

# Green Bond Impact Report

January 2023



# Introduction

Founded in 1899, **Sonoco Products Company** (the “Company” or “Sonoco”) is a United States based global provider of industrial, consumer, and healthcare and protective packaging. With net sales of approximately \$5.6 billion in 2021, the Company has approximately 22,000 employees working in approximately 300 locations around the world, serving some of the world’s best-known brands. We are the global leader in paper food cans and provide flexible and rigid plastic food packaging, and the world’s largest producer of paper cans, tubes, and cores. At Sonoco, we bring more to packaging than just the package. Our integrated packaging solutions help define brand personalities, create unique customer interactions and improve the quality of products and the quality of life for people around the world. We do all of this in the service of our purpose: **Better Packaging. Better Life.** We take our corporate responsibility seriously, and our purpose helps define our commitments to enhancing the experiences of our customers, colleagues, communities and shareholders.

Since we first started tracking our environmental performance, we have strived to reduce our environmental impact through reduction of greenhouse gases, water usage, and waste. In 2021, we stepped up our commitment to advancing our environmental progress by setting new targets to reduce our global greenhouse gas emissions in line with the Paris Climate Agreement—to limit global warming to well below 2 degrees Celsius above preindustrial levels. Our targets, which have been validated by the Science Based Targets initiative,

are focused on reducing absolute Scope 1 and 2 greenhouse gas emissions by 25% from a 2020 base year and absolute Scope 3 greenhouse gas emissions by 13.5% by 2030 from a 2019 base year. In order to meet these targets, we are making new investments in renewable energy to further drive reductions of greenhouse gas emissions. For example, we have used solar power in several of our operations in Europe and the United States and recently completed a new solar panel installation at our New Jersey paper can plant.

As a leading recycler in the United States with recycling capabilities globally, Sonoco is well positioned to understand both the beginning and end of life challenges associated with packaging. By working across the value chain, we have used innovation and partnerships to build a fit-for-purpose packaging line, EnviroSense®. This portfolio includes packaging with increased recycled content and recyclability, among other sustainable attributes, and is represented across our portfolio from our steel tinplate and paper-based containers to mono-material flexible packaging and recyclable thermoformed plastic containers. We are improving packaging design and developing new products and manufacturing capabilities to bring more sustainable products to the market.



Better  
Packaging.  
Better  
Life.®

## Inaugural Green Bonds to Support Sustainable Acquisitions

In January 2022, we issued \$1.20 billion aggregate principal amount of green bonds, comprised of \$400 million aggregate principal amount of 1.800% notes due 2025 (the “2025 Notes”), \$300 million aggregate principal amount of 2.250% notes due 2027 (the “2027 Notes”) and \$500 million aggregate principal amount of 2.850% notes due 2032 (the “2032 Notes” and, together with the 2025 Notes and the 2027 Notes, the “2022 Green Bonds”), for net proceeds after issuance costs and discounts of \$1.19 billion. In line with our recently introduced [Green Financing Framework](#) (the “Framework”), the 2022 Green Bonds enabled Sonoco to access the sustainable capital markets to finance the acquisition of **Ball Metalpack Holding, LLC**, (“Ball Metalpack”), a leading supplier of sustainable metal packaging for food and household products and the largest aerosol can producer in North America.

