



# Better Packaging, Better Life— for a Better World

2017-18 Sonoco  
Corporate Responsibility Report



# Guiding Principle:

Be a GREAT company for our stakeholders through an unwavering belief that “People Build Businesses” by doing the right thing

## Values

Integrity ▶ Respect ▶ Service ▶ Teamwork ▶ Accountability

## Promises

### Teammates

We will create caring, safe and fulfilling work environments

### Customers

We will stand by our commitments and our products

### Shareholders

We will protect their investment and provide for them a reasonable return

### Suppliers

We will base our relationships on fairness and performance

### Governments

We will observe all laws and regulations

### Communities

We will be good neighbors

## Principles

**We are** dedicated to building a resilient, adaptive, innovative company, which will serve generations to come

**We will** treat people the way we hope to be treated

**We believe** actions speak louder than words

**We encourage** intellectual curiosity as a catalyst for innovation and growth

**We win** by hard work, teamwork and persistence

**We value** individual perspectives

**We recognize** measured risk taking as part of ensuring our long term viability

**We strive** to continuously improve and grow



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## About this report

Sonoco has used the Global Reporting Initiative (GRI) G4 Guidelines to define the content of our *2017-18 Corporate Responsibility Report*. These guidelines form a voluntary framework of principles and indicators used to measure and report economic, environmental and social performance of the Company. They also provide a standard of comparison among Sonoco and our peers. We have performed a quantitative, stakeholder-driven assessment to identify and prioritize the sustainability issues that impact Sonoco and its stakeholders. This report reflects our assessment and the progress we have made in meeting our stakeholder commitments. We have carefully considered Company data and projects from 2017 and 2018 and how those projects affect our customers, takeholders, employees, suppliers and the communities we serve.

## Corporate responsibility statement of intent

Become the acknowledged packaging industry leader in creating and enhancing a sustainable future that benefits all of Sonoco's stakeholders through improvement of economic performance, social responsibility and environmental stewardship.

## Principles of corporate responsibility and sustainable development

- Customer commitment
- Governance and integrity
- Financial performance
- Strategic leadership
- Environmental responsibility
- Employee health, safety and development
- Stakeholder engagement and communication
- Community support and philanthropy

Founded in 1899, Sonoco is a global provider of a variety of consumer packaging, industrial products, protective packaging and displays and packaging supply chain services. With annualized net sales of more than \$5 billion, the Company has 21,000 employees working in approximately 300 operations in 33 countries, serving many of the world's best-known brands in some 85 nations.



## Consumer Packaging

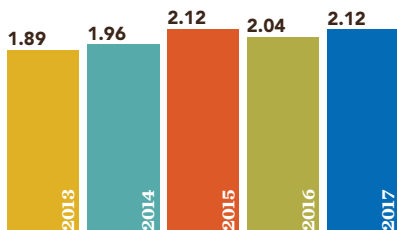
### Products and Services

Rigid paper and rigid plastic containers, fiber and plastic caulk/adhesive tubes; aluminum, steel and peelable membrane easy-open closures for composite and metal cans; thermoformed plastic cups, trays and bowls; injection-molded containers, high-barrier films, lidding films, modified atmosphere packaging, printed flexible packaging, rotogravure cylinder engraving, global brand management

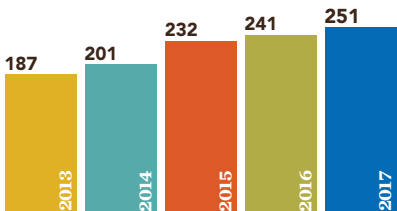
### Markets

Fresh and natural food, snacks and nuts, coffee, hard-baked goods, processed foods, beverages, confection, powdered beverages, pet treats, frozen and refrigerated food, home

**Consumer Packaging Net Sales**  
billions of dollars



**Consumer Packaging Operating Profit**  
millions of dollars



## Display and Packaging

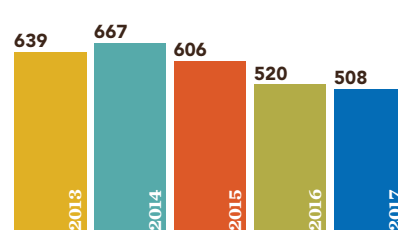
### Products and Services

Point-of-purchase displays, retail packaging, including blister packaging; custom packaging; fulfillment, primary package filling, supply chain management; paperboard specialties

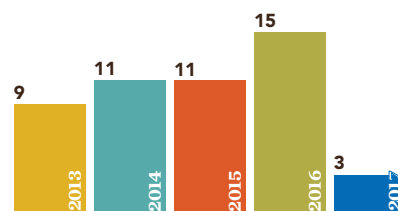
### Markets

Electronics, automotive, snacks and nuts, home and garden, pet treats, medical/pharmaceutical, confection, personal care, food, cosmetics and fragrances, office supplies, toys

**Display and Packaging Net Sales**  
millions of dollars



**Display and Packaging Operating Profit**  
millions of dollars







## Paper and Industrial Converted Products

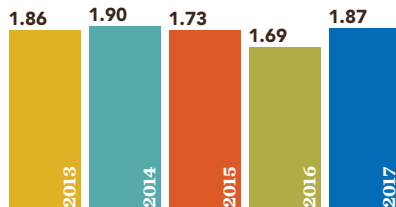
### Products and Services

Recycled paperboard, chipboard, tubeboard, light-weight corestock, boxboard, linerboard, corrugated medium, specialty grades; paperboard tubes and cores, molded plugs, reels; collection, processing and recycling of old corrugated containers, paper, plastics, metal, glass and other recyclable materials

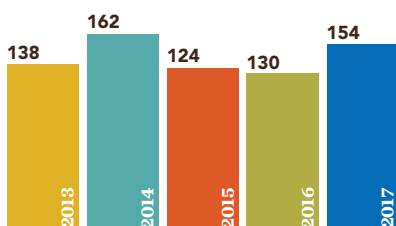
### Markets

Converted paperboard, construction, home goods, recycling, film, paper mills, shipping and storage, tape and label, textiles, wire and cable

**Paper and Industrial Converted Net Sales**  
billions of dollars



**Paper and Industrial Converting Operating Profit**  
millions of dollars



## Protective Solutions

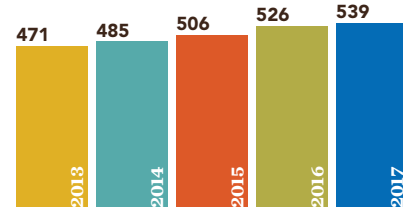
### Products and Services

Custom-engineered, paperboard-based and expanded foam protective packaging and components; temperature-assured packaging solutions

