

2020

 Smurfit Kappa



# Delivering a Better Tomorrow

sustainable development  
highlights 2020

## WHO WE ARE AND WHAT WE DO

# At Smurfit Kappa, as one of the leading providers of sustainable packaging in the world, we are proud to create, protect and care.

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.

We operate across 35 countries with around 46,000 employees in over 350 production sites and revenue of €8.5 billion in 2020.

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A number of activities showcased in this document took place during pre-COVID-19 times when facemasks and social distancing were not required.

## DELIVERING A BETTER TOMORROW

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

True sustainability is end-to-end: 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.

### Global challenges

The world is facing challenges. With the number of people on the planet continuously rising, the way we live needs to change to secure a sustainable future for all.

As a global community, we need to find solutions to critical issues such as climate change, water scarcity, deforestation and loss of biodiversity, pollution of land and oceans and creating a just society.

At Smurfit Kappa, we focus on the social, climate, circularity and forest related issues where we can have a real, positive and lasting impact.

### Our priorities

As a leading company in sustainability, our ambition of sustainable growth is based on three pillars: Planet, People and Impactful Business.

Our strategic environmental priorities are Climate Change, Forest, Water and Waste. We understand that our success is driven by our highly valued and motivated team, and we ensure the health, well-being and safety of our people. We are committed to all of the communities we interact with.

In creating sustainable value for our customers, investors, employees, suppliers and communities, we strive for the highest standards of corporate governance and ethical business conduct.

This commitment is instilled across our business, from the boardroom to the factory floor, and throughout our operations and supply chain.

### Reporting transparently

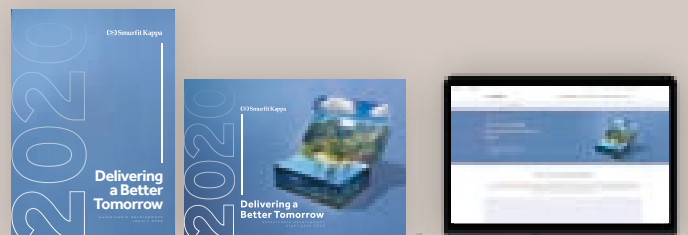
We provide industry-leading transparency and detail to our stakeholders of every aspect of our operations.

A deeper look into our voluntary, legal and regulatory actions can be found in our Sustainable Development (Full) Report 2020. The entire report has been assured by an independent third-party assurance provider with a limited level of assurance, in accordance with the 'Comprehensive' level of the GRI Standards.

#### Investor acknowledgements



#### Our reporting suite



#### Find out more

To find out more information visit [smurfitkappa.com/sustainability](https://smurfitkappa.com/sustainability)

## A MESSAGE FROM OUR GROUP CEO

At Smurfit Kappa, we recognise our role in society and are committed to protecting the planet, its people, and our stakeholders.

**Tony Smurfit**  
Group Chief Executive Officer

### 2020 – A YEAR OF RESILIENCE

In 2020 and continuing in 2021, the COVID-19 pandemic placed enormous challenges on society. In Smurfit Kappa we brought our values of Safety, Loyalty, Integrity and Respect to life during this challenging time. Our primary focus was, and is, to protect our employees and continue to meet our customers' needs. We remained operational as a result of our employees dedication and commitment, and I have the utmost respect for our resilient workforce.

We have also seen that the COVID-19 pandemic has resulted in changing consumer patterns and purchasing trends. As a leader in sustainability and innovation we are well positioned to deliver insights and packaging solutions for our customers as these future trends continue to emerge.

### GENERATING VALUE FOR ALL STAKEHOLDERS

The pandemic has further strengthened our view that we need to employ an end-to-end approach to sustainability. This means not only understanding every social, environmental and economic aspect of our business but also the interdependencies between them. Our business impacts people and the environment in many different ways and by thinking of the issues in totality, rather than in isolation, we can achieve a greater positive impact.

During the COVID-19 pandemic, the importance of sustainability became even clearer, with citizens demanding change. Climate change, the most challenging issue of our time, has become, in the eyes of many, a climate crisis. Diversity, inclusion and equality are urgent issues for global society. Deforestation and the need to create a circular economy may have received somewhat less attention during 2020, but remain critical issues for the planet and relate directly to our business activity.

Since we started our corporate sustainability journey almost 15 years ago, we have been focusing our efforts on solving these issues while positively impacting our customers, our other stakeholders and playing our part in having a positive impact on the planet.

Generating value for all our stakeholders is what focuses us in becoming a truly sustainable and circular Company. Showing our ambitions and declaring specific and measurable goals will underpin our leadership in sustainability.

### THE YEAR'S SUSTAINABILITY HIGHLIGHTS

During 2020, we broadened the Group's commitment to sustainability by introducing ambitious targets in new areas and updating our existing set of sustainability targets bundled under a common theme, Better Planet 2050. We are targeting at least Net Zero fossil emissions by 2050 while increasing our existing 2030 CO<sub>2</sub> intensity reduction target. We have strengthened our commitment to water stewardship. On deforestation, we have a new alliance with the World Wildlife Fund Colombia and we will further increase Chain of Custody certified product deliveries to our customers.

We have also set additional targets in the areas of gender balance, employee and community engagement, inclusion and diversity, and ethics and values. This demonstrates our commitment to engage our employees, and provide a safe place to work in a diverse and inclusive organisation that is at one with the communities where we are located.

Important, sustainability related investments were completed in Austria and in Colombia that will significantly reduce our CO<sub>2</sub> emissions and our waste to landfill volumes.

In addition, we started reporting on the recommendations of the TCFD and the relevant SASB criteria and incorporated our key sustainability performance indicators in the financing arrangements with our banking consortium.

### THE YEAR'S PERFORMANCE

We continue to make progress on our environmental and social targets. In environmental, fossil CO<sub>2</sub> and waste to landfill intensity decreased significantly, Chain of Custody certified deliveries to customers increased and water quality discharge improved. In social, our safety performance improved by 29% and the

percentage of women holding management positions continued to increase. These continual improvements are the result of a combination of significant investments by the Company and relentless dedication by our people.

### 2021 AND BEYOND

The world we live in has – even aside from fighting the COVID-19 virus – immense challenges ahead. If we put sustainability at the heart of our thinking and way of operating, we can make a real contribution to tackling these issues. By collaborating with our value chain partners and like-minded organisations, we can create greater social, economic and environmental value.

All of our ambitions have their challenges, but that is the very point of them: to challenge ourselves to do what is right for society. I hope you enjoy reading our Sustainable Development Highlights and I look forward to your feedback ([sustainability@smurfitkappa.com](mailto:sustainability@smurfitkappa.com)).



**Tony Smurfit**  
Group Chief Executive Officer  
30 April 2021



## AN UPDATE FROM OUR BOARD SUSTAINABILITY COMMITTEE

The Board considers sustainability of core strategic importance for Smurfit Kappa.

