group's inaugural €1 billion dual-tranche Green Bond issued in September 2021.

Workforce Engagement

In line with the requirements of the Code, the Committee is also responsible for engaging with the workforce on behalf of the Board.

During 2023, the Committee continued its engagement by attending several meetings and interactions with employees directly. These included a virtual employee workshop in January, with a focus on Inclusion, Diversity and Equality, in addition to site visits and meetings with employees in France and the Dominican Republic. The Committees ongoing indirect engagement continued during the year through data review. These meetings focused on ensuring positive support and engagement with our workforce on a number of topics which included: Investing in People Development, Health, Safety and Wellbeing, Female Engagement; Inclusion, Diversity and Equality ('ID&E'); Workplace Satisfaction and Career Development. Additionally, the Committee reviewed feedback on subjects such as ethics and reported to the Board on matters such as employee sentiment, views and overall areas of interest for employees while also taking into account employee turnover and morale. For further details on employee engagement, see pages 52 to 53.

Committee Evaluation

An internal evaluation of the Committee was undertaken in 2023. The conclusion from that process was that the performance of the Committee and the Chair of the Committee were satisfactory.

Looking Ahead

This Committee will continue to provide guidance and support to management in the development of the Group's sustainability strategy as the Group continues its sustainability journey in 2024. There are many projects in the areas of Planet, People and Impactful Business which will be delivered in 2024 and beyond.

The Committee has approved a Sustainability training and development programme which will do a deep dive into various, relevant topics during 2024.

The Committee is encouraged by the progress the Group has made so far and we look forward to reporting on our continued progress to all of our stakeholders in the years ahead.

Kaisa Hietala
Chair of the Sustainability Committee

Directors' Report

Report of the Directors

The Directors submit their Report and Audited Financial Statements for the financial year ended 31 December 2023.

Principal Activity and Business Review

The Group is an integrated paper and paperboard manufacturer and converter whose operations are divided into Europe and the Americas and one in Africa. Geographically, the major economic environments in which the Group conducts its business are Europe (principally the Eurozone, Sweden and the United Kingdom) and the Americas (principally Argentina, Brazil, Colombia, Mexico and the United States).

The Chair's Statement, Group Chief Executive Officer's Statement, Strategy Statement, Finance Review (including financial risk management policies), Stakeholder Engagement, Sustainability Report and People Report on pages 18 to 29 and pages 40 to 109 report on the performance of the Group during the year and on future developments.

Results for the Year

The results for the year are set out in the Consolidated Income Statement on page 168.

Key Performance Indicators are set out on pages 30 to 33. The Consolidated Financial Statements for the financial year ended 31 December 2023 are set out in detail on pages 168 to 225.

Dividends

In May 2023, a final dividend of 107.6 cent per share was paid to holders of ordinary shares, and in October 2023, an interim dividend of 33.5 cent per share was paid to holders of ordinary shares. The Board is recommending a final dividend of 118.4 cent per share for 2023. Subject to shareholders' approval at the AGM on 26 April 2024, it is proposed to pay the final dividend on 10 May 2024 to all holders of ordinary shares on the share register at the close of business on 12 April 2024.

Research and Development

The Company's subsidiaries are engaged in ongoing research and development aimed at providing innovative paper-based packaging solutions and improving products, processes and expanding product ranges. Expenditure on research and development in the year amounted to €10 million (2022: €8 million).

Accounting Records

The Directors are responsible for ensuring that adequate accounting records, as outlined in Section 281–286 of the Companies Act, are kept by the Company. The Directors are also responsible for the preparation of the Annual Report. The Directors have appointed professionally qualified accounting personnel with appropriate expertise and have provided adequate resources to the finance function in order to ensure that those requirements are met. The accounting records of the Company are maintained at the Group's principal executive offices, located at Beech Hill, Clonskeagh, Dublin 4, D04 N2R2.

Directors

The current members of the Board are named on pages 112 to 115 together with a short biographical note on each Director. Mary Lynn Ferguson-McHugh was appointed to the Board on 5 January 2023, John Moloney and Gonzalo Restrepo retired from the Board following the AGM held in April 2023.

Any Director co-opted to the Board by the Directors is subject to election by the shareholders at the first AGM after their appointment. Pursuant to the Articles of Association, all Directors are subject to re-election at intervals of no more than three years. However, in compliance with the Code, all Directors will retire at the 2024 AGM and will put themselves forward for re-election.

To enable shareholders to make an informed decision on the re-election of each Director, reference should be made to pages 112 to 115 which contains a biographical note on each Director offering themselves for re-election and to the Notice of the AGM which explains why the Board believes the relevant Directors should be re-elected. The Directors intend to confirm at the AGM that the performance of each individual seeking re-election continues to be effective and demonstrates commitment to the role.

Shareholders are referred to the information contained in the Corporate Governance Statement on pages 116 to 124 concerning the operation of the Board and the composition and functions of the Committees of the Board.

Directors' and Secretary's Interests

Details of the Directors' and Group Secretary's interests in the share capital of the Company are set out in the Remuneration Report on pages 147, 148 and 150 and are incorporated into this Directors' Report.

Principal Risks and Uncertainties

Under Irish company law (Section 327 of the Companies Act), the Directors are required to give a description of the principal risks and uncertainties which the Group faces. These principal risks and uncertainties are set out on pages 36 to 39, and form part of this report as required by Section 327 of the Companies Act.

Corporate Governance

Under Section 1373 of the Companies Act, the Directors' Report is required to include a Corporate Governance Statement. The Directors' Corporate Governance Statement is set out on pages 116 to 124 and forms part of this Annual Report. The Audit Committee Report, the Remuneration Report and the Nomination Report are set out on pages 125 to 153.

Subsidiary and Associated Undertakings

A list of the Group's principal subsidiaries and associates as at 31 December 2023 is set out in Note 30 to the Consolidated Financial Statements.

Audit Committee

The Group has established an Audit Committee. The responsibilities of the Audit Committee are outlined on page 125.

Substantial Holdings

	31 December 2023		1 March 2024	
	Number of Shares	**% of Issued Ordinary Share Capital**	Number of Shares	% of Issued Ordinary Share Capital
BlackRock, Inc.	**22,316,323**	**8.57%**	23,716,279	9.08%
Norges Bank	**16,592,130**	**6.37%**	17,411,326	6.67%
Goldman Sachs Groups, Inc.*	**–**	**–**	16,067,101	6.16%
Amundi Asset Management	**10,416,845**	**4.02%**	10,336,065	3.96%

* Shareholding was below 3% as at 31 December 2023.

The table above shows all notified shareholdings of 3% or more of the issued ordinary share capital of the Company as at 31 December 2023 and 1 March 2024.

Non-financial Information

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (the 'Non-Financial and Diversity Information Regulation') together with the Disclosures Delegated Act supplementing Article 8 of the Taxonomy Regulation, (together, the 'Non-Financial Regulations'), the Group is required to report certain non-financial information to provide an understanding of its development, performance, position and the impact of its activities. We have set out the location below of the information required by the Non-Financial Regulations in this Annual Report. Each referenced section of the Annual Report is deemed to form part of this Directors' Report:

Requirement	Relevant Policies	Section(s) in Annual Report	Pages
Environmental Matters	Environmental Policy, Sustainable Sourcing Policy, Sustainable Forestry and Fibre Sourcing Policy	Sustainability	58 to 95
Social Matters	Social Citizenship Policy	Sustainability, People	58 to 109
Employee Matters	Code of Conduct, Health and Safety Policy, Social Citizenship Policy	Sustainability, People	58 to 109
Human Rights	Code of Conduct, Social Citizenship Policy	Sustainability	58 to 95
Anti-corruption and Bribery	Code of Conduct	Sustainability	58 to 95
Business Model		Our Business Model	26 to 27
Principal Risks		Risk Report	34 to 39
Non-Financial KPIs		Key Performance Indicators	30 to 33
EU Taxonomy		Sustainability	58 to 95

In addition to the information required by the Non-Financial Regulations, the Group publishes a comprehensive, assured Sustainable Development Report which details our sustainability strategy, corporate social responsibilities and commitments to social matters. The 2023 Sustainable Development Report will be published on our website in March 2024.

Purchase of Own Shares

Special resolutions will be proposed at the 2024 AGM to renew the authority of the Company, or any of its subsidiaries, to purchase up to 10% of the Company's ordinary shares in issue at the date of the AGM and in relation to the maximum and minimum prices at which treasury shares (effectively shares purchased by the Company and not cancelled) may be re-issued off-market by the Company. If granted, the authority will expire on the earlier of the date of the 2025 AGM or 25 July 2025.

A similar authority was granted at the AGM in 2023, which is due to expire on the earlier of the date of the AGM in 2024 or 27 July 2024.

Change of Control

In the event of a change of control, the lenders under the Revolving Credit Facility which has been entered into by the Group would have the option to cancel the commitments under the facility and/or to declare all outstanding amounts immediately due and payable, and under the Senior Notes Indentures the Group may be obliged to offer to repurchase the notes.

Capital Structure

Details of the structure of the Company's capital are set out in Note 21 to the Consolidated Financial Statements and are deemed to form part of this Directors' Report. Details of the Group's long-term incentive plans are set out in the Remuneration Report and Note 24 to the Consolidated Financial Statements and are incorporated into this Directors' Report.

Directors' Report continued

Directors' Compliance Statement
The Directors acknowledge that they are responsible for securing compliance by the Company of its relevant obligations as set out in the Companies Act (the 'Relevant Obligations').

The Directors further confirm that there is a Compliance Policy Statement in place setting out the Company's policies which, in the Directors' opinion, are appropriate to ensure compliance with the Company's Relevant Obligations.

The Directors also confirm that appropriate arrangements and structures are in place which, in the Directors' opinion, are designed to secure material compliance with the Company's Relevant Obligations. For the financial year ended 31 December 2023, the Directors, with the assistance of the Audit Committee, have conducted a review of the arrangements and structures in place. In discharging their responsibilities under Section 225 of the Companies Act, the Directors relied on the advice of persons who the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its Relevant Obligations.

Financial Instruments
In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk, refinancing risk and credit risk. The Group and Company financial risk objectives and policies are set out in Note 27 to the Consolidated Financial Statements.

Disclosure of Information to the External Auditor
For the purposes of Section 330 of the Companies Act, each of the Directors individually confirm that:
- In so far as they are aware, there is no relevant audit information of which the Company's External Auditor is unaware; and
- They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's External Auditor is aware of such information.

External Auditor
KPMG, Chartered Accountants, were first appointed statutory auditors on 4 May 2018 and have been reappointed annually since that date and pursuant to Section 383(2) of the Companies Act will continue in office.

A. Smurfit
Director

K. Bowles
Director

5 March 2024

Statement of Directors' Responsibilities

The Directors as at the date of this Annual Report, whose names and functions are listed on pages 112 to 115, are responsible for preparing the Annual Report and the Group and Company Financial Statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. The Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and applicable law including Article 4 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (the 'IAS Regulation'). The Directors have elected to prepare the Company Financial Statements in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act.

Under company law, the Directors must not approve the Group and Company Financial Statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing each of the Group and Company Financial Statements, the Directors are required to:
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable IFRS (as adopted by the European Union) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and its Parent Company will continue in business.

The Directors are also required by Statutory Instrument 277/2007 Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) (the 'Transparency Directive') and the Central Bank (Investment Market Conduct) Rules 2019 to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the Financial Statements of the Company comply with the provisions of the Companies Act. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the Financial Statements of the Group comply with the provisions of the Companies Act including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibilities for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website. Irish Law concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement as Required by the Transparency Directive and Code

Each of the Directors, whose names and functions are listed on pages 112 to 115 of this Annual Report, confirm that, to the best of each person's knowledge and belief:
- The Group Financial Statements, prepared in accordance with IFRS (as adopted by the European Union) and the Company Financial Statements prepared in accordance with IFRS (as adopted by the European Union) as applied in accordance with the provisions of Companies Act, give a true and fair view of the assets, liabilities and financial position of the Group and Company, as applicable at 31 December 2023 and of the profit or loss of the Group and the Company for the year then ended;
- The Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risk and uncertainties that they face; and
- The Annual Report and Financial Statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

A. Smurfit
Director

K. Bowles
Director

5 March 2024

Financial Statements

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Supplementary Information

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Independent Auditor's Report
to the Members of Smurfit Kappa Group plc

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Smurfit Kappa Group plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2023, set out on pages 168 to 225 and including the information on pages 147 to 150, that is described as being an integral part of the Financial Statements, and contained within the reporting package 635400CPLP8H5ITDVT56-2023-12-31-en.zip, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and related notes, including the *Summary of Material Accounting Policies* set out in Note 2.

The financial reporting framework that has been applied in their preparation is Irish Law, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format ('ESEF') and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:
— The Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2023 and of the Group's profit for the year then ended;
— The Group Financial Statements have been properly prepared in accordance with IFRS as adopted by the European Union;
— The Company Financial Statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
— The Group and Company Financial Statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the members on 4 May 2018. The period of total uninterrupted engagement is the six years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA') as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions Relating to Going Concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included: considering the inherent risks to the Group's and Company's business model and analysing how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We incorporated additional downside sensitivities to management's underlying cash flow models. There were no risks identified that we considered were likely to have a material adverse effect on the Group's and Company's available financial resources over this period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Detecting Irregularities Including Fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements and risks of material misstatement due to fraud, using our understanding of the Group's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:
— Inquiring with the Directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims;
— Inquiring of Directors, the Audit Committee and Internal Audit and inspection of policy documentation as to the Group's policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;
— Inquiring of Directors, the Audit Committee, Internal Audit regarding their assessment of the risk that the Financial Statements may be materially misstated due to irregularities, including fraud;
— Inspecting the Group's regulatory and legal correspondence;
— Reading Board and sub-committee meeting minutes;
— Considering remuneration incentive schemes and performance targets for management and Directors including the earnings per share target for management remuneration; and
— Performing planning analytical procedures to identify any unusual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the Group to component audit teams of relevant laws and regulations and any fraud risks identified at the Group level and requests to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

The Group is subject to laws and regulations that directly affect the Financial Statements including companies and financial reporting legislation, taxation legislation and distributable profits legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Group is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, competition law, employment law, environmental law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks. In response to the fraud risks, we also performed procedures including:

— Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation;
— Evaluating the business purpose of significant unusual transactions;
— Assessing significant accounting estimates for bias; and
— Assessing the disclosures in the Financial Statements.

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key Audit Matters: Our Assessment of Risks of Material Misstatement
Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance and which were unchanged from 2022, were as follows:

Group Key Audit Matters

Net Defined Benefit Pension Liability – Valuation €511 million (2022: €517 million)
Refer to Note 2 (accounting policy) and Note 23 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group operates a number of defined benefit pension schemes. Accounting for such schemes gives rise to an element of judgement and volatility arising from movements in actuarial assumptions and the selection of same across the Group. We focus on this area due to the level of estimation uncertainty involved and the sensitivity of the pension liabilities to changes in assumptions applied, in particular the discount rate. We determined this matter to be a Key Audit Matter for the reasons set out above.	We obtained and documented our understanding of the process for the accounting for defined benefit pension schemes and tested the design and implementation of the relevant control. We inquired as to any changes or proposed changes to pension arrangements to assess any impact on the accounting treatment applied. We inspected Board minutes to identify any items arising that may impact on the pension arrangements in place. We performed substantive testing on the key data underlying the actuarial assessment and the maintenance of each scheme's membership data. We challenged, with the support of our actuarial specialist, the assumptions applied to this data to determine the Group's gross obligation, being the discount rates, inflation rate and mortality/life expectancy. This included a comparison of these assumptions against externally derived data. We also considered the adequacy of the Group's disclosures in respect of the sensitivity of the net deficit to these assumptions. We found the assumptions used in, and the resulting estimate of, the valuation of the defined benefit pension liability within the Group to be reasonable and the related disclosures to be adequate.

Independent Auditor's Report continued
to the Members of Smurfit Kappa Group plc

Goodwill Impairment Assessment €2,475 million (2022: €2,455 million)
Refer to Note 2 (accounting policy) and Note 13 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group has significant goodwill arising from acquisitions amounting to €2,475 million at 31 December 2023. Goodwill is required to be tested at least annually for impairment irrespective of whether there are indicators of impairment. The Group has performed an impairment assessment as of 31 December 2023. The goodwill is allocated to 16 groups of cash-generating units ('CGUs') – three of which individually account for between 12% and 18% of the total carrying amount. The recoverable amount of goodwill is arrived at by forecasting and discounting future cash flows to determine value-in-use for each CGU. We focus on this area due to the significance of the goodwill balance to the Balance Sheet and the judgement involved in forecasting and discounting cashflows. We determined this matter to be a Key Audit Matter for the reasons set out above.	We obtained and documented our understanding of the process followed by management in calculating the recoverable amount of each CGU. We assessed the Group's valuation models and calculations by: — Checking the mathematical accuracy of the model; — Assessing the methodology applied within the model in the context of the requirements of the relevant accounting standard; — Assessing and challenging the appropriateness of the discount rates applied and the future operating cash flow assumptions in determining the value-in-use of each CGU with the assistance of our valuation specialist and by comparing the assumptions, where possible, to externally derived data as well as our own assumptions; — Assessing and challenging the reasonableness of the long-term economic growth rate applied for each CGU by comparing the Group's assumptions, where possible, to externally derived data; — Performing sensitivity analysis by applying downside scenarios to certain assumptions and considering how likely it is that the changes may arise; and — Comparing the Group's market capitalisation to the carrying value of the Group's net assets. We assessed the disclosures in the Financial Statements relating to the impairment testing methodology, sensitivity analysis and other matters. We found that management's judgements were appropriate and supported by reasonable assumptions. We found the disclosures to be adequate.

Company Key Audit Matter

Investment in Subsidiaries – Carrying Value €2,987 million (2022: €2,955 million)
Refer to Note 2 (accounting policy) and Note 30 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The investment in subsidiary undertakings is carried in the Balance Sheet of the Company at cost less impairment. There is a risk in respect of the carrying value of these investments if future cash flows and performance of these subsidiaries is not sufficient to support the Company's investments. We focus on this area due to the significance of the balance to the Company Balance Sheet and the judgement involved in forecasting and discounting future cash flows. We determined this matter to be a Key Audit Matter for the reasons set out above.	We obtained and documented our understanding of the process surrounding impairment considerations. We considered management's assessment of impairment indicators by comparing the carrying value of investments in the Company's Balance Sheet to the net assets of the subsidiary Financial Statements and to the market capitalisation of the Company. We considered the audit work performed over the impairment testing of goodwill as outlined in the Group Key Audit Matter above. We found management's assessment of the carrying value of the investment in subsidiary undertakings to be appropriate.

Our Application of Materiality and an Overview of the Scope of our Audit

Materiality

Materiality for the Group and Company Financial Statements, as a whole, was determined as follows:

	Group financial statements	Company financial statements
Overall materiality	€54.4 million (2022: €51 million)	€29 million (2022: €29 million)
Benchmark applied and %	Group EBITDA of which materiality represents 2.6% (2022: 2.2%)	Total assets of which materiality represents 1% (2022: 1%)
Rationale for the benchmark applied and judgement involved	In applying our judgement in determining the most appropriate benchmark, the factors, which had the most significant impact were: — Our understanding that the principal item on which the attention of the users of the Group's Financial Statements tends to be focused is EBITDA; and — EBITDA is the principal item used by Management in assessing performance.	In applying our judgement in determining the most appropriate benchmark, the factors, which had the most significant impact were: — The elements of the Financial Statements; and — The nature of the Company and the fact that the Company is an investment holding company for the Group.
	In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors had the most significant impact: — The Group has a high public profile and operates in a regulated environment; — The Group has debt arrangements which include covenants linked to operating results; and — The Group has operations in 36 countries.	In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors had the most significant impact: — The Company is listed and has a high public profile; and — The Company, through its underlying operations, has operations in 36 countries.

We applied Group materiality to assist us determine the overall audit strategy. The scope of our audit was influenced by materiality, tailored to reflect the Group's structure, activities and financially significant operations. We used materiality in our scoping procedures to identify those reporting units for which we deemed that a complete financial audit was required due to size, potential risks identified and to ensure appropriate coverage. Refer to the Scoping paragraph for further detail in respect of this.

Performance materiality was set at 75% (2022: 75%) of materiality for the Financial Statements as a whole, which equates to €41 million (2022: €38 million) for the Group and €22 million (2022: €22 million) for the Company. We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. In applying our judgement in determining performance materiality, we considered a number of factors including: the low number and value of misstatements detected and the low number and severity of deficiencies in control activities identified in the prior year financial statement audit.

In addition, we applied materiality of €1 million (2022: €1 million) to amounts described as audited within the Remuneration Report for which we believe misstatements of lesser amounts than materiality for the Financial Statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Group.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €2.5 million (2022: €1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Scoping

The scope of our audit was influenced by materiality, tailored to reflect the Group's structure, activities and financially significant operations. The Group is structured across two operating segments, Europe and the Americas. The operations of the Group are significantly disaggregated, split across a large number of operating plants in 36 countries. Reporting components are considered by individual operating plants, a combination of plants or on a geographical basis.

We used materiality in our scoping procedures to identify those reporting units for which we deemed a complete financial audit was required, due to size, potential risks identified and to ensure appropriate coverage. We also subjected certain reporting units to specified risk-focused audit procedures. The reporting units identified amounted to 87% (2022: 92%) of the Group's EBITDA, 77% (2022: 76%) of the Group's revenue and 81% (2022: 75%) of the Group's total assets.

The approach to the audit scoping is consistent with that applied in previous years with some components subject to rotational scoping to introduce a level of unpredictability.

Involvement with Component Teams

In establishing our overall audit approach to the Group audit, we determined the type of work to be undertaken across the Group's components. The Group audit team interacted regularly with the local KPMG component audit teams during each stage of the audit, as set out below. The Group audit team instructed component auditors as to the significant areas to be addressed, including the relevant risks detailed above, and the information to be reported to the Group audit team and was responsible for the overall scope and direction of the audit process.

Independent Auditor's Report continued
to the Members of Smurfit Kappa Group plc

The Group audit team approved the materiality for components, which ranged from €2.6 million to €10.3 million (2022: €2.1 million to €9.4 million), having regard to the mix of size and risk profile of the components across the Group. The work on all components was performed by component auditors and the audit of the Company was performed by the Group team. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these components.

We maintained continuous and open dialogue with the component audit teams in addition to holding formal meetings to ensure that we were fully aware of their progress and results of their procedures. These communications and meetings were held physically or virtually using video and telephone conference meetings. At these meetings, a review of workpapers was undertaken by the Group audit team using technology and share-screen functionality. We used materiality to assist us in determining the scope of these reviews, and the findings reported to the Group audit team by the component auditor were discussed in detail. The Group team also visited a number of component locations in the year in Mexico, Argentina, Spain, the United Kingdom, France and Austria. Audit closing meetings with Group, Divisional and local management were also carried out physically and virtually.

Other Information
The Directors are responsible for the preparation of the other information presented in the Annual Report together with the Financial Statements. The other information comprises the information included in the Directors' Report, the Overview, Strategic Report, Governance and Supplementary Information Sections of the Annual Report, excluding the information within the Governance Section on pages 147 to 150, that is described as being an integral part of the Financial Statements.

The Financial Statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit we report that in those parts of the Directors' Report specified for our consideration:
- We have not identified material misstatements in the Directors' Report;
- In our opinion, the information given in the Directors' Report is consistent with the Financial Statements; and
- In our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement
We have reviewed the Directors' statement in relation to going concern, longer-term viability, that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review by the Listing Rules of Euronext Dublin and the UK Listing Authority.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:
- The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 34;
- The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 34;
- The Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 34;
- The Directors' statement on fair, balanced and understandable and the information necessary for shareholders to assess the Group's position and performance, business model and strategy set out on pages 127 and 159;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on page 34;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 34 and 128; and
- The section describing the work of the Audit Committee set out on pages 125 to 128.

The Listing Rules of Euronext Dublin also requires us to review certain elements of disclosures in the report to shareholders by the Board of Directors' Remuneration Committee.

We have nothing to report in this regard.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 116 to 124 and in the Directors' Report on pages 156 to 158 that:
- Based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC)) Regulations 2006 and specified for our consideration, is consistent with the Financial Statements and has been prepared in accordance with the Act;
- Based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- The Directors' Report contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

Our Opinions on Other Matters Prescribed by the Companies Act 2014 are Unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the Financial Statements to be readily and properly audited and the Financial Statements are in agreement with the accounting records.