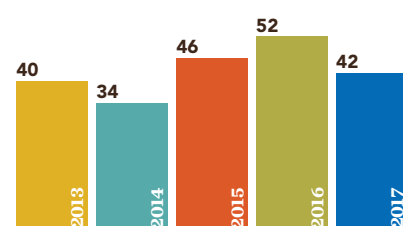
### Markets

Appliances and electronics, automotive, frozen and refrigerated foods, medical/pharmaceutical, home goods, office furnishings, promotional and palletized distribution

**Protective Solutions Net Sales**  
millions of dollars



**Protective Solutions Operating Profit**  
millions of dollars



**MOST BUSINESSES ARE VERY GOOD AT DESCRIBING WHAT THEY DO AND HOW THEY DO IT, BUT RARELY DO THEY DESCRIBE THEIR PURPOSE, OR THEIR “WHY.”**

We’ve identified our purpose at Sonoco as *Better Packaging. Better Life.* We believe this statement captures why we have been successful over the past 119 years and why we will be successful into the future. Creating better packaging helps communicate our customers’ brand promise, while making their food products safer, fresher and longer-lasting for consumers. In addition, our temperature-controlled protective packaging systems are being used to ship life-saving vaccines around the world to combat communicable diseases, and our paper-based industrial engineered carriers are used to wind textiles, films, paper and other basic materials used in nearly every facet of life today. Our Consumer, Industrial and Protective packaging businesses provide opportunities for our employees and returns for our shareholders which allows us to invest into our communities—creating a better life for all.

**Sonoco’s commitment to the global food waste crisis**

While there are many elements that make up Sonoco’s purpose, perhaps the most important element relates to something we see in the news everyday – the global crisis around food waste. Americans throw away billions of pounds of food each year, worth billions of dollars and enough to feed millions of people. In fact, if we were able to recover all of our wasted food, we could provide a 2,000-calorie diet to 84% of the population, according to a report on food waste by Johns Hopkins University.

Food waste affects more than you think. Getting food to our tables eats up 10% of the total U.S. energy budget, uses 50% of the U.S. land and swallows 80% of freshwater consumed in our country. Extending shelf life is a top priority for our customers and retailers. Just for fresh produce, there is \$15.6 billion in annual spoilage at retail, and improving shelf life by one day is worth approximately \$1.8 billion.

Sonoco believes packaging plays an important role in protecting food from damage and spoil-

age, while extending shelf life at retail and home. In fact, the organization Rethink Food Waste through Economics and Data (ReFED) estimates that greater adoption of food packaging technologies to prolong the shelf life of produce and meats has the potential to divert 72,000 tons of food waste from landfills in the U.S. alone, reducing greenhouse gas emissions by 329,000 tons per year.

Sonoco is committed to responsibly supporting the food industry’s need for safe, protective packaging. Our available substrates include recycled, recyclable and renewable materials; for example:

- Our paper mills produce 100% uncoated recycled paperboard with approximately 85% post-consumer fiber.
- Our rigid paper cans are made from renewable/recycled fiber.
- We pioneered the use of post-consumer PET (rPET) in cPET thermoformed food trays.
- We manufacture PET thermoformed containers for fresh produce from recycled plastic bottles, with approximately 1 in 5 PET bottles recycled in California used at Sonoco production facilities.

Overall, Sonoco causes to be recycled the equivalent by weight of approximately 75% of the packaging tonnage that we place in the marketplace. (For more insights read our whitepaper: “*How Packaging Can Help Solve Our Food Waste Problem,*” which is available at [www.sonoco.com/sustainability](http://www.sonoco.com/sustainability).)

**Sonoco FRESH initiative**

Solving the food waste challenge requires the collective intellectual capital and purposeful collaboration of industry experts and thought leaders in food science, agriculture, horticulture, packaging, transportation and material science. In response to this challenge, Sonoco has committed \$2.725 million to Clemson University to create



*Robert C. Tiede  
President and Chief Executive Officer*

a joint initiative called Sonoco FRESH. Our mission is to deliver breakthroughs to help the entire packaging industry and ultimately to have a major impact on reducing food waste, while increasing access to fresh, nutritional foods for millions of people.

Meeting this challenge requires a holistic approach at the entire lifecycle, and working to identify opportunities to reimagine process, science and technologies associated with harvesting, packaging, supply chain and consumer perception. Sonoco is also a joint development partner in the Plant City, Fla.-based robotics company Harvest CROO Robotics, which is focused on improving the supply chain for fresh produce by connecting harvesting technology with new packaging technology. (You can read more about these initiatives on page 7 of this report.)

**Sonoco’s commitment to a more sustainable use of plastic packaging and recycling**

We believe sustainable plastic packaging is a key solution to the global food waste crisis by offering superior food protection and extending shelf-life. We are also committed to more sustainable use and increased recyclability of packaging. Specifically:

- By 2025, Sonoco will increase, by weight, the amount we recycle, or cause to be recycled, from 75% to 85%, relative to the volume of product we put into the global marketplace.
- We are committed to increasing the use of post-consumer recycled resins in our plastic packaging from 19% to 25% by 2025.
- Sonoco will ensure that approximately 75% of its global rigid plastic packaging is capable of making the relevant on-package recyclable claim by 2025.

In addition, Sonoco will not use resin additives that purport to degrade in landfills or waterways by simply breaking up into smaller pieces. Finally, Sonoco will ensure all of its production facilities using plastic pellets have systems to prevent environmental discharge of these pellets.

As one of the largest diversified global packaging producers, we believe we have the potential to

**By 2025, Sonoco will:**

Recycle, or cause to be recycled, the equivalent by weight of **85%** of all products it puts into the global marketplace

Increase the use of post-consumer recycled resins in its plastic packaging/ products from

**19% to 25%**

Ensure that **75%** of its global rigid plastic packaging is capable of making the relevant on-package recyclable claims

**Over the past year, Sonoco caused:**

Total Greenhouse Gas Emissions (GHG) from its global operations to be reduced by approximately **6.2%**

Total Landfill Disposal from its global operations to be reduced by approximately **9.4%**

make a great impact on issues of food waste and packaging sustainability and recyclability. We have done our homework, and are creating new programs and new packaging solutions to take on this challenge.

If you share these values, reach out to learn more about how we can help support a shared vision of sustainability by contacting us at [sonoco.sustainability@sonoco.com](mailto:sonoco.sustainability@sonoco.com).



Rob Tiede

# Fresh thinking leads to opportunities for growth



through strategic cross selling—for instance, apple packaging and applesauce packaging for growers, or veggie snack packs that include dip cups and flexible lidding.

