Smurfit Kappa, a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world. We operate across 35 countries with around 46,000 employees in over 350 production sites and revenue of €9.0 billion in 2019. Our purpose is to meet the needs of our customers, to generate superior returns for our shareholders, and to invest in our people, the communities in which we operate and the environment. Find out more on pages 8-9.
Where We Operate

A world leader with operations in 35 countries

We are one of the largest integrated manufacturers of paper-based packaging solutions in the world. We are located in 23 countries in Europe and 12 in the Americas. In Europe, we are the leader by production volume in corrugated packaging and containerboard, and in Latin America we are the only large-scale pan-regional player.

Our Business in Numbers

<table>
<thead>
<tr>
<th>Forestry plantations (hectares)</th>
<th>Recovered fibre facilities and forestry operations</th>
<th>Paper and board mills</th>
<th>Converting plants</th>
<th>Other production facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>68k</td>
<td>42</td>
<td>34</td>
<td>245</td>
<td>34</td>
</tr>
</tbody>
</table>

Our Business in Numbers

<table>
<thead>
<tr>
<th>Production sites</th>
<th>Employees</th>
<th>Countries</th>
<th>Customers in the FMCG (fast-moving consumer goods) segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>355</td>
<td>46,000</td>
<td>35</td>
<td>60%</td>
</tr>
</tbody>
</table>
Our Approach to Sustainable Business

Delivering a better tomorrow
As a leading company in sustainability, we base our ambition of sustainable growth on three pillars: Planet, People and Impactful Business.

This means continually striving to minimise our environmental impact and practising responsible governance; treating our stakeholders with respect and creating an impactful business through our products and their production.

A greener, bluer planet
The circular economy is at the core of our business. We use renewable, recyclable and biodegradable materials to create innovative, sustainable packaging solutions.

Climate change
We are stepping up our ambition with low-carbon and energy-efficient production systems, and increasing our use of renewable fuels. We also offer our customers optimised packaging solutions that help them to reduce CO₂ emissions in their value chain.

Find out more on pages 26-30

Forest
We balance the use of virgin and recycled fibres to maintain a positive and sustainable balance of renewable raw materials. We have committed to a complete chain of custody certified sourcing and manufacturing chain, from fibres to the packaging solutions.

Find out more on pages 32-33

Water
We are committed to responsible water stewardship. We focus our efforts on continually improving the water minimisation potential of our processes, and reducing the risks associated with water availability in the areas where we operate.

Find out more on pages 34-37

Waste
Our products are specifically designed to protect the goods they package. Our main focus is to eliminate waste and keep removing the remaining linear elements from our processes.

Find out more on pages 38-41

Planet

An impactful business
As a global Group, our activities aim to create sustainable value for our customers, investors, employees, suppliers and the communities where we operate.

Innovation
Offering tailored fit-for-purpose packaging is the core of our eco-design. We link data, engineering and creative thinking throughout the packaged product’s value chain, from packaging solutions back to our supply chain and processes.

Find out more on pages 64-66

Governance and Human Rights
Smurfit Kappa supports the UN Global Compact and is committed to promoting the United Nations Global Compact (UNGC) 10 principles of human rights, labour, environment and anti-corruption. As part of this, Smurfit Kappa reports transparently on its activities and performance in these areas.

Find out more on pages 66-67

Sustainable sourcing
Sharing our sustainability knowledge, experience and expertise with our suppliers increases the sustainability of our whole value chain. To be able to sustainably grow our business, our materials, goods and services must have the right quality and cost, but also be securely and responsibly sourced.

Find out more on pages 68-69

People

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

People values
We endorse the principles of respect for human rights, freedom of association, fair compensation and diversity, regardless of age, gender, sexual orientation, ethnic origin, disability or nationality.

Find out more on pages 46-47

People strategy
Employees who find meaning at work are more productive and more engaged. This is why we are constantly working on improving our people strategy. We believe our employees are the beating heart of our business and they need to feel how much they are valued by the organisation.