We have Nothing to Report on Other Matters on which we are Required to Report by Exception

The Companies Act 2014 requires us to report to you if, in our opinion:

— The disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
— The Company has not provided the information required by Section 1110N in relation to its Remuneration Report for the financial year 31 December 2022;
— The Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2022 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

Respective Responsibilities and Restrictions on use

Responsibilities of Directors for the Financial Statements

As explained more fully in the Directors' responsibilities statement set out on page 159, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

The Purpose of our Audit Work and to Whom we owe our Responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Barrie O'Connell
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland
D02 DE03

5 March 2024

Consolidated Income Statement
For the Financial Year Ended 31 December 2023

	Note	2023 Pre-exceptional €m	2023 Exceptional €m	2023 Total €m	2022 Pre-exceptional €m	2022 Exceptional €m	2022 Total €m
Revenue	4	**11,272**	**–**	**11,272**	12,815	–	12,815
Cost of sales	5	**(7,485)**	**–**	**(7,485)**	(8,752)	–	(8,752)
Gross profit		**3,787**	**–**	**3,787**	4,063	–	4,063
Distribution costs	5	**(927)**	**–**	**(927)**	(961)	–	(961)
Administrative expenses	5	**(1,457)**	**–**	**(1,457)**	(1,440)	–	(1,440)
Other operating expenses	5	**–**	**(152)**	**(152)**	–	(223)	(223)
Operating profit		**1,403**	**(152)**	**1,251**	1,662	(223)	1,439
Finance costs	7	**(234)**	**(23)**	**(257)**	(184)	–	(184)
Finance income	7	**49**	**10**	**59**	35	–	35
Share of associates' profit (after tax)		**2**	**–**	**2**	3	–	3
Profit before income tax		**1,220**	**(165)**	**1,055**	1,516	(223)	1,293
Income tax expense	8			**(296)**			(348)
Profit for the financial year				**759**			945
Attributable to:							
Owners of the parent				**758**			944
Non-controlling interests				**1**			1
Profit for the financial year				**759**			945
Earnings per share							
Basic earnings per share – cent	9			**293.5**			365.3
Diluted earnings per share – cent	9			**291.2**			361.8

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2023

	Note	2023 €m	2022 €m
Profit for the financial year		**759**	945
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation adjustments:			
Arising in the financial year		**12**	(63)
Recycled to Consolidated Income Statement		**28**	–
Effective portion of changes in fair value of cash flow hedges:			
Movement out of reserve		**5**	–
Fair value loss on cash flow hedges		**(1)**	(5)
Changes in fair value of cost of hedging:			
Movement out of reserve		**–**	(1)
		44	(69)
Items which will not be subsequently reclassified to profit or loss			
Defined benefit pension plans:			
Actuarial (loss)/gain	23	**(46)**	51
Related tax	8	**11**	(8)
		(35)	43
Total other comprehensive income/(expense)		**9**	(26)
Total comprehensive income for the financial year		**768**	919
Attributable to:			
Owners of the parent		**767**	918
Non-controlling interests		**1**	1
Total comprehensive income for the financial year		**768**	919

Consolidated Balance Sheet
At 31 December 2023

	Note	2023 €m	2022 €m
ASSETS			
Non-current assets			
Property, plant and equipment	11	**5,129**	4,631
Right-of-use assets	12	**353**	345
Goodwill and intangible assets	13	**2,670**	2,672
Other investments		**10**	10
Investment in associates		**19**	16
Biological assets	14	**156**	100
Other receivables	17	**39**	39
Employee benefits assets	23	**21**	17
Derivative financial instruments	27	**–**	2
Non-current income tax assets		**12**	–
Deferred income tax assets	15	**138**	141
		8,547	7,973
Current assets			
Inventories	16	**1,023**	1,231
Biological assets	14	**13**	10
Trade and other receivables	17	**2,084**	2,399
Derivative financial instruments	27	**17**	46
Current income tax assets		**39**	–
Cash and cash equivalents	20	**905**	788
		4,081	4,474
Assets classified as held for sale		**–**	35
		4,081	4,509
Total assets		**12,628**	12,482
EQUITY			
Capital and reserves attributable to owners of the parent			
Equity share capital	21	**–**	–
Share premium	21	**2,646**	2,646
Other reserves	21	**311**	236
Retained earnings		**2,603**	2,143
Total equity attributable to owners of the parent		**5,560**	5,025
Non-controlling interests	30	**14**	13
Total equity		**5,574**	5,038
LIABILITIES			
Non-current liabilities			
Borrowings	22	**3,570**	3,600
Employee benefits liabilities	23	**532**	534
Derivative financial instruments	27	**1**	4
Deferred income tax liabilities	15	**171**	190
Non-current income tax liabilities		**–**	16
Provisions for liabilities	25	**41**	37
Capital grants		**34**	26
Other payables	26	**11**	10
		4,360	4,417
Current liabilities			
Borrowings	22	**175**	180
Trade and other payables	26	**2,378**	2,642
Current income tax liabilities		**–**	49
Derivative financial instruments	27	**17**	21
Provisions for liabilities	25	**124**	100
		2,694	2,992
Liabilities associated with assets classified as held for sale		**–**	35
		2,694	3,027
Total liabilities		**7,054**	7,444
Total equity and liabilities		**12,628**	12,482

A. Smurfit
Director

K. Bowles
Director

Company Balance Sheet
At 31 December 2023

	Note	2023 €m	2022 €m
ASSETS			
Non-current assets			
Investment in subsidiaries	30	**2,987**	2,955
		2,987	2,955
Current assets			
Amounts receivable from Group companies	17	**634**	474
		634	474
Total assets		**3,621**	3,429
EQUITY			
Capital and reserves attributable to owners of the parent			
Equity share capital	21	**–**	–
Share premium	21	**2,646**	2,646
Share-based payment reserve		**288**	256
Retained earnings		**564**	429
Total equity		**3,498**	3,331
LIABILITIES			
Current liabilities			
Other payables	26	**10**	–
Amounts payable to Group companies	26	**113**	98
Total liabilities		**123**	98
Total equity and liabilities		**3,621**	3,429

A. Smurfit
Director

K. Bowles
Director

Consolidated Statement of Changes in Equity
For the Financial Year Ended 31 December 2023

	Equity Share Capital €m	Share Premium €m	Other Reserves* €m	Retained Earnings €m	Total €m	Non-controlling Interests €m	Total Equity €m
At 1 January 2023	**–**	**2,646**	**236**	**2,143**	**5,025**	**13**	**5,038**
Profit for the financial year	**–**	**–**	**–**	**758**	**758**	**1**	**759**
Other comprehensive income							
Foreign currency translation adjustments	**–**	**–**	**40**	**–**	**40**	**–**	**40**
Defined benefit pension plans	**–**	**–**	**–**	**(35)**	**(35)**	**–**	**(35)**
Effective portion of changes in fair value of cash flow hedges	**–**	**–**	**4**	**–**	**4**	**–**	**4**
Total comprehensive income for the financial year	**–**	**–**	**44**	**723**	**767**	**1**	**768**
Hyperinflation adjustment	**–**	**–**	**–**	**104**	**104**	**–**	**104**
Dividends paid	**–**	**–**	**–**	**(367)**	**(367)**	**–**	**(367)**
Share-based payment	**–**	**–**	**59**	**–**	**59**	**–**	**59**
Shares acquired by SKG Employee Trust	**–**	**–**	**(28)**	**–**	**(28)**	**–**	**(28)**
At 31 December 2023	**–**	**2,646**	**311**	**2,603**	**5,560**	**14**	**5,574**
At 1 January 2022	–	2,646	260	1,473	4,379	13	4,392
Profit for the financial year	–	–	–	944	944	1	945
Other comprehensive income							
Foreign currency translation adjustments	–	–	(63)	–	(63)	–	(63)
Defined benefit pension plans	–	–	–	43	43	–	43
Effective portion of changes in fair value of cash flow hedges	–	–	(5)	–	(5)	–	(5)
Changes in fair value of cost of hedging	–	–	(1)	–	(1)	–	(1)
Total comprehensive (expense)/income for the financial year	–	–	(69)	987	918	1	919
Hyperinflation adjustment	–	–	–	66	66	–	66
Dividends paid	–	–	–	(332)	(332)	(1)	(333)
Share-based payment	–	–	63	–	63	–	63
Share buyback	–	–	(41)	–	(41)	–	(41)
Share cancellation	–	–	41	(41)	–	–	–
Shares acquired by SKG Employee Trust	–	–	(28)	–	(28)	–	(28)
Derecognition of equity instruments	–	–	10	(10)	–	–	–
At 31 December 2022	–	2,646	236	2,143	5,025	13	5,038

* An analysis of Other Reserves is provided in Note 21.

Company Statement of Changes in Equity
For the Financial Year Ended 31 December 2023

	Equity Share Capital €m	Share Premium €m	Share-based Payment Reserve €m	Own Shares €m	Retained Earnings €m	Total Equity €m
At 1 January 2023	**–**	**2,646**	**256**	**–**	**429**	**3,331**
Profit for the financial year	**–**	**–**	**–**	**–**	**502**	**502**
Dividends paid	**–**	**–**	**–**	**–**	**(367)**	**(367)**
Share-based payment	**–**	**–**	**32**	**–**	**–**	**32**
At 31 December 2023	**–**	**2,646**	**288**	**–**	**564**	**3,498**
At 1 January 2022	–	2,646	216	–	283	3,145
Profit for the financial year	–	–	–	–	519	519
Dividends paid	–	–	–	–	(332)	(332)
Share-based payment	–	–	40	–	–	40
Share buyback	–	–	–	(41)	–	(41)
Share cancellation	–	–	–	41	(41)	–
At 31 December 2022	–	2,646	256	–	429	3,331

Consolidated Statement of Cash Flows
For the Financial Year Ended 31 December 2023

	Note	2023 €m	2022 €m
Cash flows from operating activities			
Profit before income tax		**1,055**	1,293
Adjustment for:			
Net finance costs	7	**198**	149
Depreciation charge	11, 12	**587**	581
Impairment of non-current assets	11, 12	**5**	66
Impairment of goodwill	13	**–**	85
Disposal of Russian operations		**28**	–
Amortisation of intangible assets	13	**48**	49
Amortisation of capital grants		**(4)**	(4)
Share-based payment expense	24	**61**	65
Profit on sale of property, plant and equipment		**(12)**	(7)
Devaluation of the Argentinian Peso		**30**	–
Lease modifications		**(1)**	(3)
Share of associates' profit (after tax)		**(2)**	(3)
Net movement in working capital	18	**167**	(350)
Change in biological assets	14	**(19)**	(2)
Change in employee benefits and other provisions		**(43)**	(19)
Other (primarily hyperinflation adjustments)		**3**	8
Cash generated from operations		**2,101**	1,908
Interest paid		**(178)**	(135)
Income taxes paid:			
Irish corporation tax (net of tax refunds) paid		**(34)**	(24)
Overseas corporation tax (net of tax refunds) paid		**(372)**	(297)
Net cash inflow from operating activities		**1,517**	1,452
Cash flows from investing activities			
Interest received		**28**	9
Additions to property, plant and equipment and biological assets		**(841)**	(873)
Additions to intangible assets	13	**(18)**	(17)
Receipt of capital grants		**13**	6
Purchase of investments		**–**	(1)
Disposal of property, plant and equipment		**16**	12
Dividends received from associates		**1**	1
Purchase of subsidiaries (net of acquired cash)		**(26)**	(90)
Deferred consideration paid		**(4)**	(14)
Net cash outflow from investing activities		**(831)**	(967)
Cash flows from financing activities			
Share buyback	21	**–**	(41)
Purchase of own shares	21	**(28)**	(28)
(Decrease)/increase in other interest-bearing borrowings		**(46)**	8
Repayment of lease liabilities		**(106)**	(103)
Derivative termination (payments)/receipts		**(3)**	1
Dividends paid to non-controlling interests		**–**	(1)
Dividends paid to shareholders		**(367)**	(332)
Net cash outflow from financing activities		**(550)**	(496)
Increase/(decrease) in cash and cash equivalents		**136**	(11)
Reconciliation of opening to closing cash and cash equivalents			
Cash and cash equivalents at 1 January	19	**771**	841
Currency translation adjustment	19	**(17)**	(59)
Increase/(decrease) in cash and cash equivalents	19	**136**	(11)
Cash and cash equivalents at 31 December	19, 20	**890**	771

Company Statement of Cash Flows
For the Financial Year Ended 31 December 2023

	Note	2023 €m	2022 €m
Cash flows from operating activities			
Profit before income tax	29	**502**	519
Adjustment for:			
Net finance costs		**(3)**	(1)
Increase in trade and other payables	26	**10**	–
Increase in amounts payable to Group Companies	26	**24**	–
Cash generated from operations		**533**	518
Interest paid		**(1)**	–
Net cash inflow from operating activities		**532**	518
Cash flows from investing activities			
Interest received		**4**	1
Net cash inflow from investing activities		**4**	1
Cash flows from financing activities			
Group loan movements	17, 26	**(169)**	(146)
Share buyback		**–**	(41)
Dividends paid to shareholders		**(367)**	(332)
Net cash outflow from financing activities		**(536)**	(519)
Movement in cash and cash equivalents		**–**	–
Reconciliation of opening to closing cash and cash equivalents			
Cash and cash equivalents at 1 January		**–**	–
Movement in cash and cash equivalents		**–**	–
Cash and cash equivalents at 31 December		**–**	–

Notes to the Consolidated Financial Statements
For the Financial Year Ended 31 December 2023

1. General Information
Smurfit Kappa Group plc ('SKG plc' or 'the Company') and its subsidiaries (together 'SKG', 'Smurfit Kappa' or 'the Group') primarily manufacture, distribute and sell containerboard, corrugated containers and other paper-based packaging products. The Company is a public limited company with a premium listing on the London Stock Exchange and a secondary listing on Euronext Dublin. It is incorporated and domiciled in Ireland. The address of its registered office is Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, Ireland

Transaction Agreement with WestRock
On 12 September, 2023, Smurfit Kappa and WestRock Company, a public company incorporated in Delaware ('WestRock') announced they had reached a definitive agreement on the terms of a proposed combination (the 'Transaction Agreement') to be implemented through (i) an acquisition by Smurfit WestRock Limited (to be re-registered as a public limited company under the laws of Ireland and renamed Smurfit WestRock plc) ('Smurfit WestRock') of the entire issued share capital of Smurfit Kappa by means of a scheme of arrangement under Section 450 of the Companies Act 2014 of Ireland (the 'Scheme'); and (ii) a merger of a subsidiary of Smurfit WestRock with and into WestRock (the 'Merger' and together with the Scheme, the 'Combination').

Under the terms of the Transaction Agreement:
1) for each share of common stock of WestRock (a 'WestRock Share'), the common stockholders of WestRock will receive one new Smurfit WestRock share and US$5.00 in cash; and
2) for each ordinary share of the Company (a 'Smurfit Kappa Share'), the shareholders of the Company will receive one new Smurfit WestRock share.

In conjunction with the Combination, Smurfit Kappa entered into a Commitment Letter under which Citibank, N.A., London Branch and Citicorp North America Inc. arranged and underwrote a US$1,500 million senior unsecured bridge term loan for the purpose of financing (directly or indirectly) the cash consideration and/or fees, commissions, costs and expenses payable in relation to the Combination. On 13 October, 2023, Smurfit Kappa entered into a US$1,500 million bridge facility agreement with Citibank, N.A., London Branch and certain other financial institutions. Upon entering into the bridge facility agreement, the commitments under the Commitment Letter were cancelled.

Following completion of the Combination ('Completion'), Smurfit WestRock will be the parent company of the combined group. The combined group will be headquartered and domiciled in Dublin, Ireland, with North and South American headquarters in Atlanta, Georgia, U.S. Smurfit WestRock will have a dual listing on the New York Stock Exchange ('NYSE') and the standard listing segment of the Official List of the Financial Conduct Authority ('FCA'), and the shares of Smurfit WestRock (the 'Smurfit WestRock Shares') will be admitted to trading on the NYSE and the main market for listed securities of the London Stock Exchange ('LSE').

The Combination is subject to certain conditions set forth in the Transaction Agreement, including, but not limited to: certain regulatory clearances, approval by the shareholders of the Company and stockholders of WestRock, sanction of the Scheme by the High Court of Ireland, the US registration statement for the offer of the shares of Smurfit WestRock being declared effective by the Securities and Exchange Commission ('SEC'), approval of the shares of Smurfit WestRock for listing on the NYSE, and approval of the shares of Smurfit WestRock for listing on the standard listing segment of the Official List of the FCA.

Subject to shareholder approval and other closing conditions, the Combination is expected to close in early July 2024.

The Transaction Agreement contains certain termination rights for both parties. Each of the Company and WestRock may be required to make payments to the other party in connection with the termination of the Transaction Agreement under specified circumstances.

The Consolidated Financial Statements of the Group for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 5 March 2024.

2. Summary of Material Accounting Policies
The Group has consistently applied the following material accounting policies to all periods presented, unless otherwise stated.

Statement of Compliance
The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU'), those parts of the Companies Act 2014 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation. The Company Financial Statements have been prepared in accordance with IFRS adopted by the EU as applied in accordance with the provisions of the Companies Act 2014. IFRS adopted by the EU differ in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

Basis of Preparation
The Consolidated Financial Statements are presented in euro rounded to the nearest million. They have been prepared under the historical cost convention except for the following which are recognised at fair value: certain financial assets and liabilities including derivative financial instruments; biological assets; share-based payments at grant date; pension plan assets; and contingent consideration. The financial statements of subsidiaries whose functional currency is the currency of a hyperinflationary economy are stated in terms of the measuring unit currency at the end of the reporting period. This is the case for the Group's subsidiaries in Argentina.

The preparation of financial statements in accordance with IFRS requires the use of accounting judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgement and areas where assumptions and estimates are significant are discussed in the *Significant Accounting Judgements, Estimates and Assumptions* note.

The Consolidated Financial Statements include the information in the Remuneration Report that is described as being an integral part of the Consolidated Financial Statements.

Climate Change
In preparing the Consolidated Financial Statements, the Group has considered the impact of climate change in the application of its accounting policies, judgements, estimates and assumptions. The Group has assessed the impact of climate change, particularly in the context of the risks identified in the Risk Report and the Task Force for Climate-related Financial Disclosures ('TCFD') and on achieving its sustainability targets, all of which are outlined in the Strategic Report. The assessment included the impact on the useful life of assets, the impairment of non-financial assets and provisions for liabilities. The assessment concluded that climate change in the medium-term is not expected to have a material impact on the Group's judgements, estimates and assumptions. The Group will continue to assess the application of its accounting policies as it further evaluates its climate risks and develops and implements measures to deliver on the targets set.

Going Concern
The Group is a highly integrated manufacturer of paper-based packaging solutions with leading market positions, quality assets and broad geographic reach. The financial position of the Group, its cash generation, capital resources and liquidity continue to provide a stable financing platform.

2. Summary of Material Accounting Policies continued

The Group's diversified funding base and long-dated maturity profile of 4.0 years at 31 December 2023 provide a stable funding outlook. At 31 December 2023, the Group had a strong liquidity position of approximately €2.56 billion comprising cash balances of €905 million, undrawn available committed facilities of €1,346 million on its sustainability-linked Revolving Credit Facility ('RCF') and €312 million on its sustainability-linked securitisation facilities. At 31 December 2023, the strength of the Group's balance sheet, a net debt to EBITDA ratio of 1.4x (31 December 2022: 1.3x) and its investment grade credit ratings, continues to secure long-term strategic and financial flexibility.

Having assessed the principal risks facing the Group outlined in the Risk Report, together with the Group's forecasts and significant financial headroom, the Directors believe that the Group is well placed to manage these risks successfully and have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

The financial model upon which the stress test scenarios are applied to assess the viability of the Group do not incorporate financial modelling resulting from the proposed Combination with WestRock, or the finance bridging facility put in place.

New and Amended Standards and Interpretations Effective During 2023

The Group has applied the following standards, interpretations and amendments with effect from 1 January 2023:

— IFRS 17 *Insurance Contracts*;
— Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
— Definition of Accounting Estimates – Amendments to IAS 8;
— Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and
— International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12.

The amendments listed above did not result in material changes to the Consolidated Financial Statements.

New and Amended Standards and Interpretations Issued but not yet Effective or Early Adopted

A number of new standards and interpretations have been issued but are not yet effective for the Group. These standards are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the Group.

Basis of Consolidation

The Consolidated Financial Statements include the annual Financial Statements of the Company and all of its subsidiaries and associates, drawn up to 31 December.

Subsidiaries

Subsidiaries are entities controlled by the Group. They are consolidated from the date on which control is obtained by the Group. They are deconsolidated from the date on which control is lost by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Revenue

The Group's revenue is primarily derived from the sale of containerboard, corrugated containers and other paper-based packaging products. All revenue relates to revenue from contracts with customers. Contracts with customers include a single performance obligation to sell these products and do not generally contain multiple performance obligations. Revenue comprises the fair value of the consideration receivable for goods sold to third party customers in the ordinary course of business. It excludes sales-based taxes and is net of allowances for volume-based rebates and early settlement discounts.

The transaction price is the contracted price with the customer adjusted for volume-based rebates and early settlement discounts. Goods are often sold with retrospective volume rebates based on aggregate sales over a certain period of time and early settlement discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated rebates and discounts. Accumulated experience is used to estimate and provide for the rebates and discounts, using the most likely amount method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with credit terms consistent with market practice and are in line with normal credit terms in the entities' country of operation.

Revenue is recognised when control of the goods has transferred to the customer, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the goods in accordance with the sales contract. For the Group, revenue is recognised at the point in time when delivery to the customer has taken place.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Foreign Currency

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements of the Group are presented in euro which is the presentation currency of the Group and the functional currency of the Company.

Transactions and Balances

Transactions in foreign currencies are translated into the functional currency of the entity at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the foreign exchange rate ruling at the reporting date. Non-monetary assets and liabilities carried at cost are not subsequently retranslated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date of valuation. Foreign exchange differences arising on translation are recognised in profit or loss with the exception of differences on foreign currency borrowings that qualify as a hedge of the Group's net investment in foreign operations. The portion of exchange gains or losses on foreign currency borrowings used to provide a hedge against a net investment in a foreign operation and that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised immediately in the Consolidated Income Statement.

Group Companies

The assets and liabilities of entities that do not have the euro as their functional currency, including goodwill and fair value adjustments arising on acquisition, are translated to euro at the foreign exchange rate ruling at the reporting date. Their income, expenses and cash flows are translated to euro at average exchange rates during the year. However, if a Group entity's functional currency is the currency of a hyperinflationary economy, that entity's financial statements are first restated in accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies* (see *Reporting in Hyperinflationary Economies*). Under IAS 29, income, costs and balance sheet amounts are translated at the exchange rate ruling at the reporting date. All resulting exchange differences are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements continued

For the Financial Year Ended 31 December 2023

2. Summary of Material Accounting Policies continued

On consolidation, foreign exchange differences arising on translation of net investments including those arising on long-term intragroup loans deemed to be quasi-equity in nature are recognised in other comprehensive income. When a quasi-equity loan ceases to be designated as part of the Group's net investment, accumulated currency differences are reclassified to profit or loss only when there is a change in the Group's proportional interest. On disposal of a foreign operation, accumulated currency translation differences are reclassified to profit or loss as part of the overall gain or loss on disposal.

Reporting in Hyperinflationary Economies

When the economy of a country in which we operate is deemed hyperinflationary and the functional currency of a Group entity is the currency of that hyperinflationary economy, the financial statements of such Group entities are adjusted so that they are stated in terms of the measuring unit current at the end of the reporting period. This involves restatement of income and expenses to reflect changes in the general price index from the start of the reporting period and restatement of non-monetary items in the balance sheet, such as property, plant and equipment and inventories, to reflect current purchasing power as at the period end using a general price index from the date when they were first recognised. The gain or loss on the net monetary position for the year is included in finance costs or income. Comparative amounts are not restated. The restated income, expenses and balance sheets are translated to euro at the closing rate at the end of the reporting period. Differences arising on translation to euro are recognised in other comprehensive income.

Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. Under the acquisition method, the assets, liabilities and contingent liabilities of an acquired business are initially recognised at their fair value at the date of acquisition; which is the date on which control is transferred to the Group. The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of any assets transferred, liabilities assumed and equity instruments issued in exchange for control. In a business combination achieved in stages, the cost includes the acquisition date fair value of any pre-existing equity interest in the subsidiary. When settlement of all or part of a business combination is deferred, the fair value of the deferred component is determined by discounting the amounts payable to their present value at the date of exchange.

When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the identifiable assets and liabilities are made within twelve months of the acquisition date.

Goodwill

Goodwill is the excess of the cost of an acquisition over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. When the fair value of the identifiable assets and liabilities acquired exceeds the cost of the acquisition, the values are reassessed and any remaining gain is recognised immediately in the Consolidated Income Statement. Goodwill is allocated to the groups of cash-generating units ('CGUs') that are expected to benefit from the synergies of the combination. This is the lowest level at which goodwill is monitored for internal management purposes. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment charges. Cost includes expenditure that is directly attributable to the acquisition of the assets. Software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any retired component is derecognised. Other repair and maintenance expenditure that does not meet the asset recognition criteria is expensed in the Consolidated Income Statement as incurred. Assets are depreciated from the time they are available for use, however land is not depreciated. Depreciation on other assets is calculated to write-off the carrying amount of property, plant and equipment, on a straight-line basis at the following annual rates:

— Buildings and building improvements: 2 – 10%
— Plant and equipment: 3 – 33%

The estimated residual value and the useful lives of assets are reviewed at each reporting date. The useful lives of assets could be reduced by climate-related factors, for example, because of physical risks, obsolescence or legal restrictions. The impact of climate-related factors on useful lives is considered on an asset-by-asset basis and takes into consideration the climate change targets made by the Group. Capital expenditure will continue to be required for ongoing projects in order to meet our climate change targets and the useful lives of future capital expenditure may differ from current assumptions, however there are no significant changes in the estimates of useful lives during the current financial year.

Capitalisation of costs in respect of constructing an asset commences when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Costs include expenditure that is directly attributable to the construction of the asset. Construction in progress is not depreciated and is assessed for impairment when there is an indicator of impairment. When these assets are available for use, they are transferred out of construction in progress to the applicable heading under property, plant and equipment.

Impairment

Goodwill

Goodwill is subject to impairment testing on an annual basis at a consistent time each year and at any time an impairment indicator is considered to exist. Impairment is determined by comparing the carrying amount to the recoverable amount of the groups of CGUs to which the goodwill relates. The recoverable amount is the greater of: fair value less costs to sell, and value-in-use. When the recoverable amount of the groups of CGUs is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the group of CGUs retained.

In the year in which a business combination occurs, and the goodwill arising affects the goodwill allocation to CGUs, the groups of CGUs are tested for impairment prior to the end of that year. Impairment losses on goodwill are recognised in the Consolidated Income Statement and are not reversed following recognition.

Non-financial Assets

Long-term tangible and intangible assets that are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances, including those relating to climate change, indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Consolidated Income Statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date. The impairment loss is only reversed to the extent that the asset's carrying amount does not exceed that which would have been determined had no impairment been recognised.

2. Summary of Material Accounting Policies continued

Financial Assets
For trade receivables, the Group applies the simplified approach permitted by IFRS 9. The Group's impairment policy is explained in the *Trade and Other Receivables* note.

Investment in Subsidiaries
Investment in subsidiaries are held at cost less, if any, accumulated impairment.

Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a first-in, first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Raw materials are valued on the basis of purchase cost on a first-in, first-out basis. For finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity and excludes borrowing costs. The cost of wood is its fair value less estimated costs to sell at the date of harvest, determined in accordance with the policy for biological assets. Any change in value at the date of harvest is recognised in the Consolidated Income Statement. Net realisable value is the estimated proceeds of sale less costs to completion and any costs to be incurred in selling and distribution. Full provision is made for all damaged, deteriorated, obsolete and unusable materials.

Financial Instruments
Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial instruments are recognised when the Group becomes a party to its contractual provisions. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially recognised at fair value plus, for an item not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to its acquisition or issue.

On initial recognition, a financial asset is classified as measured at amortised cost, or fair value through other comprehensive income ('FVOCI'), or FVPL. The classification is based on the business model for managing the financial assets and the contractual terms of the cash flows. Reclassification of financial assets is required only when the business model for managing those assets changes. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire, are extinguished or transferred to a third party.

Financial liabilities are classified as measured at amortised cost or FVPL. Financial liabilities are derecognised when the Group's obligations specified in the contracts expire, are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid, (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Cash and Cash Equivalents
Cash and cash equivalents comprise; cash balances held to meet short-term cash commitments, and; investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows. Cash and cash equivalents are stated at amortised cost.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fixed rate borrowings, which have been hedged to floating rates are measured at amortised cost adjusted for changes in value attributable to the hedged risk arising from changes in underlying market interest rates. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

Securitised Assets
The Group has entered into securitisation transactions involving certain of its trade receivables and the establishment of certain special purpose entities to effect these transactions. These special purpose entities are consolidated as they are considered to be controlled by the Group. The related securitised assets continue to be recognised in the Consolidated Balance Sheet.

