



2016-17 Corporate  
Responsibility Report

Better  
Packaging.  
*Better*  
Life.™







### About this report

Sonoco has used the Global Reporting Initiative (GRI) G4 Guidelines to define the content of our *2016-17 Corporate Responsibility Report*. These guidelines form a voluntary framework of principles and indicators used to measure and report economic, environmental and social performance. They also provide a standard of comparison among Sonoco and our peers. In 2016, we conducted a new materiality assessment of economic, environmental and social issues. We performed a quantitative, stakeholder-driven assessment to identify and prioritize the sustainability issues material to Sonoco and its stakeholders. This report reflects our materiality assessment and the progress we have made in meeting our stakeholder commitments. We have carefully considered Company data and projects from 2016 and 2017 and how those projects relate to our customers, shareholders, employees, suppliers and the communities in which we operate.

### 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

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# To Sonoco Stakeholders

## TO SONOCO STAKEHOLDERS



M. Jack Sanders  
President and Chief Executive Officer

**SONOCO'S PURPOSE, OR OUR WHY, IS BETTER PACKAGING. BETTER LIFE.** The creation of better packaging provides value to our customers and helps differentiate us from our competition. Through our products, we contribute to a better life for consumers, whether by protecting valuable life-saving vaccines, improving the safety or fuel economy of vehicles, or by making food products safer, fresher, longer-lasting or just easier to access, open and store.

At Sonoco, we believe People Build Businesses by Doing the Right Thing. This principle guides all our actions—maintaining our commitment to our customers, treating our employees with respect, delivering shareholder value, making a positive impact in the communities where we live and work, and taking steps to lessen our impact on the environment.

These commitments aren't new—in fact, they are foundational to our 118-year-old Company. We further define our guiding principle in three areas: Values, Promises and Principles. They define our behaviors, and we will not make decisions that take us outside this definition.

Sustainability is also foundational to our Company, and is a focus for what we do from start to finish.

Over the past year, we continued to progress toward our 2020 sustainability goals, and we continue to examine every part of the packaging lifecycle to assess how we can make a positive impact and help our customers meet their sustainability goals.

### Packaging Design

From the start of the packaging design process, our engineers and designers are focusing on designing the right package to meet the goals of our customer. We minimize the materials used, while maximizing factors like barrier protection (to prevent waste through spoilage) and physical protection (to prevent waste through damage). Additional factors like tamper evidence features further prevent product waste heading to the landfill.

### Production

We leverage our global network of more than 300 manufacturing facilities to produce packaging as close as possible to the customer—often onsite. We're upgrading our lighting systems and air compressors to be more energy efficient, which has already resulted in annual savings of more than 6,000 metric tons of CO<sub>2</sub> equivalent. When possible, we incorporate raw materials like recycled PET and uncoated recycled paperboard into packaging. And we source materials and services through our sustainable supplier network.

### Delivery and Display

Minimizing the package's materials does more than just reduce the raw materials involved—it also lightweights the package for transportation, thereby reducing the carbon footprint involved in getting the product to the retail shelf. Meanwhile, we also develop retail displays for our customers that take the product from the pallet to the shelf in one easy step—minimizing secondary packaging waste.

### Customer Use

Our responsibility doesn't end at checkout. Products end up in the home, where they're used—or not used. According to the *New York Times*, 60 million metric tons of food are wasted

each year in the U.S. alone. Sonoco's barrier protection offers extended shelf life, reducing food waste from spoilage, and our recloseability and portion control features help customers consume food and other products before they go bad.

### Recycling and Reuse

Sonoco manages recycling for more than 125 municipalities through our recycling business, which operates four materials recovery facilities (MRFs). Sonoco Recycling annually collects nearly 3 million tons of old corrugated containers, various grades of paper, metals and plastics. And we operate recycling programs and identify waste reduction opportunities for some of the largest consumer product companies in the U.S.

We make more than just packages, and all areas of our business are also working to improve energy efficiency and reduce waste to landfill. And, of course, we continue our commitment to our communities through employee volunteerism and targeted philanthropic giving focused on improving the communities where we live and work.

Our holistic look at sustainability looks at more than just recycling and reuse—taking important steps to minimize the amount of materials involved and the environmental impact across the entire product lifecycle. Our increasing emphasis on the Sustainable Materials Management philosophy helps us examine how we can make a difference throughout the supply chain, for all our customers.

Our approach to *Better Packaging. Better Life.* isn't the work of a few visionaries—it's the commitment of all our 20,000 associates, who execute our strategy while integrating sustainability into everything we do.

If you'd like to extend a dialogue with us about sustainability, contact us at [sustainability@sonoco.com](mailto:sustainability@sonoco.com).

Best,



Jack Sanders

## Our Commitments and Progress

### Reducing our impact on the environment

- ▶ We reduced normalized greenhouse gas emissions (CO<sub>2</sub>e) by almost 4% in 2016 and 21% since 2009.
- ▶ We reduced normalized water usage by 4.7% in 2016 and by 42% since 2009.
- ▶ 10% of Sonoco's global manufacturing operations have achieved 95%+ diversion of wastes to landfill.

