



## **Smurfit Kappa Foundation**

**(A company limited by guarantee and  
not having a share capital)**

**Directors' Report and Financial Statements**

**for the year ended 31 December 2019**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
for the year ended 31 December 2019

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## SMURFIT KAPPA FOUNDATION

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### COMPANY INFORMATION

DIRECTORS	Alain Baudant Marie Barrett Laura Ó Buachalla (appointed 20 August 2019) Jim Fitzharris John O'Loughlin
SECRETARY	Gillian Carson-Callan (resigned 1 June 2020) Ciara O'Riordan Fonseca (appointed 1 June 2020)
REGISTERED OFFICE	C/o Smurfit Kappa Group Beech Hill Clonskeagh Dublin 4
COMPANY REGISTRATION NUMBER	504110
REGISTERED CHARITY NUMBER	CHY (Revenue) no. 19867 Registered charity no. 20008963
SOLICITORS	William Fry 2 Grand Canal Square Dublin 2
BANKERS	Danske Bank International House 3 Harbourmaster Place IFSC Dublin 1  Bank of Ireland University Branch Montrose Stillorgan Road Dublin 4
AUDITORS	Ernst & Young Chartered Accountants Harcourt Centre Harcourt Street Dublin 2

### CHAIRMAN'S FOREWORD

I, together with the Board of Directors, have the pleasure in presenting the Directors' Report and Financial Statements for the year ended 31 December 2019.

Smurfit Kappa Foundation (the 'Foundation'), ('SKF') was formed in 2011 and supports sustainable projects in the countries where Smurfit Kappa Group ('SKG') has the privilege to operate, with the focus being on projects involving disadvantaged children in the areas of health and nutrition, basic care and early education. In 2019, the Foundation supported 28 such charities in both Europe and Latin America as set out below.

### PROJECTS FUNDED IN 2019

#### **Stichting Ark – Netherlands**

In 2018, the SKF supported a project undertaken by this charity to renovate and create an additional and much needed learning and development space for their children. The project was a great success but also went over the (estimated) budget due to regulatory and health & safety requirements associated with the renovation. They managed to cover some of the deficit with donations from other sources but were still left with a final deficit of €43,846. The SKF agreed to donate this amount to the Stichting Ark having satisfied itself that the costs were justified.

#### **AMETHYSTE – France**

Amethyste is an association that operates in Palavas, near Montpellier in the South of France. It takes care of children with ASD (Autism Spectrum Disorder). The association operates under the auspices of the Fondation Saint-Pierre, which runs the 100-year old Children's Hospital of Palavas. The charity wanted to provide an external patio and playground with special equipment. They also wished to kit out a sensory room with specialist sensory and tactile equipment. The SKF agreed to fund the total cost of the project which was €72,600.

#### **Hawkesbury at Play – UK**

Hawkesbury at Play is a small registered charity run by volunteers who were striving to replace unsafe and worn play facilities in the village of Hawkesbury Upton, close to Smurfit Kappa Yate. Hawkesbury's 20-year old playground is a well-loved feature of the village. The playground was in need of urgent refurbishment. They also wanted to take the opportunity to add new play items suited to a wider age range and separate an area for younger children to play safely. The total cost of the works was in the region of £90,000. The SKF agreed to make a donation of £20,000 (€23,682) towards the cost.

#### **Viewpark Family Centre – UK**

Viewpark Family Centre is a community-run charity in an area of relative deprivation in Lanarkshire. They work with children and families locally and support key transition stages and overall general wellbeing issues. They sought help from the SKF to secure their own Childcare Transport and had identified an almost new 8-12-seater minibus at a cost of £19,500. This would enable them to take the children in their care away from the local area at times to provide quality outings/events and trips, especially during school term time and throughout the school holidays. The SKF agreed to provide a donation of £10,000 (€11,821) towards the cost of the minibus.

### CHAIRMAN'S FOREWORD (Continued)

#### **Arpej Montessori School – France**

The Arpej Montessori School, which welcomes a growing number of students each year, has to train its new teachers to ensure optimal follow-up of 'normal' and disabled children. In 2019, the school developed two projects. The first focused on the purchase of Montessori equipment. The amount involved was €15,000. The second project was the provision of a sheltered playground to allow the children to be covered in case of rain and also serve as a place for the development of psychomotor sessions for children with disabilities. The amount sought for this second project was €15,000. The SKF agreed to provide a total donation of €30,000 for both projects.