Derivative Financial Instruments and Hedging Activities
The Group uses derivative financial instruments to manage certain foreign currency, interest rate and commodity price exposures.
All derivatives are recognised at fair value. The treatment of changes in fair value depends on whether the derivative is designated as a hedging instrument, the nature of the item being hedged and the effectiveness of the hedge. The Group designates certain derivatives as follows:
- Hedges of a particular risk associated with a recognised floating rate asset or liability or a highly probable forecast transaction (cash flow hedges);
- Hedges of changes in the fair value of a recognised asset or liability (fair value hedges); and
- Hedges of net investments in foreign operations (net investment hedges).

At inception the Group documents the relationship between the hedging instrument and hedged items, its risk management objectives and the strategy for undertaking the transaction. The Group also documents its assessment of whether the derivative is highly effective in offsetting changes in fair value or cash flows of hedged items, both at inception and in future periods.

The fair values of various derivative instruments used for hedging purposes are disclosed in the *Financial Instruments* note. Movements on the cash flow hedging reserve and cost of hedging reserve in shareholders' equity are shown in the *Capital and Reserves* note. The full fair value of a hedging derivative is classified as a non-current asset or liability when its remaining maturity is more than one year; it is classified as a current asset or liability when its remaining maturity is less than one year. Non-hedging derivative assets and liabilities are classified as current or non-current based on expected realisation or settlement dates.

Cash Flow Hedges
Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

When designating a foreign exchange derivative contract as a cash flow hedge, the currency basis spread is excluded and accounted for separately as a cost of hedging, being recognised in a cost of hedging reserve within equity.

Amounts accumulated in other comprehensive income are reclassified to the Consolidated Income Statement in the same periods that the hedged items affect profit or loss as follows:
- The reclassified gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Consolidated Income Statement within finance income or costs respectively.
- When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

2. Summary of Material Accounting Policies continued
If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs, unless the hedged transaction is no longer expected to occur, in which case the cumulative gain or loss that was previously recognised in other comprehensive income is transferred to the Consolidated Income Statement.

Fair Value Hedges
Where derivative hedging instruments are designated as fair value hedges, any gain or loss arising from the remeasurement of the hedging instrument to fair value is reported in the Consolidated Income Statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. When the hedging instrument no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the Consolidated Income Statement over the period to maturity.

Net Investment Hedges
Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement within finance income or costs respectively. Gains and losses accumulated in other comprehensive income are reclassified to profit or loss when the foreign operation is sold.

Derivatives not Designated as Hedges
Changes in the fair value of derivatives which are not designated for hedge accounting are recognised in the Consolidated Income Statement.

Fair Value Hierarchy
The Group reports using the fair value hierarchy in relation to its assets and liabilities which are measured at fair value except for those which are exempt as defined under IFRS 13, *Fair Value Measurement*. The fair value hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value, which are described as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance expense.

A contingent liability is not recognised but is disclosed where the existence of an obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with sufficient reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Finance Costs and Income
Finance costs comprise interest expense on borrowings (including amortisation of deferred debt issue costs), certain foreign currency translation losses related to financing, unwinding of the discount on provisions, borrowing extinguishment costs, fair value loss on financial assets, fair value loss on put options arising in business combinations, net interest cost on net pension liability, net monetary loss arising in hyperinflationary economies, the interest element of lease payments and losses on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the Consolidated Income Statement.

Finance income comprises interest income on funds invested, certain foreign currency translation gains related to financing, fair value gain on financial assets, fair value gain on put options arising in business combinations, net monetary gain arising in hyperinflationary economies, gains on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss and dividend income. Interest income is recognised as it accrues using the effective interest method.

Income Taxes
The income tax expense recognised in each financial year comprises current and deferred tax and is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is similarly recognised in other comprehensive income or in equity.

Current Income Tax
Current tax consists mainly of the expected tax payable or recoverable on the taxable income for the year using the applicable tax rates during the year and any adjustment to tax payable in respect of previous years.

Deferred Income Tax
Deferred income tax is provided using the liability method, on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and their tax bases. If the temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting nor taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not subject to discounting.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the Group.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

2. Summary of Material Accounting Policies continued

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate known at the commencement date, payments for a purchase option, payments for an optional renewal period and termination option payments if the Group is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal options which are reasonably certain to be exercised or termination options which are reasonably certain not to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. The Group has elected to avail of the practical expedient not to separate lease components from any associated non-lease components. Lease liabilities are included in borrowings.

The lease payments are discounted using the lessee's incremental borrowing rate as the interest rate implicit in the lease is generally not readily determinable. Incremental borrowing rates are determined using a build-up approach that uses externally benchmarked information adjusted to take consideration of the lessee's risk profile and the specific lease characteristics. These characteristics include the type of leased asset, the term of the lease and the currency of the lease.

After the commencement date, the lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract.

The Group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain items of IT equipment and small items of office furniture.

Retirement Benefit Obligations

The Group operates both defined benefit and defined contribution pension plans throughout its operations in accordance with local conditions and practice.

For defined contribution pension plans, once contributions have been paid, the Group has no further payment obligations. Contributions are recognised as an employee benefit expense as service is received from employees in the Consolidated Income Statement. Prepaid contributions are recognised as an asset only to the extent that a cash refund or a reduction in future payments is available.

The defined benefit pension plans are funded by payments to separately administered funds or in certain countries, in accordance with local practices, scheme liabilities are unfunded and recognised as liabilities in the Consolidated Balance Sheet.

The costs and liabilities of defined benefit pension plans are calculated using the projected unit credit method. Actuarial calculations are prepared by independent, professionally qualified actuaries at each reporting date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorised as: (1) service cost; (2) net interest expense or income; and (3) remeasurement. Service cost includes current and past service cost (which can be negative or positive) as well as gains and losses on settlements; it is included in operating profit. Past service cost is recognised at the earlier of the date when the plan amendment or curtailment occurs and the date that the Group recognises related restructuring costs. A gain or loss on settlement is recognised when the settlement occurs. Net interest, included within finance costs, is calculated by applying the discount rate to the net defined benefit asset or liability at the beginning of the year. Remeasurement is comprised of the return on plan assets (excluding net interest) and actuarial gains and losses; it is recognised in other comprehensive income in the period in which it arises and is not subsequently reclassified to the Consolidated Income Statement.

The net surplus or deficit arising on the Group's defined benefit pension plans, together with the liabilities associated with the unfunded plans, are shown either within non-current assets or liabilities in the Consolidated Balance Sheet. The defined benefit pension asset or liability comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets. Fair value of plan assets is based on market price information and in the case of published securities, it is the published bid price. Any pension asset is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions. The deferred tax impact of pension plan surpluses and deficits is disclosed separately within deferred income tax assets or liabilities, as appropriate.

Share-based Payments

The Group grants equity settled share-based payments to certain employees as part of their remuneration. The fair value of grants is determined at the date of grant and is expensed in the Consolidated Income Statement over the vesting period with a corresponding increase in equity. Fair value incorporates the effect of market-based conditions. Non-market-based vesting conditions are only taken into account when assessing the number of awards expected to vest such that the cumulative expense recognised equates to the number of grants that actually vest. The periodic expense/credit recognised in the Consolidated Income Statement is calculated as the difference between the cumulative expense as estimated at the start and end of the period.

The cumulative expense is reversed when an employee in receipt of share awards terminates service prior to completion of the vesting period or when a non-market-based performance condition is not expected to be met. No reversal of the cumulative charge is made where awards do not vest due to a market-based vesting condition.

Where the Group receives a tax deduction for share-based payments, deferred tax is provided on the basis of the difference between the market price of the underlying equity at the date of the financial statements and the exercise price of the share award. As a result, the deferred tax impact will not directly correlate with the expense reported.

Proceeds received from the exercise of awards, net of any directly attributable transaction costs, are credited to the share capital and share premium accounts.

Exceptional Items

The Group has adopted an income statement format which seeks to highlight significant items within the Group results for the year. The Group believes this format is useful as it highlights one-off items, where significant, such as reorganisation and restructuring costs, profit or loss on disposal of operations, profit or loss on disposal of assets, impairment of assets, legislative and regulatory fines, defined benefit costs, foreign exchange gains or losses on currency devaluations, profit or loss on early extinguishment of debt, costs arising on potential acquisitions and fair value gains or losses on put options arising in business combinations. Judgement is used by the Group in assessing the particular items, which by virtue of their nature and size, are disclosed as exceptional items.

Emissions Rights and Obligations

As a result of the European Union Emission Trading Scheme the Group receives free emission rights in certain countries. Rights are received annually and the Group is required to surrender rights equal to its actual emissions. A provision is only recognised when actual emissions exceed the emission rights granted. Any additional rights purchased are recognised at cost and they are not subsequently remeasured. Where excess certificates are sold to third parties, the Group recognises the consideration receivable within cost of sales in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

2. Summary of Material Accounting Policies continued
Dividends
Dividends on ordinary shares are recognised as a liability in the period in which they are declared by the Company. In the case of interim dividends, these are considered to be declared when they are paid. In the case of final dividends, these are declared when approved by the shareholders at the Annual General Meeting ('AGM').

3. Significant Accounting Judgements, Estimates and Assumptions
Preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. These judgements, estimates and assumptions are subject to continuing re-evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual outcomes may differ significantly from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are set out below.

Significant Accounting Judgements
Consolidation of Structured Entities
The Group is a party to an arrangement involving securitisation of certain of its trade receivables. The arrangement required the establishment of certain special purpose entities ('SPEs') which are not owned by the Group. However, the SPEs are consolidated as management considers them to be controlled by the Group. The securitised receivables and the borrowings of the SPEs are recognised in the Consolidated Balance Sheet.

The Group has established a trust which facilitates the operation of the Group's long-term incentive plans. While the Group does not hold any of the equity of the trust, the Directors believe that the Group controls its activities and therefore the financial statements of the trust are included in the Consolidated Financial Statements.

Impairment of Goodwill
Judgement is required in determining whether goodwill is impaired or not. The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of groups of CGUs have been determined based on value-in-use calculations. The principal assumptions used to determine value-in-use relate to future cash flows and the time value of money. Further information is provided in the *Goodwill and Intangible Assets* note.

Income Taxes
Provisions for taxes requires management to make judgement in interpreting tax legislation, current case law or practice. It may be unclear how tax law or practice applies to a particular transaction or set of circumstances. In some instances this may not be known until a tax authority or a court makes a decision in an examination, audit or appeal. The Group considers such uncertain tax positions together or separately depending on which approach better predicts how the uncertainties can be resolved. Where the Group concludes it is not probable that a tax authority will fully accept its assessment of an uncertain tax position, it reflects the effect of the uncertainty as the most likely amount or the expected value. In addition, the Group recognises deferred tax assets, mainly relating to unused tax losses, when it is probable that the assets will be recovered through future profitability and planning. The assessment of recoverability involves judgement. The Group considers the most probable amount of future taxable profits, based on the approach employed in impairment calculations, and taking into account applicable tax legislation in the relevant countries. The Group considers that almost all of the €53 million of deferred tax assets on losses arise in countries where there is no expiry for losses.

Exceptional Items
Judgement is required in determining which items by virtue of their nature and size are considered exceptional and separately disclosed in the Consolidated Income Statement. The Group has outlined significant items which it believes are exceptional, due to both their nature and size, within the accounting policy for exceptional items in the *Summary of Material Accounting Policies* note.

Significant Accounting Estimates and Assumptions
Measurement of Defined Benefit Obligations
The cost of defined benefit pension plans and the present value of pension obligations are determined using actuarial valuations. These valuations involve making various assumptions that may differ significantly from actual developments in the future. The assumptions include determination of appropriate discount rates, future salary increases, inflation, mortality rates and future pension increases. Due to the complex nature of the valuations the Group employs an international network of professional actuaries to perform these valuations. The critical assumptions and estimates applied along with a sensitivity analysis are provided in the *Employee Benefits* note.

4. Segment and Revenue Information
The Group has identified operating segments based on the manner in which reports are reviewed by the Chief Operating Decision Maker ('CODM'). The CODM is determined to be the executive management team responsible for assessing performance, allocating resources and making strategic decisions. The Group has identified two operating segments: 1) Europe and 2) the Americas.

The Europe and the Americas segments are each highly integrated. They include a system of mills and plants that primarily produce a full line of containerboard that is converted into corrugated containers within each segment. In addition, the Europe segment also produces other types of paper, such as solidboard, sack kraft paper, machine glazed ('MG') and graphic paper, and other paper-based packaging, such as honeycomb, solidboard packaging and folding cartons; and Bag-in-Box packaging. The Americas segment, which includes a number of Latin American countries and the United States, also comprises forestry; other types of paper, such as boxboard and sack paper; and paper-based packaging, such as folding cartons, honeycomb and paper sacks. Inter-segment revenue is not material. No operating segments have been aggregated for disclosure purposes.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Additionally, there are central costs which represent corporate governance costs, including executive costs, and costs of the Group's legal, company secretarial, pension administration, tax, treasury and controlling functions and other administrative costs.

Segment profit is measured based on EBITDA*. Segment assets consist primarily of property, plant and equipment, right-of-use assets, biological assets, goodwill and intangible assets, inventories, trade and other receivables, deferred income tax assets and cash and cash equivalents. Group centre assets are comprised primarily of property, plant and equipment, derivative financial assets, deferred income tax assets and cash and cash equivalents. Segment liabilities are principally comprised of borrowings, operating liabilities, deferred income tax liabilities and employee benefits. Group centre liabilities are comprised of items such as borrowings, employee benefits, derivative financial instruments, deferred income tax liabilities and certain provisions.

Segment capital expenditure comprises additions to property, plant and equipment (Note 11), right-of-use assets (Note 12), goodwill and intangible assets (Note 13) and biological assets (Note 14) and includes additions resulting from acquisitions through business combinations.

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. Inter-segment transactions are not material.

* EBITDA as defined in the Supplementary Information section on page 226.

4. Segment and Revenue Information continued

Revenue and results	Europe 2023 €m	The Americas 2023 €m	Total 2023 €m	Europe 2022 €m	The Americas 2022 €m	Total 2022 €m
Revenue	**8,496**	**2,776**	**11,272**	9,900	2,915	12,815
EBITDA	**1,593**	**557**	**2,150**	1,846	553	2,399
Segment exceptional items	**(49)**	**(40)**	**(89)**	(58)	(14)	(72)
EBITDA after exceptional items	**1,544**	**517**	**2,061**	1,788	539	2,327
Unallocated centre costs			**(70)**			(44)
Share-based payment expense			**(61)**			(65)
Depreciation and depletion (net)*			**(568)**			(579)
Amortisation			**(48)**			(49)
Impairment of non-current assets			**(5)**			(66)
Impairment of goodwill			**–**			(85)
Exceptional items			**(58)**			–
Finance costs			**(257)**			(184)
Finance income			**59**			35
Share of associates' profit (after tax)			**2**			3
Profit before income tax			**1,055**			1,293
Income tax expense			**(296)**			(348)
Profit for the financial year			**759**			945
Assets						
Segment assets	**8,695**	**3,021**	**11,716**	8,933	2,735	11,668
Investment in associates	**1**	**18**	**19**	1	15	16
Assets classified as held for sale	**–**	**–**	**–**	35	–	35
Group centre assets			**893**			763
Total assets			**12,628**			12,482
Liabilities						
Segment liabilities	**2,808**	**811**	**3,619**	3,174	805	3,979
Liabilities associated with assets classified as held for sale	**–**	**–**	**–**	35	–	35
Group centre liabilities			**3,435**			3,430
Total liabilities			**7,054**			7,444
Other segmental disclosures						
Segment capital expenditure:						
Segment expenditure	**714**	**365**	**1,079**	656	434	1,090
Group centre expenditure			**1**			1
Total expenditure			**1,080**			1,091
Depreciation and depletion (net):						
Segment depreciation and depletion (net)	**448**	**119**	**567**	437	141	578
Group centre depreciation and depletion (net)			**1**			1
Total depreciation and depletion (net)			**568**			579
Amortisation:						
Segment amortisation	**30**	**18**	**48**	30	19	49
Total amortisation			**48**			49
Other significant non-cash charges:						
Impairment of assets included in other operating expenses	**5**	**–**	**5**	52	14	66
Impairment of goodwill included in other operating expenses	**–**	**–**	**–**	18	67	85
Total other significant non-cash charges			**5**			151

* Depreciation and depletion is net of fair value adjustments arising on biological assets.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

4. Segment and Revenue Information continued
Information about Geographical Areas
The Group has a presence in 36 countries worldwide. The following is a geographical analysis presented in accordance with IFRS 8, which requires disclosure of information about country of domicile (Ireland) and countries with material revenue and non-current assets.

	Revenue 2023 €m	Revenue 2022 €m
Ireland	**118**	118
Germany	**1,567**	1,861
France	**1,379**	1,521
Mexico	**1,242**	1,296
Other Europe* – eurozone	**3,192**	3,787
Other Europe* – non-eurozone	**2,181**	2,566
Other Americas*	**1,593**	1,666
	11,272	12,815

	Non-current Assets 2023 €m	Non-current Assets 2022 €m
Ireland	**37**	36
The Netherlands	**592**	594
Mexico	**586**	487
France	**578**	552
Germany	**577**	532
Other Europe* – eurozone	**1,199**	1,177
Other Europe* – non-eurozone	**1,186**	1,092
Other Americas*	**1,097**	839
	5,852	5,309

* No individual country represents greater than 10% of revenue or non-current assets.

Revenue is derived almost entirely from the sale of goods and is disclosed based on the location of production. No one customer represents greater than 10% of Group revenues. Non-current assets include marketing and customer related intangible assets, software, investment in associates, biological assets, right-of-use assets and property, plant and equipment and are disclosed based on their location.

While the Group does not allocate goodwill by geographic area, if it were to ascribe goodwill to Ireland we estimate the amount would be less than 3% (2022: less than 3%) of the total goodwill of the Group of €2,475 million (2022: €2,455 million).

Disaggregation of Revenue
The Group derives revenue from the following major product lines. The economic factors which affect the nature, amount, timing and uncertainty of revenue and cash flows from the sub categories of both paper and packaging products are similar.

	2023			2022		
	Paper €m	**Packaging €m**	**Total €m**	Paper €m	Packaging €m	Total €m
Revenue by product:						
Europe	**1,276**	**7,220**	**8,496**	1,828	8,072	9,900
The Americas	**148**	**2,628**	**2,776**	254	2,661	2,915
	1,424	**9,848**	**11,272**	2,082	10,733	12,815

Packaging revenue is derived mainly from the sale of corrugated products. The remainder of packaging revenue is comprised of Bag-in-Box and other paper-based packaging products.

5. Cost and Income Analysis

	2023 €m	2022 €m
Expenses by function:		
Cost of sales	**7,485**	8,752
Distribution costs	**927**	961
Administrative expenses	**1,457**	1,440
Other operating expenses	**152**	223
	10,021	11,376
Expenses by nature:		
Raw materials and consumables	**3,404**	4,564
Change in inventories	**108**	(101)
Employee benefit expense excluding redundancy	**2,590**	2,529
Energy	**880**	1,249
Maintenance and repairs	**548**	527
Transportation and storage costs	**934**	966
Depreciation, amortisation and depletion	**616**	628
Impairment of assets	**10**	209
Reorganisation and restructuring costs	**33**	22
Foreign exchange gains and losses	**1**	7
Foreign currency recycling on disposal of Russian operations	**28**	–
Net remeasurement of loss allowance on trade receivables	**1**	15
Other expenses	**868**	761
Total	**10,021**	11,376

Included within the expenses by nature above are research and development expenses of €10 million (2022: €8 million). Research and development expenses are included within administrative expenses in the Consolidated Income Statement.

Directors' remuneration is shown in the Remuneration Report and in Note 28.

	2023 €m	2022 €m
Exceptional items included in operating profit:		
Costs associated with the proposed WestRock Combination	**58**	–
Disposal of Russian operations	**34**	128
Devaluation of the Argentinian Peso	**30**	–
Redundancy and reorganisation costs	**11**	14
Closure of operations	**19**	–
Impairment of goodwill	**–**	67
Impairment of non-current assets	**–**	14
	152	223

Exceptional items charged within operating profit in 2023 amounted to €152 million, €58 million of this related to costs associated with the proposed WestRock Combination, €34 million related to currency recycling, impairment of residual assets up to the date of disposal and other costs associated with the disposal of our Russian operations, €30 million due to the devaluation of the Argentinian Peso, €11 million related to redundancy and reorganisation costs in the Americas and €14 million and €5 million respectively for the closure of our operations and impairment of property, plant and equipment in Alfa d'Avignon, France.

Exceptional items charged within operating profit in 2022 amounted to €223 million, of which €128 million related to the impairment of assets in our Russian operations, €56 million and €11 million respectively for the impairment of goodwill in Argentina and Peru, €14 million for redundancy and reorganisation costs in the Americas along with €14 million for the impairment of property, plant and equipment in our North American operations.

Auditor's Remuneration

	KPMG Ireland 2023 €m	Other KPMG Network Firms 2023 €m	Total 2023 €m	KPMG Ireland 2022 €m	Other KPMG Network Firms 2022 €m	Total 2022 €m
Audit of entity financial statements	**3.2**	**8.0**	**11.2**	3.1	7.3	10.4
Other assurance services	**1.3**	**3.8**	**5.1**	–	0.2	0.2
Other non-audit services	**1.5**	**0.4**	**1.9**	–	0.3	0.3
	6.0	**12.2**	**18.2**	3.1	7.8	10.9

The audit fee for the Parent Company was €55,000 which is payable to KPMG, the Statutory Auditor (2022: €55,000).

The increase in fees paid for non-audit services in 2023 is due to costs incurred in relation to the proposed WestRock Combination.

Notes to the Consolidated Financial Statements continued

For the Financial Year Ended 31 December 2023

6. Employee Benefit Expense

	2023 Number	2022 Number
Average number of persons employed by the Group by geographical area (full-time equivalents):		
Europe	**29,915**	30,792
The Americas	**17,067**	17,832
	46,982	48,624

	Note	2023 €m	2022 €m
The employee benefit expense comprises:			
Wages and salaries		**2,022**	1,978
Social insurance costs		**403**	380
Share-based payment expense		**61**	65
Defined benefit pension expense	23	**31**	35
Defined contribution pension plan expense	23	**73**	71
Reorganisation and restructuring costs*		**7**	8
Charged to operating profit – pre-exceptional		**2,597**	2,537
Exceptional – reorganisation, restructuring and closure costs		**19**	12
Finance costs	23	**19**	8
Actuarial loss/(gain) on pension schemes recognised in other comprehensive income	23	**46**	(51)
Total employee benefit expense		**2,681**	2,506

* These non-exceptional expenses arise in respect of individually immaterial restructurings across the Group.

7. Finance Costs and Income

	Note	2023 €m	2022 €m
Finance costs:			
Interest payable on bank loans and overdrafts		**46**	49
Interest payable on leases		**12**	10
Interest payable on other borrowings		**101**	91
Bond consent and bridge facility fees – exceptional		**23**	–
Foreign currency translation loss on debt		**30**	24
Fair value loss on financial assets		**–**	2
Interest cost on net pension liability	23	**19**	8
Net monetary loss – hyperinflation		**26**	–
Total finance costs		**257**	184
Finance income:			
Other interest receivable		**(30)**	(9)
Foreign currency translation gain on debt		**(18)**	(13)
Fair value gain on derivatives not designated as hedges		**(1)**	(4)
Devaluation of the Argentinian Peso – exceptional		**(10)**	–
Net monetary gain – hyperinflation		**–**	(9)
Total finance income		**(59)**	(35)
Net finance costs		**198**	149

Net exceptional finance items charged in 2023 amounted to €13 million and related to bond consent and bridge facility fees regarding the proposed Combination with WestRock, partly offset by an exceptional item in relation to the devaluation of the Argentinian Peso.

There were no exceptional finance items in 2022.

8. Income Tax Expense

Income tax expense recognised in the Consolidated Income Statement

	2023 €m	2022 €m
Current tax:		
Europe	**221**	249
The Americas	**78**	100
	299	349
Deferred tax	**(3)**	(1)
Income tax expense	**296**	348
Current tax is analysed as follows:		
Ireland	**41**	31
Foreign	**258**	318
	299	349

The income tax expense for the financial year 2023 is €52 million lower than in the comparable period in 2022, primarily due to lower profitability.

There was a €2 million increase in the deferred tax credit compared to 2022. The movement is largely due to the reversal of timing differences on which deferred tax was previously recognised and the recognition of tax benefits on losses and other credits.

In 2023, there is a tax credit of €22 million on exceptional items compared to a €20 million tax credit in the prior year.

Reconciliation of the Effective Tax Rate

The following table reconciles the applicable Republic of Ireland statutory tax rate to the effective tax rate (current and deferred) of the Group:

	2023 €m	2022 €m
Profit before income tax	**1,055**	1,293
Profit before income tax multiplied by the standard rate of tax of 12.5% (2022: 12.5%)	**132**	162
Effects of:		
Income subject to different rates of tax	**158**	179
Other items	**23**	2
Adjustment to prior period tax	**(10)**	7
Effect of previously unrecognised losses	**(7)**	(2)
	296	348

Income Tax Recognised Within Equity

	2023 €m	2022 €m
Recognised in the Consolidated Statement of Comprehensive Income:		
Arising on defined benefit pension plans	**(11)**	8
Total recognised in the Consolidated Statement of Comprehensive Income	**(11)**	8
Arising on hyperinflation	**–**	7
Total recognised within equity	**(11)**	15

Factors That May Affect the Future Tax Expense and Other Disclosure Requirements

Unremitted Earnings in Subsidiaries and Associates

The Group has not made provision for deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control both the timing of and which temporary timing differences will reverse. The Group is not obliged to remit earnings from subsidiaries. It is probable that the Group would only remit earnings which can benefit from the availability of a participation tax exemption or sufficient tax credits (actual or deemed) to ensure there is no additional tax due. The aggregate amount of this temporary difference is approximately €2,420 million (2022: €2,680 million). Due to the absence of control in the context of associates (significant influence by definition) deferred tax liabilities are recognised where necessary in respect of the Group's investment in these entities.

Other

The total tax expense in future periods will be affected by changes to the corporation tax rates in force and legislative changes that broaden the tax base or introduce minimum and top-up taxes in the countries in which the Group operates. The tax expense may also be impacted by changes in the geographical mix of earnings.

The current tax expense may also be impacted, inter alia, by changes in the excess of tax depreciation (capital allowances) over accounting depreciation, the use of tax credits and the crystallisation of unrecognised deferred tax assets.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

8. Income Tax Expense continued
There are no income tax consequences for the Company in respect of dividends which were proposed prior to the issuance of the Consolidated Financial Statements for which a liability has not been recognised.