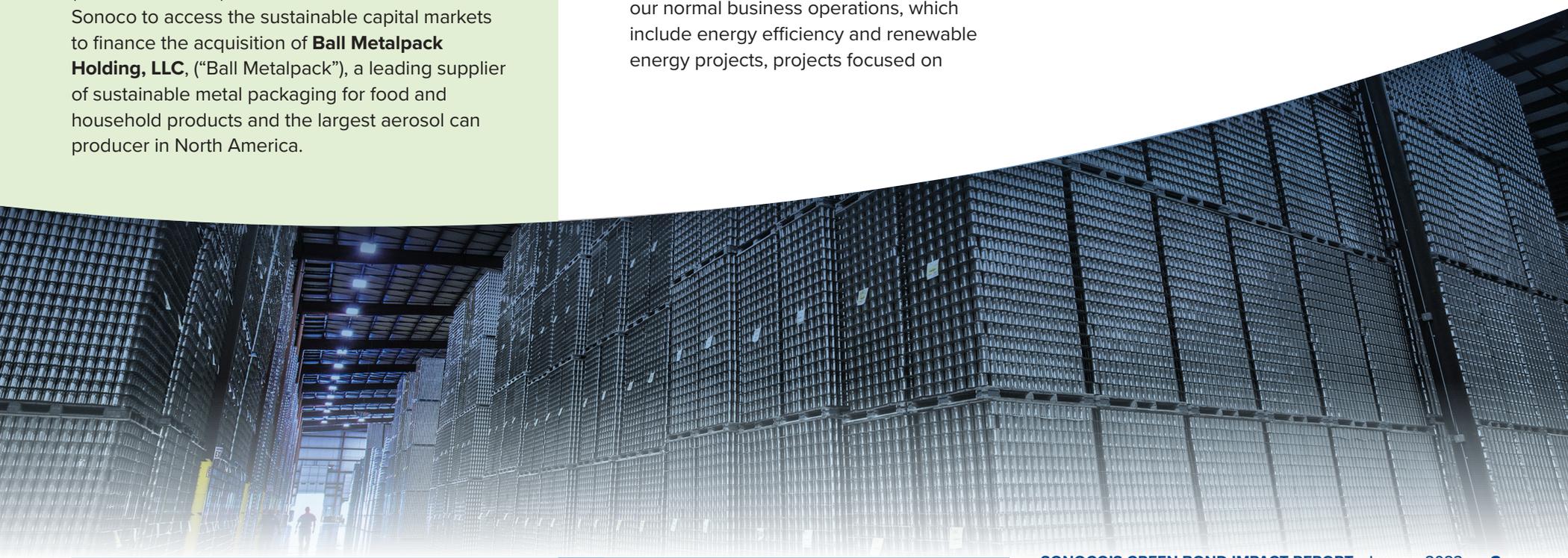
## Green Financing Framework

Our Green Financing Framework governs our use of the net proceeds from issuances of green bonds, including the 2022 Green Bonds, and is in alignment with the International Capital Market Association Green Bond Principles, June 2021.

The Framework includes a number of eligible project categories to which such proceeds may be applied, including acquisitions of pure players in eco-efficient and/or circular economy adapted products, production technologies and processes (“Pure Player Acquisitions”). The Framework also permits allocation of green bond proceeds to additional eligible project categories that can be implemented within our normal business operations, which include energy efficiency and renewable energy projects, projects focused on

sustainable water and wastewater management, and pollution prevention and control.

The Framework also includes details on our evaluation process for eligible projects and how we will track and report against spending and results of these projects, as well as identifying the relevant impact metrics associated with each of these project categories and will report against these metrics annually for projects financed under this framework. We report many of these metrics today for our current operations.



# Sonoco Green Financing Framework Summary

## USE OF PROCEEDS Eligible Projects

“Eligible Projects” are investments and expenditures made by Sonoco or any of its subsidiaries and/or affiliates beginning with the issuance date of any Green Bonds and including the 24 months prior to any such issuance and generally within 36 months after such issuance. “Eligible Projects” may include acquisitions in companies that are (i) active in or (ii) about to align their strategy with our eligibility criteria. The eligibility criteria are outlined below.

### I. ACQUISITION OF PURE PLAYERS

#### Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes

Acquisitions and/or investments in companies that:

- make products, develop technologies or provide services that minimize environmental impact, including climate change, land use, eutrophication, or solid waste; and, use of natural resources, and/or<sup>1</sup>
- contribute to a circular economy which aims to eliminate unnecessary materials and in which materials are reusable, recycled back into the same or similar products, and/or contain recycled content; and where a minimum of 90% of the company’s revenues are derived from sustainable packaging.

### II. NORMAL BUSINESS OPERATIONS

#### Energy Efficiency

Expenditures related to energy-efficiency projects including equipment, systems, operational improvements and maintenance that help deliver on Sonoco’s goal of 8% energy reduction by 2030.

#### Renewable Energy

Expenditures related to the construction, development, acquisition, maintenance, and operation of renewable energy derived from solar, wind and geothermal.

#### Sustainable Water and Wastewater Management

Expenditures related to sustainable water and wastewater projects.

#### Pollution Prevention and Control

Expenditures related to reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy<sup>2</sup>

## PROCESS FOR PROJECT Evaluation and Selection

Projects are evaluated based on expected impact on carbon, energy, or other factors; location; and costs. These projects are ultimately approved by the capital committee consisting of executive and senior level management approvers, including the Chief Executive Officer and Chief Operating Officer<sup>3</sup>. For all relevant capital investments that are noted as sustainability projects, funds will be tracked as such by the finance team, and carbon impact must be determined as part of the project approval process. Eligible Projects will be regularly reviewed by representatives from Sonoco’s Global Sustainability & Environmental Team and the Corporate Commitments Oversight Committee for carbon impact; and carbon/energy impact is tracked by the engineering lead responsible for leading these projects, and annually, their performance will be assessed in compliance with the Framework.

