SONOCO

2023 ANNUAL REPORT

Who We Are.

Founded in 1899, Sonoco (NYSE: SON) is a global provider of highly engineered and sustainable packaging products. With net sales of approximately $6.8 billion in 2023, the Company has approximately 23,000 employees working in more than 300 operations around the world, serving some of the world's best-known brands.

With our corporate purpose of *Better Packaging. Better Life.*, Sonoco is committed to creating sustainable products and a better world for our customers, employees, and communities. Sonoco was named one of America's Most Responsible Companies by Newsweek. For more information on the Company, visit our website at www.sonoco.com.

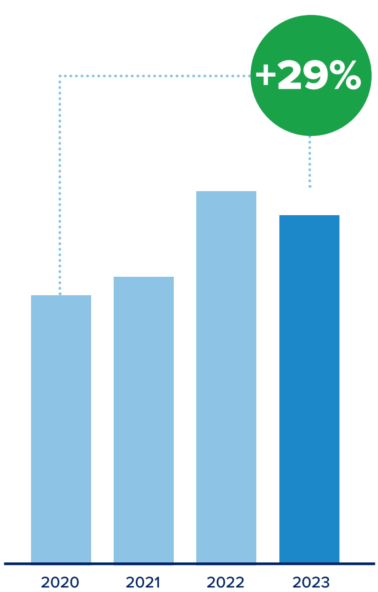
2023 Percentage of Sales by Region

78% *NORTH AMERICA*

14% *EMEA*

5% *APAC*

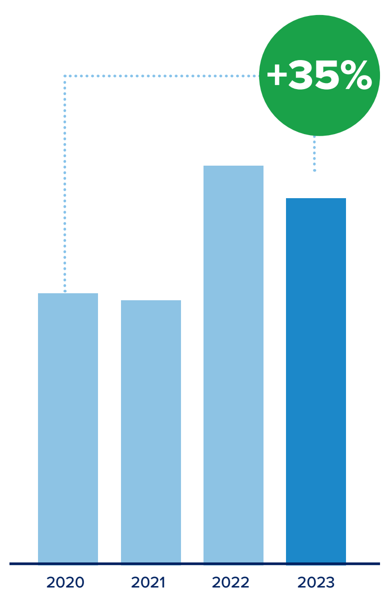
3% *SOUTH AMERICA*



$6.8B

Net Sales

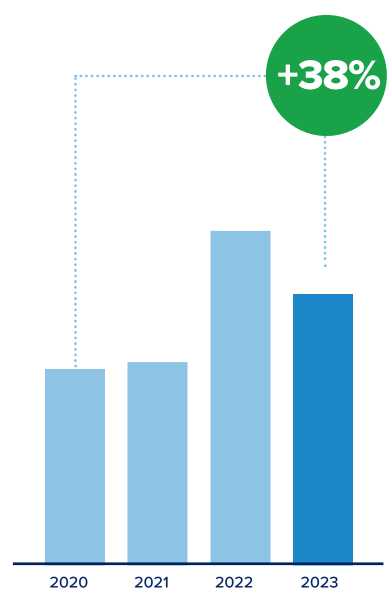
U.S. $ Billions



$1,067M

Adjusted EBITDA*

U.S. $ Millions



$5.26

Adjusted EPS*

U.S. $ / Diluted Share

** See reconciliations of these non-GAAP financial measures to the nearest GAAP measures on page 10.*

R. Howard Coker
President and CEO

Progress On Our Transformation Journey.

In 2023, we continued to make progress on strategic initiatives and delivered solid results in a difficult macroeconomic environment. Despite lower volumes, we maintained strong adjusted EBITDA margins supported in part by record performances in our Consumer segment rigid paper cans and flexibles businesses. In the Industrial segment, despite volume levels similar to 2008, our team delivered record profit margins through diligent cost management throughout the paper ecosystem. With intentional focus on working capital, we generated record operating cash flow and free cash flow for the year. We also returned capital to shareholders and increased our annual dividend for the 40th straight year. These results were the second best annual financial performance in the company's history and were delivered by the continued resiliency and dedication of the incredible Sonoco team.

As we celebrate our 125th anniversary, we reflect not only on the great history of innovation, ingenuity, and people that have defined Sonoco, but also on the progress of our more recent, multi-year transformation journey to improve the performance of the company. We have built a stronger and more focused portfolio that delivers greater value. We have simplified the company and unified our global operating model, and we have improved financial results. We did all of this while remaining disciplined with capital allocation and managing risks while maintaining a strong capital structure.

While we continue portfolio simplification in the near-term, we look to the future focused on four core businesses; three in Consumer (rigid paper containers, metal packaging, and our new scaled flexibles and thermoforming packaging business, effective as of January 1, 2024) and a single global platform in our Industrial Paper segment. Each is aligned to the attributes of a core Sonoco business where we believe packaging adds the most value: advanced material science, high product functionality, continuous process manufacturing, the ability to serve large, global customers, and participation in markets where we have the right to win and take leadership positions.

Consumer Packaging Segment

Rigid Paper Containers

Metal Packaging

Flex-Therm

Industrial Paper Segment

Industrial Paper Packaging

These two segments contain our four core businesses; remaining businesses reported as All Other

Consumer Segment

RIGID PAPER CONTAINERS

Enhance your brand's sustainability ethos with our rigid paper containers. Lightweight, convenient, and boasting superior shelf presence, they embody eco-friendly excellence.

Key End Markets

Food & Beverage

Health & Personal Care

Household & Home Care

Rigid Paper Containers

In the changing landscape of sustainable packaging, paper continues to emerge as a preferred substitute for manufacturers worldwide. As a global leader in Rigid Paper Containers (RPC), Sonoco is uniquely positioned to take advantage of secular tailwinds driving growth with our commitment to innovative products and processes while staying cost competitive for our customers.

Today, RPC serves thee major markets: food and beverage, household, and health and personal care, each of which are primed for future growth from favorable macro trends. The first trend is sustainability, which is a key element of our customers' packaging strategy to meet consumer preferences and regulatory requirements. We are differentiated because we have the know-how in engineering and science to transition multiple substrates into our fully recyclable paper products.

The second trend is international expansion as our food customers are expanding globally. Sonoco serves customers throughout our global network and we are willing to invest alongside our customers to make capital investments to meet this demand. Today, we have 39 global sites in 13 countries; we plan to expand some sites and open new sites to increase capacity and enable more customers to launch in a sustainable packaging solution from the start.

The third growth trend is innovation. The launch of Sonoco's patented GreenCan/ Kosmos solution, which offers 90% to 98% recycled fiber, is a notable example. These products meet high barrier requirements for products such as coffee or cocoa powder and have gained positive market feedback.

From the confluence of these factors, we are expecting increased revenues in the next five years. Through strong collaboration with customers, our dedicated team of experts continues to innovate and be a positive change disruptor for the future.

Metal Packaging

In 2022, Sonoco created a new core, consumer platform by acquiring capabilities for tinplate steel aerosol and food can manufacturing and merging with our existing metal component and closures capabilities. To date, we are well ahead of planned synergies and we continue to make strategic investments within our operations network to better serve customers with this highly sustainable substrate.

With a streamlined footprint of 12 domestic operations in the U.S., our network of plants drives economic value for our customer base by reducing freight cost while also allowing for rapid response times to dynamic supply needs. Our capital investments are centered on continuing to drive operational excellence and innovations within our business, including the aerosol marketplace, where we are the only producer of both 2-piece and 3-piece aerosol cans, and accelerating our progress on automation and digital technologies.

In the markets we serve, prioritizing growth and delivering top-tier quality and service to our core customers is essential, while our innovative approach sets us apart. We are leaders in aerosol can manufacturing, serving markets like spray paint, household products, and personal care items. In food cans, we serve markets including vegetables, tomatoes, and baked beans, while expanding into dairy products and ready-made foods such as chilis, soups, and wet pet food. Our focus is on nurturing strong customer relationships and leveraging innovation to enhance value within our established packaging formats.

Metal packaging is a stable business producing solid cash flows with growth opportunities over the next several years. Capital investments will continue to drive operational performance as we look to expand profits with a focused investment strategy for growth, continuous improvement, and innovations with one of the most recycled substrates in the market today.

Consumer Segment

SONOCO

METAL PACKAGING

Protect consumer products while protecting the environment with sustainable metal packaging that amplifies your brand on store shelves. Whether it's food cans, aerosol cans, or metal can ends, our innovative solutions are backed by decades of experience.

Key Product Lines

Food and Beverage Cans
Beans, Vegetables and Tomatoes, Soups and Chilis, Meats, Milk

Aerosol Cans
Spray Paint, Household Products, Whipped Toppings, Personal Care

Consumer Segment

FLEXIBLE & THERMOFORMING PACKAGING

The world's most beloved brands turn to Sonoco for innovation in flexible and thermoformed packaging. Together, we are transforming the industry, creating exceptional value for our customers, and a more sustainable future for all stakeholders.

Key Product Lines

Condiments | **Confectionary**

Cookies & Crackers | **Fresh Produce**

Medical/Pharma | **Prepared Meals**

Flexibles and Thermoforming

As part of our ongoing portfolio simplification strategy within Sonoco, we made the decision to merge our flexibles business and four thermoforming businesses into one platform as of January 1, 2024. The combined organization has 25 facilities in six countries with almost 75% of combined 2023 sales in the U.S. We are deploying our integration playbook to merge these internal businesses quickly to capitalize on growth opportunities in our niche markets.

Our merged product lines are centered around six primary categories: snacks, condiments, health products, prepared meals, fresh produce, and coffee & pet. Our supply chain expertise is valued by our customers and we are focused on growing markets where our customers value high functionality.

Our new combined platform has operational, go-to-market, and technological advantages. Operationally, we plan to leverage common equipment, processes, and systems. From a go-to-market perspective, we plan to combine our knowledge of common end markets to sell to both existing and new customers. From a technology perspective, our sustainability efforts are focused on mono materials to improve recycling, increasing recycled content in our products, and expanding our portfolio of flexible and semi-rigid packaging to all paper, building on our nearly 125 years of experience as a paper manufacturer.

Today, we are well positioned with the leading consumer goods customers in the world and we are building a robust innovation pipeline to meet their future needs. Fueled by sustainability and innovation, we are targeting increased revenues over the next five years from our new platform and we are looking forward to helping our customers deliver the right packaging for the right product at the right time. We believe that this combination will position us to deliver strong growth and balanced financial returns both organically and through programmatic M&A.

Industrial Paper Packaging

Industrial paper packaging is Sonoco's oldest business, dating back to our start in 1899, and the industrial teams have continued to reinvent, innovate, and grow – focused on superior value, service, and quality. Sonoco is recognized as a vertically integrated global leader in Uncoated Recycled Paperboard (URB) and converted URB products.

We have 160 facilities in 29 countries and produce approximately 2 million tons of URB annually, of which 52% was consumed internally in 2023. Prior to 2021, our paper and converting business was organized as seven different business units. We now operate as an integrated global business with five regional GMs under one leadership team.

Industrial sales in 2023 were over 70% in North America. External key end markets include tissue and towel core stock, flooring paper, core board, and food packaging. Internally, we sell our URB to our consumer division to make rigid paper cans and to our industrial division that makes a variety of products, including paper mill cores, textile cores and cones, film cores, and protective posts. With the acquisition of RTS, we now have a leadership position in solid partitions.

We have been on a journey to optimize our footprint and commercial capabilities to improve profits and better manage business cycles. Operational investments, like Project Horizon, as well as insights from customer relationship data technologies, have helped us reduce costs with a more targeted sales approach and marketing strategy. We also have a focused M&A strategy for regional, market-focused, and innovation led growth.

Over the next five years, we are targeting modest growth and sustained profitability. We are focusing capital investments for continued efficiency, while maintaining top-tier service, quality, and technical leadership for our customers.

Industrial Segment

SONOCO

INDUSTRIAL PAPER PACKAGING

Vertically integrated, global leader in Uncoated Recycled Paperboard (URB) and converted paper products. Our solutions are engineered to be tough, precise, and consistent to meet the high demands of industrial markets.

Key Product Lines

Converted

Tubes and Cores, Fiber Partitions, Protective Stacking Posts, Reels

URB

Paperboard for Consumer & Industrial Packaging, Tissue Towel Corestock, Paperboard Sheets

Environmental and Sustainability:

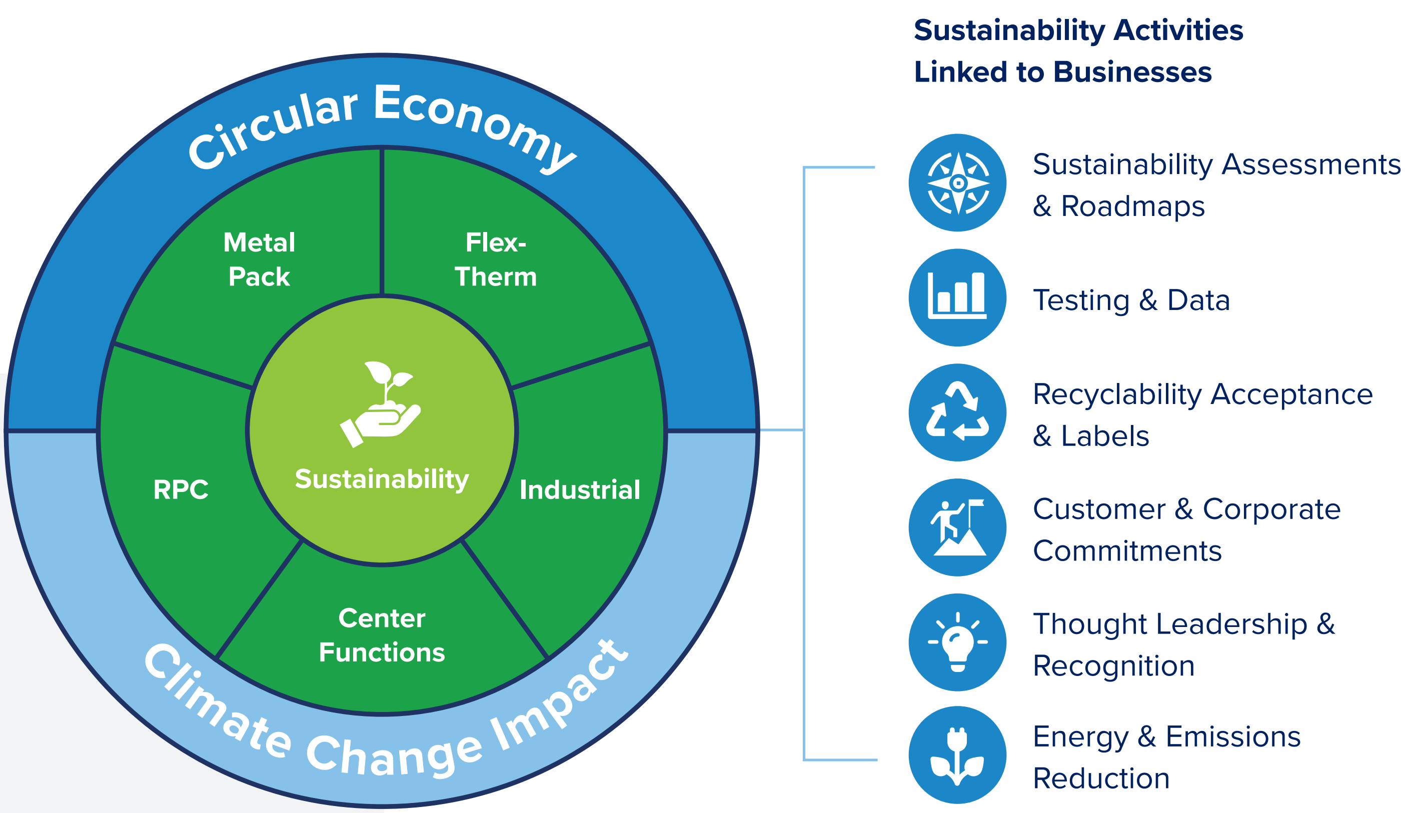
Sustainability presents itself in every part of our business – from packaging design to operational improvements. We take our commitments seriously, building on the 125-year-old belief that *'People Build Businesses by doing the right thing.'*

We are continuing to align the businesses and our center functions as a part of our enterprise strategy to deliver a more sustainable future and honor our employees, customers, and shareholder values. These activities have had Board of Directors oversight since 1995 as part of our Employee and Public Responsibility Committee.

What's Changing with our Customers

- **CPG customers approaching 2025 commitments**
- **Increasing focus on carbon reduction in the supply chain**
- **Navigating a rapidly evolving regulatory landscape**

Strong Enterprise Alignment



How Sonoco is Responding

FOCUS ON CIRCULAR ECONOMY

Goal: Produce more sustainable products across all substrates

What we're Doing:

- Reducing environmental impact via circular design
- Providing thought leadership to develop industry recycling guidelines
- Creating & convening industry alliances to support recyclability

FOCUS ON CLIMATE CHANGE IMPACT

Goal: Every plant across all businesses to reduce environmental impact

What we're Doing:

- Executing emissions reduction via dedicated capital spending
- Integrating Life Cycle Assessments (LCA) into carbon strategy
- Developing Climate-Related Risk Analysis along with mitigation strategy

Unified Sustainability Focus Across Sonoco

Protecting our environment

Investing in our people and communities

Striving for transparency at the executive level

Looking Ahead.

We believe each business in our Consumer and Industrial segments has a clear investment purpose in the Sonoco portfolio. Our rigid paper container business is positioned to be a growth engine from strong secular tailwinds of sustainable packaging and international expansion. Our newly combined flexibles and thermoforming business is part of a market with steady historical growth and potential for organic growth which we believe can be coupled with inorganic growth opportunities in a highly fragmented market. Our metal packaging business is a stable, defensive business with steady cash flow and optionality for inorganic growth. And, our legacy industrial business, which has been transformed over the few last years as a global integrated leader of paper and converted products, has provided steady cash flow to the company.

With this focused portfolio, we look forward to our next era. We are aligning our long-range plans to achieve our enterprise objectives of becoming a more disciplined, growth-oriented company. Our business strategy builds on our core business portfolio strategy and our operating model informs our execution playbook to further drive growth through business excellence. We plan to continue to expand volumes through business excellence, reduce costs through operational excellence, develop our talent through people excellence, and advance our sustainability initiatives to deliver financial results. We intend to do all this while managing risk and maintaining our commitment to our dividend.

So where are we going next from a financial perspective? We are building on our improved foundation and financial performance and our goal is to deliver increased revenue, profits, margins, and cumulative operating cash flows in the next five years. Sonoco is a great company. All the work that we have done to date, and all the work we will continue to do, positions us well to create more value for the future.

Sonoco was founded in 1899 on the principle that **People Build Businesses** by doing the right things and that guiding principle remains at the heart of Sonoco to this day. With the Sonoco leadership team, as well as the thousands of Sonoco team members across the world, we have the right team and experience to carry us forward and I look to the future with optimism.

Non-GAAP Financial Measures

This shareholder letter includes certain financial measures that are not in conformity with generally accepted accounting principles ("GAAP"). These "non-GAAP" financial measures (referred to as "Adjusted") reflect adjustments to the Company's GAAP results to exclude certain income and expense items that are not considered operational in nature. Management discloses non-GAAP financial measures information to provide investors with additional information to analyze the Company's performance and underlying trends. Management uses non-GAAP financial measures in order to better assess operating performance and help investors compare results with our previous guidance. The Company's non-GAAP information is not necessarily comparable to the non-GAAP information used by other companies. Non-GAAP information should not be viewed as a substitute for, or superior to, net income or other data prepared in accordance with GAAP as a measure of the Company's profitability or liquidity. Readers should consider the types of events and transactions for which adjustments have been made. Reconciliations of the Company's GAAP to non-GAAP financial measures are provided below.

Adjusted EBITDA *(Dollars in millions)*

	For the Year Ended December 31,			
	2023	2022	2021	2020
Net income/(loss) attributable to Sonoco	$ 475.0	$ 466.4	$ (85.5)	$ 207.5
Adjustments:				
Interest expense	136.7	101.7	64.0	75.0
Interest income	(10.4)	(4.6)	(4.8)	(3.0)
Provision for income taxes	149.3	118.5	(67.4)	53.0
Depreciation, depletion, and amortization	341.0	308.8	245.2	259.8
Non-operating pension costs	14.3	7.1	568.4	30.1
Net income attributable to noncontrolling interests	0.9	0.5	2.8	(0.2)
Restructuring/Asset impairment charges	56.9	56.9	14.2	145.6
Changes in LIFO inventory reserves	(11.8)	28.4	2.5	–
(Gain)/Loss from divestiture of business and other assets	(78.9)	–	2.6	14.5
Other income, net	(39.7)	–	–	–
Acquisition, integration and divestiture-related costs	26.3	70.2	17.7	4.7
Loss from early extinguishment of debt	–	–	20.2	–
Net (gain)/loss from derivatives	(1.9)	8.8	(4.0)	(0.7)
Other non-GAAP adjustments	10.1	(0.2)	(4.5)	5.1
Adjusted EBITDA	$ 1,067.8	$ 1,162.5	$ 771.4	$ 791.4

Adjusted Diluted EPS

	2023	2022	2021	2020
Diluted EPS (GAAP)	$ 4.80	$ 4.72	$ (0.86)	$ 2.05
Adjustments:				
Acquisition, integration and divestiture-related costs	0.20	0.53	0.14	0.04
Changes in LIFO inventory reserves	(0.09)	0.22	0.02	–
Amortization of acquisition intangibles	0.66	0.62	0.37	0.39
Restructuring/Asset impairment charges	0.44	0.46	0.11	1.11
(Gain)/Loss on divestiture of business and other assets	(0.60)	–	0.01	(0.03)
Other income, net	(0.30)	–	–	–
Non-operating pension costs	0.11	0.05	4.23	0.22
Loss on early extinguishment of debt	–	–	0.15	–
Net (gain)/loss from derivatives	(0.01)	0.07	(0.03)	–
Other adjustments	0.05	(0.19)	(0.21)	0.03
Total adjustments	0.46	1.76	4.79	1.76
Adjusted Diluted EPS	$ 5.26	$ 6.48	$ 3.93	$ 3.81

Leadership Team

R. HOWARD COKER, 61 ■
President and CEO since 2020. Joined Sonoco in 1985.

ROBERT R. DILLARD, 49 ■
Chief Financial Officer since 2022. Joined Sonoco in 2018.

RODGER D. FULLER, 62 ■
Chief Operating Officer since 2022. Joined Sonoco in 1985.

JOHN M. FLORENCE JR., 45 ■
General Counsel, Secretary and Vice President and General Manager – Converted Products North America since 2022. Joined Sonoco in 2015.

JAMES A. HARRELL III, 62 ■
President, Global Industrial Paper Packaging since 2022. Joined Sonoco in 1985.

SEÀN CAIRNS, 53
President, Global Rigid Paper Packaging since 2022. Joined Sonoco in 2008.

RUSSELL K. GRISSETT, 54
President, Global Flexibles and Thermoforming since 2024. Joined Sonoco in 1993.

ERNEST D. HAYNES III, 51
President, Metal Packaging since 2022. Joined Sonoco in 1997.

SHAWN B. MUNDAY 51 ★
Vice President, Global Mergers & Acquisitions since 2022. Joined Sonoco in 2022.

JEFFREY S. TOMASZEWSKI, 55
President, Diversified Businesses since 2022. Joined Sonoco in 2002.

LISA K. WEEKS, 56
Vice President, Investor Relations and Corporate Affairs since 2022. Joined Sonoco in 2022.

ANDREA B. WHITE, 49 ★
Chief Human Resources Officer since 2023. Joined Sonoco in 2006.

OTHER EXECUTIVE OFFICERS

ADAM G. WOOD, 55
Vice President/General Manager, Global Paper Packaging Europe since 2022. Joined Sonoco in 2003.

■ Named Executive Officer ★ Leadership Team Only

From top to bottom left to right:
Coker, Dillard, Fuller, Florence,
Weeks, Haynes, Cairns, White,
Tomaszewski, Harrell, Grissett, Munday

Governance

Board of Directors

JOHN R. HALEY, 62
Chairman since 2019. Chief Executive Officer, Gosiger, Inc. (privately owned distributor of computer-controlled machine tools and factory automation systems), Dayton, Ohio, since 2010. Board member since 2011. Chair of the Executive committee.

R. HOWARD COKER, 61
President and Chief Executive Officer since 2020. Board member since 2020. Joined Sonoco in 1985. Previously served as the Senior Vice President, Global Paper/Industrial Converted Products, Senior Vice President, Rigid Paper Containers and Paper/Engineered Carriers International, as well as other senior leadership roles in global sales and operations. Member of the Executive committee.

STEVEN L. BOYD, 66
Retired. Board member since 2022. Executive with more than 35 years of experience with global Consumer Packaged Goods companies. Chairman of the Board of Trustees at Johnson C. Smith University since 2022 and Trustee since 2009. Member of the Audit and Employee and Public Responsibility committees.

DR. PAMELA L. DAVIES, 67
President Emerita and professor of strategy at Queens University of Charlotte, Charlotte, N.C., since 2019. Board member since 2004. Chair of the Employee and Public Responsibility committee and member of the Executive Compensation and Corporate Governance and Nominating committees.

THERESA J. DREW, 66
Retired. Former Managing Partner of the Carolinas practice of Deloitte, Charlotte, N.C., 2011-19. Board member since 2018. Chair and Financial Expert of the Audit committee and member of the Financial Policy committee.

PHILIPPE GUILLEMOT, 64
Chief Executive Officer and Chairman of Vallourec SA (industrial tubular manufacturer), Meudon, France, since 2022. Board member since 2017. Member of the Employee and Public Responsibility and Financial Policy committees.

ROBERT R. HILL, JR., 57
Retired. Former Executive Chairman of South State Corporation (regional banking company), Columbia, S.C., 2020-23. Board member since 2019. Lead Independent Director and Chair of the Corporate Governance and Nominating committee and member of the Executive Compensation, Executive, and Financial Policy committees.

ELENI ISTAVRIDIS, 66
Retired. Former Executive Vice President and Head of Investment Services for Asia at Bank of New York Mellon (global commercial banking company), 2011-15. Board member since 2020. Member of the Financial Policy and Employee and Public Responsibility committees.

RICHARD G. KYLE, 58
President and Chief Executive Officer of The Timken Company (manufacturer of bearings, transmissions, and other products), North Canton, Ohio, since 2014. Board member since 2015. Chair of the Executive Compensation committee and member of the Audit, Executive, and Corporate Governance and Nominating committees.

BLYTHE J. MCGARVIE, 67
Retired. Former instructor of accounting at Harvard Business School in the full-time MBA program 2012-14. Board member since 2014. Chair of the Financial Policy committee and member of the Audit and Employee and Public Responsibility committees.

THOMAS E. WHIDDON, 71
Retired. Former Advisory Director of Berkshire Partners, LLC (private equity firm), Boston, Mass., 2005-13. Board member since 2001. Financial Expert and member of the Audit committee and member of the Corporate Governance and Nominating and Executive Compensation committees.

Corporate and Shareholder Data.

Transfer Agent And Registrar

Shareholder inquiries, certificates for transfer, address changes and dividend-related issues should be sent to:

Continental Stock Transfer & Trust Company

1 State Street Plaza–30th floor
New York, NY 10004-1561
Domestic: 866.509.5584
International: +212.981.1705
Email: sonoco@continentalstock.com
Website: continentalstock.com

Shareholder Services

Sonoco–A53
1 North Second Street
Hartsville, SC 29550-3305
+843.383.7924

Dividend Reinvestment Plan

To enroll in the Plan or to receive more information, please contact the Plan administrator, Continental Stock Transfer & Trust Company, by visiting continentalstock.com or by calling toll free, 866.509.5584. International callers should dial +212.981.1705. You can also reach the Plan administrator by writing to:

Continental Stock Transfer & Trust Company
Dividend Reinvestment Department

1 State Street Plaza–30th floor
New York, NY 10004-1561

Annual Meeting

The annual meeting of shareholders will be held at 11 a.m. Eastern Time on Wednesday, April 17, 2024 at:

The Watson Theater at Coker University

104 Campus Drive
Hartsville, SC 29550

A live audiocast will be available, with a replay archived for six months.

Instructions for listening to this audiocast will be available at investor.sonoco.com approximately one week prior to the event.

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

Hearst Tower
214 North Tryon Street, Suite 3600
Charlotte, NC 28202-2137

Sonoco On The Internet

Sonoco's website, sonoco.com, provides a variety of information about the Company. The site features a newsroom for press releases, photos, financial reports and presentations, proxy statements, various SEC filings, events, sustainability activity, and more.

Information about Sonoco's products, technologies, awards, and activities is also available on:

@sonoco.products
@sonoco_products
@sonoco
sonocoproducts

“People Build Businesses”

A sculpture by Charles C. Parks commissioned by Sonoco Products Company honoring past, present and future employees in celebration of Sonoco’s one-hundredth anniversary.

Located at Sonoco Products Company Headquarters
Hartsville, South Carolina USA

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission File Number: 001-11261

SONOCO PRODUCTS COMPANY

(Exact name of registrant as specified in its charter)

South Carolina (State or other jurisdiction of incorporation or organization)	57-0248420 (I.R.S. Employer Identification No.)
1 N. Second St. Hartsville, South Carolina (Address of principal executive offices)	29550 (Zip Code)

Telephone: (843) 383-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
No par value common stock	SON	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting common stock held by nonaffiliates of the registrant (based on the New York Stock Exchange closing price) on June 30, 2023, which was the last business day of the registrant's most recently completed second fiscal quarter, was $5,752,118,002.

As of February 16, 2024, there were 98,127,878 shares of no par value common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the annual meeting of shareholders to be held on April 17, 2024, which statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates, are incorporated by reference in Part III.

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SONOCO PRODUCTS COMPANY

Forward-Looking Statements

Statements included in this Annual Report on Form 10-K that are not historical in nature, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, the Company and its representatives may from time to time make other oral or written statements that are also "forward-looking statements." Words such as "aim," "anticipate," "assume," "believe," "can," "committed," "consider," "continue," "could," "estimate," "expect," "forecast," "future," "goal," "guidance," "intend," "is designed to," "likely," "maintain," "may," "might," "objective," "ongoing," "opportunity," "outlook," "plan," "possible," "potential," "predict," "project," "seek," "strategy," "target," "will," "would," or the negative thereof, and similar expressions identify forward-looking statements. Forward-looking statements in this Annual Report on Form 10-K include, but are not limited to, statements regarding:

- availability and supply of raw materials and energy, and offsetting high raw material and energy costs, including the potential impact of changes in tariffs or imposition of sanctions;
- the effects of economic downturns, inflation, volatility and other macroeconomic factors on the Company and its industry, including effects on consumers and customers;
- the resiliency of the Company's operating model;
- reduced supply chain and labor disruptions and benefits to the Company therefrom;
- consumer and customer actions in connection with political, social, and economic instability, war and other geopolitical tensions, and widespread public health events, including epidemics or pandemics;
- improved productivity and cost containment, including cost savings from the Company's investments;
- improving margins and leveraging strong cash flow and financial position;
- costs, timing and effects of restructuring and portfolio simplification activities;
- effects and timing of, and anticipated costs, synergies and gains resulting from acquisitions and divestitures, including the Company's acquisitions of Ball Metalpack Holding, LLC, renamed Sonoco Metal Packaging ("Metal Packaging"), S.P. Holding, Skjern A/S ("Skjern"), the remaining interest in RTS Packaging, LLC ("RTS Packaging"), a paper mill in Chattanooga, Tennessee (the "Chattanooga Mill"), Nordeste Tubetes and NE Tubetes, and Inapel Embalagens Ltda. ("Inapel"), and the Company's sale of its Sonoco Sustainability Solutions ("S3") business, its U.S. and Mexico BulkSak businesses, its South Carolina timberland properties, and its Protective Solutions business;
- adequacy and anticipated amounts and uses of cash flows;
- capital allocation, including expected amounts of capital spending and expected annualized cost savings and other benefits therefrom;
- the Company's capital structure, including the incurrence of debt and the refinancing and repayment of debt;
- the Company's ability to adhere to restrictive covenants in its debt agreements;
- financial and business strategies and the results expected of them;
- producing improvements in earnings;
- profitable sales growth and rates of growth;
- market opportunities and anticipated growth thereof, as well as improving demand for the Company's products;
- market leadership;
- the Company's human capital management strategy;
- expected impact and costs of resolution of legal proceedings;
- extent of, and adequacy of provisions for, environmental liabilities;
- the Company's ability to achieve its sustainability goals, including with respect to greenhouse gas emissions;
- adequacy of income tax provisions, realization of deferred tax assets, outcomes of uncertain tax issues and tax rates;
- goodwill impairment charges and fair values of reporting units;
- future asset impairment charges and fair values of assets;
- anticipated contributions to pension and postretirement benefit plans, fair values of plan assets, long-term rates of return on plan assets, and projected benefit obligations ("PBO") and payments;
- expected impact of implementation of new accounting pronouncements;
- creation of near-term and long-term value and returns for shareholders;
- continued payment of dividends; and
- planned stock repurchases.

Such forward-looking statements are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management. Such information includes, without limitation, discussions as to guidance and other estimates, perceived opportunities, expectations, beliefs, plans, strategies, goals and objectives concerning our future financial and operating performance. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed or forecasted in such forward-looking statements. Such risks, uncertainties and assumptions include, without limitation:

- ability to manage the mix of business and execute on the Company's portfolio simplification strategy, including with respect to divestitures;
- ability to identify and successfully close suitable acquisitions at the levels needed to meet growth targets;
- ability to successfully integrate newly acquired businesses into the Company's operations and realize synergies and other anticipated benefits within the expected time period, or at all;
- availability, transportation and pricing of raw materials, energy and transportation, including the impact of potential changes in tariffs or sanctions and escalating trade wars, and the impact of war, general regional instability and other geopolitical tensions (such as the ongoing conflict between Russia and Ukraine as well as the economic sanctions related thereto, and the ongoing conflict in Israel and Gaza), and the Company's ability to pass raw material, energy and transportation price increases and surcharges through to customers or otherwise manage these commodity pricing risks;
- costs of labor;
- work stoppages due to labor disputes;
- success of new product development, introduction and sales, including successful timing of new product or product innovation introductions;
- success of implementation of new manufacturing technologies and installation of manufacturing equipment, including the startup of new facilities and lines;
- consumer demand for products and changing consumer preferences, including changes related to inflation and other macroeconomic factors;
- ability to be the low-cost global leader in customer-preferred packaging solutions within targeted segments;

- competitive pressures, including new product development, and technological market leadership, reputation for quality, industry overcapacity, customer and supplier consolidation, and changes in competitors' pricing for products;
- financial conditions of customers and suppliers;
- ability to maintain or increase productivity levels, contain or reduce costs, and maintain positive price/cost relationships;
- ability to negotiate or retain contracts with customers, including in segments with concentration of sales volume;
- inventory management strategies of customers;
- collection of receivables from customers;
- ability to improve margins and leverage cash flows and financial position;
- ability to attract and retain talented and qualified employees, managers, and executives;
- ability to profitably maintain and grow existing domestic and international business and market share;
- availability of credit to us, our customers and suppliers in needed amounts and on reasonable terms;
- effects of our indebtedness on our cash flow and business activities;
- fluctuations in interest rates and our borrowing costs;
- fluctuations in obligations and earnings of pension and postretirement benefit plans, including the timing of funding plan obligations, and the accuracy of assumptions underlying projections of benefit plan obligations and payments, valuation of plan assets, and projections of long-term rates of return;
- foreign currency exchange rate fluctuations, interest rate and commodity price risk and the effectiveness of related hedges;
- cost of employee and retiree medical, health, and life insurance benefits;
- resolution of income tax contingencies;
- changes in U.S. and foreign tariffs, tax rates, tax laws, regulations and interpretations thereof, including income, sales and use, property, value added, employment, and other taxes;
- accuracy in valuation of deferred tax assets;
- the adoption of new, or changes in, accounting standards or interpretations;
- accuracy of assumptions underlying projections related to goodwill impairment testing, and accuracy of management's assessment of goodwill impairment;
- accuracy of assumptions underlying fair value measurements, accuracy of management's assessments of fair value and fluctuations in fair value;
- ability to maintain effective disclosure controls and internal controls, including with regard to financial reporting, to prevent or detect errors or acts of fraud;
- liability for and costs of resolution of litigation, regulatory actions, or other legal proceedings;
- liability for and anticipated costs of environmental remediation actions;
- effects of environmental laws and regulations, including with respect to climate change and emissions reporting;
- operational disruptions at our major facilities;
- failure or disruptions in our information technology systems;
- loss of consumer or investor confidence;
- ability to protect our intellectual property rights;
- changes in laws and regulations relating to packaging for food products and foods packaged therein, other actions and public concerns about products packaged in our containers, or chemicals or substances used in raw materials or in the manufacturing process;
- changing consumer attitudes toward plastic packaging;
- changing climate and greenhouse gas effects;
- ability to meet environmental, sustainability and other social and governmental goals, including with respect to greenhouse gas emissions, and challenges in implementation thereof;
- actions of domestic or foreign government agencies, changes in laws and regulations affecting the Company, and increased costs of compliance;
- international, national, and local economic and market conditions and levels of unemployment;
- economic disruptions resulting from war and other geopolitical tensions (such as the ongoing military conflict between Russia and Ukraine and the ongoing conflict in Israel and Gaza), terrorist activities, public health events (such as the COVID-19 pandemic), and natural disasters; and
- inflation and the activities and operations in highly inflationary economies.

More information about the risks, uncertainties, and assumptions that may cause actual results to differ materially from those expressed or forecasted in forward-looking statements is provided in this Annual Report on Form 10-K under Item 1A - "Risk Factors" and throughout other sections of this report and in other reports filed with the Securities and Exchange Commission (the "SEC"). In light of these various risks, uncertainties, and assumptions, the forward-looking events discussed in this Annual Report on Form 10-K might not occur.

The Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. You are, however, advised to review any further disclosures we make on related subjects, and about new or additional risks, uncertainties and assumptions, in our future filings with the SEC on Forms 10-K, 10-Q, and 8-K.

References to our website address

References to our website address and domain names throughout this Annual Report on Form 10-K are for informational purposes only, or to fulfill specific disclosure requirements of the SEC's rules or the New York Stock Exchange Listing Standards. These references are not intended to, and do not, incorporate the contents of our websites by reference into this Annual Report on Form 10-K.

PART I

Item 1. Business

(a) General Development of Business –

Sonoco Products Company ("Sonoco," "the Company," "we," "us," or "our") is a South Carolina corporation founded in Hartsville, South Carolina, in 1899 as the Southern Novelty Company with the guiding principle that People Build Businesses by doing the right things. At its beginnings in 1899, a team of 12 people worked from a rented warehouse to produce the Company's first product, a cone-shaped paper yarn carrier used for winding and transporting yarn. Since most of the textile cones of that day were wooden, paper cones were a novelty. The Company soon became the leading producer of cones in the United States. The Southern Novelty Company continued to diversify its product line and add new operations around the country. In 1923, the Southern Novelty Company name was changed to Sonoco Products Company, or "Sonoco," using the first two letters from each word of its original name.

Sonoco is now a multi-billion dollar global designer, developer, and manufacturer of a variety of highly engineered and sustainable packaging serving multiple end markets. As of December 31, 2023, the Company had approximately 310 locations in 33 countries, serving some of the world's best-known brands in some 85 nations. Sonoco is committed to creating sustainable products, services, and programs for the environment and our customers, employees, and communities that support our corporate purpose: *Better Packaging. Better Life*. Our goal is to bring more to packaging than just the package by offering integrated packaging solutions that help define brand personalities, create unique customer experiences, and enhance the quality of products. We seek to help our customers solve their packaging challenges by connecting insights to innovation and developing customized solutions that are tailored to the customers' goals and objectives.

(c) Description of Business –

Segment Reporting

The Company currently reports its financial results in two reportable segments – Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other. Further information about the Company's reportable segments is provided in Note 19 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Effective January 1, 2024, the Company will integrate its flexible packaging and thermoforming packaging businesses within the Consumer Packaging segment in order to streamline operations, enhance customer service, and better position the business for accelerated growth. As a result, the Company will change its operating and reporting structure to reflect the way it plans to manage its operations, evaluate performance, and allocate resources going forward. Therefore, in future reporting periods, the Company's consumer thermoforming businesses will move from the All Other group of businesses to the Consumer Packaging segment. The Company's Industrial Paper Packaging segment will not be affected by these changes. As of and for the year ended December 31, 2023, there were no changes to the manner in which the Company reviewed financial information at the segment level; therefore, these changes had no impact on our reporting structure.

Consumer Packaging

The Consumer Packaging segment accounted for approximately 53%, 52%, and 42% of the Company's consolidated net sales in the years ended December 31, 2023, 2022, and 2021, respectively. The operations in this segment consisted of approximately 80 plants throughout the world as of December 31, 2023. Products within the Consumer Packaging segment consist of rigid packaging (paper, metal, and plastic) and flexible packaging, primarily serving the consumer staples market focused on food, beverage, household, and personal products.

Our rigid paper containers are manufactured from 100% recycled paperboard provided primarily from Sonoco global paper operations. These paper products are primarily used in the food and beverage markets including snacks, baked goods, powdered drinks, and confectionary goods. With the acquisition of Metal Packaging in 2022, we expanded our manufacturing capability in steel and aluminum metal fabrication beyond our existing metal ends and closures products to include metal food and household packaging products for vegetables, tomatoes, fruit, spray cleaners, paint, and other products. Our rigid plastic products are comprised of thermoformed plastic trays and enclosures for fresh produce, condiments, and pre-packaged foods. Our flexible packaging is comprised primarily of plastic packaging serving a variety of food and personal product applications where high-barrier properties are critical for freshness and shelf-life.

In 2023, Sonoco's rigid paper containers were the Company's largest revenue-producing group of products and services, representing approximately 21% of the Company's consolidated net sales in the year ended December 31, 2023. This group comprised 21% and 24% of consolidated net sales in 2022 and 2021, respectively.

Industrial Paper Packaging

The Industrial Paper Packaging segment accounted for approximately 35%, 37%, and 44% of the Company's consolidated net sales in the years ended December 31, 2023, 2022, and 2021, respectively. This segment served its markets through approximately 190 plants on five continents as of December 31, 2023. Sonoco's paper operations provide the primary raw material for the Company's fiber-based packaging. Sonoco uses approximately 52% of the paper it manufactures, and the remainder is sold to third parties. This vertical integration strategy was supported by 23 paper mills with 30 paper machines throughout the world as of December 31, 2023. The Company also operates 24 recycling facilities in the United States capable of recycling old corrugated containers, paper, plastics, metals, and other recyclable materials that can be processed back through the Sonoco manufacturing ecosystem. In 2023, Sonoco had the capacity to manufacture approximately 2.2 million tons of recycled paperboard per year. Products within the Industrial Paper Packaging segment consist primarily of goods produced from recycled fiber including paperboard tubes, cores, cones and cans; partitions; paper-based protective materials; and uncoated recycled paperboard for high-end applications such as folding cartons, can board, and laminated structures.