These snack pack opportunities should be particularly valuable, as the fresh snacking trend is growing alongside the produce segment. A recent Sonoco study found that 82% of consumers snack on fresh fruits and vegetables three or more times each week

Our acquisition of Clear Lam adds modified atmosphere packaging capabilities to our portfolio, opening up new markets such as meats and cheeses. Clear Lam also serves the dairy market, and they have a strong product line in produce and food service packaging, especially in the area of portion control. Because Clear Lam blows its own multilayer barrier films, we can now provide an integrated solution for value-adding, high-barrier packaging for products like yogurt and condiments.

**Sonoco's 20/20 Vision is focused on adjusting our business and portfolio** to meet consumers where they're going—which is often the perimeter of the supermarket, with a growing demand for fresh foods. According to IRI, dollar growth on the perimeter is 2.1 times greater than other areas of the store.

In 2017, this involved two acquisitions: Peninsula Packaging, based in California, and Clear Lam, based in the Chicago area.

Our acquisition of Peninsula Packaging establishes us as a market leader in fresh produce packaging. We also see real opportunity for bringing additional technology to fresh produce packaging, especially when it helps extend freshness and shelf life. And we plan to achieve incremental growth with existing customers

In April 2018, we acquired Highland Packaging Solutions, a Plant City, Fla.-based leading manufacturer of thermoformed packaging for fresh fruits, vegetables and eggs found in the fast-growing perimeter of retail supermarkets. The company produces a total packaging solution for customers that includes sophisticated engineered containers, flexographic printed labels and inventory management through distribution warehouses in the Southeast and West Coast of the United States.

2017 was also a year of growth for Sonoco—with new products, capabilities, customers and markets. These changes lay the groundwork for our consumer portfolio to meet the evolving needs of the marketplace and support our ambitious growth strategy.



# Harvest CROO



**In 2017, Sonoco became a joint development partner and investor** in Harvest CROO

Robotics. This partnership solidly aligns with our focus on improving the supply chain for fresh produce by connecting harvesting technology with new packaging technology. Efforts to improve harvesting efficiency, decrease

food waste and extend freshness life are key focus areas.



A key driver is the current and projected labor shortage in agriculture. The use of robotic harvesting technology,

combined with the right packaging, offers a unique solution to help alleviate labor shortages and create more cost effective in-field harvesting. Sonoco is developing packaging that will support this fully automatic, fully autonomous harvester that can pick up to eight acres of strawberries in a single day. The new Harvest CROO technology will also enable growers to avoid picking during the hottest part of the day, when berries bruise the easiest.



**Food waste and access to fresh foods are significant problems facing the world today. Solving challenges of this scale requires the collective intellectual capital and purposeful collaboration of industry experts and thought leaders in food science, agriculture, horticulture and packaging, just to name a few. In response to this challenge, Sonoco and Clemson University have come together to create the Sonoco FRESH Initiative. Sonoco is contributing \$2.725 million over five years to establish this multi-disciplinary hub for innovation and research.**

## From an environmental perspective, food waste has a massive impact.

According to the U.S. Environmental Protection Agency, **20%** of what goes into landfills is wasted food.

As food waste breaks down in landfills, it produces **3.3 billion** metric tons of greenhouse gas emissions.\*

In the U.S. alone, food waste accounts for **80%** of all fresh water use and **19%** of fertilizer use.\*

## Sonoco is committed to more sustainable packaging

At Sonoco, we are committed to providing not only packaging solutions that protect the integrity of products, like berries, but are also dedicated to solutions made from recycled or recyclable materials. This includes Sonoco's PET clamshells, made from recycled plastic bottles that use up to 100% recycled resin. Currently, one in five recycled PET bottles collected in California is processed at a Sonoco facility.



\*Rethink Food Waste Through Economics and Data (ReFed), 2016

# Tree Top apple sauce now available in Sonoco's new see-through ClearGuard® flexible pouch



Apple sauce maker **Tree Top of Yakima, Wash.**, now packages its fruit product in Sonoco's ClearGuard flexible packaging—promoting safety, trust and transparency by allowing parents to view the product before serving it to their children, for whom quality and product integrity are essential. The clear, high-barrier structure protects the apple sauce through filling, distribution, retail and consumer usage, while seamlessly integrating into Tree Top's demanding production process.

"This new pouch mirrors our corporate belief in transparency, honesty and trust," said Tom Hurson, Tree Top president and CEO. "Everyone deserves good food, and we developed the new, clear pouches to return power to people by allowing them to see our quality product before consuming it. We want everyone to have a great experience with our fruit products, and it's nice to bring a little more clarity and goodness to the world of food."

## Paw-shaped trays help Crunch Pak® PAW Patrol promotion stand out on shelf

When snacking giant **Crunch Pak®** began a new partnership with leading kids' entertainment brand **Nickelodeon**, featuring the network's popular preschool series **PAW Patrol**, they needed to get the product on the shelf as soon as possible—while meeting the specifications of major retailers. They required a packaging partner that could be nimble with design, while offering exceptional speed to market.

Crunch Pak turned to Sonoco for rigid plastic trays that would maintain branding while maximizing shelf presence. To meet Crunch Pak's needs, Sonoco delivered a customized tray 20% faster than usual lead times allow, and the snack packs went from concept to shelf in only 4 months.





## SoftPeel™ membrane offers improved cut-finger protection



easier to peel and softer to the fingers than its all-foil counterparts, especially full-panel aluminum closures. It is commercial with a leading CPG company and widely available to new customers.

“We’ve heard from both consumers and brand owners about the risks of cut fingers from traditional membrane closures,” said Jeff Tomaszewski, division vice president and general manager of rigid paper containers, North America.

“Sonoco’s SoftPeel membranes provide safer and easier opening for consumers, while providing the same barrier protection for the packaged product.”

Sonoco has introduced its SoftPeel™ membrane, a new closure option for cans that delivers improved cut-finger protection, printable billboarding space and a more natural look and feel than all-foil options. The multi-layered, paper-surfaced membrane is

## Ebola vaccine

In May 2018, the Democratic Republic of Congo declared an outbreak of Ebola hemorrhagic fever, a rare and deadly disease with a 50% fatality rate. Sonoco ThermoSafe’s temperature controlled systems are being used to ship lifesaving Ebola vaccine doses to the region. The deliveries are being made in preparation of a ring vaccination program in the area as soon as possible.



## Security and tamper evidence

When packaging is compromised, the safety and quality of the product inside are compromised as well. Tamper-evident packaging options such as peelable membranes, pull tabs and tabbed lid systems instantly tell the customer whether the packaging and the product inside has maintained full integrity—and this consumer confidence results in more efficient usage.