## MANAGEMENT OF PROCEEDS

The Corporate Finance department will track the amount of net proceeds from the sale of any Green Bonds allocated to Eligible Projects. Pending allocation, an amount equal to the net proceeds from the sale of any Green Bonds may be held in accordance with our internal investment policy, temporarily invested in cash, cash equivalents, and/or high-quality marketable securities. In the case of divestment or if a project no longer meets the eligibility criteria listed above, we intend to reallocate the funds to other Eligible Projects during the term of the relevant bond, unless expressly stated in the offering. Any payment of principal and interest on any Green Bonds will be made from our general corporate account and will not be linked to the performance of any Eligible Project.

## TRANSPARENCY & REPORTING

Annually, until full allocation of the net proceeds from the sale of any Green Bonds, and on a timely basis in case of material developments, we will publish a Green Bond Report on our website ([www.sonoco.com](http://www.sonoco.com)) that will include:

- (i) the amount of net proceeds from the sale of any Green Bonds that have been allocated to one or more Eligible Projects either individually or by category, subject to confidentiality considerations;
- (ii) the list of Eligible Project categories with a selection of brief descriptions;
- (iii) estimated impact metrics, where feasible; and
- (iv) the outstanding amount of net proceeds from the sale of any Green Bonds yet to be allocated to Eligible Projects at the end of the reporting period.

<sup>1</sup> To be more inclusive of the sustainability work being done at Sonoco Products Company, we have updated the language from our published Green Financing Framework from “...the use of natural resources and (ii) contributes...” to “...the use of natural resources and/or (ii) contributes...” in this report. <sup>2</sup> The description has been corrected from our published Green Financing Framework to be in line with the correct International Capital Markets Association Green Bond Principles, June 2021 use of proceeds criteria for this category. <sup>3</sup> The Framework previously referenced the Executive VP of Operations as the highest-ranking operations leader.

## Allocation Reporting

The following table summarizes the net proceeds to Sonoco from the issuance of the 2022 Green Bonds on January 21, 2022:

	Principal Amount	Issuance Costs and Discounts	Net Proceeds	Interest Rate	Maturity
2025 Notes	\$ 400,000	\$ (2,356)	\$ 397,644	1.800%	February 1, 2025
2027 Notes	\$ 300,000	\$ (2,565)	\$ 297,435	2.250%	February 1, 2027
2032 Notes	\$ 500,000	\$ (5,220)	\$ 494,780	2.850%	February 1, 2032
<b>Total</b>	<b>\$ 1,200,000</b>	<b>\$ (10,141)</b>	<b>\$ 1,189,859</b>		

*(Dollars in thousands)*

On January 26, 2022, we allocated an amount equal to the entirety of the net proceeds received from the issuance of the 2022 Green Bonds, together with other financing sources, to finance the acquisition of Ball Metalpack for a total purchase price of \$1.35 billion plus customary adjustments for working capital, cash and indebtedness.

**The acquisition of Ball Metalpack, a leading supplier of sustainable metal packaging, qualified as a Pure Player Acquisition under the Framework as it contributes to the circular economy by making materials that are reusable, recycled back into the same or similar products, and/or contains recycled content.**

No proceeds remain unallocated. In the case of divestment or if a project no longer meets the eligibility criteria listed in the Framework, we intend to reallocate the funds to other projects during the terms of the 2022 Green Bonds.



## Highlights of the Ball Metalpack Acquisition

The Ball Metalpack acquisition aligns with our strategy of investing in Sonoco’s core businesses as it complements our largest Consumer Packaging franchise and further expands our already established sustainable packaging portfolio with metal packaging, which is the most recycled packaging substrate in the United States. The sustainability characteristics of tinplate steel cans are complementary to Sonoco’s packaging portfolio and can be viewed as superior to other substrates. Highlights of tinplate steel cans include:



There is a **58%<sup>4</sup> recycling rate** on tinplate steel food cans, making tinplate steel cans one of the most highly recycled consumer packaging formats



Metal is **infinitely recyclable** with no loss in material quality – 80 to 90% of all steel ever produced is still in use today<sup>5</sup>



Use of recycled tinplate steel in metal cans contributes to a **75% reduction in greenhouse gas emissions** versus use of virgin steel<sup>5</sup>