Products across this segment support multiple end markets in consumer staples (food and beverage, food distribution, household and personal products), consumer discretionary (home building, appliances, apparel, and home furnishings), and industrials (construction and building products, and industrial distribution), as well as various other end markets.

In 2023, Sonoco's tubes and cores products were the Company's second largest revenue-producing group of products, representing approximately 19% of the Company's consolidated net sales in the year ended December 31, 2023. This group comprised 18% and 21% of consolidated net sales in 2022 and 2021, respectively.

All Other

The businesses grouped as All Other accounted for approximately 12%, 11%, and 14% of the Company's consolidated net sales in the years ended December 31, 2023, 2022 and 2021, respectively. The operations in All Other consisted of approximately 40 plants throughout the world as of December 31, 2023. Products within the All Other businesses consist of a variety of packaging materials including plastic, paper, foam, and various other specialty materials. All Other businesses serve a wide variety of end markets including consumer staples, consumer discretionary, industrial, and pharmaceuticals. Prior to its divestiture in April 2021, the Company's U.S. global display and packaging business, which included point-of-purchase displays, fulfillment operations, and contract packaging, was reported in All Other.

Other Aspects of the Company's Business

Product Distribution – Each of the Company's operating units has its own sales staff and maintains direct sales relationships with its customers. Some of the units have service staff at the manufacturing facility that interact directly with customers. The Industrial Paper Packaging segment and certain operations within the Consumer Packaging segment have customer service centers located in Hartsville, South Carolina, which are the main contact points between their North American business units and their customers. Divisional sales personnel also provide sales management, marketing, and product development assistance as needed. Typically, product distribution is directly from the manufacturing plant to the customer but, in some cases, product is warehoused in a mutually advantageous location to be shipped to the customer as needed.

Raw Materials – The principal raw materials used by the Company are recovered paper, paperboard, steel, aluminum, and plastic resins. Raw materials are purchased from several outside sources. After a number of global supply chain challenges in the past several years, the Company considers the supply and availability of raw materials to be adequate to meet its needs.

Patents, Trademarks, and Related Contracts – Most inventions and product and process innovations are generated by Sonoco's development, marketing, and engineering staff, and are important to the Company's internal growth. Patents have been granted on many inventions created by Sonoco staff in the United States and in numerous other countries. Patents, trademarks, and proprietary technology are also acquired through acquisitions and business combinations. The 2023 acquisitions of the remaining interest in RTS Packaging and the Chattanooga Mill resulted in the Company acquiring trademarks including RTS Packaging®, Wineguard®, Ultra Guardian®, RigidWall®, and Renew 100®, among others. Patents and proprietary technology are managed globally by a Sonoco intellectual capital management team through the Company's subsidiary, Sonoco Development, Inc. ("SDI"). SDI globally manages patents, trade secrets, confidentiality agreements, and license agreements. Some patents have been licensed to other manufacturers, often as part of a larger agreement, such as a toll manufacturing agreement. Sonoco also licenses patents from outside companies and universities. U.S. patents typically expire twenty years after filing, and patents on new innovations replace many of the abandoned or expired patents. A second intellectual capital subsidiary of Sonoco, SPC Resources, Inc., globally manages Sonoco's trademarks, service marks, copyrights, and internet domain names. Most of Sonoco's products are marketed worldwide under trademarks such as Sonoco ®, SmartSeal ®, Sonotube ®, Sealclick ®, Sonopost ®, and UltraSeal ®, among others. Sonoco's registered web domain names provide information about Sonoco, including its people, products, locations, and governance. Trademarks and domain names are licensed to outside companies, utilizing quality control metrics, where appropriate.

Seasonality – Although demand for the majority of the Company's products is not seasonal to any significant degree, the Company's Metal Packaging operations generally experience higher sales and operating profits during the second and third quarters of the year as demand for certain products increases during the peak of the food packaging season.

Dependence on Customers – On an aggregate basis during 2023, the five largest customers in the Consumer Packaging and Industrial Paper Packaging segments accounted for approximately 26% and 10%, respectively, of each segment's net sales. The five largest customers in the All Other group of businesses accounted for approximately 15% of the group's net sales.

None of the Company's customers represented 10% or more of consolidated revenues in 2023.

Additional information regarding Sonoco's customers is provided in Item 1A - Risk Factors under the caption "Risks Related to Competition, Customers and Suppliers."

Backlog – The Company provides a wide variety of products to multiple end markets and relies on its customers' forecasts to position raw materials for manufacturing within its facilities. The Company does not carry a significant backlog and, in general, aligns its customer deliveries on a built-to-order basis.

Competition – The Company sells its products in highly competitive markets, which include paper, textile, film, food, packaging, construction, and wire and cable. All of these markets are influenced by the overall rate of economic activity, and their behavior is principally driven by supply and demand. Because we operate in highly competitive markets, we regularly bid for new and continuing business. Losses or awards of business from our largest customers, customer changes to alternative forms of packaging, and the repricing of business can have a significant effect on our operating results. The Company manufactures and sells many of its products globally. The Company, having operated internationally since 1923, considers its ability to serve its customers worldwide in a timely and consistent manner a competitive advantage. The Company also believes that its technological leadership, reputation for quality, and vertical integration are competitive advantages. Expansion of the Company's product lines and global presence is driven by the rapidly changing needs of its major customers, who demand high-quality, state-of-the-art, environmentally compatible packaging, wherever they choose to do business. It is important to be a low-cost producer in order to compete effectively. The Company is focused on productivity improvements and other cost-reduction initiatives utilizing the latest in technology. Additional information regarding competition is provided in Item 1A - Risk Factors under the caption "Risks Related to Competition, Customers and Suppliers."

Compliance with Government Regulations and Laws – The Company must comply with extensive laws, rules, and regulations in the United States and in each of the countries where it conducts business with respect to a variety of matters. Information regarding compliance with government regulations, including environmental laws, is provided in Item 1A - Risk Factors, in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Risk Management," and in Note 17 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Culture – At Sonoco, our purpose is ingrained 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 what we do, and the decisions we make. 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*.

Sustainability – Packaging plays a fundamental role in providing safe and hygienic delivery systems for food, medicines, and other essential products around the world. However, we believe the importance of packaging extends beyond its functionality to also include its impact on the planet. During 2020, we established a new corporate team, led by a vice president directly reporting to our President and Chief Executive Officer ("CEO"), to focus on our global sustainability efforts. This team has expanded and led the Company's global sustainability programs for all our packaging businesses, including driving efforts to meet our climate change related goals.

In partnership with our employees, we are committed to protecting the natural environment and our communities through sustainable practices. We emphasize a culture of accountability and strive to conduct our business in a manner that is fair, ethical, and responsible to earn the trust of our employees. Additionally, we continue to convene our Corporate Sustainability Council to provide oversight, guidance, and direction on social, community, and environmental issues that impact the reputation and economic performance of the Company, and to help address the concerns of our stakeholders. The Council meets quarterly and reports to and is sponsored by Sonoco's President and CEO. The VP Environmental, Sustainability & Technical Services, as the head of the Council, reports quarterly to the Employee and Public Responsibility Committee of the Board of Directors (the "Board") on Sonoco's sustainability activities, including tracking of climate-related issues. We are committed to reporting in line with the Global Reporting Initiative, Task Force on Climate-Related Financial Disclosures, and Sustainability Accounting Standards Board standards as of 2023.

Our sustainability goals include the following key elements:

Greenhouse Gas Emissions – We are setting ambitious targets to reduce our global greenhouse gas ("GHG") emissions in line with the Paris Agreement, which is aimed at limiting the warming of global temperatures to less than 2°C above pre-industrial levels. Specifically, Sonoco aims to reduce absolute scope 1 and 2 GHG emissions by 25% by 2030 from a 2020 base year. We have also set a goal to reduce absolute scope 3 GHG 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 were validated by the Science-Based Target initiative as meeting their requirements for being science-based in June 2021.

Energy Usage – We strive to manage, mitigate, and reduce our GHG emissions where possible. In support of our GHG emission reductions, Sonoco aims to continue energy efficiency improvements in our manufacturing plants targeted to reduce total energy use by at least 8% by 2030 from a 2020 baseline, in addition to investing in renewable energy and alternative power projects.

Water Usage – We believe 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 the majority of our global water usage. We have conducted initial water risk studies at these manufacturing facilities using the WRI Aqueduct water risk tool.

Single Use Plastics – We are working to reduce the use and impact of virgin plastics on the environment. As such, we are working to continue to ensure we can make relevant on-pack recyclability claims for our consumer-based global rigid plastic product portfolio, while also ensuring we are closing the loop through continued use of post-consumer recycled content. We are also committed to responsibly managing resin use at our facilities and are implementing "Operation Clean Sweep", a program focused on preventing discharge of plastic pellets and nurdles into the environment.

Recycling – We also serve as a valued partner to our customers to reduce the environmental impact of their packaging. We continue to develop a range of products made from renewable materials and materials that can be recycled or composted at the end of their life.

We engage in activities and make investments that we believe will enable us to innovate our products and improve our operational infrastructure as well as drive end-of-life solutions for our products and develop partnerships with key stakeholders across our value chain to help deliver sustainable solutions.

Human Capital Management - Sonoco's core belief in "People and Packaging with a Purpose" underlies our efforts to attract, acquire, and retain talented employees for our global businesses. We bring more to packaging than just the package.

We depend on our employees to achieve our mission of creating sustainable packaging solutions that help build our customers' brands, enhance the quality of their products, and improve the quality of life for people around the world. We work towards this goal by establishing a foundation for actions that support sustainability; health and safety; diversity, equity and inclusion ("DEI"); and talent development. Integrity is a hallmark of the Sonoco culture.

We seek to engage, develop, and reward our employee base so they can successfully pursue our purpose of *Better Packaging. Better Life.* The Company believes that a strong focus on human capital through the talent we hire and retain is critical to maintaining our competitiveness. This focus on human capital is reinforced by our Policies on Business Conduct and through increasing employee awareness, education, communication, and training.

As of December 31, 2023, we had approximately 23,000 full-time equivalent employees, with the majority concentrated in the United States. We consider our employee relations to be strong.

We have labor unions in all regions of our operations. In North America, approximately 13.6% of our employees were represented by unions as of December 31, 2023. We rely on the unique qualities and talents of our employees to help us meet our strategic priorities. Our DEI goals are focused on increasing the representation of women and racial minorities into more salaried and senior leadership positions. We are working toward this goal by increasing hiring and focusing on development and promotions, as well as retention efforts. We made significant progress in talent acquisition during 2023, despite a challenging labor market. In the United States, 25% of new employee hires during 2023 identified as female and 43% identified as members of underrepresented ethnic groups.

People Objectives

We rely on the personal relationships and service provided by employees. As such, we believe attracting, recruiting, developing, and retaining diverse talent is vital to our success. The Company is focused on supporting our employees, and we consider the management of our talent to be essential to the ongoing success of our business. Our Board and its Executive Compensation Committee and Employee & Public Responsibility Committee provide oversight of our human capital management strategy.

Health and Safety

We take the health and safety of our employees very seriously. Protecting the health and safety of our employees is a priority, and we are committed to providing a safe and healthy working environment for all our associates.

We use global and local incident data, along with a strong set of leading indicators, to create program and safety improvement action plans to reduce exposures that lead to at-risk situations. Injury rates in 2023 were stable year over year, with a slight decrease in 2023 in overall injuries across the organization in all categories compared to 2022. We continue to focus on preventing serious and disabling injuries across the organization and have demonstrated progress in reducing exposure to high-risk hazards within the manufacturing operations. Focused audit processes, detailed standards, executive leadership, and dedicated capital are focused on driving long-term exposure reductions, with a 97% completion rate on our annual safety improvement plans as of December 31, 2023. Building on our efforts started in 2022 with a focus on leadership, a global initiative, Doing Safety Differently, was launched to further strengthen the culture around safety leadership and employee engagement. This initiative included the rollout of an Operations Leadership Safety Playbook, establishing expectations on how to lead safety. Additionally, a global training initiative for all employees was launched in late 2023 with the intent to equip employees with skills to identify and communicate about exposures in their workplace.

Other employee well-being resources include wellness courses and a variety of online training classes, as well as other programs to promote mental and physical health. We continue to utilize employee feedback and surveys to gather information to better serve our team members. Members of our human resources department annually review benefits to ensure we can support the well-being of our employees and their families.

Diversity, Equity, and Inclusion

Our commitment to DEI starts with our goal of developing a workforce that is diverse in background, knowledge, skill and experience. Sonoco engages in efforts aimed at hiring diverse talent, including initiatives focused on gender, gender identity, underrepresented ethnic groups, LGBTQ+ individuals, people with disabilities, veterans and others. We have implemented policies and training focused on non-discrimination and harassment prevention. We embrace DEI, which we believe fosters leadership through new ideas and perspectives. In 2023, we continued the evolution of our DEI strategy and objectives, an ongoing business imperative. In connection with its diversity initiatives, Sonoco periodically requests that its employees and Board members self-identify based on specified diversity categories. As of December 31, 2023, approximately 25.0% of our total work force and 18.9% of our senior leaders identified as female, while approximately 34.5% of our total workforce and 13.3% of our senior leaders identified as a member of an underrepresented ethnic group. From our global workforce, our employees were located in the following geographic regions as of December 31, 2023: 56% in North America; 17% in Europe; 18% in Latin America; and 9% in the Asia-Pacific region.

For the past 12 years, Sonoco's employees have expanded and improved our Global Diversity, Equity and Inclusion Council (the "DEI Council"), which is chaired by our President and CEO. In 2022, the Company changed the name of the DEI Council, formerly the Global Diversity and Inclusion Council, to reflect the Company's increasing emphasis on driving equity as part of an inclusive employee environment. An important part of our DEI efforts includes Sonoco's Employee Resource Groups, which are groups of employees who support our DEI strategies by leveraging the unique perspectives of their members. In 2023, the DEI Council expanded its formerly known "Week of Understanding" into a "Month of Understanding" due to employee interest and a desire for more ways to connect and educate employees. This resulted in a 15% increase in participation across our global locations.

We have continued to build our Supplier Diversity Program since 2004, integrating diversity and inclusion into our procurement process by laying a strong foundation with key internal and external stakeholders. We developed policies, practices, and procedures to ensure equal opportunity and enable access. As part of Sonoco's Supplier Diversity Program, supplier diversity progress is reported to the President and CEO, who in turn reports the progress to the Employee & Public Responsibility Committee of the Board.

Talent Development

Attracting, developing, and retaining talented employees is critical to our success and is an integral part of our human capital strategy. We have created a Global Talent Acquisition and Organizational Development team to provide a more holistic approach to managing and enriching the employee lifecycle through continuous training and comprehensive succession planning. Our focus continues to be on hiring, developing, and promoting talent based on a set of core competencies that drives high performance. Our training and development efforts include SONOCO University, our internal learning platform that offers a wide array of in-person and online learning opportunities to build employee competencies. Our professional training staff curates and delivers foundational leadership training to our employees to focus on leadership development as a core competency. We also utilize external organizations and local universities to support our development needs. We have apprenticeship programs with local technical schools and high schools. Other key components of our talent management system include coaching and a formal mentorship program for emerging leaders and high-potential employees. In addition, we conduct regular talent succession assessments along with individual performance reviews for salaried employees in which managers provide regular feedback and coaching to assist with the development of our employees, including the use of individual development plans to assist with individual career development.

We are also focused on pay equity and regularly review our compensation model to promote more fair and inclusive pay practices across our business. We offer competitive benefits packages that we believe reflect the needs of our workforce. In the United States, we provide medical, dental, and vision benefits, life and disability coverage, education reimbursement, and paid time off. We provide retirement benefits including a 401(k)-match program. Our executive compensation program is designed to align incentives with achievement of the Company's strategic plan and both short- and long-term operating objectives.

(e) Available Information –

The Company electronically files with the SEC its annual reports on Form 10-K, its quarterly reports on Form 10-Q, its periodic reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, and proxy materials pursuant to Section 14 of the Exchange Act. The SEC maintains a site on the Internet, *www.sec.gov*, that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Sonoco also makes its filings available, free of charge, through its Investor Relations website, *www.investor.sonoco.com*, as soon as reasonably practical after the electronic filing of such material with the SEC. Sonoco uses its Investor Relations website as a means of disclosing material non-public information. Accordingly, investors should monitor Sonoco's Investor Relations website, in addition to following its press releases, SEC filings, and public conference calls and webcasts. The information posted on or accessible through Sonoco's website is not incorporated into this Annual Report on Form 10-K. All references to Sonoco's websites are intended to be inactive textual references only.

Information About our Executive Officers –

Name	*Age*	*Position and Business Experience for the Past Five Years*
Executive Officers		
R. Howard Coker	61	Board member, President and Chief Executive Officer since 2020. Previously, Senior Vice President, Global Paper and Industrial Converted Products, 2019-2020; Senior Vice President, Rigid Paper Containers and Paper/Engineered Carriers International, 2017-2018; Group Vice President, Global Rigid Paper and Closures, and Paper and Industrial Converted Products, EMEA, Asia, Australia / New Zealand, 2015-2017. Joined Sonoco in 1985. Mr. Coker is the brother-in-law of J.R. Haley, Chairman of Sonoco's Board of Directors.
Robert R. Dillard	49	Chief Financial Officer ("CFO") since June 2022. Previously, Chief Strategy Officer, April-June 2022; Vice President, Corporate Development, 2018 - March 2022; President of Personal Care Europe and Vice President of Strategy and Innovation at Domtar Personal Care, a division of Domtar Corporation, 2016-2018. Joined Sonoco in 2018.
Rodger D. Fuller	62	Chief Operating Officer since April 2022. Previously, Executive Vice President, Global Industrial and Consumer, 2020-2022; Senior Vice President, Global Consumer Packaging, Display and Packaging and Protective Solutions, 2019-2020; Senior Vice President, Paper/Engineered Carriers U.S./Canada and Display and Packaging, 2017-2018. Joined Sonoco in 1985.
John M. Florence, Jr.	45	General Counsel, Secretary, Vice President and General Manager Converted Products North America since June 2022. Previously, Vice President, General Counsel, Human Resources and Secretary, 2019-2022. Corporate Vice President, General Counsel and Secretary, 2016-2019; Joined Sonoco in 2015.
Sean Cairns	53	President, Global Rigid Paper Packaging since April 2022. Previously, Vice President and General Manager Rigid Paper Products Europe, 2008-2022. Joined Sonoco in 2008.
Russell K. Grissett	54	President, Global Flexibles Division since April 2022. Previously, Vice President and General Manager Global Flexibles, 2019-2022; Vice President and General Manager Global Protective Solutions, 2017-2019. Joined Sonoco in 1993.
James A. Harrell III	62	President, Global Industrial Paper Packaging since April 2022. Previously, Vice President, Industrial Americas, Asia and Conitex, 2020-2022; Vice President Tubes & Cores, US and Canada, 2016-2020. Joined Sonoco in 1985.
Ernest D. Haynes III	51	President, Metal Packaging since April 2022. Previously, Vice President, Rigid Paper Containers, North America, 2021-2022; Division Vice President and General Manager of Rigid Paper and Containers, North America, 2018-2021. Division Vice President and General Manager of Tubes and Cores, U.S. and Canada, 2015-2018. Joined Sonoco in 1997.
Jeffrey S. Tomaszewski	55	President, Diversified Businesses since April 2022. Previously, Vice President, North America Consumer and Global Rigid Paper and Closures, 2020-2022; Division Vice President and General Manager – Global Rigid Paper and Closures, Display and Packaging and Paperboard Specialties, 2019-2020; Division Vice President and General Manager of Rigid Paper Containers, North America and Display and Packaging, 2018-2019; Division Vice President, Rigid Paper Containers, North America, 2015-2018. Joined Sonoco in 2002.
Lisa K. Weeks	56	Vice President, Investor Relations and Corporate Affairs, since April 2022. Previously Senior Vice President, Head of Investor Relations and Chief Strategy Officer at Benchmark Electronics, Inc. 2020-2022. Vice President, Strategy and Investor Relations at Benchmark Electronics, Inc., 2012-2020. Joined Sonoco in 2022.
Adam Wood	55	Vice President Global Paper Products-Europe since April 2022. Previously Vice President, Paper and Industrial Converted Products, EMEA, Australia and New Zealand, 2015-2022. Joined Sonoco in 2003.

Item 1A. Risk Factors

We are subject to risks and uncertainties that could adversely affect our business, reputation, consolidated financial condition, results of operations and cash flows, ability to pay dividends, and the trading price of our securities. These factors could also cause our actual results to materially differ from the results contemplated by forward-looking statements we make in this report, in our other filings with the SEC, and in our public announcements. You should consider the risk factors described below, as well as other factors described elsewhere in this report and in our other filings with the SEC, in evaluating us, our business, and any investment in our securities. Although these are the most significant risk factors of which we are currently aware, they are not the only risk factors to which we are subject. Additional risk factors not currently known to us, or that we currently deem immaterial, could also adversely affect our business operations and financial results.

Risks Related to the Domestic and Global Economies and to Doing Business Globally

Our international operations subject us to various risks that could adversely affect our business operations and financial results.

We have operations throughout North and South America, Europe, Australia and Asia, with approximately 310 owned and leased facilities in 33 countries as of December 31, 2023. In 2023, approximately 29% of consolidated sales came from operations outside of the United States, and we may expand our international operations in the future. Management of global operations is extremely complex, and operations in foreign countries are subject to local statutory and regulatory requirements, differing legal environments, and other additional risks that may not exist, or be as significant, in the United States. These additional risks, which can vary substantially by country and by region, can adversely affect our business operations and financial results, and include, without limitation:

- foreign currency exchange rate fluctuations and foreign currency exchange controls;
- hyperinflation and currency devaluation;
- possible limitations on conversion of foreign currencies into dollars, or payment of dividends and other payments by non-U.S. subsidiaries;
- tariffs, non-tariff barriers, duties, taxes, or government royalties, including the imposition or increase of withholding and other taxes on remittances and other payments by non-U.S. subsidiaries;
- the risk that our interpretation of our rights and responsibilities under local statutory and regulatory rules for sales taxes, VAT and similar taxes, statutory accounting requirements, licenses and permits, etc. may prove to be incorrect or unsupportable, resulting in fines, penalties, or other liabilities related to non-compliance, damage to our reputation, unanticipated operational restrictions or other consequences as a result of our actions, or inaction, taken to perform our responsibilities or protect our rights;
- changes in tax laws, or the interpretation of such laws, affecting taxable income, tax deductions, or other attributes relating to our non-U.S. earnings or operations;
- inconsistent product regulation or policy changes by foreign agencies or governments;
- difficulties in enforcement of contractual obligations and intellectual property rights;
- high social benefit costs for labor, including more expansive rights of foreign unions and work councils, and costs associated with restructuring activities;
- national and regional labor strikes;
- difficulties in staffing and managing international operations;
- geographic, language, and cultural differences between personnel in different areas of the world;
- differences in local business practices;
- foreign governments' restrictive trade policies, customs, import/export and other trade compliance regulations;
- compliance with and changes in applicable foreign laws;
- compliance with U.S. laws, including those affecting trade and foreign investment (including economic sanctions compliance) and the Foreign Corrupt Practices Act;
- loss or non-renewal of treaties between foreign governments and the United States;
- product boycotts, including with respect to products of our multi-national customers;
- increased costs of maintaining international manufacturing facilities and undertaking international marketing programs;
- difficulty in collecting international accounts receivable and potentially longer payment cycles;
- the potential for nationalization or expropriation of our enterprises or facilities without appropriate compensation; and
- political, social, legal and economic instability, civil unrest, war and other geopolitical tensions (such as the ongoing conflicts between Russia and Ukraine and in Israel and Gaza), catastrophic events, acts of terrorism, and widespread outbreaks of infectious diseases (such as COVID-19).

As discussed further elsewhere in this Annual Report on Form 10-K and in our other filings with the SEC, some of these risks have already affected us.

Global economic conditions and disruptions in the credit markets could adversely affect our business, financial condition, or results of operations.

We have extensive international operations and are dependent on customers and suppliers that operate in local economies around the world. In addition, we access global credit markets as part of our capital allocation strategy. Adverse global macroeconomic conditions could adversely impact our ability to access credit, or the price at which funding could be obtained. Likewise, uncertainty about or a decline in global or regional economic conditions could have a significant impact on the financial stability of our suppliers and customers, and could adversely impact demand for our products. For example, as a result of the COVID-19 pandemic, we previously experienced adverse effects on customer stability and demand for our products. Potential effects on us include financial instability, inability to obtain credit to finance operations, and insolvency.

We are subject to governmental export and import control laws, economic sanctions, and other regulations in certain jurisdictions where we do business that could subject us to liability or impair our ability to compete in these markets.

Certain products are subject to export control laws and regulations and may be exported only with an export license or through an applicable export license exception. If we fail to comply with export licensing, customs regulations, economic sanctions or other laws, we could be subject to substantial civil or criminal penalties, including economic sanctions against us, incarceration for responsible employees and managers, the possible loss of export or import privileges, and reputational harm. In addition, if our distributors fail to obtain appropriate import, export or re-export licenses or permits, we may also be materially and adversely affected through reputational harm and penalties. Obtaining the necessary import, export, and re-export licenses for a particular sale may be time-consuming and expensive and could result in the delay or loss of sales opportunities.

Furthermore, export control laws and economic sanctions prohibit the shipment of certain products to embargoed or otherwise sanctioned countries, governments and persons. Despite our efforts to ensure compliance with applicable law, we cannot guarantee that a violation of export control laws or economic sanctions will not occur. A prohibited shipment could have adverse consequences, including government investigations, penalties, fines, civil and criminal sanctions, and reputational harm. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technologies targeted by such regulations, could decrease our ability to export or sell our products internationally. Any limitation on our ability to export or sell our products could adversely affect our business. For example, in 2022, following Russia's invasion of Ukraine and the imposition of economic sanctions against Russia by the United States and other countries, we finalized the exit from our operations in Russia, which consisted of two small manufacturing operations, and incurred asset impairment charges as a result of our exit. We also ceased sourcing from Russian suppliers. Export control laws and economic sanctions may also have an indirect adverse effect on our business. For example, some of our customers previously exported their products to Russia, and any reduction in demand for such customers' products could in turn reduce demand for our products. Economic sanctions against Russia have also contributed to adverse changes in the global price and availability of natural gas, raw materials and finished goods, which could reduce our sales and earnings or otherwise have an adverse effect on our operations. Any future additional export controls or sanctions imposed by the United States, the United Kingdom, the European Union, or other countries could further exacerbate these effects.

Changes in United States trade policies and global regulations, as well as the overall uncertainty surrounding international trade relations, could materially and adversely affect our consolidated financial condition and results of operations.

We continue to face uncertainty with respect to trade relations between the United States and many of its trading partners. For example, in March 2018, the United States announced new tariffs on imported steel and aluminum products. Other international trade actions and initiatives have also been announced over the past few years, notably the imposition by the United States of additional tariffs on products of Chinese origin, and China's imposition of additional tariffs on products of U.S. origin. These tariffs have had, and we expect that they will continue to have, an adverse effect on our costs of products sold and margins in our North America segment. Additional measures targeting U.S. trade with China, including the expansion of U.S. export controls targeting China and Chinese companies, could potentially have an adverse effect on our consolidated financial condition and results of operations.

In July 2020, the United States-Mexico-Canada Agreement, which replaced the North American Free Trade Agreement, became effective. In response to this agreement, other countries may change their own trade policies, including the imposition of additional tariffs and quotas, which could also adversely affect our business outside the United States.

In order to mitigate the impact of these trade-related increases on our costs of products sold, we have increased and may in the future increase prices in certain markets and, over the longer term, make changes in our supply chain and potentially, our U.S. manufacturing strategy. Implementing price increases may cause our customers to find alternative sources for their products. We may be unable to successfully pass on these costs through price increases, adjust our supply chain without incurring significant costs, or locate alternative suppliers for raw materials or finished goods at acceptable costs or in a timely manner. Further, the uncertainty surrounding U.S. trade policy makes it difficult to make long-term strategic decisions regarding the best way to respond to these pressures and could also increase the volatility of currency exchange rates. Our inability to effectively manage the adverse impacts of changing U.S. and foreign trade policies could materially and adversely impact our consolidated financial condition and results of operations.

Currency exchange rate fluctuations may adversely affect our results of operations and shareholders' equity.

Fluctuations in currency exchange rates can cause, and have in the past caused, translation, transaction and other losses that can unpredictably and adversely affect our consolidated results of operations. Our reporting currency is the U.S. dollar. However, as a result of operating globally, a portion of our consolidated net sales, costs, assets, and liabilities are denominated in currencies other than the U.S. dollar. In our consolidated financial statements, we translate the local currency financial results of our foreign operations into U.S. dollars based on their respective exchange rates. Depending on the direction, changes in those rates will either increase or decrease net sales, costs, net income, and balances as reported in U.S. dollars. Although we monitor our exposures and, from time to time, may use forward currency contracts to hedge certain forecasted foreign currency transactions or foreign currency denominated assets and liabilities, our hedging activities do not completely insulate us from foreign currency fluctuations and also expose us to counterparty risk of nonperformance.

Changes in domestic and global economic conditions may have an adverse impact on our business operations and financial results.

Because of the nature of our products and services, general economic downturns in the United States and globally can adversely affect our business operations and financial results. Current global economic challenges, including inflationary pressures, supply chain disruptions, currency fluctuations, geopolitical uncertainty, military conflicts, increased interest rates and recession risks, as well as the rising debt levels of the United States and other countries, are likely to continue to put pressure on the economy, and on us. For example, during 2022 and 2023, the U.S. Federal Reserve raised its benchmark interest rate to combat inflation. Although the Federal Reserve has indicated that it expects to reduce interest rates in 2024, high interest rates may persist and may, among other things, reduce the availability and increase the costs of obtaining new variable rate debt and refinancing existing indebtedness, and adversely impact our financial condition and results of operations. Additionally, such increases in rates put additional pressure on consumers and the economy in general, which can in turn lead to reduced consumption of products incorporating our packaging. Bank failures or issues in the broader U.S. or global financial systems may have an impact on the broader capital markets and, in turn, our ability to access those markets. As evidenced in recent years, changes in fiscal and monetary policies and tightening of credit availability and financial difficulties, leading to declines in consumer and business confidence and spending, may adversely affect us, or our customers, suppliers, and distributors. When such conditions exist, customers may delay, decrease or cancel purchases from us, and may also delay payment or fail to pay us altogether. Suppliers may have difficulty filling our orders and distributors may have difficulty getting our products to market, which may affect our ability to meet customer demands, and result in loss of business. Weakened global economic conditions may also result in unfavorable changes in our product price/mix and lower profit margins. We have experienced most of these conditions to some extent as a result of the global economic impact of the pandemic. All of these factors may have a material and adverse effect on our business, results of operations, financial condition, and prospects.

Risks Related to Manufacturing Operations

Raw materials, energy and other price increases or shortages may impact our results of operations.

As a manufacturer, our sales and profitability are dependent on the availability and cost of raw materials, labor, and other inputs. Most of the raw materials we use are purchased from third parties. Principal examples are recovered paper, paperboard, steel, aluminum and plastic resins. Prices and availability of these raw materials are subject to substantial fluctuations that are beyond our control due to factors such as changing economic conditions, inflation, currency and commodity price fluctuations, tariffs, resource availability, transportation costs, weather conditions and natural disasters, war, political unrest and instability (such as the ongoing conflicts between Russia and Ukraine and in Israel and Gaza), and other factors impacting supply and demand pressures. Increases in costs can have an adverse effect on our business and financial results. Our performance depends, in part, on our ability to pass on cost increases to our customers by raising selling prices and to offset the impact by improving productivity. Although many of our long-term contracts and non-contractual pricing arrangements with customers permit limited price adjustments to reflect increased raw material costs, such adjustments may not occur quickly enough, or be sufficient to prevent a material and adverse effect on net income and cash flow. Furthermore, we may not be able to improve productivity or realize sufficient savings from our cost reduction initiatives to offset the impact of increased costs.

In addition, some of our manufacturing operations require the use of substantial amounts of electricity and natural gas, which may be subject to significant price increases as the result of changes in overall supply and demand and the impacts of legislation and regulatory action. In addition, we operate manufacturing sites throughout Europe and, in many instances, continued normal operations at those sites depend on the availability of natural gas and other inputs. Any current and future government sanctions or an escalation or widening of the Russia-Ukraine conflict could contribute to further increased volatility of energy and commodity prices, cause further supply chain disruptions, and further adversely affect the cost and availability of energy supplies and other inputs in our European operations. Any energy shortages could impair our ability to continue our operations at such sites at normal levels or at acceptable cost levels, and therefore adversely affect our business operations, financial condition, and results of operations. We forecast and monitor energy usage, and, from time to time, use commodity futures or swaps in an attempt to reduce the impact of energy price increases. However, these efforts may be insufficient to protect us against fluctuations in energy prices or shortages of natural gas, and we could suffer adverse effects to net income and cash flow should we be unable to either offset or pass higher energy costs through to our customers in a timely manner or at all.

Supply shortages or disruptions in our supply chains could affect our ability to obtain timely delivery of materials, equipment, and supplies from our suppliers, and in turn, adversely affect our ability to supply products to our customers. Such disruptions could have a material and adverse effect on our business and financial results.

We depend on third parties for transportation services.

We rely primarily on third parties for transportation of the products we manufacture and distribute, as well as for delivery of our raw materials. In particular, a significant portion of the goods we manufacture and raw materials we use are transported by railroad or trucks, which are highly regulated. If any of our third-party transportation providers were to fail to deliver the goods that we manufacture or distribute in a timely manner, we might be unable to sell those products at full value, or at all. Similarly, if any of these providers were to fail to deliver raw materials to us in a timely manner, we might be unable to manufacture our products in response to customer demand. In addition, if any of these third parties were to cease operations or cease doing business with us, we might be unable to replace them at a reasonable cost. Any failure of a third-party transportation provider to deliver raw materials or finished products in a timely manner could harm our reputation, adversely impact our customer relationships, and have a material and adverse effect on our financial condition and results of operations.

We may be unable to achieve, or may be delayed in achieving, adequate returns from our efforts to optimize our operations, which could have an adverse effect on our financial condition and results of operations.

We continually strive to serve our customers and increase returns to our shareholders through innovation and improved operating performance by investing in productivity improvements, manufacturing efficiencies, manufacturing cost reductions, and the rationalization of our manufacturing facilities footprints. However, our operations include complex manufacturing systems as well as intricate scheduling and numerous geographic and logistical complexities, and our business initiatives are subject to significant business, economic, and competitive uncertainties and contingencies. We may not meet anticipated implementation timetables or stay within budgeted costs, and we may not fully achieve expected results. These initiatives could also adversely impact customer or employee retention or our operations. Additionally, our business strategies may change from time to time in light of our ability to implement new business initiatives, competitive pressures, economic uncertainties or developments, or other factors. A variety of risks could cause us not to realize some or all of the expected benefits of these initiatives. These risks include, among others, delays in the anticipated timing of activities related to such initiatives, strategies, and operating plans; increased difficulty and costs in implementing these efforts; and the incurrence of other unexpected costs associated with operating the business. As a result, there can be no assurance that we will realize these benefits. If, for any reason, the benefits we realize are substantially less than our estimates, or the implementation of these growth initiatives and business strategies adversely affects our operations, costs significantly more or takes significantly longer to effectuate than we expect, or if our assumptions prove inaccurate, our results of operations may be materially and adversely affected.

Material disruptions in our business operations could adversely affect our financial results.

Although we take measures to minimize the risks of disruption at our facilities, we from time to time encounter an unforeseen material operational disruption in one of our major facilities, which could adversely impact production and our financial results. Such a disruption could occur as a result of any number of events including but not limited to: political events, trade and other international disputes, war, terrorism, industrial accidents, major equipment failure, labor stoppages, transportation failures affecting the supply and shipment of materials, disruptions at our suppliers, fire, severe weather conditions (including as a result of climate change), natural disasters and disruptions in utility services, as well as disruptions related to localized or widespread public health events (including epidemics or pandemics, such as the COVID-19 pandemic). These types of disruptions could materially and adversely affect our earnings to varying degrees depending upon the facility, the duration of the disruption, and our ability to shift business to another facility or find alternative sources of materials or energy. Any losses due to these events may not be covered by our existing insurance policies or may be subject to certain deductibles.

Risks Related to Acquisitions, Divestitures and Joint Ventures

We may fail to realize expected benefits from our acquisitions, which could have an adverse effect on our financial condition and results of operations.

We have invested a substantial amount of capital in acquisitions, joint ventures, and strategic investments, including our acquisition of the remaining equity interest in RTS Packaging and the acquisitions of the Chattanooga Mill in September 2023 and Metal Packaging in January 2022, and we expect that we will continue to do so in the foreseeable future. We are continually evaluating acquisitions and strategic investments that are significant to our business both in the United States and internationally. Acquisitions, joint ventures, and strategic investments involve numerous risks. As has happened from time to time in the past, acquired businesses may not achieve the expected levels of revenue, profitability or productivity, or otherwise perform as expected, and acquisitions may involve significant cash expenditures, debt incurrence, operating losses, and expenses that could have a material and adverse effect on our financial condition and results of operations. Acquisitions also involve special risks, including, without limitation, the potential assumption of unanticipated liabilities and contingencies, and the challenges of effectively integrating acquired businesses.

Other risks and challenges associated with acquisitions include, without limitation:

- substantial costs and indebtedness associated with negotiating and completing acquisitions;
- demands on management related to increase in size of our businesses and additional responsibilities of management;
- diversion of management’s attention;
- disruptions to our ongoing businesses;
- inaccurate estimates of fair value in accounting for acquisitions and amortization of acquired intangible assets, which could reduce future reported earnings;
- difficulties in assimilation and retention of employees;
- difficulties in integration of departments, systems, technologies, books and records, controls (including internal financial and disclosure controls), procedures, and policies;
- potential loss of major customers and suppliers;
- challenges associated with operating in new geographic regions;
- difficulties in maintaining uniform standards, controls, procedures, and policies;
- potential failure to anticipate delays or restrictions resulting from regulatory review or required approvals;
- potential failure to identify material problems and liabilities during due diligence review of acquisition targets; and
- potential failure to obtain sufficient indemnification rights to fully offset possible liabilities associated with acquired businesses.

Even if we are successful in integrating our acquisitions, such acquisitions may not ultimately be successful or accretive to earnings, and we may not realize the expected benefits from such transactions within the anticipated time frame, or at all. If actual performance in an acquisition falls short of the projected results, or the assessment of the relevant facts and circumstances was inaccurate or changes, it is possible that a noncash impairment charge of any related goodwill would be required, and our results of operations and financial condition could be adversely affected.

We may not be able to identify suitable acquisition candidates, or complete acquisitions on our desired timing or terms, which could limit our potential for growth.

We have made numerous acquisitions in recent years and are actively considering new acquisitions that provide meaningful opportunities for growth. However, we may not be able to identify suitable acquisition candidates or complete acquisitions on acceptable timing, terms, and conditions. Other companies in our industries have similar investment and acquisition strategies to ours, and competition for acquisitions may intensify. If we are unable to identify acquisition candidates that meet our criteria, our potential for growth may be restricted. Even if we do identify acquisition candidates that we believe meet our criteria, we may be unable to complete such acquisitions in a timely manner, on desirable terms or at all, including as a result of an inability to satisfy related closing conditions or obtain necessary government consents, or the expiration or termination of applicable regulatory waiting periods. For example, our ability to close our acquisition of the remaining equity interest in RTS Packaging and the acquisition of the Chattanooga Mill, which we completed in September 2023, was previously delayed due to regulatory review of the transaction. In addition, any acquisitions we complete may not provide the benefits that we anticipate. Our efforts to identify suitable acquisition candidates, even if successful, could also cause us to incur substantial search and transaction fees, divert the time and attention of our management, or fail to identify due diligence or other issues affecting the value and suitability of potential acquisition targets. Any of these results could have a material and adverse effect on our business, results of operations, financial condition, and prospects.

In connection with acquisitions, joint ventures, divestitures, or other strategic transactions, we may become subject to liabilities and legal claims.

In connection with acquisitions, joint ventures, divestitures, or other strategic transactions, we have in the past, and may in the future, become subject to liabilities or legal claims, including but not limited to: third party liability and other tort claims; claims for breach of contract; employment-related claims; environmental, health, and safety liabilities, conditions or damage; permitting, regulatory or other legal compliance issues; claims for contractual indemnification; or tax liabilities. In addition, we may assume risks and liabilities that our due diligence investigations with respect to acquisitions, joint ventures, and other strategic transactions fail to identify, including issues relating to inadequate internal controls and procedures relating to accounting, finance, cybersecurity, and data protection controls issues. If we become subject to any of these liabilities or claims with respect to any acquisition, joint venture, divestiture, or other strategic transaction, and they are not adequately covered by insurance or an enforceable indemnity or similar agreement from a creditworthy counterparty, we may be responsible for significant out-of-pocket expenditures. Such underinsured or non-indemnified liabilities, if they materialize, could have a material and adverse effect on our business, financial condition, and results of operations.

We may encounter difficulties restructuring operations or closing or disposing of facilities, assets or businesses.

From time to time, we have closed higher-cost facilities, implemented reductions in force, sold non-core assets and businesses, and otherwise restructured operations, and are likely to do so again in an effort to improve cost competitiveness and profitability. For example, in 2023 we divested our U.S. and Mexico BulkSak businesses, sold our timberland properties, and closed several high-cost operations. In addition, in 2024, we permanently closed our uncoated paperboard mill operations in Sumner, Washington as part of our strategy to rationalize our mill network and lower operating costs. As a result, restructuring and divestiture costs have been, and are expected to continue to be, a recurring component of our operating costs, the magnitude of which could vary significantly from year to year depending on the scope of such activities. Divestitures and restructuring may result, and have in the past resulted, in significant financial charges for the write-off or impairment of assets, including goodwill and other intangible assets. Furthermore, such activities may divert the attention of management, disrupt our ordinary operations, or result in a reduction in the volume of products produced and sold, and the impact of divestitures on our revenue growth may be larger than we anticipate if we experience greater dis-synergies than we expect. In addition, in cases where we seek to divest or otherwise dispose of certain facilities, operations, assets, or other components of our business, we may be unable to find buyers or alternative exit strategies on acceptable terms, in a timely manner or at all, and we may dispose of facilities, operations, assets, or other components of our business at prices or on terms that are less desirable than we had anticipated. Moreover, we may be prevented from completing dispositions as a result of our own or our counterparties' failure to satisfy pre-closing conditions or obtain necessary regulatory or government approvals. We may also be exposed to continuing financial risks from any businesses we divest, including as a result of continuing equity ownership, guarantees, indemnities, responsibility for environmental clean-up, or other financial obligations. There is no guarantee that any such activities will achieve our goals, and if we cannot successfully manage the associated risks, our financial position and results of operations could be adversely affected.

We have investments in joint ventures that are not operated solely for our benefit.