**Jørgen Buhl Rasmussen**  
Chair of Sustainability Committee



### SUSTAINABILITY COMMITTEE ESTABLISHED IN 2019

In 2019, the Board established a subcommittee of the Board with responsibility for sustainability, reflecting its strategic importance for Smurfit Kappa. As Chair of the Committee, I am pleased to outline the Committee's objectives and activities.

### GLOBAL CHALLENGES

As a global community, we need to find solutions to critical issues such as climate change, water scarcity, deforestation and loss of biodiversity, pollution of land and oceans while creating a just, inclusive and diverse society. The Paris Agreement and the UN 2030 Sustainable Development Goals provide direction on how to resolve these critical issues.

### STRATEGIC PRIORITIES AND GUIDANCE

As a responsible company, Smurfit Kappa has sustainability in its DNA and is acutely aware of its responsibilities around corporate citizenship and is committed to doing its part in resolving these critical issues. Therefore, our ambition is to deliver sustainable growth 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 priorities. The Committee is responsible for guiding and directing the Smurfit Kappa Sustainability strategy and has particular regard to its alignment with global best practice. The Board of Smurfit Kappa strives for the highest standards of corporate governance and ethical business conduct.

### PEOPLE ARE THE KEY TO SUCCESS

Our success is driven by Smurfit Kappa's highly valued and motivated team. Therefore, the health, safety and well-being of our people is a key priority for us. With a workforce of around 46,000 people, fostering inclusion, diversity and belonging is also key and in Smurfit Kappa we strive to create a diverse workplace where everyone can bring their authentic self to work every day. Our commitment also extends to all of the communities we interact with and where we are located.

### 2020 IN REVIEW

The Committee, in its first full year, had an active and productive year with the Group completing many developments in its sustainability agenda over the course of 2020.

The Group announced ambitious new sustainability targets as part of Better Planet 2050 which were approved by the Board in December 2020, focusing on a further reduction of our environmental footprint, increased support for the communities in which we operate and further enhancement to the lives of our employees. These targets build upon the Group's well established sustainability record, on which we have been reporting since 2005.

As the business evolved during 2020, the Group has also expanded its focus, embodied in the Better Planet Packaging initiative, to provide customers with innovative, fit-for-purpose sustainable packaging solutions. These solutions not only provide an attractive merchandising medium but also provide efficient and environmentally friendly transport packaging solutions that are renewable, recyclable and biodegradable.

### LOOKING AHEAD

The Committee is confident that Smurfit Kappa will successfully continue its sustainability journey in 2021. The Board is encouraged by the progress the Group has made so far and is thankful for the dedication of its employees. We look forward to reporting on our continued progress to all of our stakeholders in the years ahead.

**Jørgen Buhl Rasmussen**  
Chair of Sustainability Committee  
30 April 2021

## Our Better Planet 2050 Targets

Our targets focus on our strategic areas and are designed to align the Group with the UN 2030 Sustainable Development Goals.

### Climate Change 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

### Forest >95%



packaging solutions sold as Chain of Custody certified to customers by 2025

### Water 60%



reduction in Chemical Oxygen Demand intensity by 2025, and our water intake by at least 1% annually

### Waste 30%



less waste to landfill by 2025

### Health and Safety at least 5%



reduction in Total Recordable Injury Rate annually

### People 25%



management positions held by women by 2024

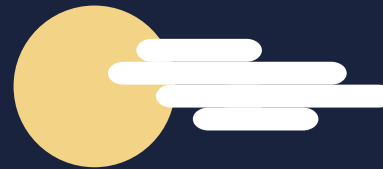
### Communities €24 million



Between 2020-2025 we will donate over €24 million to support social, environmental and community initiatives

# Reflecting our progress

In 2020, we announced a new ambition to achieve at least Net Zero CO<sub>2</sub> emissions by 2050. We updated a number of our commitments and introduced new targets to show our commitment to our people and the communities in which we operate.



AN OVERVIEW OF OUR MAIN TARGETS CAN BE FOUND ON PAGE 3 >

Our annual reduction of waste sent to landfill since 2005 equals the amount of waste 780,000 EU citizens send to landfill each year.

**780,000**

Annual CO<sub>2</sub> emission reductions since 2005 equals that of 1,050,000 EU passenger cars or 190,000 EU citizens' annual CO<sub>2</sub> footprint.

**1,050,000**

Since 2005, we have invested close to €1 billion to make our operations more sustainable.

**€1 billion**

## PLANET

A greener, bluer planet

## PEOPLE

Empowering people and communities

## IMPACTFUL BUSINESS

Delivering to all stakeholders



We have set ambitious new targets as part of our Better Planet 2050 initiative, including for Net Zero carbon CO<sub>2</sub> emissions, the first among our industry peers. We also increased our intermediate target to achieve a 55% intensity reduction in our CO<sub>2</sub> emissions by 2030, compared with 2005. In 2020, our steady progress against our CO<sub>2</sub> target reached a 37.3% intensity reduction since 2005, our baseline year.

As we look to provide assurance about the sustainable origin of the raw material we use, we increased our Chain of Custody certified packaging deliveries to customers' target to 95% and reached a level of 93.8% in 2020.

Chemical Oxygen Demand intensity levels in our water discharge were further reduced in 2020, reaching a 38.2% reduction since 2005 against our target of 60% by 2024. Although we are more a processor of water than a consumer of water, we are committed to sustainable water stewardship and introduced a water intake intensity reduction target for our paper mills of 1% annually.

We made significant progress in reducing the amount of waste we send to landfill, achieving a 23.7% reduction of waste per produced tonne of paper in 2020, compared with 2013. We are targeting a 30% reduction by 2025.

We completed a €134 million investment in a new recovery boiler at our Smurfit Kappa Nettingsdorf Pulp Mill in Austria, which will decrease our CO<sub>2</sub> emissions by 40,000 tonnes.

A new waste sludge press at our Smurfit Kappa Cali plant in Colombia decreased the waste sent to landfill by 47%.

#### Reduction of relative CO<sub>2</sub> emissions (since 2005)

# -37.3%

#### Packaging solutions sold as CoC certified

# 93.8%

#### Reduction of waste sent to landfill

# -23.7%

When COVID-19 began to spread across the world, we acted swiftly to protect each other, while supporting our customers and our communities. Mid-year, we conducted a Group-wide COVID-19 Employee Engagement Pulse Survey to ensure our people felt safe, supported and connected, and to understand if they felt our response to the pandemic was effective.

Throughout the year, we reinforced our People commitments with new or updated targets, including:

- An increase to at least 25% of women in management positions by 2024 along with an ambition to have at least a 30% female representation in the total workforce.
- An improvement of our employee engagement by at least 3% every two years until 2025 (measured via MyVoice surveys).
- Having a 100% completion level of the Learning and Development programmes in our Smurfit Kappa Academy.
- Offering a Speak Up Service for anonymous reporting of any (possible) wrongdoing for our employees and other stakeholders.