In 2021, political agreement was reached by the OECD Inclusive Framework on a two-pillar approach to international tax reform. This includes the commitment to introduce a minimum effective tax rate of 15% for companies with revenue above €750 million ('Pillar Two'). In 2023, the Group had a global effective tax rate of 28%. The agreement has been enacted in most of the countries where the Group has business activities. The law in most cases will become effective in 2024 or later. Ireland enacted the law with an effective date of 1 January 2024 and broadly in line with the OECD Inclusive Framework. Pillar Two has no legislative application for the financial year. On the basis of its results in 2023, the Group estimates that on a continuing basis it could impact countries representing approximately 3% of its profit before tax and the increase in its effective tax rate would be insignificant. The Group continues to monitor and assess the on-going implementation of Pillar Two in the countries where it operates. The Group considers that Pillar Two will increase the costs and complexity of tax reporting and compliance.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided for in the amendments to IAS 12 issued in May 2023. The amendments provide a temporary exception from deferred tax accounting for the global minimum tax, which was effective upon release.

9. Earnings Per Share ('EPS')
Basic
Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year less own shares.

	2023	2022
Profit attributable to owners of the parent (€ million)	**758**	944
Weighted average number of ordinary shares in issue (million)	**258**	258
Basic EPS (cent)	**293.5**	365.3

Diluted
Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. These comprise deferred and performance shares issued under the Group's long-term incentive plans. Details of these plans are set out in Note 24. Where the conditions governing exercisability and vesting of these shares have been satisfied as at the end of the reporting period, they are included in the computation of diluted earnings per ordinary share.

	2023	2022
Profit attributable to owners of the parent (€ million)	**758**	944
Weighted average number of ordinary shares in issue (million)	**258**	258
Potential dilutive ordinary shares assumed (million)	**2**	3
Diluted weighted average ordinary shares (million)	**260**	261
Diluted EPS (cent)	**291.2**	361.8

Pre-exceptional

	2023	2022
Profit attributable to owners of the parent (€ million)	**758**	944
Exceptional items included in profit before income tax (€ million)	**165**	223
Income tax on exceptional items (€ million)	**(22)**	(20)
Pre-exceptional profit attributable to owners of the parent (€ million)	**901**	1,147
Weighted average number of ordinary shares in issue (million)	**258**	258
Pre-exceptional basic EPS (cent)	**348.7**	444.1
Diluted weighted average ordinary shares (million)	**260**	261
Pre-exceptional diluted EPS (cent)	**346.0**	439.8

10. Dividends

The following dividends were declared and paid by the Group:

	2023 €m	2022 €m
Final: paid 107.6 cent per ordinary share on 12 May 2023 (2022: paid 96.1 cent per ordinary share on 6 May 2022)	**280**	250
Interim: paid 33.5 cent per ordinary share on 27 October 2023 (2022: paid 31.6 cent per ordinary share on 28 October 2022)	**87**	82
	367	332

The Board is recommending a final dividend of 118.4 cent per share (approximately €309 million). It is proposed to pay this dividend on 10 May 2024 to all ordinary shareholders on the share register at the close of business on 12 April 2024, subject to the approval of the shareholders at the 2024 AGM.

11. Property, Plant and Equipment

	Land and Buildings €m	Plant and Equipment €m	Total €m
Financial year ended 31 December 2022			
Opening net book amount	1,175	3,090	4,265
Reclassifications	115	(112)	3
Additions	21	817	838
Acquisitions	43	15	58
Depreciation charge	(62)	(421)	(483)
Impairments	(25)	(37)	(62)
Retirements and disposals	(1)	(2)	(3)
Hyperinflation adjustment	8	36	44
Foreign currency translation adjustment	(5)	(24)	(29)
At 31 December 2022	1,269	3,362	4,631
At 31 December 2022			
Cost or deemed cost	2,227	8,173	10,400
Accumulated depreciation and impairment losses	(958)	(4,811)	(5,769)
Net book amount	1,269	3,362	4,631
Financial year ended 31 December 2023			
Opening net book amount	**1,269**	**3,362**	**4,631**
Reclassifications	**190**	**(188)**	**2**
Additions	**–**	**901**	**901**
Acquisitions	**8**	**9**	**17**
Depreciation charge	**(64)**	**(420)**	**(484)**
Impairments	**–**	**(5)**	**(5)**
Retirements and disposals	**(1)**	**(3)**	**(4)**
Hyperinflation adjustment	**17**	**49**	**66**
Foreign currency translation adjustment	**(6)**	**11**	**5**
At 31 December 2023	**1,413**	**3,716**	**5,129**
At 31 December 2023			
Cost or deemed cost	**2,432**	**8,636**	**11,068**
Accumulated depreciation and impairment losses	**(1,019)**	**(4,920)**	**(5,939)**
Net book amount	**1,413**	**3,716**	**5,129**

Land and Buildings
Included in land and buildings is an amount for land of €444 million (2022: €423 million).

Construction in Progress
Included in land and buildings and plant and equipment are amounts of €74 million (2022: €105 million) and €511 million (2022: €500 million) respectively, for construction in progress.

Assets Pledged as Security
Assets with a carrying value of €3 million (2022: €11 million) are pledged as security for loans held by the Group.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

11. Property, Plant and Equipment continued
Capital Commitments
The following capital commitments in relation to property, plant and equipment were authorised by the Directors, but have not been provided for in the Consolidated Financial Statements:

	2023 €m	2022 €m
Contracted for	**333**	573
Not contracted for	**513**	579
	846	1,152

The Group's sustainability targets outlined in the Strategic Report in relation to climate change, forest, water and waste have been considered in relation to its capital commitments. In 2023, work commenced on a US$100 million investment in a sustainable biomass boiler at its paper mill in Cali, Colombia, which will reduce its global Scope 1 and Scope 2 CO_2 emissions by approximately 6%. In 2023, the Group approved a €26 million energy upgrade investment in its paper mill in Verzuolo, Italy. These investments are further steps in the Group's target to have at least net zero emissions by 2050 with a 55% reduction in fossil fuel emissions intensity by 2030. These investments and other material capital expenditure, not yet capitalised, which will enable the Group to make progress towards its sustainability targets have been authorised by the Directors and are included in the table above.

Impairments
Impairment tests for items of property, plant and equipment are performed on a cash-generating unit basis when impairment triggers arise. The recoverable amounts of property, plant and equipment are based on the higher of fair value less costs to sell and value-in-use. Value-in-use calculations are based on cash flow projections and discount rates for items of property, plant and equipment. Impairment charges are recognised within other operating expenses in the Consolidated Income Statement. In 2022, the Group recorded an impairment charge of €62 million in relation to our Russian operations and two corrugated plants in our North American operations. In 2023, the Group recorded an impairment charge of €5 million in relation to the closure of operations in Alfa d'Avignon, France.

The Group considered the impact of climate-related risks when assessing property, plant and equipment for indicators of impairment. The impairment indicators considered related to, amongst others, the risk of obsolescence of certain property, plant and equipment due to future capital expenditure to meet our climate targets, an increased cost of repurposing certain assets and additional repairs and maintenance to mitigate the physical risks in relation to the location of certain assets. There were no impairment triggers identified in relation to climate-related risks in the year.

Capitalised Borrowing Costs
In 2023, the Group capitalised borrowing costs of €10 million (2022: €3 million) on qualifying assets. Borrowing costs were capitalised at an average rate of 3.0% (2022: 2.8%).

12. Right-of-use Assets/Lease Obligations
Amounts Recognised in the Consolidated Balance Sheet

	2023 €m	2022 €m
Right-of-use assets:		
Land and buildings	**232**	228
Vehicles	**78**	64
Plant and equipment	**43**	53
	353	345

Additions to right-of-use assets during 2023 were €124 million (2022: €108 million), none of which related to acquired right-of-use assets (2022: €4 million).

The Group presents lease liabilities in borrowings in the Consolidated Balance Sheet. The amounts included within borrowings are as follows:

	2023 €m	2022 €m
Lease liabilities:		
Current	**106**	93
Non-current	**274**	281
	380	374

12. Right-of-use Assets/Lease Obligations continued

Amounts Recognised in the Consolidated Income Statement

The Consolidated Income Statement includes the following amounts relating to leases:

	2023 €m	2022 €m
Depreciation charge of right-of-use assets:		
Land and buildings	**56**	53
Vehicles	**33**	31
Plant and equipment	**14**	14
	103	98

	2023 €m	2022 €m
Interest expense on lease liabilities	**12**	10
Expenses relating to short-term leases	**21**	20
Expenses relating to leases of low-value assets	**9**	9
Expenses relating to variable lease payments not included in the lease liabilities	**8**	8

Lease commitments for short-term leases are similar to the portfolio of short-term leases for which the costs were expensed to the Consolidated Income Statement.

Amounts Recognised in the Consolidated Statement of Cash Flows

	2023 €m	2022 €m
Total cash outflow for leases	**156**	150

Leasing Activities

The Group enters into leases for a range of assets, principally relating to property. These property leases, which consist of office buildings, warehouses and manufacturing facilities, have varying terms, renewal rights, including periodic rent reviews linked with indices. The Group also leases vehicles which include motor vehicles for management and sales functions and trucks for distribution.

The effect of excluding future cash outflows arising from variable lease payments, termination options, residual value guarantees, and leases not yet commenced from lease liabilities was not material for the Group. Income from subleasing and gains/losses on sale and leaseback transactions were not material for the Group. The terms and conditions of these leases do not impose significant financial restrictions on the Group.

Extension and Termination Options

Extension and termination options are included in a number of property, equipment and vehicle leases throughout the Group. They are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining whether or not a renewal or termination option will be taken, the following factors are normally the most relevant:
- If there are significant penalties to terminate (or not to extend), the Group is typically reasonably certain to extend (or not terminate).
- If leasehold improvements are expected to have a significant remaining value, when the option becomes exercisable, the Group is typically reasonably certain to extend (or not to terminate).
- Strategic importance of the asset to the Group.
- Climate-related considerations.
- Past practice.
- Costs and business disruption to replace the asset.

The lease term is reassessed if an option is actually exercised (or not exercised) and this decision has not already been reflected in the lease term as part of a previous determination. The assessment of reasonable certainty is revised only if a significant change in circumstances occurs, which affects this assessment, and this is within the control of the lessee.

Impairments

Impairment tests for right-of-use assets are performed on a cash-generating unit basis when impairment triggers arise. The recoverable amounts of right-of-use assets are based on the higher of fair value less costs to sell and value-in-use. Value-in-use calculations are based on cash flow projections and discount rates for right-of-use assets. The Group considered the impact of climate-related risks when assessing right-of-use assets for indicators of impairment. There were no impairment triggers identified in relation to climate change-related risks. In 2023, the Group did not record any impairment charges in relation to right-of-use assets (2022: €4 million).

Notes to the Consolidated Financial Statements continued

For the Financial Year Ended 31 December 2023

13. Goodwill and Intangible Assets

		Intangible Assets			
	Goodwill €m	Marketing Related €m	Customer Related €m	Software Assets €m	Total €m
Financial year ended 31 December 2022					
Opening net book amount	2,511	10	126	75	2,722
Additions	–	–	–	17	17
Acquisitions	22	(1)	38	–	59
Amortisation charge	–	(1)	(28)	(20)	(49)
Impairments	(85)	–	–	–	(85)
Reclassifications	–	–	–	(1)	(1)
Hyperinflation adjustment	26	–	–	–	26
Foreign currency translation adjustment	(19)	–	–	2	(17)
At 31 December 2022	2,455	8	136	73	2,672
At 31 December 2022					
Cost or deemed cost	2,749	26	353	254	3,382
Accumulated amortisation and impairment losses	(294)	(18)	(217)	(181)	(710)
Net book amount	2,455	8	136	73	2,672
Financial year ended 31 December 2023					
Opening net book amount	**2,455**	**8**	**136**	**73**	**2,672**
Additions	**–**	**–**	**–**	**18**	**18**
Acquisitions	**(3)**	**1**	**8**	**–**	**6**
Amortisation charge	**–**	**(5)**	**(22)**	**(21)**	**(48)**
Hyperinflation adjustment	**–**	**–**	**3**	**–**	**3**
Foreign currency translation adjustment	**23**	**–**	**(4)**	**–**	**19**
At 31 December 2023	**2,475**	**4**	**121**	**70**	**2,670**
At 31 December 2023					
Cost or deemed cost	**2,726**	**27**	**357**	**266**	**3,376**
Accumulated amortisation and impairment losses	**(251)**	**(23)**	**(236)**	**(196)**	**(706)**
Net book amount	**2,475**	**4**	**121**	**70**	**2,670**

The useful lives of intangible assets other than goodwill are finite and range from two to twenty years. Amortisation is recognised as an expense within cost of sales and administrative expenses in the Consolidated Income Statement.

Marketing related intangible assets relate mainly to trade names and non-compete agreements which arise from business combinations and are amortised over their estimated useful lives of two to ten years. Customer related intangible assets relate mainly to acquisitions and to customer relationships which arise from business combinations. They are amortised over their estimated useful lives of three to twenty years with a weighted average useful life of 13 years. Software assets relate to computer software, other than software for items of machinery that cannot operate without it; such software is regarded as an integral part of the related hardware and is classified as property, plant and equipment. Computer software assets have estimated useful lives of three to eight years for amortisation purposes.

In 2023, goodwill of €19 million arose on the acquisitions of Cartonajes Carrión and Asterias. During 2023, the Group made an amendment to the fair values assigned to the PaperBox acquisition, which was acquired in 2022, resulting in a decrease in goodwill of €22 million.

In 2023, the fair values assigned to customer related intangible assets and marketing related intangible assets increased by €8 million and €1 million respectively in PaperBox.

In 2022, goodwill of €58 million arose on the acquisitions of Argencraft, Atlas Packaging, PaperBox and Pusa Pack. During 2022, the Group made an amendment to the fair values assigned to Verzuolo and Cartonbox acquisitions which were acquired in 2021, resulting in a decrease in goodwill of €35 million and €1 million respectively.

In 2022, customer related intangible assets of €15 million arose on the acquisitions of Argencraft and Atlas Packaging. The fair values assigned to customer related intangible assets increased by €21 million and €2 million in Verzuolo and Cartonbox respectively. In addition, there was a €1 million decrease in the fair value of marketing related intangible assets in Cartonbox.

Impairment Testing of Intangible Assets
The Group assesses whether there is an indication that an intangible asset may be impaired. In 2023, such an assessment did not give rise to an impairment charge (2022: nil).

13. Goodwill and Intangible Assets continued

Impairment Testing of Goodwill

Goodwill arising as part of a business combination is allocated to groups of cash-generating units ('CGUs') for the purpose of impairment testing based on the Group's existing business segments or, where appropriate, by recognition of a new CGU. The CGU groups represent the lowest level at which goodwill is monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8, *Operating Segments*. A total of 16 groups (2022: 16) of CGUs have been identified and these are analysed between the two operating segments as follows:

	2023 Number	2022 Number
Eurozone	**5**	5
Eastern Europe	**1**	1
Scandinavia	**1**	1
United Kingdom	**1**	1
Bag-in-Box	**1**	1
Europe	**9**	9
The Americas	**7**	7
	16	16

A summary of the allocation of the carrying value of goodwill by operating segment is as follows:

	2023 €m	2022 €m
Europe	**2,135**	2,112
The Americas	**340**	343
	2,475	2,455

No impairment arose in 2023 in any CGU as the recoverable amount of the groups of CGUs, based on value-in-use and estimated using the methodology outlined below, exceeded the carrying amount.

An impairment charge of €85 million arose in 2022 in relation to Argentina, Peru and Russia, and was recognised in other operating expenses. Management reassessed the expected future business performance in Argentina and Peru as a result of the continued difficult economic conditions and consequently the projected cashflows were lower, giving rise to an impairment charge of €56 million and €11 million in Argentina and Peru respectively. Goodwill in Russia was impaired by €18 million as part of the impairment of assets in our Russian operations. The goodwill relating to our operations in Argentina pre-impairment represented 2% of the Group's total goodwill, and less than 1% in both Peru and Russia.

Impairment Testing Methodology and Results

The recoverable amount of each CGU is based on a value-in-use calculation. The cash flow forecasts for the purposes of these calculations are based on a nine-year plan approved by senior management. The potential impact of climate change, which is a principal risk in the long-term for the Group, was also considered when preparing cash flow forecasts for each CGU, with none of the CGUs determined to be at risk of being significantly impacted in the forecast period. As a result, no adjustments were applied to the assumptions to specifically incorporate the effect of climate-related risks. Cash flow forecasts use growth factors consistent with historical growth rates as adjusted for the cyclical nature of the business and are validated by reference to external data where available. The terminal value is estimated by applying an appropriate earnings multiple to the average cash flows for years one to nine. The Group believes a nine-year forecast is appropriate to use for the impairment test, due to the cyclical nature of the business in which the Group operates and the long-term lives of its assets.

Forecasts are derived from a combination of internal and external factors based on historical experience and take into account the cyclicality of cash flows typically associated with these groups of CGUs. Forecasts also consider management's expectation of current and future trends, such as energy price inflation, which affect the Group. The cash flows, including terminal value estimations, are discounted using appropriate pre-tax discount rates. Key assumptions include management's estimates of future profitability, replacement capital expenditure requirements, trade working capital investment needs and discount rates. Key assumptions in determining terminal value include earnings multiples.

Of the goodwill allocated to each of the 16 groups of CGUs, three units individually account for between 10% and 20% of the total carrying amount of €2,475 million and are summarised in the table below. All other units account individually for less than 10% of the total carrying amount and are not regarded as individually significant. The additional disclosures required under IAS 36, *Impairment of Assets* in relation to significant goodwill amounts arising in each of the three groups of CGUs are as follows:

	Europe France		Europe Benelux		Europe Germany, Austria and Switzerland	
	2023	2022	**2023**	2022	**2023**	2022
Carrying amount of goodwill (€ million)	**307**	307	**408**	408	**427**	427
Basis of recoverable amount	**Value-in-use**	Value-in-use	**Value-in-use**	Value-in-use	**Value-in-use**	Value-in-use
Discount rate applied (pre-tax)	**9.6%**	9.5%	**9.4%**	9.6%	**10.6%**	9.9%
Earnings multiple used for terminal value	**7.1**	7.1	**7.1**	7.1	**7.1**	7.1
Excess of value-in-use (€ million)	**827**	661	**626**	500	**767**	621

The key assumptions used for these three CGUs are consistent with those addressed above. The values applied to each of the key assumptions are derived from a combination of internal and external factors based on historical experience and take into account the cyclicality of cash flows typically associated with these groups of CGUs.

Sensitivity analysis was performed by adjusting the key assumptions used to determine the value-in-use. For all CGUs, any reasonable possible movement in the assumptions used in the impairment test would not result in an impairment.

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For the Financial Year Ended 31 December 2023

14. Biological Assets

	2023 €m	2022 €m
At 1 January	**110**	113
Increases due to new plantations	**14**	11
Harvested timber transferred to inventories	**(12)**	(11)
Change in fair value less estimated costs to sell	**31**	13
Foreign currency translation adjustment	**26**	(16)
At 31 December	**169**	110
Current	**13**	10
Non-current	**156**	100
At 31 December	**169**	110
Approximate harvest by volume (tonnes '000)	**912**	898

At 31 December 2023, the Group's forestry plantations consist of 68,000 (2022: 68,000) hectares which are held for the production of paper and packaging products or sale to third parties. In Colombia, the plantations provide the Group's mills with a significant proportion of their total wood fibre needs.

Measurement of Fair Values

Fair Value Hierarchy

The Group's biological assets are measured at fair value and have been categorised within level 2 of the fair value hierarchy. There were no transfers between any level during the year.

Valuation Techniques

The Group's biological assets comprise two species of forest plantations, pine and eucalyptus, which are categorised as young or adult plantations for the purpose of determining the measurement of fair value.

The age threshold for young pine plantations is 96 months and for young eucalyptus plantations is 48 months. As young plantations are not available to sell or harvest, the cost approach is used to measure their fair value. The cost approach is based on the annually published index by the Colombian government which details the cost of establishing and maintaining a hectare for each species across various age brackets. The number of hectares planted is recorded in the Group's Forestry Information System. The value of young plantations at 31 December 2023 was €16 million (2022: €11 million).

The fair value of adult plantations is calculated using third party market prices in active markets adjusted for estimated costs to sell with eucalyptus based on the 12-month moving average of third party purchases and pine based on third party selling prices. Volumes are determined using an internally developed statistical model which contains data from the last 25 years. The statistical model applies growing equations using historical yields to provide an approximation of the yield of a particular plantation area at a point in time, based on a number of factors including the particular species of the tree, age and location of the plantation. The parameters used in the model are subject to continual refinement based on periodic measurements of a sample of growing trees and actual yields. Pine trees are further classified by use, as either pulpwood or timber wood based upon historical experience. This classification determines the market price used in the fair value measurement of the pine plantations. There has been no change in the proportion of pine trees classified as timber wood in 2022 or 2023.

Risk Management Strategy

The Group is exposed to a number of risks related to its plantations:

Regulatory and Environmental Risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at ensuring compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

14. Biological Assets continued

Supply and Demand Risk

The Group is exposed to risks arising from market fluctuations in the price and sales volume of similar wood. Where possible the Group manages this risk by aligning its harvest volume to demand for its manufactured products. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and Other Risks

The Group's forests are exposed to the risk of damage from climatic changes, diseases, fires and other natural forces. Changes in global climate conditions could intensify one or more of these events. Periods of drought and associated high temperatures may increase the risk of forest fires and insect outbreaks. In addition to their effects on forest yields, extreme weather events may also increase the cost of operations. The Group has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection, including regular forest health inspections and industry pest and disease surveys.

15. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where they relate to income taxes levied by the same tax authority on either a taxable entity or different taxable entities where their intention is to settle the balances on a net basis. This is set out below. Comparative amounts reflect the impact of the amendment to IAS 12 relating to deferred tax on assets and liabilities arising from a single transaction.

	2023 €m	2022 €m
Deferred tax assets	**428**	400
Deferred tax assets/liabilities available for offset	**(290)**	(259)
	138	141
Deferred tax liabilities	**461**	449
Deferred tax assets/liabilities available for offset	**(290)**	(259)
	171	190

Deferred tax assets have been recognised in respect of deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets have been recognised in respect of tax losses available for carry forward when the Group considers it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Where the Group considers that the recovery of such losses is not probable no asset is recognised. The Group considered the impact of climate-related risks to future cashflows and profitability not to be significant. Consequently, it does not expect a material impact on the recoverability of deferred tax assets.

The movement in net deferred tax balances during the year was as follows:

	Note	2023 €m	2022 €m
At 1 January		**(49)**	(26)
Movement recognised in the Consolidated Income Statement	8	**3**	1
Movement recognised in the Consolidated Statement of Comprehensive Income		**2**	(15)
Acquisitions and disposals		**–**	(23)
Reclassifications		**–**	2
Assets held for sale		**–**	4
Hyperinflation adjustment – recognised in equity	8	**–**	(7)
Foreign currency translation adjustment		**11**	15
At 31 December		**(33)**	(49)

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

15. Deferred Tax Assets and Liabilities continued
The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, were as follows:

	Net balance at 1 January €m	Recognised in the Consolidated Income Statement €m	Recognised in the Consolidated Statement of Comprehensive Income €m	Reclassifications €m	Acquisitions and disposals €m	Foreign currency translation adjustment €m	Hyperinflation €m	Assets held for sale €m	Balance at 31 December: Net €m	Balance at 31 December: Deferred tax assets €m	Balance at 31 December: Deferred tax liabilities €m
Retirement benefit obligations	58	(5)	(15)	36	–	(1)	–	–	73	76	(3)
Tax losses and credits	72	(25)	–	–	–	–	–	–	47	47	–
Derivative fair values	1	1	–	(2)	–	–	–	–	–	2	(2)
Accelerated tax depreciation	(321)	(9)	–	46	(14)	1	(3)	4	(296)	44	(340)
Intangible assets fair values	(30)	–	–	–	(9)	3	–	–	(36)	–	(36)
Biological assets fair values	(4)	1	–	–	–	–	–	–	(3)	–	(3)
Other:											
Lease liabilities	60	(3)	–	(2)	–	–	–	–	55	55	–
Working capital	73	8	–	–	–	–	–	–	81	94	(13)
Other intangibles	(5)	41	–	–	–	–	–	–	36	45	(9)
Provisions	17	(40)	–	–	–	–	–	–	(23)	8	(31)
Other	53	32	–	(76)	–	12	(4)	–	17	29	(12)
At 31 December 2022	(26)	1	(15)	2	(23)	15	(7)	4	(49)	400	(449)
Retirement benefit obligations	**73**	**(4)**	**2**	**–**	**–**	**1**	**–**	**–**	**72**	**75**	**(3)**
Tax losses and credits	**47**	**4**	**–**	**–**	**–**	**2**			**53**	**53**	**–**
Derivative fair values	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**(1)**
Accelerated tax depreciation	**(296)**	**16**	**–**	**12**	**–**	**(25)**	**–**	**–**	**(293)**	**48**	**(341)**
Intangible assets fair values	**(36)**	**5**	**–**	**–**	**–**	**–**	**–**	**–**	**(31)**	**–**	**(31)**
Biological assets fair values	**(3)**	**(2)**	**–**	**–**	**–**	**–**	**–**	**–**	**(5)**	**–**	**(5)**
Other:											
Lease liabilities	**55**	**6**	**–**	**(12)**	**–**	**–**	**–**	**–**	**49**	**50**	**(1)**
Working capital	**81**	**7**	**–**	**–**	**–**	**–**	**–**	**–**	**88**	**106**	**(18)**
Other intangibles	**36**	**(10)**	**–**	**–**	**–**	**–**	**–**	**–**	**26**	**37**	**(11)**
Provisions	**(23)**	**6**	**–**	**–**	**–**	**–**	**–**	**–**	**(17)**	**9**	**(26)**
Other	**17**	**(25)**	**–**	**–**	**–**	**33**	**–**	**–**	**25**	**49**	**(24)**
At 31 December 2023	**(49)**	**3**	**2**	**–**	**–**	**11**	**–**	**–**	**(33)**	**428**	**(461)**

Deferred tax assets have not been recognised in respect of the following (tax effects):

	2023 €m	2022 €m
Tax losses	**12**	11
Deferred finance costs	**–**	7
	12	18

15. Deferred Tax Assets and Liabilities continued

No deferred tax asset is recognised in respect of the above assets on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future these assets may be recovered.