Several of our operations are conducted through joint ventures. In joint ventures, we share ownership and, in some instances, management of a company with one or more parties who may or may not have the same goals, strategies, priorities, or resources as we do. In general, joint ventures are intended to be operated for the benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities, as well as time-consuming procedures for sharing information, accounting, and making decisions. In certain cases, our joint venture partners must agree in order for the applicable joint venture to take certain actions, including acquisitions, the sale of assets, budget approvals, borrowing money, and granting liens on joint venture property. Our inability to take unilateral action that we believe is in our best interests may have an adverse effect on the financial performance of the joint venture and the return on our investment. In joint ventures, we believe our relationship with our co-owners is an important factor to the success of the joint venture, and if a co-owner changes, our relationship may be adversely affected. In addition, the benefits from a successful joint venture are shared among the co-owners, so that we do not receive all the benefits from our successful joint ventures. Finally, we may be required on a legal or practical basis, or both, to accept liability for obligations of a joint venture beyond our economic interest, including in cases where our co-owner becomes bankrupt or is otherwise unable to meet its commitments.

In addition, because we share ownership and management with our joint venture partners, we may have limited control over the actions of a joint venture, particularly when we own a minority interest. As a result, we may be unable to prevent violations of applicable laws or other misconduct by a joint venture, or the failure to satisfy contractual obligations by one or more parties. Moreover, a joint venture may not be subject to or follow the same requirements regarding compliance, internal controls and internal control over financial reporting that we follow. To the extent another party makes decisions that adversely impact the joint venture or internal control issues arise within the joint venture, we may have to take responsive actions, or we may be subject to penalties, fines, or other punitive actions for these activities.

Risks Related to Competition, Customers and Suppliers

We face intense competition, and failure to compete effectively may have an adverse effect on our results of operations.

We sell our products in highly competitive markets. We regularly bid for new and continuing business, and being a responsive, high-quality, low-cost producer is a key component of effective competition. We also face competition that may be larger, more diversified, or better funded than us. These competitive advantages may enable our competition to adapt more quickly to changing customer or consumer preferences; changes brought about by public health events, supply chain constraints, inflationary pressures, currency fluctuations, geopolitical uncertainty, and increased interest rates; or the introduction of new products, technologies, and equipment, including advanced technologies such as artificial intelligence ("AI"). For example, growing use of AI by our competitors could disrupt our business model and lower the barriers to entry in the markets we serve. If our competitors invest in, develop and utilize AI tools more effectively than us to innovate and introduce go-to-market solutions more rapidly and compete more effectively on quality and price, we could lose business and the profitability of our business could be reduced. Any such impact, as well as the loss of business from our larger customers, customer changes to alternative forms of packaging, or renewal of business with less favorable terms, could have a significant and adverse effect on our results of operations.

Continuing consolidation of our customer base and suppliers may intensify pricing pressure.

Like us, many of our larger customers have acquired companies with similar or complementary product lines, and many of our customers have been acquired. Additionally, many of our suppliers of raw materials are consolidating. This consolidation of customers and suppliers has increased the concentration of our business with our largest customers, and in some cases, increased pricing pressures. Similarly, consolidation of our larger suppliers has resulted in increased pricing pressures from our suppliers. Further consolidation of customers and suppliers could intensify pricing pressure, reduce our net sales, increase our costs, and adversely affect our results of operations.

The loss of a key customer, or a reduction in its production requirements, could have a significant and adverse effect on our sales and profitability.

Each of our segments has large customers, and the loss of any of these could have a significant and adverse effect on the segment's sales and, depending on the magnitude of the loss, our results of operations and financial condition. Although a majority of our master customer contracts are long-term, they are terminable under certain circumstances, such as our failure to meet quality, pricing, or volume requirements, and the contracts themselves often do not require a specific level of purchasing. There is no assurance that existing customer relationships will be renewed at the same level of production, or at all, at the end of the contract term. Furthermore, the loss of any of our major customers, a reduction in their purchasing levels, or an adverse change in the terms of supply agreements with these customers could reduce our net sales and net income. Continued consolidation of our customers could exacerbate any such loss. For more information on concentration of sales volume in our reportable segments, see Item1(c), "Dependence on Customers."

Challenges to, or the loss of, our intellectual property rights could have an adverse effect on our ability to compete effectively.

Our ability to compete effectively depends, in part, on our ability to protect and maintain the proprietary nature of our owned and licensed intellectual property. We own a large number of patents on our products, aspects of our products, methods of use and methods of manufacturing; and we own, or have licenses to use, all of the material trademark and trade name rights used in connection with the packaging, marketing, and distribution of our major products. We also rely on trade secrets, know-how and other unpatented proprietary technology. We attempt to protect and restrict access to our intellectual property and proprietary information by relying on the patent, trademark, copyright, and trade secret laws of the United States and other countries, as well as non-disclosure agreements. However, it may be possible for a third party to obtain our information without our authorization, independently develop similar technologies, or breach a non-disclosure agreement entered into with us. Furthermore, many of the countries in which we operate do not have intellectual property laws that protect proprietary rights as fully as do laws in the United States. The use of our intellectual property by someone else without our authorization could reduce or eliminate certain competitive advantages, cause us to lose sales, or otherwise harm our business. The costs associated with protecting our intellectual property rights could also adversely impact our business.

In addition, we are from time to time subject to claims from third parties suggesting that we may be infringing on their intellectual property rights. If we were held liable for infringement, we could be required to pay damages, obtain licenses, or cease making or selling certain products.

Intellectual property litigation, which could result in substantial costs to us and divert the attention of management, may be necessary to protect our trade secrets or proprietary technology, or for us to defend against claimed infringement of the rights of others and to determine the scope and validity of others' proprietary rights. We may not prevail in any such litigation, and if we are unsuccessful, we may not be able to obtain any necessary licenses on reasonable terms, or at all. Failure to protect our patents, trademarks, and other intellectual property rights may have a material and adverse effect on our business, consolidated financial condition or results of operations.

Risks Related to Our Products

We may not be able to develop new products acceptable to the market.

For many of our businesses, organic growth depends on product innovation, new product development, and timely response to constantly changing consumer demands and preferences. Sales of our products and services depend heavily on the volume of sales made by our customers to consumers. Consumer preferences for products and packaging formats are constantly changing based on, among other factors, cost and convenience; and health, environmental and social concerns and perceptions. Our failure, or the failure of our customers, to develop new or better products in response to changing consumer preferences in a timely manner may hinder our growth potential and affect our competitive position, and adversely affect our business and results of operations.

Product liability claims and other legal proceedings could adversely affect our operations and financial performance.

We produce products and provide services related to other parties' products. There can be no assurance that we or our customers will not experience operational process failures that could result in potential product, safety, regulatory, or environmental claims and associated litigation. We are also subject to a variety of legal proceedings and legal compliance risks in our areas of operation around the globe. Any such claims, whether with or without merit, could be time-consuming and expensive to defend, affect our reputation, and could divert management's attention and resources. In accordance with customary practice, we maintain insurance against some, but not all, of these potential claims; however, in the future, we may not be able to maintain such insurance at acceptable premium cost levels. In addition, the levels of insurance we maintain may not be adequate to fully cover any and all losses or liabilities. If any significant judgment or claim is not fully insured or indemnified against or imposes restrictions on our business operations, it could have a material and adverse effect on our business, financial condition, and results of operations.

We and the industries in which we operate are at times reviewed or investigated by regulators and other governmental authorities, which could lead to enforcement actions, fines and penalties, or the assertion of private litigation claims and damages. Responding to actual or threatened litigation or government investigations of our compliance with regulatory standards may require significant expenditures of time and other resources. While we have adopted risk management and compliance programs, the global and diverse nature of our operations means that legal and compliance risks will continue to exist and that legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time, which could adversely affect our business, results of operations, and financial condition.

Risks Related to Climate Change and Environmental, Health and Safety, and Corporate Social Responsibility Laws and Regulations

Adverse weather and other effects of climate change may result in lower sales and higher costs. In addition, climate-related regulations may add cost and complexity to our operations.

We manufacture packaging products for foods, as well as products used in construction and industrial manufacturing. Adverse or varying weather conditions associated with climate change have impacted and could in the future impact crop yields and harvest timing, which in turn could impact the level and timing of demand for our containers. In addition, poor or extreme weather conditions have temporarily impacted and could in the future temporarily impact the level of construction and industrial activity and impact the efficiency of our manufacturing operations. Weather-related events, such as hurricanes and floods, which may increase in frequency and severity due to climate change, have and could in the future result in lost production, supply chain disruptions, and increased material costs. Such disruptions could have, and have in the past had, a material and adverse effect on our results of operations.

There has been increased focus from investors, customers, the general public, and U.S. and foreign governmental and nongovernmental authorities on climate change and GHG emissions. The increasing concern over climate change has resulted, and will continue to result, in transition risks such as shifting customer preferences in favor of more environmentally friendly products, which we may be unable to address, and increased regulation intended to reduce overall GHG emissions. Such rules and regulations could include, among other things, cap-and-trade programs, carbon taxes, and mandates within certain industries or activities to reduce GHG emissions. In the United States, the Environmental Protection Agency has issued a number of regulations under the Clean Air Act with the goal of reducing GHG emissions. Some of our facilities are subject to these regulations, and compliance with such rules and any other regulatory responses to climate change could in the future significantly increase costs and add complexity to our operations.

Additionally, in the United States, several states where we operate manufacturing facilities have enacted or are in the process of enacting regulations limiting GHG emissions or implementing cap-and-trade programs. Our facilities currently fall outside of the scope of these regulations but may be impacted in the future. Several of our manufacturing facilities outside of the United States have entered into GHG emissions trading programs as a result of local regulations. Certain countries where we have manufacturing facilities have set GHG reduction targets to align with an agreement signed in April 2016 between 170 countries establishing a framework to reduce global GHG emissions (also known as the "Paris Agreement"), that became effective in November 2016 and which the United States formally rejoined in February 2021. Many of the other countries where we conduct business are expected to develop similar climate change related regulations. To the extent our facilities become subject to additional regulations related to GHG emissions in the United States or internationally, compliance with such regulations could significantly increase costs and add complexity to our operations, which could have a material and adverse effect on our business, results of operations, financial condition, and prospects.

Any failure in our procedures to monitor climate related regulatory and policy changes in the jurisdictions in which we operate or in our processes and tools to track our GHG emissions and assess both operational and financial impacts of climate-related regulations, and any failure to comply with any such regulations and policies, could subject us to additional costs and penalties and harm to our reputation. We could also face increased costs related to defending and resolving legal claims and other litigation related to climate change and the alleged impact of our operations on climate change.

Expectations relating to ESG issues and related reporting obligations could expose us to potential liabilities, increased costs, reputational harm, and other adverse effects on our business.

We have voluntarily established and publicly disclosed our GHG reduction targets and other environmental, social and governance ("ESG") goals and sustainability targets. These targets could prove more costly or difficult to achieve than we expect, and we may be unable to achieve these targets at acceptable cost or at all. If we are unable to meet these targets and goals on our projected timelines or at all, whether as a result of cost, operational or technological limitations, or if such targets or our progress against them are not perceived to be sufficiently robust, our reputation, as well as our relationships with investors, customers and other stakeholders, could be harmed, which could in turn adversely affect our business, results of operations and prospects. In addition, not all of our competitors may seek to establish climate or other ESG targets and goals, or may not establish targets and goals that are comparable to ours, which could result in our competitors achieving competitive advantages through lower supply chain or operating costs, which could adversely affect our business, results of operations, financial condition and prospects.

In addition, ESG matters have recently been the subject of increased regulatory and stakeholder attention, and we expect to need to be prepared to contend with overlapping, yet distinct, climate-related disclosure requirements in multiple jurisdictions. For instance, it is anticipated that the SEC will issue a climate disclosure rule in 2024, which, if implemented as proposed, would significantly expand climate-related disclosure obligations. The State of California has enacted legislation that will require large U.S. companies doing business in California to make broad-based climate-related disclosures starting as early as 2026, and other states are also considering new climate change disclosure requirements. In the European Union, the Corporate Sustainability Reporting Directive, which became effective in 2023, applies to both E.U. and non-E.U. in-scope entities and would require them to provide expansive disclosures on various sustainability topics. We are assessing our obligations under these new laws and expect that compliance with these and other future reporting obligations could require substantial cost and effort. Collecting, measuring, and reporting ESG information and metrics can be costly, difficult, and time-consuming, are subject to evolving reporting standards, and can present numerous operational, reputational, financial, legal, and other risks. Globally, a lack of harmonization in relation to ESG legal and regulatory reform across the jurisdictions in which we operate may increase the cost and difficulty of implementing and complying with rapidly developing ESG reporting standards and requirements, and any failure to comply with such legislation and regulations could result in fines to us and could adversely affect our business, financial condition, results of operations, and cash flows.

At the same time, compliance with ESG-related rules and efforts to meet shareholder expectations on ESG matters may place strain on our employees, systems, and resources. Moreover, increasingly, different stakeholder groups have divergent views on sustainability and ESG matters, which increases the risk that any action or lack thereof with respect to sustainability or ESG matters will be perceived negatively by at least some stakeholders and adversely impact our reputation and business. Anti-ESG sentiment has gained some momentum across the United States, with several states having enacted or proposed "anti-ESG" policies or legislation. If we do not successfully manage ESG-related expectations across stakeholders, it could erode stakeholder trust, impact our reputation, and adversely affect our business, financial condition, results of operations and cash flows.

We are subject to costs and potential liabilities related to environmental, health and safety, and corporate social responsibility laws and regulations that could adversely affect our results of operations.

We must comply with extensive laws, rules, and regulations in the United States and in each of the countries in which we do business regarding the environment, health and safety, and corporate social responsibility. Compliance with these laws and regulations can require significant expenditures of financial and employee resources.

Federal, state, provincial, foreign and local environmental requirements, including the Comprehensive Environmental Response, Compensation and Liability Act, and particularly those relating to air, soil and water quality, handling, discharge, storage and disposal of a variety of substances, and climate change are significant factors in our business and generally increase our costs of operations. We may be found to have environmental liability for the costs of remediating soil or water that is, or was, contaminated by us or a third party at various sites that we now own, use, or operate, or previously owned, used, or operated. Legal proceedings may result in the imposition of fines or penalties, as well as mandated remediation programs, that require substantial, and in some instances, unplanned capital expenditures.

We have incurred in the past, and may incur in the future, fines, penalties and legal costs relating to environmental matters, and costs relating to the damage of natural resources, lost property values and toxic tort claims. We have made expenditures to comply with environmental regulations and expect to make additional expenditures in the future. As of December 31, 2023, approximately $7.3 million was reserved for environmental liabilities. Such reserves are established when it is considered probable that we have some liability. However, because the extent of potential environmental damage, and the extent of our liability for the damage, is usually difficult to assess and may only be ascertained over a long period of time, our actual liability in such cases may end up being substantially higher than the currently reserved amount. Accordingly, additional charges could be incurred and could have a material and adverse effect on our results of operations and financial condition.

Many of our products come into contact with the food and beverages packaged within, and therefore we are subject to risks and liabilities related to health and safety matters in connection with those products. Accordingly, our products must comply with various laws and regulations for food and beverages applicable to our customers. Changes in such laws and regulations could adversely impact customers' demand for our products as they comply with such changes and require us to make changes to our products. Such changes to our products could include modifications to the coatings and compounds we use, possibly resulting in the incurrence of additional costs. Additionally, because many of our products are used to package consumer goods, we are subject to a variety of risks that could influence consumer behavior and adversely impact demand for consumer packaged goods and, consequently, for our products, including changes in consumer preferences driven by various health-related concerns and perceptions.

In addition, disclosure regulations relating to the use of "conflict minerals" sourced from the Democratic Republic of the Congo and adjoining countries could affect the sourcing, availability, and cost of materials used in the manufacture of some of our products. We also incur costs associated with supply chain due diligence, and, if applicable, potential changes to products, processes, or sources of supply as a result of such due diligence. Because our supply chain is complex, we may also face reputational risk with our customers and other stakeholders if we are unable to sufficiently verify the origins of all such minerals used in our products.

Changes to laws and regulations dealing with environmental, health and safety, and corporate social responsibility issues (e.g., sustainability) are made or proposed with some frequency, and some of the proposals, if adopted, might, directly or indirectly, result in a material reduction in the results of operations of one or more of our operating units. For example, we may be subject to future policy changes and regulations that discourage the use of single-use plastics or mandate the use of recycled content. Such regulations could both result in customers switching to other packaging formats, and therefore result in lost revenue, and result in increased costs associated with sourcing recycled resins and designing and producing products with enhanced recyclability. These or any other such policy changes or new regulations are uncertain and we cannot predict the impact on our markets or the amount of additional capital expenditures or operating expenses that could be necessary for compliance.

Further, future compliance with existing and new laws and requirements has the potential to disrupt our business operations and may require significant expenditures, and our existing reserves for specific matters may not be adequate to cover future costs and we may have to increase our reserves. We could also incur substantial liabilities, including fines or sanctions, enforcement actions, natural resource damages claims, cleanup and closure costs, and third-party claims for property damage and personal injury under environmental and other laws. We have insurance coverage, subject to applicable deductibles or retentions, policy limits and other conditions, for certain environmental matters; however, we may not be successful with respect to any claim regarding these insurance or indemnification rights and, if we are successful, any amounts paid pursuant to the insurance or indemnification rights may not be sufficient to cover all our costs and expenses.

Risks Related to Financing Activities

We, or our customers, may not be able to obtain necessary credit or, if so, on reasonable terms.

At December 31, 2023, we had $2.3 billion of fixed-rate debt outstanding. We also operate a $500 million commercial paper program, supported by a $900 million revolving credit facility committed by a syndicate of nine banks until June 2026. We have the contractual right to draw funds directly on the underlying bank credit facility, which could possibly occur if there were a disruption in the commercial paper market. However, if these obligations were not met, we may be forced to seek more costly or cumbersome forms of credit. Should such credit be unavailable for an extended time, it would significantly affect our ability to operate our business and execute our plans. In addition, our customers may experience liquidity problems as a result of an adverse change in the economic environment, including the ability to obtain credit, that could limit their ability to purchase our products and services or satisfy their existing obligations.

In addition, our ability to issue commercial paper and access the credit markets, and the cost of these borrowings, is affected by the strength of our credit ratings and current market conditions. Failure to maintain credit ratings that are acceptable to investors, including as a result of increased leverage, may adversely affect the cost and other terms upon which we are able to obtain financing, as well as our access to the capital markets. Any downgrade in our credit rating could increase our cost of borrowing, which could have a material and adverse effect on our business, results of operations and financial condition, and our ability to pay dividends.

Our significant indebtedness could adversely affect our cash flow, increase our vulnerability to economic conditions, and limit or restrict our business activities.

We have incurred, and may incur in the future, significant indebtedness, including in connection with mergers or acquisitions, which may impact the manner in which we conduct business or our access to external sources of liquidity. For example, in January 2022 we issued $1.2 billion aggregate principal amount of unsecured senior notes in connection with our acquisition of Metal Packaging. In addition to interest payments, a significant portion of our cash flow may need to be used to service our indebtedness, and, therefore, may not be available for use in our business. Our ability to generate cash flow is subject to general economic, financial, competitive, legislative, regulatory, and other factors that may be beyond our control. Our indebtedness could have a significant impact on us, including, but not limited to:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a significant portion of our cash flow from operations to payments on our indebtedness, thereby reducing the amount of our cash flow available to fund working capital, acquisitions and capital expenditures, and for other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry;
- restricting us from making strategic acquisitions or exploiting business opportunities;
- necessitating the divestiture of certain of our assets or businesses in order to generate cash to service our indebtedness;
- limiting our ability to continue paying dividends; or
- limiting our ability to borrow additional funds.

Certain of our debt agreements impose restrictions with respect to the maintenance of financial ratios and the disposition of assets. The most restrictive covenants currently require us to maintain a minimum level of interest coverage, and a minimum level of net worth. These restrictive covenants could adversely affect our ability to engage in certain business activities that would otherwise be in our best long-term interests.

Some of our indebtedness is subject to floating interest rates, which would result in our interest expense increasing if interest rates rise.

We on occasion utilize debt instruments with a variable rate of interest, including our term loan facility, under which we had outstanding indebtedness totaling $572 million as of December 31, 2023. Fluctuations in interest rates can increase borrowing costs and, depending on the magnitude of variable-rate borrowings outstanding, could potentially have a material and adverse effect on our business. Other variable-rate borrowings at December 31, 2023 were approximately $96 million.

We may incur additional debt in the future, which could increase the risks associated with our leverage.

We are continually evaluating and pursuing acquisition opportunities and, as we have in the past, we may from time to time incur additional indebtedness to finance any such acquisitions and to fund any resulting increased operating needs. As new debt is added to our current debt levels, the related risks we face could increase. While we will have to effect any new financing in compliance with the agreements governing our then existing indebtedness, changes in our debt levels and or debt structure may impact our credit rating and costs to borrow, as well as constrain our future financial flexibility in the event of a deterioration in our financial operating performance or financial condition. At December 31, 2023, scheduled debt maturities in 2024 totaled $47 million.

Risks Related to Information Technology and Cybersecurity

We rely on our information technology, and its failure or disruption could disrupt our operations and adversely affect our business, financial condition and results of operations.

We rely on the successful and uninterrupted functioning of our information technologies to securely manage operations and various business functions, and we rely on diverse technologies to process, store and report information about our business, and to interact with customers, vendors and employees around the world. As with all large environments, our information technology systems may be susceptible to damage, disruption or shutdown due to natural disaster, hardware or software failure, obsolescence, cyberattack, support infrastructure failure, user errors or malfeasance resulting in malicious or accidental destruction of information or functionality, or other catastrophic events.

From time to time, we have been, and we will likely continue to be, subject to cybersecurity-related incidents.

Information system damages, disruptions, shutdowns or compromises could result in production downtimes and operational disruptions, transaction errors, loss of customers and business opportunities, legal liability, regulatory fines, penalties or intervention, reputational damage, reimbursement or compensatory payments, and other costs, any of which could have a material and adverse effect on our business, financial position and operations. Although we attempt to mitigate these risks by employing a number of administrative, physical, technical and process-based measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, and services remain potentially vulnerable to cyber threats. Furthermore, the tactics, techniques, and procedures used by malicious actors to obtain unauthorized access to information technology systems and networks change frequently and often are not recognizable until launched against a target. Accordingly, we may be unable to anticipate these techniques or implement adequate preventative measures. It is possible that we may in the future suffer a criminal attack whereby unauthorized parties gain access to our information technology networks and systems, including sensitive, confidential or proprietary data, and we may not be able to identify and respond to such an incident in a timely manner.

A security breach of customer, employee, supplier or company information may have a material and adverse effect on our business, financial condition and results of operations.

We maintain and have access to sensitive, confidential, proprietary and personal data and information that is subject to privacy and security laws, regulations and customer controls. This personal data and information is subject to the risk of intrusion, tampering and theft. Although we develop and maintain systems designed to prevent such events from occurring, the development and maintenance of these systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts to protect such sensitive, confidential or personal data or information, our facilities and systems and those of our customers, suppliers and third-party service providers may be vulnerable to security breaches, misplaced or lost data, and programming or user errors that could lead to the compromise of sensitive, confidential, proprietary or personal data and information. Similar security threats exist with respect to the IT systems of our lenders, suppliers, consultants, advisors and other third parties with whom we conduct business. Additionally, we provide confidential, proprietary and personal data and information to third parties when it is necessary to pursue business objectives and there is a risk that the confidentiality of personal data and information held by third parties may be compromised. Increasing use of AI may increase these risks.

The SEC recently adopted rules mandating disclosure regarding cybersecurity risk management and governance, as well as material cybersecurity incidents. In addition to the adoption of the new cybersecurity disclosure rules by the SEC, we continue to see increased regulation of data privacy and security and the adoption of more stringent consumer privacy laws, as well as subject matter specific state laws and national laws regulating the collection and use of data, and security and data breach obligations – including the passage and expansion of data protection laws around the world. It is likely that new laws and regulations will continue to be adopted in the United States and internationally, and existing laws and regulations may be interpreted in new ways that would affect our business. Although we take reasonable efforts to comply with all applicable laws and regulations, the uncertainty and changes in the requirements of multiple jurisdictions may increase the cost of compliance, reduce demand for our services, restrict our ability to offer services in certain locations, and jeopardize business transactions across borders.

As a result of potential cyber threats and existing and new data protection requirements, we have incurred significant costs as part of our efforts to protect and safeguard our sensitive, confidential, proprietary and personal data and information, and the sensitive, confidential, proprietary and personal data and information of our customers, suppliers and third-party service providers. We expect to continue to incur such costs and may face increased costs and be required to expend substantial resources in the event of an actual or perceived security breach or incident and to comply with the new SEC cybersecurity disclosure rules. These efforts also may divert management and employee attention from other business and growth initiatives. Failure to provide adequate privacy protections and maintain compliance with data privacy laws could result in interruptions or damage to our operations, legal or reputational risks, create liabilities for us, subject us to sanctions by data protection regulators and result in significant penalties, and increase our cost of doing business, all of which could have a material and adverse impact on our business, financial condition and results of operations.

Risks Related to Accounting, Human Resources, Financial, and Business Matters and Taxation

Changes in pension plan assets or liabilities may reduce our results of operations and shareholders' equity.

We sponsor various defined benefit plans worldwide and had an aggregate PBO for these plans of approximately $436 million as of December 31, 2023. The difference between defined benefit plan obligations and assets (the funded status of the plans) significantly affects the net periodic benefit costs and the ongoing funding requirements of the plans. Among other factors, changes in discount rates and lower-than-expected investment returns could substantially increase our future plan funding requirements and have a adverse impact on our results of operations and cash flows. As of December 31, 2023, these plans held a total of approximately $309 million in assets consisting primarily of fixed income securities and mutual funds, funding a portion of the PBOs of the plans. If the performance of these assets does not meet our assumptions, or discount rates decline, the net underfunding of the plans may increase and we may be required to contribute additional funds to these plans, and our pension expense may increase, which could adversely affect results of operations and shareholders' equity.

Our ability to attract, develop and retain talented executives, managers and employees is critical to our success.

Our ability to attract, develop and retain talented employees, including executives and other key managers, is important to our business. The experience and industry contacts of our management team and other key personnel significantly benefit us, and we need expertise like theirs to carry out our business strategies and plans. We also rely on the specialized knowledge and experience of certain key technical employees. The loss of these key officers and employees, or the failure to attract and develop talented new executives, managers and employees, could have a material and adverse effect on our business. Effective succession planning is also important to our long-term success, and failure to ensure effective transfer of knowledge and smooth transitions involving key officers and employees could hinder our strategic planning and execution. If we are unable to attract, motivate and retain qualified personnel, or if we experience excessive turnover, we may experience declining sales, manufacturing delays or other inefficiencies, increased recruiting, training and relocation costs and other difficulties, and our results of operations, cash flows and financial condition may be adversely impacted.

Changes in U.S. generally accepted accounting principles ("GAAP") and SEC rules and regulations could materially impact our reported results.

U.S. GAAP and SEC accounting and reporting changes are common and have become more frequent and significant in the past several years. These changes could have significant effects on our reported results when compared to prior periods and to other companies, and may even require us to retrospectively revise prior periods from time to time. Additionally, material changes to the presentation of transactions in the consolidated financial statements could impact key ratios that analysts and credit rating agencies use to rate our company, increase our cost of borrowing, and ultimately our ability to access the credit markets in an efficient manner.

Our financial results are based upon estimates and assumptions that may differ from actual results.

In preparing our consolidated financial statements in accordance with U.S. GAAP, we make estimates and assumptions that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made due to certain information used in the preparation of our financial statements that is dependent on future events, cannot be calculated with a high degree of precision from data available, or is not capable of being readily calculated based on generally accepted methodologies. We believe that accounting for long-lived assets, defined benefit plans, share-based compensation, contingencies and litigation, and income taxes involves the more significant judgments and estimates used in the preparation of our consolidated financial statements. Actual results for all estimates could differ materially from the estimates and assumptions that we use, which could have a material and adverse effect on our financial condition and results of operations.

We have a significant amount of goodwill and other intangible assets, and a write down would adversely impact our results of operations and shareholders' equity.

At December 31, 2023, the carrying value of our goodwill and intangible assets was approximately $2.7 billion. We are required to evaluate our goodwill for impairment annually, or more frequently when evidence of potential impairment exists. The impairment test requires us to analyze a number of factors and make estimates that require judgment. As a result of this testing, we have in the past recognized goodwill impairment charges, and we have identified one reporting unit that is currently at risk of a future impairment charge if actual results fall short of expectations. Future changes in the cost of capital, expected cash flows, changes in our business strategy, and external market conditions, among other factors, could require us to record an impairment charge for goodwill, which could lead to decreased assets and reduced net income. If a significant write down were required, the charge could have a material and adverse effect on our results of operations and shareholders' equity.

Full realization of our deferred tax assets may be affected by a number of factors.

We have deferred tax assets, including United States and foreign operating loss carryforwards, capital loss carryforwards, employee and retiree benefit items, foreign tax credits, and other accruals not yet deductible for tax purposes. We have established valuation allowances to reduce those deferred tax assets to an amount that we believe is more likely than not to be realized prior to expiration of such deferred tax assets. Our ability to use these deferred tax assets depends in part upon our having future taxable income during the periods in which these temporary differences reverse or our ability to carry back any losses created by the deduction of these temporary differences. We expect to realize these assets over an extended period. However, if we were unable to generate sufficient future taxable income in the United States and certain foreign jurisdictions, or if there were a significant change in the time period within which the underlying temporary differences became taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets, which would increase our effective tax rate which could have a material and adverse effect on our reported results of operations.

Our annual effective tax rate and the amount of taxes we pay can change materially as a result of changes in U.S. and foreign tax laws, changes in the mix of our U.S. and foreign earnings, adjustments to our estimates for the potential outcome of any uncertain tax issues, and audits by federal, state and foreign tax authorities.

As a large multinational corporation, we are subject to U.S. federal, state and local, and many foreign tax laws and regulations, all of which are complex and subject to significant change and varying interpretations. Tax laws and regulations are continuously evolving with corporate tax reform, base-erosion efforts, global minimum tax, and increased transparency continuing to be high priorities in many tax jurisdictions in which we operate. Changes in these laws or regulations, or any change in the position of taxing authorities regarding their application, administration or interpretation, could have a material adverse effect on our business, consolidated financial condition or results of our operations.

Although the timing and methods of implementation may vary, many countries have implemented, or are in the process of implementing, legislation or practices inspired by the base erosion and profit shifting project undertaken by the Organization for Economic Co-operation and Development ("OECD"). In December 2021, the OECD issued its guidance on the Global Anti-Base Erosion ("GloBE") rules with the purpose of requiring certain multinational companies to pay a minimum level tax on the income generated in each of the jurisdictions in which they operate. In December 2022, the European Council attained a consensus on Pillar Two of the GloBE rules to implement the 15% global minimum tax, and many EU and G20 countries have specified their plan to adhere to some or all of the OECD guidelines. As of December 31, 2023, among the jurisdictions where the Company operates, several have enacted legislation adopting the Pillar Two Rules effective as early as 2024. We will continue to evaluate the impact of these tax law changes on our effective tax rate and financial position. Further, the increased scrutiny on international tax and continuous changes to countries' tax legislation may also affect the policies and decisions of tax authorities with respect to certain income tax and transfer pricing positions taken by the Company in prior or future periods. We continue to monitor new tax legislation or other developments since significant changes in tax legislation, or in the interpretation of existing legislation, could materially and adversely affect our financial condition and operating results.

In the United States, the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"), which was signed into law on August 16, 2022, includes a number of provisions that may impact us in the future, including a 1% excise tax on share repurchases. In addition, our products, and our customers' products, are subject to import and excise duties and/or sales or value-added taxes in many jurisdictions in which we operate. Increases in these indirect taxes could affect the affordability of our products and our customers' products, and, therefore, reduce demand.

Due to widely varying tax rates in the taxing jurisdictions applicable to our business, a change in income generation to higher taxing jurisdictions or away from lower taxing jurisdictions may also have an adverse effect on our financial condition and results of operations.

We make estimates of the potential outcome of uncertain tax issues based on our assessment of relevant risks and facts and circumstances existing at the time, and we use these assessments to determine the adequacy of our provision for income taxes and other tax-related accounts. These estimates are highly judgmental. Although we believe we adequately provide for any reasonably foreseeable outcome related to these matters, future results may include favorable or unfavorable adjustments to estimated tax liabilities, which may cause our effective tax rate to fluctuate significantly.

In addition, our income tax returns are subject to regular examination by domestic and foreign tax authorities. These taxing authorities may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions. If any tax authorities were to successfully challenge the tax treatment or characterization of any of our transactions, it could have a material and adverse effect on our business, consolidated financial condition or results of our operations. Furthermore, regardless of whether any such challenge is resolved in our favor, the final resolution of such matter could be expensive and time consuming to defend or settle. Future changes in tax law could significantly impact our provision for income taxes, the amount of taxes payable, and our deferred tax asset and liability balances.

If we fail to continue to maintain effective internal control over financial reporting at a reasonable assurance level, we may not be able to accurately report our financial results, and may be required to restate previously published financial information, which could have a material and adverse effect on our operations, investor confidence in our business and the trading prices of our securities.

Effective internal controls are necessary to provide reliable financial reports and to assist in the effective prevention of fraud. Any inability to provide reliable financial reports or prevent fraud could harm our business. We are required to assess the effectiveness of our internal control over financial reporting annually, as required by Section 404 of the Sarbanes-Oxley Act. We need to maintain our processes and systems and adapt them as our business grows and changes. This continuous process of maintaining and adapting our internal controls and complying with Section 404 is expensive, time-consuming and requires significant management attention. As we grow our businesses and acquire other businesses, our internal controls will become increasingly complex and we may require significantly more resources. The integration of acquired businesses into our internal control over financial reporting has required, and will continue to require, significant time and resources from our management and other personnel and will increase our compliance costs. Additionally, maintaining effectiveness of our internal control over financial reporting is made more challenging by the fact that as of December 31, 2023, we had approximately 190 subsidiaries and joint ventures in 33 countries around the world. There is no assurance that, in the future, material weaknesses will not be identified that would cause management to change its current conclusion as to the effectiveness of our internal controls. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we could be subject to regulatory scrutiny, civil or criminal penalties or litigation. In addition, failure to maintain adequate internal controls could result in financial statements that do not accurately reflect our financial condition, and we may be required to restate previously published financial information, which could have a material and adverse effect on our operations, investor confidence in our business and the trading prices of our securities.

Our disclosure controls and procedures and internal controls may not prevent or detect all errors or acts of fraud.

We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

Item 1B. Unresolved Staff Comments

There are no unresolved written comments from the SEC staff regarding the Company's periodic or current Exchange Act reports.

Item 1C. Cybersecurity

Risk management and strategy.

The Company's approach to risk management is designed to identify, assess, prioritize, and manage significant risk exposures that could affect the Company's ability to execute its corporate strategy and fulfill its business objectives. The Company manages enterprise risk through its Risk Management Committee ("RMC") chaired by the Company's Vice President of Compliance, Risk and Audit with direct oversight from the Company's General Counsel. The RMC, which is made up of senior leadership across a variety of business functions, defines the Company's enterprise risk framework based upon analysis of industry and peer benchmarking as well as company-specific data analysis.

As a component of the Company's enterprise risk management program, the Company's cybersecurity risk management program outlines the Company's cybersecurity risk management practices and capabilities, including the division of responsibilities for reviewing the Company's cybersecurity risk exposure and risk tolerance, tracking emerging information risks, and ensuring proper escalation of certain key risks for periodic review by the Board and its committees.

Cybersecurity risk is evaluated within the population of all enterprise risks in the framework and is included in assessments overseen by the RMC that identify the risks of highest priority to the Company. For these highest priority risks, including cybersecurity risks, the RMC designates risk owners, sets common reporting processes and monitors risk mitigation and treatment strategies to support business continuity.

The Company's cybersecurity risk management program leverages the National Institute of Standards and Technology Cybersecurity Framework for identifying, assessing, and managing material risks from cybersecurity threats. This approach combines prevention and detection techniques, informed by internal and external sources, to identify and analyze potential threat activities. When a threat is identified, a cyber incident response plan outlines the Company's procedures for containing, remediating, and recovering from the cybersecurity incident. Cybersecurity tenets are also incorporated into the Company's technology policies.

The Company's cybersecurity risk management program focuses on vulnerability management, access management, and user awareness training. Among other things, the Company implements scheduled patching and system updates, proactively scans for vulnerabilities, and engages qualified third-party experts to assess the Company's information technology infrastructure and identify vulnerabilities and opportunities for continued focus and improvement. When vulnerabilities are identified, the Company's information technology ("IT") management team receives reports that assess each vulnerability and track progress in remediating that vulnerability. The IT management team also collaborates with supply chain management and the Company's third party risk management program to onboard and monitor key third-party service providers to address the potential risk of cybersecurity threats through the use of such third parties. Annual cybersecurity training is mandatory for all users with access to the Company's IT systems, and the Company conducts monthly tests to promote phishing awareness. In addition to these prevention methods, the Company seeks to detect potential threats through external intelligence and monitoring solutions. External commercial or governmental agencies are also engaged to assess potential threat activity relevant to the Company. The Company also monitors server and endpoint devices across the organization to detect signs of a cyberattack.

The Company has implemented and maintains an information security incident response plan ("IR Plan"), which includes processes to assess, escalate, contain, investigate, and remediate cybersecurity incidents. Upon notification of a potential cybersecurity threat, management defines the threat based on its nature as an information security event, alert, incident, or breach, and all cybersecurity incidents are categorized by level of severity based on the impact of the incident to the Company's operations. A technical incident response team is responsible for technical response activities, including information gathering and forensic analysis, containment, and remediation efforts. The Company's Crisis Management Team drives the Company's enterprise-level crisis response process, leads decisions around response strategies, coordinates resources required to execute such strategies, and oversees all cybersecurity incidents categorized as Critical and High.

Although the Company did not experience a material cybersecurity incident during the year ended December 31, 2023, the scope and impact of any future incident cannot be predicted. See "Item 1A. Risk Factors – Risks Related to Information Technology and Cybersecurity" for more information on the Company's cybersecurity-related risks.

Governance.

The Company's day-to-day management of cybersecurity risks is led by the Chief Information Security Officer ("CISO") with direct oversight from the Chief Information Officer ("CIO"). The Company's IR Plan includes a defined escalation matrix for critical or high severity information security events involving notifications to the CISO and CIO, who further escalate critical or high severity events to the Company's Crisis Management Team, which consists of senior management from IT, including the CIO and CISO, Human Resources, Risk and Internal Audit, Marketing and Communications, Legal and Finance. The Crisis Management Team further elevates sufficiently critical and high severity events to the Company's Cyber Incident Review Committee ("CIRC"), which consists of the CIO, Chief Financial Officer, Chief Accounting Officer, VP of Investor Relations, VP of Compliance, Risk and Audit, and General Counsel, or their delegates. Additional senior management from relevant business units are added to the CIRC as needed based on the nature of identified cybersecurity incidents. The CIRC preliminarily evaluates whether an incident is material and provides a proposal to the CEO and CFO, who work in consultation with the committee to make a final determination of materiality. Such determination is communicated to the Audit Committee of the Board.

The Company's Crisis Management Team has relevant expertise and experience to assess and remediate cyber threats. The CIO has over 17 years of experience in information technology and security, and the CISO has 31 years of information technology experience and 11 years of information security experience.

As part of its broader oversight activities, the Board oversees risks from information security threats and other risks identified by the RMC, both directly and by way of delegation to the Audit Committee. As reflected in its charter, the Audit Committee oversees and specifically discusses the guidelines and policies by which the Company assesses and manages its cybersecurity risk exposures, as well as the steps management has taken to monitor and control such exposures. The Audit Committee also oversees the Company's internal control over financial reporting, including with respect to financial reporting-related information systems. In addition to any communications of specifically identified cybersecurity events, the Audit Committee receives and discusses quarterly updates on cybersecurity activities, including review of annual external assessment results, training compliance and discussion of cybersecurity risks and resolutions, and is responsible for elevating significant matters to the full Board as events arise. The Board receives an annual update and provides feedback on the Company's cybersecurity governance processes, risk management plan, and any significant activities related thereto, and also reviews risk management practices in the course of its review of the Company's corporate strategy, business plans, Board committee reports, and other presentations. In addition to the ordinary-course Board and Audit Committee reporting and oversight described above, the Company also maintains disclosure controls and procedures designed for prompt reporting to the Board and timely public disclosure, as appropriate, of material events covered by our risk management framework, including information security risks.

Item 2. Properties

The Company's corporate offices are owned and operated in Hartsville, South Carolina. As of December 31, 2023, there were a total of approximately 310 owned and leased facilities used by the Company in 33 countries around the world, including approximately 80 facilities in the Consumer Packaging segment, 190 in the Industrial Paper Packaging segment, and 40 in the All Other group of businesses. The majority of these facilities are located in North America. The most significant foreign geographic region in which the Company operates is Europe, followed by Asia.

The Company believes that its facilities have been well maintained, are generally in good condition and are suitable for the conduct of its business. The Company does not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities.

Item 3. Legal Proceedings

The Company has been named as a potentially responsible party ("PRP") at several environmentally contaminated sites not owned by the Company. All of the sites are also the responsibility of other parties. The Company's liability, if any, is shared with such other parties, but the Company's share has not been finally determined in most cases. In some cases, the Company has cost-sharing agreements with other PRPs relating to the sharing of legal defense costs and cleanup costs for a particular site. The Company has assumed, for accrual purposes, that the other parties to these cost-sharing agreements will perform as agreed. Final resolution of some of the sites is years away, and actual costs to be incurred for these matters in future periods is likely to vary from current estimates because of the inherent uncertainties in evaluating environmental exposures. Accordingly, the ultimate cost to the Company with respect to such sites, beyond what has been accrued as of December 31, 2023, cannot be determined.

As of December 31, 2023 and 2022, the Company had accrued \$7.3 million and \$7.3 million, respectively, related to environmental contingencies. The Company periodically reevaluates the assumptions used in determining the appropriate reserves for environmental matters as additional information becomes available and makes appropriate adjustments when warranted.

For further information about legal proceedings, see Note 17 to the Company's Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K.