### Business strength and shareholder performance

- ▶ We returned \$253 million to shareholders in the form of dividends and share repurchases in 2016, and \$892 million in the past five years. We have provided quarterly dividends since 1925 and have increased dividends for 34 consecutive years, while providing shareholders a current 3% yield on investment.
- ▶ Gross profit increased to a record \$937.4 million in 2016, up approximately 1%. Gross profit as a percentage of sales was 19.6%, up 90 basis points from 2015.
- ▶ We provided shareholders with a total return (including reinvested dividends) of 32.9% in 2016, compared with a 12% return by the S&P 500 and a 19% return by the Dow Jones Total Container and Packaging Index. Over the past five years, Sonoco has produced an 88.6% total return to shareholders.

### People build businesses

- ▶ We had 21 fewer employees injured globally in 2016.
- ▶ Our employees rated Sonoco with a 78% positive engagement score.
- ▶ We retained 95.2% of exceptional and promotable talent.

# GROW AND OPTIMIZE

**Mission:** Become the acknowledged leader in high-quality, innovative value-creating packaging solutions that “Satisfy the Customer”

## Guiding Principle

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

## Differentiating Capabilities

- Ideation and innovation
- Insights and market alignment
- Quality and service excellence
- Manufacturing excellence
- Supply chain excellence

## Business Priorities

- Maximize sustainable cash flow from operations
- Grow our consumer packaging and protective solutions businesses and our industrial businesses in emerging markets
- Optimize the portfolio

## Financial Priorities

- Target average annual double-digit total return to shareholders
- Sales of \$6 to \$8 billion – Organic volume growth above packaging industry average
- Operating margin of 9% to 10%
- Return on invested capital in top quartile of packaging industry – RONA = 11% to 12%
- Maintain investment grade credit rating

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## Key Focus Areas

### Safety

Create a zero-injury environment

### Customer Satisfaction

- Value-creating solutions
- On time and to specification
- Voice of Customer

### Grow and Optimize

- Insights
- Innovation
- Share/Profit optimization

### Operational Excellence

- Productivity
- Reduce unit cost to produce (Sonoco Performance System)
- Optimal supply chain

### Maximize Cash Flow and Deployment

- Working capital management
- Optimize capital investment
- Grow dividends
- Acquisitions
- Share repurchase

### People

- Talented
- Engaged
- Aligned

**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



# Financial Performance and Strategic Leadership

During 2016, we continued our commitment to re-envision Sonoco through our Grow and Optimize strategy, which is focused on optimizing our portfolio of businesses to meaningfully shift our mix to a more consumer and protective packaging orientation in order to deliver improved growth, more consistent earnings and better returns.

As a result, we met many of our targeted 2016 goals despite flat to negative growth from many of our largest consumer product customers and generally muted GDP growth around the world. Overall, we achieved record GAAP and base earnings, as gross profit margin expanded 90 basis points to the highest level in 15 years.

## Our 2016 financial performance highlights include:

# \$2.72

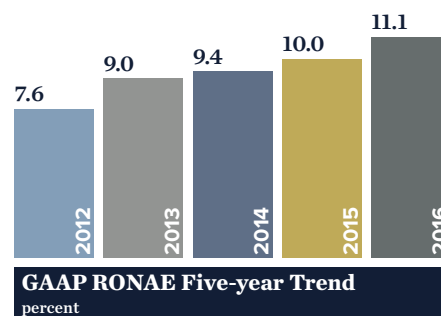
GAAP earnings for 2016 were a record \$2.81 per diluted share, up 15.2% from 2015, including the benefit of the sale of our blow molding operations, net of restructuring, impairment, transaction costs and others charges. Base earnings (as defined on page 18 in the 10K) were a record \$2.72 per diluted share, up 8.4% from 2015. Each of our four business segments reported year-over-year improvement in operating profit, with our targeted growth businesses—Consumer Packaging and Protective Solutions—reporting record results.

# \$25.3 million

Cash returned to shareholders through sector leading dividends and \$107 million in share repurchases. Over the past decade, Sonoco has returned approximately \$1.59 billion to shareholders. In 2016, we raised the common stock dividend paid to shareholders by 6.6% to \$1.46 per share, on an annualized basis. We have paid quarterly dividends since 1925 and increased dividends for 34 consecutive years

# 11.1

Annual RONAE (return on net assets employed) improved from a 10% annual return in 2015. The increase in RONAE is primarily attributable to the improvement in operating profit in 2016.



## Our 2016 key accomplishments include:

### Optimize the portfolio

We further optimized our portfolio by divesting our blow molding operations for approximately \$280 million, before taxes and fees. Two other small divestitures, including a paper mill in France and a retail security operation in Puerto Rico, further strengthened our operating and financial position. In addition, we spent approximately \$89 million to acquire a Southeast regional flexible packaging company, a U.K.-based passive temperature assured packaging company and a small active temperature controlled cargo container business.

### Strong financial position

Our capital structure is one of the strongest in the packaging sector with a total debt-to-total capital ratio of 40.4%, a reduction from 42.4% in 2015. With a solid investment grade debt rating of BBB+ from Standard & Poor's, we are well positioned to grow our businesses through targeted investments and strategic acquisitions, while continuing to return cash to shareholders.