No deferred tax assets have been recognised in respect of gross tax losses amounting to €53 million (2022: €45 million) that are being carried forward for use against future taxable income. The expiry dates in respect of these losses are as follows:

Expiry dates	Tax Losses 2023 €m
1 January 2024 to 31 December 2024	2
1 January 2025 to 31 December 2025	–
1 January 2026 to 31 December 2026	1
1 January 2027 to 31 December 2027	9
Greater than 4 years	4
Indefinite	37
	53

16. Inventories

	2023 €m	2022 €m
Raw materials	276	383
Work in progress	46	57
Finished goods	460	549
Consumables and spare parts	241	242
	1,023	1,231

17. Trade and Other Receivables

	Group 2023 €m	Group 2022 €m	Company 2023 €m	Company 2022 €m
Amounts falling due within one financial year:				
Trade receivables	1,686	1,960	–	–
Less: loss allowance	(51)	(52)	–	–
Trade receivables – net	1,635	1,908	–	–
Amounts receivable from associates	1	1	–	–
Other receivables	327	366	–	–
Prepayments	121	124	–	–
Amounts receivable from Group companies	–	–	634	474
	2,084	2,399	634	474
Amounts falling due after more than one financial year:				
Other receivables	39	39	–	–
	2,123	2,438	634	474

The carrying amount of trade and other receivables equate to their fair values due to their short-term maturities.

The Group has securitised €742 million (2022: €891 million) of its trade receivables. The securitised receivables have not been derecognised as the Group remains exposed to certain related credit risk. As a result, both the underlying trade receivables and the associated borrowings are shown in the Consolidated Balance Sheet.

Amounts receivable from Group companies are unsecured and repayable on demand. There were no past due or impaired receivables from Group companies at 31 December 2023 (2022: nil) and any expected credit loss is not material.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

17. Trade and Other Receivables continued
Impairment Losses
The movement in the allowance for impairment in respect of trade receivables was as follows;

	2023 €m	2022 €m
At 1 January	**52**	44
Net remeasurement of loss allowance	**1**	15
Trade receivables written off as uncollectable	**(2)**	(7)
At 31 December	**51**	52

Trade debtors arise from a wide and varied customer base spread throughout the Group's operations and as such there is no significant concentration of credit risk. Credit evaluations are performed on all customers over certain thresholds and all customers are subject to continued monitoring at operating company level. Credit limits are reviewed on a regular basis. Many of the Group's customers have been transacting with the Group over an extended period and the incidence of bad debts has been low.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, such as, current relationship with the customer, industry in which the customer operates, geographical location of customers, historical information on payment patterns, terms of payment and the days past due.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors if there is evidence to suggest that these factors affect the ability of the customers to settle the receivables. The Group considered the potential impact of climate-related risks, which is a principal risk in the long-term for the Group when assessing the recoverability of its trade receivables. Given the short-term nature of the Group's trade receivables and the sustainable nature of the Group's products, no adjustments were applied to the expected loss rates to specifically incorporate the effect of climate-related risks.

There has been no significant deterioration in the aging of trade receivables or extension of debtor days in the year. Notwithstanding this, the global geopolitical and macroeconomic environments continue to present uncertainties and the potential to expose customers to cash flow issues or financial difficulties. The impact on the expected credit losses and any related potential future losses that customers may experience has been built into the credit loss allowance at 31 December 2023. While economic growth is forecasted to be weak, energy costs and inflationary pressures have lessened during 2023, therefore the expected credit loss and consequently the impairment loss allowance has reduced compared to the prior year. This continues to reflect the risks facing the Group's customers and any potential future losses they may experience due to the impact of global economic uncertainty.

Reflecting past experience and the current uncertain economic risk to the Group, the credit loss allowance recognised in the Consolidated Income Statement as at 31 December 2023 is a charge of €1 million (2022: €15 million charge). The total provision for impairment loss at 31 December 2023 represents 3.0% (2022: 2.6%) of gross trade receivables.

On that basis, the loss allowance as at 31 December 2023 was determined as follows for trade receivables:

	2023				2022			
	Current €m	1 to 90 Days Past Due €m	More Than 90 Days Past Due €m	Total €m	Current €m	1 to 90 Days Past Due €m	More Than 90 Days Past Due €m	Total €m
Gross carrying amount	**1,424**	**234**	**28**	**1,686**	1,651	284	25	1,960
Loss allowance	**7**	**16**	**28**	**51**	7	20	25	52

Impairment losses in respect of trade receivables are included in administrative expenses in the Consolidated Income Statement. Trade receivables written off as uncollectable are generally eliminated from trade receivables and the loss allowance when there is no expectation of recovering additional cash. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a pattern of failure to make contractual payments.

Trade receivables with a contractual amount of €2 million (2022: €7 million) written off during the period are still subject to enforcement activity.

18. Net Movement in Working Capital

	2023 €m	2022 €m
Change in inventories	**196**	(187)
Change in trade and other receivables	**267**	(238)
Change in trade and other payables	**(296)**	75
Net movement in working capital	**167**	(350)

19. Movements of Liabilities Within Cash Flows Arising from Financing Activities and Net Debt Reconciliation

	Liabilities from Financing Activities					Adjustments		
	Short-term Borrowings €m	Long & Medium-term Borrowings €m	Lease Liabilities €m	Derivatives Held to Hedge Long-term Borrowings €m	Changes in Liabilities Arising from Financing Activities €m	Derivatives Held to Hedge Long-term Borrowings €m	Cash and Cash Equivalents €m	Net Debt €m
At 1 January 2022	(45)	(3,301)	(380)	(5)	(3,731)	5	841	(2,885)
Cash flows	11	(19)	103	(1)	94	1	(11)	84
Acquired	(4)	–	(5)	–	(9)	–	–	(9)
Currency translation adjustment	(1)	(17)	(4)	6	(16)	(6)	(59)	(81)
Other non-cash movements	(30)	17	(88)	(1)	(102)	1	–	(101)
At 31 December 2022	(69)	(3,320)	(374)	(1)	(3,764)	1	771	(2,992)
Cash flows	**35**	**11**	**106**	**3**	**155**	**(3)**	**136**	**288**
Currency translation adjustment	**(2)**	**(2)**	**2**	**(10)**	**(12)**	**10**	**(17)**	**(19)**
Other non-cash movements	**(18)**	**15**	**(114)**	**–**	**(117)**	**–**	**–**	**(117)**
At 31 December 2023	**(54)**	**(3,296)**	**(380)**	**(8)**	**(3,738)**	**8**	**890**	**(2,840)**

20. Cash and Cash Equivalents

	2023 €m	2022 €m
Cash and current accounts	**177**	109
Short-term deposits	**728**	679
Cash and cash equivalents	**905**	788
Cash and cash equivalents for the purposes of the Consolidated Statement of Cash Flows		
Cash and cash equivalents	**905**	788
Bank overdrafts and demand loans used for cash management purposes	**(15)**	(17)
Cash and cash equivalents in the Consolidated Statement of Cash Flows	**890**	771

At 31 December 2023, included in cash and cash equivalents was restricted cash amounting to €15 million (2022: €11 million). This restricted cash is made up of €2 million (2022: €5 million) held in securitisation bank accounts and a further €13 million (2022: €6 million) held in other Group subsidiaries and by a trust which facilitates the operation of the Group's long-term incentive plans.

Notes to the Consolidated Financial Statements continued
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21. Capital and Reserves

Share Capital
The authorised share capital of the Company comprises ordinary shares and various classes of convertible shares.

Restriction on Transfer of Shares
The Directors, at their absolute discretion and without assigning any reason therefore, may refuse to register any transfer of a share which is not fully paid or any transfer to or by a minor or person of unsound mind but this shall not apply to a transfer of such a share resulting from a sale of the share through a stock exchange on which the share is listed.

Subject to certain exceptions, the Directors may also refuse to register any instrument of transfer (whether or not it is in respect of a fully paid share) unless it is: a) lodged at the registered office of the Company or at such other place as the Directors may appoint; b) accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; c) in respect of only one class of shares; and d) in favour of not more than four transferees.

All convertible shares are subject to restrictions as to their transferability. Generally they are not transferable either at all or without consent of the Directors, save by transmission on the death of a holder.

Ordinary Shares
Subject to the Articles of Association of the Company (the 'Articles'), the holders of ordinary shares are entitled to share in any dividends in proportion to the number of shares held by them and are entitled to one vote for every share held by them at a general meeting. On a return of capital (whether on repayment of capital, liquidation or otherwise) the assets and/or capital legally available to be distributed shall firstly be distributed amongst the holders of ordinary shares, in proportion to the number of ordinary shares held by them, of the nominal value of their ordinary shares, secondly (to the extent available) distributed amongst the holders of convertible shares, in proportion to the number of convertible shares held by them, of the nominal value of their convertible shares and the balance (if any) shall be distributed amongst the holders of ordinary shares in proportion to the number of ordinary shares held by them.

Convertible Shares
The holders of convertible shares have no right to participate in the profits of the Company and are not entitled to receive notice of, attend or vote at general meetings or to vote on any members' resolution (save for any resolution with regard to the rights of convertible shares). On return of capital (whether on repayment of capital, liquidation or otherwise) the assets and/or capital legally available to be distributed shall, subject first to the rights of the holders of ordinary shares be distributed amongst the holders of convertible shares, in proportion to the number of convertible shares held by them, of the nominal value of their convertible shares. At 31 December 2020, all exercisable convertible shares had lapsed and are no longer convertible into ordinary shares.

Restriction of Rights
If the Directors determine that a Specified Event as defined in the Articles has occurred in relation to any share or shares, the Directors may serve a notice to such effect on the holder or holders thereof. Upon the expiry of fourteen days from the service of any such notice, for so long as such notice shall remain in force no holder or holders of the share or shares specified in such notice shall, in relation to such specified shares, be entitled to attend, speak or vote either personally, by representative or by proxy at any general meeting of the Company or at any separate general meeting of the class of shares concerned or to exercise any other right conferred by membership in relation to any such meeting.

The Directors shall, where the shares specified in such notice represent not less than 0.25 per cent of the class of shares concerned, be entitled: to withhold payment of any dividend or other amount payable (including shares issuable in lieu of dividend) in respect of the shares specified in such notice; and/or to refuse to register any transfer of the shares specified in such notice or any renunciation of any allotment of new shares or debentures made in respect thereof unless such transfer or renunciation is shown to the satisfaction of the Directors to be a bona fide transfer or renunciation to another beneficial owner unconnected with the holder or holders or any person appearing to have an interest in respect of which a notice has been served.

Authorised Share Capital of the Company

	2023 €m	2022 €m
Ordinary shares		
9,910,931,085 ordinary shares of €0.001 each	**10**	10
Convertible shares of €0.001 each		
2,356,472 Class A1	**–**	–
2,356,471 Class A2	**–**	–
2,355,972 Class A3	**–**	–
30,000,000 Class B	**–**	–
30,000,000 Class C	**–**	–
75,000,000 Class D	**–**	–
	10	10

21. Capital and Reserves continued

Called Up, Issued and Fully Paid Share Capital of the Company

	Numbers of Shares of €0.001 Each						
	Convertible Shares						
	Class B	Class C	Class D	Total	Ordinary Shares	Total Shares	€m
At 1 January 2022	2,089,514	2,089,514	786,486	4,965,514	259,033,759	263,999,273	–
Issue of Performance Share Plan shares	–	–	–	–	1,175,750	1,175,750	–
Share cancellation*	–	–	–	–	(1,175,750)	(1,175,750)	–
At 31 December 2022	2,089,514	2,089,514	786,486	4,965,514	259,033,759	263,999,273	–
At 1 January 2023	**2,089,514**	**2,089,514**	**786,486**	**4,965,514**	**259,033,759**	**263,999,273**	**–**
Issue of Performance Share Plan shares	**–**	**–**	**–**	**–**	**1,320,583**	**1,320,583**	**–**
At 31 December 2023	**2,089,514**	**2,089,514**	**786,486**	**4,965,514**	**260,354,342**	**265,319,856**	**–**

* During 2022, 1.2 million ordinary shares were repurchased and subsequently cancelled as a result of a share buyback transaction. The amount paid to repurchase these shares was initially recognised in the own shares reserve and was transferred to retained earnings on cancellation.

At 31 December 2023 ordinary shares represented 98.1% and convertible shares represented 1.9% of issued share capital (2022: 98.1% and 1.9% respectively). The called up, issued and fully paid share capital of the Company at 31 December 2023 was €265,320 (2022: €263,999).

Share Premium
Share premium of €2,646 million (2022: €2,646 million) relates to the share premium arising on share issues.

Other Reserves
Other reserves included in the Consolidated Statement of Changes in Equity are comprised of the following:

	Reverse Acquisition Reserve €m	**Cash Flow Hedging Reserve €m**	**Cost of Hedging Reserve €m**	**Foreign Currency Translation Reserve €m**	**Share-based Payment Reserve €m**	**Own Shares €m**	**FVOCI Reserve €m**	**Total €m**
At 1 January 2023	**575**	**(4)**	**–**	**(604)**	**334**	**(65)**	**–**	**236**
Other comprehensive income								
Foreign currency translation adjustments	**–**	**–**	**–**	**40**	**–**	**–**	**–**	**40**
Effective portion of changes in fair value of cash flow hedges	**–**	**4**	**–**	**–**	**–**	**–**	**–**	**4**
Total other comprehensive income	**–**	**4**	**–**	**40**	**–**	**–**	**–**	**44**
Share-based payment	**–**	**–**	**–**	**–**	**59**	**–**	**–**	**59**
Shares acquired by SKG Employee Trust	**–**	**–**	**–**	**–**	**–**	**(28)**	**–**	**(28)**
Shares distributed by SKG Employee Trust	**–**	**–**	**–**	**–**	**(16)**	**16**	**–**	**–**
At 31 December 2023	**575**	**–**	**–**	**(564)**	**377**	**(77)**	**–**	**311**

	Reverse Acquisition Reserve €m	Cash Flow Hedging Reserve €m	Cost of Hedging Reserve €m	Foreign Currency Translation Reserve €m	Share-based Payment Reserve €m	Own Shares €m	FVOCI Reserve €m	Total €m
At 1 January 2022	575	1	1	(541)	293	(59)	(10)	260
Other comprehensive income								
Foreign currency translation adjustments	–	–	–	(63)	–	–	–	(63)
Effective portion of changes in fair value of cash flow hedges	–	(5)	–	–	–	–	–	(5)
Changes in fair value of cost of hedging	–	–	(1)	–	–	–	–	(1)
Total other comprehensive expense	–	(5)	(1)	(63)	–	–	–	(69)
Share-based payment	–	–	–	–	63	–	–	63
Shares acquired by SKG Employee Trust	–	–	–	–	–	(28)	–	(28)
Shares distributed by SKG Employee Trust	–	–	–	–	(22)	22	–	–
Share buyback	–	–	–	–	–	(41)	–	(41)
Share cancellation	–	–	–	–	–	41	–	41
Derecognition of equity instruments	–	–	–	–	–	–	10	10
At 31 December 2022	575	(4)	–	(604)	334	(65)	–	236

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

21. Capital and Reserves continued

Reverse Acquisition Reserve
This reserve arose on the creation of a new parent of the Group prior to listing.

Cash Flow Hedging Reserve
This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (net of tax) related to hedged transactions that have not yet occurred.

Cost of Hedging Reserve
The cost of hedging reserve reflects the gain or loss on the portion excluded from the designated hedging instrument that relates to the currency basis spread on foreign exchange contracts. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the cash flow hedging reserve.

Foreign Currency Translation Reserve
This reserve comprises all foreign currency translation adjustments arising from the translation of the Group's net investment in foreign operations as well as from the translation of liabilities that hedge those net assets.

Share-based Payment Reserve
This reserve represents the amounts credited to equity in relation to the share-based payment expense recognised in the Consolidated Income Statement, net of deferred shares distributed by the SKG Employee Trust to participants of the Deferred Annual Bonus Plan and the Deferred Bonus Plan.

Own Shares
This represents ordinary shares acquired by the SKG Employee Trust under the terms of the Deferred Annual Bonus Plan and the Deferred Bonus Plan.

	Numbers of shares of €0.001 each	
	2023	2022
At 1 January	**1,633,722**	1,974,476
Shares acquired by SKG Employee Trust	**762,659**	574,247
Shares distributed by SKG Employee Trust	**(489,252)**	(915,001)
At 31 December	**1,907,129**	1,633,722

As at 31 December 2023 the nominal value of own shares held was €1,907 (2022: €1,634). In 2023, own shares were purchased at an average price of €36.32 (2022: €46.81) per share. The number of own shares held represents 0.7% (2022: 0.6%) of the total called up share capital of the Company. Each of these have the same nominal value as the ordinary shares.

FVOCI Reserve
Equity instruments are measured at fair value with fair value gains and losses recognised in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

22. Borrowings

Analysis of Total Borrowings

	2023 €m	2022 €m
Revolving credit facility[1]	**1**	4
US$292.3 million 7.50% senior debentures due 2025 (including accrued interest)	**267**	276
Bank loans and overdrafts	**76**	110
€100 million receivables securitisation variable funding notes due 2026 (including accrued interest)[2,4]	**5**	4
€230 million receivables securitisation variable funding notes due 2026[3,4]	**11**	11
€250 million 2.75% senior notes due 2025 (including accrued interest)[5]	**252**	252
€1,000 million 2.875% senior notes due 2026 (including accrued interest)[5]	**1,010**	1,008
€750 million 1.5% senior notes due 2027 (including accrued interest)[5]	**749**	748
€500 million 0.5% senior green notes due 2029 (including accrued interest)[5]	**497**	496
€500 million 1.0% senior green notes due 2033 (including accrued interest)[5]	**497**	497
Leases	**380**	374
Total borrowings	**3,745**	3,780
Analysed as follows:		
Current	**175**	180
Non-current	**3,570**	3,600
	3,745	3,780

1 At 31 December 2023, the following amounts were drawn under this facility:
(a) Revolver loans – €4 million.
(b) Drawn under ancillary facilities and facilities supported by letters of credit – nil.
(c) Other operational facilities including letters of credit – nil.
2 At 31 December 2023, the amount drawn under this facility was €5 million.
3 At 31 December 2023, the amount drawn under this facility was €13 million.
4 Secured loans and long-term obligations.
5 Unsecured loans and long-term obligations.

22. Borrowings continued

Included within the carrying value of borrowings are deferred debt issue costs of €19 million (2022: €26 million), all of which will be recognised in finance costs in the Consolidated Income Statement using the effective interest rate method over the remaining life of the borrowings.

Committed facilities (excluding short-term sundry bank loans and overdrafts) amounted to €5,002 million (2022: €5,045 million) of which €3,344 million (2022: €3,390 million) was utilised at 31 December 2023. The weighted average period until maturity of undrawn committed facilities is 2.2 years (2022: 3.2 years).

Maturity of Undrawn Committed Facilities

	2023 €m	2022 €m
Within 1 year	–	–
Between 1 and 2 years	–	–
More than 2 years	1,658	1,655
	1,658	1,655

The Group's primary sources of liquidity are cash flows from operations and borrowings under the RCF. The Group's primary uses of cash are for funding day-to-day operations, capital expenditure, debt service, dividends and other investment activity including acquisitions.

The Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in certain areas such as incurrence of additional indebtedness and the incurrence of liens. The Group's borrowing agreements also contain financial covenants, the primary ones being a maximum net borrowings to EBITDA of 3.75 times and a minimum EBITDA to net interest of 3.00 times. The Group is in full compliance with the requirements of its covenant agreements throughout each of the periods presented. At 31 December 2023, as defined in the relevant facility agreement, net borrowings to EBITDA was 1.4 times (2022: 1.3 times) and EBITDA to net interest was 15.6 times (2022: 17.4 times).

The sustainability-linked Revolving Credit Facility ('RCF') has a facility size of €1,350 million and matures in January 2026. At 31 December 2023, interest rates applicable on the RCF were relevant interbank rate + 0.64%. The following table sets out the interest rates at 31 December 2023 and 2022 for the Group's drawings under the RCF.

	Currency	2023 Interest Rate	2022 Interest Rate
RCF	EUR	4.60%	–
RCF	US$	–	5.02%

Borrowings under the RCF are available to fund the Group's working capital requirements, capital expenditure and other general requirements.

The Group has a trade receivables securitisation programme with a facility size of €100 million, margin of 1.09% and matures in January 2026. Receivables generated by certain of its operating companies in Austria, Belgium, Italy and the Netherlands are sold to a special purpose Group subsidiary to support the funding. A conduit of Coöperatieve Rabobank U.A. (trading as Rabobank) provides €77 million of the funding and a conduit of Landesbank Hessen-Thüringen Girozentrale (trading as Helaba Bank) provides €23 million of the funding.

The Group also has a trade receivables securitisation programme with a facility size of €230 million, margin of 1.09% and matures in November 2026. Receivables generated by certain of its operating companies in the UK, Germany and France are sold to a special purpose entity to support the funding provided by Lloyds Banking Group.

The sale of the securitised receivables under the Group's securitisation programmes is not intended to, and does not, meet the requirements for derecognition under IFRS 9, with the result that the sold receivables continue to be shown on the face of the Consolidated Balance Sheet and the notes issued which fund the purchase of these receivables continue to be shown as liabilities.

The gross amount of receivables collateralising the €100 million 2026 trade receivables securitisation programme at 31 December 2023 was €327 million (2022: €399 million). The gross amount of receivables collateralising the €230 million 2026 trade receivables securitisation programme at 31 December 2023 was €415 million (2022: €492 million). As the Group retains a subordinated interest in the securitised receivables, the Group remains exposed to the credit risk of the underlying securitised receivables. Further details are set out in Note 27. In accordance with the contractual terms, the counterparty has recourse to the securitised debtors only. Given the short-term nature of the securitised debtors and the variable floating notes, the carrying amount of the securitised debtors and the associated liabilities reported on the Consolidated Balance Sheet is estimated to approximate to fair value.
At 31 December 2023, restricted cash of €2 million (2022: €5 million) was held in securitisation bank accounts.

In connection with the proposed WestRock Combination, we entered into a bridge facility agreement in the amount of US$1,500 million which is available to finance, (directly or indirectly) the cash consideration and/or fees, commissions, costs and expenses payable in relation to the proposed WestRock Combination. This bridge facility, which was undrawn at 31 December 2023, is in addition to our existing committed facilities which amounted to €5,002 million at the year-end. The bridge facility agreement matures in December 2024, however it may be extended by written notice for a further 12 months at our sole discretion.

Certain other maturity, interest rate repricing and key terms relating to the Group's borrowings have been set out in Note 27.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

23. Employee Benefits
The Group operates both defined benefit and defined contribution pension plans throughout its operations in accordance with local requirements and practices. These plans have broadly similar regulatory frameworks. The major plans are of the defined benefit type and are funded by payments to separately administered funds. In these defined benefit plans, the level of benefits available to members depends on length of service and their average salary over their period of employment or their salary in the final years leading up to retirement or leaving. While the majority of the defined benefit plans are funded, in certain countries, such as Germany, Austria and France, plan liabilities are for the most part unfunded and recognised as liabilities in the Consolidated Balance Sheet. In these countries, a full actuarial valuation of the unfunded liabilities is undertaken by independent actuaries on an annual basis. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the company and the boards of trustees.

The most significant defined benefit plans are in the Netherlands, United Kingdom, Germany and Ireland. They represent respectively 36%, 29%, 12% and 11% of the obligation thereby totalling 88% of the obligation.

The most recent valuation of the significant funded plans are as follows:

Ireland	1 January 2022
Netherlands	31 December 2023
United Kingdom	31 March 2020

In accordance with statutory and minimum funding requirements, additional annual contributions are required to be made to the schemes in place in Ireland, the United Kingdom and the Netherlands. The funding requirements are agreed between the company, the trustees and the relevant regulator. The contributions in respect of these schemes are included in the expected contributions for the year ending 31 December 2024 outlined on page 208.

During 2023, the Group made a Transfer Value Option available to all employed members of the Irish defined benefit pension schemes. The terms of the Transfer Value Option were designed to be consistent across all members. Employees who availed of the option received a transfer value to a defined contribution arrangement in full and final settlement of their accrued defined benefit entitlements. The transfer values were substantially funded by the pension schemes in line with statutory amounts payable, except where an alternative basis was agreed by scheme trustees, with the balance being paid by the Group.

The expense for defined contribution pension plans for the year ended 31 December 2023 was €73 million (2022: €71 million).

The following is a summary of the Group's employee benefit obligations and their related funding status:

	2023 €m	2022 €m
Present value of funded or partially funded obligations	**(1,807)**	(1,713)
Fair value of plan assets	**1,736**	1,608
Deficit in funded or partially funded plans	**(71)**	(105)
Present value of wholly unfunded obligations	**(435)**	(410)
Amounts not recognised as assets due to asset ceiling	**(5)**	(2)
Net pension liability	**(511)**	**(517)**
Employee benefits assets	**21**	17
Employee benefits liabilities	**(532)**	(534)

In determining the defined benefit costs and obligations, all valuations are performed by independent actuaries using the projected unit credit method.

Financial Assumptions
The main actuarial assumptions used to calculate liabilities under IAS 19, *Employee Benefits* at 31 December 2023 and 31 December 2022 are as follows:

	Eurozone		Rest of Europe		The Americas	
	2023 %	2022 %	**2023 %**	2022 %	**2023 %**	2022 %
Rate of increase in salaries	**1.00 – 4.00**	1.00 – 4.00	**1.50 – 6.00**	2.30 – 6.00	**1.70 – 6.29**	1.50 – 7.48
Rate of increase to pensions in payment	**Nil – 2.90**	Nil – 2.90	**Nil – 1.60**	Nil – 2.00	**Nil – 6.24**	Nil – 7.30
Discount rate for plan liabilities	**3.30**	3.70	**1.40 – 6.50**	3.70 – 7.60	**4.67 – 11.60**	3.58 – 15.02
Inflation	**2.30**	2.40	**1.25 – 4.00**	2.00 – 4.00	**1.54 – 6.29**	1.00 – 7.48

Mortality Assumptions
In assessing the Group's post-retirement liabilities, the mortality assumptions chosen for the principal plans above are based on the country's population mortality experience, large pension scheme mortality experience and the plan's own mortality experience. The mortality assumption adopted in the United Kingdom for 2023 allows for the most recent projection model factors. In the Netherlands, the mortality table used is the latest available mortality table (AG 2022 table, published in September 2022). In Ireland, the mortality table was unchanged from last year and reflects the table used in the latest tri-annual valuation (as per 1 January 2022). In Germany, the mortality table, which was updated in 2018, is that laid down by statutory authorities. Note that in all cases described here, the mortality tables used allow for future improvements in life expectancy.