## Responsible Sourcing

Sonoco is committed to responsible use of natural resources through its sourcing, recycling and use of recycled fiber in our paper-based packaging. Sonoco’s U.S., Canadian, U.K., Brazilian and one of our Mexican mills are certified to one or more fiber certification programs. These are: the Forest Stewardship Council® (FSC®), Sustainable Forestry Initiative® (SFI®) and the Program for the Endorsement of Forest Certification® (PEFC®) Chain of Custody and Due Diligence System Standards.



Additionally, we have plants in our composite can packaging, industrial tubes and cores, and primary packaging carton operations that are certified to these programs and can produce certified packaging. Overall sales (certified and not) by these mills and fiber certified plants is equal to 10% of Sonoco’s revenue.

All but three of our 19 global paperboard mills use 100% recycled fiber in their production. Some amount of responsibly-sourced virgin fiber is needed for select grades of paperboard. The amount of recycled fiber in our composite cans range from 60 to 80+ percent, depending on the product specifications for the package. On average, the amount of recycled fiber used in our industrial tubes and cores exceeds 95%.

# Energy initiatives in European operations

**Sonoco's Lübeck, Hockenheim and Zwenkau locations in Germany are all certified to ISO 50001 energy management standards. Similarly, in the UK, our Bradford and Chesterfield sites**



**are ESOS certified. Recent energy saving projects in Europe have included:**

- Changing from incandescent to LED lighting in both the UK and Germany
- Upgrading the filtration system on the air compressor system in Poland
- Improvements to filtration, pipework and air compressor systems in France
- Reduction of compressed air intake temperature in Poland
- Increasing heating efficiency in Lübeck, Germany
- Installing measuring points on each production line to better understand high-energy-usage equipment in Zwenkau, Germany

*Sonoco's Zwenkau operation uses solar energy and is certified to ISO 50001 energy management standards.*

## Key Environmental Metrics

Key Metrics Normalized By Revenue	Unit	Year Over Year	2017	2016
Total Energy Usage	MMBtu	2.01%	18,085,282	17,728,463
<b>Energy Usage (normalized)</b>	<b>MMBtu/\$000 USD</b>	<b>-3.13%</b>	<b>3.59</b>	<b>3.71</b>
Total Greenhouse Gas Emissions	mtons CO2	-6.22%	1,126,482	1,201,210
<b>Total Greenhouse Gas Emissions (normalized)</b>	<b>mton CO2e/\$000USD</b>	<b>-10.95%</b>	<b>0.2237</b>	<b>0.2511</b>
Direct Emissions (Scope 1)	mton CO2	7.37%	583,462	543,399
<b>Direct Emissions (Scope 1) (normalized)</b>	<b>mton CO2/\$000 USD</b>	<b>1.96%</b>	<b>0.1158</b>	<b>0.1136</b>
Indirect Emissions (Scope 2)	mton CO2	-17.45%	543,020	657,811
<b>Indirect Emissions (Scope 2) (normalized)</b>	<b>mton CO2/\$000 USD</b>	<b>-21.61%</b>	<b>0.1078</b>	<b>0.1375</b>
Total Landfill Disposed	mtons	-9.37%	187,485	206,863
<b>Landfill Disposed (normalized)</b>	<b>mton/\$000 USD</b>	<b>-13.93%</b>	<b>0.0372</b>	<b>0.0433</b>
Total Water Usage	m3	3.17%	20,120,082	19,502,412
<b>Water Usage (normalized)</b>	<b>m3/\$000USD</b>	<b>-2.03%</b>	<b>3.9947</b>	<b>4.0775</b>
Shipped Production	mtons	-3.84%	4,647,202	4,832,547
Revenue	\$000 USD	5.31%	5,036,650	4,782,877
Employees	Each	5.00%	21,000	20,000

Historical data referenced in this chart has been retrospectively revised to reflect changes in business structure and improvement in data collection and accuracy, and so may differ from previously published reports. In the past, we have utilized a formula based on production units by weight/tons to establish a normalized metric for comparing key environmental data points. As our business has evolved and become more diverse, we are moving to a revenue-based model to establish our normalized benchmark of measurement across the organization to provide a more accurate comparison.



## Incremental adjustments add up

When it comes to energy reduction across a global company, incremental adjustments at facilities can add up to big changes. Sonoco recently completed seven major energy projects in the areas of lighting and compressed air system upgrades in Protective Solutions, Flexible Packaging and Plastics facilities.

These lighting and compressed air projects totaled **\$1.7 million** in capital spending

with **\$944,000** in annual savings and provided 2,112 CO<sub>2</sub>e MT of GHG reduction. Sonoco also qualified for more than \$220,000 in utility incentives for these projects.

## Building sustainability into our packaging

Sonoco is committed to responsibly supporting the food industry's need for protective packaging. Our available substrates include recycled, recyclable and renewable materials; for example:

- Our paper mills produce **100% recycled paperboard** with **85% or more post-consumer fiber**.
- We pioneered the use of post-consumer PET (rPET) in cPET thermoformed food trays.
- **Sonoco manufactures PET clamshells from plastic bottles, using up to 100% recycled resin; 1 in 5 PET bottles collected in California are processed at Sonoco facilities.**
- Our rigid paper containers are made with renewable/recycled fiber.
- Our plastics packaging operation supports several sustainability initiatives, including light-weighting, design optimization, bio-based plastics that are recycling-friendly, and recycled materials.



## Environmental Policy

Sonoco's Board of Directors, management and employees take seriously our responsibility to protect the environment in which we work and live, and will conduct our business in accordance with all legal requirements and ethical responsibilities, using scientific knowledge, technical innovation and sound environmental management practices.

- We will be sensitive to environmental issues throughout our business systems, including our selection of materials, processes and products.
- We will utilize appropriate monitoring techniques to ensure adherence to accepted standards.
- We will conduct operations in full compliance with applicable environmental laws and regulations. In those areas of the world where such requirements are at a minimum, we will operate in a completely responsible manner.
- We will utilize natural resources efficiently, continuously seeking ways to reduce our requirements. We will strive to maximize the utilization of recovered materials in the products we manufacture and use.
- We will minimize the generation of discharges to the environment, including air emissions, wastewater and solid waste.
- We will support the development of scientific knowledge relating to environmental matters and implement appropriate new technologies to improve our environmental performance.
- We will proactively assist our customers in addressing environmental issues related to their use of our products.
- We will communicate openly with our stakeholders concerning our environmental record.
- We will cooperate with public and governmental organizations to seek responsible solutions to environmental needs and to develop effective and balanced environmental standards.