### 32.9%

Our one-year total return to shareholders\*. This performance compares with 12% improvement by the S&P 500 and 19% gain by the Dow Jones U.S. Total Market Containers and Packaging Index. Over the past five years, Sonoco has produced an 88.6% total return to shareholders.



\*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

Ten of the Company's 13 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 2017 Annual Meeting of Shareholders, 98% 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 97% in 2017.

In 2017, the Board of Directors differentiated itself from several of its peers by recommending a proposal to amend the Articles of Incorporation to declassify the Board of Directors and require that all directors be elected annually. Shareholders voted to approve this proposal at the Annual Meeting of Shareholders in April 2017.

### Compliance

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

# Commitment to Customers

## COMMITMENT TO CUSTOMERS

We recognize the diversity of our customers—who range from construction contractors to pharmaceutical companies, from nimble start-up brands to established CPGs, from Atlanta to Zurich. With each customer comes a unique set of needs, goals and challenges—and we work with each one to find a unique solution.

When collaborating with our customers, we leverage our deep knowledge of material science, our i6 Innovation Process™ and our industry-leading packaging and services portfolio to create impactful customized solutions that build stronger brands.

**During the 2016 holiday season, Hickory Farms incorporated Sonoco's EcoTect® 100% recycled paperboard in several of the company's gift boxes in the U.S. and Canada. It provided a stronger paperboard that allowed Hickory Farms to reduce the caliper of their laminated base sheet, providing significant cost savings while maintaining their visual brand consistency and overall box strength. EcoTect paperboard also provided the company with a sustainable solution: it is made from 100% recycled fibers and is recyclable.**



Thanks to the efforts of Sonoco and partner **FIRST STAR RECYCLING** in Nebraska, residents of Omaha and Lincoln can now recycle composite cans in their curbside recycling, joining 25 communities nationwide that recycle composite cans. Composite cans, made primarily of paperboard and metal ends, package common household products like Pringles® chips, Planters® peanuts, Swiss Miss® hot chocolate and many brands of powdered infant formula. The change impacts more than 200,000 households in the Omaha metro area whose recycling is processed at First Star.



Local companies also benefit from these changes. "Recycling is an important part of Conagra Brands' commitment to reducing waste, and we strive to recycle materials within our facilities and use packaging materials that can be recycled after consumers enjoy our food," said Gail Tavill, vice president, sustainable development, Conagra Brands. "It's great to add another product to the list of items that can be recycled, and with so many of our employees based in Omaha, we hope they will take part in this great program to recycle composite cans."

Dole GO Berries!™, which uses Sonoco packaging, was awarded Best New Packaging as part of the Produce Innovation Awards program at United Fresh 2017, an expo dedicated to

innovation in produce and fresh foods. The berries are packaged in 3-packs of fun, snack-sized containers that

offer snap, rinse and go convenience. Increased airflow around the berries aids cooling and improves freshness. The plastic packaging is made with 70% recycled PET without adhesive labels, improving recyclability, and the paper sleeve is SFI™-certified.



## According to the NRDC, 40% of food in the U.S. is never eaten.

Beyond food spoilage, other environmental costs of food waste include the fertilizer, land and water required to grow unused food; the fuel consumed to process, refrigerate and transport it; and the greenhouse gas generated by landfills where it is ultimately discarded. According to the EPA, discarded food represents 21% of waste to landfill in the U.S.

Much of this discarded food is never even sold—largely because it is damaged or expired. Packaging plays an important role in preventing spoilage at retail and at home in several ways: physical protection to prevent damage; barrier protection to delay spoilage; security features to prevent tampering; properties to promote shelf stability; more efficient portion control; and even marketing that encourages food sales. Sonoco continues to hone our packaging to better protect and present food, minimizing waste—including our new suite of ClearGuard™ clear barrier packaging, which gives consumers the clear packaging they prefer while offering barrier protection.



Sonoco Thermosafe, a unit of Sonoco, features several lines of reusable temperature assured packaging solutions, including ChillTech® insulated shippers, Greenbox® systems, pallet shippers and other durable lines. Reusing these high-performance systems reduces freight and packaging costs on a per turn basis, thus decreasing the total cost of ownership by at least 30%.