And, the metal cans industry has contributed to a **reduction of 34 million tons of food wasted in the United States** – canning provides the longest shelf life of any type of packaging, thus reducing food waste.<sup>5</sup>

Sonoco has embraced its post-acquisition leadership role in the steel packaging industry, including as the largest aerosol can producer in North America, and is a founding member of the Aerosol Recycling Initiative, a joint effort between the Can Manufacturers Institute (“CMI”) and the Household and Commercial Products Association with the support of companies across the aerosol value chain to increase recycling and on-packaging recyclability messaging for aerosol packaging. The initiative’s goals are to achieve by 2030 at least an 85% recycling access rate for all aerosol cans, which means that households have the ability to recycle their empty aerosol cans in their local recycling programs, and label at least 90% of aerosol cans as recyclable with messaging about how to properly recycle them.

## Impact Reporting

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes

**Estimated Annual Recycling Rate**

**Estimated % of Portfolio Considered Recyclable**

### Impact Metrics and Results

- Per 2022 CMI estimates, the recycling rate for steel food cans is 58% in the US
- Per 2018 Environmental Protection Agency (“EPA”) data, steel containers have a 73.8% recycling rate
- 100% of Ball Metalpack’s (now operating as Sonoco Metal Packaging) portfolio is considered recyclable

<sup>4</sup> The Can Manufacturers Institute has revised the recycling rate estimate for tinplate steel food cans down to 58% from the 62% stated in Sonoco’s Green Bond Framework.

<sup>5</sup> Per Can Manufacturers Institute (www.cancentral.com)

# Report of Independent Accounts

To the Management of Sonoco Products Company

We have examined the accompanying management assertion of Sonoco Products Company that the net proceeds of \$1.19 billion from the January 21, 2022 issuance of the \$400.0 million 1.800% Notes due 2025, the \$300.0 million 2.250% Notes due 2027, and the \$500.0 million 2.850% Notes due 2032 were used to finance the acquisition of a pure player company under the eligible project category of eco-efficient and/or circular economy adapted products, production technologies and processes as defined in management's assertion. Sonoco Products Company's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Only the information included in the management assertion of Sonoco Products Company on page 8 is part of our examination engagement. The other information in this Green Bond Impact Report has not been subjected to the procedures applied in our examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on such information.

In our opinion, management's assertion is fairly stated, in all material respects.



*Pricewaterhouse Coopers LLP*

Charlotte, North Carolina  
January 23, 2023

## Management Assertion

Management of Sonoco Products Company (“Sonoco”) is responsible for the completeness, accuracy, and validity of this management assertion. Management of Sonoco asserts that the net proceeds of \$1.19 billion from the January 21, 2022 issuance of the \$400.0 million 1.800% Notes due 2025, the \$300.0 million 2.250% Notes due 2027, and the \$500.0 million 2.850% Notes due 2032

were used to finance the acquisition of a pure player company under the eligible project category of eco-efficient and/or circular economy adapted products, production technologies and processes as defined below.

For purposes of this assertion, the entirety of the net proceeds was used to finance the cash

consideration payable in connection with the acquisition of Ball Metalpack Holding, LLC (“Ball Metalpack”) that took place on January 26, 2022. Ball Metalpack was acquired as it contributes to the circular economy by making materials that are reusable, recycled back into the same or similar products, and/or contains recycled content.

## Disclaimer

This report is provided for informational purposes only and reflects current Sonoco policy and intent that is subject to change without notice. This report is not, is not intended to be, and does not form part of or contain, an offer to sell or an invitation or the solicitation of an offer to buy any securities.

This report contains “forward-looking statements” that express our expectations, beliefs, plans or objectives regarding future events. Forward-looking statements can be identified through the inclusion of words such as “aim,” “believe,” “can,” “drive,” “estimate,” “expect,” “goal,” “intend,” “may,” “positioned,” “strategy,” “strive,” “target” and “will” or similar statements or variations of such terms and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such statements include, but are not limited to, statements regarding our target greenhouse gas reductions and our efforts to achieve those targets, the effects of investments in eligible projects, including the acquisition of Ball

Metalpack, and Sonoco’s intent to apply green bond proceeds in accordance with the Framework. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially due to a variety of factors, including without limitation the risks and uncertainties summarized under “Forward-looking statements” and “Risk Factors” in Sonoco’s most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, and you are cautioned not to place undue reliance on such statements. Sonoco does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

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