

People continued

People strategy

We have evolved our People Strategy for 2020-2023, which we believe will continue to ensure that the business is set for success from a people perspective.

- Our People Strategy has four key pillars:
- Employee Experience for Performance
 - Inclusion, Diversity and Belonging
 - People Development and Talent Management
 - Rewards and Recognition

Underpinning these new pillars are the five fundamentals of our HR strategy: Safety and Well-being, Legal Framework, Industrial Relations, HR Information Systems and Internal Communications.

We focus on these five fundamentals to ensure the health and well-being of our people, the reliability of our information, the integrity of our organisation and to ensure we communicate with all our colleagues in a consistent and timely

manner. These provide us with an approach and way of working, behind which the entire HR organisation is aligned. For example, at Smurfit Kappa, every relevant meeting begins with a discussion on Health and Safety.

For more information on our strategy, see the diagram below.

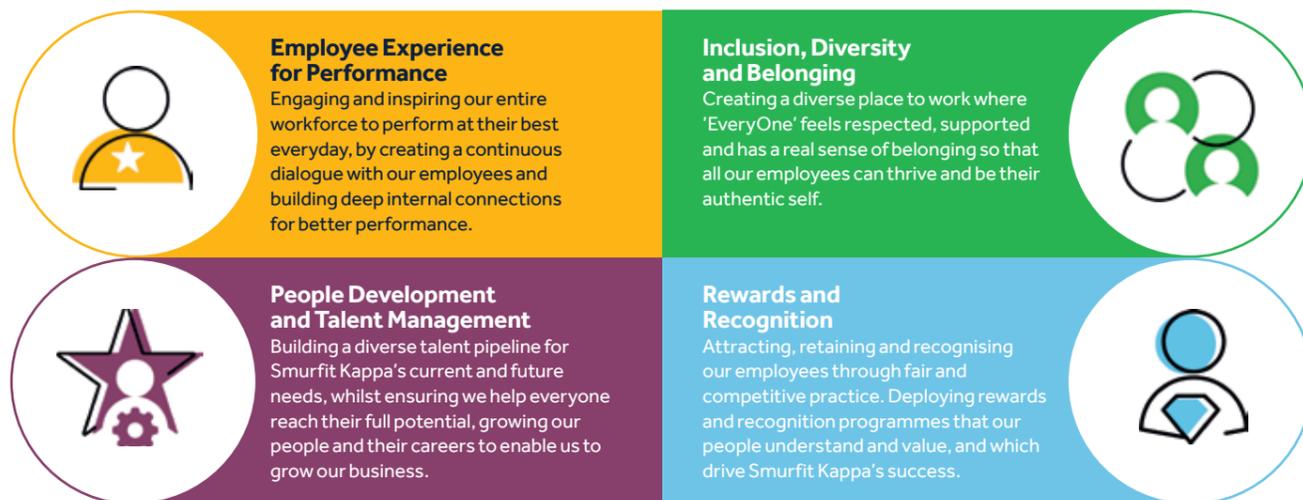
Employee Experience for Performance

Our ambition is to create a continuous two-way dialogue, to ensure our people understand our strategy and the role they play in its delivery and to inspire them to perform at their best every day. We are a diverse team in the context of background and life experience, but also in terms of longevity of service. We are proud so many

employees choose to stay with us for most, if not all, of their careers. Almost 50% of our workforce have service exceeding 11 years, which provides a great mix of experience in the workplace.

It is our belief that these people who commit to the organisation, along with everyone who joins us on their career journey, deserve a working life full of moments that matter, from the moment they are hired, to the time they depart the organisation or they choose to retire.

Smurfit Kappa People Strategy 2020-2023



Five Fundamentals of our HR Strategy

- Safety and Well-being
- Legal Framework
- Industrial Relations
- HR Information Systems
- Internal Communications

Employee Engagement – MyVoice

Since 2014, to make sure we engage our employees to be part of the Smurfit Kappa success, we have deployed MyVoice, a staff engagement survey which reaches all of our people at our mills, plants and offices. The full survey was repeated in 2017, with a pulse survey in 2019. Last year's pulse survey attracted a record participation level of 85%. We have also seen an engagement score improvement of 3% from 2014 to 2017, and a 7% shift from 2017 to 2019. We will also be striving to achieve a further 3% increase when the full survey is undertaken again in 2020. These shifts may be in some part due to the 1,000+ actions implemented following the survey in 2017.