Find out more on pages 48-51

Communities
We are proud to participate in the communities, where we are privileged to operate.

In 2019, Smurfit Kappa made approximately €3.5 million in social investments, across many projects in the areas in which it operates.

Find out more on pages 56-59

People strategy
We are committed to responsible water stewardship. We focus our efforts on continually improving the quality of water we discharge and understanding the risks associated with water availability in the areas where we operate.

Find out more on pages 30-33

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We are committed to responsible water stewardship. We focus our efforts on continually improving the quality of water we discharge and understanding the risks associated with water availability in the areas where we operate.

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SDG contributions
Smurfit Kappa

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SDG
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Overview
Planet
People
Impactful Business
Supporting Data
Supplementary Information

SDG
01
Smurfit Kappa
Impacts

SDG
02
Smurfit Kappa
Contributions

SDG
03
Smurfit Kappa
Supports

SDG
04
Smurfit Kappa
Contributions

SDG
05
Smurfit Kappa
Supports

SDG
06
Smurfit Kappa
Impacts

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Smurfit Kappa
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Smurfit Kappa
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Smurfit Kappa
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Smurfit Kappa
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Smurfit Kappa
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Smurfit Kappa
Impacts

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Smurfit Kappa
Contributions

SDG
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Smurfit Kappa
Supports

Read more about our Sustainable Development Goals (SDG) selection on pages 12, 21, 43, 61.
Our Strategic Priorities

Vision into action

As a global Group our activities create sustainable value for our stakeholders, especially the communities where we operate.

A greener, bluer planet

Significant progress in reducing our relative CO2 emissions, since 2005 we reduced fossil CO2 emission intensity by 32.9% compared with our baseline year 2005. Key contributors to this progress were the investment in efficient Combined Heat and Power energy production at our Townsend Hook paper mill, and the new, energy-efficient paper machinet at our Los Reyes mill supported by new boilers.

A total of 92.1% of our packaging solutions delivered to customers globally were Chain of Custody (CoC) certified, providing assurance about the sustainable origin of the raw material used.

Investments in best practice water treatment reached €79 million since 2005, and we achieved a reduction of 35% in the water discharge Chemical Oxygen Demand (COD).

Achieving our target to reduce waste sent to landfill proved more challenging than anticipated. This is partly due to the lack of availability of regional partners with whom we can collaborate to find alternative recovery applications for the waste material from the recovered paper pulping and screening process.

An employer of choice

In 2019, we evolved our People Strategy, organised under four pillars: Employee Experience for Performance, Inclusion, Diversity and Belonging; People Development and Talent Management; and Rewards and Recognition. It is focused on ensuring we are a globally admired employer of choice in order to attract and retain the best talent.

2019 was our first full year delivering against our target to deliver a 5% reduction annually in our Total Recordable Injury Rate (TRIR).

We achieved a 17% reduction in comparison with 2018.

We are proud to be a part of the communities where we have a privilege to operate. In 2019, Smurfit Kappa Colombia was recognised with the RedEAmérica CSR award for ‘Community Transformation’ for its Integral Territorial Development programme.

During 2019, the Group worked on the introduction of its new Group Ethics Management processes and governance. We now provide an enhanced reporting channel and case management process that aligns with the three underlying principles of Smurfit Kappa’s Code of Conduct: compliance with the law, ethical behaviour and a commitment to quality and service. It will also ensure our employees have a voice, and an opportunity to report wrongdoing or potential wrongdoing in full confidence.

An impactful business

Smurfit Kappa’s engagement with customers, both current and prospective, on the ‘Better Planet Packaging’ initiative was best illustrated with two flagship events: our biennial Innovation Event in May hosting over 350 customers from across the globe; and our inaugural Global Better Planet Packaging Day on 21 November, which involved over 650 brand owners and retailers across our global operations with our Global Experience centre network, providing a unique platform for the day.