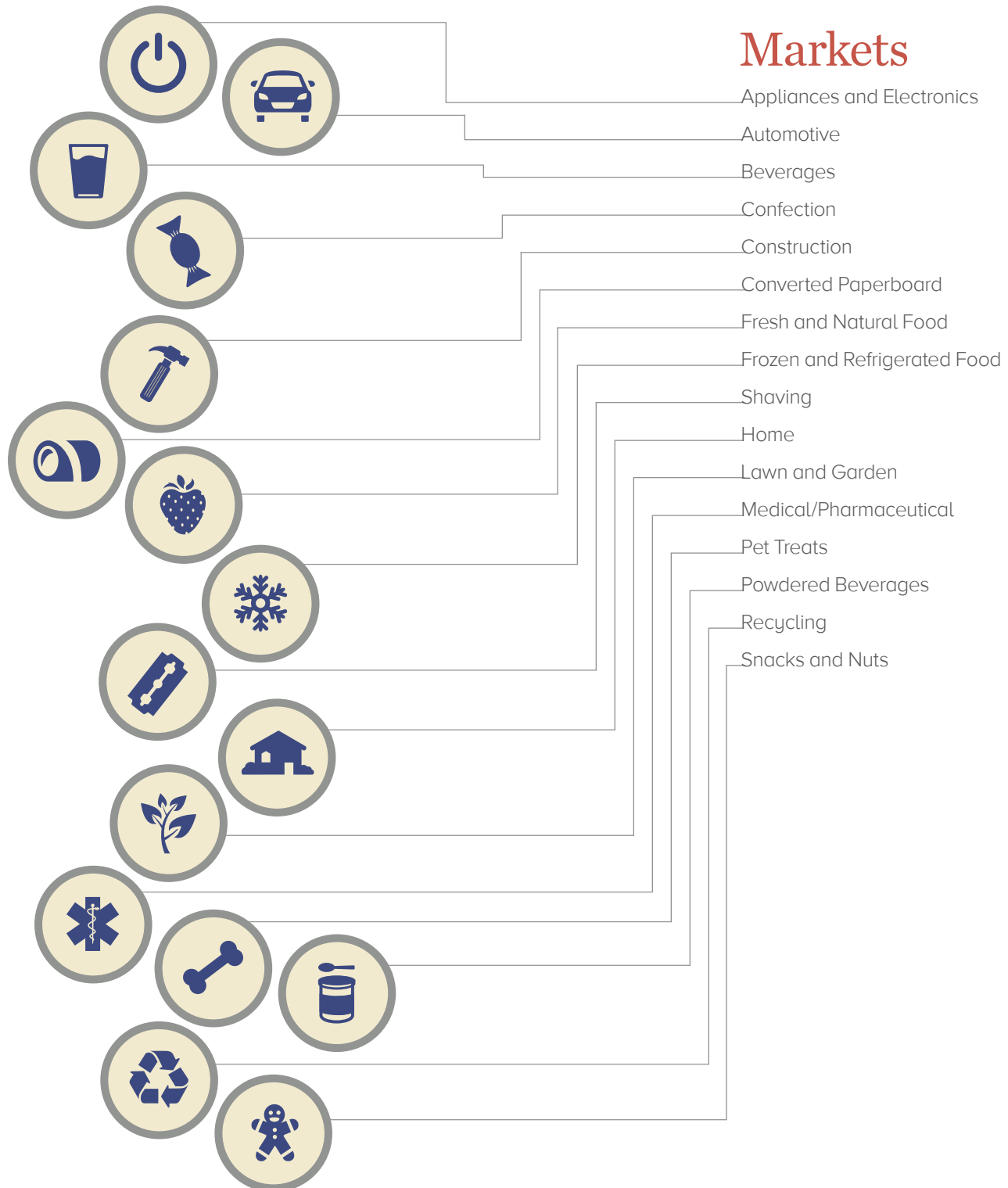
In addition to our existing chain-of-custody certifications from the FSC®, PEFC™ and SFI®, Sonoco has achieved Certified Sourcing under the Sustainable Forestry Initiative's® (SFI) 2015-2019 Fiber Sourcing Certification. SFI certified sourcing means Sonoco is working with its suppliers to meet the increasing market demand for forest products from legal and responsible sources at home and abroad. The certification is focused on the source of the fiber we use and includes all paper-based packaging made by Sonoco's Alloyd, Display and Packaging, Flexibles and Rigid Paper divisions in North America.

Through the EcoReel® recycling program, Sonoco collects used reels from utility companies, contractors and distributors, refurbishing them and then returning them to wire and cable manufacturers for reuse. As the program brings reels full circle, it makes reel recycling easy for customers, saving them the cost of disposal and landfill fees, helping them fulfill their sustainability commitments and reporting data on the number of reels returned, the number of trees saved, the cubic yards of dumpster space avoided and the estimated disposal cost saved. In one 5-year period, Sonoco received nearly 2 billion pounds of reels for recycling, saving end users more than \$36 million in disposal costs—and saving more than 300,000 trees.

# Sonoco at a Glance

## SONOCO AT A GLANCE

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 approximately \$4.8 billion, the Company has 20,000 employees working in 318 operations in 33 countries, serving many of the world's best-known brands in some 85 nations.



# Segments

## Consumer Packaging

### MARKETS



### PRODUCTS AND SERVICES

Round composite cans, shaped rigid paperboard containers, fiber caulk/adhesive tubes; aluminum, steel and peelable membrane easy-open closures for composite and metal cans; plastic cups and trays; printed flexible packaging, rotogravure cylinder engraving, global brand management



## Display and Packaging

### MARKETS



### PRODUCTS AND SERVICES

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



## Paper and Industrial Converted

### MARKETS



### PRODUCTS AND SERVICES

Recycled paperboard, chipboard, tubeboard, lightweight 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



## Protective Solutions

### MARKETS



### PRODUCTS AND SERVICES

Highly engineered, custom-designed protective and temperature-assured packaging solutions



# Environmental Stewardship

## ENVIRONMENTAL STEWARDSHIP

Sonoco continues to reduce energy consumption, greenhouse gases, hazardous air emissions and water usage at each of our manufacturing plants—in fact, we’ve made some great progress in the past year through simple changes to lighting, water usage and machinery.