Other Legal Matters

Additional information regarding other legal matters is provided in Note 17 to the Consolidated Financial Statements of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

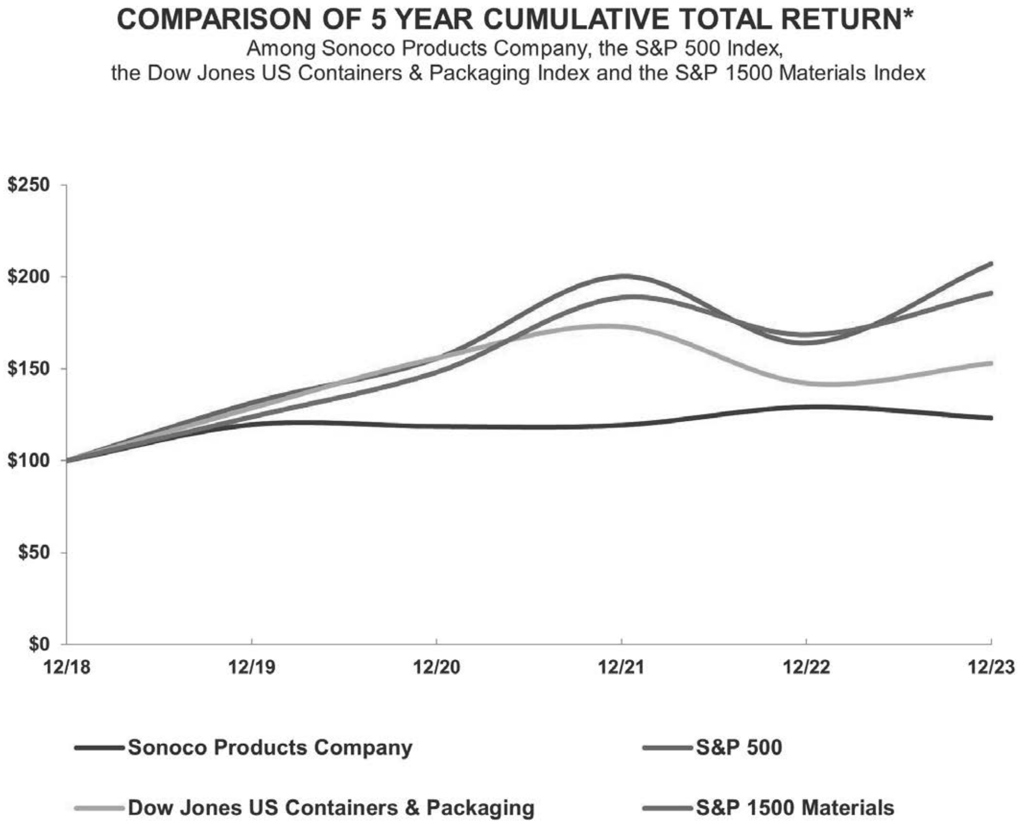
Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

The Company's common stock is traded on the New York Stock Exchange under the stock symbol "SON." As of December 31, 2023, there were approximately 105,000 shareholder accounts. Information required by Item 201(d) of Regulation S-K can be found in Part III, Item 12 of this Annual Report on Form 10-K.

Although the ultimate determination of whether to pay dividends is within the sole discretion of the Board and is based on a variety of factors, the Company currently plans to continue paying dividends consistent with historical practice as earnings and the Company's liquidity permit. Dividends per common share were $2.02 in 2023, $1.92 in 2022 and $1.80 in 2021. On February 14, 2024, the Company declared a regular quarterly dividend of $0.51 per common share payable on March 8, 2024, to shareholders of record on February 28, 2024.



*$100 invested on 12/31/18 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

December 31,	2018	2019	2020	2021	2022	2023
Sonoco Products Company	$ 100.00	$ 119.52	$ 118.61	$ 119.23	$ 129.15	$ 123.15
S&P 500	$ 100.00	$ 131.49	$ 155.68	$ 200.37	$ 164.08	$ 207.21
Dow Jones US Containers & Packaging	$ 100.00	$ 128.59	$ 155.76	$ 172.84	$ 142.07	$ 152.91
S&P 1500 Materials	$ 100.00	$ 123.88	$ 148.16	$ 188.89	$ 168.52	$ 191.27

Issuer purchases of equity securities

Period	(a) Total Number of Shares Purchased[1]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number or Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs[1]
10/02/23 - 11/05/23	—	$—	—	$ 137,971,853
11/06/23 - 12/03/23	—	$—	—	$ 137,971,853
12/04/23 - 12/31/23	—	$—	—	$ 137,971,853
Total	—	$—	—	$ 137,971,853

In April 2021, the Board authorized the repurchase of the Company's common stock in an aggregate amount of up to $350.0 million (the "Stock Repurchase Program"). The Stock Repurchase Program was announced on May 4, 2021 and has no expiration date. During the three months ended December 31, 2023, no shares were repurchased under the Stock Repurchase Program and no other Company stock repurchase plans or programs were outstanding, expired, or terminated. As of December 31, 2023, a total of approximately $138.0 million remained available under the Stock Repurchase Program for future share repurchases.

The Company did not make any unregistered sales of its securities during 2023.

During the three months ended December 31, 2023, none of the Company's officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement.

For further information about share repurchases, see Note 18 to the Company's Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis contains forward-looking statements, including, without limitation, statements relating to the Company's plans, strategies, objectives, expectations, intentions and resources. Such forward-looking statements should be read in conjunction with our disclosures under "Forward-Looking Statements" and under "Item 1A. Risk Factors" of this Form 10-K.

This section of this Form 10-K generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussions of 2022 items and year-to-year comparisons between 2022 and 2021 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

General Overview

Sonoco is a multi-billion dollar global designer, developer, and manufacturer of a variety of highly-engineered and sustainable packaging serving multiple end markets. As of December 31, 2023, the Company had approximately 310 locations in 33 countries, serving some of the world's best-known brands in some 85 nations. The Company's operating and reporting structure consists of two reportable segments, Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other. Geographically, in 2023, approximately 71% of sales were generated in the United States, 14% in Europe, 5% in Asia, 3% in Canada, and 7% in other regions.

Sonoco's goal is to increase its long-term profitability and return capital to shareholders. Over the past several years, we have simplified our business portfolio around fewer, bigger businesses which has reduced operating complexity and improved agility. We are focused on efficient capital deployment into these larger, core business units to improve economic returns and improve integration effectiveness and speed for acquired strategic assets. In parallel, we have worked on commercial, operational, and supply chain excellence programs to shift the mix of our business towards higher-valued products and increase overall productivity, as well as strategic pricing initiatives to better capture input costs and the value of the services we provide.

The Company's primary focus areas in 2023 were to continue to focus on improving returns on promising organic investments and acquisitions to better manage our business mix, improve profits, improve generation of operating cash flow and free cash flow, and operate the business with better efficiency. Another focus area in 2023 was the Company's continued commitment to promote accountability and transparency in its sustainability and corporate responsibility programs.

On September 8, 2023, the Company completed the acquisition of the remaining 65% interest in RTS Packaging from joint venture partner WestRock Company ("WestRock") and the acquisition of a paper mill in Chattanooga, Tennessee (the "Chattanooga Mill") from WestRock. These acquisitions further strengthened and expanded the Company's 100% recycled fiber-based packaging solutions to serve consumer wine, spirits, food, beauty and healthcare markets. On December 1, 2023, the Company completed the acquisition in Brazil of Inapel, significantly expanding the Company's presence in the flexible packaging services market in Latin America. Both acquisitions build on the Company's strategy of investing in our core businesses. See "Acquisitions and Divestitures—Acquisitions" below for more information.

The Company made other changes in its portfolio in 2023 including the sales of its U.S. and Mexico BulkSak businesses and its S3 business. The Company also sold approximately 55,000 acres of timberland properties as we now produce paper exclusively from recycled fiber and no longer require natural tree fiber for production. In January 2024, the Company entered into a definitive agreement to sell its Protective Solutions business, part of the All Other group of businesses, to Black Diamond Capital Management, LLC. These actions were the result of Sonoco's continuing evaluation of its business portfolio and were consistent with the Company's strategic and investment priorities.

The Company also continued efforts to improve productivity through focus on operational excellence including the implementation of automation programs and commercial excellence where we are realigning pricing models to value versus legacy cost-based inputs. The results of these efforts reflected positively in the Company's 2023 financial results.

As the Company looks to 2024, we expect year-over-year sales to be up modestly and year-over-year price/cost impacts to be negative. We intend to aggressively manage costs and generate positive productivity while navigating global volume uncertainties. Actions taken over the past several years have built resiliency into our operating model and are expected to help offset inflation. At the same time, we have invested capital in our core consumer and industrial businesses to position us well for longer term growth and profitability. We remain focused on executing strategic initiatives to simplify our portfolio and capture synergies from our recent acquisitions to advance Sonoco through 2024 and beyond.

Use of Non-GAAP Financial Measures

To assess and communicate the financial performance of the Company, Sonoco’s management uses, both internally and externally, certain financial performance measures that are not in conformity with GAAP. These “non-GAAP” financial measures (referred to as “Adjusted”) reflect adjustments to the net income attributable to the Company (“GAAP results”) to exclude amounts, including the associated tax effects, relating to:

- restructuring/asset impairment charges[1];
- acquisition, integration and divestiture-related costs;
- gains or losses from the divestiture of businesses and other assets;
- losses from the early extinguishment of debt;
- non-operating pension costs;
- amortization expense on acquisition intangibles;
- changes in last-in, first-out (“LIFO”) inventory reserves;
- certain income tax events and adjustments;
- derivative gains/losses;
- other non-operating income and losses; and
- certain other items, if any.

[1] Restructuring and restructuring-related asset impairment charges are a recurring item as the Company’s restructuring programs usually require several years to fully implement, and the Company is continually seeking to take actions that could enhance its efficiency. Although recurring, these charges are subject to significant fluctuations from period to period due to the varying levels of restructuring activity and the inherent imprecision in the estimates used to recognize the impairment of assets and the wide variety of costs and taxes associated with severance and termination benefits in the countries in which the restructuring actions occur.

The Company’s management believes the exclusion of the amounts relating to the above-listed items improves the period-to-period comparability and analysis of the underlying financial performance of the business. Non-GAAP figures previously identified by the term “Base” are now identified using the term “Adjusted,” for example, “Adjusted Operating Profit,” “Adjusted Net Income” (referred to as “Adjusted Earnings”), and Adjusted Diluted Earnings Per Share (referred to as “Adjusted EPS”).

In addition to the “Adjusted” results described above, the Company also uses Adjusted EBITDA and Adjusted EBITDA Margin. Adjusted EBITDA is defined as net income excluding the following: interest expense; interest income; provision for income taxes; depreciation, depletion and amortization expense; non-operating pension costs; net income attributable to noncontrolling interests; restructuring/asset impairment charges; changes in LIFO inventory reserves; gains/losses from the divestiture of businesses and other assets; other income; acquisition, integration and divestiture-related costs; derivative gains/losses; and other non-GAAP adjustments, if any, that may arise from time to time. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by net sales.

The Company’s non-GAAP financial measures are not calculated in accordance with, nor are they an alternative for, measures conforming to GAAP, and they may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles.

The Company presents these non-GAAP financial measures to provide investors with information to evaluate Sonoco’s operating results in a manner similar to how management evaluates business performance. The Company consistently applies its non-GAAP financial measures presented herein and uses them for internal planning and forecasting purposes, to evaluate its ongoing operations, and to evaluate the ultimate performance of management and each business unit against plans/forecasts. In addition, these same non-GAAP financial measures are used in determining incentive compensation for the entire management team and in providing earnings guidance to the investing community.

Material limitations associated with the use of such measures include that they do not reflect all period costs included in operating expenses and may not be comparable with similarly named financial measures of other companies. Furthermore, the calculations of these non-GAAP financial measures are based on subjective determinations of management regarding the nature and classification of events and circumstances that the investor may find material and view differently.

To compensate for any limitations in such non-GAAP financial measures, management believes that it is useful in evaluating the Company’s results to review both GAAP information, which includes all of the items impacting financial results, and the related non-GAAP financial measures that exclude certain elements, as described above. Further, Sonoco management does not, nor does it suggest that investors should, consider any non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Whenever reviewing a non-GAAP financial measure, investors are encouraged to review the related reconciliation to understand how it differs from the most directly comparable GAAP measure.

Reconciliations of GAAP to Non-GAAP results are presented under “Reconciliations of GAAP to Non-GAAP Financial Measures” below in conjunction with management’s discussion and analysis of the Company’s results of operations. Reconciliations are not provided for non-GAAP financial measures related to future years due to the likely occurrence of one or more of the following, the timing and magnitude of which management is unable to reliably forecast: possible gains or losses on the sale of businesses or other assets; restructuring costs and restructuring-related asset impairment charges; acquisition, integration and divestiture-related costs; and the tax effect of these items and/or other income tax-related events. These items could have a significant impact on the Company's future GAAP financial results.

Acquisitions and Divestitures

Acquisitions

The Company completed two acquisitions during 2023 at a net cash cost of approximately $372.6 million.

On December 1, 2023, the Company completed the acquisition of Inapel, a manufacturer of single-layer and multilayer materials for flexible packaging in Brazil for a net cash purchase price of $59.2 million, subject to customary working capital adjustments. With the acquisition of Inapel, the Company added approximately 500 employees and two manufacturing locations in the Sao Paulo region of Brazil. The acquisition significantly expanded the Company's presence in the flexible packaging services market in Latin America.

On September 8, 2023, the Company completed the acquisition of the remaining 65% interest in RTS Packaging from joint venture partner WestRock, and the acquisition of the Chattanooga Mill from WestRock for net cash consideration of $313.4 million, subject to a final working capital adjustment of $0.5 million that was paid to WestRock in January 2024. Prior to completing the acquisitions, the Company held a 35% ownership interest in the RTS Packaging joint venture, which was formed in 1997, and combined the former protective packaging operations of WestRock and Sonoco to market recycled paperboard to glass container manufacturers and producers of wine, liquor, food, and pharmaceuticals. With the acquisition of the remaining interest in RTS Packaging and the acquisition of the Chattanooga Mill, the Company added approximately 1,100 employees, fourteen converting operations, including ten in the United States, two in Mexico, two in South America, and one paper mill in the United States.

Divestitures

On January 30, 2024, the Company entered into a definitive agreement to sell its Protective Solutions business, part of the All Other group of businesses, to Black Diamond Capital Management, LLC for an estimated $80.0 million in cash. The transaction is expected to be completed in the first half of 2024, subject to the satisfaction or waiver of customary closing conditions. This business provides foam components and integrated material solutions for various industrial end markets. The business operates nine manufacturing facilities and has approximately 900 employees. This sale is the result of Sonoco's continuing evaluation of its business portfolio and is consistent with the Company's strategic and investment priorities.

On July 1, 2023, the Company completed the sale of its U.S. BulkSak business, which consisted of the manufacturing and distribution of flexible intermediate bulk containers, plastic and fiber pallets, and custom fit liners and was a part of the Company's Industrial Paper Packaging segment, to U.S. BulkSak Holdings, LLC. The cash selling price, as adjusted for the final working capital settlement, was $20.3 million with cash proceeds totaling $18.3 million received in 2023, and the remaining $2.0 million held in escrow to be released to the Company within 18 months from the date of the sale, pursuant to the settlement of any indemnity claims. As a result of the U.S. BulkSak divestiture, the Company recognized a pretax gain of $6.8 million included in "Gain/(Loss) on divestiture of business and other assets" in the Company's Consolidated Statements of Income.

Also on July 1, 2023, the Company agreed to the sale of its Mexico BulkSak business. The sale closed in December 2023 for a cash selling price, as adjusted for working capital, of $1.1 million. As a result of the Mexico BulkSak sale, the Company recognized a pretax gain of $0.1 million which is included in "Gain/(Loss) on divestiture of business and other assets" in the Company's Consolidated Statements of Income.

On January 26, 2023, the Company completed the sale of its S3 business, a provider of customized waste and recycling management programs and part of the Company's Industrial Paper Packaging segment, to Northstar Recycling Co. ("Northstar"), for total cash proceeds of $13.8 million. An additional $1.5 million of proceeds are being held in escrow and will be released to the Company twenty months following the date of the divestiture, pursuant to any indemnification claims. The Company recognized a pretax gain of $11.1 million during the first quarter of 2023, which is included in "Gain/(Loss) on divestiture of business and other assets" in the Company's Consolidated Statements of Income and is entitled to receive additional proceeds of $3.2 million in the second quarter of 2024 if certain conditions are met. This contingent consideration will be recognized as an additional gain on the sale at the point the contingencies are resolved.

On January 26, 2023, in connection with the sale of the S3 business, the Company acquired a 2.7% equity interest in Northstar valued at $5.0 million. This investment is being accounted for under the measurement alternative (i.e., cost less impairment, adjusted for any qualifying observable price changes).

Sale of Assets

Following the completion of Project Horizon in the third quarter of 2022, the Company's project to convert the corrugated medium machine in Hartsville, South Carolina, to produce uncoated recycled paperboard, the Company now produces paper exclusively from recycled fibers and no longer requires natural tree fiber for production. Accordingly, on March 29, 2023, the Company sold its timberland properties, consisting of approximately 55,000 acres, to Manulife Investment Management for net cash proceeds of $70.8 million. The Company disposed of assets with a net book value of $9.9 million as part of the sale, and recognized a pretax gain from the sale of these assets of $60.9 million during the year ended December 31, 2023, which is included in "Gain/(Loss) on divestiture of business and other assets" in the Company's Consolidated Statements of Income.

The Company continually assesses its operational footprint as well as its overall portfolio of businesses and may consider the divestiture of plants and/or business units it considers to be suboptimal or nonstrategic. See Note 3 to the Consolidated Financial Statements for further information about acquisitions and divestitures.

Restructuring and Asset Impairment Charges

Due to its geographic footprint (approximately 310 locations in 33 countries as of December 31, 2023) and the cost-competitive nature of its businesses, the Company frequently seeks more cost-effective means and structures to serve its customers, to improve profitability, and to respond to fundamental changes in its markets. As such, restructuring costs have been and are expected to be a recurring component of the Company's operating costs. The amount of these costs can vary significantly from year to year depending upon the scope and location of the restructuring activities.

The following table summarizes the impact of restructuring and asset impairment charges for each of the years presented:

Dollars in thousands	*Year Ended December 31, 2023*	*2022*
Restructuring and restructuring-related asset impairment charges	$ 56,933	$ 46,815
Other asset impairments	—	10,095
Restructuring/Asset impairment charges	$ 56,933	$ 56,910

During 2023, the Company recognized restructuring charges related to severance for employees terminated as a result of various plant closures or whose positions were eliminated as part of the Company's ongoing organizational effectiveness efforts. The largest of these plant closures was the closure of the Company's paper mill in Hutchinson, Kansas, which was part of the Industrial Paper Packaging segment. Restructuring charges were also incurred during the year for costs related to plant closures, including equipment removal, utilities, plant security, property taxes, and insurance at closed facilities. Asset impairment charges were recognized in the Industrial Paper Packaging and Consumer Packaging segments as the result of plant closures.

During 2022, the Company recognized restructuring charges related to severance for employees terminated as a result of various plant closures or whose positions were eliminated as part of the Company's ongoing organizational effectiveness efforts. Restructuring charges were also incurred during the year for consulting services and costs related to plant closures, including equipment removal, utilities, plant security, property taxes, and insurance at closed facilities. Asset impairment charges were recognized in the Industrial Paper Packaging and Consumer Packaging segments as the result of plant closures. The Company recognized other asset impairment charges in 2022 totaling $10.1 million, primarily as a result of completing the exit of its operations in Russia during the second quarter of 2022. These operations consisted of two small tube and core plants and were part of the Industrial Paper Packaging segment.

The Company expects to recognize future additional costs totaling approximately $2.3 million in connection with previously announced restructuring actions that were underway as of December 31, 2023. The Company believes that the majority of these charges will be incurred and paid by the end of 2024. The Company regularly evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions are likely to be undertaken. Restructuring and asset impairment charges are subject to significant fluctuations from period to period due to the varying levels of restructuring activity and the inherent imprecision in the estimates used to recognize the impairment of assets and the wide variety of costs and taxes associated with severance and termination benefits in the countries in which the Company operates.

See Note 4 to the Consolidated Financial Statements for further information about restructuring activities and asset impairment charges.

Reconciliations of GAAP to Non-GAAP Financial Measures

The following tables reconcile the Company's non-GAAP financial measures to their most directly comparable GAAP financial measures for each of the years presented in conjunction with management's analysis of the Company's results of operations:

Adjusted Operating Profit, Adjusted Income Before Income Taxes, Adjusted Provision for Income Taxes, Adjusted Earnings Attributable to Sonoco, and Adjusted EPS

	For the year ended December 31, 2023				
Dollars in thousands, except per share data	*Operating Profit*	*Income Before Income Taxes*	*Provision for Income Taxes*	*Net Income Attributable to Sonoco*	*Diluted EPS*
As Reported (GAAP)	$ 715,790	$ 614,832	$ 149,278	$ 474,959	$ 4.80
Acquisition, integration and divestiture-related costs	26,254	26,254	6,407	19,847	0.20
Changes in LIFO inventory reserves	(11,817)	(11,817)	(2,977)	(8,840)	(0.09)
Amortization of acquisition intangibles	87,264	87,264	21,523	65,741	0.66
Restructuring/Asset impairment charges	56,933	56,933	12,920	44,036	0.44
Gain on divestiture of business and other assets	(78,929)	(78,929)	(19,076)	(59,853)	(0.60)
Other income, net	—	(39,657)	(9,624)	(30,033)	(0.30)
Non-operating pension costs	—	14,312	3,547	10,765	0.11
Net gain from derivatives	(1,912)	(1,912)	(482)	(1,430)	(0.01)
Other adjustments	10,142	10,113	5,433	4,680	0.05
Total adjustments	87,935	62,561	17,671	44,913	0.46
Adjusted	$ 803,725	$ 677,393	$ 166,949	$ 519,872	$ 5.26

Dollars in thousands, except per share data	For the year ended December 31, 2022 Operating Profit	Income Before Income Taxes	Provision for Income Taxes	Net Income Attributable to Sonoco	Diluted EPS
As Reported (GAAP)	$ 675,396	$ 571,282	$ 118,509	$ 466,437	$ 4.72
Acquisition, integration and divestiture-related costs	70,210	70,210	17,640	52,570	0.53
Changes in LIFO inventory reserves	28,445	28,445	7,083	21,362	0.22
Amortization of acquisition intangibles	80,427	80,427	19,554	60,873	0.62
Restructuring/Asset impairment charges	56,910	56,910	11,269	45,542	0.46
Non-operating pension costs	—	7,073	2,007	5,066	0.05
Net loss from derivatives	8,767	8,767	2,183	6,584	0.07
Other adjustments	(290)	(426)	18,515	(18,941)	(0.19)
Total adjustments	244,469	251,406	78,251	173,056	1.76
Adjusted	$ 919,865	$ 822,688	$ 196,760	$ 639,493	$ 6.48

Adjusted EBITDA and Adjusted EBITDA Margin

Dollars in thousands	*For the Year Ended December 31,* 2023	2022
Net income attributable to Sonoco	$ 474,959	$ 466,437
Adjustments		
Interest expense	136,686	101,662
Interest income	(10,383)	(4,621)
Provision for income taxes	149,278	118,509
Depreciation, depletion, and amortization	340,988	308,824
Non-operating pension costs	14,312	7,073
Net income attributable to noncontrolling interests	942	543
Restructuring/Asset impairment charges	56,933	56,910
Changes in LIFO inventory reserves	(11,817)	28,445
Gain from divestiture of business and other assets	(78,929)	—
Other income, net	(39,657)	
Acquisition, integration and divestiture-related costs	26,254	70,210
Net (gain)/loss from derivatives	(1,912)	8,767
Other non-GAAP adjustments	10,142	(290)
Adjusted EBITDA	$ 1,067,796	$ 1,162,469
Net Sales	$ 6,781,292	$ 7,250,552
Net Income Margin	7.0 %	6.4 %
Adjusted EBITDA Margin	15.7 %	16.0 %

The Company does not calculate net income by segment; therefore, Adjusted EBITDA by Segment is reconciled to the closest GAAP measure of segment profitability, Segment Operating Profit, which is another method to achieve the same result. Segment Operating Profit is the measure of segment profit or loss reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance in accordance with Accounting Standards Codification ("ASC") 280, "Segment Reporting," as prescribed by the Financial Accounting Standards Board.

Segment results, which are reviewed by the Company's management to evaluate segment performance, do not include the following: restructuring/asset impairment charges; amortization of acquisition intangibles; acquisition, integration, and divestiture-related costs; changes in LIFO inventory reserves; gains/losses from the sale of businesses or other assets; gains/losses on derivatives; or certain other items, if any, the exclusion of which the Company believes improves the comparability and analysis of the ongoing operating performance of the business. Accordingly, the term "segment operating profit" is defined as the segment's portion of "operating profit" excluding those items. All other general corporate expenses have been allocated as operating costs to each of the Company's reportable segments and All Other. Total operating profit is comprised of the sum of segment and All Other operating profit plus certain items that have been allocated to Corporate, including amortization of acquisition intangibles; restructuring/asset impairment charges; changes in LIFO inventory reserves; acquisition, integration and divestiture-related costs; gains/losses from the sale of businesses or other assets; gains/losses on derivatives; and certain other items that were excluded from segment and All Other operating profit.

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation

For the Year Ended December 31, 2023

Dollars in thousands	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit	**$ 382,063**	**$ 317,917**	**$ 103,745**	**$ (87,935)**	**$ 715,790**
Adjustments:					
Depreciation, depletion and amortization[1]	124,483	104,722	24,519	87,264	340,988
Equity in earnings of affiliates, net of tax	564	9,783	—	—	10,347
Restructuring/Asset impairment charges[2]	—	—	—	56,933	56,933
Changes in LIFO inventory reserves[3]	—	—	—	(11,817)	(11,817)
Acquisition, integration and divestiture-related costs[4]	—	—	—	26,254	26,254
Gain from divestiture of business and other assets[5]	—	—	—	(78,929)	(78,929)
Net gains from derivatives[6]	—	—	—	(1,912)	(1,912)
Other non-GAAP adjustments[7]	—	—	—	10,142	10,142
Segment Adjusted EBITDA	**$ 507,110**	**$ 432,422**	**$ 128,264**	**$ —**	**$ 1,067,796**
Net Sales	$ 3,626,977	$ 2,374,113	$ 780,202		
Segment Operating Profit Margin	10.5 %	13.4 %	13.3 %		
Segment Adjusted EBITDA Margin	14.0 %	18.2 %	16.4 %		

[1] Included in Corporate is the amortization of acquisition intangibles associated with the Consumer Packaging segment of $57,044, the Industrial Paper Packaging segment of $16,121, and All Other of $14,099.

[2] Included in Corporate are restructuring/asset impairment charges associated with the Consumer Packaging segment of $8,059, the Industrial Paper Packaging segment of $38,754, and All Other of $7,623.

[3] Included in Corporate are changes in LIFO inventory reserves associated with the Consumer Packaging segment of $(10,915) and the Industrial Paper Packaging segment of $(902).

[4] Included in Corporate are acquisition, integration and divestiture-related costs associated with the Consumer Packaging segment of $1,738 and the Industrial Paper Packaging segment of $5,810.

[5] Included in Corporate are gains from the sale of the Company's timberland properties in the amount of $(60,945), the sale of its S3 business in the amount of $(11,065), and the sales of its BulkSak businesses in the amount of $(6,919), all of which are associated with the Industrial Paper Packaging segment.

[6] Included in Corporate are gains on derivatives associated with the Consumer Packaging segment of $(257), the Industrial Paper Packaging segment of $(1,290), and All Other of $(365).

[7] Included in Corporate are other non-GAAP adjustments associated with the Industrial Paper Packaging segment of $3,762 and the All Other group of businesses of $3,249.

Segment Adjusted EBITDA and All Other Adjusted EBITDA Reconciliation

For the Year Ended December 31, 2022

Dollars in thousands	Consumer Packaging segment	Industrial Paper Packaging segment	All Other	Corporate	Total
Segment and Total Operating Profit	**$ 526,028**	**$ 327,859**	**$ 65,978**	**$ (244,469)**	**$ 675,396**
Adjustments:					
Depreciation, depletion, and amortization[1]	111,599	91,944	24,854	80,427	308,824
Equity in earnings of affiliates, net of tax	485	13,722	—	—	14,207
Restructuring/Asset impairment charges[2]	—	—	—	56,910	56,910
Changes in LIFO inventory reserves[3]	—	—	—	28,445	28,445
Acquisition, integration and divestiture-related costs[4]	—	—	—	70,210	70,210
Net losses from derivatives[5]	—	—	—	8,767	8,767
Other non-GAAP adjustments	—	—	—	(290)	(290)
Segment Adjusted EBITDA	$ 638,112	$ 433,525	$ 90,832	$ —	$ 1,162,469
Net Sales	$ 3,767,956	$ 2,684,563	$ 798,033		
Segment Operating Profit Margin	14.0 %	12.2 %	8.3 %		
Segment Adjusted EBITDA Margin	16.9 %	16.1 %	11.4 %		

[1] Included in Corporate is the amortization of acquisition intangibles associated with the Consumer Packaging segment of $55,089, the Industrial Paper Packaging segment of $8,053, and All Other of $17,285.

[2] Included in Corporate are restructuring/asset impairment charges associated with the Consumer Packaging segment of $13,865 and the Industrial Paper Packaging segment of $24,745.

[3] Included in Corporate are changes in LIFO inventory reserves associated with the Consumer Packaging segment of $26,753 and the Industrial Paper Packaging segment of $1,692.

[4] Included in Corporate are acquisition, integration, and divestiture-related costs associated with the Consumer Packaging segment of $38,690 and the Industrial Paper Packaging segment of $1,885.

[5] Included in Corporate are net losses on derivatives associated with the Consumer Packaging segment of $1,230, the Industrial Paper Packaging segment of $5,789, and All Other of $1,748.

Results of Operations – 2023 Versus 2022

Net income attributable to Sonoco (“GAAP results”) were $475.0 million ($4.80 per diluted share) in 2023, compared with $466.4 million ($4.72 per diluted share) in 2022.

GAAP results reflect net after-tax, adjusted charges totaling $44.9 million and $173.1 million in 2023 and 2022, respectively. These adjustments are presented in the “Reconciliations of GAAP to Non-GAAP Financial Measures” tables. Adjusted for these items, Adjusted Earnings in 2023 was $519.9 million ($5.26 per diluted share), compared with $639.5 million ($6.48 per diluted share) in 2022.

The GAAP results were slightly higher in 2023 as a result of the full year impact of the acquisition of Metal Packaging, the acquisition of the remaining interest in RTS Packaging, and the acquisition of the Chattanooga Mill, gains from divestitures and sale of assets, and lower acquisition, integration and divestiture-related costs. These favorable factors were partially offset by lower volumes across the portfolio and unfavorable metal price overlap. Adjusted Earnings in 2023 declined as a result of lower volumes across the portfolio, inflationary pricing pressure within retail in the Consumer Packaging segment, and unfavorable index-related pricing in the Industrial Paper Packaging segment.

Consolidated net sales for 2023 were $6.8 billion, a $0.5 billion, or 6.5%, decrease from 2022. The components of the sales change were:

($ in millions)	
Volume/mix	$ (574)
Selling price	(14)
Acquisitions and divestitures, net	104
Foreign currency translation and other, net	15
Total sales decrease	$ (469)

The lower year-over-year sales were driven by lower volumes across the portfolio and were partially offset by sales from acquisitions. Volume challenges in the Consumer segment resulted from inflationary pricing pressures within retail. This impact, along with unfavorable pricing, was partially offset by the full year impact in 2023 of the January 2022 acquisition of Metal Packaging. Along with unfavorable volume, the Industrial segment was unfavorably impacted by index pricing, partially offset by the impact of the current year acquisitions of the remaining interest in RTS Packaging and the acquisition of the Chattanooga Mill. Volume/mix declines in the All Other group of businesses were partially offset by positive pricing.

Total domestic sales were $4.8 billion, down 7.9% from 2022, driven by lower volumes across the portfolio, partially offset by revenue from acquisitions. International sales were $2.0 billion, down 2.8% from 2022.

Costs and Expenses/Margins

Cost of sales decreased $465.3 million in 2023, or 8.0%, from the prior year. The decrease was attributable to the lower sales volume, which was partially offset by lower input costs, primarily for steel and old corrugated cardboard. Gross profit margins increased to 21.2% in 2023 from 19.9% in the prior year primarily due to the previously mentioned lower input costs.

Selling, general and administrative expenses ("SG&A") increased $34.5 million, or 4.9%, and were 10.9% of sales in 2023 compared to 9.8% of sales in 2022. The current year increase was related to higher compensation, benefits, group medical, and information technology costs resulting from inflation and the impact of acquisitions. These increases were partially offset by lower year-over-year acquisition, integration, and divestiture-related costs. These costs were higher in the prior year due to the January 2022 acquisition of Metal Packaging.

Restructuring and asset impairment charges totaled $56.9 million in both 2023 and 2022. The 2023 charges reflect the closure costs of several operations, including a paper mill in Kansas, a perimeter-of-the-store facility in California, and medical plastics facilities in the United States and United Kingdom. The 2022 charges include severance and other plant closure costs as well as a $9.2 million impairment charge resulting from the Company's exit from its Russian operations. Additional information regarding restructuring actions and asset impairments is provided in Note 4 to the Company's Consolidated Financial Statements.

Other income, net was $39.7 million in 2023, reflecting a gain of $44.0 million resulting from the remeasurement of the Company's previously held equity interest in RTS Packaging to fair value, partially offset by a loss of $4.3 million from the settlement of a contract associated with the acquisition of the Chattanooga Mill that was determined to have unfavorable terms given market conditions at the time of the acquisition. See Note 3 to the Consolidated Financial Statements for further information.

Non-operating pension costs were $14.3 million in 2023, compared with $7.1 million in 2022. The year-over-year increase of $7.2 million was primarily due to higher interest costs on the Company's defined benefit pension liabilities, resulting from higher year-over-year discount rates. See Note 14 to the Consolidated Financial Statements for further information on employee benefit plans.

Net interest expense totaled $126.3 million for the year ended December 31, 2023, compared with $97.0 million in 2022. The increase was primarily due to higher year-over-year average debt balances resulting from the term loans executed in December 2022 and August 2023 and the impact of higher interest rates on the Company's variable debt. Additional information regarding the Company's indebtedness is provided in Note 10 to the Company's Consolidated Financial Statements.

The effective tax rates on GAAP and Adjusted Earnings for the full year 2023 were 24.3% and 24.6%, respectively, compared with 20.7% and 23.9%, respectively in 2022. The increase in the GAAP effective tax rate for 2023 was due primarily to the absence in 2023 of a release of a valuation allowance on foreign tax credits. The increase in the effective tax rate on Adjusted Earnings was primarily due to a variance in tax rates between jurisdictions in which the respective income and charges were taxed.

Reportable Segments

The Company's operating and reporting structure consists of two reportable segments, Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other.

Effective January 1, 2024, the Company will integrate its flexible packaging and thermoforming packaging businesses within the Consumer Packaging segment in order to streamline operations, enhance customer service and better position the business for accelerated growth. As a result, the Company will change its operating and reporting structure to reflect the way it plans to manage its operations, evaluate performance, and allocate resources going forward. Therefore, in future reporting periods, the Company's consumer thermoforming businesses will move from the All Other group of businesses to the Consumer Packaging segment. The Company's Industrial Paper Packaging segment will not be affected by these changes. As of and for the year ended December 31, 2023, there were no changes to the manner in which the Company reviewed financial information at the segment level; therefore, these changes had no impact on the Company's reporting structure.

Total operating profit, reported as "Operating Profit" in the Company's Consolidated Statements of Income, is comprised of the following:

($ in millions)	*2023*	*2022*	*% Change*
Segment operating profit:			
Consumer Packaging	$ 382.1	$ 526.0	(27.4)%
Industrial Paper Packaging	317.9	327.9	(3.0)%
All Other	103.7	66.0	57.1 %
Total segment operating profit	803.7	919.9	(12.6)%
Restructuring/Asset impairment charges	(56.9)	(56.9)	
Amortization of acquisition intangibles	(87.3)	(80.4)	
Other income/(charges), net	56.3	(107.1)	
Total operating profit*	$ 715.8	$ 675.5	6.0 %

*Due to rounding, amounts above may not sum to the totals presented

Segment results, which are reviewed by Company management to evaluate segment performance, do not include: restructuring/asset impairment charges: amortization of acquired intangibles: acquisition, integration, and divestiture-related charges; changes in LIFO inventory reserves; gains/losses from the sale of businesses or other assets; gains/losses on derivatives; or certain other items, if any, the exclusion of which the Company believes improves the comparability and analysis of the ongoing operating performance of the business. Accordingly, the term "segment operating profit" is defined as the segment's portion of "operating profit" excluding those items. All other general corporate expenses have been allocated as operating costs to each of the Company's reportable segments and All Other.

See Note 19 to the Company's Consolidated Financial Statements for more information on reportable segments.

Consumer Packaging

($ in millions)	2023	2022	% Change
Net sales	$ 3,627.0	$ 3,768.0	(3.7)%
Segment operating profits	382.1	526.0	(27.4)%
Depreciation, depletion and amortization	124.5	111.6	11.6 %
Capital spending	186.1	127.5	46.0 %

Consumer Packaging segment net sales decreased year over year as volumes continued to be impacted by inflationary pricing pressures within retail and volume declines from customer retail destocking throughout the year. Domestic sales were approximately $2,780 million, down 6.1%, or $180 million, from 2022, while international sales were approximately $847 million, up 4.9%, or $39 million, from 2022.

Segment operating profits decreased by $144.0 million year over year and operating profit margins decreased to 10.5% from 14.0%. The decreases in operating profit and operating margins were primarily due to unfavorable volume/mix and the unfavorable impact of metal price overlap of approximately $35 million. These unfavorable impacts were partially offset by improved productivity.

Capital spending in the segment included numerous automation projects in North America and Europe and expansion of manufacturing capabilities in North America, Europe, South America, and Asia.

Industrial Paper Packaging

($ in millions)	*2023*	*2022*	*% Change*
Net sales	$ 2,374.1	$ 2,684.6	(11.6)%
Segment operating profits	317.9	327.9	(3.0)%
Depreciation, depletion and amortization	104.7	91.9	13.9 %
Capital spending	111.6	145.0	(23.0)%

Industrial Packaging segment net sales decreased year over year due to unfavorable volume and index-related pricing declines. Domestic trade sales in the segment decreased $222 million, or 13.8%, to $1,389 million, while international trade sales decreased $89 million, or 8.3%, to $985 million.

Segment operating profit decreased year over year, driven by the unfavorable volume and index-related pricing, partially offset by the full-year impact of strategic pricing initiatives.

Capital spending in the segment included numerous automation projects in North America, productivity projects in North America and Europe, and capacity improvements in North America, Europe, and Asia.

All Other

($ in millions)	*2023*	*2022*	*% Change*
Net sales	$ 780.2	$ 798.0	(2.2)%
Segment operating profits	103.7	66.0	57.1 %
Depreciation, depletion and amortization	24.5	24.9	(1.6)%
Capital spending	24.8	21.2	17.0 %

All Other net sales decreased year over year due to lower volumes, primarily in temperature assured packaging as COVID-related demand declined.

All Other operating profit increased year over year, driven by ongoing structural improvement programs to improve profitability across this diversified collection of businesses, favorable strategic pricing initiatives and strong productivity. These favorable factors were partially offset by the impact of the lower volumes.

Capital spending in the All Other group of businesses was mostly related to customer development and automation projects in North America.

Financial Position, Liquidity, and Capital Resources

Cash Flow

Operating Activities

Cash flows from operations totaled $882.9 million in 2023 compared with $509.0 million in 2022, a year-over-year increase of $373.9 million. GAAP net income increased by $8.9 million year over year, reflecting a non-cash gain in 2023 resulting from the remeasurement of the Company's previously held equity interest in RTS Packaging to fair value, and gains from the sale of the Company's timberland properties, and the sales of its S3 and BulkSak businesses. Net income in the current year also reflected a $32.2 million year-over-year increase in non-cash depreciation, depletion and amortization expense and a $5.0 million increase in net non-cash asset impairment charges. Cash contributions to the Company's pension and postretirement plans in 2023 were $14.7 million, compared with $37.4 million in 2022, a year-over-year decrease of $22.7 million. The prior year contributions included the final Sonoco Retirement Contribution ("SRC"), the non-elective component of the Sonoco Savings Plan. The SRC was terminated as of December 31, 2021. Accrued expenses and other assets and liabilities used $46.7 million of cash in 2023 and provided $17.9 million of cash in 2022. The year-over-year change was largely driven by the higher payout of management incentive compensation in 2023. Cash paid for taxes increased by $66.9 million year over year. Tax payments in 2022 benefited from additional accelerated tax depreciation in the United States resulting from the Metal Packaging acquisition, while the 2023 payments did not have this benefit.

Net working capital provided $218.8 million of cash in 2023, while it used $328.7 million of cash in 2022, for a year-over-year increase in operating cash flows of $547.5 million. The year-over-year improvement was driven largely by inventory reductions in the current year. Inventory levels at the end of 2022 were higher than usual as the Company sought to mitigate supply chain uncertainty caused by lack of availability and shipment delays. Inventory levels decreased in 2023, most notably in tinplate steel, as the Company focused on reducing inventory in a lower sales volume environment. The year-over-year decrease in accounts payable was attributable to the lower spending on inventories and a decline in the cost of inputs (principally steel and old corrugated containers). Accounts receivable provided $27.4 million more cash in 2023 than in 2022, reflecting the Company's active management of collections and compliance with payment terms, along with the impact of lower volumes and lower selling prices.

Investing Activities

Investing activities used $619.3 million of cash in 2023, compared with $1,741.4 million in 2022. The lower year-over-year use of cash was primarily attributable to lower acquisition spending as the Company invested $372.6 million in acquisitions in 2023 (RTS Packaging, the Chattanooga Mill, and Inapel) compared with $1,427.0 million in 2022 (Metal Packaging, Skjern, and Nordeste). Capital expenditures in 2023 were $363.1 million, $34.3 million higher than the previous year. The year-over-year increase was driven by increased investments in various automation projects and strategic growth and productivity projects in both the Consumer Packaging and the Industrial Packaging segments. Proceeds from the sale of businesses provided $33.2 million of cash in 2023 as the Company received cash from the sale of its S3 and BulkSak businesses. Proceeds from the sale of assets totaled $80.3 million in 2023, primarily from the sale of the Company's timberland properties, compared with $9.6 million in the prior year. In addition, the Company's year-over-year investments in affiliated companies increased $8.6 million, including a 2.7% equity interest in Northstar valued at $5.0 million which the Company acquired on January 26, 2023, as part of the sale of its S3 business to Northstar. Other net investing proceeds provided $6.6 million more cash year over year, primarily as a result of higher life insurance proceeds received in the current year.

Financing Activities

Net cash used by financing activities totaled $352.0 million in 2023, compared with a net provision of cash totaling $1,294.2 million in 2022. Financing activities in 2023 included the net repayment of debt totaling $150.4 million as the Company utilized its strong operating cash flows and proceeds from the sale of assets to repay syndicated term loans ahead of their scheduled maturities. The Company received net debt proceeds of $1,518.8 million from the issuance of green bonds and a three-year term loan facility in 2022 that were used primarily to fund the January 2022 acquisition of Metal Packaging. The change in outstanding checks provided cash of $6.4 million in 2023 while using cash of $18.5 million in the prior year. The year-over-year change is the result of the timing and size of the last accounts payable check runs in 2023 and 2022 relative to the Company's December 31 year end. Cash used to repurchase the Company's common stock to satisfy employee tax withholding obligations in association with the exercise of certain share-based compensation awards was $10.6 million in 2023, compared to $4.5 million in 2022. Also in 2022, the Company used cash of $14.5 million to purchase the remaining 33% ownership interest in Graffo Paranaense de Embalagens S/A from the three noncontrolling partners.