We believe that the continued success and engagement levels with the survey is driven by the fact that out of every survey, we have taken all feedback seriously and have implemented extensive employee action plans, from the top of the organisation, right across all of our sites and offices.

We are also using the momentum created by the various surveys to improve our change management systems and use this information to provide better insights and inform our decision-making, such as considering how to better accommodate a more diverse workforce, which includes significantly more women than ever before on some of our more industrialised sites.



Progress in 2019

- We evolved our HR Strategy to align more closely with our business objectives
- We launched our new Code of Conduct and Speak Up service, to ensure every employee has the opportunity to report wrongdoing
- We continued to develop our career frameworks in order to help our people grow and deliver on their potential
- We began to progress our Employee Engagement Strategy, which will continue to develop into 2020 and beyond

Innovation and Participation // Europe

Recycled Paper West (RPW) is a cluster of eight mills, spread across five countries: France, Italy, Serbia, Spain and the UK.

The mills are quite isolated, so a potential wealth of innovatory practices and innovation were not being shared. In fact, it was one of the key themes, which arose from the MyVoice staff engagement survey. Our employees asked to see increased participation and recognition of our innovation. Therefore, we decided to create the 2019 Innovation Awards.

The Awards culminated in a celebratory event, where representatives from all eight mills, came together to meet and celebrate their achievements. The event was a mix of presentations about the range of innovations developed across our five countries, dinner and, of course, the Innovation Awards presentations.

"The atmosphere was amazing," says Jelte, "29 high-level innovative projects were submitted, with 12 receiving prizes, across four categories:

- **Process Improvement:** This Award was won by the Avignon team, which had ingeniously extended their machine to a 2.8m paper width, meaning a greater range of products could be produced
- **Supply Chain Optimisation:** This Award was won by the Ania Proximity Warning System for forklifts

- **Product Development:** SSK won this Award for use of a drone to monitor the stockyard
- **Social Responsibility:** SK Belgrade took the Award for 'Cooperation and Support within their local community'

However, the overall prize was awarded to Avignon. Their prize was a visit to the Swedish Piteå mill. Unlike Avignon, this is a Kraft Paper Mill, so it will provide lots of opportunities to learn, and share innovations.

Jelte adds, "This has become more than just an innovation competition. It has started a torrent of ideas, which come to us on a quarterly basis and are shared by the central team in our newsletter, to inspire all of us with innovative ideas and good practices of our colleagues."

This initiative has also led to:

- an Innovation Co-ordinator in each mill;
- regular local recognition of good ideas, across all eight mills;
- local competitions, all feeding into the RPW Innovation Awards;
- continual flow of innovation projects – not just annually, but quarterly; and
- managers and workers being inspired by other teams.



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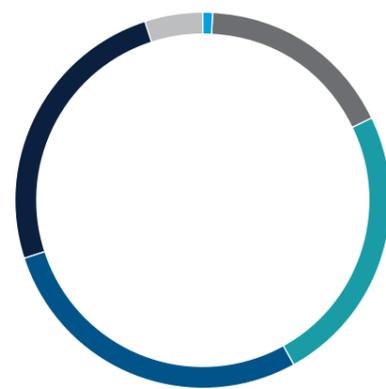
Inclusion, Diversity and Belonging

Our ambition is to create a diverse workplace where everyone has a real sense of belonging and can be their authentic self at work, every day.