# Sonoco Recycling upgrades MRF operations to output more usable recycled paper



One of the greatest challenges for recycling facilities is contamination—especially at a time when China, formerly the world’s largest recycling market, has greatly restricted its accepted contamination levels of inbound material. Sonoco Recycling is responding by slowing processing and adding labor in all its MRFs to reduce contamination. In addition, its Raleigh, N.C., recycling facility has made operational upgrades to their equipment and operations in order to further improve and automate the

mixed paper quality process, reclaiming more paper and making it easier to use in our paper mills.

Raleigh installed a new optical scanner that will provide a more effective separation between fiber and non-fiber material and ultimately result in cleaner fiber. Initial bale break data show a reduction of contaminants of at least 33%. Plant leadership expect the results to improve even further when the system is fully optimized.



## The Recycling Partnership

**Sonoco has joined national nonprofit The Recycling Partnership in its commitment to improving the world for people and communities through meaningful recovery of**

**materials and reductions in greenhouse gases, energy and water use. Sonoco joins the ranks of companies and associations from across the supply chain as they band together to support the Partnership in reshaping the recycling industry.**

## Sonoco’s Approach to Climate Change

Sonoco recognizes our responsibility to address the challenges of global climate change. We are committed to measuring and reporting our greenhouse gas (GHG) emissions, energy and water consumption and waste generation in our operations around the world.

We are meeting our responsibility by developing innovative new processes, and by identifying and managing risks and opportunities

to our raw materials inputs, operations, employees, suppliers, customers and products.

We are focused on reducing energy usage at our uncoated recycled paperboard mills by maximizing energy efficiency through targeted investments and initiatives, as well as reducing other air emissions, water usage and landfill wastes, and we encourage our vendors, partners and contractors to do the same.

## Recycling by the numbers

Through a wide array of collection efforts, Sonoco recycles, or causes to be recycled, 3.6 million tons of material, ranging from paper to plastics, to various metals. Whether through the Municipal Recycling Centers (MRF's) we operate, or through partnership collection programs with our customers, retailers and other entities, we are committed as an organization to recycling, reclaiming and reusing as much material as we can in the production of our products.

# 3.6 million tons

## A "Reel" program for recycling

- In 2017, Sonoco recycled more than **12.3 million pounds of wood reels** through the EcoReel® Recycling Program.
- In addition, we utilized **14.5 million pounds of post-consumer HDPE plastics to produce polyfiber reels.**
- Finally, our molded plug operations use **100% of the base wood residue** for our wooden reel operations, and we **recycle more than 10 million pounds of plugs.**



### \*About our Certifications:

Sonoco is committed to responsible use of natural resources through responsible sourcing, recycling and use of recycled fiber in our paper-based packaging. Sonoco's U.S., Canadian, U.K., Brazilian and one of our Mexican mills are certified to one or more fiber certification programs. These are: the Forest Stewardship Council® (FSC®), Sustainable Forestry Initiative® (SFI®) and the Program for the Endorsement of Forest Certification® (PEFC®) Chain of Custody and Due Diligence System Standards. Additionally, we have plants in our composite can packaging, industrial tubes and cores, and primary packaging carton operations that are certified to these programs and can produce certified packaging. Overall sales (certified and not) by these mills and fiber certified plants is equal to 15% of Sonoco's revenue.

All but three of our 19 global paperboard mills use 100% recycled fiber in their production. Some amount of responsibly-sourced virgin fiber is needed for select grades of paperboard. The amount of recycled fiber in our composite cans range from 60 to 80+ %, depending on the product specifications for the package. On average, the amount of recycled fiber used in our industrial tubes and cores exceeds 95%.

## Memberships and Certifications

- American Forest and Paper Association
- AMERIPEN
- Carbon Disclosure Project
- Ecodesk
- EcoVadis
- Environmental Education Association of South Carolina
- EPS Industry Alliance
- Flexible Packaging Association
- Forest Stewardship Council® (FSC®)\*
- Institute of Packaging Professionals (IoPP)
- Institute of Scrap Recycling Industries (ISRI)
- Material Handling Institute (MHI)
- National Association for Information Destruction
- National Council for Air and Stream Improvement
- National Minority Supplier Development Council
- National Sustainability Coalition
- Paper and Packaging Board
- PMMI (The Association for Packaging and Processing Technologies)
- Programme for the Endorsement of Forest Certification (PEFC™)\*
- The Recycling Partnership
- SEDEX
- Solid Waste Association of North America
- South Carolina Chamber of Commerce
- South Carolina Manufacturers Alliance
- Southeastern Recycling Coalition
- Southeastern Recycling Development Council
- Sustainable Forestry Initiative® (SFI)\*
- Sustainable Packaging Coalition



# The Sonoco Foundation donated approximately \$2.5 million to nonprofit organizations around the world in 2017



*Sonoco associates prepare fortified meals for the Rise Against Hunger Program, packing an impressive 14,472 kits for hungry communities around the world.*

Sonoco Cares, a grassroots group that is now a formal part of Sonoco’s Diversity and Unity Council, logged more than 900 hours of community service and raised more than \$4,000 for charity in 2017. Group activities included serving the local soup kitchen, volunteering at the Boys and Girls Club, caring for animals at the Humane Society, and raising money for Carolina Kids, a local charity that sends food home from school with hungry children. The group also hosted a Martin Luther King Jr. Week of Service that encouraged participation far beyond the normal community of volunteers.

In 2017, Sonoco employees



**American Red Cross**

raised \$34,260 for disaster victims via the Red Cross. And when an earthquake struck Mexico City, where many Sonoco employees live and work, employees around the world donated \$11,250 to help their affected colleagues get back on their feet.

## Awards and Accolades

Named one of Fortune magazine’s World’s Most Admired Companies for 2018



Listed on Barron’s 100 Most Sustainable Companies



Awarded Bronze Class status for 2018 by RobecoSAM (Sustainability Asset Management) for sustainability performance

Selected for the Military Times Best for Vets: Employers 2018 rankings



First South Carolina company to be named a Nationally Registered Apprenticeship Program



# The Sonoco Foundation contributed **\$100,000**

to EdVenture Hartsville, a children’s educational museum opening in the summer of 2018. An in-house Sonoco vignette features recycling-focused interactive programs where children can witness the recycling process from start to finish and learn about its importance.



The TEACH Foundation completed its final year of Sonoco’s \$5 million, five-year grant to implement PULSE

(Partners for Unparalleled Local Scholastic Excellence), an education and personal development program in Hartsville, S.C. schools.