Cash dividends totaled $197.4 million in 2023 compared to $187.1 million in 2022, reflecting the increase in the quarterly dividend payment from $0.49 per share to $0.51 per share approved by the Board in April 2023.

Capital Resources

The Company's cash balances are held in numerous locations throughout the world. At December 31, 2023 and 2022, approximately $93.8 million and $170.1 million, respectively, of the Company's reported cash and cash equivalents balances of $151.9 million and $227.4 million, respectively, were held outside of the United States by its foreign subsidiaries. Cash held outside of the United States is available to meet local liquidity needs, or for capital expenditures, acquisitions, and other offshore growth opportunities. As the Company has maintained sufficient domestic liquidity through a combination of operating cash flow generation and access to bank and capital markets borrowings, we have generally considered our foreign unremitted earnings to be indefinitely invested outside the United States and currently have no plans to repatriate such earnings, other than excess cash balances that can be repatriated at minimal tax cost. Accordingly, as of December 31, 2023, the Company is not providing for taxes on these amounts for financial reporting purposes. Computation of the potential deferred tax liability associated with unremitted earnings considered to be indefinitely reinvested is not practicable.

The Company uses a notional pooling arrangement with an international bank to help manage global liquidity requirements. Under this pooling arrangement, the Company and its participating subsidiaries may maintain either a cash deposit or borrowing position through local currency accounts with the bank, so long as the aggregate position of the global pool is a notionally calculated net cash deposit. Because it maintains a security interest in the cash deposits and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its participating subsidiaries with favorable interest terms on both.

The Company, as part of its ongoing efforts to improve cash flow and related liquidity, works with suppliers to improve its terms and conditions, including extending payment terms. Beginning in 2020, the Company also began voluntary supply chain financing programs (the "SCF Programs") to provide certain suppliers with the opportunity to sell receivables due from the Company to the SCF Programs' participating financial institution. Such sales are conducted at the sole discretion of both the suppliers and the financial institution on a non-recourse basis at a rate that leverages the credit rating of the Company and thus might be more beneficial to the supplier. No guarantees are provided by the Company or any of its subsidiaries under the SCF Programs. Responsibility is limited to making payment on the terms originally negotiated with suppliers, regardless of whether those suppliers sell the receivables to the financial institution. The Company does not enter into any agreements with suppliers regarding their participation in the SCF Programs. All amounts outstanding at December 31, 2023 under the SCF Programs were recorded within trade accounts payable. The amount owed to the participating financial institution under the SCF Programs and included in accounts payable for continuing operations was $35.8 million at December 31, 2023 and $52.4 million at December 31, 2022. The Company accounts for all payments made under the SCF Programs as a reduction to cash flows from operations and reports them within "changes in payable to suppliers" in the Consolidated Statements of Cash Flows. The total amount settled through the SCF Programs and paid by the Company to the participating financial institution was $188 million during 2023 and $270 million during 2022. A downgrade in the Company's credit rating or changes in the financial markets could limit financial institutions' willingness to commit funds to, and participate in, the SCF Programs. However, the Company does not believe a reduction in, or the elimination of, the SCF Programs would have a material impact on its working capital or cash flows.

The Company's total debt at December 31, 2023, was $3.1 billion, a year-over-year decrease of $0.1 billion. The year-over-year change reflects the following actions taken during 2023:

- On August 7, 2023, the Company entered into a $900 million term loan facility, maturing on August 7, 2028, with a consortium of Farm Credit System institutions (see Note 10 for more information). A total of $600 million was drawn on August 7, 2023 and used to repay the syndicated term loans that were due in December 2023 and January 2025 and to make certain capital expenditures and to reimburse the Company for certain capital expenditures it had made in its operation of waste disposal facilities in rural areas. An additional $270 million was drawn on September 8, 2023 and used to partially fund the acquisition of the remaining interest in RTS Packaging and the acquisition of the Chattanooga Mill (see Note 3 for more information). As of December 31, 2023, the Company had repaid a total of $295 million of the amounts drawn and had outstanding borrowings of $575 million under the term loan facility.

- The Company utilized its strong operating cash flows and proceeds from the sale of assets to repay syndicated term loans of $700 million in July and August 2023, ahead of their scheduled maturities.

On August 7, 2023, the Company increased the commitments under its unsecured revolving credit facility by $150 million to an aggregate amount of $900 million. The Company entered into this five-year facility, which supports its $500 million commercial paper program, on June 30, 2021.

At December 31, 2023, the Company had approximately $152 million in cash and cash equivalents on hand and $900 million in committed availability under its revolving credit facility, all of which was available for drawdown. The Company has the contractual right to draw funds directly on the underlying revolving credit facility, which could possibly occur if there were a disruption in the commercial paper market.

As of December 31, 2023, the Company had scheduled debt maturities of $47.1 million, $449.8 million, $21.8 million, $310.4 million, and $583.7 million in 2024, 2025, 2026, 2027, and 2028, respectively. See Note 10 to the Consolidated Financial Statements for additional information regarding the Company's contractual principal debt maturities.

The Company's contractual obligation maturities for interest payments on outstanding fixed-rate, long-term debt, as well as financing fees on the backstop line of credit, are expected to total approximately $78.9 million in 2024, $72.4 million in 2025, $71.2 million in 2026, $64.5 million in 2027, and $63.9 million in 2028.

Capital spending is expected to total approximately $350 million in 2024, in line with 2023 (when excluding the impact of proceeds from asset sales). The Company expects increasing levels of investment for profit generating projects in the Rigid Paper, Flexibles, and Metal Packaging businesses centered around footprint optimization, automation, and sales growth support. These increases are expected to be offset by moderating year-over-year levels of maintenance capital.

The Company believes cash on hand and available credit, combined with expected net cash flows generated from operating and investing activities, will provide sufficient liquidity to cover these and other cash flow needs of the Company over the course of 2024 and beyond.

Acquisitions and internal investments are key elements of the Company's growth strategy. The Company believes that its cash on hand, coupled with cash generated from operations and available borrowing capacity, will enable it to support this strategy. Although the Company believes that it has excess borrowing capacity beyond its current lines of credit, there can be no assurance that such financing would be available or available on terms that are acceptable to the Company. The Company continually assesses its operational footprint as well as its overall portfolio of businesses and may consider the divestiture of plants and/or business units it considers to be suboptimal or nonstrategic. Should these efforts result in the future sale of any plants or business units, management expects to utilize the proceeds to pay down debt and/or invest in growth projects or strategic acquisitions.

The net underfunded position of the Company's various U.S and international defined benefit pension and postretirement plans was $127 million at the end of 2023, compared with $98 million at the end of 2022. The increase in the unfunded position reflects an additional unfunded liability of approximately $12 million associated with the acquisition of the remaining interest in RTS Packaging and the related assumption of the RTS Packaging Pension Plan ("RTS Plan"). The Company contributed approximately $14.7 million to its benefit plans in 2023. Benefit plan contributions in 2024 are expected to total approximately $19 million. Future funding requirements will depend largely on actual investment returns, future actuarial assumptions, legislative actions, and changes to the Company's benefit offerings.

Current assets decreased year over year by $311 million to $2,050 million at December 31, 2023, and current liabilities decreased by $579 million to $1,165 million, resulting in an increase in the Company's ratio of current assets to current liabilities to 1.8 at December 31, 2023 from 1.4 at December 31, 2022. Current assets were lower principally due to year-over-year reductions in inventory while current liabilities decreased primarily due to the repayment of the syndicated term loan that was due in December 2023.

Total equity increased $359 million during 2023 as net income of $476 million, other comprehensive income of $63 million and stock-based compensation of $28 million were partially offset by dividends of $199 million and share repurchases of $11 million for tax share withholding on vested stock compensation granted to employees. The primary driver of other comprehensive income was a $70 million translation gain from the impact of a weaker U.S. dollar on the Company's foreign investments.

On April 20, 2021, the Board authorized the repurchase of the Company's common stock up to an aggregate amount of $350 million. The Company purchased a total of 3.29 million shares under this authorization during 2021 at a cost of $212 million. No shares were repurchased under this authorization during 2022 or 2023; accordingly, a total of $138 million remains available for share repurchases at December 31, 2023.

Although the ultimate determination of whether to pay dividends is within the sole discretion of the Board and is based on a variety of factors, the Company plans to continue paying dividends consistent with historical practice as earnings and the Company's liquidity permit. Dividends per common share were $2.02 in 2023, $1.92 in 2022 and $1.80 in 2021. On February 14, 2024, the Company declared a regular quarterly dividend of $0.51 per common share payable on March 8, 2024, to shareholders of record on February 28, 2024.

The Company routinely enters into leasing arrangements for real estate (including manufacturing facilities, office space, warehouses, and packaging centers), transportation equipment (automobiles, forklifts, and trailers), and office equipment (copiers and postage machines). Lease contracts with a term of 12 months or less are not recorded on the consolidated balance sheet. Leased assets represent the Company's right to use an underlying asset during the lease term, and lease liabilities represent the Company's obligation arising from the lease. Leased assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Most real estate leases, in particular, include one or more options to renew, with renewal terms that typically extend the lease term in increments from one to five years. For additional information regarding the Company's contractual lease obligations, see Note 7 to the Consolidated Financial Statements.

As of December 31, 2023, the Company had long-term obligations to purchase electricity and steam, which it uses in its production processes, as well as long-term purchase commitments for certain raw materials, principally old corrugated containers. For additional information regarding the Company's purchase commitment obligations, see Note 17 to the Consolidated Financial Statements.

Risk Management

As a result of operating globally, the Company is exposed to changes in foreign exchange rates. The exposure is well diversified, as the Company's facilities are located throughout the world, and the Company generally sells in the same countries where it produces with both revenue and costs transacted in the local currency. The Company monitors these exposures and may use foreign currency forward contracts and other risk management instruments to manage exposure to changes in foreign currency cash flows and the translation of monetary assets and liabilities on the Company's consolidated financial statements by hedging a portion of forecasted transactions that are denominated in foreign currencies, foreign currency assets and liabilities or net investment in foreign subsidiaries. The Company's foreign operations are exposed to political, geopolitical, and cultural risks, but the risks are mitigated by diversification and the relative stability of the countries in which the Company has significant operations.

Because the economy in Venezuela is considered highly inflationary under U.S. GAAP, the Company considers the U.S. dollar to be the functional currency of its Venezuelan operations and uses the official exchange rate when remeasuring the financial results of those operations. Economic conditions in Venezuela have worsened considerably over the past several years and there is no indication that conditions are due to improve in the foreseeable future. Further deterioration could result in the recognition of an impairment charge or a deconsolidation of the subsidiary. At December 31, 2023, the carrying value of the Company's net investment in its Venezuelan operations was approximately $2.1 million. In addition, accumulated other comprehensive loss at December 31, 2023 included a cumulative translation loss of approximately $3.8 million related to the Company's Venezuela operations. These translation losses would be reclassified to net income in the event of a complete exit of the business or deconsolidation of these operations.

Turkey has been deemed to be a highly inflationary economy under U.S. GAAP since the first quarter of 2022. Accordingly, the Company considers the U.S. dollar to be the functional currency of its operations in Turkey and has remeasured monetary assets and liabilities denominated in Turkish lira to U.S. dollars with changes recorded through earnings. The cumulative impact of applying highly inflationary accounting to Turkey has been a pretax charge to earnings of $6.5 million ($5.0 million after tax), including $3.8 million ($2.9 million after tax) during 2023. The magnitude of future earnings impacts is uncertain as such impacts are dependent upon unpredictable movements in the Turkish lira relative to the U.S. dollar. In addition to remeasurement-related charges, significant deterioration in the Turkish economy could result in the recognition of future impairment charges. However, the Company believes its exposure is limited to its net investment in Turkey which, as of December 31, 2023, was approximately $17.8 million.

The Company is a purchaser of various raw material inputs such as recovered paper, energy, steel, aluminum, and plastic resin. The Company generally does not engage in significant hedging activities for these purchases other than for energy and, from time to time, aluminum, because there is usually a high correlation between the primary input costs and the ultimate selling price of its products. Inputs are generally purchased at market or at fixed prices that are established with individual suppliers as part of the purchase process for quantities expected to be consumed in the ordinary course of business. On occasion, where the correlation between selling price and input price is less direct, the Company may enter into derivative contracts such as futures or swaps to manage the effect of price fluctuations. In addition, the Company may occasionally use traditional, unleveraged interest-rate swaps to manage its mix of fixed and variable rate debt and control its exposure to interest rate movements within select ranges.

At December 31, 2023, the Company had derivative contracts outstanding to hedge the prices on a portion of anticipated natural gas and aluminum purchases. These contracts, which qualify as cash flow hedges, included natural gas swaps covering approximately 0.1 million metric million British thermal units ("MMBTUs") and aluminum swaps covering 488 metric tons. In addition, at December 31, 2023, the Company had certain other commodity contracts outstanding to manage the cost of anticipated natural gas purchases for which the Company does not apply hedge accounting. These contracts consist of natural gas swaps covering approximately 5.4 million MMBTUs. The Company's combined designated and non-designated derivative contracts totaled approximately 76% and 10% of anticipated natural gas and aluminum usage, respectively, in North America for 2024.

The Company routinely enters into forward contracts to hedge certain anticipated foreign currency denominated sales, purchases, and capital spending. For such contracts that are designated and qualify as a cash flow hedge under ASC 815, the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the periods during which the hedged transaction affects earnings. At December 31, 2023, the total notional amount of these contracts, in U.S. dollar terms, was $125 million, of which $34 million related to the Mexican peso, $33 million to the Polish zloty, $26 million to the Canadian dollar, $11 million to the Brazilian real, $7 million to the Danish krone, $6 million to the Colombian peso, $5 million to the Czech koruna and $3 million to all other currencies. The Company also routinely enters into forward contracts to economically hedge the currency exposure of intercompany debt and foreign currency denominated receivables and payables. The Company does not apply hedge accounting treatment under ASC 815 for these instruments. As such, changes in fair value are recorded directly to income and expense in the periods that they occur.

During 2023, the Company became party to cross-currency swap agreements with a total notional amount of $500 million to effectively convert a portion of the Company's fixed-rate U.S. dollar denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The swap agreement provides for the Company to receive semi-annual interest payments in U.S. dollars at a fixed rate and to make semi-annual interest payments in euros at a fixed rate. The risk management objective of entering into such agreements is to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in euros. The agreements are designated as net investment hedges for accounting purposes. The gain or loss on the net investment hedge derivative instrument is included in the foreign currency translation component of accumulated other comprehensive loss until the net investment is sold, diluted, or liquidated. Interest payments received for the cross-currency swap are excluded from the net investment hedge effectiveness assessment and are recorded in interest expense. For the year ended December 31, 2023, the fair value of the Company's net investment hedges was a loss position of $5.1 million, and a loss of $3.8 million (net of income taxes of $1.3 million) was reported as a component of accumulated other comprehensive loss within foreign currency items.

The total fair market value of the Company's derivatives was a net unfavorable position of $10.4 million and $9.7 million at December 31, 2023 and December 31, 2022, respectively. Derivatives are marked to fair value using published market prices, if available, or using estimated values based on current price quotes and a discounted cash flow model. See Note 11 to the Consolidated Financial Statements for more information on financial instruments.

The Company is subject to various federal, state and local environmental laws and regulations in the United States and in each of the countries where we conduct business, concerning, among other matters, solid waste disposal, wastewater effluent and air emissions. Although the costs of compliance have not been significant due to the nature of the materials and processes used in manufacturing operations, such laws also make generators of hazardous wastes and their legal successors financially responsible for the cleanup of sites contaminated by those wastes. The Company has been named a PRP at several environmentally contaminated sites. These regulatory actions and a small number of private party lawsuits are believed to represent the Company's largest potential environmental liabilities. The Company had accrued $7.3 million at December 31, 2023 with respect to these sites. See "Environmental Charges" in Item 3 – Legal Proceedings and Note 17 to the Consolidated Financial Statements for more information on environmental matters.

Critical Accounting Estimates

Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates these estimates and assumptions on an ongoing basis, including but not limited to those related to inventories, bad debts, derivatives, income taxes, share-based compensation, goodwill, intangible assets, restructuring, pension and other postretirement benefits, environmental liabilities, and contingencies and litigation. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. The results of these estimates may form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources. Actual results could differ from those estimates. The impact of and any associated risks related to estimates, assumptions and accounting policies are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as in the Notes to the Consolidated Financial Statements, if applicable, where such estimates, assumptions and accounting policies affect the Company's reported and expected financial results.

The Company believes the accounting policies discussed in the Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K are critical to understanding the results of its operations. The following discussion represents those policies that involve the more significant judgments and estimates used in the preparation of the Company's Consolidated Financial Statements.

Business Combinations

The Company's acquisitions of businesses are accounted for in accordance with ASC 805, "Business Combinations." The Company recognizes the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquired business at their fair values as of the date of acquisition. Goodwill is measured as the excess of the consideration transferred, also measured at fair value, over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. The acquisition method of accounting requires us to make significant estimates and assumptions regarding the fair values of the elements of a business combination as of the date of acquisition, including the fair values of identifiable intangible assets, property, plant, and equipment, deferred tax asset valuation allowances, liabilities including those related to debt, pensions and other postretirement plans, uncertain tax positions, contingent consideration, and contingencies. This method also requires us to refine these estimates over a measurement period not to exceed one year to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. If we are required to adjust provisional amounts that we have recorded for the fair values of assets and liabilities in connection with acquisitions, these adjustments could have a material impact on our financial condition and results of operations.

Significant estimates and assumptions in estimating the fair value of acquired patents, customer relationships, trade names, proprietary technology, and other identifiable intangible assets include future cash flows that the Company expects to generate from the acquired assets, discount rate, customer attrition rate, and long-term revenue growth projections. Projecting discounted future cash flows requires the Company to make significant estimates regarding projected revenues, projected earnings before interest, taxes, depreciation, and amortization margins, discount rates and customer attrition rates. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these values, the Company could record impairment charges.

In addition, the Company has estimated the economic lives of certain acquired assets and these lives are used to calculate depreciation on property, plant, and equipment and amortization expense on definite-lived intangible assets. If the estimates of the economic lives change, depreciation or amortization expenses could be increased or decreased, or the acquired asset could become impaired.

For leases acquired in a business combination, the Company measures the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease of the Company at the acquisition date. When the implicit rate in the acquired lease is not readily determinable, the Company calculates the lease liabilities using discount rates based upon the Company's incremental secured borrowing rate for the region in which the acquisition was completed. An assessment of the certainty associated with the exercise of any lease renewal, termination, and purchase options included in the acquired lease contracts is also performed. The Company measures the right-of-use asset at the same amount as the lease liability as adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Impairment of Long-Lived, Intangible, and Other Assets

Assumptions and estimates used in the evaluation of potential impairment can result in adjustments affecting the carrying values of long-lived, intangible and other assets and the recognition of impairment expense in the Company's Consolidated Financial Statements. The Company evaluates its long-lived assets (property, plant and equipment), definite-lived intangible assets and other assets (including right of use lease assets, notes receivable and equity and other investments) for impairment whenever indicators of impairment exist, or when it commits to sell the asset. If the sum of the undiscounted expected future cash flows from a long-lived asset or definite-lived intangible asset group is less than the carrying value of that asset group, an asset impairment charge is recognized. Key assumptions and estimates used in the projection of expected future cash flows generally include price levels, sales growth, profit margins and asset life. The amount of an impairment charge, if any, is calculated as the excess of the asset's carrying value over its fair value, generally represented by the discounted future cash flows from that asset or, in the case of assets the Company evaluates for sale, estimated sale proceeds less costs to sell. The Company takes into consideration historical data and experience together with all other relevant information available when estimating the fair values of its assets. However, fair values that could be realized in actual transactions may differ from the estimates used to evaluate impairment. In addition, changes in the assumptions and estimates may result in a different conclusion regarding impairment.

Impairment of Goodwill

The Company assesses its goodwill for impairment annually and from time to time when warranted by the facts and circumstances surrounding individual reporting units or the Company as a whole. If the fair value of a reporting unit exceeds the carrying value of that reporting unit, there is no impairment. If the carrying value of a reporting unit exceeds the fair value of that reporting unit, an impairment charge to goodwill is recognized for the excess. The Company's reporting units, as determined in accordance with ASC 350, "Intangibles-Goodwill and Other," are the same as, or one level below, its operating segments, as determined in accordance with ASC 280, "Segment Reporting."

The Company completed its most recent annual goodwill impairment testing during the third quarter of 2023. For testing purposes, the Company performed an assessment of each reporting unit using either a qualitative evaluation or a quantitative test. The qualitative evaluations considered factors such as the macroeconomic environment, the industry, the Company's overall financial performance, the current and projected financial performance of specific reporting units, and business strategy changes. The quantitative tests, described further below, relied on the current outlook of reporting unit management for future operating results and took into consideration, among other things, specific business unit risk, the countries in which the reporting units operate, and implied fair values based on comparable trading multiples.

When performing a quantitative analysis, the Company estimates the fair value of its reporting units using a weighted average of the income and market approaches. Under the income approach, the Company uses a discounted cash flow model based on projections of future years' operating results and associated cash flows. The Company's assessments reflect significant management assumptions and estimates related to the Company's forecast of sales growth, gross profit margins and discount rates, which are validated by observed comparable trading and transaction multiples based on guideline public companies under the market approach. The Company's model discounts projected future cash flows, forecasted over a five-year period, with an estimated residual growth rate. The Company's projections incorporate management's estimates of the most-likely expected future results. Projected future cash flows are discounted to present value using a discount rate that management believes is appropriate for the reporting unit.

The Company's assessments, whether qualitative or quantitative, incorporate management's expectations for the future, including forecasted growth rates and/or margin improvements. Therefore, should there be changes in the relevant facts and circumstances and/or expectations, management's conclusions regarding goodwill impairment may change as well.

In considering the level of uncertainty regarding the potential for goodwill impairment, management has concluded that any such impairment would, in most cases, likely be the result of adverse changes in more than one assumption. Management considers the assumptions used to be its best estimates across a range of possible outcomes based on available evidence at the time of the assessment. Other than in the Plastics-Medical reporting unit, previously known as Plastics-Healthcare, which is discussed below, there is no specific singular event or single change in circumstances management has identified that it believes could reasonably result in a change to the expected future results in any of its reporting units sufficient to result in goodwill impairment. In management's opinion, a change of such magnitude would more likely be the result of changes to some combination of the factors identified above, a general deterioration in competitive position, introduction of a superior technology, significant unexpected changes in customer preferences, an inability to pass through significant raw material cost increases, and other such items as identified in "Item 1A. Risk Factors" in this Annual Report on Form 10-K.

Although no reporting units failed the annual impairment test, in management's opinion, the goodwill of the Plastics-Medical reporting unit is at risk of impairment in the near term if its operations do not perform in line with management's expectations, or if there is a negative change in the long-term outlook for the business or in other factors such as the discount rate.

Sensitivity Analysis

In the 2023 annual goodwill impairment analysis, projected future cash flows for the Plastics-Medical reporting unit were discounted at 12.0%, and its estimated fair value was determined to exceed its carrying value by approximately 29.9%. Based on the discounted cash flow model and holding other valuation assumptions constant, the discount rate for this unit would have to be increased to 14.5% in order for the estimated fair value of the reporting unit to fall below its carrying value. Total goodwill associated with the Plastics-Medical reporting unit was $64.2 million at December 31, 2023.

Income Taxes

The Company follows ASC 740, Accounting for Income Taxes, which requires a reduction of the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not such assets will not be realized. Deferred tax assets generally represent expenses that have been recognized for financial reporting purposes, but for which the corresponding tax deductions will occur in future periods. The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material impact on our financial condition and results of operations.

For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. For those positions not meeting the more-likely-than-not standard, no tax benefit has been recognized in the financial statements. Associated interest has also been recognized, where applicable.

The estimate for the potential outcome of any uncertain tax issue is highly judgmental. The Company believes it has adequately provided for any reasonably foreseeable outcome related to these matters. However, future results may include favorable or unfavorable adjustments to estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitations on potential assessments expire. Additionally, the jurisdictions in which earnings or deductions are realized may differ from current estimates. As a result, the eventual resolution of these matters could have a different impact on the effective rate than currently reflected or expected.

Share-Based Compensation Plans

The Company utilizes share-based compensation in the form of restricted stock units, performance contingent restricted stock units ("PCSUs"), and other share-based awards. The fair value of the Company's restricted stock units is equal to the closing price of the Company's stock on the date of grant discounted for any projected dividends that are not eligible to be received during the vesting period. The amount of share-based compensation expense associated with PCSUs is based on estimates of future performance using measures defined in the stock plan descriptions for each award granted. As of December 31, 2023, these performance measures include the following:

- Adjusted earnings per share — three-year sum of forecasted future and historical annual adjusted earnings per share for the three-year measurement period associated with each award; and
- Return on invested capital — three-year simple average of annual returns calculated by dividing 1) adjusted operating profit after tax (derived from historical or projected adjusted earnings) by 2) the average of total historical or projected debt plus equity for the respective annual periods.

For the most recent award grant in 2023, the performance payout will be subject to adjustment by a total stock return modifier as determined by the Company's relative performance within its targeted peer group. Changes in estimates regarding the future achievement of these performance measures may result in significant fluctuations from period to period in the amount of share-based compensation expense recognized in the Company's Consolidated Financial Statements. See Note 13 to the Consolidated Financial Statements for additional information on the Company's share-based compensation plans.

Pension and Postretirement Benefit Plans

The Company has significant pension and postretirement benefit liabilities and costs that are measured using actuarial valuations. The largest of the Company's pension and postretirement plans include the U.S.-based Sonoco Pension Plan, the U.S. nonqualified retirement plans, the U.S. Retirement and Retiree Health and Life Insurance Plan, and the Sonoco U.K. Retirement Benefits Plan. On September 8, 2023, the Company completed the acquisition of the remaining 65% ownership interest of the RTS Packaging joint venture, which included the assumption of the RTS Plan. At the time of the acquisition, the RTS Plan had a projected benefit obligation ("PBO") of $43.9 million and plan assets of $32.3 million resulting in an unfunded pension obligation of $11.6 million.

The actuarial valuations used to evaluate the plans employ key assumptions that can have a significant effect on the calculated amounts. The key assumptions used at December 31, 2023 in determining the PBO and the accumulated benefit obligation for retirement and retiree health and life insurance plans include discount rates and rates of compensation increase. The key assumptions used to determine the 2023 net periodic benefit cost for retirement and retiree health and life insurance plans include discount rates, expected long-term rate of return on plan assets, and rates of compensation increase.

The Company adjusts its discount rates at the end of each fiscal year based on yield curves of high-quality debt instruments over durations that match the expected benefit payouts of each plan. The expected rate of return assumption is derived by taking into consideration the targeted plan asset allocation, projected future returns by asset class and active investment management. A third-party asset return model is used to develop an expected range of returns on plan investments over a 12- to 15-year period, with the expected rate of return selected from a best estimate range within the total range of projected results. The Company periodically re-balances its plan asset portfolio in order to maintain the targeted allocation levels. The rate of compensation increase assumption is generally based on salary and incentive compensation increases.

The sensitivity to changes in the critical assumptions for the Company's U.S. and U.K. plans as of December 31, 2023, is as follows:

Assumption ($ in millions)	*Percentage Point Change*	*Projected Benefit Obligation Higher/(Lower)*	*Annual Expense Higher/(Lower)*
Discount rate	0.25% decrease	$10.5	$0.3
Expected return on assets	0.25% decrease	N/A	$0.6

Another key assumption for the U.S. retiree health and life insurance plan is a medical cost trend rate beginning at 7.25% for post-age 65 participants and trending down to an ultimate rate of 4.5% in 2033. The ultimate trend rate of 4.5% represents the Company's best estimate of the long-term average annual medical cost increase over the duration of the plan's liabilities. It provides for real growth in medical costs in excess of the overall inflation level.

Other assumptions and estimates impacting the projected liabilities of these plans include inflation, participant withdrawal and mortality rates, and retirement ages. The Company evaluates the assumptions used in projecting the pension and postretirement liabilities and associated expenses annually. These judgments, assumptions and estimates may affect the carrying value of pension and postretirement plan net assets and liabilities and pension and postretirement plan expenses in the Company's Consolidated Financial Statements. See Note 14 to the Consolidated Financial Statements for additional information on the Company's pension and postretirement plans.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is provided in Note 2 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information regarding market risk is provided in this Annual Report on Form 10-K under the following items and captions: "Our international operations subject us to various risks that could adversely affect our business operations and financial results" and "Currency exchange rate fluctuations may adversely affect our results of operations and shareholders' equity" in Item 1A - Risk Factors; "Risk Management" in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations; and in Note 11 to the Consolidated Financial Statements in Item 8 – Financial Statements and Supplementary Data.

Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements and Notes to the Consolidated Financial Statements are provided on pages F-1 through F-43 of this report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Sonoco Products Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sonoco Products Company and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in total equity and cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the accompanying index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded RTS Packaging, LLC ("RTS Packaging"), the Chattanooga paper mill ("Chattanooga Mill"), and Inapel Embalagens Ltda. ("Inapel") from its assessment of internal control over financial reporting as of December 31, 2023 because they were acquired by the Company in purchase business combinations during 2023. We have also excluded RTS Packaging, Chattanooga Mill, and Inapel from our audit of internal control over financial reporting. RTS Packaging, Chattanooga Mill, and Inapel are wholly-owned subsidiaries whose total revenues and total assets excluded from management's assessment and our audit of internal control over financial reporting represent 1.3% and 3.0%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2023.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment Assessment – Plastics – Medical Reporting Unit

As described in Notes 1 and 8 to the consolidated financial statements, the Company's consolidated goodwill balance was $1.8 billion as of December 31, 2023, and the goodwill associated with the Plastics – Medical reporting unit was $64.2 million. Management assesses goodwill for impairment annually during the third quarter, or from time to time when warranted by the facts and circumstances surrounding individual reporting units or the Company as a whole. As disclosed by management, if the fair value of a reporting unit exceeds the carrying value of that reporting unit, there is no impairment. If the carrying value of a reporting unit exceeds the fair value of that reporting unit, an impairment charge to goodwill is recognized for the excess. Fair value is estimated using a discounted cash flow model based on projections of future years' operating results and associated cash flows combined with comparable trading and transaction multiples based on guideline public companies. The calculated estimated fair value of the reporting unit reflects a number of significant management assumptions and estimates including the forecast of sales growth, gross profit margins, and discount rates.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Plastics – Medical reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the forecast of sales growth, gross profit margins, and discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Plastics – Medical reporting unit. These procedures also included, among others (i) testing management's process for developing the fair value estimate of the Plastics – Medical reporting unit; (ii) evaluating the appropriateness of the discounted cash flow model used by management; (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow model; and (iv) evaluating the reasonableness of the significant assumptions used by management related to the forecast of sales growth, gross profit margins, and discount rate. Evaluating management's assumptions related to the forecast of sales growth and gross profit margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Plastics – Medical reporting unit; (ii) the consistency with external market data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow model and (ii) the reasonableness of the discount rate assumption.

Valuation of Customer Lists Intangible Asset – RTS Packaging

As described in Notes 1, 3 and 8 to the consolidated financial statements, on September 8, 2023, the Company completed the acquisition of the remaining 65% interest in RTS Packaging from joint venture partner WestRock Company ("WestRock") and the acquisition of the Chattanooga Mill from WestRock for net cash consideration of $313.4 million. The acquisitions resulted in $190.6 million of intangible assets, primarily related to customer lists, the majority of which related to the RTS Packaging acquisition. The fair values of intangible assets associated with the acquisitions were determined using an income valuation approach. Projecting discounted future cash flows requires management to make significant estimates regarding projected revenues, projected earnings before interest, taxes, depreciation, and amortization (EBITDA) margins, discount rates and customer attrition rates.

The principal considerations for our determination that performing procedures relating to the valuation of the customer lists intangible asset acquired in the RTS Packaging acquisition is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the customer lists intangible asset acquired; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to projected revenues, projected EBITDA margins, discount rate and customer attrition rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the customer lists intangible asset acquired. These procedures also included, among others (i) reading the purchase agreement; (ii) testing management's process for developing the fair value estimate of the customer lists intangible asset acquired; (iii) evaluating the appropriateness of the income valuation approach used by management; (iv) testing the completeness and accuracy of underlying data used in the income valuation approach; and (v) evaluating the reasonableness of the significant assumptions used by management related to projected revenues, projected EBITDA margins, discount rate and customer attrition rate. Evaluating management's assumptions related to projected revenues and projected EBITDA margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of RTS Packaging; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the income valuation approach and (ii) the reasonableness of the discount rate and customer attrition rate assumptions.

/s/ PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 28, 2024

We have served as the Company's auditor since 1967.

CONSOLIDATED BALANCE SHEETS

Sonoco Products Company

(Dollars and shares in thousands) *At December 31*	*2023*	*2022*
Assets		
Current Assets		
Cash and cash equivalents	$ 151,937	$ 227,438
Trade accounts receivable, net of allowances of $21,661 in 2023 and $16,879 in 2022	904,898	862,712
Other receivables	106,644	99,492
Inventories		
Finished and in process	324,910	453,981
Materials and supplies	448,591	641,577
Prepaid expenses	113,385	76,054
Total Current Assets	2,050,365	2,361,254
Property, Plant and Equipment, Net	1,906,137	1,710,399
Goodwill	1,810,654	1,675,311
Other Intangible Assets, Net	853,670	741,598
Long-term Deferred Income Taxes	31,329	29,878
Right of Use Asset-Operating Leases	314,944	296,781
Other Assets	224,858	237,719
Total Assets	$ 7,191,957	$ 7,052,940
Liabilities and Equity		
Current Liabilities		
Payable to suppliers	$ 707,490	$ 818,885
Accrued expenses and other	324,338	295,841
Accrued wages and other compensation	75,676	109,830
Notes payable and current portion of long-term debt	47,132	502,440
Accrued taxes	10,641	16,905
Total Current Liabilities	1,165,277	1,743,901
Long-term Debt	3,035,868	2,719,783
Noncurrent Operating Lease Liabilities	265,454	250,994
Pension and Other Postretirement Benefits	142,900	120,084
Deferred Income Taxes	100,788	107,293
Other Liabilities	49,835	38,088
Commitments and Contingencies (Note 17)		
Sonoco Shareholders' Equity		
Serial preferred stock, no par value		
Authorized 30,000 shares		
0 shares issued and outstanding as of December 31, 2023 and 2022		
Common shares, no par value		
Authorized 300,000 shares		
97,957 and 97,645 shares issued and outstanding as of December 31, 2023 and 2022, respectively	7,175	7,175
Capital in excess of stated value	159,047	140,539
Accumulated other comprehensive loss	(366,262)	(430,083)
Retained earnings	2,624,380	2,348,183
Total Sonoco Shareholders' Equity	2,424,340	2,065,814
Noncontrolling Interests	7,495	6,983
Total Equity	2,431,835	2,072,797
Total Liabilities and Equity	$ 7,191,957	$ 7,052,940

The Notes beginning on page F-7 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Sonoco Products Company

(Dollars and shares in thousands except per share data) *Years ended December 31*	*2023*	*2022*	*2021*
Net sales	$ 6,781,292	$ 7,250,552	$ 5,590,438
Cost of sales	5,345,638	5,810,903	4,528,528
Gross profit	1,435,654	1,439,649	1,061,910
Selling, general and administrative expenses	741,860	707,343	558,180
Restructuring/Asset impairment charges	56,933	56,910	14,210
Gain/(Loss) on divestiture of business and other assets	78,929	—	(2,667)
Operating profit	715,790	675,396	486,853
Other income, net	39,657	—	—
Non-operating pension costs	14,312	7,073	568,416
Interest expense	136,686	101,662	63,991
Interest income	10,383	4,621	4,756
Loss from the early extinguishment of debt	—	—	20,184
Income/(Loss) before income taxes	614,832	571,282	(160,982)
Provision for/(Benefit from) income taxes	149,278	118,509	(67,430)
Income/(Loss) before equity in earnings of affiliates	465,554	452,773	(93,552)
Equity in earnings of affiliates, net of tax	10,347	14,207	10,841
Net income/(loss)	475,901	466,980	(82,711)
Net income attributable to noncontrolling interests	(942)	(543)	(2,766)
Net income/(loss) attributable to Sonoco	$ 474,959	$ 466,437	$ (85,477)
Weighted average common shares outstanding:			
Basic	98,294	97,991	99,608
Assuming exercise of awards	596	741	—
Diluted	98,890	98,732	99,608
Per common share			
Net income/(loss) attributable to Sonoco:			
Basic	$ 4.83	$ 4.76	$ (0.86)
Diluted	$ 4.80	$ 4.72	$ (0.86)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Sonoco Products Company

(Dollars in thousands) *Years ended December 31*	*2023*	*2022*	*2021*
Net income/(loss)	$ 475,901	$ 466,980	$ (82,711)
Other comprehensive income/(loss):			
Foreign currency translation adjustments	70,308	(68,780)	(75,636)
Changes in defined benefit plans, net of tax	(8,654)	424	471,350
Change in derivative financial instruments, net of tax	1,737	(1,842)	1,119
Other comprehensive income/(loss)	63,391	(70,198)	396,833
Comprehensive income	539,292	396,782	314,122
Net income attributable to noncontrolling interests	(942)	(543)	(2,766)
Other comprehensive loss/(income) attributable to noncontrolling interests	430	(460)	584
Comprehensive income attributable to Sonoco	$ 538,780	$ 395,779	$ 311,940

The Notes beginning on page F-7 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY

Sonoco Products Company

(Dollars and shares in thousands)	Total Equity	Common Shares Outstanding	Common Shares Amount	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interests
January 1, 2021	$1,910,528	100,447	$ 7,175	$ 314,056	$ (756,842)	$ 2,335,216	$ 10,923
Net (loss)/income	(82,711)					(85,477)	2,766
Other comprehensive income/(loss):							
Translation loss	(75,636)				(75,052)		(584)
Defined benefit plan adjustment[1]	471,350				471,350		
Derivative financial instruments[1]	1,119				1,119		
Other comprehensive income/(loss)	396,833				397,417		(584)
Dividends paid to noncontrolling interest	(1,009)						(1,009)
Dividends	(179,734)					(179,734)	
Issuance of stock awards	1,111	309		1,111			
Shares repurchased	(218,085)	(3,386)		(218,085)			
Share-based compensation	22,608			22,608			
December 31, 2021	$1,849,541	97,370	$ 7,175	$ 119,690	$ (359,425)	$ 2,070,005	$ 12,096
Net income	466,980					466,437	543
Other comprehensive (loss)/income:							
Translation (loss)/income	(68,780)				(69,240)		460
Defined benefit plan adjustment[1]	424				424		
Derivative financial instruments[1]	(1,842)				(1,842)		
Other comprehensive (loss)/income	(70,198)				(70,658)		460
Purchase of noncontrolling interest	(13,196)			(7,080)			(6,116)
Dividends	(188,259)					(188,259)	
Issuance of stock awards	1,167	354		1,167			
Shares repurchased	(4,547)	(79)		(4,547)			
Share-based compensation	31,309			31,309			
December 31, 2022	$2,072,797	97,645	$ 7,175	$ 140,539	$ (430,083)	$ 2,348,183	$ 6,983
Net income	475,901					474,959	942
Other comprehensive income/(loss):							
Translation income/(loss)	70,308				70,738		(430)
Defined benefit plan adjustment[1]	(8,654)				(8,654)		
Derivative financial instruments[1]	1,737				1,737		
Other comprehensive income/(loss)	63,391				63,821		(430)
Dividends	(198,762)					(198,762)	
Issuance of stock awards	1,345	488		1,345			
Shares repurchased	(10,617)	(176)		(10,617)			
Share-based compensation	27,780			27,780			
December 31, 2023	$2,431,835	97,957	$ 7,175	$ 159,047	$ (366,262)	$ 2,624,380	$ 7,495

[1] net of tax

The Notes beginning on page F-7 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Sonoco Products Company

(Dollars in thousands) *Years ended December 31*	*2023*	*2022*	*2021*
Cash Flows from Operating Activities			
Net income/(loss)	$ 475,901	$ 466,980	$ (82,711)
Adjustments to reconcile net income to net cash provided by operating activities:			
Asset impairment loss/(gain)	26,445	21,444	(4,082)
Depreciation, depletion and amortization	340,988	308,824	245,184
Loss on early extinguishment of debt	—	—	20,184
Share-based compensation expense	27,780	31,309	22,608
Equity in earnings of affiliates, net of tax	(10,347)	(14,207)	(10,841)
Cash dividends from affiliated companies	9,389	8,902	8,660
Net (gain)/loss on disposition of assets	(65,947)	(5,979)	15
Net (gain)/loss on divestiture of business	(57,104)	—	2,667
Pension and postretirement plan expense	17,460	10,697	595,620
Pension and postretirement plan contributions	(14,662)	(37,409)	(163,659)
Net decrease in deferred taxes	(12,209)	(9,876)	(158,836)
Change in assets and liabilities, net of effects from acquisitions, divestitures and foreign currency adjustments			
Trade accounts receivable	24,935	(2,466)	(149,755)
Inventories	342,713	(353,478)	(130,119)
Payable to suppliers	(148,841)	27,225	172,430
Prepaid expenses	1,394	33,702	(13,077)
Income taxes payable and other income tax items	(28,286)	5,504	(42,204)
Accrued expenses and other assets and liabilities	(46,691)	17,877	(13,412)
Net cash provided by operating activities	882,918	509,049	298,672
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	(363,077)	(328,769)	(256,019)
Cost of acquisitions, net of cash acquired	(372,616)	(1,427,020)	(22,209)
Proceeds from the sale of business, net	33,237	—	91,569
Proceeds from the sale of assets	80,339	9,621	13,166
Investment in affiliated companies	(11,300)	(2,700)	578
Other net investing proceeds	14,081	7,432	7,013
Net cash used by investing activities	(619,336)	(1,741,436)	(165,902)
Cash Flows from Financing Activities			
Proceeds from issuance of debt	962,557	2,153,355	172,042
Principal repayment of debt	(1,112,917)	(285,511)	(628,119)
Net (decrease)/increase in commercial paper borrowings	—	(349,000)	349,000
Net increase/(decrease) in book cash overdrafts	6,408	(18,529)	6,974
Proceeds from interest rate swap	—	—	4,387
Cash dividends – common	(197,416)	(187,093)	(178,622)
Purchase of noncontrolling interest	—	(14,474)	—
Dividends paid to noncontrolling interests	—	—	(1,009)
Excess cash costs of early extinguishment of debt	—	—	(20,111)
Payments for share repurchases	(10,617)	(4,547)	(218,085)
Net cash (used)/provided by financing activities	(351,985)	1,294,201	(513,543)
Effects of Exchange Rate Changes on Cash	12,902	(5,354)	(13,097)
(Decrease)/Increase in Cash and Cash Equivalents	(75,501)	56,460	(393,870)
Cash and cash equivalents at beginning of year	227,438	170,978	564,848
Cash and cash equivalents at end of year	$ 151,937	$ 227,438	$ 170,978
Supplemental Schedule of Non-Cash Investing Activities:			
Non-cash additions to property, plant and equipment	$ 23,168	$ 20,250	$ 27,343
Supplemental Disclosures:			
Interest paid, net of amounts capitalized	$ 135,910	$ 88,208	$ 68,189
Income taxes paid, net of refunds	$ 189,773	$ 122,881	$ 133,610

The Notes beginning on page F-7 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sonoco Products Company (dollars in thousands except per share data)

1. Summary of significant accounting policies

Basis of presentation

The Consolidated Financial Statements include the accounts of Sonoco Products Company and its majority-owned subsidiaries (the "Company" or "Sonoco") after elimination of intercompany accounts and transactions.