We kept on improving our Health and Safety results and achieved a 29% TRIR reduction compared with 2019.

To deliver on our commitment to diversity and inclusion, during 2020 we formed key strategic alliances with The Valuable 500 and Employers Network for Equality and Inclusion.

We invested €7.7 million in social projects by our sites and our foundations, which includes a €3 million donation that the Group made to various COVID-19 related projects to protect our communities from the harms of the pandemic.

#### Reduction of the TRIR since 2019

# -29%

#### Social investments in 2020

# €7.7m

#### Number of employees

# 46,000

We broadened our Better Planet Packaging (BPP) initiative to improve all areas of end-to-end sustainable packaging – from reducing our packaging's environmental impact, to having a positive effect in our customers' supply chains.

As part of our BPP initiative, we had over 100 webinars sharing sustainable packaging concepts with our customers. Our BPP concept family grew with eFashion, eBottle and Clips&Grips portfolios supporting our customers with improved packaging solutions. We also partnered with leading value chain partners for sustainable packaging solutions.

We were included in the Solactive ISS ESG Beyond Plastic Waste Index in 2020, which recognises companies active in the reduction of plastic waste and our Climate Change response in CDP is at A- level.

In early 2021, we received an award for being the first FTSE100 company to be given five stars by Support the Goals, which recognises companies for their contribution to making the UN 2030 Sustainable Development Goals a reality.

We announced our support for the recommendations for the Task Force for Climate-related Financial Disclosures and initiated reporting in line with these recommendations. We also started reporting in line with the Sustainable Accounting Standards Board criteria.

46 supplier audits were conducted during 2020 through our seven-section Sustainable and Responsible Sourcing audit programme.

#### Sustainable packaging webinars hosted

# +100

#### Support the Goals recognition



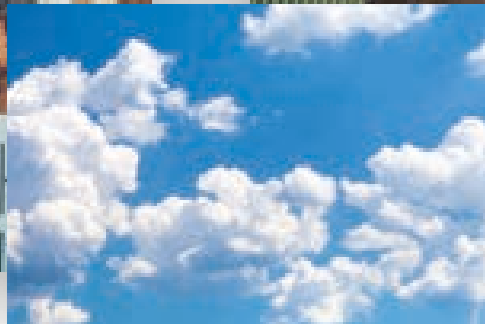
# The world is facing growing challenges. As part of a global community, we have a responsibility to operate sustainably and make a positive impact.

We have identified four key issues where we can make a difference and contribute to a better future.



### Social change

Equality, inclusion, diversity, human rights; these are the social themes of today's world, as millions of people take to the streets to advocate for change. We have a responsibility to the 46,000 people that make up Smurfit Kappa around the world, but also to the communities where our operations are located. By creating a safe and inclusive culture, by being a good corporate citizen to our local communities, we can build a platform that transforms lives, unlocks opportunities and promotes fairness for everyone.



### Climate

Tougher questions than ever before are being asked about how we treat our planet. From changing weather patterns and melting polar ice, to growing activism, the call for action has become urgent. We understand the challenges and the changes that need to be made and we are strongly committed to making a positive contribution. We are targeting at least a Net Zero carbon footprint by 2050 for our own activities and through our sustainable paper-based packaging solutions, we can help our entire value chain reach that 2050 goal as well.



### Circularity

As the number of people on the planet continues to rise, there is a greater need for a circular economy. Packaging that is well designed can play a critical role; our innovative and sustainable packaging solutions not only protect goods, but also seek to reduce waste. This, along with our circular processes and improvement in efficiency, help to minimise our use of resources and preserve our planet. Our Better Planet Packaging initiative seeks to proactively replace unsustainable packaging solutions with renewable, recyclable and actually recycled, biodegradable paper-based packaging alternatives.



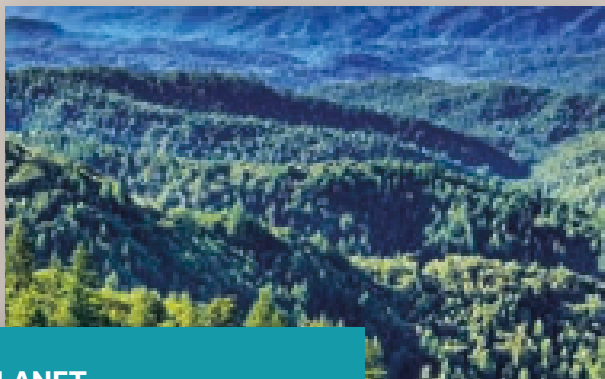
### Deforestation

Forests are the world's first line of defence in the fight against climate change and essential to biodiversity. As producers of paper-based packaging, we manage 68,000 hectares of forests and plantations. Sustainable forestry and only delivering certified sustainable products to our customers is one of our top priorities. By being leaders in robust Chain of Custody, striking a balance between recycled and sustainably sourced new fibres, we not only create great products, but help conserve our planet's valuable ecosystems.



## OUR STRATEGIC PRIORITIES

As a leading company in sustainability, we are committed to contributing to the global environmental and societal issues, where we can have a real, positive impact. We have aligned our focus areas with the UN Sustainable Development Goals.



### PLANET

#### A GREENER, BLUER PLANET

The circular economy is at the core of our business. We use renewable, recyclable and biodegradable materials to create sustainable packaging solutions. We play a part in ensuring that at their end of life, our products are recycled.

#### OUR FOUR AREAS OF FOCUS ARE:

- Climate change
- Forest
- Water
- Waste

#### UN SUSTAINABLE DEVELOPMENT GOALS:

Smurfit Kappa Impacts:



Smurfit Kappa Supports:



### PEOPLE

#### EMPOWERING PEOPLE AND COMMUNITIES

Having engaged employees is critical for our business. We are committed to providing a safe place to work for the talented people in our global, culturally diverse organisation. Our commitment also extends to all communities we interact with.

#### OUR FOUR AREAS OF FOCUS ARE:

- People values
- People strategy
- Health and well-being
- Communities

#### UN SUSTAINABLE DEVELOPMENT GOALS:

Smurfit Kappa Impacts:



Smurfit Kappa Contributes:



Smurfit Kappa Supports:



### IMPACTFUL BUSINESS

#### DELIVERING TO ALL STAKEHOLDERS

Through our activities, we aim to create sustainable value for our customers, investors, employees and suppliers and the communities where we are privileged to operate. We do this with the highest ethical business standards.

#### OUR THREE AREAS OF FOCUS ARE:

- Innovation
- Governance and human rights
- Sustainable and responsible sourcing

#### UN SUSTAINABLE DEVELOPMENT GOALS:

Smurfit Kappa Contributes:



Smurfit Kappa Supports:



## END-TO-END SUSTAINABILITY

End-to-end sustainability means using a sustainability lens in everything we do: from sustainable and responsible sourcing of our renewable and recyclable raw materials, to responsible production of sustainable packaging solutions that help our customers to reach their goals.

