

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Financing Framework

Sonoco Products Company
7 January 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bonds
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles, as administered by ICMA (June 2021)
Scope of verification	<ul style="list-style-type: none">• Sonoco Green Financing Framework (as of January 7, 2022)• Sonoco Selection Criteria (as of January 7, 2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

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SCOPE OF WORK

Sonoco Products Company (“the Issuer”, “the company”, or “Sonoco”) commissioned ISS ESG to assist with its Green Bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. Green Bonds link to Sonoco’s sustainability strategy – drawing on Sonoco’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Sonoco’s Green Financing Framework (January 7, 2022 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
3. The Selection criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

SONOCO BUSINESS OVERVIEW

Sonoco Products Company is a United States based international provider of industrial paper packaging, consumer packaging, and healthcare and protective packaging. The company generates the majority of its net sales from producing various plastic, paper and metal packaging products as well as producing primary raw material for paper packaging.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Green Bonds link to issuer's sustainability strategy</p>	<p>According to the ISS ESG Corporate Rating updated on January 6, 2022, the issuer shows a moderate sustainability performance against the industry peer group on key ESG issues faced by the Packaging sector. The issuer is rated 21st out of 43 companies within its industry.</p> <p>The Use of Proceeds financed through these Green Bonds are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Bonds is clearly described by the issuer.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with GBP</p>	<p>The issuer has defined a formal concept for its Green Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Sustainability quality of the Selection criteria</p>	<p>The overall sustainability quality of the Selection criteria in terms of sustainability benefits, risk avoidance and minimization is overall positive based upon the ISS ESG assessment. The Green Bonds will (re-)finance eligible asset categories which include: Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Energy Efficiency, Renewable Energy, Sustainable Water and Wastewater management and Pollution Prevention and Control.</p> <p>The use of proceeds categories have a significant contribution to SDGs 7 'Affordable and clean energy' and 13 'Climate action' or a limited contribution to SDG 12 'Responsible consumption and production' or no net impact on those objectives. The environmental and social risks associated with the use of proceeds categories have been overall well managed. Yet some key risks associated with the projects financed under this Framework may require additional mitigation policies/measures.</p>	<p>Overall positive</p>

¹ ISS ESG's evaluation is based on the Sonoco's Green Financing Framework (January 7, 2022), on the Selection Criteria as received on January 7, 2022, and on the ISS ESG Corporate Rating updated on January 6, 2022 and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: GREEN BONDS LINK TO SONOCO'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF SONOCO'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	INDUSTRY	DECILE RANK	TRANSPARENCY LEVEL
SONOCO	PACKAGING	5	VERY HIGH

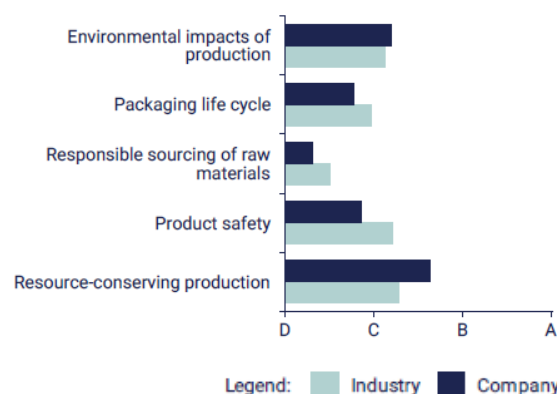
This means that the company currently shows a moderate sustainability performance against peers on key ESG issues faced by the Packaging industry as it obtains a Decile Rank relative to its industry group of 5, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of January 6, 2022 this rating places Sonoco 21st out of 43 companies rated by ISS ESG in the Packaging industry.

Key challenges faced by companies in terms of sustainability management in this industry are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities

Sonoco Products (Sonoco) is a producer of industrial and consumer packaging products. The company generates the majority of its net sales with producing various plastic, paper and metal packaging products as well as producing primary raw material for paper packaging. Sonoco's product portfolio includes a certain share of single-use plastic packaging (estimated 17% in 2020), which could pollute marine and terrestrial ecosystems. Nonetheless, Sonoco contributes to the global sustainability objective of resource scarcity by actions taken on recycling and the use of renewable packaging materials. The recycled content in fiber, aluminum and plastic products are 86%, 9% and 21%, respectively. In addition, the company is committed to increasing the share of post-consumer recycled resin to 25%. Besides, the company has a strategy in place to increase recycling rates of products (e.g., through its membership in relevant industry associations and recycling infrastructure). Moreover, initial steps are taken to increase the share of renewable packaging material such as bioplastics. The company does not publicly provide data on the amount of FSC or PEFC certified fresh wood or fibers used in its production.

