



Sonoco Green Financing Framework

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1. Introduction

Sonoco Products Company is a United States based international provider of industrial paper packaging, consumer packaging, and healthcare and protective packaging. 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.



Our Purpose

From the beginning we set out to develop packaging to improve the lives of others, including our employees, our customers and our communities. From protecting life-saving vaccines so they can reach the far corners of the world, to improving the safety and fuel economy of vehicles, to reducing food waste and increasing access to fresh, wholesome foods. All while also making food products safer, fresher or more convenient, and helping make sure children don't go hungry and have access to a quality education.

Our purpose isn't just a collection of words. It represents the collective spirit of an organization focused on one thing: Better Packaging, Better Life.

A Driving Force

Our purpose is engrained in our culture. In fact, it drives our culture. It drives our product development. It drives how we work with our customers and each other. It drives everything we do, and every decision we make.

Working toward something truly meaningful means working toward a clear purpose. This naturally inspires our teammates across the globe to get up and do what they do each and every day—create a better package that has an impact on creating a better life for someone.



2. Sonoco's Approach to Sustainability

Packaging plays a fundamental role in providing sustainable, safe and hygienic delivery systems for food, medicines and other essential products around the world. As such, we believe the value of packaging is more than just its impact on the planet. As a global leader in the production of uncoated recycled paperboard as well as diverse consumer, industrial, healthcare and protective packaging, it is of utmost importance to Sonoco to address environmental challenges, such as climate change, based on data-driven scientific criteria. And, we believe there is a need for fact-based dialogues on the types of activities that contribute to environmental impacts and how these impacts can be effectively minimized.

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



Circular Economy

Taking action to reduce our waste generation is important for all Sonoco operations around the world. During our 2020 fiscal year, normalized waste disposal was reduced by 10%. We also built waste progress goals into our 2025 commitments. Our goal to recycle or cause to recycle 85%, equivalent by weight, of products we put into the marketplace is currently exceeded as we recycle or cause to recycle 86%, equivalent by weight, of products we put in the marketplace.

Despite ambitious efforts to reduce waste, sometimes items must go to landfill. To responsibly store those landfilled items, we recently built a new landfill cell to properly store our Hartsville paper mill waste.

In addition, we have developed our EnviroSense portfolio of more sustainable packaging which includes recyclable packaging, such as paper-based packaging, mono-material flexible packaging, and recyclable thermoform packaging; among other attributes including bio-based materials, recycled content, and overall improved environmental footprint versus alternative packages.

As a leading recycler in the US, with recycling facilities across the globe, Sonoco is uniquely positioned to understand the challenges associated with both the beginning and end of life and, as such, is investing in both package design as well as infrastructure within our own material recovery facilities (MRFs) to expand the slate of packaging that can be successfully collected, sorted and processed for recycling. We are also engaged in a number of partnerships across trade, academia, and our supply chain aimed at driving creative solutions to the challenges around packaging and end of life.



Greenhouse Gas Emissions

While we have reduced normalized greenhouse gas emissions (GHG) by approximately 25% since 2009, we also are committed to advancing our environmental progress by setting ambitious new targets to reduce our global greenhouse gas emissions in line with the Paris Climate Agreement—to limit global temperatures to warming to well-below 2°C above pre-industrial levels. Specifically, Sonoco is committed to reducing absolute scope 1 and 2 greenhouse gas emissions by 25% by 2030 from a 2020 base year. We have also committed to reduce absolute scope 3 greenhouse gas emissions by 13.5% by 2030 from a 2019 base year by working with our customers and suppliers to develop innovative packaging solutions that reduce packaging waste and improve recyclability. These goals have been validated by the Science-Based Targets Initiative (SBTi) in June 2021. In addition, we are actively studying necessary operational changes, technology developments and market changes that would be required to achieve net-zero greenhouse gas emissions by 2050.