We are always aware of the many ways we can reduce our environmental impact—recycling the equivalent of 57% of the packaging we introduce into the market, and converting our Hartsville operations to biomass fuel, recently declared a carbon neutral solution by Congress.

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Sonoco’s iPS Studio innovation center in Hartsville, S.C., has been recognized with LEED Silver certification status. LEED, which stands for Leadership in Energy and Environmental Design, helps building owners and managers improve a building’s lifecycle performance, resulting in financially and environmentally sound performance and practices. To achieve its LEED for Commercial Interiors v. 2009 certification

**iPS  
STUDIO**

at the Silver level, the iPS Studio excelled in a number of categories, including: Sustainable Sites, Water Efficiency, Energy & Atmosphere, Indoor Environmental Quality and Innovation & Design. The interior light power is 25.4% more efficient than code standard, the indoor plumbing fixtures are 48% more efficient than the national standard, and 36.65 tons of renovation construction waste were diverted from landfill.



When it comes to energy reduction across a global company, incremental adjustments at each facility can add up to a big change. Sonoco is gradually updating lighting and air compressors at its facilities to improve overall energy efficiency, and the results are already substantial. In 2015 and 2016, Sonoco invested \$3.3 million in this program, with anticipated annual cost savings of \$1.1 million and annual savings of more than 6,000 metric tons of CO<sub>2</sub> equivalent.

## 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.



In 2017, Sonoco acquired Peninsula Packaging Company, a leading manufacturer of thermoformed packaging for fresh fruits and vegetables found in the fast-growing perimeter of retail supermarkets. Peninsula's customer base includes most of the leading household names for fresh fruits and vegetables found at retail. The company's photovoltaic (solar) farm encompasses 3,888 solar panels on 10 acres located adjacent to the Exeter, Calif., facility, generating 1.1 megawatts of power per day—enough to support 650 typical U.S. households—providing a significant portion of the power used at the facility.

Additionally, this division uses post-consumer PET beverage containers to produce new packaging for its customers (up to 100%). In fact, about 1 in 5 PET beverage containers recycled in the state of California are converted in Sonoco plants.



Most recently, Sonoco has recognized facilities in Ohio and Georgia for their creative and committed efforts to reduce waste to landfill.

## 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.

## ENVIRONMENTAL STEWARDSHIP

**Reducing our impact on the environment**

- ▶ We have reduced total greenhouse gas emissions (CO<sub>2</sub>e) by 6.7% and normalized emissions (CO<sub>2</sub>e) by 21% since 2009.
- ▶ We have reduced total water usage by 31% and reduced normalized water usage by 42% since 2009.
- ▶ 10% of Sonoco's global manufacturing operations have achieved 95%+ diversion of wastes to landfill.
- ▶ Sonoco Recycling recovered the equivalent by weight of 57% of the product Sonoco places into the marketplace.

**Using 2014 as our baseline, our commitment through 2020 is to:**

- ▶ Reduce normalized global energy usage by 1% annually, which we believe will result in a further 1% reduction in GHG emissions (or reducing GHG emissions by 5% through 2020).
- ▶ Reduce normalized water usage by 5% through 2020.
- ▶ Achieve Sonoco Sustainability Star award status at an additional 10% of the Company's operations by significantly diverting landfill wastes. Also, continue working with our customers to demonstrate total landfill diversion from their operations in North America and Europe.
- ▶ Demonstrate further improvement in employee safety, diversity and engagement.

## Key Environmental Metrics

Key Metrics Normalized By Production	Unit	Year Over Year	2016	2015
Total Energy Usage	MMBtu	(0.52%)	17,728,463	17,822,025
<b>Total Energy Usage (normalized)*</b>	<b>MMBtu/mtons produced</b>	<b>(1.14%)</b>	<b>3.67</b>	<b>3.71</b>
Total Greenhouse Gas Emissions	mtons CO <sub>2</sub>	(3.35%)	1,201,210	1,242,876
<b>Total Greenhouse Gas Emissions (normalized)*</b>	<b>mton CO<sub>2</sub>e/mtons produced</b>	<b>(3.95%)</b>	<b>0.2486</b>	<b>0.2588</b>
Direct Emissions (Scope 1)	mton CO <sub>2</sub>	3.31%	543,399	526,012
<b>Direct Emissions (Scope 1) (normalized)</b>	<b>mton CO<sub>2</sub>/mtons produced</b>	<b>2.66%</b>	<b>0.1124</b>	<b>0.1095</b>
Indirect Emissions (Scope 2)	mton CO <sub>2</sub>	(8.24%)	657,811	716,864
<b>Indirect Emissions (Scope 2) (normalized)</b>	<b>mton CO<sub>2</sub>/mtons produced</b>	<b>(26.32%)</b>	<b>0.1064</b>	<b>0.1444</b>
Total Landfill Disposed	mtons	12.90%	206,863	183,234
<b>Total Landfill Disposed (normalized)*</b>	<b>mton/mtons produced</b>	<b>12.19%</b>	<b>0.0428</b>	<b>0.0382</b>
Total Water Usage	m3	(4.09%)	19,499,017	20,331,373
<b>Total Water Usage (normalized)*</b>	<b>m3/mtons produced</b>	<b>(4.69%)</b>	<b>4.0349</b>	<b>4.2335</b>
Shipped Production	mtons	0.62%	4,832,547	4,802,542
Revenue	\$000 USD	(3.66%)	4,782,877	4,964,369
Employees	Each	(4.76%)	20,000	21,000