Investments in affiliated companies in which the Company does not control the investee or in which the Company is not the primary beneficiary but has the ability to exercise significant influence over the investee's financial and operating decisions, are accounted for by the equity method of accounting. Income applicable to these equity investments is reported in "Equity in earnings of affiliates, net of tax" in the Consolidated Statements of Income.

Affiliated companies over which the Company exercised a significant influence at December 31, 2023, included:

Entity	*Ownership Interest Percentage at December 31, 2023*
Cascades Conversion, Inc.	50.0 %
Cascades Sonoco, Inc.	50.0 %
ISI Robotics, LLC	20.0 %
Showa Products Company Ltd.	22.2 %
Papertech Energía, S.L.	25.0 %
Weidenhammer New Packaging, LLC	40.0 %

On September 8, 2023, the Company completed the acquisition of the remaining 65% interest in RTS Packaging, LLC ("RTS Packaging"), from joint venture partner WestRock Company ("WestRock"). Prior to September 8, 2023, the Company reported its 35% interest in the RTS Packaging joint venture using the equity method of accounting. From the date of acquisition of the remaining 65% interest, RTS Packaging was accounted for under the acquisition method and its results of operations were included in the Company's Consolidated Statements of Income. See Note 3 for additional information.

In addition, the Company has certain other equity investments in which it is not able to exercise significant influence so they are accounted for under the measurement alternative (i.e., cost less impairment, adjusted for any qualifying observable price changes). These investments include a 19.5% ownership in a small tubes and cores business in Chile and an 20.5% ownership in a small South Carolina based designer and manufacturer of sustainable protective packaging solutions acquired in June 2022. They also include a 2.7% equity interest in Northstar Recycling Company, LLC ("Northstar") valued at $5,000 which the Company acquired on January 26, 2023, as part of the sale of its Sonoco Sustainability Solutions ("S3") business to Northstar. See Note 3 for more information.

The aggregate carrying value of equity investments is reported in "Other Assets" in the Company's Consolidated Balance Sheets and totaled $56,399 and $59,171 at December 31, 2023 and 2022, respectively.

Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Company records revenue generally at a point in time when control transfers to the customer either upon shipment or delivery, depending on the terms of sale. Additionally, in certain cases, control transfers over time in conjunction with production where the Company is entitled to payment with margin for products produced that are customer specific and without alternative use. For products that meet these two criteria, the Company recognizes over time revenue under the input method as goods are produced. The Company commonly enters into Master Supply Arrangements with customers to provide goods and/or services over specific time periods. Customers submit purchase orders with quantities and prices to create a contract for accounting purposes. Shipping and handling expenses are considered a fulfillment cost, and are included in "Cost of Sales," and freight charged to customers is included in "Net Sales" in the Company's Consolidated Statements of Income.

The Company has rebate agreements with certain customers. These rebates are recorded as reductions of sales and are accrued using sales data and rebate percentages specific to each customer agreement. Accrued customer rebates are included in "Accrued expenses and other" in the Company's Consolidated Balance Sheets.

Payment terms under the Company's arrangements are typically short term in nature. The Company provides prompt payment discounts to certain customers if invoices are paid within a predetermined period. Prompt payment discounts are determinable within a short period after the originating sale and like sales returns, are treated as a reduction of revenue.

Accounts receivable and allowance for doubtful accounts

The Company's trade accounts receivable are non-interest bearing and are recorded at the invoiced amounts. The allowance for doubtful accounts represents the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The Company performs an evaluation of lifetime expected credit losses inherent in its accounts receivable at each balance sheet date. Such an evaluation includes consideration of historical loss experience, trends in customer payment frequency, present economic conditions, and judgment about the future financial health of its customers and industry sector. The allowance for doubtful accounts is monitored on a regular basis and adjustments are made as needed to ensure that the account properly reflects the Company's best estimate of uncollectible trade accounts receivable. Account balances are charged off against the allowance for doubtful accounts when the Company determines that the receivable will not be recovered.

No single customer comprised 10% or more of the Company's consolidated net sales in 2023, 2022 or 2021, nor did the receivables balance from any single customer comprise 10% or more of the Company's total trade accounts receivable at December 31, 2023 or December 31, 2022.

The Company engages with third-party financial institutions to sell certain trade accounts receivable from customers in order to accelerate its cash collection cycle. In addition, the Company also participates in supply chain finance arrangements promoted by certain of its customers. Receivables transferred under both these arrangements generally meet the requirements to be accounted for as a true sale in accordance with guidance under Accounting Standards Codification ("ASC") 860, "Transfers and Servicing," resulting in derecognition of such receivables from the Company's consolidated balance sheets. The sales under these arrangements are made without recourse and the Company's only continuing involvement with the sold receivables is providing collection services related to the transferred assets. The servicing fees for these arrangements are immaterial to the financial statements given the short-term nature of our arrangements. In total, approximately 14% and 13% of the Company's consolidated net sales were subject to settlement under these arrangements in 2023 and 2022, respectively.

Accounts payable and supply chain financing

The Company facilitates voluntary supply chain financing programs (the "SCF Programs") to provide certain of its suppliers with the opportunity to sell receivables due from the Company to the participating financial institutions in the programs. Such sales are conducted at the sole discretion of both the suppliers and the financial institutions on a nonrecourse basis at a rate that leverages the Company's credit rating and thus might be more beneficial to the supplier. No guarantees are provided by the Company or any of our subsidiaries under the SCF Programs. The Company's responsibility under the agreements is limited to making payment to the financial institutions for confirmed invoices based on the terms originally negotiated with its suppliers. Both the Company and the financial institutions have the right to terminate the SCF Programs by providing 30 days prior written notice to the other party. The Company does not enter into any agreements with suppliers regarding their participation in the SCF Programs.

Research and development

Research and development costs are charged to expense as incurred and include salaries and other directly related expenses. Research and development costs totaling approximately $29,300 in 2023, $28,700 in 2022 and $24,100 in 2021 are included in "Selling, general and administrative expenses" in the Company's Consolidated Statements of Income.

Restructuring and asset impairment

Costs associated with exit or disposal activities are recognized when the liability is incurred. Identifying and calculating the cost to exit operations requires certain assumptions to be made about anticipated future liabilities, including severance costs, contractual obligations, and disposition of property, plant and equipment and leased assets. If assets become impaired as a result of a restructuring action, they are written down to fair value, less estimated costs to sell, if applicable. A number of significant estimates and assumptions are involved in the determination of fair value. The Company considers historical experience and all available information at the time the estimates are made; however, the amounts that are ultimately realized upon the sale of divested assets may differ from the estimated fair values reflected in the Company's Consolidated Financial Statements. For facility closures, the Company also generally expects to record costs for equipment relocation and facility carrying costs as incurred and to accrue costs to terminate a lease or other contracts before the end of their term.

Cash and cash equivalents

Cash equivalents are composed of highly liquid investments with an original maturity to the Company of three months or less when purchased. Cash equivalents are recorded at cost, which approximates fair market value. The Company's cash and cash equivalents are primarily placed with large sophisticated creditworthy financial institutions thereby limiting the Company's credit exposure.

Inventories

The majority of the Company's inventories are accounted for using the first-in, first-out (FIFO) method and are stated at the lower of cost or net realizable value.

The last-in, first-out (LIFO) method is used for the valuation of certain of the Company's domestic inventories, primarily metal, internally manufactured paper and paper purchased from third parties, and approximated 13% and 11% of total inventories at December 31, 2023 and 2022, respectively. Inventories accounted for using the LIFO method are stated at the lower of cost or market. If the FIFO method of accounting had been used for all inventories, total inventory would have been higher by $39,528 and $51,342 at December 31, 2023 and 2022, respectively.

Property, plant and equipment

Property, plant and equipment assets represent the original cost of land, buildings and equipment, less depreciation, computed under the straight-line method over the estimated useful lives of the assets, and are reviewed for impairment whenever events indicate the carrying value may not be recoverable. Equipment lives generally range from 3 to 11 years, and buildings range from 15 to 40 years.

Expenditures for repairs and maintenance are charged to expense as incurred. When properties are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the asset and related allowance accounts, respectively. Gains or losses upon disposal are credited or charged to income as incurred.

The Company sold its timberland properties in March 2023. Prior to the sale, these timber resources were stated at cost and depletion expense was recognized based on the estimated number of units of timber cut during the period.

Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. The assessment is based on (1) whether the contract involves the use of a distinct identified asset, (2) whether the Company obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether the Company has the right to direct the use of the asset. When the Company determines a lease exists, a leased asset and corresponding lease liability are recorded on its consolidated balance sheet. Lease contracts with a term of 12 months or less are not recorded on the consolidated balance sheet in conjunction with the Company's practical expedient election under ASC 842, "Leases." Leased assets represent the Company's right to use an underlying asset during the lease term and are reviewed for impairment whenever events indicate the carrying value may not be recoverable. Lease liabilities represent the Company's obligation arising from the lease. The Company's leased assets and liabilities may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options. The Company has lease agreements with non-lease components that relate to lease components (e.g., common area maintenance such as cleaning or landscaping, etc.). The Company accounts for each lease and any non-lease components associated with that lease as a single lease component for all underlying asset classes in accordance with the scope of the lease accounting standard.

Leased assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. When the implicit rate in the Company's leases is not readily determinable, the Company calculates its lease liabilities using discount rates based upon the Company's incremental secured borrowing rate, which contemplates and reflects a particular geographical region's interest rate for the leases active within that region of the Company's global operations. The Company further utilizes a portfolio approach by assigning a "short" rate to contracts with lease terms of 10 years or less and a "long" rate for contracts greater than 10 years. Lease payments may be fixed or variable, however, only fixed payments or in-substance fixed payments are included in determining the lease liability. Variable lease payments are recognized in operating expenses in the period in which the expense is paid during the lease term.

The Company recognizes fixed lease expense for operating leases on a straight-line basis over the lease term. For finance leases, the Company recognizes interest expense on the lease liability using the effective interest method over the lease term and the finance lease asset balance is amortized on a straight-line basis.

Goodwill

Goodwill is not amortized. The Company assesses its goodwill for impairment annually during the third quarter, or from time to time when warranted by the facts and circumstances surrounding individual reporting units or the Company as a whole. In performing the impairment test, the Company compares the fair value of the reporting unit with its carrying amount, and if the carrying value of the reporting unit exceeds the fair value of that reporting unit, an impairment charge is recognized for the excess.

In determining the fair value of the reporting units, management considered both the income approach and the market approach. Fair value was estimated using a discounted cash flow model based on projections of future years' operating results and associated cash flows combined with comparable trading and transaction multiples based on guideline public companies. The calculated estimated fair value of the reporting unit reflects a number of significant management assumptions and estimates including the forecast of sales growth, gross profit margins, and discount rates. Changes in these assumptions could materially impact the estimated fair value.

The Company's projections incorporate management's best estimates of the expected future results, which include expectations related to new and retained business and future operating margins. Projected future cash flows are then discounted to present value using a discount rate management believes is commensurate with the risks inherent in the cash flows.

Impairment of long-lived, intangible and other assets

Other intangible assets are amortized using the straight-line method when management has determined that the straight-line method approximates the pattern of consumption of the respective intangible assets, or in relation to the specific pattern of consumption of the assets if the straight-line method does not provide a fair approximation of the consumption of benefits. The useful lives of the Company's intangible assets generally range from 3 to 40 years. The Company has no intangibles with indefinite lives. The Company evaluates its intangible assets for impairment whenever indicators of impairment exist.

Assumptions and estimates used in the evaluation of potential impairment can result in adjustments affecting the carrying values of long-lived, intangible and other assets and the recognition of impairment expense in the Company's Consolidated Financial Statements. The Company evaluates its long-lived assets (property, plant and equipment), definite-lived intangible assets and other assets (including right of use lease assets, notes receivable and equity and other investments) for impairment whenever indicators of impairment exist, or when it commits to sell the asset. If the sum of the undiscounted expected future cash flows from a long-lived asset, definite-lived intangible, or other asset group is less than the carrying value of that asset group, an asset impairment charge is recognized. Key assumptions and estimates used in the projection of expected future cash flows generally include price levels, sales growth, profit margins and asset life. The amount of an impairment charge, if any, is calculated as the excess of the asset's carrying value over its fair value, generally represented by the discounted future cash flows from that asset or, in the case of assets the Company evaluates for sale, estimated sale proceeds less costs to sell. The Company takes into consideration historical data and experience together with all other relevant information available when estimating the fair values of its assets. However, fair values that could be realized in actual transactions may differ from the estimates used to evaluate impairment. In addition, changes in the assumptions and estimates may result in a different conclusion regarding impairment.

Income taxes

The Company provides for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting requirements and tax laws. Assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company recognizes liabilities for uncertain income tax positions based on its estimate of whether it is more likely than not that additional taxes will be required and the Company reports related interest and penalties within provision for income taxes on the consolidated statement of income.

Derivatives

The Company uses derivatives to mitigate the effect of fluctuations in some of its raw material and energy costs, foreign currencies, and, from time to time, interest rates. The Company purchases commodities such as metal and energy, generally at market or at fixed prices that are established with the vendor as part of the purchase process for quantities expected to be consumed in the ordinary course of business. The Company may enter into commodity futures or swaps to manage the effect of price fluctuations. The Company may use foreign currency forward contracts and other risk management instruments to manage exposure to changes in foreign currency cash flows and the translation of monetary assets and liabilities on the Company's consolidated financial statements. The Company is exposed to interest-rate fluctuations as a result of using debt as a source of financing for its operations. The Company may from time to time use traditional, unleveraged interest rate swaps to manage its exposure to interest rate movements. Additionally, the Company elected the normal purchase, normal sale scope exception for physical commodity contracts that meet the definition of a derivative. Derivative instruments, to the extent in an asset position, expose the Company to credit loss in the event of nonperformance by the counterparties to the derivative agreements. The Company manages its exposure to counterparty credit risk through minimum credit standards, diversification of counterparties and procedures to monitor concentrations of credit risk. The Company may enter into financial derivative contracts that may contain credit-risk-related contingent features, which could result in a counterparty requesting immediate payment or demanding immediate and ongoing full overnight collateralization on derivative instruments in net liability positions.

The Company records its derivatives as assets or liabilities on the balance sheet at fair value using published market prices or estimated values based on current price and/or rate quotes and discounted estimated cash flows. Changes in the fair value of derivatives designated as accounting hedges are recognized in net income, and otherwise are recognized in other comprehensive income. Amounts in accumulated other comprehensive income are reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. It is the Company's policy not to speculate in derivative instruments.

Share-Based Compensation Plans

The Company utilizes share-based compensation in the form of restricted stock units, performance contingent restricted stock units, and other share-based awards. The fair value of the Company's restricted stock units is equal to the closing price of the Company's stock on the date of grant discounted for any projected dividends that are not eligible to be received during the vesting period.The amount of share-based compensation expense associated with performance contingent restricted stock units is based on estimates of future performance using measures defined in the stock plan descriptions for each award granted. As of December 31, 2023, these performance measures include the following:

- Adjusted earnings per share — three-year sum of forecasted future and historical annual adjusted earnings per share for the three-year measurement period associated with each award; and
- Return on invested capital — three-year simple average of annual returns calculated by dividing 1) adjusted operating profit after tax (derived from historical or projected earnings) by 2) the average of total historical or projected debt plus equity for the respective annual periods.

For the most recent award grant in 2023, the performance payout will be subject to adjustment by a total stock return modifier as determined by the Company's relative performance within its targeted peer group. Changes in estimates regarding the future achievement of these performance measures may result in significant fluctuations from period to period in the amount of share-based compensation expense recognized in the Company's Consolidated Financial Statements.

Pension and Postretirement Benefit Plans

The Company provides non-contributory defined benefit pension plans for certain of its employees in the United States, Mexico, Belgium, Germany, Greece, France, and Turkey. The Company also sponsors contributory defined benefit pension plans covering certain of its employees in the United Kingdom, Canada and the Netherlands, and provides postretirement healthcare and life insurance benefits to a limited number of its retirees and their dependents in the United States and Canada, based on certain age and/or service eligibility requirements. The actuarial valuations used to evaluate the plans employ key assumptions that can have a significant effect on the calculated amounts.

The Company adjusts its discount rates at the end of each fiscal year based on yield curves of high-quality debt instruments over durations that match the expected benefit payouts of each plan. The expected rate of return assumption is derived by taking into consideration the targeted plan asset allocation, projected future returns by asset class and active investment management. A third-party asset return model is used to develop an expected range of returns on plan investments over a 12- to 15-year period, with the expected rate of return selected from a best estimate range within the total range of projected results. The Company periodically re-balances its plan asset portfolio in order to maintain the targeted allocation levels. The rate of compensation increase assumption is generally based on salary and incentive compensation increases.

Other assumptions and estimates impacting the projected liabilities of these plans include inflation, participant withdrawal and mortality rates, medical cost trends, and retirement ages. The Company evaluates the assumptions used in projecting the pension and postretirement liabilities and associated expenses annually. These judgments, assumptions and estimates may affect the carrying value of pension and postretirement plan net assets and liabilities and pension and postretirement plan expenses in the Company's Consolidated Financial Statements.

Business combinations

The Company's acquisitions of businesses are accounted for in accordance with ASC 805, "Business Combinations." The Company recognizes the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquired business at their fair values as of the date of acquisition. Goodwill is measured as the excess of consideration transferred, also measured at fair value, over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. The acquisition method of accounting requires the Company to make significant estimates and assumptions regarding the fair values of the elements of a business combination as of the date of acquisition, including the fair values of identifiable intangible assets; property, plant and equipment; deferred tax asset valuation allowances; liabilities including those related to debt, pensions and other postretirement plans; uncertain tax positions; contingent consideration and contingencies. This method also requires the Company to refine these estimates over a measurement period not to exceed one year to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. If the Company is required to adjust provisional amounts that were recorded for the fair values of assets and liabilities in connection with acquisitions, these adjustments could have a material impact on its financial condition and results of operations.

Significant estimates and assumptions in estimating the fair value of acquired patents, customer lists, trademarks, proprietary technology, and other identifiable intangible assets include future cash flows that the Company expects to generate from the acquired assets, discount rate, customer attrition rate, and long-term revenue growth projections. Projecting discounted future cash flows requires the Company to make significant estimates regarding projected revenues, projected earnings before interest, taxes, depreciation, and amortization margins, discount rates and customer attrition rates. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these values, the Company could record impairment charges. In addition, the Company has estimated the economic lives of certain acquired assets, and these lives are used to calculate depreciation on property, plant and equipment and amortization expense on definite-lived intangible assets. If the estimates of the economic lives change, depreciation or amortization expenses could be increased or decreased, or the acquired assets could be impaired.

For leases acquired in a business combination, the Company measures the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease of the Company at the acquisition date. The Company measures the right-of-use asset at the same amount as the lease liability as adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Reportable segments

The Company identifies its reportable segments by evaluating the level of detail reviewed by the chief operating decision maker and the similarities among operating segments related to gross profit margins, nature of products sold, nature of the production processes, type and class of customer, methods used to distribute products, and nature of the regulatory environment. Of these factors, the Company believes that the most significant in determining the aggregation of operating segments are the nature of the products and the type of customers served. The Company's operating and reporting structure consists of two reportable segments, Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other.

Contingencies

Pursuant to U.S. GAAP for accounting for contingencies, accruals for estimated losses are recorded at the time information becomes available indicating that losses are probable and that the amounts are reasonably estimable. Amounts so accrued are not discounted. Changes in estimates and assumptions could impact the carrying value of the accruals from one period to another as additional information becomes known.

Foreign currency translation

The Company's foreign operations are exposed to political, geopolitical, and cultural risks, but the risks are mitigated by diversification and the relative stability of the countries in which the Company has significant operations. Because the economies in Turkey and Venezuela are considered highly inflationary under U.S. GAAP, the Company considers the U.S. dollar to be the functional currency for these operations and uses the official exchange rate when remeasuring the financial assets and liabilities of these operations. The remeasurement adjustments are recorded against earnings within the Company's consolidated income statement.

2. New accounting pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which modifies the rules on income tax disclosures to require disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Company is currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The purpose of the amendment is to enable investors to better understand an entity's overall performance and assess potential future cash flows. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In September 2022, the FASB issued ASU 2022-04 "Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." The amendments in this update require that a buyer in a supplier finance program disclose qualitative and quantitative information about its supplier finance programs in each annual reporting period, including a description of key payment terms, and a rollforward of the outstanding obligation as of the end of the annual period. The amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The Company adopted this standard in the first quarter of 2023, with the exception of the amendment on rollforward information, which will be adopted in the first quarter of 2024. The adoption of the new standard did not have a material effect on the consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." The amendments in this update eliminate the accounting guidance for troubled debt restructurings while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The amendments also require that an entity disclose current-period gross write offs by year of origination for financing receivables and net investments in leases. The amendments in ASU 2022-02 were effective for the Company as of January 1, 2023, and their adoption did not have a material effect on the consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, "Business Combinations: Accounting for Contract Assets and Contract Liabilities." The amendments in this Update primarily require that the acquirer recognize and measure contract assets and contract liabilities acquired in a business combination as if the acquirer had originated the related revenue contracts rather than at fair value as of the acquisition date. Generally, this would result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements in accordance with GAAP. The amendments in this ASU are effective on a prospective basis for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. The adoption of this ASU did not materially affect the Company's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting." ASU 2020-04 provided temporary optional expedients and exceptions to applying U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate ("SOFR"). In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform," to clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. The sunset accounting standard provision associated with ASU 2020-04 was originally set for December 31, 2022; however, in December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform: Deferral of the Sunset Date of Topic 848," which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848.This pronouncement, which was effective as of its December 31, 2022 issuance date, did not have a material impact on the Company's consolidated financial statements. The Company does not expect that the market transition of LIBOR to SOFR will have a material impact on its consolidated financial statements.

Other than the pronouncements discussed above, there have been no other newly issued nor newly applicable accounting pronouncements that have had, or are expected to have, a material impact on the Company's financial statements.

3. Acquisitions and divestitures

Acquisitions

On December 1, 2023, the Company completed the acquisition of Inapel Embalagens Ltda., ("Inapel"), a manufacturer of single and multilayer materials for flexible packaging in Brazil for a net cash purchase price of $59,228, subject to customary working capital adjustments. With the acquisition of Inapel, the Company added approximately 500 employees and two manufacturing locations in the Sao Paulo region of Brazil. The financial results of Inapel are included in the Company's Consumer Packaging segment.

On September 8, 2023, the Company completed the acquisition of the remaining 65% interest in RTS Packaging from joint venture partner WestRock and the acquisition of a paper mill in Chattanooga, Tennessee (the "Chattanooga Mill") from WestRock for net cash consideration of $313,388. In December 2023, the Company agreed to a final working capital settlement of $452, which was paid to WestRock in January 2024. This working capital settlement is reflected in "Accrued expenses and other" in the Company's Consolidated Balance Sheets as of December 31, 2023. Prior to completing the acquisitions, the Company held a 35% ownership interest in the RTS Packaging joint venture which was formed in 1997 and combined the former protective packaging operations of WestRock and Sonoco to market recycled paperboard to glass container manufacturers and producers of wine, liquor, food, and pharmaceuticals. With the acquisition of the remaining interest in RTS Packaging and the acquisition of the Chattanooga Mill, the Company added approximately 1,100 employees and fourteen converting operations, including ten in the United States, two in Mexico, and two in South America, and one paper mill in the United States. The Company funded the acquisitions with borrowings under a new term loan credit facility and cash on hand. See Note 10 for more information. The financial results of RTS Packaging and the Chattanooga Mill are included in the Company's Industrial Paper Packaging segment.

On September 8, 2023, the fair value of the Company's 35% interest in RTS Packaging was determined to be $59,472 based on the fair value of the remaining 65% equity interest in RTS Packaging adjusted for the deemed payment of a control premium, and the carrying value of the 35% interest was $8,654. The Company recognized a gain of $50,818 resulting from this remeasurement to fair value and the reclassification of certain amounts related to the Company's 35% interest out of "Accumulated other comprehensive loss," included foreign currency translation losses of $2,033 and losses related to defined benefit pension plans of $4,756. The Company also recognized a loss of $4,372 on the settlement of a contract with unfavorable terms at the time of the acquisition. The combined net gain of $39,657 is reflected in "Other income, net" in the Company's Consolidated Statements of Income for the year ended December 31, 2023.

The following table provides a summary of the purchase consideration (as defined under ASC 805) transferred for the acquisition of the remaining interest in RTS Packaging and the acquisition of the Chattanooga Mill:

	Purchase Consideration
Cash consideration, net of cash acquired	$ 313,388
Fair value of previously held interest in RTS Packaging	59,472
Final working capital settlement	452
Settlement of preexisting relationships	1,235
Purchase consideration transferred	$ 374,547

The Company's preliminary fair values of the assets acquired and liabilities assumed in the acquisition of the remaining interest in RTS Packaging, and the Chattanooga Mill, and Inapel acquisitions, as well as revised preliminary fair values reflecting adjustments made during the measurement period for RTS Packaging and the Chattanooga Mill, are as follows:

	RTS and Chattanooga Mill			Inapel
	Initial Allocation	Measurement Period Adjustments	Preliminary Allocation	Preliminary Allocation
Trade accounts receivable	$ 17,488	$ —	$ 17,488	$ 30,301
Other receivables	—	—	—	6,088
Inventories	20,209	(947)	19,262	9,269
Prepaid expenses	2,720	(589)	2,131	1,430
Property, plant and equipment	73,483	753	74,236	11,456
Right of use asset - operating leases	34,604	290	34,894	217
Other intangible assets	199,560	(8,995)	190,565	8,653
Goodwill	92,657	14,909	107,566	15,704
Other assets	2,465	(412)	2,053	793
Payable to suppliers	(7,320)	—	(7,320)	(15,899)
Accrued expenses and other	(12,436)	(25)	(12,461)	(4,606)
Accrued wages and other compensation	(2,731)	—	(2,731)	(1,127)
Notes payable and current portion of long-term debt	(24)	—	(24)	—
Noncurrent operating lease liabilities	(29,905)	—	(29,905)	(117)
Pension and other postretirement benefits	(10,761)	(768)	(11,529)	—
Long-term debt	(1,942)	—	(1,942)	—
Deferred income taxes	(3,419)	(2,502)	(5,921)	(2,934)
Other long-term liabilities	(3,293)	1,478	(1,815)	—
Net assets acquired	$ 371,355	$ 3,192	$ 374,547	$ 59,228

The preliminary allocations of the purchase price of the remaining interest in RTS Packaging, the Chattanooga Mill, and Inapel to the tangible and intangible assets acquired and liabilities assumed, as reflected in the table above, are based on the Company's preliminary allocations of their respective fair values, based on information currently available. Management is continuing to finalize its valuation of certain assets and liabilities including, but not limited to: inventory; property, plant and equipment; goodwill; other intangible assets; and deferred income taxes, and expects to complete its valuations within one year of the respective dates of acquisition.

Goodwill for RTS Packaging and the Chattanooga Mill, of which $87,191 is expected to be deductible for income tax purposes, consists of increased manufacturing capacity, access to certain markets, and the capability to support marquee customers in growing markets. Goodwill for Inapel, none of which is expected to be deductible for income tax purposes, consists of the ability to grow and improve the Company's existing flexible packaging operation in Brazil.

The Company has accounted for these acquisitions as business combinations under the acquisition method and has included the results of operations of the acquired businesses in the Company's Consolidated Statements of Income from their respective dates of acquisition.

The Company completed three acquisitions during 2022 at a net cash cost of $1,444,618. On November 15, 2022, the Company completed the acquisition of S.P. Holding, Skjern A/S ("Skjern"), a privately owned manufacturer of paper based in Skjern, Denmark for $89,610, net of cash acquired. Tangible assets totaled $40,489, intangible assets totaled $39,330, liabilities totaled $22,403, and Goodwill totaled $32,194. Skjern produces high-grade paperboard from recycled paper for rigid paper containers, tubes and cores, and other applications.

On August 31, 2022, the Company completed the acquisition of Nordeste Tubetes and NE Tubetes (collectively "Nordeste"), two small tube and core operations in Brazil. Total consideration for the two businesses was $6,419. Tangible assets totaled $1,374, intangible assets totaled $3,031, and Goodwill totaled $2,014. The Company paid $3,933 at closing and recorded a deferred payment obligation totaling $2,486 in "Other liabilities" on the Company's Consolidated Balance Sheets. The deferred payment obligation is expected to be paid by the end of 2028.

On January 26, 2022, the Company completed the acquisition of Ball Metalpack Holding, LLC ("Ball Metalpack"), renamed Sonoco Metal Packaging ("Metal Packaging"), a leading supplier of sustainable metal packaging for food and household products and the largest aerosol can producer in North America, for $1,348,589, net of cash acquired. Prior to the Company's acquisition, Ball Metalpack was a joint venture formed in 2018 and owned by Platinum Equity (51%) and Ball Corporation (49%). Metal Packaging consists of eight manufacturing plants in the United States and a headquarters facility in Broomfield, Colorado. Factors comprising goodwill at Metal Packaging include increased access to certain markets as well as the value of the assembled workforce.

During 2023, the Company finalized its valuations of the assets acquired and the liabilities assumed in the Metal Packaging, Skjern, and Nordeste acquisitions. As a result, the following measurement period adjustments were made to the previously disclosed preliminary fair values of assets acquired and liabilities assumed during the year ended December 31, 2023.

Measurement Period Adjustments for the year ended December 31, 2023	Metal Packaging	Skjern	Nordeste
Other receivables	$ —	$ —	$ (186)
Inventories	(73)	14	(38)
Property, plant and equipment	(247)	4,921	494
Other intangible assets	—	(3,488)	3,031
Goodwill	439	3,135	(3,400)
Accrued expenses and other	(119)	(203)	—
Taxes Payable	—	(3,416)	—
Additional cash consideration	$ —	$ 963	$ (99)

The Company accounted for all 2022 acquisitions as business combinations under the acquisition method and has included the results of operations of the acquired businesses in the Company's Consolidated Statements of Income from the respective dates of acquisition. Financial results for Metal Packaging are included in the Company's Consumer Packaging Segment, and financial results for Nordeste and Skjern are included in the Industrial Paper Packaging segment. Except for the Metal Packaging acquisition, the Company does not believe that the results of the businesses acquired in 2023, 2022, and 2021 were material to the years presented, individually or in the aggregate, and are therefore not subject to the requirements to provide supplemental pro-forma information.

The following table presents the financial results for Metal Packaging from the date of acquisition through December 31, 2022:

Supplemental Information Metal Packaging	January 26 to December 31, 2022
Net sales	$ 1,035,020
Net income	$ 62,777

The following table presents the Company's pro forma consolidated results for the years ended December 31, 2022 and December 31, 2021, assuming the acquisition of Metal Packaging had occurred on January 1, 2021. This pro forma information is presented for informational purposes only and does not purport to represent the results of operations that would have been achieved if the acquisition had been completed at the beginning of 2021, nor is it necessarily indicative of future consolidated results.

Pro Forma Supplemental Information	Years Ended	
Consolidated	December 31, 2022	December 31, 2021
Net sales	$ 7,300,140	$ 6,425,771
Net income/(loss) attributable to Sonoco	$ 528,818	$ (145,570)

The pro forma information above does not project the Company's expected results for any future period and gives no effect to any future synergistic benefits that may result from the combination or the costs of integrating the acquired operations with those of the Company. Pro forma information for the years ended December 31, 2022 and December 31, 2021 includes adjustments to depreciation, amortization, and income taxes based upon the final fair value allocation of the purchase price to Metal Packaging's tangible and intangible assets acquired and liabilities assumed as though the acquisition had occurred on January 1, 2021. Interest expense on the additional debt issued by the Company to fund the acquisition and retention bonuses incurred related to the acquisition are also included in the pro forma information as if the acquisition had occurred on January 1, 2021. Acquisition-related costs of $28,171 and charges related to fair value adjustments to acquisition-date inventory of $33,155 were recognized during 2022. These costs are excluded from 2022 pro forma net income and are instead reflected in 2021 pro forma net income as though the acquisition had occurred on January 1, 2021.

The Company completed four acquisitions during 2021 at a net cash cost of $20,697. On December 30, 2021, the Company completed the acquisition of a recycling facility from American Recycling of Western North Carolina, LLC, a privately held company, for total cash consideration of $6,267. The facility, located in Asheville, North Carolina, primarily services western North Carolina and upstate South Carolina for the processing of recycled materials. On November 8, 2021, the Company completed the acquisition of D&W Paper Tube Inc., a privately owned manufacturer of paper tubes and cardboard cores, serving the carpet and textile industries and consisting of two manufacturing facilities in Chatsworth, Georgia, for total cash consideration of $12,787. The Company also completed two smaller acquisitions earlier in 2021. These included Allied Packaging on August 3, 2021, a manufacturer of paper packaging and related manufacturing equipment, consisting of a single manufacturing facility in Sydney, Australia, for total cash consideration of $802, and TuboTec on March 8, 2021, a small tube and core operation in Brazil, for total cash consideration of $841. The financial results for each of these acquisitions are included in the Company's Industrial Paper Packaging segment from the respective date acquired.

Divestiture of Businesses

On July 1, 2023, the Company completed the sale of its U.S. BulkSak business, which consisted of the manufacturing and distribution of flexible intermediate bulk containers, plastic and fiber pallets, and custom fit liners and was a part of the Company's Industrial Paper Packaging segment, to U.S. BulkSak Holdings, LLC. The cash selling price, as adjusted for the final working capital settlement, was $20,271 with cash proceeds totaling $18,271 received in 2023, and the remaining $2,000 held in escrow to be released to the Company within 18 months from the date of the sale, pursuant to the settlement of any indemnity claims. As a result of the U.S. BulkSak divestiture, the Company wrote off net assets totaling $13,437, including $3,333 of allocated goodwill, and recognized a pretax gain of $6,834 which is included in "Gain/(Loss) on divestiture of business and other assets" in the Company's Consolidated Statements of Income. The escrow balance of $2,000 is reflected as a long-term receivable in "Other assets" on the Company's Consolidated Balance Sheets as of December 31, 2023.

Also on July 1, 2023, the Company agreed to the sale of its Mexico BulkSak business. The sale closed in December 2023 for a cash selling price, as adjusted for working capital, of $1,096. As a result of the Mexico BulkSak sale, the Company recognized a pretax gain of $85 which is included in "Gain/(Loss) on divestiture of business and other assets" in the Company's Consolidated Statements of Income.

On January 26, 2023, the Company completed the sale of its S3 business, a provider of customized waste and recycling management programs and part of the Company's Industrial Paper Packaging segment, to Northstar, for total cash proceeds of $13,839. An additional $1,500 of proceeds are being held in escrow and will be released to the Company, pursuant to any indemnification claims, twenty months following the date of the divestiture. The Company wrote off net assets totaling $4,274 as part of the divestiture of the business, including $3,042 of allocated goodwill, and recognized a pretax gain of $11,065 during the first quarter of 2023, which is included in "Gain/(Loss) on divestiture of business and other assets" in the Company's Consolidated Statements of Income. The escrow balance is reflected as a long-term receivable in "Other assets" on the Company's Consolidated Balance Sheets as of December 31, 2023. The Company is also entitled to receive additional proceeds of $3,200 in the second quarter of 2024 if certain conditions are met. This contingent consideration will be recognized as an additional gain on the sale at the point the contingencies are resolved.

On January 26, 2023, in connection with the sale of the S3 business, the Company acquired a 2.7% equity interest in Northstar valued at $5,000. This investment is being accounted for under the measurement alternative (i.e., cost less impairment, adjusted for any qualifying observable price changes).

The divestitures of the S3 and BulkSak businesses did not represent a strategic shift for the Company or have a major effect on its operations or financial results. Consequently, these sales did not meet the criteria for reporting as discontinued operations. The cash proceeds from the sales were used for general corporate purposes.

On April 4, 2021, the Company completed the sale of its U.S. display and packaging business, part of the All Other group of businesses, to Hood Container Corporation. This business provided design, manufacturing and fulfillment of point-of-purchase displays, as well as contract packaging services, for consumer product customers and had approximately 450 employees across eight manufacturing and fulfillment facilities and four sales and design centers. The Company received net cash proceeds of $81,675 from the sale, wrote off net assets totaling $84,434, and recognized a loss on the divestiture of $2,759, before tax.

On September 30, 2021, the Company completed the sale of its Plastics-Food thermoforming operation in Wilson, North Carolina to Placon for net cash proceeds of $3,528, resulting in the recognition of a gain on the sale of $92, before tax.

These 2021 divestitures did not meet the criteria for reporting as discontinued operations.

The Company continually assesses its operational footprint as well as its overall portfolio of businesses and may consider the divestiture of plants and/or business units it considers to be suboptimal or nonstrategic.

Sale of Assets

With the completion of Project Horizon, the Company's project to convert the corrugated medium machine in Hartsville, South Carolina, to produce uncoated recycled paperboard was realized. The Company now produces paper exclusively from recycled fibers and no longer requires natural tree fiber for production. Accordingly, on March 29, 2023, the Company sold its timberland properties, consisting of approximately 55,000 acres, to Manulife Investment Management for net cash proceeds of $70,802. The Company disposed of assets with a net book value of $9,857 as part of the sale, and recognized a pretax gain from the sale of these assets of $60,945 during the year ended December 31, 2023, which is included in "Gain/(Loss) on divestiture of business and other assets" in the Company's Consolidated Statements of Income.

Acquisition, Integration, and Divestiture-Related Costs

Acquisition, integration, and divestiture-related costs of $26,254, $70,210, and $17,722 were incurred in 2023, 2022 and 2021, respectively. These costs include legal and professional fees, investment banking fees, representation and warranty insurance premiums, as well as employee-related and other integration activity costs, that are included in "Selling, general, and administrative expenses" in the Company's Consolidated Statements of Income. The costs incurred in 2023 and 2022 also include fair value adjustments to acquisition-date inventory totaling $5,227 and $33,155, respectively, that are included in "Cost of sales" in the Company's Consolidated Statements of Income.

4. Restructuring and asset impairment

Due to its geographic footprint and the cost-competitive nature of its businesses, the Company is continually seeking more cost-effective means and structures to serve its customers and to respond to fundamental changes in its markets. As such, restructuring costs have been, and are expected to be, a recurring component of the Company's operating costs. The amount of these costs can vary significantly from quarter to quarter and from year to year depending upon the scope, nature, and location of the restructuring activities.

Following are the total restructuring and asset impairment charges, net of adjustments, recognized during the periods presented:

	Year Ended December 31,		
	2023	2022	2021
Restructuring and restructuring-related asset impairment charges	$ 56,933	$ 46,815	$ 9,176
Other asset impairments	—	10,095	5,034
Restructuring/Asset impairment charges	$ 56,933	$ 56,910	$ 14,210

The table below sets forth restructuring and restructuring-related asset impairment charges by type incurred:

	Year Ended December 31,		
	2023	2022	2021
Severance and Termination Benefits	$ 26,631	$ 17,983	$ 13,097
Asset Impairment/Disposal of Assets	19,603	9,442	(9,116)
Other Costs	10,699	19,390	5,195
Total restructuring and restructuring-related asset impairment charges	$ 56,933	$ 46,815	$ 9,176

The table below sets forth restructuring and restructuring-related asset impairment charges by reportable segment:

	Year Ended December 31,		
	2023	2022	2021
Consumer Packaging	$ 8,059	$ 12,433	$ 3,427
Industrial Paper Packaging	38,754	16,019	(1,642)
All Other	7,623	(166)	2,969
Corporate	2,497	18,529	4,422
Total restructuring and restructuring-related asset impairment charges	$ 56,933	$ 46,815	$ 9,176

"Restructuring and restructuring-related asset impairment charges" and "Other asset impairments" are included in "Restructuring/Asset impairment charges" in the Consolidated Statements of Income.

The following table sets forth the activity in the restructuring accrual included in "Accrued expenses and other" on the Company's Consolidated Balance Sheets:

Accrual Activity	Severance and Termination Benefits	Asset Impairment/ Disposal of Assets	Other Costs	Total
Liability, December 31, 2021	$ 10,917	$ —	$ 1,873	$ 12,790
2022 charges	17,983	9,442	19,390	46,815
Cash (payments)/receipts	(14,024)	7,138	(19,836)	(26,722)
Asset write downs/disposals	—	(16,580)	—	(16,580)
Foreign currency translation	(199)	—	(35)	(234)
Liability, December 31, 2022	$ 14,677	$ —	$ 1,392	$ 16,069
2023 charges	26,631	19,603	10,699	56,933
Cash (payments)/receipts	(27,000)	6,842	(10,522)	(30,680)
Asset write downs/disposals	—	(26,445)	—	(26,445)
Foreign currency translation	7	—	69	76
Liability, December 31, 2023	$ 14,315	$ —	$ 1,638	$ 15,953

"Severance and Termination Benefits" in 2023 include the cost of severance for approximately 300 employees whose positions were eliminated in conjunction with the Company's ongoing organizational effectiveness efforts and severance related to the following plant closures: paper mills in Hutchinson, Kansas and Indonesia, part of the Industrial Paper Packaging segment; a metal packaging facility and a perimeter-of-the-store facility in the United States, both part of the Consumer Packaging segment; medical plastics facilities in the United States and United Kingdom, part of the All Other group of businesses; and severance related to the closures of several smaller operations.

"Severance and Termination Benefits" in 2022 include the cost of severance provided to employees terminated as the result of various plant closures, and for approximately 180 employees whose positions were eliminated in conjunction with the Company's ongoing organizational effectiveness efforts.

"Asset Impairment/Disposal of Assets" in 2023 consist primarily of asset impairment charges related to the closure of a paper mill in Hutchinson, Kansas and a metal packaging facility in the United States, and medical plastics facilities in the United States and United Kingdom. These charges were partially offset by gains from the sale of previously impaired assets and a closed perimeter-of-the-store facility, part of the Consumer Packaging segment.

"Asset Impairment/Disposal of Assets" in 2022 consist primarily of asset impairment charges related to plant closures in the Industrial Paper Packaging and Consumer Packaging segments, including asset impairment charges of $3,620 related to Project Horizon. These charges were partially offset by gains from the sale of previously impaired assets and closed facilities in the Consumer Packaging segment and the "All Other" group of businesses. Cash proceeds in 2022 relate to the sales of these assets and facilities, including the partial sale of a previously closed paper mill in Canada, part of the Industrial Paper Packaging segment.