To meet our Science Based Targets over the next decade, each of our more than 300 global operations are focused on reducing greenhouse gas emissions by investing in energy efficiency and renewable energy projects along with purchasing electricity from certified green and reduced-carbon energy sources. To drive compliance of our greenhouse gas emission reduction goals, we are incorporating sustainability and environmental metrics into each of our business units' plans and management incentives.

Energy Usage

In support of our GHG emission reductions, Sonoco will continue energy efficiency improvements in our manufacturing plants and reduce normalized energy use by at least 8% by 2030 from a 2020 baseline.

To reach our goals, we are investing in energy efficiency, renewable energy and alternative power projects. For example, our "Greening of the Grid" project includes purchasing less carbon intensive electricity from utilities. This is projected to reduce cumulative Scope 2 GHG emissions by up to 10% by 2030. Also, our plant efficiency projects predict an 8% cumulative reduction in Scope 1 GHG emissions, stemming from direct investments in plant boiler efficiency, compressed air, LED lighting, vacuum systems, HVAC systems and process chillers. These are just two examples of our many energy usage projects.

Water Usage

Reducing our water consumption is part of being responsible stewards of our planet's resources. Many of our actions to reduce water usage involve our global paper mills which account for 90% of our global water usage. By 2024, we plan to conduct water risk studies at these manufacturing facilities using WRI Aqueduct, WWF Water Rich Filter or similar tools.



Tinplate steel cans: business opportunity

In December 2021, Sonoco agreed to acquire Ball Metalpack, a leading manufacturer of sustainable metal packaging for food and household products and the largest aerosol packaging producer in North America. This acquisition fits 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 U.S. 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 62% 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;
- Use of recycled tinplate steel in metal cans contributes to a 75% reduction in greenhouse gas emissions versus use of virgin steel;
- And, the metal cans industry has contributed to a reduction of 34 million tons of food wasted in the US – canning provides the longest shelf life of any type of packaging, thus reducing food waste.

3. Rationale for Issuance

We hope that issuing green bonds by Sonoco and its subsidiaries and/or affiliates ("Green Bonds") will help advance our environmental sustainability goals. We're focusing on areas where we can have a significant impact on global environmental issues. We hope the issuance of our Green Bonds will inspire other companies to do the same.

4. Alignment with Green Bond Principles, 2021

The ICMA Green Bond Principles, 2021 ("GBP") are voluntary process guidelines for best practices when issuing Green Bonds. The GBP recommend transparency and promote integrity in the sustainable bond market. We have aligned our Green Bond Framework with the GBP.

This Framework covers our Green Bonds and is aligned with the four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting



4.1 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 is outlined below:

Eligible Projects may be defined under:

- I. Acquisition of pure players
- II. Normal business operations

I. Acquisition of pure players:

GBP Eligible

Project Category Eligibility Criteria and Example Projects

SDG

Alignment

Eco-efficient and/or Acquisitions and/or investments in companies that:

**Circular Economy
Adapted Products,
Production
Technologies and
Processes**









- 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 that 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; where a minimum of 90% of the company’s revenues are derived from sustainable packaging.

This includes acquisitions of companies that primarily produce packaging of which greater than 90% is recyclable, the primary substrate is infinitely recyclable without loss of quality, and the package contains an estimated 35% post-consumer recycled content on average, contributing to the circular economy. The high recycling and recycled content rates can lower GHG emissions by as much as 75% over use of virgin materials. In addition, ongoing development includes means to reduce overall material use and, therefore, associated energy use and emissions. This has been demonstrated through an industry average 33% reduction in material use for the primary package over the past 25 years.





