

Impactful Business continued

Innovation

Examining the entire supply chain, including packaging, transport, storage and product presentation, identifies more sustainable improvement possibilities than considering each step in isolation.

Holistic Approach

We do not just sell packaging to our customers, we work closely with them, developing value-adding solutions to their supply chains. We use a holistic approach to find solutions that are impactful and can be realised on a large scale. Eventually, this leads to fit-for-purpose packaging solutions that ensure that the packaged product is delivered, stored safely and sold undamaged to the consumer.

As part of our product and process development, we use engineering-based thinking to analyse customer challenges and find creative solutions for specific products and markets. We deliver smarter sustainable solutions to our customers in three ways: Innovation in our processes, Innovation through the supply chain and Innovation in packaging solutions.

We focus on circularity, by optimising both primary and secondary packaging, we can deliver efficiencies in transport, storage and display and finally ensure recovery of our packaging products in recycling channels. Our scorecards help follow-up sustainable progress and Smart Services help customers to see through the new solutions from idea to implementation.

We focus both on our own and our customers' supply chains. Our virgin and recycled-fibre based packaging is designed to minimise resource use, reduce environmental footprint and use material sourced through certified Chain of Custody fibre origin management systems. The effective monitoring of our sustainability data enables us to discover new approaches to packaging and supply chain management and we use our InnoTools – eSmart, SupplySmart and Pack Expert – to understand our customers' supply chains.

To drive innovation for our customers and suppliers, we examine the entire packaging concept to develop a more appropriate, sustainable solution. We also consider changing customer preferences, demographics, regulatory developments and other competitive forces.

Our ambition is to deliver our customers fit-for-purpose packaging solutions, and we focus on performance packaging for which we use our Paper to Box tool.

Better Planet Packaging

Smurfit Kappa focuses on circularity in its packaging design. One of our focus points is to support our customers to work against litter. For this, we launched our Better Planet Packaging initiative in 2018. A large part of our initiative involves ensuring packaging materials are recycled effectively. We are confident that with our innovation, we can apply all the Research and Design resources we have, to find ways to reduce the global litter issue. Paper packaging is recyclable, renewable and has consistently had the highest recycling rate in recent years. Even if it does end up as litter, it is still biodegradable and from a consumer perspective, anything from newspapers to corrugated boxes can go into the same recycling stream. We aim to share what information is necessary to make the recycling system work.

With Better Planet Packaging we accelerate and bring a new dimension to our core business but we cannot do this on our own. Smurfit Kappa will collaborate with existing and new partners to inspire new ideas and encourage change. We will instigate meaningful discussions and action on how we can all be more sustainable in our design and use of packaging.

Delivering on the Better Planet Packaging ambition will only be achieved by ensuring the entire Smurfit Kappa community understand the role we want to play in addressing this global issue. We are already working with our customers to create new and alternative solutions for unsustainable packaging especially in the area of plastic substitution (not only single-use). We design paper and packaging solutions that are fit-for-purpose, efficient and favoured by customers but that are also renewable and recyclable. These aspects have been explained in the table on the next page.

Examples of our Better Planet Packaging initiative can be found on pages 14 to 19.

Our Approach



Knowledge, experience and passion

Our primary goal is to support our customers through the dedication and creativity of our people. Our people are highly motivated, well trained and have unrivalled packaging expertise, which provides the foundation for our innovation.



Customer focus, understanding our customers' markets

We look past our products and go one step further to provide our customers with the best data and analysis to make better business decisions with minimal risk. Innovation challenges the status quo and is a fundamental part of our strategy. Our approach to innovation is market-driven and focused on solving our customers' challenges, whether through customer insights, packaging solutions development, process improvement or optimising supply chain efficiency.



Science of innovation

At Smurfit Kappa, innovation is data driven. We have a supporting network of laboratories, facilities and applications to help us create fit-for-purpose, cost-effective and sustainable packaging solutions.



Creative design thinking

With over 1,000 designers across our business and over 7,500 packaging concepts, we use cutting-edge technology to provide innovative designs in packaging and displays for our customers.

Circular Aspects of our Products

Our products are designed to protect the packaged goods. While doing so, they have direct and indirect (through our operational sustainability strategies) impacts on our customers' value chains.

Impact of our Products	Direct Impact	Indirect Impact
<p>Impact 1 Reduce</p>	<p>Ensuring that resources are maximised and material waste is reduced by offering fit-for-purpose packaging solutions that optimise the use of packaging materials. Where possible, we produce lighter grammage papers which require less fibre.</p>	<p>We intend to use renewable energy wherever it is economically feasible. This will involve additional use of biomass and scaling-up methods, which use our organic waste to generate energy. It will also involve investment in measures to reduce fossil CO₂ emissions and investment in further energy efficiency.</p>
<p>Impact 2 Reuse</p>	<p>Ensuring that where reusing is economically and environmentally unfavourable, our recyclable packaging solutions offer a more sustainable alternative with less environmental impact than using a reusable solution.</p>	<p>Ensuring that we reuse resources in our production wherever possible. For example, using the organic by-product of our production process as biofuel, or reusing materials separated in the paper-making process. We also reuse water in our paper-making processes multiple times, before treating it for discharge.</p>
<p>Impact 3 Recycle</p>	<p>75% of the raw material we use consists of recycled fibres. All paper-based packaging we produce is recyclable.</p> <p>Recycling of our packaging product delivers new corrugated products with the same quality, whereas the majority of plastic packaging, for example, is downcycled.</p>	<p>We continually find ways to recycle the metal, plastic, wood and other non-paper components separated from the recovered paper that is delivered to our mills.</p>
<p>Impact 4 Recover</p>	<p>Ensuring all paper-based packaging manufactured by Smurfit Kappa can be recovered. For example, offering single-material solutions that are easy to recover for our customers and consumers.</p>	<p>Our corrugated plants recover paper clippings and send them back to paper production at our mills. We close loops and create circularity in our energy production through recovering the high-energy value of any by-products, such as black liquor and biogas, wherever possible, and circulating heat. We also seek synergies with our neighbours where possible.</p>
<p>Impact 5 Renew</p>	<p>We promote sustainable forest management in our own forests and plantations as well as throughout our supply chain, and demand deliveries of fibrous materials to be Chain of Custody certified by an internationally accepted forest management standard, FSC, PEFC or SFI.</p>	
<p>Impact 6 Biodegrade</p>	<p>Paper is made of renewable raw materials, with up to 97% fibre and starch, the rest being fillers and ashes, such as calcium carbonate. Renewable materials biodegrade naturally and at the end-of-life are converted to natural materials, such as CO₂ and water.</p>	