#### **Fondation Saint-Pierre – France**

Fondation Saint-Pierre is a charity that has run the Children's Hospital of Palavas, near Montpellier, in the south of France, for more than 100 years. While Saint-Pierre is publicly funded for many of its activities, budgetary constraints do not always allow for timely approval of ambitious, high-tech projects. In 2019, they planned to provide a sophisticated GRAIL (Gait Real-time Analysis Interactive Lab). This would benefit children with accidental brain lesions, cerebral palsy and severe orthopaedic issues as a result of deformities or following surgery who required prosthetic devices. The premises and equipment would cost €500,000. The SKF agreed to provide a significant donation of €200,000 of which €80,000 was paid in 2019.

#### **Foreland School – United Kingdom**

The Friends of Foreland School is a charity associated with the specialist Foreland School in Ramsgate, Kent, UK. The school caters for over 200 pupils, from 2-18 years old with Profound, Severe and Complex Needs (PSCN). The school needed a specialist outdoor playground area, with equipment apt to cater for a wide range of disability needs at a total cost of £120,000. The SKF contributed £60,000 towards the project. The balance of the cost of this project was raised by Friends of Foreland School. The SKF had already paid £30,000 in 2018 and the balance of £30,000 (€35,761) was paid in 2019.

#### **Zum Tannenwald – Germany**

The kindergarten "Zum Tannenwald" is a non-profit integrated social facility which was built 60 years ago and is located in Waren, about 6 km from the local Smurfit Kappa corrugated plant. In 2019, they planned to extend the building with a room where children can relax and play and also to upgrade the playground. The total cost of the project was calculated to be €110,000. The local Smurfit Kappa management and staff were fully involved with this project and provided hands-on help in the form of project management and direct labour. The SKF agreed to provide the requested donation of €110,000.

#### **St Colmcille's National School – Ireland**

The two main primary schools in Kells, an area of high unemployment, were both single sex schools, and were to be merged and become Junior and Senior co-education primary schools in 2019. Under the new arrangements, St Colmcille's would have an additional 80 students with the necessary new classrooms funded by the Irish Government. The footprint of these new rooms meant the loss of significant hard surface play space with no public funding for its replacement. The project was to build a new running track, the total cost of which would be €70,000. They had raised some of the funds and the SKF agreed to make a donation of €10,000.

### CHAIRMAN'S FOREWORD (Continued)

#### **Coram Beanstalk – UK**

Coram Beanstalk is a national literacy charity in the UK that has been working for over 45 years to provide high-quality one-to-one support to disadvantaged children at risk of falling behind with their literacy skills. In 2019, they wished to expand to enable them to support an additional 500 children in some of the most disadvantaged areas of England. The SKF made a donation of £10,000 (€11,928) to cover the cost of books and ancillary materials.

#### **Centro Escolar “Santa Lucia” – El Salvador**

The Centro Escolar “Santa Lucia”, affectionately known as “La Escuelita”, offers kindergarten to 8th grade education, to around 230 children from the community surrounding the Smurfit Kappa operations in San Salvador (El Salvador). The school has been supported by the local Smurfit Kappa operations for many years and latterly by the SKF. This work is done in collaboration with a local charity, Fundacion Empresarial para el Desarrollo Educativo (FEPADE), which secures matching funding from USAID. This project was designed to improve the infrastructure in the school, namely, the construction of a classroom for 9th grade, upgrading the soccer mini-field, kitchen remodelling, expansion of the girls' bathroom and miscellaneous other improvements. The SKF donated US\$75,000 (€67,411) towards the cost of this project.

#### **Elementary school Sturovo – Slovakia**

The elementary school in Sturovo provides education for 500 pupils aged between 7 and 15 years old. Sturovo is in southern Slovakia in an area that suffers from socio-economic deprivation. The school building is more than 60 years old. During the last ten years, the school has undertaken reconstruction and modernisation from their own sources (donations of parents and state funds). The cost of this final phase was €45,000 and the SKF agreed to donate this amount to the school.

#### **SOS Children's Village Brno – Czech Republic**

The SOS charity in the Czech Republic operates a number of facilities for children, including a Children's Village in the town of Brno. This includes foster homes that are used by families that care for children in the foster care. They sought financial assistance to complete a children's playground and to upgrade the heating system in ten houses at a total cost of €50,000. The SKF previously supported this charity who worked closely with the Smurfit Kappa plant in Brno. The SKF agreed to make the required donation of €50,000 to enable this work to be carried out.