"Other Costs" in 2023 consist primarily of costs related to plant closures including equipment removal, utilities, plant security, property taxes and insurance. In 2022, "Other Costs" consist primarily of consulting services and costs related to plant closures including equipment removal, utilities, plant security, property taxes and insurance.

The Company expects to pay the majority of the remaining restructuring reserves by the end of 2024 using cash generated from operations. The Company also expects to recognize future additional charges totaling approximately $2,300 in connection with ongoing consulting services and previously announced restructuring actions and believes that the majority of these charges will be incurred and paid by the end of 2024. The Company continually evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions are likely to be undertaken.

Other Asset Impairments

The Company recognized other asset impairment charges totaling $10,095 for the year ended December 31, 2022.

As a result of exiting our operations in Russia, consisting of two small tube and core plants in the Industrial Paper Packaging segment, other asset impairment charges of $9,165 were recognized for the year ended December 31, 2022. These charges include $3,747 of cumulative translation adjustment losses that were reclassified from accumulated other comprehensive income upon completion of the Company's exit from Russia on July 1, 2022.

Total other asset impairment charges for the year ended December 31, 2022 also include $930 of fixed asset impairments in the Company's plastics foods operations, part of the Consumer Packaging segment. These assets were determined to be impaired as the value of their projected undiscounted cash flows was no longer sufficient to recover their carrying value.

These impairment charges are included in "Restructuring/Asset impairment charges" in the Company's Consolidated Statements of Income.

5. Book cash overdrafts and cash pooling

As part of its cash management system, the Company uses "zero balance" accounts to fund disbursements. Under this system, the bank balance is zero at the end of each day, while the book balance is usually a negative amount due to reconciling items such as outstanding checks. At December 31, 2023 and 2022, outstanding checks totaling $24,638 and $17,986, respectively, were included in "Payable to suppliers" on the Company's Consolidated Balance Sheets. In addition, outstanding payroll checks of $0 and $244 as of December 31, 2023 and 2022, respectively, were included in "Accrued wages and other compensation" on the Company's Consolidated Balance Sheets. Changes in these book cash overdrafts are reported as cash flows from financing activities.

The Company uses a notional pooling arrangement with an international bank to help manage global liquidity requirements. Under this pooling arrangement, the Company and its participating subsidiaries may maintain either cash deposit or borrowing positions through local currency accounts with the bank, so long as the aggregate position of the global pool is a notionally calculated net cash deposit. Because it maintains a security interest in the cash deposits, and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its participating subsidiaries favorable interest terms on both. The Company's Consolidated Balance Sheets reflect a net cash deposit under this pooling arrangement of $1,308 and $2,375 as of December 31, 2023 and 2022, respectively.

6. Property, plant and equipment

Details of the Company's property, plant and equipment at December 31 are as follows:

	2023	2022
Land	$ 135,518	$ 131,362
Timber resources	—	42,202
Buildings	740,138	664,012
Machinery and equipment	3,825,134	3,528,545
Construction in progress	269,061	226,701
	4,969,851	4,592,822
Accumulated depreciation and depletion	(3,063,714)	(2,882,423)
Property, plant and equipment, net	$ 1,906,137	$ 1,710,399

Depreciation and depletion expense amounted to $240,614 in 2023, $216,138 in 2022 and $189,667 in 2021.

7. Leases

The Company routinely enters into leasing arrangements for real estate (including manufacturing facilities, office space, and warehouses), transportation equipment (automobiles, forklifts, and trailers), and office equipment (copiers and postage machines). The assessment of the certainty associated with the exercise of various lease renewal, termination, and purchase options included in the Company's lease contracts is performed after contemplating all the relevant facts and circumstances in accordance with guidance under ASC 842, "Leases." Most real estate leases, in particular, include one or more options to renew, with renewal terms that typically extend the lease term in increments from one to five years. The Company's leases do not have any significant residual value guarantees or restrictive covenants.

The Company completed the acquisition of the remaining interest in RTS Packaging and the acquisition of the Chattanooga Mill on September 8, 2023. The acquisition included operating lease liabilities of $34,604 with a weighted-average remaining lease maturity term and discount rate of 11.5 years and 6.4%, respectively.

The Company completed the acquisition of Metal Packaging on January 26, 2022. The acquisition involved the assumption of operating and finance lease assets and liabilities. The acquired operating lease liabilities of $33,910 had a weighted-average remaining lease maturity term and discount rate of 11.0 years and 2.8%, respectively, and the acquired finance lease liabilities of $46,687 had a weighted-average remaining lease maturity term and discount rate of 3.8 years and 7.5%, respectively, as of the date of acquisition. For additional information about these acquisitions, please see Note 3.

The following table sets forth the balance sheet location and values of the Company's lease assets and lease liabilities at December 31, 2023 and December 31, 2022:

Classification	Balance Sheet Location	December 31, 2023	December 31, 2022
Lease Assets			
Operating lease assets	Right of Use Asset - Operating Leases	$ 314,944	$ 296,781
Finance lease assets	Other Assets	94,026	103,467
Total lease assets		$ 408,970	$ 400,248
Lease Liabilities			
Current operating lease liabilities	Accrued expenses and other	$ 54,803	$ 52,306
Current finance lease liabilities	Notes payable and current portion of long-term debt	18,791	19,015
Total current lease liabilities		73,594	71,321
Noncurrent operating lease liabilities	Noncurrent Operating Lease Liabilities	265,454	250,994
Noncurrent finance lease liabilities	Long-term Debt, net of current portion	70,203	83,905
Total noncurrent lease liabilities		335,657	334,899
Total lease liabilities		$ 409,251	$ 406,220

Certain of the Company's leases include variable costs. Variable costs include lease payments that were volume or usage-driven in accordance with the use of the underlying asset, and also non-lease components that were incurred based upon actual terms rather than contractually fixed amounts. In addition, variable costs are incurred for lease payments that are indexed to a change in rate or index. Because the right of use asset recorded on the balance sheet was determined based upon factors considered at the commencement date, subsequent changes in the rate or index that were not contemplated in the right of use asset balances recorded on the balance sheet result in variable expenses being incurred when paid during the lease term.

The following table sets forth the components of the Company's total lease cost for the years ended December 31, 2023, 2022, and 2021:

Lease Cost		2023	2022	2021
Operating lease cost	(a)	$ 54,990	$ 51,890	$ 48,158
Finance lease cost:				
Amortization of lease asset	(a) (b)	13,110	12,241	5,747
Interest on lease liabilities	(c)	4,447	4,751	1,384
Variable lease cost	(a) (d)	40,983	30,269	26,198
Impairment charges	(e)	—	293	148
Total lease cost		$ 113,530	$ 99,444	$ 81,635

(a) Production-related and administrative amounts are included in cost of sales and selling, general and administrative expenses, respectively.
(b) Included in depreciation and amortization.
(c) Included in interest expense.
(d) Also includes short-term lease costs, which are deemed immaterial.
(e) Impairment charges are included in "Restructuring/asset impairment charges" in the Company's Consolidated Statements of Income. See Note 4 for more information.

The following table sets forth the five-year maturity schedule of the Company's lease liabilities as of December 31, 2023:

Maturity of Lease Liabilities	Operating Leases	Finance Leases	Total
2024	$ 55,688	$ 19,163	$ 74,851
2025	48,400	21,186	69,586
2026	38,379	16,727	55,106
2027	34,125	4,791	38,916
2028	31,329	4,277	35,606
Beyond 2028	198,533	38,922	237,455
Total lease payments	406,454	105,066	511,520
Less: Interest	86,197	16,072	102,269
Lease Liabilities	$ 320,257	$ 88,994	$ 409,251

The following tables set forth the Company's weighted average remaining lease term and discount rates used in the calculation of its outstanding lease liabilities at December 31, 2023, 2022, and 2021, along with other lease-related information for the years ended December 31, 2023, 2022, and 2021:

Lease Term and Discount Rate	2023	2022	2021
Weighted-average remaining lease term (years):			
Operating leases	10.7	11.2	11.8
Finance leases	8.8	9.2	13.5
Weighted-average discount rate:			
Operating leases	4.97%	4.27%	4.09%
Finance leases	4.89%	4.79%	2.86%

Other Information	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows used by operating leases	$ 54,877	$ 52,198	$ 50,479
Operating cash flows used by finance leases	$ 4,447	$ 4,751	$ 1,384
Financing cash flows used by finance leases	$ 15,559	$ 12,687	$ 4,699
Leased assets obtained in exchange for new operating lease liabilities	$ 33,059	$ 36,158	$ 20,505
Leased assets obtained in exchange for new finance lease liabilities	$ 8,354	$ 10,091	$ 14,643
Modification to leased assets for increase in operating lease liabilities	$ 2,938	$ 2,807	$ 15,936
Modification to leased assets for increase/(decrease) in finance lease liabilities	$ 18	$ (642)	$ 9,586
Termination reclasses to decrease operating lease assets	$ (15,314)	$ (4,285)	$ (5,267)
Termination reclasses to decrease operating lease liabilities	$ (16,169)	$ (4,537)	$ (5,602)
Termination reclasses to decrease finance lease assets	$ (4,564)	$ (1,351)	$ (125)
Termination reclasses to decrease finance lease liabilities	$ (6,462)	$ (87)	$ (130)

8. Goodwill and other intangible assets

Goodwill

Changes in the carrying amount of goodwill by segment for the year ended December 31, 2023, are as follows:

	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Balance as of January 1, 2023	$ 898,625	$ 394,826	$ 381,860	$ 1,675,311
Acquisitions	15,704	92,657	—	108,361
Divestitures	—	(6,375)	—	(6,375)
Measurement period adjustments	439	14,644	—	15,083
Foreign currency translation	5,669	10,654	1,951	18,274
Balance as of December 31, 2023	$ 920,437	$ 506,406	$ 383,811	$ 1,810,654

Goodwill activity reflected under the caption "Acquisitions" relates to the September 8, 2023 acquisitions of the remaining interest in RTS Packaging and the Chattanooga Mill and the December 1, 2023 acquisition of Inapel. Goodwill activity reflected under the caption "Divestitures" relates to the sales of the Company's S3 business on January 26, 2023 and the U.S. BulkSak business on July 1, 2023. Goodwill activity reflected under the caption "Measurement period adjustments" relates to the current year acquisitions of the remaining interest in RTS Packaging and the Chattanooga Mill, as well as the prior year acquisitions of Metal Packaging, Skjern and Nordeste. See Note 3 for additional information.

The Company assesses goodwill for impairment annually during the third quarter, or from time to time when warranted by the facts and circumstances surrounding individual reporting units or the Company as a whole. The Company completed its most recent annual goodwill impairment testing during the third quarter of 2023 and analyzed certain qualitative and quantitative factors in determining whether a goodwill impairment existed. The Company's assessments reflected a number of significant management assumptions and estimates including the Company's forecast of sales growth, gross profit margins, and discount rates. Changes in these assumptions could materially impact the Company's conclusions. Based on its assessments, the Company concluded that there was no impairment of goodwill for any of its reporting units.

Although no reporting units failed the annual impairment test, in management's opinion the goodwill balance of the Plastics-Medical reporting unit, previously known as Plastics-Healthcare, is at risk of impairment in the near term if the reporting unit's operations do not perform in line with management's expectations, or if there is a negative change in the long-term outlook for the business or in other factors such as the discount rate.

In the annual goodwill impairment analysis completed during the third quarter of 2023, projected future cash flows for the Plastics-Medical reporting unit were discounted at 12.0% and its estimated fair value was determined to exceed its carrying values by approximately 29.9%. Based on the discounted cash flow model and holding other valuation assumptions constant, the discount rate for this reporting unit would have to be increased to 14.5% in order for the estimated fair value of the reporting unit to fall below its carrying value. Total goodwill associated with the Plastics-Medical reporting unit was $64,212 at December 31, 2023.

During the time subsequent to the annual evaluation, and at December 31, 2023, the Company considered whether any events and/or changes in circumstances had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired. It is management's opinion that no such events have occurred.

Other intangible assets

Details at December 31 are as follows:

		2023		2022
Other Intangible Assets, Gross:				
Patents	$	29,304	$	29,303
Customer lists		1,282,689		1,092,232
Trade names		41,836		34,220
Proprietary technology		56,857		57,720
Other		6,916		6,721
Other Intangible Assets, Gross	$	1,417,602	$	1,220,196
Accumulated Amortization:				
Patents	$	(19,549)	$	(17,889)
Customer lists		(493,778)		(417,034)
Trade names		(18,845)		(15,892)
Proprietary technology		(29,013)		(25,113)
Other		(2,747)		(2,670)
Accumulated Amortization	$	(563,932)	$	(478,598)
Other Intangible Assets, Net	$	853,670	$	741,598

The acquisition of the remaining interest in RTS Packaging and the acquisition of the Chattanooga Mill on September 8, 2023, and the December 1, 2023 acquisition of Inapel, resulted in the addition of $199,217 of intangible assets, primarily related to customer lists. These intangibles will be amortized over an average useful life of 14.8 years. The fair values of intangible assets associated with these acquisitions were determined using an income valuation approach.

Aggregate amortization expense on intangible assets was $87,264, $80,445 and $49,419 for the years ended December 31, 2023, 2022 and 2021, respectively. Amortization expense on intangible assets is expected to approximate $88,200 in 2024, $79,200 in 2025, $75,300 in 2026, $73,900 in 2027 and $73,100 in 2028 based on intangible assets as of December 31, 2023.

9. Supply chain financing

The following table sets forth the balance sheet location and values of the obligations of the Company under its SCF Programs at December 31, 2023 and December 31, 2022:

Balance Sheet Line Item		December 31, 2023		December 31, 2022
Payable to suppliers[(a)]	$	35,847	$	52,415
Notes payable and current portion of long-term debt[(b)]	$	—	$	63,448

(a) The net payment of these obligations is included in "Net cash provided by operating activities" in the Company's Consolidated Statements of Cash Flows.

(b) The net payment of these obligations is included in "Net cash provided/(used) by financing activities" in the Company's Consolidated Statements of Cash Flows.

10. Debt

Details of the Company's debt at December 31 were as follows:

	2023	2022
Syndicated term loan due August 2028	$ 572,025	$ —
Syndicated term loan due January 2025	—	299,644
Syndicated term loan due December 2023	—	399,246
1.80% notes due February 2025	399,149	398,369
2.25% notes due February 2027	298,421	297,910
2.85% notes due February 2032	495,785	495,264
3.125% notes due May 2030	596,480	595,911
5.75% notes due November 2040	536,246	536,214
Other foreign denominated debt, average rate of 10.4% in 2023 and 5.7% in 2022	78,800	20,668
Finance lease obligations	88,994	102,920
Other debt	17,100	76,077
Total debt	$ 3,083,000	$ 3,222,223
Less: Notes payable and current portion of long-term debt	47,132	502,440
Long-term debt	$ 3,035,868	$ 2,719,783

On August 7, 2023, the Company entered into a credit agreement with a consortium of Farm Credit System institutions and CoBank, ACB, as Administrative Agent (the "Term Loan Agreement"). The Term Loan Agreement provides the Company with the ability to borrow up to $900,000 on an unsecured basis (the "Term Loan Facility"). A total of $600,000 was drawn from the Term Loan Facility on August 7, 2023 and used to repay the syndicated term loans that were due in December 2023 and January 2025, and to make certain capital expenditures and reimburse the Company for certain capital expenditures it had made in its operation of waste disposal facilities in rural areas. An additional $270,000 was drawn from the Term Loan Facility on September 8, 2023 and used to partially fund the acquisition of the remaining interest in RTS Packaging and the acquisition of the Chattanooga Mill (see Note 3 for more information). Borrowings under the Term Loan Facility, net of any prepayments, will become payable in full on August 7, 2028. As of December 31, 2023, the Company had repaid a total of $295,000 of the amounts drawn under the Term Loan Facility. Borrowings under the Term Loan Facility bear interest at a fluctuating rate per annum equal to, at the Company's option, (i) the forward-looking SOFR term rate ("Term SOFR" and such borrowings, "Term SOFR Loans"), (ii) a base rate set forth in the Term Loan Agreement, or (iii) a combination thereof, plus, in each case, an applicable margin calculated based on the Company's credit ratings and, in the of case of Term SOFR Loans, a SOFR Adjustment (as defined in the Term Loan Agreement) of 0.1%. The Company has designated its borrowings under the Term Loan Facility as Term SOFR Loans. The margin currently applicable to Term SOFR Loans based on the Company's credit ratings, together with the SOFR Adjustment, is 1.90%. If Term SOFR ceases to be available, the benchmark rate shall switch to Daily Simple SOFR (as defined in the Term Loan Agreement). There is no required amortization under the Term Loan Facility, and voluntary prepayments are permissible without penalty, subject to certain conditions pertaining to minimum notice and minimum prepayment and reduction amounts as described in the Term Loan Agreement.

The Term Loan Agreement contains various customary representations and warranties and affirmative and negative covenants, as more fully described in the Term Loan Agreement. The Term Loan Agreement also contains various customary events of default (subject to grace periods, as applicable) including, among others: nonpayment of principal, interest or fees; breach of covenant; payment default on, or acceleration under, certain other material indebtedness; inaccuracy of the representations or warranties in any material respect; bankruptcy or insolvency; inability to pay debts; certain unsatisfied judgments; certain ERISA-related events; the invalidity or unenforceability of the Term Loan Agreement or certain other documents executed in connection therewith; and the occurrence of a change of control.

On June 30, 2021, the Company entered into a new five-year $750,000, unsecured revolving credit facility which replaced an existing credit facility entered into on July 20, 2017, and reflects substantially the same terms and conditions. Consistent with prior facilities, this revolving credit facility supports the Company's $500,000 commercial paper program. Based on the pricing grid, the Credit Agreement for the revolving credit facility and Sonoco's current credit ratings, any drawings are subject to the Term SOFR plus the 125.0 basis points margin. On August 7, 2023, the Company increased the commitments under this facility by $150,000 to an aggregate amount of $900,000.

On April 28, 2021, the Company commenced a cash tender offer to purchase up to $300,000 of the $600,000 outstanding principal amount of its 5.75% notes due November 2040. Upon expiration of the tender on May 25, 2021, the Company repurchased 10.53% of its outstanding 5.75% notes for a total cash cost of $81,961, as shown below:

	Principal Amount Tendered	Premium and Other Amounts Paid	Total Cash Paid
5.75% notes due November 2040	$ 63,206	$ 18,755	$ 81,961

On April 28, 2021, the Company entered into a reverse treasury lock agreement intended to fix the cash cost to fund approximately $100,000 of the maximum $300,000 principal amount subject to being tendered. The settlement of the reverse treasury lock on May 13, 2021 resulted in a loss of $1,356. In addition, the Company wrote off a proportional share of unamortized bond issuance costs and unamortized original issue discounts associated with the 5.75% notes. These non-cash write-offs net to $73, which combined with the hedge loss and premium and other amounts paid, resulted in a pretax loss from the early extinguishment of debt totaling $20,184.

The principal requirements of debt maturing in the next five years are:

	2024	2025	2026	2027	2028
Debt maturities by year	$ 47,132	$ 449,774	$ 21,778	$ 310,355	$ 583,655

As of December 31, 2023, the Company has scheduled debt maturities through the next twelve months of $47,132. At December 31, 2023, the Company had $151,937 in cash and cash equivalents on hand and $900,000 in committed capacity available for drawdown under its revolving credit facility. The Company believes that these amounts, combined with expected net cash flows from operating activities, provide ample liquidity to cover these debt maturities and other cash flow needs of the Company over the course of the next year.

In addition, the Company had approximately $238,400 available under unused short-term lines of credit at December 31, 2023. These short-term lines of credit are available for general corporate purposes of our subsidiaries, including working capital and hedging requirements.

Certain of the Company's debt agreements impose restrictions with respect to the maintenance of financial ratios and the disposition of assets. The most restrictive covenants currently require the Company to maintain a minimum level of interest coverage and a minimum level of net worth, as defined in the agreements. As of December 31, 2023, the Company's interest coverage and net worth were substantially above the minimum levels required under these covenants.

11. Financial instruments and derivatives

The following table sets forth the carrying amounts and fair values of the Company's significant financial instruments for which the carrying amount differs from the fair value.

	December 31, 2023		*December 31, 2022*	
	Carrying Amount	*Fair Value*	*Carrying Amount*	*Fair Value*
Long-term debt, net of current portion	$ 3,035,868	$ 2,890,009	$ 2,719,783	$ 2,477,884

The carrying value of cash and cash equivalents and short-term debt approximates fair value. The fair value of long-term debt is determined based on recent trade information in the financial markets of the Company's public debt or is determined by discounting future cash flows using interest rates available to the Company for issues with similar terms and maturities, which is considered a Level 2 fair value measurement.

Cash Flow Hedges

At December 31, 2023 and 2022, the Company had derivative financial instruments outstanding to hedge anticipated transactions and certain asset and liability related cash flows. These contracts, which have maturities ranging through December 2024, qualify as cash flow hedges under U.S. GAAP. For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings and is presented in the same income statement line item as the earnings effect of the hedged item.

Commodity Cash Flow Hedges

Certain derivative contracts entered into to manage the cost of anticipated purchases of natural gas and aluminum have been designated by the Company as cash flow hedges. At December 31, 2023, these contracts included natural gas swaps covering approximately 0.1 million MMBTUs, representing approximately 1% of anticipated natural gas usage in 2024. The Company also has certain natural gas hedges that are not designated as cash flow hedges. See "Non-Designated Derivatives" below for a discussion of these hedges. The Company has also designated swap contracts covering 488 metric tons of aluminum as cash flow hedges. These contracts represent approximately 10% of anticipated aluminum usage for 2024. The fair values of the Company's commodity cash flow hedges netted to a loss position of $(41) and $(172) at December 31, 2023 and December 31, 2022, respectively. The amount of the loss included in accumulated other comprehensive loss at December 31, 2023, expected to be reclassified to the income statement during the next twelve months is $(41).

Foreign Currency Cash Flow Hedges

The Company has entered into forward contracts to hedge certain anticipated foreign currency denominated sales, purchases, and capital spending expected to occur in 2024. The net positions of these contracts at December 31, 2023, were as follows (in thousands):

Currency	*Action*	*Quantity*
Colombian peso	purchase	22,276,464
Mexican peso	purchase	579,207
Polish zloty	purchase	131,417
Danish Krone	purchase	48,225
Swedish Krone	sell	(6,827)
Czech koruna	purchase	109,362
Euro	purchase	2,291
Turkish lira	purchase	57,507
Brazilian real	purchase	54,302
British pound	sell	(435)
Canadian dollar	purchase	35,016

The fair value of foreign currency cash flow hedges related to forecasted sales and purchases netted to a gain position of $1,502 at December 31, 2023, and a loss position of $(299) at December 31, 2022. The amount of the gain expected to be reclassified from accumulated other comprehensive loss to the income statement during the next twelve months is $1,502. In addition, the Company has entered into forward contracts to hedge certain foreign currency cash flow transactions related to construction in progress. As of December 31, 2023 and December 31, 2022, the net positions of these contracts were $0 and $(564), respectively. During the twelve months ended December 31, 2023, losses from these hedges totaling $(401) were reclassified from accumulated other comprehensive loss and included in the carrying value of the capitalized expenditures. No gains or losses are expected to be reclassified from accumulated other comprehensive loss and included in the carrying value of the related fixed assets acquired during the next twelve months.

Net Investment Hedge

During 2023, the Company became a party to cross-currency swap agreements with a total notional amount of $500,000 to effectively convert a portion of the Company's fixed-rate U.S. dollar denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The swap agreements, which have a maturity of December 18, 2026, provide for the Company to receive semi-annual interest payments in U.S. dollars at a fixed rate and to make semi-annual interest payments in euro at a fixed rate. The risk management objective of entering into the swap agreements is to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in euros. The agreements are designated as net investment hedges for accounting purposes.

The gain or loss on the net investment hedge derivative instrument is included in the foreign currency translation component of accumulated other comprehensive loss until the net investment is sold, diluted, or liquidated. Interest payments received for the cross-currency swaps are excluded from the net investment hedge effectiveness assessment and are recorded in “Interest expense” on the Company's Consolidated Statements of Income. The assumptions used in measuring fair value of the cross-currency swaps are considered level 2 inputs, which are based upon the Euro-to-U.S. dollar exchange rate market.

For the year ended December 31, 2023, the fair value of the Company's net investment hedges was a loss position of $5,073, and a loss of $3,779 (net of income taxes of $1,294) was reported as a component of accumulated other comprehensive loss within foreign currency items.

Non-Designated Derivatives

The Company routinely enters into other derivative contracts which are not designated for hedge accounting treatment under ASC 815, “Derivatives and Hedging.” As such, changes in fair value of these non-designated derivatives are recorded directly to income and expense in the periods that they occur.

Foreign Currency Hedges

The Company routinely enters into forward contracts or swaps to economically hedge the currency exposure of intercompany debt and foreign currency denominated receivables and payables. The net currency positions of these non-designated contracts at December 31, 2023, were as follows (in thousands):

Currency	*Action*	*Quantity*
Colombian peso	Purchase	59,655,780
Indonesian rupiah	Purchase	7,711,880
Mexican peso	Purchase	403,952
Turkish lira	Purchase	5,593
Canadian dollar	Purchase	5,923
Thai Baht	Sell	(10,459)

Commodity Hedges

The Company has entered into non-designated derivative contracts to manage the cost of anticipated purchases of natural gas. At December 31, 2023, these contracts consisted of natural gas swaps covering approximately 5.4 million MMBTUs and represented approximately 75% of anticipated usage in North America for 2024, respectively.

Interest Rate Hedges

Pursuant to the registered public offering of unsecured 2.85% notes with a principal amount of $500,000 maturing on February 1, 2032, the Company entered into two treasury lock derivative instruments with a notional principal amount of $150,000 each on December 29, 2021 with the risk management objective of reducing the Company's exposure to increases in the underlying Treasury index up to the date of pricing of the notes. The derivatives were settled when the bonds priced on January 11, 2022, with the Company recognizing a gain on the settlement of $5,201. The gain is included in “Selling, general and administrative expenses” on the Company's Consolidated Statements of Income for the year ended December 31, 2022.

The fair value of the Company's non-designated derivatives position was a loss of $(6,790) and $(8,692) at December 31, 2023 and December 31, 2022, respectively. The following table sets forth the location and fair values of the Company's derivative instruments at December 31, 2023 and December 31, 2022:

Description	*Balance Sheet Location*	*Fair Value at December 31* 2023	2022
Derivatives designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	$ 67	$ 10
Commodity Contracts	Other assets	—	8
Commodity Contracts	Accrued expenses and other	(108)	(155)
Commodity Contracts	Other liabilities	—	(35)
Foreign Exchange Contracts	Prepaid expenses	2,525	1,251
Foreign Exchange Contracts	Accrued expenses and other	(1,024)	(2,114)
Net investment hedge	Prepaid expenses	5,567	—
Net investment hedge	Other liabilities	(10,640)	—
Derivatives not designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	$ 12	$ 5
Commodity Contracts	Other assets	—	251
Commodity Contracts	Accrued expenses and other	(6,782)	(8,599)
Commodity Contracts	Other liabilities	—	(295)
Foreign Exchange Contracts	Prepaid expenses	130	115
Foreign Exchange Contracts	Accrued expenses and other	(159)	(169)

While certain of the Company's derivative contract arrangements with its counterparties provide for the ability to settle contracts on a net basis, the Company reports its derivative positions on a gross basis. There are no collateral arrangements or requirements in these agreements.

The following tables set forth the effect of the Company’s derivative instruments on financial performance for the year ended December 31, 2023 and December 31, 2022, excluding the gains or losses on foreign currency cash flow hedges that were reclassified from accumulated other comprehensive loss to the carrying value of the capitalized expenditures:

Description	*Amount of Gain or (Loss) Recognized in OCI on Derivatives*	*Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income*	*Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income*
Derivatives in Cash Flow Hedging Relationships:			
Year Ended December 31, 2023			
Foreign Exchange Contracts	$ 8,982	Net sales	$ 10,860
		Cost of sales	$ (3,728)
Commodity Contracts	$ 99	Cost of sales	$ (32)
Year Ended December 31, 2022			
Foreign Exchange Contracts	$ (1,009)	Net sales	$ 3,460
		Cost of sales	$ (2,852)
Commodity Contracts	$ 5,321	Cost of sales	$ 6,948

Description	*Gain or (Loss) Recognized*	*Location of Gain or (Loss) Recognized in Income Statement*
Derivatives not Designated as Hedging Instruments:		
Year Ended December 31, 2023		
Commodity Contracts	$ (19,087)	Cost of Sales
Foreign Exchange Contracts	$ 7,560	Selling, general and administrative
Year Ended December 31, 2022		
Commodity Contracts	$ 1,831	Cost of sales
Foreign Exchange Contracts	$ 355	Selling, general and administrative

Description	Year Ended December 31, 2023 Net Sales	Year Ended December 31, 2023 Cost of Sales	Year Ended December 31, 2022 Net Sales	Year Ended December 31, 2022 Cost of Sales
Total amount of income and expense line items presented in the Consolidated Statements of Income	$ 10,860	$ (3,760)	$ 3,460	$ 4,096
Gain or (loss) on cash flow hedging relationships:				
Foreign exchange contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$ 10,860	$ (3,728)	$ 3,460	$ (2,852)
Commodity contract:				
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$ —	$ (32)	$ —	$ 6,948

12. Fair value measurements

Fair value is defined as an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1 – Observable inputs such as quoted market prices in active markets;

Level 2 – Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets that are calculated at net asset value ("NAV") per share are not required to be categorized within the fair value hierarchy.

The following tables set forth information regarding the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Description	*December 31, 2023*	*Assets measured at NAV (f)*	*Level 1*	*Level 2*	*Level 3*
Hedge derivatives, net:					
Commodity contracts	$ (41)	$ —	$ —	$ (41)	$ —
Foreign exchange contracts	1,502	—	—	1,502	—
Net investment hedge	(5,073)	—	—	(5,073)	—
Non-hedge derivatives, net:					
Commodity contracts	(6770)	—	—	(6770)	—
Foreign exchange contracts	(29)	—	—	(29)	—
Postretirement benefit plan assets:					
Common Collective(a)	12,958	12,958	—	—	—
Mutual funds(b)	45,931	—	—	45,931	—
Fixed income securities(c)	242,702	63,849	—	178,853	—
Short-term investments(d)	4,175	—	—	4,175	—
Real estate funds(e)	400	400	—	—	—
Cash and accrued income	2,634	—	2,634	—	—
Total postretirement benefit plan assets	$ 308,800	$ 77,207	$ 2,634	$ 228,959	$ —

Description	*December 31, 2022*	*Assets measured at NAV (f)*	*Level 1*	*Level 2*	*Level 3*
Hedge derivatives, net:					
Commodity contracts	$ (172)	$ —	$ —	$ (172)	$ —
Foreign exchange contracts	(863)	—	—	(863)	—
Non-hedge derivatives, net:					
Commodity contracts	(8,638)	—	—	(8,638)	—
Foreign exchange contracts	(54)	—	—	(54)	—
Postretirement benefit plan assets:					
Common Collective(a)	6,497	6,497	—	—	—
Mutual funds(b)	50,467	—	—	50,467	—
Fixed income securities(c)	198,628	32,927	—	165,701	—
Short-term investments(d)	1,099	—	—	1,099	—
Real estate funds(e)	680	680	—	—	—
Cash and accrued income	8,504	—	8,504	—	—
Total postretirement benefit plan assets	$ 265,875	$ 40,104	$ 8,504	$ 217,267	$ —

a. Common collective trust investments consist of domestic and international large and mid capitalization equities, including emerging markets and funds invested in both short-term and long-term bonds. Underlying investments are generally valued at closing prices from national exchanges. Commingled funds, private securities, and limited partnerships are valued at unit values or NAVs provided by the investment managers.
b. Mutual fund investments are comprised of equity securities of corporations with large capitalizations and also include funds invested in corporate equities in international and emerging markets and funds invested in long-term bonds, which are valued at closing prices from national exchanges.
c. Fixed income securities include funds that invest primarily in government securities and long-term bonds. Underlying investments are generally valued at closing prices from national exchanges, fixed income pricing models, and independent financial analysts. Fixed income commingled funds are valued at unit values provided by the investment managers.
d. Short-term investments include several money market funds used for managing overall liquidity. Underlying investments are generally valued at closing prices from national exchanges. Commingled funds are valued at unit values provided by the investment managers.
e. Includes investments in real estate funds (including office, industrial, residential and retail). Underlying real estate securities are generally valued at closing prices from national exchanges.
f. Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The Company's pension plan assets comprise more than 96% of its total postretirement benefit plan assets. Accordingly, the assets of the Company's various pension plans and retiree health and life insurance plans are not shown separately, but are combined in the tables above. Postretirement benefit plan assets are netted against postretirement benefit obligations to determine the funded status of each plan. The funded status is recognized in the Company's Consolidated Balance Sheets as shown in Note 14.

As discussed in Note 11, the Company uses derivatives to mitigate the effect of commodity fluctuations, foreign currency fluctuations and, from time to time, interest rate movements. Fair value measurements for the Company's derivatives are classified under Level 2 because such measurements are estimated based on observable inputs such as interest rates, yield curves, spot and future commodity prices, and spot and future exchange rates.

The Company does not currently have any nonfinancial assets or liabilities that are recognized or disclosed at fair value on a recurring basis. None of the Company's financial assets or liabilities are measured at fair value using significant unobservable inputs. There were no transfers in or out of Level 1 or Level 2 fair value measurements during the years ended December 31, 2023 or 2022. For additional fair value information on the Company's financial instruments, see Note 11.

13. Share-based compensation plans

The Company provides share-based compensation to certain employees and non-employee directors in the form of restricted stock units ("RSUs"), performance contingent restricted stock units ("PCSUs"), and other share-based awards pursuant to the Sonoco Products Company 2019 Omnibus Incentive Plan (the "2019 Plan"), which became effective upon approval by the shareholders on April 17, 2019.

At December 31, 2023, a total of 5,069,768 shares remain available for future grant under the 2019 Plan. The Company issues new shares for stock unit conversions and stock appreciation right exercises.

Accounting for share-based compensation

Total compensation cost for share-based payment arrangements was $27,780, $31,309 and $22,608, for 2023, 2022 and 2021, respectively. The related tax benefit recognized in net income/(loss) was $6,920, $7,999, and $5,715, for the same years, respectively. Share-based compensation expense is included in "Selling, general and administrative expenses" in the Company's Consolidated Statements of Income. The Company accounts for forfeitures of its share-based payment arrangements as they occur.

An "excess" tax benefit is created when the tax deduction for an exercised stock appreciation right or converted stock unit exceeds the compensation cost that has been recognized in income. The additional net excess tax benefit realized was $978, $1,367 and $1,110 for 2023, 2022 and 2021, respectively.

Restricted Stock Units

The Company grants awards of RSUs to executive officers and certain key management employees annually on a discretionary basis. These awards vest over a three-year period with one-third vesting on each anniversary date of the grant. The expense for these RSUs is recognized following the graded-vesting method, which results in front-loaded expense being recognized during the early years of the required service period. For grants awarded prior to 2021, participants must be actively employed by the Company on the vesting date for shares to be issued, except in the event of the participant's death, disability, or involuntary (or good reason) termination within two years of a change in control prior to full vesting, in which case shares will immediately vest. For awards granted since 2020, in the event of the participant's death, disability or retirement prior to full vesting, shares will be issued on a pro rata basis up through the time the participant's employment or service ceases. Once vested, these awards do not expire.

The Company from time to time grants special RSUs to certain of its executive officers and directors. These awards normally vest over a five-year period with one-third vesting on each of the third, fourth and fifth anniversaries of the grant, but in some circumstances may vest over a shorter period, or cliff vest at the end of the five-year period. Normally a participant must be actively employed by, or serving as a director of, the Company on the vesting date for shares to be issued, but the Company may make other arrangements in connection with termination of employment prior to the vesting date. Officers and directors can elect to defer receipt of RSUs, which will be issued in shares of Sonoco common stock in installments beginning no earlier than six months following separation from the Company or the Board of Directors (the "Board"), respectively. Key management employees are required to take receipt of the stock issued upon the vest date.

The weighted-average grant-date fair value of RSUs granted was $56.87, $53.55 and $57.77 per share in 2023, 2022 and 2021, respectively. The fair value of shares vesting during the year was $10,320, $6,243, and $4,063 for 2023, 2022 and 2021, respectively. Non-cash stock-based compensation associated with restricted stock grants totaled $15,005, $11,113 and $8,278 for 2023, 2022 and 2021, respectively. As of December 31, 2023, there was $11,674 of total unrecognized compensation cost related to nonvested RSUs. This cost is expected to be recognized over a weighted-average period of 26 months.

The activity related to RSUs for the year ended December 31, 2023 is as follows:

	Nonvested	*Vested*	*Total*	*Average Grant Date Fair Value Per Share*
Outstanding, December 31, 2022	462,395	73,309	535,704	$ 53.23
Granted	325,771	—	325,771	$ 56.87
Vested	(172,786)	172,786	—	
Converted		(179,198)	(179,198)	$ 54.12
Cancelled	(24,148)	—	(24,148)	$ 55.79
Dividend equivalents	2,213	1,918	4,131	$ 56.97
Outstanding, December 31, 2023	593,445	68,815	662,260	$ 54.71

Performance Contingent Restricted Stock Units

The Company grants PCSUs annually on a discretionary basis to executive officers and certain key management employees. The ultimate number of PCSUs awarded is dependent upon the degree to which performance, relative to defined targets related to earnings and return on invested capital is achieved over a three-year performance cycle and for the 2023 PCSU grant only, a modifier for total stock return performance.

The Company estimates the fair value of its 2023 PCSUs based upon the Company's stock price on the date of grant and an estimate of the Company's payout modifier based upon the projected total stock return performance relative to its peer group companies. The comparative market indices for the awards that vest based on total stock return to shareholders are the S&P Composite 1500 Materials Index. If the Company's actual total stock return for the three-year measurement period is determined to be between the 25th and 75th percentile relative to its peers, no additional modifier is triggered for the 2023 PCSU grant upon vesting. If the Company's total stock return for the three-year measurement period is determined to be above the 75th percentile, the modifier adds 20% to the award's vested share payout for total stock return performance in the top quartile, and if the Company's return falls below the 25th percentile relative to its peers, the modifier reduces the award's share payout by 20% for performance in the bottom quartile.

PCSUs granted vest at the end of the three-year performance period if the respective performance targets are met. No units will be awarded if the performance targets are not met. Upon vesting, PCSUs are convertible into common shares on a one-for-one basis. Officers can elect to defer receipt of PCSUs, which will be issued in shares of Sonoco common stock in installments beginning no earlier than six months following separation from the Company. Key management employees are required to take receipt of the stock issued upon the vest date. Except in the event of the participant's death, disability, or retirement, if a participant is not employed by the Company at the end of the performance period, no PCSUs will vest. However, in the event of the participant's death, disability or retirement prior to full vesting, shares will be issued on a pro rata basis up through the time the participant's employment or service ceases. In the event of a change in control, as defined under the 2019 Plan, all unvested PCSUs will vest at target on a pro rata basis if the change in control occurs during the three-year performance period.

The activity related to PCSUs for the year ended December 31, 2023 is as follows:

	Nonvested	*Vested*	*Total*	*Average Grant Date Fair Value per Share*
Outstanding, December 31, 2022	599,382	302,400	901,782	$52.81
Granted	205,178	—	205,178	$55.04
Performance adjustments	(129,224)	—	(129,224)	$55.04
Vested	(225,530)	225,530	—	
Converted	—	(291,818)	(291,818)	$51.68
Cancelled	(31,403)	—	(31,403)	$54.08
Dividend equivalents	—	380	380	$56.99
Outstanding, December 31, 2023	418,403	236,492	654,895	$53.51

2023 PCSU. As of December 31, 2023, the 2023 PSCUs to be awarded are estimated to range from 0 to 449,255 units, including the 20% total stock return modifier, and are tied to the three-year performance period ending December 31, 2025.

2022 PCSU. As of December 31, 2023, the 2022 PSCUs to be awarded are estimated to range from 0 to 342,808 units and are tied to the three-year performance period ending December 31, 2024.

2021 PCSU. The performance cycle for the 2021 PSCUs was completed on December 31, 2023. Outstanding stock units of 225,530 units were determined to have been earned. The fair value of these units was $12,600 as of December 31, 2023.

2020 PCSU. The performance cycle for the 2020 PSCUs was completed on December 31, 2022. Outstanding stock units of 280,881 units were determined to have been earned. The fair value of these units was $17,052 as of December 31, 2022.

2019 PCSU. The performance cycle for the 2019 PCSUs was completed on December 31, 2021. Outstanding stock units of 64,243 were determined to have been earned. The fair value of these units was $3,719 as of December 31, 2021.

The weighted-average grant-date fair value of PCSUs granted was $55.04, $51.94, and $55.95 per share in 2023, 2022 and 2021, respectively. Non-cash stock-based compensation associated with PCSUs totaled $10,751, $17,900 and $11,477 for 2023, 2022 and 2021, respectively. As of December 31, 2023, there was approximately $8,746 of total unrecognized compensation cost related to nonvested PCSUs. This cost is expected to be recognized over a weighted-average period of 16 months.

Stock appreciation rights

Through 2019, the Company granted stock appreciation rights ("SARs") annually on a discretionary basis to key employees. These SARs had an exercise price equal to the closing market price on the date of the grant and can be settled only in stock. The SARs granted from 2015 through 2019 vested over three years, with one-third vesting on each anniversary date of the grant, and had 10-year terms. All outstanding SARs are vested as of December 31, 2023.

SARs expense was recognized following the graded-vesting method. As of December 31, 2023, there is no unrecognized compensation cost, and no non-cash stock-based compensation expense was incurred for the year ended December 31, 2023 related to nonvested SARs. Noncash stock-based compensation expense associated with SARs totaled $40 for 2022 and $347 for 2021.

The aggregate intrinsic value of SARS exercised during 2023, 2022, and 2021 was $158, $582, and $2,575, respectively. The activity related to the Company's SARs for the year ended December 31, 2023 is as follows:

	Nonvested	*Vested*	*Total*	*Weighted-average Exercise Price*
Outstanding, December 31, 2022	—	764,806	764,806	$ 54.98
Vested	—	—	—	
Granted	—	—	—	$ —
Exercised	—	(26,671)	(26,671)	$ 49.96
Forfeited/Expired	—	(8,620)	(8,620)	$ —
Outstanding, December 31, 2023	—	729,515	729,515	$ 55.13
Exercisable, December 31, 2023	—	729,515	729,515	$ 55.13

The weighted average remaining contractual life for both SARs outstanding and exercisable at December 31, 2023 was 4.1 years. The aggregate intrinsic value for both SARs outstanding and exercisable at December 31, 2023 was $2,217. At December 31, 2023, the fair market value of the Company's stock used to calculate intrinsic value was $55.87 per share.