Sustainability Risks

The most relevant social risk for the company is product safety. In order to manage this, Sonoco actively conducts product safety tests. In addition, the company has a certified product safety management system for a minor share of its production facilities in place. In the environmental domain, Sonoco has implemented a general climate change strategy. The company has also implemented elements of an environmental management system (e.g., environmental programs, targets and objectives) at all of its sites. In this context, the company has also recently set an approved science-based target to reduce its greenhouse gas emissions to well below 2°C. In addition, initial steps are taken to address environmental management in the supply chain. Regarding environmental impacts from its products, Sonoco demonstrates basic measures to improve the material efficiency of products and in production processes. The company has implemented general measures to ensure sustainable sourcing of wood and fiber. The company conducts life cycle assessments (LCA). Yet, it remains unclear whether the LCA covers the whole product portfolio.


Governance opinion



The majority of the company's board members are considered to be independent. Yet, the chair of the board, Mr. John R. Haley (as of October 27, 2020), is not independent. This poses a risk from a governance perspective, but it is counterbalanced, as the company has appointed a lead independent director and established entirely independent audit, remuneration and nomination committees. The company discloses its remuneration policy for all members of the executive team, including long-term components, which could incentivize sustainable value creation.

Regarding the company's governance of sustainability, Sonoco has set up a board committee overseeing sustainability with the majority of its members being independent. In terms of remuneration, it remains unclear whether ESG components are integrated into the remuneration of the executive management team. Sonoco has established a reasonable code of conduct that covers several business ethics-related topics, e.g., corruption and gifts, favors, and entertainment. Several measures such as training and facilitation of non-compliance reporting are in place in order to ensure compliance with the code.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of Sonoco's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along Sonoco's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Products made from recycled materials, recycling services, reusable packaging products	40%	CONTRIBUTION	

Single-use plastic products	17%	OBSTRUCTION	 
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any severe controversy.

B. CONSISTENCY OF GREEN BONDS WITH SONOCO’S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

In its 2021 Sustainability report, Sonoco has performed a quantitative, stakeholder-driven assessment to identify and prioritize the sustainability issues that impact Sonoco and its stakeholders.



Source: [Sonoco Sustainability report, 2020 2021](#)

Based on its materiality matrix and considering the 17 Sustainable Development Goals established by the United Nations in its 2030 Agenda for Sustainable Development, Sonoco has defined the following key sustainability objectives:

- Commitment to diversity and inclusion
 - 25% women in senior leadership by 2023
 - 15% minorities in senior leadership by 2023
 - 6% turnover rate for global salaried females by 2023
 - Identification of a diverse candidate as successor for Head of Manufacturing by 2023

- 2025 Sustainability Commitments in Packaging
 - increase the equivalent, by weight, the amount Sonoco recycles or cause to be recycled from 65% to 85%
 - ensure all of Sonoco’s production facilities utilizing plastic pellets have systems to prevent environmental discharges
 - ensure that approximately 75% of Sonoco’s global rigid plastic packaging is capable of making the relevant on-package recyclable claim
 - not utilize resin additives that purport to degrade in landfills or waterways by simply breaking up into smaller pieces
- Corporate Environmental Commitments
 - Reduce absolute scope 1 and 2 greenhouse gas emissions by 25% by 2030 from a 2020 base year (aligned with keeping global warming to well below 2°C target according to the Science-Based Targets Initiative).
 - Reduce Scope 3 emissions by 13.5% by 2030 from a 2019 base year
 - Reduce normalized energy use by at least 8% by 2030.

Rationale for issuance

The company aims at tackling climate change by favoring the circular economy and reducing energy and water usage.

Through the bonds issued under this Green Financing Framework, Sonoco plans to activate all the leverages mentioned above. It plans not only to acquire sustainable packaging pure players (defined in the framework as companies having at least 90% of its revenue deriving from sustainable packaging), but also finance projects to reduce the impact of its own operations (e.g., Energy Efficiency, Renewable Energy, Sustainable Water and Wastewater management and Pollution Prevention and Control projects).