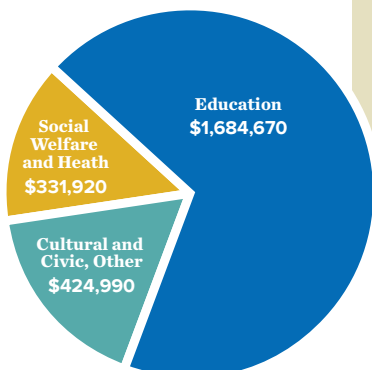
• **Scoutreach, a Boy Scouts of America program** targeted to rural communities, teaches boys how to become leaders through character building, development of values and social responsibility. Almost 450 youth from K4-5th grade have participated in the program since its 2012 inception.

• **For the 4th consecutive year, TEACH** partnered with the Darlington County School District (DCSD) to provide literacy-based curriculum over the summer for children in grades 4K-3rd to improve reading proficiency. 115 students completed the camp in 2017.

• **To provide summer reading access** and help mitigate the effects of summer reading loss, TEACH and the DCSD partnered to provide a summer bookmobile that offered literacy-based opportunities to the children of Hartsville. Ten parking sites surrounding PULSE schools were created, and the bookmobile traveled to five sites twice a week for nine weeks. More than 1,700 books were distributed, and more than 600 children were impacted.

• **1,251 high school students** have participated in the Accelerated Learning Opportunities program since its inception in 2012. 75% of ALO instructors hold terminal degrees.

**Sonoco Foundation  
2017 Cash Contributions  
\$2,441,580**



## Major Gifts

Organization	2017 Gift (\$)
American Heart Association	\$15,000
American Red Cross	\$60,000
Black Creek Arts Council	\$15,000
Boy Scouts of America	\$5,000
Christmas In April	\$20,000
Clemson University	\$14,000
Coker College	\$706,000
Community Development Grants	\$324,000
Community Foundation for a Better Hartsville	\$25,000
Darlington County Schools	\$5,000
Edventure Children’s Museum	\$50,000
Girl Scouts	\$5,000
Habitat for Humanity	\$8,000
Harvest Hope Food Bank	\$10,000
North Eastern Strategic Alliance	\$10,000
Sonoco Scholarships	\$75,770
South Carolina Governor’s School for Science and Mathematics Foundation	\$85,400
South Carolina Independent Colleges and Universities, Inc.	\$25,000
TEACH Foundation	\$700,000
Trent Hill Center for Children and Families	\$49,170
UNCF	\$15,000
United Way	\$110,000
YMCA	\$65,000

# Sonoco Human Rights Policy Statement

## Ethical business conduct

This Human Rights Policy Statement reflects the Company's broader commitment to ethical business practices, which is embodied in Sonoco's *Setting the Standard – Policies on Business Conduct*. These guidelines serve as the cornerstone of the Company's business ethics and compliance program and require Sonoco's Board of Directors, officers and employees to conduct business fairly, honestly and in compliance with all applicable laws, rules and regulations, including those protecting Human Rights. The Company has appropriate mechanisms in place to internally monitor compliance with these guidelines and facilitate reporting of possible violations.

## Protection of the rights of workers

Sonoco is an Equal Opportunity Employer committed to providing its employees with a safe, non-discriminatory work environment that promotes open and honest communication and embraces dignity, respect and diversity in all aspects of its business operations. Sonoco further supports the elimination of all forms of forced, bonded or compulsory labor and the freedom of association. We believe that people should work because they want or need to, not because

they are forced to do so. We prohibit the use of prison labor, forcibly indentured labor, bonded labor, slavery or servitude.

## Protection of the rights of children and young workers

Sonoco condemns all forms of exploitation of children. The Company does not recruit child labor and supports the elimination of exploitative child labor. Sonoco also supports laws duly enacted to prevent and punish the crime of sexual exploitation of children and will cooperate with law enforcement authorities in these matters. We do encourage the creation of educational, training or apprenticeship programs tied to formal education for young people.

## Equality of opportunity

We recognize, respect and embrace the cultural differences found in the worldwide marketplace. Our workplace is a meritocracy where our goal is to attract, develop, promote and retain the best people from all cultures and segments of the population, based on ability. We have zero tolerance for discrimination or harassment of any kind. As a U.S. Federal contractor, Sonoco completes Affirmative Action Plans for its U.S. operations and has diversity hiring goals that are

reported to its Board of Directors. We also carefully monitor diversity hiring globally and strive to create a diverse workforce that represents the communities where we operate.

## Compensation

We ensure that compensation meets or exceeds the legal minimums and is competitive with industry standards. Our compensation philosophy is clearly communicated to employees and is in full compliance with all applicable laws.

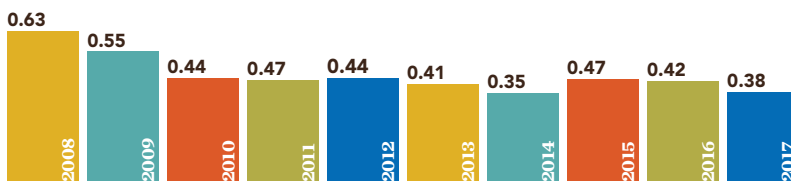
## Relationships with indigenous people

Within the framework of our values, we respect the cultures, customs and values of the people in communities where we operate and take into account their needs, concerns and aspirations.

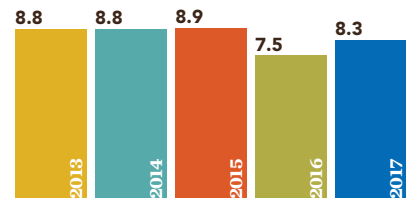
## Implementation

This Human Rights Policy Statement is implemented through the Company's business ethics and compliance program, on which all employees are trained, and will remain posted on Sonoco's website at [www.sonoco.com](http://www.sonoco.com). Sonoco's Global Human Rights statement was implemented and is regularly reviewed by the Employee and Public Responsibility Committee of the Board of Directors, while managed by the Vice President, Human Resources.

**Safety Performance**  
recordable injury rate



**Supplier Diversity Spending**  
percent of total company spend



Sonoco’s Diversity and Unity Council seeks to create a diverse workforce within an inclusive environment by sponsoring and guiding activities of several affinity teams and fostering diversity and inclusion education, awareness and communication throughout Sonoco, including through the Workforce Environment Team, Workforce Representation Team, Military Professionals Group, Sonoco Young Professionals, Sonoco Cares and LGBT+.