#### **Operation Smile – Mexico**

Operation Smile México (OSM) is a non-profit medical service organisation that provides cleft lip and palate repair surgeries to children worldwide. In Mexico, OSM has surgical campaigns every year in a number of different states. OSM's surgical instruments were over 14 years old and no longer in optimal condition to perform surgery. OSM had approached the Fundación Smurfit Kappa México (FSKM) requesting support for the renovation of surgical instruments who in turn asked the SKF to participate as the donor in this project. The total investment to renovate the instruments is US\$26,700. The donation was to be sent to the FSKM and then delivered onward to OSM. The SKF agreed to support this project and made a donation of US\$26,700 (€24,002).

### CHAIRMAN'S FOREWORD (Continued)

#### **Community Centre, Cerro Gordo – Mexico**

In 2015, the Fundación Smurfit Kappa México (FSKM) opened the Smurfit Kappa Community Centre in Ecatepec de Morelos in the State of Mexico, one of the municipalities with the highest levels of poverty and violence in the country. The Centre provides care to more than 420 children and young people, between 3 and 17 years of age in the different activities, including sport, education and recreation. The Centre needed some improvements to the facility (playground, classrooms and bathrooms) and also needed to buy new equipment for these areas. The SKF was asked to support this with a donation of US\$100,000 (€90,063) and agreed to do so.

#### **Action Enfance – France**

The Action Enfance foundation manages villages for minor children who have been separated from their parents for their own safety. The charity currently manages 11 villages in France and has two new village projects in the pipeline, of which one in Sablons in Gironde. Action Enfance was looking for help to finance the new village project in Sablons (close to the Smurfit Kappa St Seurin plant) for which the budget is €6 million. The objective is to open the village in 2021, but first they needed to finalise the acquisition of the land (13,000 m<sup>2</sup>) at a cost of €50,000. The SKF was asked to provide the finance for the purchase of the land and later to consider helping with the development of one (or a part) of the village houses. The SKF gave a donation of €50,000 to enable the purchase of the land needed for the new village to proceed.

#### **Children's Books Ireland – Ireland**

Children's Books Ireland (CBI) is the national children's books organisation of Ireland. Irish government funding for the purchase of books for school libraries was stopped in 2008. Therefore, many schools around the country are left with no library books or books that are old, outdated and in poor condition. CBI have identified five disadvantaged schools in locations where Smurfit Kappa Ireland operates that are in real need. With funding, these schools would benefit from the gift of a library of over 150 books. CBI would provide resources and training to the school around use of the library and activities to further engage the children in reading. The total cost for five schools was €22,250. The SKF gave a donation of €22,250 to facilitate the purchase of the books and the associated project costs.

#### **Fondazione TIAMO – Italy**

Fondazione TIAMO is a non-profit organisation supporting people (mainly children) affected by Fragile X syndrome (FXS) and other rare diseases. FXS is a genetic disorder whose symptoms often include mild to moderate intellectual disability. The affected children rapidly lose their ability to communicate and are basically isolated for all their life. Medical research has helped to develop innovative "eye tracking" technology to help these children to communicate. The Fondazione sought financial support to buy PCs and related hardware & software to help children affected by FXS use new "eye tracking" technology to help them to communicate. The total amount requested was €50,000. The SKF gave a donation of €50,000 to this project.



### CHAIRMAN'S FOREWORD (Continued)

#### **Stokane Community Park – Ireland**

Stokane Community Park is based in a small rural community in the north-west of Ireland and was trying to develop a multi-amenity park for everyone in their community and beyond. The project included an Astro turf facility including lighting, an all-weather pitch and a walking/running track, all of which would be access-friendly for the disabled. This facility could also be used every school day by the adjoining Stokane National School.

The charity sought support from the SKF for two parts of this project:-

- Fully accessible outdoor exercise equipment – cost €26,000.
- A fully accessible toilet facility as there was no disabled toilet facility on site – cost €45,000.

The SKF gave a donation of €71,000 to cover the cost of these two elements of the project.

#### **ChildVision Ireland – Ireland**

ChildVision is a national charity that provides significant support to children with a visual impairment, many of whom have significant additional needs. They also provide a transcription service for textbooks into braille, large print and digital used by children in mainstream schools throughout the country. In 2016, they opened a newly refurbished library and now need to expand this significantly because of greatly increased demand.