In 2019, the Group’s leadership in innovation was recognised with 43 national or international awards for packaging innovation, sustainability, design and print. The Group’s operations received awards in Argentina, Australia, Belgium, Brazil, Bulgaria, Colombia, the Czech Republic, France, Ireland, Mexico, the Netherlands, Russia, Sweden and the UK.

The Group was included in the newly formed Solactive ISS ESG Beyond Plastic Waste Index, which recognises companies active in the reduction of plastic pollution.

During 2019, we audited 112 suppliers through our seven pillar sustainable sourcing audit programme.

Acquisitions in 2019:

- Serbia (2) FHB paper mill and Avala Ada corrugated plant
- Bulgaria (2) corrugated plants

Social investments in 2019

€3.5m

Use of our InnoTools: PackExpert and Paper to Box in a day

+650

Customers welcomed on Global Better Planet Packaging (BPP) Day

+11,400

Awards won in 2019

63

Number of employees

46,000

Read more on pages 20-41
Putting sustainability at the centre of our business

Tony Smurfit
Group Chief Executive Officer

Welcome to Smurfit Kappa’s 13th Annual Sustainable Development Report.

2019 was the last year of a decade during which the global community became acutely aware of the environmental and social challenges our planet faces. For business, sustainability challenges and opportunities in the areas of environment, social, and governance (ESG) have become mainstream Board priorities, and companies are now incorporating sustainability and business performance during 2019 showed progress towards the realisation of our ambitions to position the Group as a truly global and inclusive company, as major global issues and were well placed to be part of the solution to these long-term sustainability challenges.

We continue to be leaders on environmental, social, and governance (ESG) leadership, Smurfit Kappa’s Board of Directors formed a Sustainability Committee of the Board, which is included in a new index of companies that are active in the global community became acutely aware of the environmental and social challenges our planet faces. For business, sustainability challenges and opportunities in the areas of environment, social, and governance (ESG) have become mainstream Board priorities, and companies are now incorporating sustainability and integrating sustainability into their corporate strategies.

In 2020, we will continue on this journey with investment of €1.54 million in a furnace in our Austrian mill has the potential to reduce fossil CO2 emissions by 15,000 tonnes. Our waste to energy reduction target is more challenging as, while we have a rigorous circular business model, we also rely on availability of partners to recover certain residual materials in the raw material that we currently dispose of. In Forest, our 92% rate of deliveries to customers who are Chain of Custody certified provide assurance, traceability, and proof of resource efficiency, while enabling end-to-end transparency across the supply chain.

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Looking Ahead

Putting sustainability at the centre of our business

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Our Stakeholders

Stakeholder Engagement

Stakeholders’ opinions are essential to how we develop our business and innovations. Our key stakeholders are customers, investors, employees, communities and suppliers.

Our Sustainable Value Dimensions

Our size gives us a unique position in the paper-based packaging value chain, enabling us to create sustainable value for our stakeholders by meeting their requirements depending on their areas of interest. For example, we help them meet sustainability commitments with Chain of Custody certification of the packaging production process, by reducing supply chain risks, or by improving measurements and reports of environmental footprint or social impact, adding to their transparency.

We ensure our stakeholders receive these benefits – from requiring high standards of supply chain sustainability to helping customers reduce their carbon footprint through lightweight, fit-for-purpose packaging. We also help customers track the carbon footprint of everyday, so they can reduce and measure their own supply chain emissions.

Our Engagement Methods

We know which issues are important to our stakeholders through continual multi-level engagement with our customers, investors, employees, communities and other relevant parties. This engagement includes:

- Organising meetings and round-table discussions on sustainability with our stakeholders;
- Participating in discussions within and outside our industry through our membership of CEPI and World Business Council for Sustainable Development (WBCSD);
- Participating in CDP (formerly the Carbon Disclosure Project EcoVadis, PTSA4Good and SEDEX surveys), and benchmarking against UN Sustainable Development Goals; and
- Participating in the development of Forest Certification as members of FSC and PEFC.