At every important step in our value chain, we consider where we can have a positive and lasting impact. We're constantly aligning our economic goals with our social, community and environmental responsibilities.

Being a good, responsible and transparent corporate citizen is important to us. This means recognising our role in society and protecting the environments within which we work – the planet, the people and our business community. Our end-to-end approach to sustainability is about considering, understanding and promoting sustainability at every step of the value chain.

By thinking about the whole of our business and product life cycle, rather than individual parts in isolation, we can collectively achieve more. In looking beyond our own operations and collaborating with our suppliers and like-minded organisations, we can create greater social, economic and environmental value.

Throughout our value chain, from product inception to final disposal, we respect the circular economy and the people, suppliers and communities that we impact. Sustainability is at the core of our thinking and way of operating.



### Our circular value chain has a positive impact on the planet, people and businesses

KEY TO STRATEGIC PRIORITIES:

- Planet
- People
- Impactful Business

1

#### Sustainable raw material

100% of our raw material has a sustainable origin. Recycled fibres make up 75% and the balancing 25% are sustainable virgin wood fibres.

2

#### Circular paper operations

We focus on reducing our CO<sub>2</sub> footprint, reducing our water intake, improving our water discharge quality, and minimising the amount of waste we send to landfill.

3

#### Product design and innovation

Our approach to innovation is data-driven and focused on solving our customers' challenges, whether through product development, process improvement, optimising supply chain efficiency or brand enhancement.

## Our essential products

We believe paper-based packaging can be one of the answers to the challenges facing the world. By considering our products' entire life cycle – starting with renewable and recycled resources, using data-driven innovation to make our products fit-for-purpose, and passing the value we preserve on to our customers – we can have a bigger impact on a greater scale. The result is packaging that is better for the planet.

➔ [Read more about Better Planet Packaging on pages 10-11.](#)

## Our circular processes

Thinking sustainably is not just about our products, but also our processes – how we source the raw materials, create products, how they are used and what happens when we're finished with them. Through our holistic approach to product design and manufacture, we can offer right-weighted, fit-for-purpose packaging solutions that minimise inefficiency and waste. Working closely with our suppliers and customers, we design sustainability into every fibre.

➔ [Read more about our achievements on pages 12-17.](#)

## Our people and communities

The world's challenges affect everyone and we have a responsibility to the people and communities we work with. Our end-to-end approach considers our entire global network. We provide a value-driven culture that attracts top talent and empowers our 46,000 people to reach their full potential. Our responsibilities extend to helping local economies and partnering with like-minded organisations to make a bigger contribution.

➔ [Read more about our work on pages 15-21.](#)



4

### Paper-based packaging production

We produce packaging with a high focus on production efficiency, employee safety and well-being and aim to have the lowest possible environmental impact at any site in our global packaging production network.

5

### Global and local customers

We offer our customers sustainable, fit-for-purpose packaging solutions that are renewable, recyclable, recycled and biodegradable.

6

### Sales channels

Our products are designed to add value to our customers' value chains, ensuring that their packaged products are delivered, stored, displayed and sold undamaged to the consumer.

7

### End of life: paper recycling

We participate in paper and packaging recycling through our 44 paper recycling depots in Europe and the Americas. Corrugated packaging is recovered for recycling at a rate of 92%.

## BETTER PLANET PACKAGING

**We seek to reduce packaging waste and address the challenges of litter that ends up in our oceans and landfill.**



We continue to lead in innovative sustainable packaging solutions for our customers, led by our Better Planet Packaging initiative, which provides sustainable solutions today, ready for the challenges of tomorrow.

### IN DOING THIS WE:

- Develop and design
- Educate and inspire
- Support and implement

### DEVELOP AND DESIGN: GROLSCH TOP CLIP – FUNCTIONAL MULTI-PACK SOLUTION FOR DRINK CANS

Grolsch is making great strides with its goal to become a zero-waste brewery. By replacing all the shrink wrap with our sustainable TopClip in the Netherlands, Grolsch will remove 100,000kg of plastic annually. This is the equivalent of more than 4 million plastic bags. TopClip delivers on both sustainability and functionality as it fully covers the top of can multi-packs, protecting them from contamination and providing excellent handling and branding opportunities.



### EDUCATE AND INSPIRE: SAFESHIELD – COVID-19 SAFETY DESK DIVIDERS

In response to the need to protect office workers, children and students during the COVID-19 pandemic, we created SafeShield desk dividers, designed to support social distancing in offices, schools, colleges and universities. SafeShield desk dividers are made of corrugated board, the ultimate single-use hygienic material. Recent studies have shown that COVID-19 has a shorter life span on corrugated than on other materials such as steel and plastic. Our SafeShield desk dividers can be used, replaced and recycled, easily and quickly.



## SUPPORT AND IMPLEMENT: MORAKNIV – REPLACING HARD PLASTIC PACKAGING FOR KNIVES

Morakniv is a well-known Nordic knife producer who wanted to celebrate its 125-year anniversary by improving its image and becoming a more sustainable company. It introduced three new products to its existing portfolio and worked with our Better Planet Packaging team to develop a 100% paper-based concept to replace the blister-free hard plastic packaging. The new packaging is user-friendly, practical for on-shelf display and is 100% renewable and recyclable.



## SupplySmart: RHEEM – NO WASTE WATER HEATER PACKAGING

We helped Rheem, the largest manufacturer of water heating products in North America, to develop a zero landfill packaging solution for two of their water heating products. We carried out a full supply chain analysis using our SupplySmart tool to establish how the pack could be redesigned. The 100% paper-based solution with Hexacomb end caps is a 100% renewable and recyclable packaging solution – positively representing their brand's sustainability message.



## ShelfSmart: SAFE&GREEN CARTAMA – PACKAGING FOR AVOCADOS

Our team of designers developed a bespoke packaging solution for avocados for Cartama, one that would withstand the journey from Colombia to Japan. The solution is a double wall corrugated box using five layers of virgin paper which meets the high performance expectations and promotes the positive perception of Cartama as a sustainable brand. The solution is shelf-ready with the product in good condition for the consumer to enjoy.

## eSmart: MANUELA ECHEVERRI – E-COMMERCE PACK

Renowned artist Manuela Echeverri wanted people to be able to carry on painting at home during COVID-19 so she designed a kit that would enable them to do just that. Using our e-Commerce tool, eSmart, we developed a micro-corrugated cardboard pack which held all the products (canvas, acrylics, brushes and guides) carefully in place so they were fully protected in transit and could be stored safely once opened. The brightly coloured pack was designed to have a great visual impact from the moment it is received.



## OUR APPROACH IN ACTION

**Global challenges need innovative solutions. Society needs to focus on reducing waste and carbon emissions and thinking end-to-end. Products and packaging need to be more recyclable, truly recycled, more biodegradable and from renewable sources.**

We realise that to respond to the global challenges is not easy and believe paper-based packaging can be one of the answers. Consumer demand is growing and by considering the whole life cycle of our products we can have a bigger impact on a greater scale.