They wished to purchase a wide range of books as well as associated children's furniture and shelving for at a total cost of €61,500. The SKF agreed to finance the cost of the expansion with a donation of €61,500.

#### **Agro-Technical School – Venezuela**

The Venezuela school project was a special case following the expropriation of Smurfit Kappa Group's assets in Venezuela by the Government and the subsequent collapse in Smurfit Kappa Venezuela's local CSR activities. The SKF had agreed to support the running of a local school that had been the beneficiary of support from SK Venezuela. This support would run for a number of years. The SKF had agreed in December 2018 to make an initial donation of US\$150,000 (€134,700). This was paid to a local charitable foundation in Venezuela via the Smurfit Carton de Colombia Foundation in 2019. A request had been made for a further donation of US\$167,000 (€151,815) and this was agreed.

#### **San Giorgio Solidale – Italy**

San Giorgio Solidale is a charity that promotes the hospitality of refugee children in Italy. This project aimed to create an inclusive playground where disabled children can play. The equipment needed included specially adapted toys and other installations that disabled children could avail of. The total cost was c.€25,400. The SKF agreed to make a donation of €25,427 to cover the cost of the equipment.

#### **AGEOP Ricerca – Italy**

The charity AGEOP Ricerca operates a designated meeting point beside the Bologna Hospital that helps to facilitate parents bring children suffering from cancer to the hospital. The centre needed to be refurbished and upgraded to be aligned with Safety standards. This will enable Ageop to start new activities for patients, ex-patients, parents and volunteers. The amount required for the project was €56,000 for the refurbishment and €7,000 for the furniture. The SKF agreed to make a donation of €63,500 to cover these costs.



### CHAIRMAN'S FOREWORD (Continued)

#### **Severiano Martinez Foster Home – Mexico**

The Severiano Martinez Foster Home is a non-profit organisation that houses 125 children aged 6-12 who live in vulnerable situations and are thereby disadvantaged. The classrooms, the computer lab and the music room do not have the necessary equipment for children to do the activities that are established as mandatory by the Mexican Secretary of Public Education (SEP). The total investment needed to properly equip the computer lab and music room was US\$30,000, which included computers, electronic equipment, furniture, musical instruments and decoration materials. The SKF agreed to support his project and cover the costs amounting to US\$30,000 (€27,647).

#### **Abriendo Camino Foundation – Dominican Republic**

The Abriendo Camino Foundation operates for the benefit of disadvantaged children. There was a requirement to develop a modern Innovation Lab with the provision new furniture and appropriate hardware and software to enhance learning via electronic media. The total cost of the project was US\$60,000: Smurfit Kappa Dominicana provided US\$20,000 and the SKF was asked to fund the balance. The SKF agreed to support this project with a donation of US\$40,000 (€36,852).

#### **NF Kinder – Austria**

"NF Kinder" is an organisation that deals with children who have Neurofibromatosis, a rare genetic tumour risk syndrome with unpredictable outcomes. In 2017, the first Austrian Neurofibromatosis department ("NF-children clinic") at the Medical University Clinic in Vienna was set up. The ultimate goal is to operate the NF department full time, with three days dedicated to patient visits, and two days dedicated to research work. They sought a commitment to run the project for three years at a total cost of €90,675. It was agreed to support it on a year-by-year basis subject to a satisfactory review after each year. The first donation of €30,225 was made in 2018. The project was reviewed in 2019 and was proceeding according to plan. The SKF agreed to make the second donation of €30,225 in 2019.

#### **Association Roseau – France**

La Association Roseau was created by parents of children suffering from cancer. They wished to provide a parents' house near the hospital in Reims which would enable the parents and the siblings of the sick child to come and live nearby. The house would have common living spaces such as the kitchen, dining room, TV room, library, relaxation lounge for parents and a playroom. The charity applied for funding to enable them to furnish these common spaces at a total cost of €69,019. The SKF agreed to make the required donation of €69,019.

#### **Clinic 25 Mexico – Mexico**

The Clinic no. 25 is a public health institution in the state of Nuevo León, Mexico which has an Onco-Paediatric section for children who are being treated for different types of cancer. There is a governmental programme called "Sigamos Aprendiendo" ("Let's continue learning") where hospitalised children can continue their studies during medical treatments. Although the hospital has two classrooms assigned to the programme, they do not have the necessary infrastructure for the children to be able to perform the necessary school activities. The charity asked for funding for a variety of equipment and the renovation of both classrooms at a cost of US\$44,300. The SKF agreed to give a donation of US\$44,300 (€40,594) to enable this work to be done.