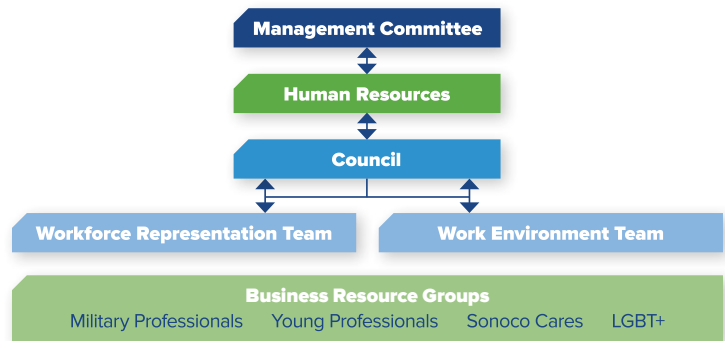
Through quarterly cultural awareness events, the Workforce Environment Team’s goal is to understand, respect and value differences, as well as similarities, and to create a more engaging and productive workplace.

The Workforce Representation Team works on initiatives to create a diverse workforce defined in terms of various demographics, thoughts and perspectives.

The Military Professionals Group continues to grow and support Veterans and educate non-Veterans on issues facing this community. For the past two years, Sonoco has been named a “Best for Vets” company by Military Times, joining well-known organizations such as Kellogg’s, The Boeing Company and Walmart. Best for Vets rankings evaluate company culture, veteran recruiting, veteran policies and accommodations for members of the National Guard and reserves.

The Sonoco Young Professionals serve as an “innovation station” for Sonoco’s youngest associates to collaborate, innovate and ideate.

### Sonoco Diversity and Unity Council



The Diversity and Unity Council recently added a new business resource group—The LGBT+ Group—with the goal of supporting LGBT+ employees (lesbian, gay, bisexual, transgender and related identities) and their allies.

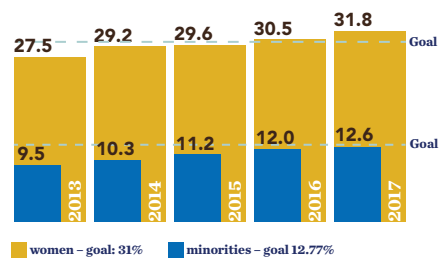
Sonoco will continue to consciously provide support to programs that attract diverse associates—because bringing new perspectives into our community brings new ideas to the table.

## SonocoWORKS

Real Experience. Real Opportunity.

The SonocoWORKS Maintenance Professional Apprenticeship Program continues to grow across the U.S. The program trains internal or external maintenance candidates, both academically and on the job, depending on the needs of specific locations, continuing our tradition of a reliability centered organization filled with highly talented and committed multi-craft professionals. The company has also created a Youth Apprenticeship Program to hire high school juniors and seniors to shadow and work alongside skilled maintenance professionals.

Sonoco U.S. Workforce Diversity percent





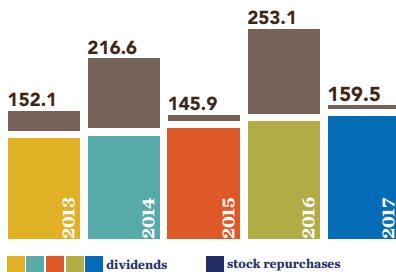
2017 marked a year of purpose for Sonoco as we began to further evolve our culture and our portfolio around the touchstone of *Better Packaging. Better Life.* and also

marked the kickoff of our 20/20 Vision initiative focused on reaching \$6 billion in sales and 16% EBITA margins by 2020.

## Our 2017 financial performance highlights include:

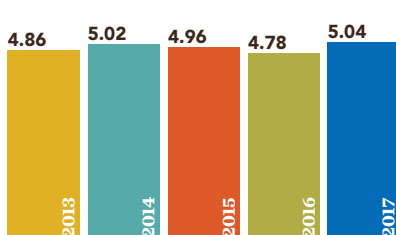
In 2017, we returned \$159.5 million in cash to shareholders, primarily through higher dividends. Over the past five years, we have returned approximately \$927 million to shareholders in the form

**Dividends and Stock Repurchases**  
millions of dollars



of dividends and share repurchases. During 2017, Sonoco provided a 3.9% total return to shareholders. Our five-year total return has been 109.1%, which compares to a 101% return by the S&P 400 Mid-Cap Index.

**Net Sales**  
billions of dollars



2017 net sales were \$5.04 billion, up \$253.8 million compared with \$4.78 billion in 2016. Sales grew 5.3% for the year due to higher selling prices implemented to recover rising

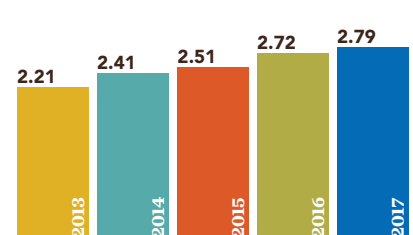
material costs; acquisitions, net of divestitures; and the positive impact of foreign exchange.

GAAP net income attributable to Sonoco for 2017 was \$175.3 million or \$1.74 per diluted share,

compared with \$286.4 million or \$2.81 per diluted share in 2016. Earnings in 2017 included after-tax charges totaling \$106.4 million, or \$1.05 per diluted share, related to pension settlement distributions, tax charges related to the implementation of the 2017 U.S. Tax Cuts and Jobs Act, and restructuring charges and acquisition costs. These charges were partially offset by insurance settlement gains.

Base earnings in 2017 were \$281.8 million, or \$2.79 per diluted share, compared with \$277.2 million, or \$2.72 per diluted share, in 2016, a 1.6 percent and 2.6 percent increase, respectively. 2017 gross profit was

**Base Earnings per Diluted Share**  
dollars



a record \$949.4 million, compared with \$937.4 million in 2016. Gross profit as a percentage of sales in 2017 was 18.8 percent,

compared with 19.6 percent in 2016. Base earnings before interest and taxes for 2017 increased 3.0% to \$450.0 million, driven by positive price/cost relationships and total productivity.



# Our 2017 key accomplishments include:



### Optimizing the Portfolio

*Better Packaging. Better Life.*

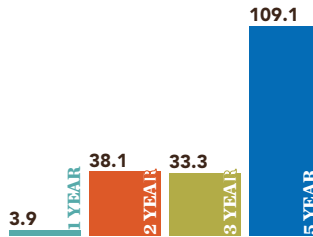
We're bringing this to life as we continue to expand our portfolio to include packaging for more fresh and

natural products found on the fast growing perimeter of the store. Our acquisitions of Clear Lam and Peninsula Packaging during 2017 have provided us with additional capabilities in this area with packaging options for items such as fresh fruits, vegetables, meats, cheeses, dairy and prepared salads.