\*Historical data referenced in this report has been adjusted to reflect changes in business structure and improvement in data collection and accuracy, and so may differ from previous reports.

# ISO 50001



In 2016, Sonoco received ISO 50001 certification across Germany for its systematic and efficient energy management. The certification is based on an in-house energy management system planned and implemented by energy teams at each production facility, who also share lessons learned from each location. It took

about a year to implement all of the measures necessary for certification. The Lübeck site was the first to be certified in 2014, followed in 2015 by the facilities in Hockenheim and Zwenkau. Total energy cost savings reached 2% during the first year.

“Energy costs in Germany are higher than in many other countries, which was another reason to optimize our energy efficiency by using an energy management system,” said Thomas Richter, energy management officer at Sonoco Europe. The objective of ISO 50001 is to define quality standards for energy consumption, with the goal of achieving greater transparency in terms of a company’s energy flow, helping systematically improve energy efficiency, and enabling long-term cost savings. The new energy management system enables Sonoco to provide hard figures to demonstrate the eco-sustainability practiced by the company for years.



## 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.



## Awards and Accolades

► Named one of *Fortune* magazine’s World’s Most Admired Companies for 2017.



► Awarded Silver Class status for 2017 by RobecoSAM (Sustainability Asset Management) for sustainability performance.



**ROBECOSAM**  
Sustainability Award  
Silver Class 2017

► Selected for the Military Times Best for Vets: Employers 2017 rankings.

► Received Sherwin-Williams’ Certified Supplier Award in 2016 for the fifth consecutive year.

► Named one of the 25 Top Companies for Leaders by Aon Hewitt, The RBL group and *Fortune* magazine for a sixth time.

**Aon Hewitt**  
Top Companies  
for Leaders 2014

► Named a constituent of the MSCI Global Sustainability Index Series.

# Social Responsibility

Sonoco continues its strong community support through partnerships and collaboration concerning education, health and welfare, arts and culture, and the environment.



Teaching, Educating and Advancing Children in Hartsville

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. In those five years, more than 6,500 elementary students were served. Their reading scores increased by 12 points, and math scores increased by 14 points. In high school, the Accelerated Learning Opportunities program served more than 840 students with extremely challenging



classes. The program celebrated three successive years of every student passing AP tests and earning college credits. These

students published scientific papers, earned prestigious scholarships and were selected for competitive internships, including at NASA. The partnership with Scoutreach provided leadership skills for more than 350 male students, and the summer reading program exceeded its goal of increasing reading proficiency by six months. With such outstanding results, PULSE was a finalist for The Riley Institute at Furman University's Dick and Tunky Riley WhatWorksSC Award for Excellence.

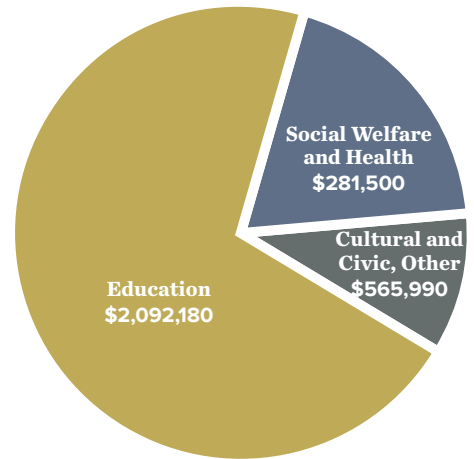


Sonoco Home Run 5K runners and walkers took to the streets of Hartsville, S.C., Saturday, May 20, for the fourth annual Sonoco 5K and Fun Run, benefiting Habitat for Humanity, a global non-profit housing organization that builds homes for families and communities in need.



Sonoco Cares, a team of volunteers created by Sonoco employees in 2014, continues to grow its work and expand to other Sonoco locations

outside of the Hartsville, S.C., headquarters. More than 100 Sonoco Cares members have volunteered as mentors to young minds or with various non-profit organizations.



**Sonoco Foundation  
2016 Cash Contributions**  
\$2,939,670

After Hurricane Matthew devastated parts of the Southeastern U.S. in October 2016, affecting several Sonoco locations and employees, the Company donated \$50,000 to the American Red Cross to aid relief efforts. Sonoco later made a \$25,000 donation to OneSC, a fund to deliver aid to South Carolinians recovering from flooding disasters.