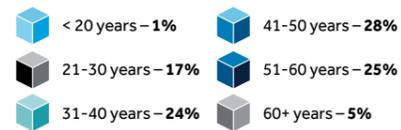
Fostering Diversity, Inclusion and Belonging at Smurfit Kappa is important to us. We value our diverse mix of people, who add value in terms of leadership, culture, perspective and innovative thinking to our organisation. Building on our Global Diversity Programme 'EveryOne', which was launched in 2018, we have continued to advance our commitment to nurturing a diverse culture, where all employees can contribute to our success. Likewise, our enhanced focus is always on abilities not disabilities – if you have the skills to work with us, we will do what is necessary to make that happen.



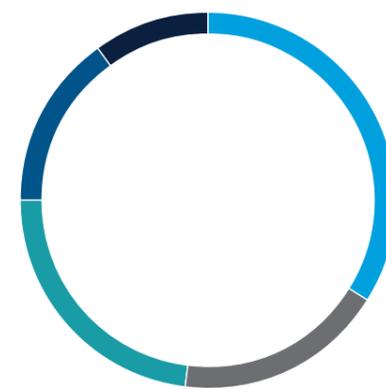
Employee by Age Group



Key:



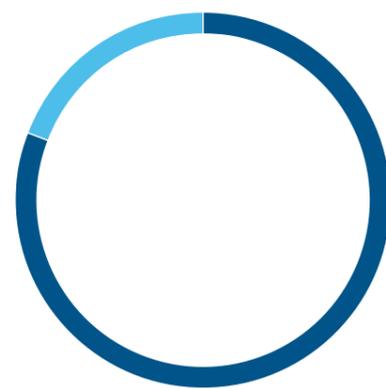
Length of Service



Key:



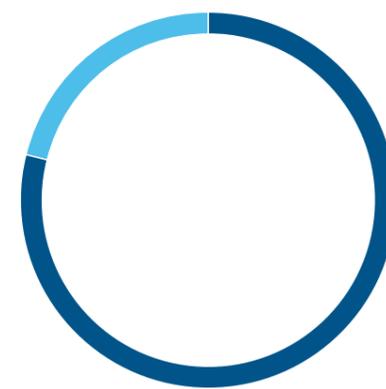
Total Employees by Gender



Key:



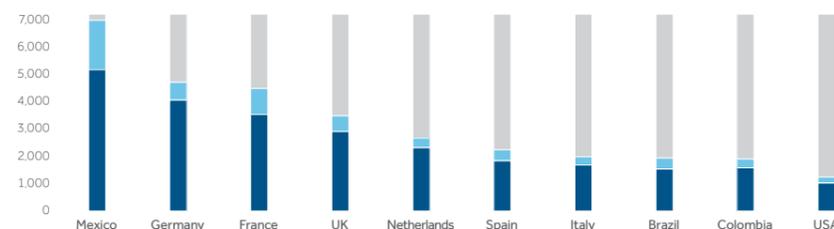
Management by Gender



Key:



Top 10 Countries, Total Employees by Gender



Key:



People Development and Talent Management

Our ambition is to help our people grow their careers and deliver on their potential, so we can realise our ambition for the organisation and drive forward.

People development is another area where our work in establishing the Smurfit Kappa Academy and its related programmes have extended right across 2019. Year-on-year, we have continued to increase our investment in people development.

One of our key areas of focus is leadership. As an organisation, Smurfit Kappa understands the importance of strong leadership, to align, empower and inspire our people. To this end, we have developed our Open Leadership programme, which clearly outlines the leadership behaviours we believe will ensure the success of the organisation.

Open Leadership identifies four key activity areas to deliver strong leadership:

- Leading Self
- Leading People
- Leading the Organisation
- Leading the Market

These four areas contain nine leadership capabilities:

- Empower and develop people
- Take a strategic perspective
- Balance global and local
- Inspire and engage people in change
- Maximise value and innovation for the customer
- Be authentic
- Open and make the most of diversity
- Deliver operational excellence and results
- Know yourself and embrace learning

In addition to the Group training events, there are also extensive training programmes organised regionally, to address the needs of specific sites and individuals. In 2019, just over 480 people attended training provided by the Group, with many more participating in their further development via locally organised events. This mix of training programmes, combined with our ongoing performance dialogue and 360 degree feedback programme for our senior teams should extend our reputation as a great place to work.