A number of other projects are under active consideration for 2020. We hope to continue our geographical expansion in the coming years.

### CHAIRMAN'S FOREWORD (Continued)

#### HOW TO APPLY FOR FUNDS

Please visit '[www.smufitkappafoundation.com](http://www.smufitkappafoundation.com)' to learn more about the projects we support and how to apply for funding. The process is quite simple and all applications are welcome, provided they comply with the conditions and are in line with the primary focus of the Foundation, that is, projects which involve young disadvantaged children in the areas of health and nutrition, basic care and early education.

We are particularly interested in projects in which SKG employees or their families are involved and where they would benefit from support from our Foundation. Any support we give is in addition to and not a substitute for funding such projects might already receive from the local SKG operations.

We are looking forward to hearing from you soon and helping to support projects in your region.

Alain Baudaunt  
Chairman

Date: 26 August 2020

# SMURFIT KAPPA FOUNDATION

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## DIRECTORS' REPORT

for the year ended 31 December 2019

The directors present herewith their report together with the audited financial statements for the year ended 31 December 2019. The directors confirm that the directors' report and financial statements comply with the current statutory requirements of the company's governing documents.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

Smurfit Kappa Foundation (the 'Foundation') was established on 26 September 2011 as a company limited by guarantee and not having a share capital. At 31 December 2019, the Foundation had seven members who, in the event of a winding up, have guaranteed the liabilities of the Company up to a maximum of €1 each. This guarantee continues in force for one year after membership ceases.

The Foundation is recognised by the Revenue Commissioners as having charitable status and it is also registered with the Charities Regulatory Authority.

## OBJECTIVES AND ACTIVITIES

The Foundation was created with the aim of supporting sustainable projects in the areas where SKG has the privilege to operate. The focus of the Foundation's activities is on projects involving young disadvantaged children in the areas of health and nutrition, basic care and early education. The Foundation is particularly interested in projects in which SKG employees or their families are involved and where they would benefit from support.

The directors acknowledge the support provided to the Foundation by SKG.

## ACHIEVEMENTS AND PERFORMANCE

The aim of the Foundation is to fund projects in the communities in which SKG operates, particularly those which are sustainable and focus on helping young and disadvantaged children through education. The Chairman's Foreword gives details of 28 projects supported in 2019 in 13 different countries: nine in Europe and four in The Americas. All of these conformed to our stated aims and mission.

## FUTURE DEVELOPMENTS

The Foundation hopes to continue the geographical expansion of donations in the coming years.

## FINANCIAL REVIEW

The statement of financial activities is as set out on page 17. The movement in total funds in the year is as follows:

Charity funds at 31 December 2018	€ 3,369,421
Net expense for the financial year	(549,920)
Charity funds at 31 December 2019	<u>2,819,501</u>

## REFERENCE AND ADMINISTRATION DETAILS

Details are included on page 2.

## **DIRECTORS' REPORT (Continued)**

for the year ended 31 December 2019

### **DIRECTORS AND SECRETARY**

The current directors and secretary are as shown on page 2. On 20 August 2019, Laura Ó Buachalla was appointed as an alternate director to Marie Barrett. On 1 June 2020 Gillian Carson-Callan resigned as Secretary and on the same date Ciara O'Riordan was appointed as Secretary.

Neither the directors nor secretary who held office at the year-end, nor their immediate families, had a material interest in any contract of significance in relation to the business of the Foundation at 31 December 2019.

### **RESEARCH AND DEVELOPMENT**

The company did not engage in any research and development during the year.

### **ACCOUNTING RECORDS**

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, regarding accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The accounting records of the company are maintained at the company's registered office, which is c/o Smurfit Kappa Group, Beech Hill, Clonskeagh, Dublin 4.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The directors consider the greatest risk and uncertainty to be that the source of charitable donations will cease. The directors regularly review and assess this risk.

The sole current provider of funds to the Company is SKG. While SKG has contributed consistently since the formation of the Company in 2011, there can be no guarantee that this funding will continue indefinitely or at the same level. For this reason, the directors currently hold €1.5 million in reserve to cover future donations in the event of a change in the current funding arrangement.

### **POLITICAL DONATIONS**

The company did not make any political donations during the year.

### **POST BALANCE SHEET EVENTS**

There have been no significant events since the balance sheet date.

### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the statutory auditors are unaware.