It is not just about the products themselves, or the individual production steps, but the complete process. How we source the raw materials, how we create our products, how they are used and what happens when we are finished with them. We design sustainability into every stage of our products' life cycle.

### OUR SUSTAINABLE RAW MATERIAL

We start with 100% renewable and recycled resources. 75% of our raw material is recycled fibre and the remaining 25% comes from renewable, Chain of Custody certified wood. Our timber is often a natural side product – from the woodchips and tops of the trees too small for sawmills, as well as trees that are removed in order to support healthy growth in the forest. This means that everything is used, nothing is wasted.

Our definition of sustainable forest management comprises optimising the forest's benefits: supplying timber for our business, providing jobs and income for communities and maintaining healthy forest ecosystems that support biodiversity, protect water bodies and supply non-wood forest products.

## NETTINGSDORF GOOD AT HEART

**"The recovery boiler is the heart of a pulp mill," says Günter Leitgeb, Pulp Mill Manager of Smurfit Kappa Nettingsdorf, Austria, "and our heart was set on increasing sustainability and circularity, as well as combatting climate change."**

Our Smurfit Kappa Nettingsdorf kraftliner paper mill has initiated a Future Energy Plant project, which upgraded the water treatment plant and installed new drying cylinders on the paper machine. However, the major upgrade is the new recovery boiler.

"We needed the best one on the market – a massive investment of €134 million – but it will pay for itself with a 10% increase in boiler efficiency, as well as combatting climate change by cutting CO<sub>2</sub> emissions by 40,000 tonnes a year," says Günter. "That's two-thirds of our emissions and a significant step in the direction of achieving Smurfit Kappa's target of reducing fossil emissions by 55% by 2030."

The new boiler recovers inorganic chemicals as smelt and burns wood-material not needed for paper production, recovering the heat as steam. The new advanced steam engine uses this to efficiently generate bioenergy electricity.

It has advanced process controllers and sophisticated software to finely control combustion, allowing reduction of emissions like nitrous oxides, or dust, which has been reduced to a tenth from the situation before at under 5mg per cubic metre. There is also a safety gain – the new boiler has a robot for cleaning the 'smelt' spot, formerly a safety concern for workers in any paper mill.

With the plant's 34% increase in productivity since becoming part of Smurfit Kappa in 1995, the new boiler was needed to cope with the demand. It began operating in June 2020 and will contribute to Smurfit Kappa's Net Zero emissions target by using CO<sub>2</sub> neutral biofuel.

"In addition to being a benefit for the global environment," adds Günter, "our new boiler has also made us more popular in our local environment as it also gets rid of all odorous gases!"





**“Our new boiler is a significant step in reaching our ambition of Net Zero carbon emissions by 2050.**

**Günter Leitgeb, Pulp Mill Manager of Smurfit Kappa Nettingsdorf, Austria**



## **CLOSING A RECYCLING LOOP IN GERMANY**

**In 2019, as part of Germany’s commitment to the European Green Deal, they made producers legally responsible for their own packaging waste. Where other suppliers saw a problem, we saw this as an opportunity to close an open loop.**

Our Recycling Operations team developed the DUAL Recycling service, using our sustainable closed loop approach to become an even more convenient supplier for our customers. They buy packaging from us, use it, return it, and we convert it back into a valuable raw material: recycled paper fibre. This not only makes life easier for our customers, it forms part of our end-to-end sustainability commitment.

No other packaging supplier in Germany is able to do this. Our product is eminently recyclable, and our end-of-life product stewardship goals mean we have available capacity for collection and recycling. Since we use the collected product, customer fees are low, and the paper is recycled in German paper mills. This cuts down on transport miles, helping achieve our ultimate Net Zero emissions goal.



## OUR APPROACH IN ACTION CONTINUED

### A CIRCULAR APPROACH TO CLEANER WATER

**“Smurfit Kappa’s new targets for water purity came at a difficult time, but we turned it into an exciting opportunity,” says Mauricio Suarez, Paper Mill Superintendent at Smurfit Kappa Barbosa, Colombia.**

We have set a global target of a 60% reduction of organic content in water returned to the environment by 2025. However, this target came at the same time as a planned 40% capacity increase for Smurfit Kappa Barbosa, creating a challenge.

This change meant the final effluent figures would not be known until maximum capacity was reached. After the upgrades were installed, it was found the plant has a 100m<sup>3</sup>/hour capacity – the equivalent of a town of 16,000 people.

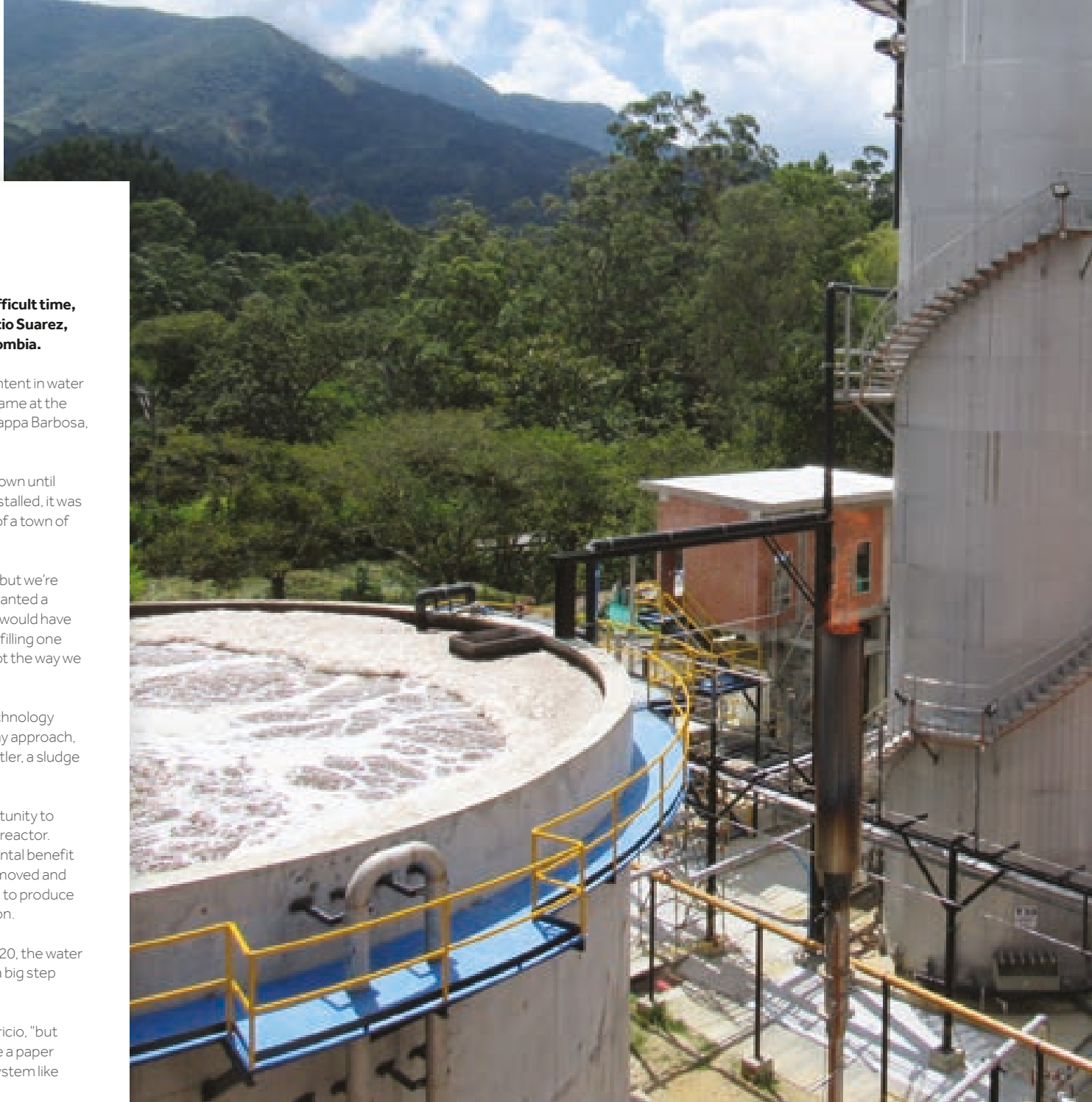
“We could have met our legal obligations in a variety of ways, but we’re committed to keeping all our processes sustainable, so we wanted a biological solution,” says Mauricio. “Non-biological solutions would have resulted in too much sludge going to landfill, which felt like fulfilling one environmental criterion by not fulfilling another and that is not the way we do things at Smurfit Kappa.”