The success of the Academy and other training programmes, along with our focus on recruitment of talent directly from third-level institutions is ensuring we have the right mix of talent and experience at every level of the organisation. In 2019, our focus on graduate recruitment provided a graduate pool of 86, across many disciplines including accounting, marketing, engineering and HR, to name but a few.

Rewards and Recognition

Our ambition is to attract, retain and recognise our employees through competitive working practices, and making sure that people are not just appropriately rewarded from a monetary perspective, but also see their achievements recognised and valued in the workplace.

There are many ways in which we communicate to our employees that we respect and value them. For example, we have competitive wage structures aligned with market standards, multiple career advancement opportunities, a commitment to global mobility, easy to understand communication of rewards packages; as well as a policy of openly thanking our colleagues for going above and beyond what is expected. As an organisation, we are also committed to gender pay equality and will continue to proactively monitor the pay of male and female colleagues, in similar roles, to ensure it is comparable. For example, under new legislation, UK employers with more than 250 employees are required to publish key metrics on their gender pay gap. Our UK business has published a report as required by legislation.



Smurfit Kappa Academy – Participants 2019

	Number of Participants
Graduate Programme	86
Advanced Management Development Programme (AMD)	27
Global Manager Programme	31
Open Leadership Programme @ INSEAD Business School	270
English Immersion Programme	67

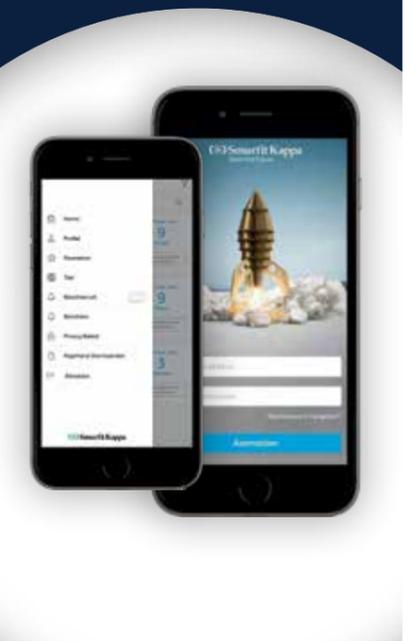
A Globally Mobile Workforce // Global

As a global employer, we have the opportunity to develop all our capability and training initiatives, with the additional benefit of being able to offer a truly mobile career.

In 2019, we began highlighting our open roles across the world using 'MyVacancies', an internal app, which ensures all employees have access to vacant positions across all our sites.

In addition, during the end of 2019, to further our ambitions to offer globally mobile careers, we launched our new Talent Management and Succession Planning process, at our European and Americas HR Talent Management workshops.

This will enable leadership teams to implement a new approach to talent management, which will allow them to clearly understand and define their teams and where the ambition exist to further increase workforce mobility. During next year, we will initially focus this activity on our senior teams in every country, before expanding it out to other roles in the months and years ahead.



People continued

We recognise the success of our people in a variety of different ways. Different people feel rewarded and motivated in different ways. Recognition can be anything from a simple thank you from co-workers, to a success story published on the Smurfit Kappa intranet.

Our key objectives for our Rewards Policy is to:

- create a framework to enable the Group to attract and retain talented employees;
- motivate employees at every level of the organisation to achieve the Group's strategic objectives; and
- provide competitive rewards and benefits that are clearly linked to performance.

The Group ensures that positive employee and trade/labour union relations are maintained to ensure fair and sustainable Collective Labour Agreements. In setting our rewards packages, Smurfit Kappa takes into consideration the employee's performance, external benchmark data for their role in companies of similar size and scope, while also ensuring internal equity within the Group.

We are increasingly looking at total rewards when benchmarking our remuneration levels. The overall rewards package is tailored to help meet both short and long-term financial needs, but also the development and well-being of our employees.

Everyone Can Make a Difference // Global

Advanced Management Development (AMD), part of the Smurfit Kappa Academy is one of the global training and development programmes we offer our employees.