**DIRECTORS' REPORT (Continued)**

for the year ended 31 December 2019

**AUDITORS**

Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 383(2) of the Companies Act, 2014.

On behalf of the board

  
Jim Fitzharris  
Director

  
Laura Ó Buachalla  
Director

Date: 26 August 2020

### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with accounting standards issued by the Financial Reporting Council, including FRS102, 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (Generally Accepted Accounting Practice in Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the end of the financial year, and the profit or loss for the company for the financial year, and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the Financial Statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMURFIT KAPPA FOUNDATION**

### **Opinion**

We have audited the financial statements of Smurfit Kappa Foundation ('the Company') for the year ended 31 December 2019, which comprise the Statement of Financial Activities and Charity Funds, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Irish Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and of its excess of expenditure over income for the year then ended;
- have been properly prepared in accordance with Irish Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

### **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 for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMURFIT KAPPA FONDATION**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2014**

Based solely on the work undertaken in the course of the audit, we report that:

- 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

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.

### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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. We have nothing to report in this regard.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMURFIT KAPPA FOUNDATION

### Respective responsibilities

#### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for 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.

In preparing the financial statements, the directors are responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

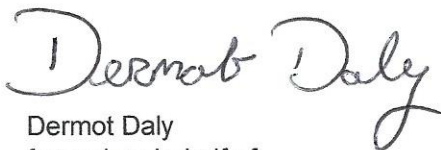
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditor's report.

#### 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.



Dermot Daly  
for and on behalf of  
Ernst & Young Chartered Accountants and Statutory Audit Firm  
Dublin

26 August 2020

**STATEMENT OF FINANCIAL ACTIVITIES AND CHARITY FUNDS**  
for the financial year ended 31 December 2019

	Note	2019 €	2018 €
<b>Income from:</b>			
Donations	2	1,000,000	1,000,000
Investments	3	-	-
<b>Total income</b>		<u>1,000,000</u>	<u>1,000,000</u>
<b>Expenditure on:</b>			
Charitable activities	4	(1,540,643)	(1,446,706)
Administrative expenses	5	(9,277)	(9,952)
<b>Total expenditure</b>		<u>(1,549,920)</u>	<u>(1,456,658)</u>
<b>Net expense</b>		<b>(549,920)</b>	<b>(456,658)</b>
Charity funds brought forward		<u>3,369,421</u>	<u>3,826,079</u>
<b>Charity funds carried forward</b>		<u><b>2,819,501</b></u>	<u><b>3,369,421</b></u>

All amounts above relate to continuing operations.

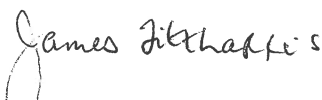
# SMURFIT KAPPA FOUNDATION


## BALANCE SHEET

at 31 December 2019

	Note	2019 €	2018 €
<b>Current Assets</b>			
Debtors	8	-	1,000,000
Cash at bank	9	<u>2,825,880</u>	<u>2,375,800</u>
<b>Total current assets</b>		<b>2,825,880</b>	<b>3,375,800</b>
<b>Creditors: amounts falling due within one year</b>	10	<u>(6,379)</u>	<u>(6,379)</u>
<b>Net Current Assets</b>		<b>2,819,501</b>	<b>3,369,421</b>
<b>Total Assets less Current Liabilities</b>		<u><b>2,819,501</b></u>	<u><b>3,369,421</b></u>
<b>The Funds of the Charity</b>			
Designated Funds	11	<b>2,062,225</b>	1,656,211
Undesignated Funds		<u><b>757,276</b></u>	<u>1,713,210</u>
<b>Charity Funds</b>		<u><b>2,819,501</b></u>	<u><b>3,369,421</b></u>

The notes on pages 20 to 25 form an integral part of these financial statements.

  
Jim Fitzharris  
Director

  
Laura Ó Buachalla  
Director

Date: 26 August 2020

## SMURFIT KAPPA FOUNDATION

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### STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2019

	2019	2018
	€	€
<b>Cash flows from Operating Activities</b>		
Net Cash inflow/(outflow) provided by operating activities	450,080	(455,814)
<b>Cash Flows from Investing Activities</b>		
Investment Income	-	-
<b>Changes in Cash and Cash Equivalents for the reporting period</b>	<u>450,080</u>	<u>(455,814)</u>
<b>Reconciliation net income to net cash inflow/(outflow) from operating activities</b>		
Net expenses for the reporting period	(549,920)	(456,658)
Decrease in debtors	1,000,000	-
Increase in creditors	-	844
<b>Net Cash flow provided by operating activities</b>	<u>450,080</u>	<u>(455,814)</u>
<b>Reconciliation of net cash flow to movement in net cash</b>		
Cash at beginning of year	2,375,800	2,831,614
Net cash inflow/(outflow) for the year	<u>450,080</u>	<u>(455,814)</u>
Cash at end of year	<u>2,825,880</u>	<u>2,375,800</u>



## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

### 1. Summary of Significant Accounting Policies

#### Statement of compliance

Smurfit Kappa Foundation (the 'Foundation') was incorporated on 26 September 2011 as a company limited by guarantee and not having a share capital. The company's registered office is c/o Smurfit Kappa Group, Beech Hill, Clonskeagh, Dublin 4. The nature of the Foundation's operations is set out in the Chairman's Foreword on page 3. The entity financial statements have been prepared on the going concern basis and in accordance with applicable accounting standards issued by the Financial Reporting Council, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (Generally Accepted Accounting Practice in Ireland).

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 1.

#### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements cover the year ended 31 December 2019. They are presented in euro (€).

#### Donations and legacies

Donations are recognised when their receipt is probable and the income can be quantified with reasonable certainty. Income is shown gross before deduction of associated costs. No amounts are included for services donated by volunteers.

#### Resources expended

Expenditure is analysed between expenditure on charitable activities and administrative expenses. Expenditure is accounted for on an accruals basis. Irrecoverable VAT is included with the expense items to which it relates.

#### Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 December 2019 (Continued)

**1. Summary of significant accounting policies (continued)**

**Fund accounting**

Designated funds are those which are immediately available for use at the discretion of the directors in furtherance of the objectives of the Foundation. If part of a designated fund is earmarked for a particular project, it may be classified as a separate fund, but the classification has an administrative purpose only, and does not legally restrict the company's discretion to apply the fund. The Foundation retains a reserve of €1.5 million for the future and on-going life of the charity but the directors still have complete control over how it is spent. It also sets aside funding for projects it has already committed to.

Undesignated funds are those funds which have not been specifically committed at the balance sheet date.

**Administrative expenses**

Administrative expenses are those functions that assist the work of the company but do not directly relate to charitable activities. These include back office costs, finance, personnel, payroll and governance costs which support the company's programmes and activities.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost. Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

**Critical accounting judgements and estimation uncertainty**

Estimates and judgements made in the process of preparing the company financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**2. Donations and Legacies**

	2019	2018
	€	€
Smurfit Kappa Group	<u>1,000,000</u>	<u>1,000,000</u>

**3. Income from Investments**

	2019	2018
	€	€
Bank interest	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 December 2019 (Continued)

<b>4. Expenditure on Charitable Activities</b>	<b>2019</b>	<b>2018</b>
<i>Charitable expenditure includes donations to:</i>	€	€
Stichting Ark - Netherlands	43,846	50,000
Amethyste – France	72,600	-
Hawkesbury At Play – UK	23,682	-
Viewpark Family Centre – UK	11,821	-
Arpej Montessori School – France	30,000	-
Fondation Saint-Pierre – France	80,000	-
Foreland School – UK	35,761	34,868
Zum Tannenwald Kindergarten – Germany	110,000	-
St Colmcilles National School – Ireland	10,000	-
Coram Beanstalk – UK	11,928	-
FEPADE school project – El Salvador	67,411	-
Elementary school Sturovo – Slovakia	45,000	-
SOS Children’s Village Brno – Czech Republic	50,000	30,588
Operation Smile – Mexico	24,002	-
Community Centre, Cerro Gordo – Mexico	90,063	-
Action Enfance – France	50,000	-
Children’s Books Ireland – Ireland	22,250	-
Fondazione TIAMO – Italy	50,000	-
Stokane Community Park – Ireland	71,000	-
ChildVision – Ireland	61,500	-
Agro Technical School – Venezuela	286,515	-
San Giorgio Solidale – Italy	25,427	-
AGEOP Ricerca – Italy	63,500	-
Severiano Martinez Foster Home – Mexico	27,647	-
Abriendo Camino Foundation – Dominican Republic	36,852	-
NF Kinder – Austria	30,225	30,225
Association Rosseau – France	69,019	-
Clinic 25 – Mexico	40,594	-
Community Theatre Pirapetinga – Brazil	-	100,000
Kleine Strolche Children's Home – Germany	-	100,000
Association Bambini Cri Du Chat – Italy	-	80,000
Sir Thomas Lipton Foundation - Northern Ireland	-	10,364
Regency Park Playground - Scotland	-	11,659
Pass it on – Poland	-	15,259
Olga charity project – Russia	-	17,000
Caracoli – Colombia	-	35,000
Sub-total c/f	<b>1,540,643</b>	<b>514,963</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 December 2019 (Continued)