**American  
Red Cross**



## Major Gifts

Organization	2016 Gift (\$)
▶ American Cancer Society	\$1,000
▶ American Heart Association	\$15,000
▶ American Legion	\$2,490
▶ American Red Cross	\$50,000
▶ Boy Scouts of America	\$5,000
▶ Boys & Girls Clubs	\$6,000
▶ Butler Heritage Foundation	\$2,000
▶ Central Carolina Community Foundation	\$32,500
▶ Children's Tumor Foundation	\$500
▶ Christmas in April	\$20,000
▶ Clemson University	\$43,000
▶ Coker College	\$600,000
▶ Community Development Grants	\$450,500
▶ Community Foundation for a Better Hartsville	\$27,000
▶ Cypress Adventures, Inc.	\$10,000
▶ Darlington County Schools	\$71,800
▶ Girl Scouts	\$5,000
▶ Habitat for Humanity	\$8,000
▶ Harriet Hancock Center Foundation	\$500
▶ Harvest Hope Food Bank	\$10,000
▶ South Carolina Governor's School for Science and Mathematics Foundation	\$479,175
▶ Sonoco Men's Club	\$3,000
▶ Sonoco Scholarships	\$100,000
▶ South Carolina Independent Colleges and Universities, Inc.	\$25,000
▶ St. Jude Children's Research Hospital	\$500
▶ TEACH Foundation	\$710,705
▶ The Columbia Museum of Art	\$2,000
▶ Trees for Tomorrow	\$4,000
▶ Trinity-Byrnes Collegiate School	\$65,000
▶ United Negro College Fund	\$15,000
▶ United Way	\$100,000
▶ University of South Carolina	\$10,000
▶ YMCA	\$65,000

## The Sonoco 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, Sonoco Young Professionals** and the **Military Professionals Group**.

**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 engaged and productive workplace. Last year, the Workforce Representation team attended 43 events on 26 college campuses with the intent to recruit a diverse workforce defined in terms of various demographics, thoughts and perspectives.

**The Military Professionals Group** continues to grow and support Veterans and educates non-Veterans

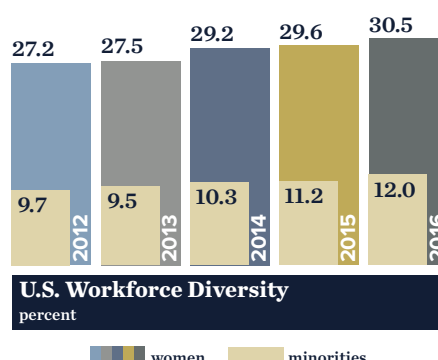


on issues facing this community. Representatives of the team contact current Veteran employees directly through new hire orientation and one-on-one communications with associates who have more than one year of service with Sonoco. The group also hosts celebratory and educational events honoring Veterans and their service.

**The Young Professionals team serves as an "innovation station"** for Sonoco's youngest professionals to collaborate, innovate and ideate. Last year, the team implemented the 'SYP Spotlight' program, highlighting one outstanding young professional each month who has gone above and beyond normal job responsibilities.



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.



# 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.

**Founded in 2007 by a Catholic nun, the Sure We Can recycling program** operates a 12,000-square-foot recycling center in Bushwick, Brooklyn, N.Y. The program utilizes Sonoco Sonotube construction forms as recyclables holders—lined with plastic bags—so the recyclables can be sorted properly. An estimated 30,000

bottles and cans are redeemed at the center every day. Sure We Can also benefits the homeless, who often visit the facility with recyclables they've collected and in turn receive 5 cents per recyclable.

Sonoco also donated Sonotube construction forms for a homeless shelter building project in Seattle, Wash.

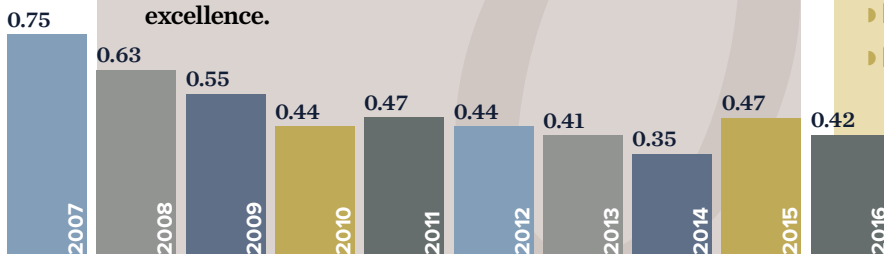




## Creating a zero-injury environment is always Sonoco's ultimate goal—

and a key focus area of the Company. Our people are the single most important aspect of our business. We believe the

most basic form of respect we can show to others is to guarantee their personal safety. This means, at Sonoco, we encourage each other to work safely every day and make good decisions. Having a sound and proven safety process is a cornerstone of world-class performing companies. We seek the best practices from experts and high-performing companies around the world, then use these best practices as we craft our own processes. We also continue to build a high-performing team of safety professionals. Several divisions have each added new safety professionals within the past year. This expertise will help lead innovation in our safety efforts. What we achieve is based on the commitment, focus, drive, innovation and dedication of our people to relentlessly pursue excellence.