### 109.1%

During 2017, Sonoco provided a 3.9% total return to shareholders\*, which lagged many of our peers and major indices. Our five-year total return to shareholders of 109.1% compares favorably to a 108% return by the S&P 500, and 101% and 92.6% returns by the S&P 400 Mid-Cap Index and S&P 400 Materials Index, respectively. Sonoco is a component of both of these indexes.

**Total Shareholder Return**  
percent



\* Cumulative stock price appreciation, plus dividends, with dividends reinvested.

## Governance, Integrity and Compliance

### Leading Responsibly

Sonoco follows a philosophy that greater transparency, sensible risk taking and strong governance policies are necessary to protect shareholder value. Key elements include:

### Independence

Nine of the Company's 12 Board members are considered independent under criteria established by the NYSE.

### Engagement

The Board of Directors regularly seeks input from shareholders, including providing annual advisory votes on "Say on Pay" on Executive Compensation. At the April 2018 Annual Meeting of Shareholders, 97% of stockholders who cast a vote for or against the proposal voted in favor of the Company's "Say on Pay" proposal on executive compensation.

Our By-laws provide eligible shareholders with "proxy access" rights to nominate director

candidates. A shareholder, or a group of up to 20 shareholders, owning at least 3% of the Company's outstanding common stock continuously for at least three years may submit eligible director nominees for up to the greater of two directors or 20% of the number of directors in office.

Eligible Board members were elected at an average majority of 98.2% in 2018.

### Compliance

Sonoco requires the Board of Directors, management, employees, contractors and vendors to understand and comply with our business conduct standards. Sonoco's code of conduct can be found online at [www.sonoco.com/corporategovernance](http://www.sonoco.com/corporategovernance).

as of July 1, 2018:

**ISS Quality Score: 2**

**Materiality process**

Sonoco periodically conducts materiality assessments of economic, environmental and social issues. At the end of 2016, we conducted a quantitative, stakeholder-driven assessment to identify and prioritize the sustainability issues material to our company and our stakeholders. The 48 issues analyzed were aligned with the Global Reporting Initiative (GRI) G4 Reporting Principles and Standard Disclosures. Sonoco expects to conduct a new stakeholder assessment by year-end 2018.

**Stakeholders**

- Customers
- Suppliers
- Industry peers
- Shareholders
- Non-governmental organizations
- Community leaders
- Regulators/government
- Sonoco employees

Peers, customers, suppliers, investors and shareholders, non-governmental organizations and regulators were assessed based on publicly available data including websites, annual reports, 10-K filings, corporate social responsibility reports, materiality matrices, news releases and mission statements. Sonoco leadership, employees and community leaders assessed the impact of each of the 48 GRI aspects based on the impact to Sonoco using an online survey.

Each issue identified was rated on a four-point scale based on the perceived significance of the issue to the stakeholder. Issues not mentioned by stakeholders in available sources were deemed less important to the stakeholder. Issues which were either mentioned in multiple public sources or published by the stakeholder as organizational goals or performance indicators, or listed as an issue of high importance in a materiality matrix, were scored higher. In the online survey, issues were also measured on a four-point scale of importance. After rating the significance of each issue by stakeholder, we classified the issues into a common terminology using the 48 aspects included in the economic, environmental and social categories of the GRI G4 Reporting Principles and Standard Disclosures. We then aggregated the ratings across the external stakeholder groups to calculate the average rating of each issue by group.

To help drive our focus to the most important issues, we weighted each stakeholder group based on the group’s influence and dependence on Sonoco. Highly influential stakeholder groups are most able to impact Sonoco’s achievement of strategic objectives. Highly dependent stakeholder groups are more positively or negatively impacted by Sonoco’s operations. Each stakeholder group was assigned a relative influence and dependency score based on a three-point scale, giving their aggregated aspect ratings greater or less importance.



# Corporate Sustainability Council

The Sonoco Corporate Sustainability Council provides oversight, guidance and direction on social, community and environmental issues that have potential impact on the reputation and long-term economic viability of the Company and our stakeholders. Through our actions, we contribute to the economic and social well-being of our stakeholders.

The Sustainability Council meets quarterly and reports to, and is sponsored by, Sonoco's president and CEO. The Council reports on Sonoco's sustainability activities, biannually, to the Board of Directors.

## Sustainability Council members

- **ROB TIEDE**, President and Chief Executive Officer (Sponsor)
- **ROGER SCHRUM**, Corporate Vice President, Investor Relations and Corporate Affairs (Chair)
- **VICKI ARTHUR**, Senior Vice President, Plastic Packaging and Protective Solutions
- **ROSS BUSHNELL**, Division Vice President and General Manager, Global Flexibles
- **JEFFREY DIPASQUALE**, Division Vice President and General Manager, Global Plastics
- **RODGER FULLER**, Senior Vice President, Paper/ Engineered Carriers – U.S./Canada and Display and Packaging
- **EDWARD HARRINGTON**, Director, Environmental Services
- **ERNEST HAYNES**, Division Vice President and General Manager, Rigid Paper and Closures NA
- **ELIZABETH KREMER**, Assistant Secretary and Stakeholder Engagement Coordinator
- **ALLAN MCLELAND**, Corporate Vice President, Human Resources
- **MIKE POPE**, Division Vice President and General Manager, Sonoco Recycling
- **LAURA ROWELL**, Manager, Global Sustainability
- **BARRY SAUNDERS**, Senior Vice President and Chief Financial Officer
- **JEFFREY SCHUETZ**, Staff Vice President, Global Technology, Consumer
- **MARCY THOMPSON**, Vice President, Marketing and Innovation
- **GARRIN TRAILL**, Director, Internal Audit

## Sustainability Council objectives

- Identify and define those issues that are relevant to Sonoco's long-term sustainability and corporate citizenship
- Establish meaningful long-term and short-term sustainability objectives related to key areas of focus and provide Sonoco's Executive Committee with recommendations and guidance on how to meet those objectives
- Recommend and establish new Company guidelines, policies and processes to support areas of focus
- Create and communicate a business case for corporate sustainability
- Provide recommendations for the Company's philanthropic efforts in support of overall corporate sustainability objectives

## Employee and Public Responsibility Committee of the Board of Directors

The Employee and Public Responsibility Committee of the Board of Directors provides oversight and guidance on social and public policy issues, including compliance with governmental or other regulatory requirements, which may impact business performance and the investment potential of Sonoco.

## Employee and Public Responsibility Committee members

- Dr. Pamela L. Davies (Chair)
- Harry A. Cockrell
- Philippe Guillemot
- John R. Haley
- Sundaram Nagarajan

## For more information on the Employee and Public Responsibility Committee, visit

[www.sonoco.com/corporategovernance](http://www.sonoco.com/corporategovernance)



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