II. Normal business operations

GBP Eligible Project Category	Eligibility Criteria and Example Projects	SDG Alignment
Energy Efficiency	<p>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.</p> <p>Example projects may include:</p> <ul style="list-style-type: none"> Costs related to various projects having a significant cumulative impact on emissions including plant boiler efficiency (estimated 1300MT CO2e reduction), compressed air (estimated 165MT CO2e average reduction per project), LED lighting (estimated 80MT CO2e average reduction per project), vacuum systems (estimated 300MT CO2e reduction), HVAC systems and process chillers (estimated 200MT CO2e average reduction per project) 	 
Renewable Energy	<p>Expenditures related to the construction, development, acquisition, maintenance, and operation of renewable energy derived from solar, wind and geothermal.</p> <p>Example projects may include:</p> <ul style="list-style-type: none"> Costs related to “Greening the Grid” Purchase of PPAs or VPPAs 	 
Sustainable Water and Wastewater management	<p>Expenditures related to sustainable water and wastewater projects.</p> <p>Example projects may include:</p> <ul style="list-style-type: none"> Costs related to reducing water usage at our global paper mills Costs to improve wastewater treatment efficiency 	 
Pollution Prevention and Control	<p>Expenditures related to the production, construction, maintenance, operation, improvements and infrastructure of circular economy processes.</p> <p>Example projects may include:</p> <ul style="list-style-type: none"> Costs related to developing and procuring packaging designed to be recycled and packaging made from up to 90% recycled content depending on package type. 	 



We intend to allocate an amount equal to the net proceeds from the sale of any Green Bonds to finance or refinance, in whole or in part, one or more new or existing Eligible Projects.

The example of projects and acquisitions and/or investments and expenditures noted above are for illustrative purposes and no assurance can be provided that disbursements for projects with these specific characteristics will be made by Sonoco or any of its subsidiaries. We will allocate proceeds towards Eligible Projects as soon as practicable; however, we do not expect this process to exceed one year.

We will not knowingly allocate proceeds from any issuance of Green Bonds to the following:

- Activities related to the exploration, production or transportation of fossil fuels (e.g., coal, oil and gas);
- Consumption of fossil fuels for the purpose of power generation;
- Large hydroelectric power generation (e.g., plants with a capacity of greater than 20 megawatts or dams with a height greater than ten meters);
- Nuclear energy; or
- Any other activity that we determine is ineligible for allocation of proceeds at the time of allocation.

4.2 Process for Project Evaluation and Selection

Projects are evaluated based on expected carbon, energy, or other factors impact; location; and costs. These projects are ultimately approved by the capital committee consisting of executive and senior level management approvers, including the CEO and Executive VP of Operations. 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 this Framework.

4.3 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.

4.4 Transparency and Reporting

4.4.1 Allocation 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) 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.

4.4.2 Impact Reporting

Examples of the type of impact metrics that may be included in any Green Bond Report we publish include:

Eligible Project Category	Eligibility Criteria and Example Impact Metrics
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	<ul style="list-style-type: none"> • % recycled content (pre- and post-consumer sources) • Estimated annual recycling rate • Estimated % of portfolio considered recyclable • Estimated annual GHG reduction (mton CO2e) (vs virgin or alternative formats)
Energy Efficiency	<ul style="list-style-type: none"> • Estimated annual energy savings (MMBtu) • Estimated annual GHG reduction (mton CO2e)
Renewable Energy	<ul style="list-style-type: none"> • Estimated annual renewable energy generation (MMBtu) • Estimated annual GHG reduction (mton CO2e)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Estimated annual water usage reduction (m3) • Estimated annual reduction in key wastewater parameters (volume, BOD/COD, solids)
Pollution Prevention and Control	<ul style="list-style-type: none"> • Estimated annual waste diverted from landfill (metric tons)



5. External Review

5.1 Second Party Opinion:

Sonoco has retained ISS to provide a Second Party Opinion (SPO) on the environmental and social benefits of our Green Bond Framework as well as the alignment to the Green Bond Principles. The opinion can be found on the SPO provider's website.

5.2 Assurance

We expect that our report will be accompanied by (i) assertions by Sonoco's management as to the amount of the net proceeds from the sale of any Green Bonds that have been allocated to Eligible Projects; and (ii) an assurance report from an independent accountant or a qualified independent external reviewer with experience in ESG research and analysis.



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