For stakeholders, our holistic approach means:

- Relevance: Constant dialogue to understand their sustainable business drivers and help them expand their capabilities;
- Influence: Valuing their opinion, and sharing experience and best practice from working with a wide range of suppliers and customers;
- Value: Ensuring we deliver maximum sustainability value by understanding the sustainability drivers throughout our value chain;
- Impact: Sharing knowledge and expertise to increase understanding and find sustainable solutions. We do this through training courses, round-table discussions and meetings – including awards and partnership databases.

The ways in which we collaborate with our stakeholders in our three focus areas:

- Circularity: Working with a circular business model is our approach to delivering environmental sustainability. This means we involve our stakeholders at all stages, and add value to each one.
- Inclusiveness: Our approach to our people and stakeholders is inclusiveness. To deliver innovative and circular solutions, we believe an inclusive approach works best. Employees, customers, investors, suppliers and local communities all have a part to play.
- Innovation: Creating a business environment that enables innovation ensures that we and our customers operate at the cutting edge.

Key activities in 2019

- Better Planet: Packaging Days, reaching 860 customers (see page 31);
- At the end of 2019, our delivery of certified packaging reached 92.7% (see page 30);
- Improved environmental performance; Fossil CO₂ emission reduction by 3.9% (see page 22);
- CCD discharge reduced by 5.5% (see page 22);
- Waste sent to landfill reduced by 7.7% (see page 22);
- Introduced our new People Strategy, which focuses on employee experience for performance (see page 49-53);
- Improved our TRIM by 3.7% since 2018 (see page 51);
- €5.5 million in social investments (see page 58);
- 8,100 hours volunteering;
- 32/54 suppliers impacted;
- 98.8% of raw fibre purchased as CoC certified (see page 22);
- 112 supplier audits (see page 69).
Assessing Materiality

Assessing what’s important

To understand the sustainability issues most relevant to our business operations and our stakeholders, we conducted a thorough materiality process to assess the issues, the impact we have on them, and that they have on us.

To ensure that we continue to report on the issues most important to our stakeholders, we update our materiality assessment every three years.

Taking Into Consideration All The Issues
To ensure that our material issues are well formed and relevant, we explore a myriad of internal and external factors. A desk study includes an assessment of our internal policies and positions, long-term strategic plans and the Code of Business Conduct. To understand the broader sustainability context, the external documents reviewed include sustainability frameworks, peers, industry publications and emerging regulations.

Engaging With Our Stakeholders
We conducted interviews with key external stakeholders, such as customers, investors and suppliers. This form of engagement allowed us to understand, on a deeper level, key sustainability issues and how we can have a greater impact across our value chain.

Aligning to External Frameworks
We have followed the WBCSD SDG roadmap and the GRI and UN Global Compact guidelines to assess the most relevant SDGs to our strategy and material issues. We chose our most relevant SDG targets based on where we can have the largest impact, either by minimising our negative impacts or by increasing the positive impacts.

To determine priority and impact, we have mapped our commitment to the SDGs across three levels: Smurfit Kappa impacts, Smurfit Kappa contributions and Smurfit Kappa supports. Smurfit Kappa impacts means that we have set measurable targets to achieve the goal. Smurfit Kappa contributions means that we have a contribution to deliver towards the achievement of the goal and Smurfit Kappa supports means that by being a responsible business we support society to deliver towards the achievement of the goal.

Our Materiality Assessment has Three Stages

1. Identify the sustainability issues material to our business and stakeholders
2. Validate these issues through stakeholder engagement
3. Analyse the results to determine priority areas

Material Aspects Facing Smurfit Kappa

Planet
01 Biodiversity
02 Circular economy
03 Climate change awareness
04 Energy use and emissions
05 Responsible forestry
06 Water quality and scarcity
07 Waste to landfill
08 Litter on land and oceans

People
09 Diversity in the workplace
10 Health and Safety
11 Responsible employer
12 Community involvement

Impactful Business
13 Customer needs
14 Economic value
15 Ethics and compliance
16 High-quality and sustainable products
17 Sustainable supply chains

Relevance to our business

Material Sustainability Aspects Through the Value Chain (material aspects explained below)