Mauricio and his team worked with the Paper Production Technology team to develop a range of solutions using a circular economy approach, including a homogenisation tank with chemical control, a settler, a sludge dewatering press, and a biogas removal system.

The state-of-the-art new equipment also gave us the opportunity to install a biologically based, circular, self-sustaining anaerobic reactor. Although this was a more expensive solution, the environmental benefit was significant: 75% of the contaminants in the water are removed and converted from sludge into biogas, which in turn can be used to produce ‘green’ electricity. Altogether a long-term sustainable solution.

Since the new installation started operating in November 2020, the water discharge quality has improved enormously and brought us a big step closer to reaching our water purity target.

“We have received many awards for sustainability,” says Mauricio, “but this is the most exciting project I’ve worked on – the first time a paper company has installed a state-of-the-art water treatment system like this in Colombia.”







## SUPPORTING OUR PEOPLE'S WELL-BEING

**As part of our ongoing Health and Well-Being agenda, this year we completed the roll-out of our Employee Assistance Programme (EAP) by putting a service in place across Europe and Mexico.**

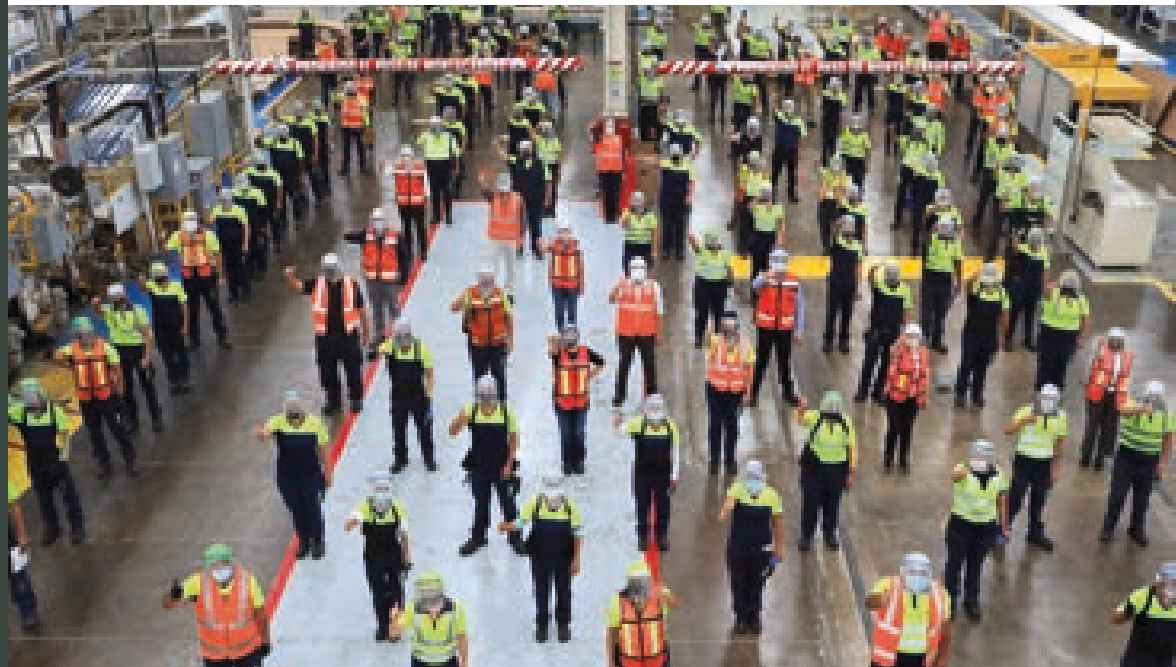
It is a free and confidential service to help our colleagues and their families cope with any work, life or health concerns.

The programme is available 24/7 in all of our 21 languages and provides:

- Local expert support, consultation and counselling;
- Assistance with meeting challenges and resolving work/life issues;
- Solution-focused counselling with consulting services;
- Services offered away from the workplace, in confidence;
- Caring advisors who can help you choose a support option that suits your needs and learning style; and
- Support in the event of a crisis situation.

"Our experience of the service has been very positive. If an employee needs support with a specific health matter, the programme can support that effort. On the other hand, if we notice that an employee's behaviour has changed, we can guide him or her to this confidential support system, which is a great help for all of us," says Jackie McDermott, Head of Engagement and Communication Smurfit Kappa UK.

"In the short time the service has been available to our employees, we have noticed how it helps to know that at times it is ok, not to be ok," says Cristian Garcia Romano, HR Coordinator Smurfit Kappa Mexico. "In addition to its obvious benefits, the programme has also proved to be great tool for us to build trust with our employees."



## OUR APPROACH IN ACTION CONTINUED

### PROTECTING THE FORESTS IN COLOMBIA

**More than half of Colombia is covered by forests. Smurfit Kappa Colombia is the custodian of 67,000 hectares of forests in the country. 22,000 hectares are protected natural forests devoted to conservation and are home to over 1,200 species of flora and fauna. We know that 53 of these are endangered species, such as the Andean bear, also known as the spectacled bear.**

Protecting and promoting natural habitats are an important part of our approach to biodiversity and ecosystem conservation. We do this by developing alliances with third parties, neighbouring communities and organisations, to research and promote sustainable practices. Since 2003, our Colombian plantations have been managed and certified according to the FSC Sustainable Forest Management standard.