The Academy has been developed to complement many local programmes, held across all our sites, which are tailored to meet local needs.

Each year, the AMD programme delivers five Group-designed projects to help participants learn about teamwork, project management, and leadership, as well as delivering fresh ideas for the Group to implement. Each project group is made up of colleagues from around the world, working in different functions and jobs; all bringing unique, individual and collective perspectives to the projects they work on. In 2019, one project focused on Inclusion and Diversity.

Luis Alvarez from Mexico and Elisa Romanello from Italy worked with their project team, whose other members were from Colombia, Poland and Belgium, to present a plan for how the Group can continue its focus on Inclusion, Diversity & Belonging programme. The idea was to find ways to ensure the Company and all of its employees find ways to benefit from the opportunities Inclusion and Diversity offer.

"We have a very diverse workplace," explains Luis, "So the challenge was to encourage inclusion and belonging within the Group." Elisa continues, "Because gender is such an issue in our industry we tend to focus on it exclusively, and we needed to get beyond this. Working with a team of five SK colleagues from all regions was a great opportunity to listen to and appreciate different perspectives,

and see the value of a really diverse group working together."

The team concluded that diversity is a continuous journey, with every SK employee having a role to play. Elisa explains: "An effective way to educate about Inclusion, Diversity & Belonging is to be open to others' stories and listen to their opinions, no matter what their background, gender, sexuality or abilities."

The project team recommended that everyone questions their own openness to listening to others, to ensure it becomes part of their ways of working. They also proposed a four-stage approach for the management to implement including: awareness-raising, Executive Diversity Committee, reviewing ways of working and improving our diversity data. Their project was well-received by the executive team and will be incorporated into the work the Group will do over the coming year in the area of Inclusion, Diversity and Belonging.

"The AMD programme and our project have been an excellent way of learning about ourselves and how we can become better leaders," concludes Luis.



Fair Pay, Compensation and Benefits

We provide competitive rates of pay to ensure fair compensation benefits across all our locations. We apply the 'same job, same pay' principle, and do not gender-discriminate on salary, benefits or other consideration.

Wherever possible, we engage with unions, works councils and employee representatives to ensure fair and sustainable collective labour wage agreements. Employees are rewarded with their individual and business performance.

Smurfit Kappa provides a range of employee benefits such as parental leave within local legislations and, depending on our countries, pensions and life insurance form an integral part of the remuneration packages.



Human Library – Building Tolerance and Understanding // UK

Understanding and tolerance of different people is at the core of Smurfit Kappa's EveryOne Inclusion and Diversity programme.

In its 2019 Management Conference, Smurfit Kappa UK facilitated a 'Human Library' event. The event was attended by 140 managers across the SK UK operations. In keeping with the conference theme 'Working Together, Delivering Together', the objective of the Human Library event was to bring to life the Inclusion and Diversity agenda in a surprising and engaging way.

Human Library, is an international organisation that first started in Denmark in 2000, which aims to address people's prejudices. This is done by helping participants to talk to different types of people they would not normally meet, such as someone with an alcohol addiction, someone with Autism or ADHD, someone who has depression or bipolar, someone who is homeless, is HIV+ or has been a refugee.

The Human Library works with experts who are called books, who represent different experienced prejudices. Eighteen 'books' from the Human Library were invited to the SK UK Management Conference, and the delegates were given an opportunity to have three readings, or in-depth conversations, with the 'books' to explore topics such as race, being a refugee, having an addiction, sexual orientation, and political views, amongst other topics. Delegates found the sessions hugely thought-provoking, challenging and engaging. "For us, this was an efficient and interesting way to bring inclusion and diversity to the attention of our managers," explains Trudy Rush, HR Director SK UK. "We are very pleased to have been able to use a creative way to introduce a topic that may challenge people and their thoughts."

Number of managers that participated in the Human Library event

140

"For us, this was an efficient and interesting way to bring inclusion and diversity to the attention of our managers"

Trudy Rush
HR Director, SK UK