23. Employee Benefits continued

The current life expectancies underlying the valuation of the plan liabilities for the significant plans are as follows:

	Ireland		United Kingdom		Germany		Netherlands	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Longevity at age 65 for current pensioners (years)								
Male	**22.7**	22.6	**20.1**	20.0	**20.8**	20.6	**21.1**	20.9
Female	**25.1**	25.0	**22.0**	22.4	**24.2**	24.0	**23.8**	23.7
Longevity at age 65 for current member aged 45 (years)								
Male	**24.4**	24.3	**21.1**	20.9	**23.5**	23.4	**23.2**	23.1
Female	**26.8**	26.7	**23.0**	23.6	**26.4**	26.3	**25.9**	25.8

The mortality assumptions for other plans are based on relevant standard mortality tables in each country.

Sensitivity Analysis

The following table illustrates the key sensitivities to the amounts included in the Consolidated Financial Statements which would arise from adjusting certain key actuarial assumptions. The sensitivity of the defined benefit obligation to changes in actuarial assumptions has been calculated using the projected unit credit method, which is the same method used to calculate the pension liability in the Consolidated Balance Sheet. The methods and assumptions used in preparing the sensitivity analysis have not changed compared to the prior year.

In each case all the other assumptions remain unchanged:

	Increase/(Decrease) in Pension Liabilities	
Change in Assumption	**2023 €m**	2022 €m
Increase discount rate by 0.50%	**(145)**	(136)
Decrease discount rate by 0.50%	**164**	163
Increase inflation rate by 0.50%	**46**	47
Decrease inflation rate by 0.50%	**(44)**	(45)
Increase in life expectancy by one year	**70**	74

The sensitivity information shown above has been determined by performing calculations of the liabilities using different assumptions.

Analysis of Plan Assets and Liabilities

Plan assets are comprised as follows:

	2023			2022		
	Quoted €m	**Unquoted €m**	**Total €m**	Quoted €m	Unquoted €m	Total €m
Equities	**427**	**–**	**427**	460	–	460
Corporate bonds	**340**	**–**	**340**	292	–	292
Government bonds	**620**	**–**	**620**	516	–	516
Property	**83**	**6**	**89**	112	5	117
Cash	**28**	**–**	**28**	101	1	102
Insurance contracts	**–**	**33**	**33**	–	34	34
Liability driven investment	**67**	**–**	**67**	12	–	12
Other	**132**	**–**	**132**	75	–	75
	1,697	**39**	**1,736**	1,568	40	1,608

Included in plan assets at 31 December 2023 under Property is an amount of €5.5 million (2022: €5.4 million) relating to the Gosport plant in the United Kingdom. This is the only self-investment in the Group by the defined benefit plans.

The remeasurement gain on plan assets for the year ended 31 December 2023 was €57 million (2022: a loss of €660 million).

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For the Financial Year Ended 31 December 2023

23. Employee Benefits continued
An analysis of the assets held by the plans is as follows:

31 December 2023	Eurozone €m	Rest of Europe €m	The Americas €m	Total €m
Equities	**312**	**98**	**17**	**427**
Corporate bonds	**163**	**148**	**29**	**340**
Government bonds	**317**	**303**	**–**	**620**
Property	**62**	**26**	**1**	**89**
Cash	**18**	**10**	**–**	**28**
Insurance contracts	**30**	**3**	**–**	**33**
Liability driven investment	**83**	**(16)**	**–**	**67**
Other	**83**	**35**	**14**	**132**
Fair value of plan assets	**1,068**	**607**	**61**	**1,736**
Present value of plan liabilities	**(1,449)**	**(700)**	**(93)**	**(2,242)**
Amounts not recognised as assets due to asset ceiling	**(5)**	**–**	**–**	**(5)**
Net pension liability	**(386)**	**(93)**	**(32)**	**(511)**

31 December 2022	Eurozone €m	Rest of Europe €m	The Americas €m	Total €m
Equities	339	105	16	460
Corporate bonds	161	101	30	292
Government bonds	244	272	–	516
Property	82	35	–	117
Cash	14	87	1	102
Insurance contracts	31	3	–	34
Liability driven investment	81	(69)	–	12
Other	35	27	13	75
Fair value of plan assets	987	561	60	1,608
Present value of plan liabilities	(1,364)	(673)	(86)	(2,123)
Amounts not recognised as assets due to asset ceiling	–	(2)	–	(2)
Net pension liability	(377)	(114)	(26)	(517)

Analysis of the Amount Charged in the Consolidated Income Statement
The following tables set out the components of the defined benefit cost:

	2023 €m	2022 €m
Current service cost	**24**	34
Administrative expenses	**4**	5
Past service cost	**3**	–
Actuarial gain arising on other long-term employee benefits	**–**	(4)
Charged to operating profit	**31**	35
Net interest cost on net pension liability	**19**	8
	50	43

The expense recognised in the Consolidated Income Statement is charged to the following line items:

	2023 €m	2022 €m
Cost of sales	**14**	18
Administrative expenses	**17**	17
Finance costs	**19**	8
	50	43

Analysis of Actuarial (Losses)/Gains Recognised in the Consolidated Statement of Comprehensive Income

	2023 €m	2022 €m
Return on plan assets (excluding interest income)	**57**	(660)
Actuarial loss due to experience adjustments	**(30)**	(41)
Actuarial (loss)/gain due to changes in financial assumptions	**(69)**	746
Actuarial (loss)/gain due to changes in demographic assumptions	**(1)**	6
Other changes on unrecognised asset due to the asset ceiling	**(3)**	–
	(46)	51

23. Employee Benefits continued

Movement in Present Value of Defined Benefit Obligation

	2023 €m	2022 €m
At 1 January	**(2,123)**	(2,904)
Current service cost	**(24)**	(34)
Contributions by plan participants	**(6)**	(5)
Interest cost	**(87)**	(44)
Actuarial gains and losses	**(100)**	715
Benefits paid by plans	**104**	113
Past service cost	**(3)**	–
Decrease arising on settlement	**14**	–
Foreign currency translation adjustment	**(17)**	36
At 31 December	**(2,242)**	(2,123)

Movement in Fair Value of Plan Assets

	2023 €m	2022 €m
At 1 January	**1,608**	2,276
Interest income on plan assets	**68**	36
Return on plan assets (excluding interest income)	**57**	(660)
Administrative expenses	**(4)**	(5)
Contributions by employer	**106**	99
Contributions by plan participants	**6**	5
Benefits paid by plans	**(104)**	(113)
Decrease arising on settlements	**(14)**	–
Foreign currency translation adjustment	**13**	(30)
At 31 December	**1,736**	1,608

Movement in Asset Ceiling

	2023 €m	2022 €m
At 1 January	**(2)**	(2)
Variations of the effect of the asset ceiling limit	**(3)**	–
At 31 December	**(5)**	(2)

Employee Benefit Plan Risks

The employee benefit plans expose the Group to a number of risks, the most significant of which are:

Asset Volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to equities is monitored to ensure it remains appropriate given the plans' long-term objectives.
Changes in Bond Yields	A decrease in corporate bond yields will increase the value placed on the plans' liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation Risk	The plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life Expectancy	The majority of the plans' obligations are to provide benefits based on the life of the member, so increases in life expectancy will result in an increase in the liabilities.

In the case of the funded plans, the Group ensures that the investment positions are managed with an asset-liability matching ('ALM') framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

23. Employee Benefits continued
Maturity Analysis
The expected maturity analysis is set out in the table below:

Expected benefit payments:	Netherlands Projected Amounts €m	United Kingdom Projected Amounts €m	Germany Projected Amounts €m	Ireland Projected Amounts €m	Other Projected Amounts €m
Financial year 2024	21	34	19	10	20
Financial year 2025	22	34	19	10	20
Financial years 2026 – 2028	74	106	56	32	70
Financial years 2029 – 2033	158	192	79	57	133

The weighted average duration of the defined benefit obligation at 31 December 2023 is 14.34 years (2022: 14.82 years).

Most of the plans are closed to new entrants and therefore, under the projected unit credit method, the current service cost is expected to increase (all other elements remaining equal) as the members approach retirement and to decrease as members retire or leave service. With plans in Ireland and the UK being frozen for future service, this risk no longer applies for these countries.

The expected employee and employer contributions for the year ending 31 December 2024 for the funded schemes are €5 million and €67 million respectively. The expected employer contributions for unfunded schemes for the year ending 31 December 2024 are €28 million and the expected benefit payments made directly by the employer in respect of funded plans for the year ending 31 December 2024 are €1 million.

24. Share-based Payment
Share-based Payment Expense Recognised in the Consolidated Income Statement

	2023 €m	2022 €m
Charge arising from the Deferred Bonus Plan	27	23
Charge arising from the Performance Share Plan	32	40
	59	63

Social charges relating to equity settled share-based payments in 2023 are €2 million (2022: €2 million).

The Group grants equity settled share-based payments to employees as part of their remuneration. The accounting for share-based payment expense falls under IFRS 2, *Share-based Payment*. Under IFRS 2, when share awards are subject to vesting conditions, the related expense is recognised in profit or loss over the vesting period.

In 2023, awards were made under the two active plans; the Deferred Bonus Plan ('DBP') and the Performance Share Plan ('PSP').

Deferred Bonus Plan
In May 2018, at the Company's AGM, shareholders approved the adoption of the DBP which replaced the deferred element of the existing long-term incentive plan, the Deferred Annual Bonus Plan ('DABP').

Participants may be granted an award of up to 150% of salary (other than a recruitment award). The actual bonus earned in any financial year is based on the achievement of clearly defined stretching annual financial targets for some of the Group's Key Performance Indicators ('KPIs'). For 2023, these were Earnings before Interest and Tax ('EBIT'), Free Cash Flow ('FCF'), together with targets for Health and Safety, People and ESG and personal/strategic targets for the Executive Directors.

The structure of the plan is that 50% of any annual bonus earned for a financial year will be deferred into SKG plc shares ('Deferred Shares') to be granted in the form of a Deferred Share Award. The Deferred Shares will vest (i.e. become unconditional) after a three-year holding period based on a service condition of continuity of employment or in certain circumstances, based on normal good leaver provisions.

Deferred Share Awards were granted in 2023 to eligible employees in respect of the financial year ended 31 December 2022. The fair value of the Deferred Share Awards granted in 2023 was €36.32 (2022: €46.81) which was the market value of the deferred shares granted. At 31 December 2023 there were 1,862,573 outstanding shares (2022: 1,582,192 shares). During 2023, 764,182 shares were granted under the DBP scheme (2022: 571,693 shares).

The total DBP charge for the year comprises a charge pertaining to the Deferred Share Awards granted in respect of 2020, 2021, 2022 and to be granted in respect of 2023. The DBP awards which were granted in 2021 in respect of the financial year ended 31 December 2020 vested in February 2024 and were released to the relevant employees. The average market price for the February vesting was €37.39.

24. Share-based Payment continued

Performance Share Plan

In May 2018, at the Company's AGM, shareholders approved the adoption of the PSP, which replaced the existing long-term incentive plan, the matching element of the DABP.

Participants may be granted an award of up to 250% of salary (other than a recruitment award). Awards may vest after a three-year performance period to the extent to which the performance conditions have been met. Awards may also be subject to an additional holding period following vesting (of up to two years). At the end of the relevant holding period, the PSP awards will be released (i.e. become unconditional) to the participant.

The performance targets assigned to the PSP awards are set by the Remuneration Committee on the granting of awards at the start of each three-year cycle and are set out in the Remuneration Report.

The actual number of shares that will vest under the PSP is dependent on the performance conditions of the Group's EPS, ROCE, Total Shareholder Return ('TSR') (relative to a peer group) and Sustainability targets measured over the same three-year performance period. PSP performance conditions will be reviewed at the end of the three-year performance period and the PSP shares awarded will vest depending upon the extent to which these performance conditions have been satisfied.

The fair values assigned to the EPS, ROCE and Sustainability components of the PSP are equivalent to the share price on the date of award.

The Monte Carlo simulation approach was used to calculate the fair value of the TSR component of the PSP award at the respective grant dates. The expected volatility rate applied was based upon both the historical and implied share price volatility levels of the Group. For the 2023 award, a rate of 27.7% was used (2022 award: 31.5%). The risk-free interest rate used for the 2023 award was 3.196% (2022 award: 0.723%).

The total PSP charge for the year comprises a charge pertaining to the awards granted in respect of 2021, 2022 and 2023.

A summary of the PSP schemes is presented below:

	Period to Earliest Release Date	Fair Value of EPS, ROCE and Sustainability Components	Fair Value of TSR Component	Number of Shares: Initial Award[1]	Number of Shares: Net Outstanding At 31 December 2023[2]
Granted in 2021	3 years	€40.79[3]	€16.11	1,113,325	1,151,892
Granted in 2022	3 years	€40.49	€16.91	1,423,604	1,404,235
Granted in 2023	**3 years**	**€32.39[4]**	**€15.64**	**1,839,778**	**1,819,635**

1 Numbers represent the initial awards granted to employees. The Remuneration Committee has determined that dividend equivalents will accrue on awards under the PSP schemes. Subject to satisfaction of the applicable performance criteria, such dividend equivalents will be released to participants in the form of additional shares on vesting.
2 Numbers include dividend equivalent shares accrued less share forfeitures to date.
3 Two grants of performance shares were made to the Executive Directors in 2021; the first in March, with a second tranche granted in May to reflect the increased PSP opportunity approved at the AGM as part of the 2021 Remuneration Policy. The share price of performance shares granted in March 2021 was €40.76; the share price of performance shares granted in May 2021 was €43.93.
4 Two grants of performance shares were made in 2023; the first in March, with a second tranche granted in September to participants who were in possession of inside information in relation to the proposed Combination with WestRock at the time of the original grant in March 2023. The share price of performance shares granted in March 2023 was €32.41; the share price of performance shares granted in September 2023 was €32.28.

The PSP awards which were granted in 2021 vested in February 2024 and were released to the relevant employees. The average market price for the February vesting was €37.39. Details of the performance targets and results for the three-year period to 31 December 2023 are set out in the Remuneration Report.

25. Provisions for Liabilities

	2023 €m	2022 €m
Current	**124**	100
Non-current	**41**	37
	165	137

	Deferred and Contingent Consideration €m	Restructuring €m	Environmental €m	Legal €m	Other €m	Total €m
At 1 January 2023	5	17	5	56	54	137
Made	–	27	–	17	44	88
Released	–	(1)	–	(1)	–	(2)
Utilised	(4)	(15)	(1)	(3)	(32)	(55)
Reclassifications	–	–	–	3	(3)	–
Currency	–	(1)	–	(1)	(1)	(3)
At 31 December 2023	**1**	**27**	**4**	**71**	**62**	**165**

The Group considered the impact of climate-related risks on environmental and remediation provisions. The measurement of our provisions is based on reasonable and supportable assumptions that represent management's current best estimate of the range of economic conditions that will exist in the foreseeable future. As outlined in the Risk Report, the Group has robust processes in place to ensure it is compliant with environmental legislation and regulation and the consideration of climate-related risks have not significantly impacted the provisions for liabilities.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

25. Provisions for Liabilities continued
The Group also considered the sustainability targets and ambitions outlined in the Sustainability Report and whether they give rise to any constructive obligations of the Group which would require a provision to be recognised or contingent liability to be disclosed. As any obligation which may arise depends on the future actions of the Group, which are within its control, no provision or contingent liability arises.

Restructuring
These provisions relate to irrevocable commitments in respect of restructuring programmes throughout the Group. During 2023, the Group incurred an exceptional charge of €11 million in relation to redundancy and reorganisation costs in the Americas, of which €10 million was unpaid at 31 December 2023 and is expected to be paid in 2024.

Environmental
Provisions for environmental costs mainly relate to the reinstatement of landfill sites and other remediation and improvement costs incurred in compliance with either local or national environmental regulations together with constructive obligations stemming from established practice. The timing of settlement of these provisions is not certain particularly where provisions are based on past practice and there is no legal obligation.

Legal
Legal represents provisions for certain legal claims the Group is involved in. Provisions are expensed in the Consolidated Income Statement within administrative expenses. Legal provisions are uncertain as to timing and amount as they are the subject of ongoing cases.

Other
Other comprises a number of provisions including: liabilities arising from dilapidations amounting to €14 million (2022: €13 million); employee compensation in certain countries in which we operate amounting to €15 million (2022: €18 million); and numerous other items which are not individually material and are not readily grouped together.

26. Trade and Other Payables

	Group 2023 €m	Group 2022 €m	**Company 2023 €m**	Company 2022 €m
Amounts falling due within one financial year:				
Trade payables	**1,157**	1,410	**–**	–
Payroll taxes	**41**	39	**–**	–
Value added tax	**92**	117	**–**	–
Social insurance	**53**	50	**–**	–
Accruals	**755**	791	**10**	–
Capital payables	**212**	175	**–**	–
Other payables	**68**	60	**–**	–
Amounts payable to Group companies	**–**	–	**113**	98
	2,378	2,642	**123**	98
Amounts falling due after more than one financial year:				
Other payables	**11**	10	**–**	–
	2,389	2,652	**123**	98

The fair values of trade and other payables are not materially different from their carrying amounts.

Amounts owed to Group companies are unsecured, interest free and are repayable on demand.

27. Financial Instruments

Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2023	Assets at Amortised Cost €m	Assets at Fair Value Through Profit or Loss €m	Derivatives Used for Hedging €m	Total €m
Assets per Consolidated Balance Sheet:				
Listed and unlisted debt instruments	–	10	–	10
Derivative financial instruments	–	12	5	17
Trade and other receivables*	1,926	–	–	1,926
Cash and cash equivalents	905	–	–	905
	2,831	22	5	2,858

* Excludes statutory taxes and prepayments.

At 31 December 2023 the financial assets of the Company of €634 million consist of assets at amortised cost.

31 December 2023	Liabilities at Fair Value Through Profit or Loss €m	Derivatives Used for Hedging €m	Other Financial Liabilities €m	Total €m
Liabilities per Consolidated Balance Sheet:				
Borrowings	–	–	3,745	3,745
Derivative financial instruments	6	12	–	18
Trade and other payables*	–	–	1,882	1,882
Deferred consideration	–	–	1	1
	6	12	5,628	5,646

* Excludes statutory taxes and employee benefits.

At 31 December 2023 the financial liabilities of the Company of €123 million consist of other financial liabilities.

31 December 2022	Assets at Amortised Cost €m	Assets at Fair Value Through Profit or Loss €m	Derivatives Used for Hedging €m	Total €m
Assets per Consolidated Balance Sheet:				
Listed and unlisted debt instruments	–	10	–	10
Derivative financial instruments	–	44	4	48
Trade and other receivables*	2,228	–	–	2,228
Cash and cash equivalents	788	–	–	788
	3,016	54	4	3,074

* Excludes statutory taxes and prepayments.

At 31 December 2022 the financial assets of the Company of €474 million consist of assets at amortised cost.

31 December 2022	Liabilities at Fair Value Through Profit or Loss €m	Derivatives Used for Hedging €m	Other Financial Liabilities €m	Total €m
Liabilities per Consolidated Balance Sheet:				
Borrowings	–	–	3,780	3,780
Derivative financial instruments	16	9	–	25
Trade and other payables*	–	–	2,121	2,121
Deferred consideration	–	–	5	5
	16	9	5,906	5,931

* Excludes statutory taxes and employee benefits.

At 31 December 2022 the financial liabilities of the Company of €98 million consist of other financial liabilities.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

27. Financial Instruments continued
Key Financial Risks and Financial Risk Management Resulting from the Use of Financial Instruments and Related Sensitivity Analysis
Financial and Credit Risk Management
The operating parameters and policies of the Group's treasury management function are established under formal Board authority. The Treasury Policy covers the areas of funding, counterparty risk, foreign exchange, controls and derivatives. Risk arising on counterparty default is controlled within a framework of dealing with high quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. The Group uses financial instruments, including fixed and variable rate debt to finance operations, for capital spending programmes and for general corporate purposes. Additionally, financial instruments, including derivative instruments, are used to hedge exposure to interest rate, commodity and foreign currency risks. Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The Group does not use financial instruments for trading purposes. The Group mitigates the risk that counterparties to derivatives will fail to perform by contracting with major financial institutions having high credit ratings and considers the likelihood of counterparty failure to be low. Trade debtors arise from a wide and varied customer base. There is no significant concentration of credit risk amongst any of the Group's most significant financial assets. The Group also holds no collateral in respect of its principal credit exposures.

The successful management of the Group's currency and interest rate exposure depends on a variety of factors, some of which are outside of its control. The Group is exposed to the impact of interest rate changes and foreign currency fluctuations due to its investing and funding activities and its operations in foreign currencies. The Group manages interest rate exposure to achieve what management considers to be an appropriate balance of fixed and variable rate funding. To achieve this objective the Group may enter into interest rate swaps, options and forward rate agreements.

The Group manages its balance sheet having regard to the currency exposures arising from its assets being denominated in a wide range of currencies. To this end, where foreign currency assets are funded by local borrowing, such borrowing is generally sourced in the currency of the related assets. The Group may also hedge currency exposure through the use of currency swaps, options and forward contracts. Tables detailing the impact of these derivatives on the currency profile of the Group's financial instruments have been set out elsewhere in this note.

Further details on certain specific financial risks encountered have been set out below.

Interest Rate Risk
The Group is exposed to changes in interest rates, primarily changes in Euribor. The RCF is variable rate debt, as are the Group's securitisation facilities. Interest rate changes therefore generally do not affect the market value of such debt but do impact the amount of the Group's interest payments and, therefore, its future earnings and cash flows, assuming other factors are held constant. At 31 December 2023, the Group had fixed an average of 98% (2022: 97%) of its interest cost on borrowings over the following 12 months. Holding all other variables constant, if interest rates for these borrowings increased by one percent, the Group's interest expense would increase, and income before taxes would decrease, by approximately €2 million over the following twelve months. Interest income on the Group's cash balances would increase by approximately €9 million assuming a one percent increase in interest rates earned on such balances over the following 12 months.

Currency Sensitivity
The Group operates in the following principal currency areas (other than euro): Swedish Krona, Sterling, Latin America (comprising mainly Mexican Peso, Colombian Peso and Brazilian Real), US Dollar and Eastern Europe (comprising mainly the Polish Zloty, the Czech Koruna). At the end of 2023, approximately 99% (2022: 99%) of its non-euro denominated net assets consisted of the Swedish Krona 14% (2022: 19%), Sterling 12% (2022: 14%), Latin American currencies 51% (2022: 45%), US Dollar 10% (2022: 8%) and Eastern European currencies 12% (2022: 13%). The Group believes that a strengthening of the euro exchange rate by 1% against all other foreign currencies from the 31 December 2023 rate would reduce shareholders' equity by approximately €29 million (2022: €26 million).

Commodity Price Risk
Containerboard

The Group is exposed to commodity price risks through its dependence on recovered paper, the principal raw material used in the manufacture of recycled containerboard. The price of recovered paper is dependent on both demand and supply conditions. Demand conditions include the production of recycled containerboard in Europe and the demand for recovered paper for the production of recycled containerboard outside of Europe, principally in Asia. Supply conditions include the rate of recovery of recovered paper, itself dependant on historic pricing related to the cost of recovery, and some slight seasonal variations.

Just over 1.05 metric tonnes of recovered paper are required to manufacture 1.0 metric tonne of recycled containerboard. Consequently, an increase in the price of recovered paper of, for example, €20 per tonne would increase the cost of production of recycled containerboard by approximately €21 per tonne. Historically, increases in the cost of recovered paper, if sustained, have led to a rise in the price of recycled containerboard, with a lag of one to two months.

The price of recovered paper can fluctuate significantly within a given year, affecting the operating results of the Group's paper processing facilities. The Group seeks to manage this risk operationally rather than by entering into financial risk management derivatives. Accordingly, at each of 31 December 2023 and 2022, there were no derivatives held to mitigate such risks.

In addition, developing policy changes in the EU with regard to renewable energy sources have created an additional demand for wood, the principal raw material used in the manufacture of kraftliner. This has the effect of potentially increasing the price of wood and consequently the cost of the Group's raw materials. At each of 31 December 2023 and 2022, the Group held no derivatives to mitigate such risks.

27. Financial Instruments continued

Key Financial Risks and Financial Risk Management Resulting from the Use of Financial Instruments and Related Sensitivity Analysis continued

Energy

The cost of producing the Group's products is also sensitive to the price of energy. The Group's main energy exposure is to the cost of gas and electricity. These energy costs have experienced unprecedented price volatility in last number of years with a corresponding effect on Group production costs. Natural gas prices, relevant to the Group, decreased significantly in 2023 and had an average price of €40.68 per megawatt-hour for the year (2022: average price of €120.91 per megawatt-hour). However, prices remained elevated compared to historical averages and are prone to volatility. The Group has entered into a limited level of energy derivative contracts to economically hedge a portion of its energy costs in Sweden. The Group has also fixed a certain level of its energy costs through contractual arrangements directly with its energy suppliers.

Tables detailing the Group's energy derivatives have been set out elsewhere in this note.

Liquidity Risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short-term and long-term debt obligations and derivative transactions. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due. To achieve this objective, the Group:

- Maintains cash balances and liquid investments with highly rated counterparties;
- Limits the maturity of cash balances; and
- Borrows the bulk of its debt requirements under committed bank lines or other term financing and, by policy, maintains a minimum level of undrawn committed facilities.

The Group has entered into a series of borrowing arrangements in order to facilitate its liquidity needs in this regard and the key terms of those arrangements are described within Note 22 and within certain tables set out below. At each year-end, the Group's rolling liquidity reserve (which comprises cash and cash equivalents and undrawn committed facilities and which represents the amount of available cash headroom in the Group's funding structure) was as follows:

	2023 €m	2022 €m
Cash and cash equivalents	**905**	788
Committed undrawn facilities	**1,658**	1,655
Liquidity reserve	**2,563**	2,443
Borrowings due within one year – contractual undiscounted cash flows	**(240)**	(264)
Net position	**2,323**	2,179

Management monitors rolling cash flow forecasts on an ongoing basis to determine the adequacy of the liquidity position of the Group. This process also incorporates a longer-term liquidity review to ensure refinancing risks are adequately catered for as part of the Group's strategic planning. The Group continues to benefit from its existing financing package and debt profile. In addition, the Group's operating activities are cash generative and expect to be so over the foreseeable future.

The maturity dates of the Group's main borrowing facilities as set out in Note 22, together with the liquidity analysis as set out in this note, more fully describes the Group's longer-term financing risks.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital.

In managing its capital structure, the primary focus of the Group is the ratio of net debt as a multiple of EBITDA (earnings before exceptional items, share-based payment expense, share of associates' profit (after tax), net finance costs, income tax expense, depreciation and depletion (net) and intangible asset amortisation). Maximum levels for this ratio are set under Board approved policy. At 31 December 2023, the net debt to EBITDA ratio of the Group was 1.4 times which compares to 1.3 times at the end of 2022.