One of the organisations we collaborate with is the World Wildlife Fund (WWF) Colombia. WWF is one of the leading global conservation organisations with 6 million members and operations in more than 120 countries across the world. Our continued work together includes many diverse projects, starting with the Legal Timber Pact in 2009, to help reduce the illegal production of wood in Colombia. This involved the Ministry of Environment and local environmental authorities.



In 2020, we announced a new alliance with WWF Colombia, with both organisations working together to restore, expand and protect forests and ecosystems.

The alliance is a further example of our commitment to protect the environment and communities to the highest sustainability standards. This initiative will also support the restoration and conservation programmes that WWF Colombia carries out, working together to stop deforestation and forest degradation through the continued promotion of sustainable practices within the forestry industry, increased surveillance systems to crack down on illegal logging and working closely with Colombian national parks.

"Since 1961, WWF has worked to develop innovative solutions that protect people, communities and wildlife so we are delighted to have formed this partnership with Smurfit Kappa Colombia," says Sandra Valenzuela, COO of WWF Colombia. Nicolás Pombo, CEO of Smurfit Kappa Colombia Forest Operation adds "We are proud to be recognised for our sustainable contribution to Colombian and global forests."



## EMERGENCY DOCTOR SYSTEM IN MEXICO

**Smurfit Kappa Atlas was the first of our sites in Mexico to be impacted by COVID-19.**

As the national health system was overloaded, the corrugated plant ensured that all its employees would get the best chance for treatment and recovery. In collaboration with the local Labour Union, an Emergency Doctor system was established. Seven Red Cross doctors were hired to treat our people either through home visits or telephone calls, providing tests, medicine and care. The system worked so well that it was copied at our other sites throughout Mexico.



## OUR CIRCULAR OPERATIONS

We aim to make our operations circular. Key to this is minimising waste by finding a use for our side product streams; whether doing so ourselves or in collaboration with regional partners and local communities. Already more than 50% of these side streams are recovered and recycled for reuse. Paper clippings from corrugating and converting operations are returned to our paper mills, while organic by-products such as wood bark and biogas from biological water treatment are used as biofuel; some water treatment sludges become soil improvers and waste ash can be used in the cement industry.

When it comes to the water we use, we are responsible stewards of this precious resource – recirculating our process waters several times, and investing in best practice water treatment.

We're also continuously improving our energy efficiency and using more renewable energy to reduce impacts and lower costs – for example, in our paper mills we have achieved a 17% improvement in energy efficiency since 2005 and over 45% of the energy produced is now based on renewable energy.

Since 2005, we've invested close to €1 billion to make our operations more sustainable. Of this, some €850 million has been invested in different energy efficiency and CO<sub>2</sub> reduction projects, over €80 million in best practice water treatment systems and €50 million in projects optimising fibre use and reducing waste.

Working closely with our suppliers, collaborating with our partners in the value chain, sharing best practice and building trusted relationships with our customers, we ensure that the sustainable mind set is always there.

From tree to box, and then another box, we are reducing the cost to the planet every step of the way.

## OUR INNOVATIVE PRODUCTS

We have a full suite of tools that enables us to consider our customers' packaging requirements at every stage. Through this forensic approach we are able to offer bespoke, right-weighted, fit-for-purpose packaging solutions that support customers' value chains, optimise efficiency and minimise waste and pollution.

The end result is packaging that is better for the planet. It is important that the environmental benefits we preserve in our processes and raw materials are shared with our customers, supporting our whole value chain to have less of an impact. And because our paper-based packaging has the highest recycling rate of any packaging – the fibres can be recycled eight times, before being used for energy generation or biodegraded – we are not only lowering our carbon in production and use, but ensuring less ends up in landfill or as litter on land or in the oceans.

## OUR APPROACH IN ACTION CONTINUED

### OUR TALENTED PEOPLE

Smurfit Kappa has a responsibility to the people and communities we work with. Our end-to-end approach to sustainability considers our entire global network, meaning doing the right thing not only benefits us, it benefits everyone.

Our people are at the heart of this. By providing a safe place to work and an inclusive and value-driven culture, we can attract, engage and empower the best talent. We believe that a diverse work culture makes us stronger and more innovative and our employees feel more engaged. Engaged employees are happier and understand how their efforts can contribute to our success.

### OUR RESPECTED COMMUNITIES

Beyond our employees, our responsibilities extend to helping the communities where we're located, by behaving as a good corporate citizen. Operating in accordance with the UN Declaration of Human Rights and the Fundamental Principles and Rights at Work is a basic principle. In addition, by supporting local education, income generation, collaboration and participation, we can strengthen communities. This is especially true in remote areas with limited opportunities for work.

In the communities where we are, Smurfit Kappa is focused on breaking cycles of poverty and dependence when and where they exist, beginning with the younger generations. Aligned to our Foundation, we work to improve the situation for young people through the lens of: health and nutrition, basic care and education.

We believe, by working with key organisations in these areas and supporting projects that provide a better start for young people, we can break the cycle of disadvantage, because what happens to us in childhood shapes our future success and the adults we become.

Together, we are committed to building a better tomorrow.

## TAKE FIVE BY THE HIVE

**"The Smurfit Kappa SSK mill is three miles from the centre of Birmingham, occupies 22 acres of land, including several green spaces," says Paul Jones, Production Superintendent at the Smurfit Kappa SSK Paper Mill.**

It was Paul who suggested using some of this space for bee-keeping, as a way to bring the country into the city, while helping bees thrive in an unlikely location. The idea came as the mill's employee engagement team was looking for projects for colleagues to work together on.

Working with Darren Welcome, an urban beekeeper, and Maria Ryan, Head of Human Resources, they founded the 'Smurfit Kappa SSK Bee Team'. Shortly after, in May 2020, they welcomed three colonies of Buckfast bees, naming their hives Smith, Stone and Knight, after the mill's original founders.

"This was during the COVID-19 lockdowns," says Maria, "so it was a welcome distraction, creating huge employee engagement, and a generally beneficial effect on workplace relations." "Everyone just works on this together," continues Paul.

Maria aims to extend the project by running a 'Take five by the Hive' campaign as part of the Mental Health Awareness Strategy, to promote enjoyment of nature and mindfulness – staff have already begun work on planters.