**Safety Performance**  
recordable injury rate



Sonoco and its employees have contributed a combined \$215,000 to local United Way agencies.

## 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

**\*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+ 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 percent.

# Stakeholder Engagement and Materiality Assessment

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

### Materiality process

In 2016, Sonoco completed a new materiality assessment of economic, environmental and social issues. Our quantitative, stakeholder-driven approach identified and prioritized 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.

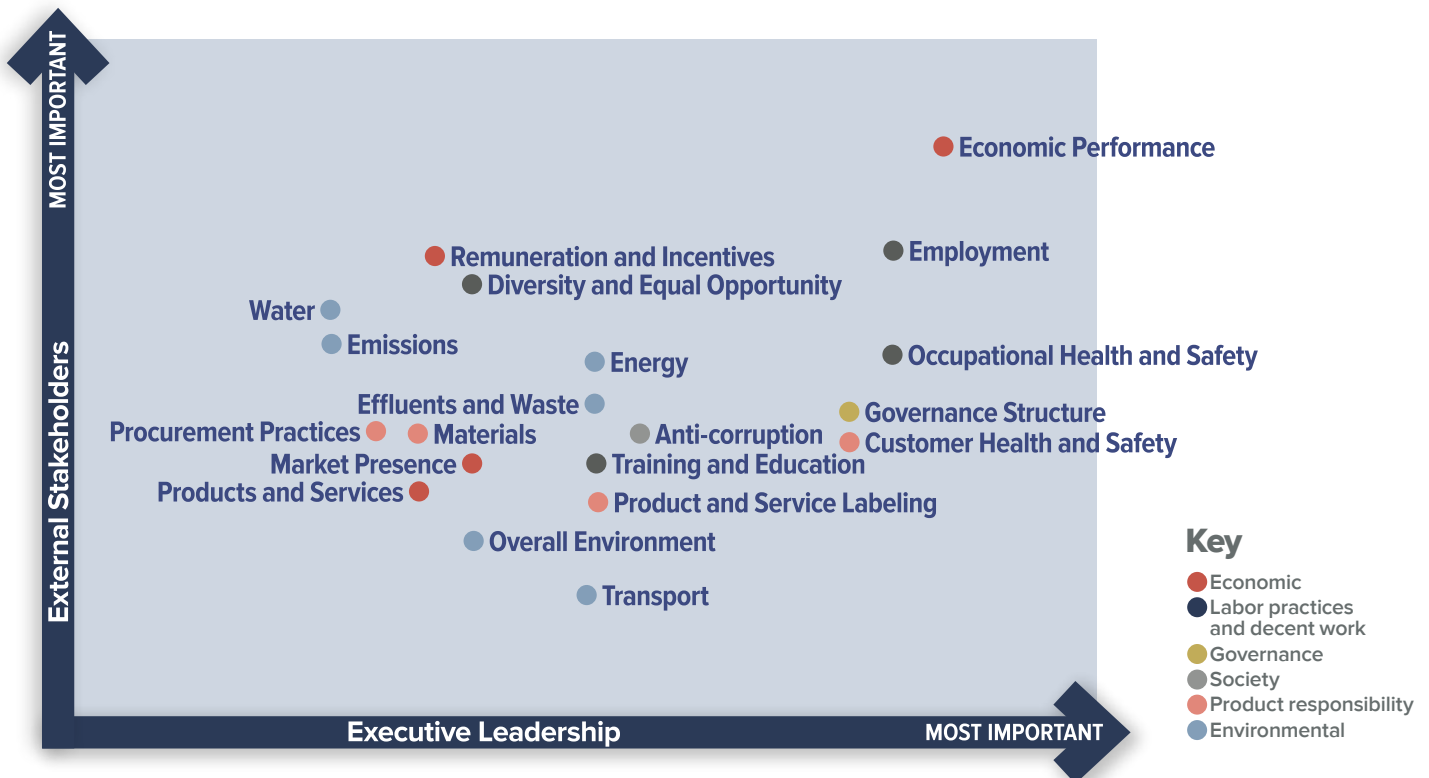
### Stakeholders

- ▶ 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

- ▶ **M. JACK SANDERS**, 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
- ▶ **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
- ▶ **ALLAN MCLELAND**, Corporate Vice President, Human Resources
- ▶ **BOB PUECHL**, Vice President, Global Flexibles
- ▶ **LAURA ROWELL**, Manager, Global Sustainability
- ▶ **BARRY SAUNDERS**, Senior Vice President and Chief Financial Officer
- ▶ **JEFFREY SCHUETZ**, Staff Vice President, Global Technology, Consumer
- ▶ **GRAHAM SEGARS**, Corporate Responsibility and Community Affairs Specialist
- ▶ **MARCY THOMPSON**, Vice President, Marketing and Innovation
- ▶ **JEFFREY TOMASZEWSKI**, Division Vice President and General Manager, Rigid Paper and Closures NA
- ▶ **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

- ▶ John E. Linville (Chair)
- ▶ John R. Haley
- ▶ Edgar H. Lawton III
- ▶ Blythe J. McGarvie
- ▶ 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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