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under these Green Bonds with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Packaging sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	✓	✓	Contribution to a material objective
Energy Efficiency	✓	✓	Contribution to a material objective

Renewable Energy	✓	✓	Contribution to a material objective
Sustainable Water and Wastewater management	✓	✓	Contribution to a material objective
Pollution Prevention and Control	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through these bonds are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Bonds is clearly described by the issuer.*

PART II: ALIGNMENT WITH GBP

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

"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 Sonoco's 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
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	<p>Acquisitions and/or investments in companies that:</p> <ul style="list-style-type: none"> • make products, develop technologies or provide services that minimize environmental impact, including climate change, land use, eutrophication, and 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. <p>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% overuse 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.</p>

II. Normal business operations

GBP ELIGIBLE PROJECT CATEGORY	ELIGIBILITY CRITERIA AND EXAMPLE PROJECTS
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<p>Energy Efficiency</p>	<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)
<p>Renewable Energy</p>	<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
<p>Sustainable Water and Wastewater management</p>	<p>Expenditures related to sustainable water and wastewater projects. Example projects may include:</p> <ul style="list-style-type: none"> • Costs related to reducing water usage at Sonoco’s global paper mills • Costs to improve waste-water treatment efficiency
<p>Pollution Prevention and Control</p>	<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.

Sonoco intends 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 and/or any of its subsidiaries. Sonoco will allocate proceeds towards Eligible Projects as soon as practicable; however, the company does not expect this process to exceed one year.

Sonoco 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 Sonoco determines is ineligible for allocation of proceeds at the time of allocation.

Opinion: ISS ESG considers the Use of Proceeds description provided by Sonoco's Green Financing Framework as aligned with the GBP. The issuer plans to acquire pure players, i.e., companies of which more than 90% of activities are dedicated to the projects included in the eligibility criteria. Environmental benefits of the project categories are described. The expected look-back period for the use of proceeds is defined, which is aligned with best market practice.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

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.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Sonoco's Green Financing Framework as aligned with the GBP. Moreover, the eligibility criteria selected show alignment with the sustainability strategy of the issuer.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

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 Sonoco's 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, Sonoco intends 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 Sonoco's general corporate account and will not be linked to the performance of any Eligible Project.

Opinion: ISS ESG finds that Management of Proceeds proposed by Sonoco’s Green Financing Framework is well aligned with the GBP. Sonoco specifies that investment instruments for unallocated proceeds are only temporary. The procedure in case of divestment is also disclosed.

4. Reporting

FROM ISSUER’S FRAMEWORK

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, Sonoco will publish a Green Bond Report on Sonoco’s 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 Sonoco publish includes:

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)

Opinion: ISS ESG finds that the reporting proposed by Sonoco’s Green Financing Framework is aligned with the GBP. The level, frequency, duration, and scope of the reporting is clearly defined. Moreover, reporting is also made on an annual basis, providing relevant allocation and environmental data, which is publicly available on Sonoco’s website. The reporting will be conducted until full allocation of the net proceeds from the sale of any Green Bonds.

External review

FROM ISSUER’S FRAMEWORK

5.1 Second Party Opinion:

The opinion can be found on the ISS website.

5.2 Assurance

Sonoco expects that the assurance 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 an independent third-party consultant with experience in ESG research and analysis.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE



A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Bonds Selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Sonoco's Green Bonds to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Bonds' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Eco-efficient, Circular Economy and Pollution Prevention and Control <i>Products made (almost exclusively²) from recycled materials;</i></p> <p><i>Expenditures related to the production, construction, maintenance, operation, improvements and infrastructure to support the manufacturing of products made (almost exclusively) from recycled materials' value chain</i></p>	<p>Limited contribution</p>	
<p>Eco-efficient, Circular Economy and Pollution Prevention and Control <i>Products made partially from recycled materials;</i></p> <p><i>Expenditures related to the production, construction, maintenance, operation, improvements and infrastructure to support the manufacturing of products made partially from recycled materials' value chain</i></p>	<p>No net impact</p>	

² "Almost exclusively" means products made from almost 100% recycled materials.

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.

Limited Contribution^{3,4}



Renewable Energy

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

Significant Contribution³



Sustainable Water and Wastewater Management

Expenditures related to sustainable water and wastewater projects

Limited Contribution³



³ This SDG impact assessment was conducted for SPO purposes only and differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs.