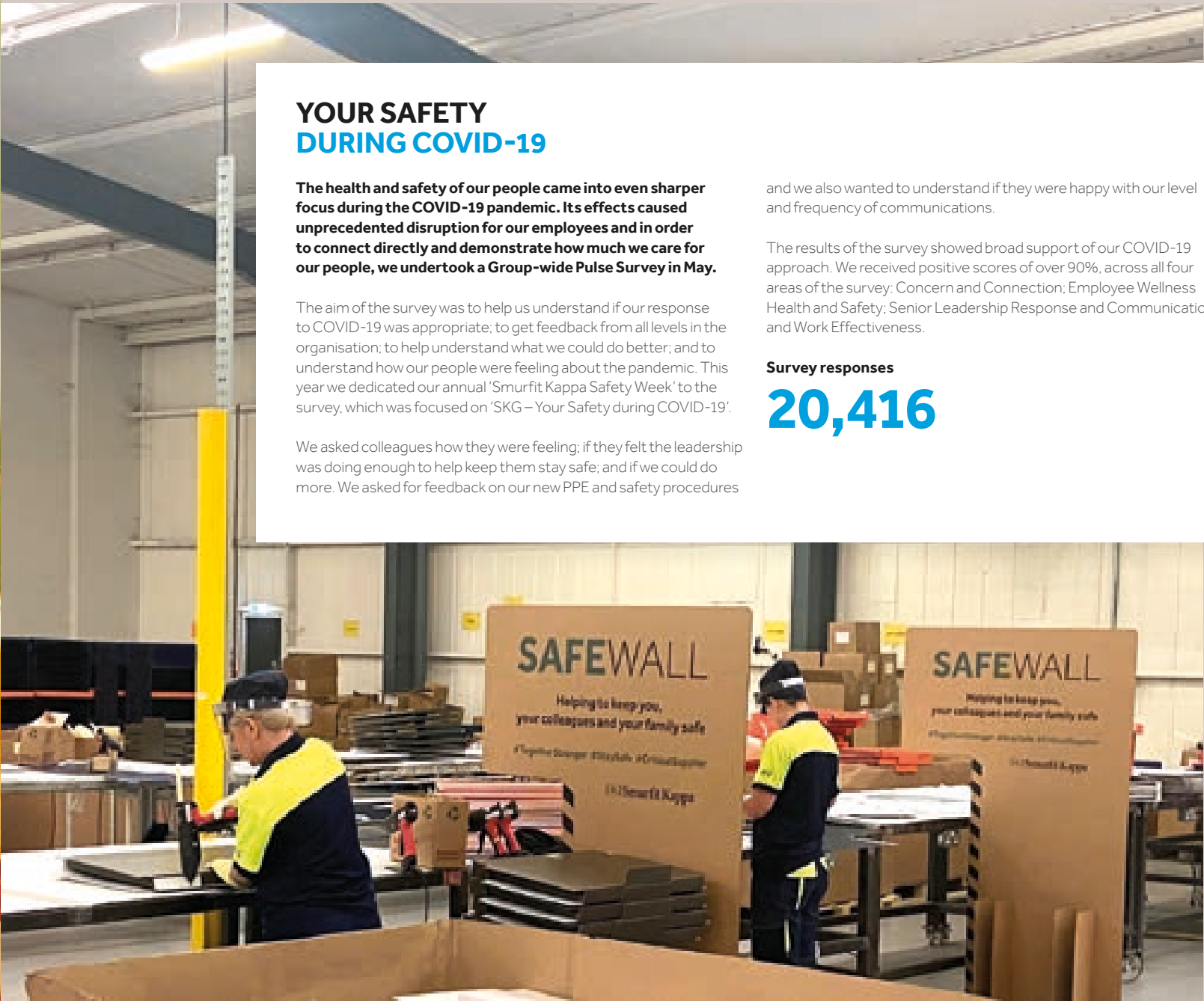
"We had this idea that to engage our own employees, we should ask them how to engage with our neighbours, and it works," tells Maria. "The hives create a welcoming habitat for birds and insects, while also providing a quiet area for employees to relax," added Paul.

Additionally, the Corrugated Division designed paper packaging for the honey, which was sold to raise money for local food banks. We also have future plans to use money raised from the honey sales, to fund local allotment owners to grow produce, which will also be donated to the food banks.

**"We had this idea that to engage our own employees, we should ask them how to engage with our neighbours, and it works."**

**Maria Ryan, Head of HR Smurfit Kappa SSK Paper, UK**





## YOUR SAFETY DURING COVID-19

**The health and safety of our people came into even sharper focus during the COVID-19 pandemic. Its effects caused unprecedented disruption for our employees and in order to connect directly and demonstrate how much we care for our people, we undertook a Group-wide Pulse Survey in May.**

The aim of the survey was to help us understand if our response to COVID-19 was appropriate; to get feedback from all levels in the organisation; to help understand what we could do better; and to understand how our people were feeling about the pandemic. This year we dedicated our annual 'Smurfit Kappa Safety Week' to the survey, which was focused on 'SKG – Your Safety during COVID-19'.

We asked colleagues how they were feeling; if they felt the leadership was doing enough to help keep them stay safe; and if we could do more. We asked for feedback on our new PPE and safety procedures

and we also wanted to understand if they were happy with our level and frequency of communications.

The results of the survey showed broad support of our COVID-19 approach. We received positive scores of over 90%, across all four areas of the survey: Concern and Connection; Employee Wellness Health and Safety; Senior Leadership Response and Communication and Work Effectiveness.

Survey responses

# 20,416

## OUR APPROACH IN ACTION CONTINUED



### UNLIMITED WHEELS IN SPAIN

Keen to promote the inclusion of people with disabilities in sport, Smurfit Kappa Valencia came together to support the II Grand Prix Spanish Cup of Adapted cycling. The initiative is aimed at raising awareness of adapted cycling, and the wonderful sporting opportunities that it can provide to those with certain disabilities.

**“Our work is all about raising awareness for adapted cycling and having a company such as Smurfit Kappa and its employees involved in our events is invaluable. We are delighted to be working with them.”**

**Ruth Aguillar, Paralympics Athlete  
President, Unlimited Wheels**



## HELPING AUTISTIC CHILDREN IN THE CZECH REPUBLIC

A brand new class for children with autism has recently opened in Olomouc in the Czech Republic, providing a brighter future for local families. Responding to a call for funding, Smurfit Kappa Olomouc jumped into action, engaging the help of the Smurfit Kappa Foundation. We worked together to fund the creation of a new library and the purchase of specialist equipment for this much needed project.

The result is a new service, available to local children with autism, which teaches through Applied Behavioural Analysis (ABA) – a method that has been used very successfully for teaching children with this type of lifelong developmental disability.

**“My son is now able to follow simple instructions: water the lavender, put on his shirt, he is even able to go to the store for 10 items from a list. In January 2020, this would have been mission impossible.”**

**Mr. Nábělek, founder of ABA class**





## ONLINE CRAFTING IN COLOMBIA

In their free time, the forestry division in Smurfit Kappa Colombia has been working with rural women, in order to develop new skills in creating produce that they can sell, or even use in their own homes.

This year the project had to adapt because of the ongoing pandemic, bringing their courses online.

**“It has been so positive. I have learned many skills, including how to use social networks to participate in the courses regardless of living far from urban areas.”**

**Jackeline López, Student of the Arts and Trades, Riosucio-Caldas**

A number of activities showcased in this document took place during pre-COVID-19 times when facemasks and social distancing were not required.



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