<b>4. Expenditure on Charitable Activities</b>	<b>2019</b>	<b>2018</b>
<i>Charitable expenditure includes donations to:</i>	<b>€</b>	<b>€</b>
Sub-total c/f	<b>1,540,643</b>	514,963
SK Quart – Spain	-	24,000
SOS Children's Village – Austria	-	4,000
Walburgisheim – Germany	-	100,000
ARPEJ Association - France	-	45,000
Cerebral Palsy Plus - UK	-	10,035
Fundacion Codet - Mexico	-	65,030
UK Youth – UK	-	53,498
Fundacion Tambien – Spain	-	40,980
Norwich Wheelchair Football – UK	-	16,302
Canovelles schoolyard – Spain	-	18,000
SK Alsace – France	-	8,000
Empresarial Para El Desarrollo Educative – El Salvador	-	51,688
SK Sturovo Orphanage – Slovakia	-	30,000
First Steps Women's Centre – UK	-	5,589
Forgotten Child - Netherlands	-	47,000
Sport dans la Ville – France	-	30,000
Peter McVerry Trust – Ireland	-	5,000
Down Syndrome - Ireland	-	50,000
Criost na Ri School – Ireland	-	41,000
Childhood Cancer -Ireland	-	40,000
De Rijdende Popschool – Netherlands	-	41,000
Joriskring Stints - Netherlands	-	22,000
Joriskring – Garden - Netherlands	-	30,000
Make a Wish International – Brazil	-	100,000
COPAME – Brazil	-	53,621
Sub-total c/f	<b>1,540,643</b>	1,446,706
<b>5. Administrative Expenses</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
Bank fees	<b>48</b>	428
Auditors' remuneration	<b>5,535</b>	5,535
Directors' expenses	<b>3,694</b>	3,989
	<b>9,277</b>	9,952

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 December 2019 (Continued)

**6. Directors Emoluments**

The foundation does not pay any remuneration to the volunteer board of directors. Directors' expenses are shown in Note 5.

**7. Taxation**

As a result of the company's charitable status, no charge to corporation tax arises.

<b>8. Debtors</b>	<b>2019</b>	<b>2018</b>
	€	€
Donations receivable from SKG	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

All amounts are receivable within one year.

<b>9. Cash at Bank</b>	<b>2019</b>	<b>2018</b>
	€	€
Cash on deposit	<b>1,518,878</b>	1,518,878
Cash and bank balance	<b>1,307,002</b>	856,922
	<u><b>2,825,880</b></u>	<u>2,375,800</u>

<b>10. Creditors (amounts falling due within one year)</b>	<b>2019</b>	<b>2018</b>
	€	€
Accruals	<u><b>6,379</b></u>	<u>6,379</u>

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 December 2019 (Continued)

<b>11. Designated Funds</b>	<b>2019</b>	<b>2018</b>
	€	€
Funding – reserve	<b>1,500,000</b>	1,500,000
Down Syndrome Ireland	<b>50,000</b>	50,000
NF Kinder (over two years €30,225 each year)	<b>30,225</b>	60,450
Fondation Saint-Pierre-Grail - France	<b>120,000</b>	-
Pass It On – Poland	<b>142,000</b>	-
Raul Caccavo Hospital (US\$165,000) – Argentina	<b>120,000</b>	-
ITAF school – Colombia	<b>100,000</b>	-
Foreland School (£30,000) - UK	-	35,761
Join 4energy	-	10,000
<b>Total designated funds</b>	<b><u>2,062,225</u></b>	<b><u>1,656,211</u></b>

Following the approval of the SKG Board in June 2017, the Foundation will retain a reserve of €1.5 million for future funding.

In addition to the reserve, designated funds at 31 December 2019 included amounts approved but unpaid at 31 December 2019.

**12. Related Party Transactions**

The Foundation is a related party of its donor of funds, SKG.

**13. Approval of Financial Statements**

The Board of Directors approved and authorised for issue the financial statements of the company in respect of the financial year ended 31 December 2019 on 26 August 2020.