⁴ It is worth noting that Sonoco’s energy efficiency expenditures are part of a larger transition plan which aim at reaching the company’s SBTi verified target (aligned with a WB2°C according to the SBTi).

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

ASSESSMENT AGAINST ISS ESG KPIs

KPIs covering all Use of Proceed categories

Environmental aspects of construction and operation of plants and infrastructures

- ✓ Measures and/or policies are in place to ensure that environmental risks related to “capital projects” are mitigated. Environmental aspects are considered both at construction site and operations (e.g., noise increase, odor increase, additional water supply). The company conducts an internal environmental audit and questionnaire to ensure that environmental risks are mitigated for all “capital projects” financed under this framework.

Production standards

- ✓ Measures and/or policies are in place systematically ensuring that assets financed under this framework provide for comprehensive Environmental Management System (EMS) at manufacturing sites.
- Limited information is available on whether relevant operations are systematically covered by a certified Environmental Management System. Less than 20% of relevant operations (estimated) are covered by an EMS that is certified to the ISO 14001 standard.
- ✓ Measures and/or policies in place systematically ensuring that assets financed provide for high standards regarding energy efficiency in the production processes and machineries. The company’s action plan to achieve greenhouse gas emission reductions comprises energy efficiency sub-targets, use of renewable energy sources, etc.

Safety and security aspects

- ✓ The company has a formal health and safety policy in place.
- The majority of health and safety management systems are not certified to the OHSAS 18001 or ISO 45001 standard. The system elements are based on relevant standards and a small number of sites have been individually certified through ISO or the OSHA Star Program.
- ✓ Measures and/or policies are in place systematically ensuring that assets financed provide for high labour and health and safety standards for construction and operation work (e.g. ILO core conventions).

Biodiversity

- No or limited information available regarding measures in place to systematically ensure that the potential impact on biodiversity from the financing under this framework has been mitigated and reduced. Specifically, no or only very limited information is available on biodiversity risk assessments of the company's wood/fibre supply chain.

Community dialogue

- ✓ Measures and/or policies are in place regarding measures in place to systematically ensure that assets financed feature community dialogue as an integral part of the planning process. The company states that community dialogue is part of its normal acquisition or plant expansion process.

KPIs covering specifically the Circular Economy category (sustainable packaging production)

Product life cycle and environmental aspects

- No or limited information is available on policies in place to systematically ensure that life cycle assessments cover relevant life cycle phases from cradle to grave. However, according to the company, Sonoco has a dedicated Life Cycle Assessment expert (an internal resource) that conducts LCAs including those phases (using the PIQET tool).
- ✓ Based on the eligibility criteria, all of the products financed will be fully recyclable or almost fully recyclable. However, it's worth noting the take back and recycling at end-of-life are not directly tracked by the company but can be gathered through external sources.
- No or limited information is available on targets and measures to reduce the total use of substances of concern in production processes. However, according to the company, Sonoco has actively phased out intentionally added bisphenol A (BPA) in its products and developed an internal policy regarding the use of Per- and Polyfluoroalkyl (PFAS) substances. As part of the company's regulatory review process, Sonoco evaluates its products for materials of concern per applicable regulations, including REACH, RoHS, etc.

Product safety

- ✓ Measures and/or policies in place (Product Safety Management System) systematically ensuring that products' safety tests are conducted.

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Sonoco’s Green Bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Sonoco (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Sonoco’s Green Bonds contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

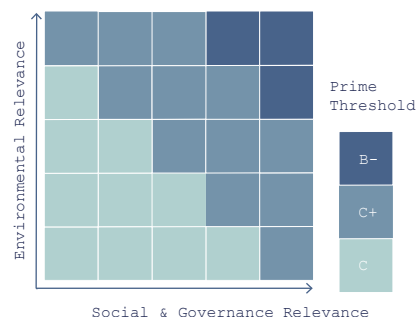
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

Sonoco commissioned ISS ESG to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green Financing Framework aligns with the GBP and to assess the sustainability credentials of its Green Bonds, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBP
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

Sonoco's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the Framework level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bonds to be issued by Sonoco based on ISS ESG methodology and in line with the ICMA GBP.

The engagement with Sonoco took place from December 2021 to January 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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