On the basis of pre-exceptional operating profit, the Group's return on capital employed was 17.1% compared to 21.8% in 2022. The return on capital employed comprises pre-exceptional operating profit plus share of associates' profit (after tax) as a percentage of average capital employed (where average capital employed is the average of total equity and net debt at the current and prior year-end). Capital employed at 31 December 2023 was €8,414 million (2022: €8,030 million).

The capital employed of the Company at 31 December 2023 was €2,987 million (2022: €2,955 million).

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

27. Financial Instruments continued
Key Financial Risks and Financial Risk Management Resulting from the Use of Financial Instruments and Related Sensitivity Analysis continued

Credit Risk
Credit risk arises from credit exposure to trade debtors, cash and cash equivalents including deposits with banks and financial institutions, derivative financial instruments and investments. The Group has no sovereign exposures and no material debtors with Government agencies. The maximum exposure to credit risk is represented by the carrying amount of each asset.

Trade debtors arise from a wide and varied customer base spread throughout the Group's operations and as such there is no significant concentration of credit risk. Credit evaluations are performed on all customers over certain thresholds and all customers are subject to continued monitoring at operating company level. Further information on the Group approach to providing for expected credit losses is set out in Note 17.

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled within a framework of dealing with high quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. Of the Group's total cash and cash equivalents (including restricted cash) at 31 December 2023 of €905 million, 48% was with financial institutions in the A rating category of Standard & Poor's or Moody's and 44% was with financial institutions in the AA/Aa or higher rating category.

The remaining 8% was largely represented by cash held with banks in Latin America which fell outside the A or higher ratings categories. At 31 December 2023, derivative transactions were with counterparties with ratings ranging from BB to AA- with Standard & Poor's or B2 to Aa1 with Moody's.

At each reporting date, there were no significant concentrations of credit risk which individually represented more than 10% of the Group's financial assets. A geographical analysis of the Group's segment assets has been provided in Note 4.

Market Risk – Listed and Unlisted Debt Instruments
The Group's listed and unlisted debt instruments principally comprise investments held relating to unfunded pension liabilities. These investments are being carried at their estimated fair value and the Group's maximum exposure to risks associated with these investments is represented by their carrying amounts.

Derivative Positions
Derivative financial instruments recognised as assets and liabilities in the Consolidated Balance Sheet both as part of cash flow hedges and other economic hedges which do not meet the criteria for hedge accounting under IFRS 9, have been set out below:

	2023 €m	2022 €m
Non-current derivative assets		
Cash flow hedges:		
Cross currency swaps	–	2
Total non-current derivative assets	–	2
Current derivative assets		
Cash flow hedges:		
Foreign currency forwards	5	1
Cross currency swaps	–	1
Not designated as hedges:		
Foreign currency forwards	1	1
Cross currency swaps	10	34
Energy hedging contracts	1	9
Total current derivative assets	17	46
Total derivative assets	17	48
Non-current derivative liabilities		
Cash flow hedges:		
Foreign currency forwards	(1)	(1)
Cross currency swaps	–	(3)
Total non-current derivative liabilities	(1)	(4)
Current derivative liabilities		
Cash flow hedges:		
Foreign currency forwards	(3)	(5)
Cross currency swaps	(8)	–
Not designated as hedges:		
Foreign currency forwards	(1)	(1)
Cross currency swaps	(5)	(6)
Energy hedging contracts	–	(9)
Total current derivative liabilities	(17)	(21)
Total derivative liabilities	(18)	(25)
Net (liability)/asset on derivative financial instruments	(1)	23

27. Financial Instruments continued

Fair Value Hierarchy

Fair value measurement at 31 December 2023	Level 1 €m	Level 2 €m	Total €m
Other investments:			
Listed	2	–	2
Unlisted	–	8	8
Derivative financial instruments:			
Assets at fair value through profit or loss	–	12	12
Derivatives used for hedging	–	5	5
Derivative financial instruments:			
Liabilities at fair value through profit or loss	–	(6)	(6)
Derivatives used for hedging	–	(12)	(12)
	2	7	9

Fair value measurement at 31 December 2022	Level 1 €m	Level 2 €m	Total €m
Other investments:			
Listed	2	–	2
Unlisted	–	8	8
Derivative financial instruments:			
Assets at fair value through profit or loss	–	44	44
Derivatives used for hedging	–	4	4
Derivative financial instruments:			
Liabilities at fair value through profit or loss	–	(16)	(16)
Derivatives used for hedging	–	(9)	(9)
	2	31	33

The fair value of listed investments is determined by reference to their bid price at the reporting date. Unlisted investments are valued using recognised valuation techniques for the underlying security including discounted cash flows and similar unlisted equity valuation models.

The fair value of the derivative financial instruments set out above has been measured in accordance with level 2 of the fair value hierarchy. All are plain derivative instruments, valued with reference to observable foreign exchange rates, interest rates or broker prices.

There were no reclassifications or transfers between the levels of the fair value hierarchy during the period.

Cash Flow Hedging

As more fully set out in this note, the Group principally utilises interest rate and cross currency swaps to swap its variable rate debt into fixed rates. Hedge ineffectiveness is determined at the inception of the hedge relationship and through periodic prospective hedge effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates, maturities and notional amounts. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As the Group enters into hedge relationships where the critical terms of the hedging instrument materially match the terms of the hedged item, a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness for interest rate swaps and cross currency swaps may occur due to:

— The effect of the counterparty's and the Group's own credit risk on the fair value of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in the hedged risk;
— Changes in the contractual terms or timing of the payments on the hedged item; or
— The fair value of the hedging instrument on the hedge relationship designation date (if not zero).

The Group had no interest rate swaps outstanding in 2023 or 2022.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

27. Financial Instruments continued

Cash Flow Hedging continued

There was no material ineffectiveness in hedged risk in relation to cross currency swap hedges in 2023 and 2022. Amounts accounted for in the cash flow hedging reserve in respect of these swaps during the current and preceding periods have been set out in the Consolidated Statement of Comprehensive Income. These fair value gains and losses are expected to impact on profit and loss in 2024, in line with the underlying debt being hedged.

The Group has entered into a limited number of bunker fuel swaps to hedge against variability in the cost of bunker fuel included in certain of its shipping contracts. Hedge effectiveness is assessed using the same principles as those used for designated cross currency swaps. In hedges of bunker fuel costs, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated or if there are changes in the credit risk of the Group or the counterparty. These hedges have been highly effective in achieving offsetting cash flows with no ineffectiveness recorded. These fair value gains and losses are expected to impact on profit and loss during 2024 and 2025.

In addition, certain subsidiaries use foreign currency forward contracts to hedge forecast foreign currency sales and purchases. Such forward contracts are designated as cash flow hedges and are set to closely match the critical terms of the underlying cash flows. Hedge effectiveness is assessed using the same principles as those used for designated cross currency and bunker fuel swaps. In hedges of foreign currency sales and purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated or if there are changes in the credit risk of the Group or the counterparty. These hedges have been highly effective in achieving offsetting cash flows with no ineffectiveness recorded. These fair value gains and losses are expected to impact on profit and loss during 2024 and 2025.

The Group's hedging reserves disclosed in Note 21 relate to the following hedging instruments:

	Cost of Hedging Reserve €m	**Cross Currency Swaps €m**	**Foreign Currency Forwards €m**	**Total Hedge Reserves €m**
At 1 January 2023	**–**	**1**	**(5)**	**(4)**
Change in fair value of hedging instrument recognised in OCI	**–**	**–**	**(1)**	**(1)**
Reclassified from OCI to profit or loss – included in revenue	**–**	**–**	**5**	**5**
At 31 December 2023	**–**	**1**	**(1)**	**–**

	Cost of Hedging Reserve €m	Cross Currency Swaps €m	Foreign Currency Forwards €m	Total Hedge Reserves €m
At 1 January 2022	1	2	(1)	2
Change in fair value of hedging instrument recognised in OCI	–	–	(5)	(5)
Reclassified from OCI to profit or loss – included in finance costs	(1)	(1)	–	(2)
Reclassified from OCI to profit or loss – included in revenue	–	–	1	1
At 31 December 2022	–	1	(5)	(4)

Derivatives not Designated as Hedges

The Group utilises a combination of foreign currency forward contracts and cross currency swaps in order to economically hedge on balance sheet debtor, creditor and borrowing exposures which are denominated in currencies other than the euro. Formal hedge accounting as permitted by IFRS 9 is not applied to these derivative instruments because a natural offset is effectively already achieved through fair valuing the derivatives through the profit or loss as required by IFRS 9, while also retranslating the related balance sheet foreign currency denominated monetary assets or liabilities at appropriate closing rates at each balance sheet date, as required by IAS 21.

The Group has also entered into certain energy hedging contracts to mitigate the associated price risks which occur as a result of the Group's normal operations. These have not been designated as hedges in accordance with IFRS 9 and are recognised at fair value through the profit or loss as required by that standard.

The principal terms of the Group's material derivative contracts have been set out further below.

27. Financial Instruments continued

Interest Rate Risk Management

The Group adopts a policy of maintaining between 55% and 90% of its interest rate risk exposure at fixed rates over the next 12 months. This is achieved by entering into fixed rate instruments.

The proceeds of the Group's November 2020 equity issuance were initially allocated to repaying variable rate debt under the RCF and securitisation programmes, which reduced the level of variable rate debt comprised in the Group's gross debt balance. These funds will be fully utilised in the coming years (along with ongoing cash flows) to fund investment. Consequently, the Group is temporarily over its maximum fixed rate levels at 31 December 2023 and 31 December 2022. The Group expects to return to a level of fixed rate debt within policy parameters over the medium-term.

Global reform, discontinuation and replacement of certain benchmark interest rates such as the London Interbank Offered Rate ('LIBOR') is underway. The publication of GBP, EUR, CHF and JPY LIBOR settings, and the 1-week and 2-month USD LIBOR settings, ceased on 31 December 2021 and they were replaced with alternative Risk Free Rates. The remaining USD LIBOR settings ceased on 30 June 2023 and were replaced with Secured Overnight Financing Rate ('SOFR').

The Group's borrowings are substantially fixed rate and the Group has no hedge accounting relationships that reference LIBOR. At 31 December 2023 and on 30 June 2023, the Group did not have any US dollar drawings under its RCF. Euro denominated borrowings under the RCF are indexed to the Euro Interbank Offered Rate ('EURIBOR') which is expected to continue to be published, after its reform from the previous quote-based methodology to a new hybrid methodology.

Foreign Exchange Risk Management

The Group manages its balance sheet having regard to the currency exposures arising from its assets being denominated in a wide range of currencies. To this end, where foreign currency assets are funded by local borrowing, such borrowing is generally sourced in the currency of the related assets. Additionally, the Group has a number of long-term foreign currency intra-group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence of which are deemed quasi-equity in nature and therefore part of the Group's net investment in its foreign operations. The Group also hedges a portion of its currency exposure through the use of currency swaps and forward contracts. At 31 December 2023 the Group had entered into €239 million (2022: €339 million) currency equivalent of forward contracts and there were no option contracts outstanding in respect of its day-to-day trading. At 31 December 2023 the Group had also entered into further short-term currency swaps of €858 million equivalent (2022: €1,300 million) as part of its short-term liquidity management.

The Group is exposed to transactional foreign exchange currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group companies. The Group's risk management policy allows the hedging of estimated foreign currency exposure in respect of highly probable forecast sales and purchases. As such, certain subsidiaries enter into foreign currency forward contracts to hedge highly probable forecast foreign currency sales and purchases for which hedge accounting under IFRS 9 is applied.

The effects of these designated foreign currency forwards on the Group's financial position and performance are mainly as follows:

	2023 €m	2022 €m
Foreign currency forwards – sales:		
Carrying amount – asset/(liability)	**4**	(3)
Notional amount	**59**	112
Line item in balance sheet – hedging instrument	**Derivative financial instruments**	Derivative financial instruments
Line item in balance sheet – hedged item	**Trade and other receivables**	Trade and other receivables
Maturity dates	**January 2024 – December 2024**	January 2023 – December 2023
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instrument recognised in OCI	**4**	(4)
Change in fair value of hedged item used to determine hedge effectiveness	**(4)**	1
Weighted average EUR:SEK forward contract rate	**11.83**	10.85
Weighted average GBP:SEK forward contract rate	**13.55**	12.18

The Group uses a portion of its foreign currency borrowings to hedge the net investment in certain of its foreign entities. The carrying amount of borrowings which are designated as net investment hedges at the year-end amounted to €44 million (2022: €46 million). The gains or losses on the effective portions of such borrowings are recognised in other comprehensive income. Ineffective portions of the gains and losses on such borrowings are recognised in the income statement. There has been no ineffectiveness recognised in relation to these hedges in the current or prior financial year.

The Group also enters into longer-term cross currency swap arrangements in respect of its US Dollar debt, which are set out in more detail in the tables below. In addition, the Group entered into a number of cross currency swaps in respect of the funding of its acquisition in Brazil, which are set out in more detail in the table below.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

27. Financial Instruments continued
Foreign Exchange Risk Management continued

Outstanding currency swap agreements at 31 December 2023 are summarised as follows:

Currency Swapped (million)	Currency Received (million)	Maturity Date	Interest Rate Paid	Interest Rate Received
US$ 154	**EUR 142**	**2024**	**5.73%**	**7.50%**
EUR 25	**BRL 153**	**2024**	**CDI + 2.15%**	**Euribor +2.05%**
EUR 13	**BRL 76**	**2024**	**CDI + 2.17%**	**Euribor +2.05%**
EUR 5	**BRL 28**	**2024**	**CDI + 1.84%**	**Euribor +2.05%**
EUR 20	**BRL 106**	**2025**	**CDI + 2.78%**	**Euribor + 2.38%**
EUR 20	**BRL 106**	**2025**	**CDI + 2.76%**	**Euribor + 2.38%**

Outstanding currency swap agreements at 31 December 2022 are summarised as follows:

Currency Swapped (million)	Currency Received (million)	Maturity Date	Interest Rate Paid	Interest Rate Received
US$ 154	EUR 144	2023	5.30%	7.50%
EUR 25	BRL 153	2024	CDI + 2.15%	Euribor +2.05%
EUR 13	BRL 76	2024	CDI + 2.17%	Euribor +2.05%
EUR 5	BRL 28	2024	CDI + 1.84%	Euribor +2.05%
EUR 20	BRL 106	2025	CDI + 2.78%	Euribor + 2.38%
EUR 20	BRL 106	2025	CDI + 2.76%	Euribor + 2.38%

The effects of the cross currency swaps designated as cash flow hedges on the Group's financial position and performance are as follows:

	2023 €m	2022 €m
Hedge of US$ debt:		
Carrying amount – (liability)/asset	**(3)**	1
Notional amount – EUR	**142**	144
Line item in balance sheet – hedging instrument	**Derivative financial instruments**	Derivative financial instruments
Line item in balance sheet – hedged item	**Borrowings**	Borrowings
Maturity dates	**November 2024**	November 2023
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instrument recognised in OCI	**–**	–
Change in fair value of hedged item used to determine hedge effectiveness	**–**	(1)
Weighted average EUR:USD hedged rate	**1.08**	1.07
Hedge – Brazil acquisition funding:		
Carrying amount – liability	**(5)**	(1)
Notional amount – BRL	**469**	469
Line item in balance sheet – hedging instrument	**Derivative financial instruments**	Derivative financial instruments
Line item in balance sheet – hedged item	**Borrowings**	Borrowings
Maturity dates	**June 2024 – October 2025**	June 2024 – October 2025
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instrument recognised in OCI	**–**	–
Change in fair value of hedged item used to determine hedge effectiveness	**–**	–
Weighted average EUR:BRL hedged rate	**5.65**	5.65

Energy Risk Management

The Group had the following energy hedging contracts outstanding at the end of 31 December 2023 and 2022. Gains and losses recorded in respect of these contracts have been set out elsewhere in this note.

	2023		2022	
	Notional	Maturity	Notional	Maturity
Energy contracts	**€2 million**	**Q2 2024 – Q4 2024**	€4 million	Q1 2023 – Q4 2024

27. Financial Instruments continued

Effective Interest Rates and Repricing Analysis

In respect of income earning financial assets and interest-bearing financial liabilities, the following tables indicate their average effective interest rates at the reporting date and the periods in which they reprice:

31 December 2023	Average Effective Interest Rate	6 Months or Less €m	6-12 Months €m	1-2 Years €m	2-5 Years €m	More Than 5 Years €m	Total €m
Fixed rate instruments							
Liabilities:							
2025 debentures	7.55%	–	–	267	–	–	267
2025 notes	2.96%	–	–	252	–	–	252
2026 notes	3.04%	–	–	–	1,010	–	1,010
2027 notes	1.66%	–	–	–	749	–	749
2029 green notes	0.64%	–	–	–	–	497	497
2033 green notes	1.10%	–	–	–	–	497	497
Bank loans/overdrafts	7.52%	3	2	2	1	–	8
Total		3	2	521	1,760	994	3,280
Leases	3.58%	16	17	21	158	168	380
Total fixed rate liabilities		19	19	542	1,918	1,162	3,660
Floating rate instruments							
Assets:							
Cash and cash equivalents	4.65%	905	–	–	–	–	905
Total floating rate assets		905	–	–	–	–	905
Liabilities:							
Revolving credit facility*	105.69%	1	–	–	–	–	1
2026 €100 million receivables securitisation	10.68%	5	–	–	–	–	5
2026 €230 million receivables securitisation	8.92%	11	–	–	–	–	11
Bank loans/overdrafts	8.56%	68	–	–	–	–	68
Total floating rate liabilities		85	–	–	–	–	85
Total net position		801	(19)	(542)	(1,918)	(1,162)	(2,840)

* At the end of the financial year, the drawn amount of the RCF was €4 million compared to €7 million at 31 December 2022. If the drawn amount had been unchanged year-on-year, the average interest rate would be 33.75% (2022: 46.90%) due to the relative impact of deferred debt issue costs recognised in finance costs in the Consolidated Income Statement using the effective interest method over the remaining life of the programme.

31 December 2022	Average Effective Interest Rate	6 Months or Less €m	6-12 Months €m	1-2 Years €m	2-5 Years €m	More Than 5 Years €m	Total €m
Fixed rate instruments							
Liabilities:							
2025 debentures	7.55%	–	–	–	276	–	276
2025 notes	2.96%	–	–	–	252	–	252
2026 notes	3.04%	–	–	–	1,008	–	1,008
2027 notes	1.66%	–	–	–	748	–	748
2029 green notes	0.64%	–	–	–	–	496	496
2033 green notes	1.10%	–	–	–	–	497	497
Bank loans/overdrafts	5.88%	9	–	1	5	–	15
Total		9	–	1	2,289	993	3,292
Leases	2.95%	12	10	34	127	191	374
Total fixed rate liabilities		21	10	35	2,416	1,184	3,666
Floating rate instruments							
Assets:							
Cash and cash equivalents	2.05%	788	–	–	–	–	788
Total floating rate assets		788	–	–	–	–	788
Liabilities:							
Revolving credit facility	46.90%	4	–	–	–	–	4
2026 €100 million receivables securitisation	8.55%	4	–	–	–	–	4
2026 €230 million receivables securitisation	6.42%	11	–	–	–	–	11
Bank loans/overdrafts	10.64%	95	–	–	–	–	95
Total floating rate liabilities		114	–	–	–	–	114
Total net position		653	(10)	(35)	(2,416)	(1,184)	(2,992)

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

27. Financial Instruments continued
Liquidity Analysis
The following table sets out the maturity or liquidity analysis of the Group's financial liabilities and net settled derivative financial liabilities into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

31 December 2023	Weighted Average Period Until Maturity (Years)	No Fixed Term €m	Less Than 1 Year €m	1-2 Years €m	2-5 Years €m	More Than 5 Years €m	Total €m
Liabilities:							
Trade and other payables		–	1,882	–	–	–	1,882
Revolving credit facility	2.1	–	–	–	4	–	4
2026 €100 million receivables securitisation	2.1	–	–	–	5	–	5
2026 €230 million receivables securitisation	2.9	–	1	1	13	–	15
Bank loans/overdrafts	0.9	14	37	20	4	1	76
2025 debentures	1.9	–	20	284	–	–	304
2025 notes	1.1	–	7	253	–	–	260
2026 notes	2.0	–	29	29	1,014	–	1,072
2027 notes	3.7	–	11	11	773	–	795
2029 green notes	5.7	–	3	3	7	502	515
2033 green notes	9.7	–	5	5	15	525	550
		14	1,995	606	1,835	1,028	5,478
Leases	4.4	–	111	79	145	100	435
		14	2,106	685	1,980	1,128	5,913
Derivative liabilities		–	1	–	–	–	1
Deferred consideration		–	1	–	–	–	1
Total liabilities		14	2,108	685	1,980	1,128	5,915

31 December 2022	Weighted Average Period Until Maturity (Years)	No Fixed Term €m	Less Than 1 Year €m	1-2 Years €m	2-5 Years €m	More Than 5 Years €m	Total €m
Liabilities:							
Trade and other payables		–	2,121	–	–	–	2,121
Revolving credit facility	3.1	–	–	–	8	–	8
2026 €100 million receivables securitisation	3.1	–	–	–	5	–	5
2026 €230 million receivables securitisation	3.9	–	–	–	13	–	13
Bank loans/overdrafts	1.1	17	53	23	16	1	110
2025 debentures	2.9	–	21	21	315	–	357
2025 notes	2.1	–	7	7	260	–	274
2026 notes	3.0	–	29	29	1,043	–	1,101
2027 notes	4.7	–	11	11	784	–	806
2029 green notes	6.7	–	3	3	7	505	518
2033 green notes	10.7	–	5	5	15	530	555
		17	2,250	99	2,466	1,036	5,868
Leases	4.7	–	104	74	139	108	425
		17	2,354	173	2,605	1,144	6,293
Derivative liabilities		–	10	–	–	–	10
Deferred consideration		–	4	1	–	–	5
Total liabilities		17	2,368	174	2,605	1,144	6,308

At 31 December 2023 €86 million (2022: €98 million) of the financial liabilities of the Company are repayable on demand and €37 million (2022: nil) are repayable in less than one year.

27. Financial Instruments continued

Liquidity Analysis continued

The following table sets out the liquidity analysis with regard to derivatives which do not net settle in the normal course of business (primarily foreign exchange contracts and currency swaps). The table shows the estimated timing of gross contractual cash flows exchanged on an undiscounted basis:

31 December 2023	Less Than 1 Year €m	1-2 Years €m	2-5 Years €m	Total €m
Liabilities:				
Cross currency swaps	(1,061)	(40)	–	(1,101)
Foreign currency forwards	(217)	(8)	(2)	(227)
Total outflow	(1,278)	(48)	(2)	(1,328)
Assets:				
Cross currency swaps	1,052	42	–	1,094
Foreign currency forwards	219	7	2	228
Total inflow	1,271	49	2	1,322

31 December 2022	Less Than 1 Year €m	1-2 Years €m	2-5 Years €m	Total €m
Liabilities:				
Cross currency swaps	(1,413)	(48)	(35)	(1,496)
Foreign currency forwards	(318)	(4)	(2)	(324)
Total outflow	(1,731)	(52)	(37)	(1,820)
Assets:				
Cross currency swaps	1,304	199	42	1,545
Foreign currency forwards	314	3	2	319
Total inflow	1,618	202	44	1,864

Currency Analysis

The table below sets out the Group's financial assets and liabilities according to their principal currencies. Currency risk related to financial assets and liabilities denominated in currencies other than the Group's presentation currency (euro) represents both transactional and translation risk. At 31 December 2023 the Company had financial liabilities of €19 million (2022: nil) denominated in US Dollar and €104 million (2022: €98 million) in Euro. At 31 December 2023 and 2022 the Company had no material financial assets denominated in foreign currencies.

31 December 2023	Euro €m	Sterling €m	Latin America* €m	US Dollar €m	Other €m	Total €m
Trade and other receivables	1,061	148	281	252	184	1,926
Listed and unlisted debt instruments	10	–	–	–	–	10
Cash and cash equivalents	690	16	71	99	29	905
Total assets	1,761	164	352	351	213	2,841
Trade and other payables	1,110	131	253	212	176	1,882
Revolving credit facility	1	–	–	–	–	1
2026 €100 million receivables securitisation	5	–	–	–	–	5
2026 €230 million receivables securitisation	11	–	–	–	–	11
Bank loans/overdrafts	10	–	42	15	9	76
2025 debentures	–	–	–	267	–	267
2025 notes	252	–	–	–	–	252
2026 notes	1,010	–	–	–	–	1,010
2027 notes	749	–	–	–	–	749
2029 green notes	497	–	–	–	–	497
2033 green notes	497	–	–	–	–	497
	4,142	131	295	494	185	5,247
Leases	154	61	21	129	15	380
Deferred consideration	1	–	–	–	–	1
Total liabilities	4,297	192	316	623	200	5,628
Impact of foreign exchange contracts	(482)	192	170	9	113	2
Total (liabilities)/assets	(2,054)	(220)	(134)	(281)	(100)	(2,789)

* Latin America includes currencies such as the Mexican Peso, Colombian Peso and Brazilian Real. These have been grouped together principally owing to their size and impact on the currency analysis tables within this note.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

27. Financial Instruments continued
Currency Analysis continued

31 December 2022	Euro €m	Sterling €m	Latin America* €m	US Dollar €m	Other €m	Total €m
Trade and other receivables	1,278	180	269	260	241	2,228
Listed and unlisted debt instruments	10	–	–	–	–	10
Cash and cash equivalents	585	40	43	101	19	788
Total assets	1,873	220	312	361	260	3,026
Trade and other payables	1,323	142	203	237	216	2,121
Revolving credit facility	(3)	–	–	7	–	4
2026 €100 million receivables securitisation	4	–	–	–	–	4
2026 €230 million receivables securitisation	11	–	–	–	–	11
Bank loans/overdrafts	25	–	66	18	1	110
2025 debentures	–	–	–	276	–	276
2025 notes	252	–	–	–	–	252
2026 notes	1,008	–	–	–	–	1,008
2027 notes	748	–	–	–	–	748
2029 green notes	496	–	–	–	–	496
2033 green notes	497	–	–	–	–	497
	4,361	142	269	538	217	5,527
Leases	166	58	15	123	12	374
Deferred consideration	5	–	–	–	–	5
Total liabilities	4,532	200	284	661	229	5,906
Impact of foreign exchange contracts	(405)	170	131	153	(71)	(22)
Total (liabilities)/assets	(2,254)	(150)	(103)	(453)	102	(2,858)

* Latin America includes currencies such as the Mexican Peso, Colombian Peso and Brazilian Real. These have been grouped together principally owing to their size and impact on the currency analysis tables within this note.

Fair Value

	2023		2022	
	Carrying Value €m	**Fair Value €m**	Carrying Value €m	Fair Value €m
Trade and other receivables[1]	**1,926**	**1,926**	2,228	2,228
Listed and unlisted debt instruments[2]	**10**	**10**	10	10
Cash and cash equivalents[3]	**905**	**905**	788	788
Derivative assets[4]	**17**	**17**	48	48
	2,858	**2,858**	3,074	3,074
Trade and other payables[1]	**1,882**	**1,882**	2,121	2,121
Revolving credit facility[5]	**1**	**1**	4	4
2026 €100 million receivables securitisation[3]	**5**	**5**	4	4
2026 €230 million receivables securitisation[3]	**11**	**11**	11	11
Bank loans/overdrafts[3]	**76**	**76**	110	110
2025 debentures[6]	**267**	**276**	276	297
2025 notes[6]	**252**	**250**	252	246
2026 notes[6]	**1,010**	**999**	1,008	981
2027 notes[6]	**749**	**707**	748	672
2029 green notes[6]	**497**	**427**	496	385
2033 green notes[6]	**497**	**399**	497	349
	5,247	**5,033**	5,527	5,180
Derivative liabilities[4]	**18**	**18**	25	25
Deferred consideration[7]	**1**	**1**	5	5
	5,266	**5,052**	5,557	5,210
Total net position	**(2,408)**	**(2,194)**	(2,483)	(2,136)

1 The fair value of trade and other receivables and payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.
2 The fair value of listed financial assets is determined by reference to their bid price at the reporting date. Unlisted financial assets are valued using recognised valuation techniques for the underlying security including discounted cash flows and similar unlisted equity valuation models.
3 The carrying amount reported in the Consolidated Balance Sheet is estimated to approximate to fair value because of the short-term maturity of these instruments and, in the case of the receivables securitisation, the variable nature of the facility and repricing dates.
4 The fair value of forward foreign currency, energy and commodity contracts is based on their listed market price if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).
5 The fair value (level 2) of the revolving credit facility is based on the present value of its estimated future cash flows discounted at an appropriate market discount rate at the balance sheet date.
6 The fair value (level 2) is based on broker prices at the balance sheet date.
7 The fair value of deferred consideration is based on the present value of the expected payment, discounted using an appropriate market discount rate at the balance sheet date.

The fair value of the Company's financial assets and financial liabilities approximates to their carrying values.

28. Related Party Transactions

The principal related party relationships requiring disclosure under IAS 24, *Related Party Disclosures* pertain to the existence of subsidiaries and associates and transactions with these entities entered into by the Group and the identification and compensation of key management personnel as addressed in greater detail below.

Transactions with Subsidiaries and Associates

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries and associates. A listing of the principal subsidiaries is provided on page 224.

Sales to and purchases from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IFRS 10, *Consolidated Financial Statements*.

The Group conducts certain transactions with associates in the normal course of business which are summarised as follows:

	2023 €m	2022 €m
Sale of goods	**7**	6
Receiving of services	**(3)**	(2)

These transactions are undertaken and settled at normal trading terms. No guarantees are given or received by either party.

The receivables from related parties of €1 million (2022: €1 million) arise mainly from sales transactions and are due two months after the date of sale. The receivables are unsecured in nature and do not bear interest.

The payables to related parties are nil in the current year (2022: nil).

No provision has been made in 2023 or 2022 relating to balances with related parties.

Transactions with Other Related Parties

In 2023, the Group provided funding of €3 million (2022: €2.4 million) to the Smurfit Kappa Foundation. There were no other significant transactions with other related parties during 2023 or 2022.

Transactions with Key Management Personnel

For the purposes of the disclosure requirements of IAS 24, the term 'key management personnel' (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Company) comprises the Board of Directors and Secretary who manage the business and affairs of the Company.

	2023 €m	2022 €m
Short-term employee benefits	**5**	5
Share-based payment expense	**5**	5
	10	10

Information on the Parent Company

The Parent Company is a holding company and as a result, holds investments in the Group subsidiaries. The Parent Company also has receivables and payables with its subsidiaries entered into in the normal course of business. These balances are repayable on demand. Details of related party transactions and balances in the financial year ended 31 December 2023 between the Parent Company and its subsidiaries are provided in Note 17 and Note 26 to the Consolidated Financial Statements.

29. Profit Dealt with in the Parent Company

In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the AGM and from filing it with the Registrar of Companies. A profit after tax of €502 million (2022: a profit after tax of €519 million) has been dealt with in the Income Statement of the Company.

Notes to the Consolidated Financial Statements continued
For the Financial Year Ended 31 December 2023

30. Principal Subsidiaries
Each of Smurfit Kappa Group plc, Smurfit Kappa Investments Limited and Smurfit Kappa Acquisitions Unlimited Company with an address at Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, is a holding company with no operations of its own. Smurfit Kappa Acquisitions Unlimited Company is a Public Unlimited Company. A listing of the principal subsidiaries is set out as follows:

Subsidiaries[1]	Principal Activities	Country of Incorporation[2]	Holding %
Cartón de Colombia, S.A. Calle 15 No. 18–109 Puerto Isaacs, Yumbo – Valle del Cauca, Colombia	Manufacture and sale of paperboard, paper sacks, writing paper and packaging products	Colombia	99.7
Smurfit Carton y Papel de México S.A. de C.V. Miguel de Cervantes Saavedra, 301, Torre B Piso 8. Colonia Ampliación Granada, Alc. Miguel Hidalgo Ciudad de Mexico, c.p. 11520, Mexico	Manufacture and sale of paperboard and packaging products	Mexico	100
Smurfit Kappa Nettingsdorf AG & Co KG Nettingsdorfer Straße 40, 4053 Haid bei Ansfelden, Austria	Manufacture and sale of containerboard and holding company for Austrian operations which manufacture corrugated board	Austria	100
Smurfit International B.V. Warandelaan 2, 4904 PC Oosterhout, The Netherlands	Principal international holding company	Netherlands	100
Smurfit Kappa de Argentina, S.A. Av. Cordoba 838, 9 Floor, of. 18, Ciudad de Buenos Aires, Argentina	Manufacture and sale of paperboard and packaging products	Argentina	100
Smurfit Kappa Deutschland GmbH Tilsiter Straße 162, 22047 Hamburg, Germany	Holding company for German operations whose principal activities are the manufacture and sale of paperboard, solidboard and packaging products	Germany	100
Smurfit Kappa Europe B.V. Evert van de Beekstraat 1–106, 1118 CL Schiphol, The Netherlands	International holding company	Netherlands	100
Smurfit Kappa Italia, S.p.A. Via Vincenzo Monti 12 20123 Milano (MI), Italy	Manufacture and sale of paperboard and packaging products	Italy	100
Smurfit Kappa Holdings US Inc. 913 N. Market Street Suite 200, Wilmington, DE 19801 USA	Holding company for the United States and certain Mexican operations whose principal activities are the manufacture and sale of paperboard and packaging products	United States	100
Smurfit Kappa Ireland Limited Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, Ireland	Manufacture and sale of packaging products	Ireland	100
Smurfit Kappa Kraftliner Piteå AB SE – 941 86, Piteå, Sweden	Manufacture and sale of containerboard and holding company for operations in Sweden and Norway which manufacture and sell packaging products	Sweden	100
Smurfit Kappa Nederland B.V. Warandelaan 2, 4904 PC Oosterhout, The Netherlands	Holding company for Dutch operations which manufacture paper, paperboard and packaging products	Netherlands	100
Smurfit Kappa Nervión, S.A. B Arriandi s/n, 48215 Iurreta, Vizcaya, Spain	Manufacture and sale of sack paper and holding company for Spanish, Portuguese and Moroccan operations whose principal activities are the manufacture and sale of paperboard and packaging products	Spain	100
Smurfit Kappa Packaging UK Limited Cunard Building, Pier Head, Liverpool, LS3 1SF, United Kingdom	Holding company for operations in the United Kingdom whose principal activities are the manufacture and sale of paperboard and packaging products	England	100
Smurfit Kappa do Brasil Indústria de Embalagens S.A. Rua Castilho, 392, Cj.162, Brooklin, CEP 04568–010, São Paulo, Brazil	Holding company for operations in Brazil whose principal activities are the manufacture and sale of paperboard and packaging products	Brazil	100
Smurfit Kappa Participations SAS 5 Avenue du Général de Gaulle, 94160 Saint Mandé, France	Holding company for French operations whose activities are the manufacture and sale of paperboard and packaging products	France	100
Smurfit Kappa Treasury Unlimited Company Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, Ireland	Finance company	Ireland	100

1 A full list of subsidiaries and associates will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.
2 The companies operate principally in their countries of incorporation.

30. Principal Subsidiaries continued

Section 357 Guarantees

Pursuant to the provisions of Section 357 of the Companies Act 2014 (as amended), Smurfit Kappa Group plc has irrevocably guaranteed all commitments entered into by certain of its Irish subsidiaries (including amounts shown as liabilities (within the meaning of Section 357 (1) (b) of the Companies Act 2014 (as amended)) in the statutory financial statements of such subsidiaries) for the financial year ended 31 December 2023 and as a result such subsidiaries have been exempted from the filing provisions of Section 347 and Section 348 of the Companies Act 2014. The Irish subsidiaries availing of this exemption are as follows – Belgray Holdings Unlimited Company, Brenchley Limited, Claystoke Designated Activity Company, Damous Limited, DLRS (Holdings) Limited, Smurfit Kappa Security Concepts Limited, Gorda Limited, Iona Print Limited, iVenus Limited, Jefferson Smurfit & Sons Limited, Margrave Investments Limited, Smurfit International Designated Activity Company, Smurfit Kappa Investments Limited, Smurfit Kappa Ireland Limited, Smurfit Kappa Irish Paper Sacks Limited, Smurfit Kappa Leasing Unlimited Company, Smurfit Kappa Packaging Limited, Smurfit Kappa Services Limited, Smurfit Kappa Treasury Funding Designated Activity Company, Smurfit Securities Limited.

Article 403 Guarantees

Smurfit Kappa Group plc has, in accordance with Article 403, Book 2 of the Dutch Civil Code, guaranteed the debts of its following Dutch subsidiaries – Adavale (Netherlands) B.V., Smurfit International B.V., Smurfit Holdings B.V., Smurfit Investments B.V., Packaging Investments Netherlands (PIN) B.V., Packaging Investments Holdings (PIH) B.V., Smurfit Kappa Europe B.V., Smurfit Kappa Nederland B.V., Smurfit Kappa Corrugated Benelux B.V., Smurfit Kappa TWINCORR B.V., Smurfit Kappa MNL Golfkarton B.V., Smurfit Kappa Van Dam Golfkarton B.V., Smurfit Kappa Vandra B.V., Smurfit Kappa Orko-Pak B.V., Smurfit Kappa ELCORR B.V., Smurfit Kappa Trobox Kartonnages B.V., Smurfit Kappa Zedek B.V., Smurfit Kappa Recycling B.V., Smurfit Kappa Development Centre B.V., Smurfit Kappa Paper Services B.V., Smurfit Kappa Roermond Papier B.V., Smurfit Kappa RapidCorr Eindhoven B.V., Smurfit Kappa Group IS Nederland B.V., Smurfit Kappa Hexacomb B.V., Smurfit Kappa Parenco B.V., Parenco Energy B.V., Reparco Nederland B.V.

Non-controlling Interests

	2023 €m	2022 €m
At 1 January	**13**	13
Share of profit for the financial year	**1**	1
Dividends paid	**–**	(1)
At 31 December	**14**	13

Investment in Subsidiaries – Company

	2023 €m	2022 €m
At 1 January	**2,955**	2,915
Investment in the year	**32**	40
At 31 December	**2,987**	2,955

Alternative Performance Measures

The Group uses certain financial measures as set out below in order to evaluate the Group's financial performance. These Alternative Performance Measures ('APMs') are not defined under IFRS and are presented because we believe that they, and similar measures, provide both SKG management and users of the Consolidated Financial Statements with useful additional financial information when evaluating the Group's operating and financial performance.

These measures may not be comparable to other similarly titled measures used by other companies, and are not measurements under IFRS or other generally accepted accounting principles, and they should not be considered in isolation or as substitutes for the information contained in our Consolidated Financial Statements.

Please note where referenced 'CIS' refers to Consolidated Income Statement, 'CBS' refers to Consolidated Balance Sheet and 'CSCF' refers to Consolidated Statement of Cash Flows.

The principal APMs used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the Consolidated Financial Statements, are as follows:

A. EBITDA

Definition

EBITDA is earnings before exceptional items, share-based payment expense, share of associates' profit (after tax), net finance costs, income tax expense, depreciation and depletion (net) and intangible assets amortisation. It is an appropriate and useful measure used to compare recurring financial performance between periods. A reconciliation of profit to EBITDA is included below:

Reconciliation of Profit to EBITDA

	Reference	2023 €m	2022 €m
Profit for the financial year	CIS	759	945
Income tax expense (after exceptional items)	CIS	296	348
Exceptional items charged in operating profit	CIS	152	223
Net finance costs (after exceptional items)	Note 7	198	149
Share of associates' profit (after tax)	CIS	(2)	(3)
Share-based payment expense	Note 4	61	65
Depreciation, depletion (net) and amortisation	Note 4	616	628
EBITDA		**2,080**	2,355

B. EBITDA Margin

Definition

EBITDA margin is a measure of profitability by taking our EBITDA divided by revenue.

	Reference	2023 €m	2022 €m
EBITDA	A	2,080	2,355
Revenue	CIS	11,272	12,815
EBITDA margin		**18.5%**	18.4%

C. Operating Profit Before Exceptional Items

Definition

Operating profit before exceptional items represents operating profit as reported in the Consolidated Income Statement before exceptional items. Exceptional items are excluded in order to assess the underlying financial performance of our operations.

	Reference	2023 €m	2022 €m
Operating profit	CIS	1,251	1,439
Exceptional items	CIS	152	223
Operating profit before exceptional items	CIS	**1,403**	1,662

D. Pre-exceptional Basic Earnings per Share

Definition

Pre-exceptional basic EPS serves as an effective indicator of our profitability as it excludes exceptional one-off items and, in conjunction with other metrics such as ROCE, is a measure of our financial strength. Pre-exceptional basic EPS is calculated by dividing profit attributable to owners of the parent, adjusted for exceptional items included in profit before income tax and income tax on exceptional items, by the weighted average number of ordinary shares in issue. The calculation of pre-exceptional basic EPS is shown in Note 9.

E. Underlying EBITDA and Revenue

Definition

Underlying EBITDA and revenue are arrived at by excluding the incremental EBITDA and revenue contributions from current and prior year acquisitions and disposals and the impact of currency translation, hyperinflation and any non-recurring items.

The Group uses underlying EBITDA and underlying revenue as additional performance indicators to assess performance on a like-for-like basis each year.

	Europe 2023	**The Americas 2023**	**Total 2023**	Europe 2022	The Americas 2022	Total 2022
EBITDA						
Currency	**(2%)**	**(2%)**	**(2%)**	–	7%	2%
Hyperinflation	**–**	**2%**	**–**	–	–	–
Acquisitions/disposals	**(2%)**	**1%**	**(1%)**	1%	5%	2%
Underlying EBITDA change	**(10%)**	**–**	**(9%)**	41%	13%	34%
Reported EBITDA change	**(14%)**	**1%**	**(12%)**	42%	25%	38%
Revenue						
Currency	**(1%)**	**(4%)**	**(1%)**	–	7%	2%
Hyperinflation	**–**	**4%**	**1%**	–	2%	–
Acquisitions/disposals	**(1%)**	**1%**	**(1%)**	2%	4%	2%
Underlying revenue change	**(12%)**	**(6%)**	**(11%)**	24%	16%	23%
Reported revenue change	**(14%)**	**(5%)**	**(12%)**	26%	29%	27%

F. Net Debt

Definition

Net debt comprises borrowings net of cash and cash equivalents. We believe that this measure highlights the overall movement resulting from our operating and financial performance.

	Reference	**2023 €m**	2022 €m
Borrowings	**Note 22**	**3,745**	3,780
Less:			
Cash and cash equivalents	**CBS**	**(905)**	(788)
Net debt		**2,840**	2,992

G. Net Debt to EBITDA

Definition

Leverage (ratio of net debt to EBITDA) is an important measure of our overall financial position.

	Reference	**2023 €m**	2022 €m
Net Debt	**F**	**2,840**	2,992
EBITDA	**A**	**2,080**	2,355
Net debt to EBITDA (times)		**1.4**	1.3

Alternative Performance Measures continued

H. Return on Capital Employed ('ROCE')

Definition

ROCE measures profit from capital employed. It is calculated as operating profit before exceptional items plus share of associates' profit (after tax) divided by the average capital employed (where average capital employed is the average of total equity and net debt at the current and prior year-end).

	Reference	2023 €m	2022 €m
Operating profit before exceptional items	C	1,403	1,662
Share of associates' profit (after tax)	CIS	2	3
Operating profit before exceptional items plus share of associates' profit (after tax)		1,405	1,665
Total equity – current year-end	CBS	5,574	5,038
Net debt – current year-end	F	2,840	2,992
Capital employed – current year-end		8,414	8,030
Total equity – prior year-end	CBS	5,038	4,392
Net debt – prior year-end	F	2,992	2,885
Capital employed – prior year-end		8,030	7,277
Average capital employed		8,222	7,654
Return on capital employed		17.1%	21.8%

I. Working Capital

Definition

Working capital represents total inventories, trade and other receivables and trade and other payables.

	Reference	2023 €m	2022 €m
Inventories	CBS	1,023	1,231
Trade and other receivables (current and non-current)	CBS	2,123	2,438
Trade and other payables	CBS	(2,378)	(2,642)
Working capital		768	1,027

J. Working Capital as a Percentage of Sales

Definition

Working capital as a percentage of sales represents working capital as defined above shown as a percentage of annualised quarterly revenue.

	Reference	2023 €m	2022 €m
Working capital	I	768	1,027
Annualised quarterly revenue		10,958	12,361
Working capital as a percentage of sales		7.0%	8.3%

K. Summary Cash Flow

Definition

The summary cash flow is prepared on a different basis to the Consolidated Statement of Cash Flows and as such the reconciling items between EBITDA and increase in net debt may differ from amounts presented in the Consolidated Statement of Cash Flows. The summary cash flow details movements in net debt. The Consolidated Statement of Cash Flows details movements in cash and cash equivalents.

Reconciliation of the Summary Cash Flow to the Consolidated Statement of Cash Flows

	Reference	2023 €m	2022 €m
EBITDA	A	**2,080**	2,355
Exceptional items	K.1	**(49)**	(3)
Cash interest expense	K.2	**(123)**	(132)
Working capital change	K.3	**148**	(358)
Capital expenditure	K.4	**(1,056)**	(970)
Change in capital creditors	K.4	**73**	(24)
Tax paid	CSCF	**(406)**	(321)
Change in employee benefits and other provisions	K.6	**(66)**	(25)
Other	K.7	**27**	23
Free cash flow	L	**628**	545
Disposal of Russian operations	L	**1**	(50)
Share buyback	CSCF	**–**	(41)
Purchase of own shares	CSCF	**(28)**	(28)
Purchase of businesses, investments and NCI	K.8	**(30)**	(110)
Dividends	CSCF	**(367)**	(333)
Bond consent and bridge facility fees	K.2	**(23)**	–
Derivative termination (payments)/receipts	CSCF	**(3)**	1
Net cash inflow/(outflow)		**178**	(16)
Acquired net debt	K.9	**–**	(3)
Deferred debt issue costs amortised	K.10	**(7)**	(7)
Currency translation adjustment	Note 19	**(19)**	(81)
Decrease/(increase) in net debt		**152**	(107)

K.1 Exceptional Items

	2023 €m	2022 €m
Redundancy and reorganisation costs – paid	**(2)**	(3)
Costs associated with the proposed WestRock Combination – paid	**(47)**	–
Per summary cash flow	**(49)**	(3)

K.2 Cash Interest Expense

	Reference	2023 €m	2022 €m
Interest paid	CSCF	**(178)**	(135)
Interest received	CSCF	**28**	9
Move in accrued interest	K.10	**4**	(6)
Bond consent and bridge facility fees	K	**23**	–
Per summary cash flow		**(123)**	(132)

Alternative Performance Measures continued

K. Summary Cash Flow continued

K.3 Working Capital Change

	Reference	2023 €m	2022 €m
Net movement in working capital	CSCF	167	(350)
Impairment loss on Russian trade receivables		(8)	(8)
Costs associated with the proposed WestRock Combination – unpaid		(11)	–
Per summary cash flow		**148**	(358)

K.4 Capital Expenditure

	Reference	2023 €m	2022 €m
Additions to property, plant and equipment and biological assets	CSCF	(841)	(873)
Additions to intangible assets	CSCF	(18)	(17)
Additions to right-of-use assets	Note 12	(124)	(104)
Change in capital creditors	K	(73)	24
Per summary cash flow		**(1,056)**	(970)

K.5 Capital Expenditure as a Percentage of Depreciation

	Reference	2023 €m	2022 €m
Capital expenditure	K.4	1,056	970
Depreciation, depletion (net) and amortisation	A	616	628
Capital expenditure as a percentage of depreciation		**171%**	155%

K.6 Change in Employee Benefits and Other Provisions

	Reference	2023 €m	2022 €m
Change in employee benefits and other provisions	CSCF	(43)	(19)
Reorganisation and restructuring costs – unpaid	K.6.1	(9)	(11)
Closure of operations – unpaid	K.6.2	(14)	–
Right-of-use asset retirement obligations	K.10	–	5
Per summary cash flow		**(66)**	(25)

K.6.1 Reorganisation and Restructuring Costs
The change in the provision relating to exceptional reorganisation and restructuring costs is not included in the summary cash flow as it is not within EBITDA. Exceptional reorganisation and restructuring costs which were paid in 2022 are shown as a separate line item within 'Exceptional items' in the summary cash flow.

K.6.2 Closure of operations
The change in the provision relating to exceptional closure of operations costs is not included in the summary cash flow as it is not within EBITDA.

K.7 Other

	Reference	2023 €m	2022 €m
Other within the summary cash flow comprises the following:			
Amortisation of capital grants	CSCF	(4)	(4)
Profit on sale of property, plant and equipment	CSCF	(12)	(7)
Other (primarily hyperinflation adjustments)	CSCF	3	8
Receipt of capital grants	CSCF	13	6
Disposal of property, plant and equipment	CSCF	16	12
Dividends received from associates	CSCF	1	1
Right-of-use asset terminations/modifications	L	10	7
Per summary cash flow		**27**	23

K. Summary Cash Flow continued

K.8 Purchase of Businesses, Investments and NCI

	Reference	2023 €m	2022 €m
Purchase of subsidiaries (net of acquired cash)	CSCF	(26)	(90)
Deferred consideration paid	CSCF	(4)	(14)
Acquired cash and cash equivalents	K.9	–	(6)
Per summary cash flow		**(30)**	(110)

K.9 Acquired Net Debt

	Reference	2023 €m	2022 €m
Acquired debt	Note 19	–	(9)
Acquired cash and cash equivalents	K.8	–	6
Per summary cash flow		–	(3)

K.10 Reconciliation of Other Non-cash Movements to Note 19

	Reference	2023 €m	2022 €m
Deferred debt issue costs amortised	K	(7)	(7)
Additions to right-of-use assets	K.4	(124)	(104)
Right-of-use asset terminations/modifications	L	10	7
Move in accrued interest	K.2	4	(6)
Right-of-use asset retirement obligations	K.6	–	5
Lease modifications	CSCF	1	3
Other		(1)	1
Other non-cash movements	Note 19	**(117)**	(101)

L. Free Cash Flow ('FCF')

Definition

FCF is the result of the cash inflows and outflows from our operating activities, and is before those arising from acquisition and disposal of businesses. We use FCF to assess and understand the total operating performance of the business and to identify underlying trends.

Reconciliation of Free Cash Flow to Cash Generated from Operations

	Reference	2023 €m	2022 €m
Free cash flow	K	**628**	545
Reconciling items:			
Cash interest expense	K.2	123	132
Capital expenditure (net of change in capital creditors)	K.4	983	994
Tax payments	CSCF	406	321
Disposal of property, plant and equipment	CSCF	(16)	(12)
Right-of-use asset terminations/modifications	K.7	(10)	(7)
Receipt of capital grants	CSCF	(13)	(6)
Dividends received from associates	CSCF	(1)	(1)
Disposal of Russian operations	K	1	(50)
Right-of-use asset retirement obligation	K.6	–	(5)
Lease modifications	CSCF	(1)	(3)
Non-cash financing activities		1	–
Cash generated from operations	CSCF	**2,101**	1,908

Shareholder Information

Ordinary Shareholdings
On 31 December 2023, the ordinary shares of the Company in issue were held as follows:

Number of Shares	Number of Shareholders	% of Total	Number of Shares Held	% of Total
1 – 1,000	**220**	**75.86**	**81,452**	**0.03**
1,001 – 5,000	**58**	**20.00**	**129,149**	**0.05**
5,001 – 10,000	**8**	**2.76**	**54,944**	**0.02**
10,001 – 100,000	**3**	**1.04**	**61,830**	**0.02**
100,001 – 500,000	**–**	**–**	**–**	**–**
Over 500,000	**1**	**0.34**	**260,026,967**	**99.88**
Total	**290**	**100**	**260,354,342**	**100**

Stock Exchange Listings
The Company's shares are listed on the following exchanges:

Exchange	Type	City	Symbol
LSE	Premium	London	SKG
Euronext Dublin	Secondary	Dublin	SK3

Financial Calendar

AGM	26 April 2024
Interim results announcement	31 July 2024

Website
The Investors section on the Group's website: smurfitkappa.com, provides the full text of the financial results and copies of presentations to analysts and investors. Press releases are also made available in this section of the website immediately after release to the stock exchanges.

Registrars
Enquiries concerning shareholdings should be directed to the Company's Registrars:

Computershare Investor Services (Ireland) Limited,
3100 Lake Drive,
Citywest Business Campus,
Dublin 24,
D24 AK82,
Ireland
Tel: +353 1 447 5590
WebCorres@computershare.co.uk
www.computershare.com/ie

Certificated/Electronic Shareholding
Shares in the Company may be held directly on the register of members of the Company (i.e. in the form of a physical share certificate/certificated form) or electronically through a nominee of Euroclear Bank. Those who hold shares electronically hold their interests in the shares as 'Belgian law rights' through the Euroclear Bank system or as CREST depository interests ('CDIs') through the CREST System.

Proxy Voting
The process for appointing a proxy will depend on the manner in which you hold your ordinary shares in the Company. Further details will be contained in the notes to the Notice of AGM. Persons who hold their interests in ordinary shares as Belgian law rights through the Euroclear system or as CDIs should consult with their stockbroker or other intermediary for information on the processes and timelines for submitting proxy votes for the AGM through the respective systems.

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