Deferred compensation plans

Certain officers of the Company receive a portion of their compensation, either current or deferred, in the form of stock equivalent units. Units are granted as of the day the cash compensation would have otherwise been paid using the closing price of the Company's common stock on that day. Deferrals into stock equivalent units are converted into phantom stock equivalents as if Sonoco shares were actually purchased. The units immediately vest and earn dividend equivalents. Units are distributed in the form of common stock upon retirement over a period elected by the employee.

Non-employee directors may elect to defer a portion of their cash retainer or other fees (except chair retainers) into phantom stock equivalent units as if Sonoco shares were actually purchased. The deferred stock equivalent units accrue dividend equivalents, and are issued in shares of Sonoco common stock beginning six months following termination of Board service. Directors must elect to receive these deferred distributions in one, three or five annual installments.

The activity related to deferred compensation for equity award units granted to both employees and non-employee directors combined is as follows:

	Total
Outstanding, December 31, 2022	287,015
Deferred	36,254
Converted	(8,406)
Dividend equivalents	9,739
Outstanding, December 31, 2023	324,602

Compensation deferrals for employees and directors, all of which will be settled in Company stock after retirement, totaled $2,024, $2,256, and $2,507, during 2023, 2022, and 2021, respectively.

14. Employee benefit plans

Retirement plans and retiree health and life insurance plans

The Company provides non-contributory defined benefit pension plans for certain of its employees in the United States, Mexico, Belgium, Germany, Greece, France, and Turkey. The Company also sponsors contributory defined benefit pension plans covering certain of its employees in the United Kingdom, Canada and the Netherlands, and provides postretirement healthcare and life insurance benefits to a limited number of its retirees and their dependents in the United States and Canada, based on certain age and/or service eligibility requirements.

The components of net periodic benefit cost include the following:

	2023	2022	2021
Retirement Plans			
Service cost	$ 2,918	$ 3,304	$ 3,916
Interest cost	18,101	10,562	24,186
Expected return on plan assets	(9,451)	(10,302)	(22,888)
Amortization of prior service cost	926	913	900
Amortization of net actuarial loss	4,300	6,240	16,503
Effect of settlement loss	1,010	479	550,706
Effect of curtailment loss	—	43	—
Net periodic benefit cost	$ 17,804	$ 11,239	$ 573,323
Retiree Health and Life Insurance Plans			
Service cost	$ 230	$ 320	$ 374
Interest cost	507	258	197
Expected return on plan assets	(313)	(439)	(444)
Amortization of prior service credit	—	—	—
Amortization of net actuarial gain	(768)	(681)	(744)
Net periodic benefit income	$ (344)	$ (542)	$ (617)

The following tables set forth the Plans' obligations and assets at December 31:

	Retirement Plans		Retiree Health and Life Insurance Plans	
	2023	2022	2023	2022
Change in Benefit Obligation				
Benefit obligation at January 1	$ 352,843	$ 514,633	$ 11,244	$ 13,745
Service cost	2,918	3,304	230	320
Interest cost	18,101	10,562	507	258
Plan participant contributions	60	50	—	—
Plan amendments	306	665	11,637	—
Actuarial loss/(gain)	15,663	(124,982)	(266)	(1,825)
Benefits paid	(26,703)	(22,268)	(788)	(1,224)
Impact of foreign exchange rates	8,707	(27,273)	7	(30)
Effect of settlements	(2,373)	(1,736)	—	—
Effect of curtailments	—	(112)	—	—
Acquisitions	43,934	—	—	—
Benefit obligation at December 31	$ 413,456	$ 352,843	$ 22,571	$ 11,244

	Retirement Plans		Retiree Health and Life Insurance Plans	
	2023	2022	2023	2022
Change in Plan Assets				
Fair value of plan assets at January 1	$ 253,125	$ 417,105	$ 12,750	$ 13,942
Actual return on plan assets	15,968	(119,714)	553	(532)
Company contributions	13,908	14,677	754	652
Plan participant contributions	60	50	—	—
Benefits paid	(26,703)	(22,268)	(788)	(1,224)
Impact of foreign exchange rates	10,388	(33,800)	—	—
Effect of settlements	(2,373)	(1,736)	—	—
Expenses paid	(1,108)	(1,189)	(56)	(88)
Acquisitions	32,322	—	—	—
Fair value of plan assets at December 31	$ 295,587	$ 253,125	$ 13,213	$ 12,750
Funded Status of the Plans	$ (117,869)	$ (99,718)	$ (9,358)	$ 1,506

	Retirement Plans				Retiree Health and Life Insurance Plans			
	2023		2022		2023		2022	
Total Recognized Amounts in the Consolidated Balance Sheets								
Noncurrent assets	$	26,599	$	30,322	$	—	$	2,919
Current liabilities		(9,797)		(9,478)		(1,801)		(1,049)
Noncurrent liabilities		(134,671)		(120,562)		(7,557)		(364)
Net (liability)/asset	$	(117,869)	$	(99,718)	$	(9,358)	$	1,506

Items not yet recognized as a pre-tax component of net periodic benefit cost that are included in Accumulated Other Comprehensive Loss as of December 31, 2023 and 2022, are as follows:

	Retirement Plans				Retiree Health and Life Insurance Plans			
	2023		2022		2023		2022	
Net actuarial loss/(gain)	$	114,957	$	109,558	$	(6,120)	$	(6,437)
Prior service cost		5,557		6,053		11,637		—
	$	120,514	$	115,611	$	5,517	$	(6,437)

The pre-tax amounts recognized in Other Comprehensive Loss/(Income) include the following:

	Retirement Plans						Retiree Health and Life Insurance Plans					
	2023		2022		2021		2023		2022		2021	
Adjustments arising during the period:												
Net actuarial loss/(gain)	$	10,709	$	4,839	$	(63,684)	$	(451)	$	(761)	$	(412)
Prior service cost		430		678		837		11,637		—		—
Net settlements/curtailments		(1,010)		(522)		(550,706)		—		—		—
Amortization recognized during the period:												
Net actuarial (loss)/gain		(4,300)		(6,240)		(16,503)		768		681		744
Prior service (cost)/credit		(926)		(913)		(900)		—		—		—
Total recognized in other comprehensive loss/(income)	$	4,903	$	(2,158)	$	(630,956)	$	11,954	$	(80)	$	332
Total recognized in net periodic benefit cost and other comprehensive loss/(income)	$	22,707	$	9,081	$	(57,633)	$	11,610	$	(622)	$	(285)

The accumulated benefit obligation ("ABO") for all defined benefit plans was $404,648 and $347,608 at December 31, 2023 and 2022, respectively.

The projected benefit obligation ("PBO"), ABO and fair value of plan assets for pension plans with ABOs in excess of plan assets were, $229,397, $224,045 and $84,929, respectively, as of December 31, 2023, and $176,702, $171,705 and $48,277, respectively, as of December 31, 2022.

RTS Packaging defined benefit plan

On September 8, 2023, the Company completed the acquisition of the remaining 65% ownership interest of the RTS Packaging joint venture, which included the assumption of the RTS Packaging Pension Plan (the "RTS Plan"). At the time of the acquisition, the RTS Plan had a PBO of $43,934 and plan assets of $32,322, resulting in long-term and short term unfunded pension obligations of $11,529 and $83, respectively. Since the formation of the original joint venture, the Company had recognized its 35% share of actuarial gains and losses related to the RTS Plan in "Accumulated other comprehensive loss." Upon the acquisition of the remaining 65% interest in RTS Packaging, a pre-tax loss of $4,756 ($3,543 after tax) was reclassified out of "Accumulated other comprehensive loss" into earnings. The pre-tax loss is reflected in "Other income, net" in the Company's Consolidated Statements of Income for the year ending December 31, 2023.

Plan termination, settlements, changes and amendments

The Company amended its U.S. Retiree Health and Life Insurance Plan in 2023 to expand the eligibility requirements for certain non-union hourly employees. The amendment resulted in an increase in both the accumulated postretirement benefit obligation and prior service cost component of accumulated other comprehensive loss of $11,637. The service cost will be amortized over the average life expectancy of the plan participants beginning in 2024.

The Company recognized settlement charges totaling $1,010 and $479 in 2023 and 2022, respectively. Settlements in both years resulted from payments made to certain participants in the Company's non-union Canadian pension plan who elected a lump sum distribution option upon retirement. Settlements in 2023 also included payments associated with the termination of a pension plan in Taiwan.

In July 2019, the Board approved a resolution to terminate the Sonoco Pension Plan for Inactive Participants (the "Inactive Plan"), a tax-qualified defined benefit plan, effective September 30, 2019. Following completion of a limited lump sum offering in April 2021, the Company settled all remaining liabilities under the Inactive Plan in June 2021 through the purchase of annuities. The Company made additional net contributions of $124,432 to the Inactive Plan in 2021 in order to be fully funded on a termination basis at the time of the annuity purchase. Non-cash, pretax settlement charges totaling $538,722 were recognized in 2021 as the lump sum payouts and annuity purchases were made. The termination of the Inactive Plan applied to participants who had separated service from Sonoco and to non-union active employees who no longer accrued pension benefits. There was no change in the cumulative benefit previously earned by the approximately 11,000 participants affected by these actions. The Company continues to manage and support the Sonoco Pension Plan for Active Participants (the “Active Plan”), comprised of approximately 700 active participants who continue to accrue benefits in accordance with a flat-dollar multiplier formula. Additional settlement charges of $11,984 were recognized in 2021, primarily due to the annuitization of the Trenton Union Plan in Ontario, Canada. This plan was terminated in June 2020 and the participants were fully annuitized in December 2021.

Projected benefit payments

The following table sets forth the Company’s projected benefit payments for the next ten years:

Year	*Retirement Plans*	*Retiree Health and Life Insurance Plans*
2024	$ 29,104	$ 1,853
2025	$ 29,914	$ 1,885
2026	$ 32,028	$ 2,044
2027	$ 31,621	$ 1,906
2028	$ 31,606	$ 2,159
2029-2033	$ 160,293	$ 9,793

Assumptions

The following tables set forth the major actuarial assumptions used in determining the benefit obligation and net periodic benefit cost:

Weighted-average assumptions used to determine benefit obligations at December 31	*U.S. Retirement Plans*	*U.S. Retiree Health and Life Insurance Plans*	*Foreign Plans*
Discount Rate			
2023	4.84 %	4.68 %	4.79 %
2022	5.01 %	4.92 %	4.97 %
Rate of Compensation Increase			
2023	— %	3.03 %	3.11 %
2022	— %	2.99 %	3.29 %

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31	*U.S. Retirement Plans*	*U.S. Retiree Health and Life Insurance Plans*	*Foreign Plans*
Discount Rate			
2023	5.01 %	4.92 %	4.97 %
2022	2.77 %	2.48 %	2.22 %
2021	2.32 %	2.04 %	1.70 %
Expected Long-term Rate of Return			
2023	2.48 %	2.45 %	4.70 %
2022	3.27 %	3.18 %	3.00 %
2021	3.27 %	2.01 %	3.69 %
Rate of Compensation Increase			
2023	— %	2.99 %	3.29 %
2022	— %	3.01 %	3.21 %
2021	— %	3.03 %	3.20 %

The Company adjusts its discount rates at the end of each fiscal year based on yield curves of high-quality debt instruments over durations that match the expected benefit payouts of each plan. The expected long-term rate of return assumption is based on the Company’s current and expected future portfolio mix by asset class, and expected nominal returns of these asset classes using an economic “building block” approach. Expectations for inflation and real interest rates are developed and various risk premiums are assigned to each asset class based primarily on historical performance. The assumed rate of compensation increase reflects historical experience and management’s expectations regarding future salary and incentive increases.

Medical trends

The U.S. Retiree Health and Life Insurance Plan makes up approximately 98% of the Retiree Health liability. Therefore, the following information relates to the U.S. plan only.

Healthcare Cost Trend Rate	*Pre-age 65*	*Post-age 65*
2023	6.25 %	7.25 %
2022	5.80 %	6.50 %
Ultimate Trend Rate	*Pre-age 65*	*Post-age 65*
2023	4.50 %	4.50 %
2022	4.50 %	4.50 %
Year at which the Rate Reaches the Ultimate Trend Rate	*Pre-age 65*	*Post-age 65*
2023	2033	2033
2022	2030	2030

Based on amendments to the U.S. plan approved in 1999, which became effective in 2003, cost increases borne by the Company are limited to the Urban CPI, as defined.

Retirement plan assets

The assets of the U.S., RTS Plan, U.K., and Canadian defined benefit plans comprise approximately 93% of the total postretirement benefit plan assets. Therefore, the following disclosures relate only to the assets of these plans.

The following table sets forth the weighted-average asset allocations of the Company's retirement plans at 2023 and 2022, by asset category.

Asset Category		*U.S.*	*RTS*	*U.K.*	*Canada*
Equity securities	2023	22.2 %	18.6 %	20.0 %	29.4 %
	2022	23.4 %	N/A	22.6 %	34.0 %
Debt securities	2023	76.6 %	81.2 %	79.1 %	70.6 %
	2022	72.9 %	N/A	76.3 %	66.0 %
Cash and short-term investments	2023	1.2 %	0.2 %	0.9 %	— %
	2022	3.7 %	N/A	1.1 %	— %
Total	2023	100.0 %	100.0 %	100.0 %	100.0 %
	2022	100.0 %	N/A	100.0 %	100.0 %

The Company employs a total-return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a desired level of risk. Alternative assets such as real estate funds, private equity funds and hedge funds may also be used to enhance expected long-term returns while improving portfolio diversification. Risk tolerance is established through consideration of plan liabilities, plan funded status and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through periodic investment portfolio reviews and periodic asset/liability studies.

U.S. defined benefit plans

The Company has adopted investment guidelines for the Active Plan based on asset/liability studies. These guidelines established a dynamic derisking framework for shifting the allocation of assets to long-duration domestic fixed income from equity and other asset categories, as the relative funding ratio of the plan increased over time. The current target allocation (midpoint) for the Active Plan investment portfolio is: Equity Securities - 20% and Debt Securities – 80%.

RTS defined benefit plan

The Company has adopted similar investment guidelines for the RTS Plan as it has for its U.S. Active Plan assets. The current target allocation (midpoint) for the RTS Plan investment portfolio is: Equity Securities – 20% and Debt Securities – 80%.

United Kingdom defined benefit plan

The equity investments consist of direct ownership and funds and are diversified among U.K. and international stocks of small and large capitalization. The current target allocation (midpoint) for the investment portfolio is: Equity Securities – 20% and Debt Securities – 80%.

Canada defined benefit plan

The equity investments consist of direct ownership and funds and are diversified among Canadian and international stocks of primarily large capitalizations and short to intermediate duration corporate and government bonds. The current target allocation (midpoint) for the investment portfolio is 29% Equity Securities and 71% Debt Securities.

Retiree health and life insurance plan assets

The following table sets forth the weighted-average asset allocations by asset category of the Company's retiree health and life insurance plan.

Asset Category	*2023*	*2022*
Equity securities	—%	—%
Debt securities	100.0%	100.0%
Cash	—%	—%
Total	100.0%	100.0%

Contributions

Based on current actuarial estimates, the Company anticipates that contributions to its defined benefit plans will be approximately $19,000 in 2024. No assurances can be made about funding requirements beyond 2024, however, as they will depend largely on actual investment returns and future actuarial assumptions, legislative actions, and changes to the Company's benefit offerings.

Sonoco Retirement and Savings Plan

The Sonoco Retirement and Savings Plan is a defined contribution retirement plan provided for certain of the Company's U.S. employees. Through December 31, 2021, the plan was comprised of both an elective and non-elective component.

The elective component of the plan, which is designed to meet the requirements of section 401(k) of the Internal Revenue Code, allows participants to set aside a portion of their wages and salaries for retirement and encourages saving by matching a portion of their contributions with contributions from the Company. The plan provides for participant contributions of 1% to 100% of gross pay. Effective December 31, 2021, the Company's 401(k) matching contribution was increased to 100% of the first 6% of pretax and/or Roth compensation contributed by the participant. Prior to this, the Company had matched 50% on the first 4% of such participant contributions. Participants are immediately fully vested in these matching contributions. The Company's expenses related to the plan for 2023, 2022 and 2021 were approximately $41,000, $38,900 and $13,900, respectively.

The non-elective component of the plan, the Sonoco Retirement Contribution ("SRC"), was eliminated effective December 31, 2021 and the benefit replaced by the higher matching 401(k) matching contribution discussed above. The SRC was available to certain employees who were not active participants in the Company's U.S. qualified defined benefit pension plan and provided for an annual Company contribution of 4% of all eligible pay plus 4% of eligible pay in excess of the Social Security wage base to eligible participant accounts. Participants were fully vested after three years of service or upon reaching age 55, if earlier. As a result of the termination, the Company recognized no SRC expense in 2023 or 2022. Expenses related to the plan for 2021 were approximately $22,914. Cash contributions to the SRC, which were made annually in March following the year in which they were earned, totaled $21,948 and $22,665 in 2022 and 2021, respectively. The Company made no annual SRC contributions in 2023 and no additional annual contributions will be made in the future.

Other plans

The Company also provides retirement and postretirement benefits to certain other non-U.S. employees through various Company-sponsored and local government sponsored defined contribution arrangements. For the most part, the liabilities related to these arrangements are funded in the period they arise. The Company's expenses for these plans were not material for all years presented.

15. Income taxes

The provision for taxes on income for the years ended December 31 consists of the following:

	2023	*2022*	*2021*
Pretax income			
Domestic	$ 400,241	$ 363,518	$ (342,951)
Foreign	214,591	207,764	181,969
Total pretax income	$ 614,832	$ 571,282	$ (160,982)
Current			
Federal	$ 79,200	$ 55,016	$ 21,247
State	16,681	15,997	15,212
Foreign	65,617	59,762	55,018
Total current	$ 161,498	$ 130,775	$ 91,477
Deferred			
Federal	$ (5,447)	$ (2,495)	$ (120,243)
State	(2,249)	(5,441)	(39,709)
Foreign	(4,524)	(4,330)	1,045
Total deferred	$ (12,220)	$ (12,266)	$ (158,907)
Total taxes	$ 149,278	$ 118,509	$ (67,430)

Deferred tax (liabilities)/assets are comprised of the following at December 31:

	2023	2022
Property, plant and equipment	$ (137,880)	$ (104,162)
Intangibles	(119,225)	(104,171)
Leases	(48,832)	(89,226)
Outside basis in Metal Packaging	(68,867)	(74,092)
Gross deferred tax liabilities	$ (374,804)	$ (371,651)
Retiree health benefits	$ 513	$ 1,222
Foreign loss carryforwards	62,250	79,460
U.S. Federal loss and credit carryforwards	39,131	36,529
Capital loss carryforwards	3,817	3,626
U.S. State loss and credit carryforwards	21,321	20,961
Capitalized research and development costs	87,743	45,826
Employee benefits	51,829	42,641
Leases	50,704	89,416
Accrued liabilities and other assets	58,699	56,601
Gross deferred tax assets	$ 376,007	$ 376,282
Valuation allowance on deferred tax assets	$ (70,661)	$ (82,046)
Total deferred taxes, net	$ (69,458)	$ (77,415)

The Company has total federal net operating loss carryforwards of approximately $79,501 remaining at December 31, 2023. These losses are limited based upon future taxable earnings of the Company and expire between 2032 and 2038. U.S. foreign tax credit carryforwards of approximately $22,434 exist at December 31, 2023 and expire in 2027. Foreign subsidiary loss carryforwards of approximately $258,412 remain at December 31, 2023. Their use is limited to future taxable earnings of the respective foreign subsidiaries or filing groups. Approximately $203,574 of these loss carryforwards do not have an expiration date. Of the remaining foreign subsidiary loss carryforwards, approximately $15,178 expire within the next five years and approximately $39,660 expire between 2029 and 2043. Foreign subsidiary capital loss carryforwards of approximately $15,256 exist at December 31, 2023 and do not have an expiration date. Their use is limited to future capital gains of the respective foreign subsidiaries.

Approximately $10,113 in tax value of state loss carryforwards and $16,876 of state credit carryforwards remain at December 31, 2023. These state loss and credit carryforwards are limited based upon future taxable earnings of the respective entities or filing group and expire between 2024 and 2044. State loss and credit carryforwards are reflected at their “tax” value, as opposed to the amount of expected gross deduction due to the vastly different apportionment and statutory tax rates applicable to the various entities and states in which the Company files.

A reconciliation of the U.S. federal statutory tax rate to the actual provision for/(benefit from) income taxes is as follows:

	2023		2022		2021	
Statutory tax rate	$ 129,115	21.0 %	$ 119,945	21.0 %	$ (33,806)	21.0 %
State income taxes, net of federal tax benefit	16,051	2.6 %	13,149	2.3 %	(15,863)	9.9 %
Valuation allowance	4,486	0.7 %	(10,477)	(1.8)%	(33,576)	20.9 %
Tax examinations including change in reserve for uncertain tax positions	2,183	0.4 %	567	0.1 %	5,665	(3.5)%
Adjustments to prior year deferred taxes	(2,489)	(0.4)%	(2,110)	(0.4)%	1,239	(0.8)%
Foreign earnings taxed at other than U.S. rates	13,704	2.2 %	12,334	2.2 %	9,659	(6.0)%
Divestiture of business	464	0.1 %	—	— %	(808)	0.5 %
Effect of tax rate changes	387	0.1 %	(2,151)	(0.4)%	275	(0.2)%
Foreign withholding taxes	4,635	0.8 %	4,670	0.8 %	8,107	(5.0)%
Tax credits	(18,841)	(3.1)%	(14,077)	(2.5)%	(21,936)	13.6 %
Global intangible low-taxed income (GILTI)	2,930	0.5 %	2,851	0.5 %	11,323	(7.0)%
Foreign-derived intangible income	(1,106)	(0.2)%	(657)	(0.1)%	(202)	0.1 %
Foreign currency gain/(loss) on distributions of previously taxed income	(2,614)	(0.4)%	(1,280)	(0.2)%	3,365	(2.1)%
Other, net	373	0.1 %	(4,255)	(0.7)%	(872)	0.5 %
Provision for/(Benefit from) income taxes	$ 149,278	24.3 %	$ 118,509	20.7 %	$ (67,430)	41.9 %

The Company was subject to the one-time transition tax on certain accumulated foreign earnings as part of the Tax Cuts and Jobs Act (“Tax Act”). Under the provisions of the Tax Act, the transition tax was payable in installments over a period of 8 years. The Company paid its final installment of $1,366 during 2023 and has no remaining obligation.

The change in “Tax examinations including change in reserve for uncertain tax positions” is shown net of associated deferred taxes and accrued interest. Included in the change are net increases in reserves for uncertain tax positions of approximately $3,074, $2,051 and $2,330 for uncertain items arising in 2023, 2022 and 2021, respectively, combined with adjustments related to prior year items, primarily decreases related to lapses of statutes of limitations in international, federal and state jurisdictions as well as overall changes in facts and judgment. These adjustments changed the reserve by a total of approximately $(891), $(1,484) and $3,743 in 2023, 2022 and 2021, respectively.

In many of the countries in which the Company operates, earnings are taxed at rates different than in the United States. This difference is reflected in "Foreign earnings taxed at other than U.S. rates" along with other items, if any, that impacted taxes on foreign earnings in the periods presented.

The benefits included in "Adjustments to prior year deferred taxes" for each of the years presented consist primarily of adjustments to deferred tax assets and liabilities arising from changes in estimates.

Of the $18,841 of tax credits for 2023, $2,442 directly offset the $2,930 of GILTI tax, resulting in a net GILTI tax of $488. Of the remainder, $8,735 relates to research and development tax credits. The GILTI tax in 2022 of $2,851 was partially offset by GILTI tax credits of $1,245, resulting in a net GILTI tax of $1,606.

The benefits included in "Valuation allowance" for 2022 include a $13,182 net recognized benefit associated with the release of valuation allowance on foreign NOLs due to an increase in projected future foreign income.

The Company maintains its assertion that its undistributed foreign earnings are indefinitely reinvested and, accordingly, has not recorded any deferred income tax liabilities that would be due if those earnings were repatriated. As of December 31, 2023, these undistributed earnings total $1,040,580. While the majority of these earnings have already been taxed in the United States, a portion would be subject to foreign withholding and U.S. income taxes and credits if distributed. Computation of the deferred tax liability associated with unremitted earnings deemed to be indefinitely reinvested is not practicable at this time.

Reserve for uncertain tax positions

The following table sets forth the reconciliation of the gross amounts of unrecognized tax benefits at the beginning and ending of the periods indicated:

	2023	2022	2021
Gross Unrecognized Tax Benefits at January 1	$ 18,621	$ 18,142	$ 11,230
Increases in prior years' unrecognized tax benefits	378	223	12,283
Decreases in prior years' unrecognized tax benefits	(572)	(144)	(275)
Increases in current year's unrecognized tax benefits	4,395	1,807	1,088
Decreases in unrecognized tax benefits from the lapse of statutes of limitations	(1,094)	(1,174)	(6,170)
Settlements	(51)	(233)	(14)
Gross Unrecognized Tax Benefits at December 31	$ 21,677	$ 18,621	$ 18,142

Of the unrecognized tax benefit balances at December 31, 2023 and December 31, 2022, $19,241 and $17,821, respectively, would have an impact on the effective tax rate if ultimately recognized.

Interest and/or penalties related to income taxes are reported as part of income tax expense. The Company had $1,773 and $859 accrued for interest related to uncertain tax positions at December 31, 2023 and December 31, 2022, respectively. Tax expense for the year ended December 31, 2023, includes net interest expense of $914, which is comprised of an interest benefit of $272 related to the adjustment of prior years' items and interest expense of $1,186 on unrecognized tax benefits. The amounts listed above for accrued interest and interest expense do not reflect the benefit of a federal tax deduction which would be available if the interest were ultimately paid.

The Company and/or its subsidiaries file federal, state and local income tax returns in the United States and various foreign jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years before 2017.

The Company believes that it is reasonably possible that the amount reserved for uncertain tax positions at December 31, 2023 will decrease by $10,018 over the next twelve months. This change includes the anticipated increase in reserves related to existing positions offset by settlements of issues currently under examination and the release of existing reserves due to the expiration of the statute of limitations. Although the Company's estimate for the potential outcome for any uncertain tax issue is highly judgmental, management believes that any reasonably foreseeable outcomes related to these matters have been adequately provided for. However, future results may include favorable or unfavorable adjustments to estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire. Additionally, the jurisdictions in which earnings or deductions are realized may differ from current estimates. As a result, the effective tax rate may fluctuate significantly on a quarterly basis. The Company has operations in many countries outside of the United States and the taxes paid on those earnings are subject to varying rates. The Company is not dependent upon the favorable benefit of any one jurisdiction to an extent that loss of those benefits would have a material effect on the Company's overall effective tax rate.

16. Revenue recognition

The following tables set forth information about revenue disaggregated by primary geographic regions for the years ended December 31, 2023, 2022 and 2021. The tables also include a reconciliation of disaggregated revenue with reportable segments. The Company's reportable segments are aligned by product nature as disclosed in Note 19.

Year Ended December 31, 2023	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary geographical markets:				
United States	$ 2,779,749	$ 1,389,492	$ 649,495	$ 4,818,736
Europe	451,990	389,261	80,096	921,347
Canada	116,595	100,095	—	216,690
Asia Pacific	100,299	233,446	1,812	335,557
Other	178,344	261,819	48,799	488,962
Total	$ 3,626,977	$ 2,374,113	$ 780,202	$ 6,781,292

Year Ended December 31, 2022	*Consumer Packaging*	*Industrial Paper Packaging*	*All Other*	*Total*
Primary geographical markets:				
United States	$ 2,960,098	$ 1,611,390	$ 660,604	$ 5,232,092
Europe	442,743	434,076	84,878	961,697
Canada	117,671	109,997	—	227,668
Asia Pacific	97,182	275,395	1,157	373,734
Other	150,262	253,705	51,394	455,361
Total	$ 3,767,956	$ 2,684,563	$ 798,033	$ 7,250,552

Year Ended December 31, 2021	*Consumer Packaging*	*Industrial Paper Packaging*	*All Other*	*Total*
Primary geographical markets:				
United States	$ 1,607,810	$ 1,421,684	$ 620,596	$ 3,650,090
Europe	444,734	408,093	88,828	941,655
Canada	117,492	94,780	—	212,272
Asia Pacific	82,882	316,841	1,280	401,003
Other	115,429	222,914	47,075	385,418
Total	$ 2,368,347	$ 2,464,312	$ 757,779	$ 5,590,438

Contract assets represent goods produced without alternative use for which the Company is entitled to payment with margin prior to shipment. Upon shipment, the Company is entitled to bill the customer, and therefore amounts included in contract assets will be reduced with the recording of an account receivable as they represent an unconditional right to payment. Contract liabilities represent revenue deferred due to pricing mechanisms utilized by the Company in certain multi-year arrangements, volume rebates, and receipts of advanced payments. For multi-year arrangements with pricing mechanisms, the Company will generally defer revenue during the initial term of the arrangement, and will release the deferral over the back half of the contract term. Contract assets and liabilities are generally short in duration given the nature of products produced by the Company.

The following table sets forth information about contract assets and liabilities from contracts with customers. The balances of the contract assets and liabilities are located in “Other receivables” and “Accrued expenses and other”, respectively, on the Consolidated Balance Sheets.

	December 31, 2023	*December 31, 2022*
Contract Assets	$ 54,334	$ 56,008
Contract Liabilities	$ (24,973)	$ (22,423)

Significant changes in the contract assets and liabilities balances during the twelve months ended December 31, 2023 and 2022 were as follows:

	December 31, 2023		*December 31, 2022*	
	Contract Asset	Contract Liability	Contract Asset	Contract Liability
Beginning balance	$ 56,008	$ (22,423)	$ 51,106	$ (18,993)
Acquired as part of a business combination	—	(1,436)	8,107	(5,418)
Revenue deferred or rebates accrued	—	(53,464)	—	(57,510)
Recognized as revenue	—	11,761	—	18,201
Rebates paid to customers	—	40,589	—	41,297
Increases due to rights to consideration for customer specific goods produced, but not billed during the period	54,334	—	56,008	—
Transferred to receivables from contract assets recognized at the beginning of the period and acquired as part of business combination	(56,008)	—	(59,213)	—
Ending balance	$ 54,334	$ (24,973)	$ 56,008	$ (22,423)

17. Commitments and contingencies

Pursuant to GAAP, accruals for estimated losses are recorded at the time information becomes available indicating that losses are probable and that the amounts are reasonably estimable. As is the case with other companies in similar industries, the Company faces exposure from actual or potential claims and legal proceedings from a variety of sources. Some of these exposures, as discussed below, have the potential to be material.

Environmental matters

The Company is subject to a variety of environmental and pollution control laws and regulations in all jurisdictions in which it operates.

Spartanburg

In connection with its acquisition of Tegrant in November 2011, the Company identified potential environmental contamination at a site in Spartanburg, South Carolina. Since the acquisition, the Company has spent a total of $2,141 on remediation of the Spartanburg site. At December 31, 2023 and 2022, the Company's accrual for environmental contingencies related to the Spartanburg site totaled $5,259 and $5,425, respectively.

The Company cannot currently estimate its potential liability, damages or range of potential loss, if any, beyond the amounts accrued with respect to this exposure. However, the Company does not believe that the resolution of this matter has a reasonable possibility of having a material adverse effect on the Company's financial statements.

Other environmental matters

The Company has been named as a potentially responsible party at several other environmentally contaminated sites. All of the sites are also the responsibility of other parties. The potential remediation liabilities are shared with such other parties, and, in most cases, the Company's share, if any, cannot be reasonably estimated at the current time. However, the Company does not believe that the resolution of these matters has a reasonable possibility of having a material adverse effect on the Company's financial statements. At December 31, 2023 and 2022, the Company's accrual for these other sites totaled $1,992 and $1,840, respectively.

Summary

As of December 31, 2023 and 2022, the Company (and its subsidiaries) had accrued $7,251 and $7,265, respectively, related to environmental contingencies. These accruals are included in "Accrued expenses and other" on the Company's Consolidated Balance Sheets.

Commitments

As of December 31, 2023, the Company had long-term obligations to purchase electricity and steam, which it uses in its production processes, as well as long-term purchase commitments for certain raw materials, principally old corrugated containers. These purchase commitments require the Company to make total payments of approximately $244,867, as follows: $102,713 in 2024; $97,458 in 2025; $35,742 in 2026; $8,954 in 2027, and a total of $0 from 2028 through 2032.

18. Shareholders' equity and earnings per share

Share repurchases

On April 20, 2021, the Board authorized the repurchase of the Company's common stock in an aggregate amount of up to $350,000. A total of $137,972 remained available for share repurchases under this authorization as of December 31, 2022 and December 31, 2023.

No shares were purchased under this authorization during 2023 or 2022. The following transactions occurred during 2021:

- On May 6, 2021, the Company repurchased approximately 53,500 shares for $3,615 from a private stockholder based upon the average closing stock price on that day.
- On May 10, 2021, the Company entered into an accelerated share repurchase agreement ("ASR Agreement") with a financial institution to repurchase outstanding shares of the Company's common stock. In exchange for an upfront payment of $150,000, which was funded with available cash on hand, the financial institution delivered 1,751,825 initial shares to the Company, representing 80% of the expected number of shares to be repurchased during the repurchase period based upon an estimated average repurchase price of $68.50 per share. The initial shares received were retired by the Company. The final number of shares repurchased and retired was based on the Company's volume-weighted average share price during the repurchase period, less a discount and subject to certain adjustments.
- Pursuant to the ASR Agreement, the financial institution elected to accelerate the settlement of the transaction in two tranches. On July 21, 2021, the financial institution transferred 167,743 additional shares to the Company based upon an effective settlement price of $66.52 and a notional value of $50,000, or one third of the total $150,000 prepayment. On July 26, 2021, the financial institution transferred 336,996 additional shares to the Company upon full settlement of the remaining $100,000 notional value of the transaction at the final settlement price of $66.45.
- On October 25, 2021, the Company entered into a Rule 10b5-1 Repurchase Plan with a financial institution to repurchase outstanding shares of the Company's common stock pursuant to its Board authorization. The Company repurchased and retired 976,191 shares for $58,413 prior to the termination of the trading period on November 23, 2021.

The costs of these share repurchases were allocated to "Capital in excess of stated value" on the Company's Consolidated Balance Sheet as of the fiscal period ended December 31, 2021.

The Company occasionally repurchases shares of its common stock to satisfy employee tax withholding obligations in association with the exercise of SARs, RSUs, and PCSUs. These repurchases, which are not part of a publicly announced plan or program, totaled 175,665 shares during 2023, 79,347 shares during 2022, and 99,824 shares during 2021, at a cost of $10,617, $4,547 and $6,057, respectively.

Earnings per share

The following table sets forth the computation of basic and diluted earnings/(loss) per share (in thousands, except per share data):

	2023	2022	2021
Numerator:			
Net income/(loss) attributable to Sonoco	$ 474,959	$ 466,437	$ (85,477)
Denominator:			
Weighted average common shares outstanding	98,294	97,991	99,608
Dilutive effect of share-based compensation	596	741	—
Diluted outstanding shares	98,890	98,732	99,608
Per common share:			
Income/(Loss) available to common shareholders:			
Basic	$ 4.83	$ 4.76	$ (.86)
Diluted	$ 4.80	$ 4.72	$ (.86)
Cash dividends	$ 2.02	$ 1.92	$ 1.80

No adjustments were made to “Net income/(loss) attributable to Sonoco” in the computations of net income/(loss) attributable to Sonoco per common share.

Anti-dilutive securities

Potentially dilutive securities are calculated in accordance with the treasury stock method, which assumes the proceeds from the exercise of all dilutive SARs are used to repurchase the Company’s common stock. Certain SARs are not dilutive because either the exercise price is greater than the average market price of the stock during the reporting period or assumed repurchases from proceeds from the exercise of the SARs were anti-dilutive.

The average number of shares that were not dilutive and therefore not included in the computation of diluted income/ (loss) per share was as follows for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	2023	2022	2021
Anti-dilutive stock appreciation rights	352	373	202

These SARs may become dilutive in future periods if the market price of the Company’s common stock appreciates.

Diluted earnings per share is computed by dividing net income by the weighted average shares outstanding, assuming all dilutive potential common shares were issued, unless doing so is anti-dilutive. Such securities have an anti-dilutive impact in those periods in which a loss is reported. Diluted net loss per share of common stock for the year ended December 31, 2021 is the same as basic net loss per share because otherwise dilutive securities are excluded from the computation of diluted net loss per share. The number of potentially dilutive securities excluded from the computation of diluted net loss per share during the year ended December 31, 2021 was 470.

Noncontrolling interests

In April 2015, the Company acquired a 67% controlling interest in Graffo Paranaense de Embalagens S/A (“Graffo”). Prior to March 31, 2022, the Company consolidated 100% of Graffo, with the partner's 33% share included in “Noncontrolling Interests” within the equity section of the balance sheet. On March 31, 2022, the Company paid $14,474 in cash to acquire the remaining 33% ownership interest from the three noncontrolling partners, which resulted in a $6,116 reduction in noncontrolling interest, a $7,080 charge to capital in excess of stated value, and a $1,278 reduction to accrued expenses and other on the Company's Consolidated Balance Sheet.

19. Segment reporting

The Company’s operating and reporting structure consists of two reportable segments, Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other.

The products produced and sold within the Consumer Packaging segment are generally used to package a variety of consumer products and consist primarily of round and shaped rigid paper, steel and plastic containers; metal and peelable membrane ends, closures, and components; thermoformed plastic trays; and high-barrier flexible packaging.

The primary products produced and sold within the Industrial Paper Packaging segment include paperboard tubes, cones, and cores; paper-based protective packaging; and uncoated recycled paperboard.

The primary products produced within the All Other group of businesses consist of a variety of packaging materials, including plastic, paper, foam, and various other specialty materials.

Effective January 1, 2024, the Company will integrate its flexible packaging and thermoforming packaging businesses within the Consumer Packaging segment in order to streamline operations, enhance customer service and better position the business for accelerated growth. As a result, the Company will change its operating and reporting structure to reflect the way it plans to manage its operations, evaluate performance, and allocate resources going forward. Therefore, in future reporting periods, the Company’s consumer thermoforming businesses will move from the All Other group of businesses to the Consumer Packaging segment. The Company’s Industrial Paper Packaging segment will not be affected by these changes. As of and for the year ended December 31, 2023, there were no changes to the manner in which the Company reviewed financial information at the segment level; therefore, these changes had no impact on our reporting structure.

The following table sets forth financial information about each of the Company's business segments and All Other group of businesses:

	Years ended December 31				
	Consumer Packaging	Industrial Paper Packaging	All Other	Corporate	Consolidated
Total Revenue					
2023	$ 3,639,759	$ 2,475,935	$ 789,781	$ —	$ 6,905,475
2022	3,774,957	2,818,778	808,069	—	7,401,804
2021	2,373,583	2,578,379	768,476	—	5,720,438
Intersegment Sales[1]					
2023	$ 12,782	$ 101,822	$ 9,579	$ —	$ 124,183
2022	7,001	134,215	10,036	—	151,252
2021	5,236	114,067	10,697	—	130,000
Sales to Unaffiliated Customers					
2023	$ 3,626,977	$ 2,374,113	$ 780,202	$ —	$ 6,781,292
2022	3,767,956	2,684,563	798,033	—	7,250,552
2021	2,368,347	2,464,312	757,779	—	5,590,438
Income/(Loss) Before Income Taxes[2]					
2023	$ 382,063	$ 313,545	$ 103,745	$ (184,521)	$ 614,832
2022	526,028	327,859	65,978	(348,583)	571,282
2021	274,926	226,798	63,060	(725,766)	(160,982)
Identifiable Assets[3]					
2023	$ 3,682,650	$ 2,559,026	$ 825,003	$ 125,278	$ 7,191,957
2022	3,825,675	2,079,326	871,800	276,139	7,052,940
2021	1,956,688	1,971,293	886,647	258,607	5,073,235
Depreciation, Depletion and Amortization[4]					
2023	$ 124,483	$ 104,722	$ 24,519	$ 87,264	$ 340,988
2022	111,599	91,944	24,854	80,427	308,824
2021	78,802	91,141	25,822	49,419	245,184
Capital Expenditures					
2023	$ 186,109	$ 111,619	$ 24,838	$ 40,511	$ 363,077
2022	127,478	145,021	21,177	35,093	328,769
2021	60,532	150,225	22,780	22,482	256,019

1 Intersegment sales are recorded at a market-related transfer price.

2 Included in Corporate above are restructuring/asset impairment charges, changes in LIFO inventory reserves, net, gains or losses from derivatives, gains or losses from the divestiture of businesses and other assets, acquisition, integration and divestiture-related costs, amortization of acquired intangibles, and other non-operating income and expenses associated with the following segments:

	Consumer Packaging	Industrial Paper Packaging	All Other	Corporate	Total
2023	$ (56,237)	$ 17,064	$ (24,486)	$ (120,862)	$ (184,521)
2022	(138,343)	(40,805)	(18,800)	(150,635)	(348,583)
2021	(25,983)	(2,570)	(23,312)	(673,900)	(725,765)

The remaining amounts reported as Corporate consist of: interest expense; interest income; non-operating pension costs; and portions of acquisition, integration and divestiture-related costs, restructuring, other income, net, and other non-operating income and expenses not associated with a particular segment.

3 Identifiable assets are those assets used by each segment in its operations. Corporate assets consist primarily of cash and cash equivalents, investments in affiliates, headquarters facilities, deferred income taxes and prepaid expenses.

4 Depreciation and depletion incurred at Corporate are allocated to the reportable segments.

Geographic regions

Sales to unaffiliated customers and long-lived assets by geographic region are as follows:

	2023	2022	2021
Sales to Unaffiliated Customers			
United States	$ 4,818,736	$ 5,232,092	$ 3,650,090
Europe	921,347	961,697	941,655
Canada	216,690	227,668	212,272
Asia Pacific	335,557	373,734	401,003
Other	488,962	455,361	385,418
Total	$ 6,781,292	$ 7,250,552	$ 5,590,438
Long-lived Assets			
United States	$ 3,504,438	$ 3,240,011	$ 2,078,342
Europe	653,730	607,996	545,211
Canada	113,888	96,210	104,913
Asia Pacific	158,301	157,030	157,084
Other	196,504	85,233	68,949
Total	$ 4,626,861	$ 4,186,480	$ 2,954,499

Sales are attributed to countries/regions based upon the plant location from which products are shipped. Long-lived assets are comprised of investments in affiliates, property, plant and equipment, and goodwill and other intangible assets (see Notes 1, 6 and 8).

20. Accumulated other comprehensive loss

The following table summarizes the components of accumulated other comprehensive loss and the changes in accumulated other comprehensive loss, net of tax as applicable, for the years ended December 31, 2023 and 2022:

	Foreign Currency Items	Defined Benefit Pension Items	Gains and Losses on Cash Flow Hedges	Accumulated Other Comprehensive Loss
Balance at December 31, 2021	$ (269,076)	$ (91,397)	$ 1,048	$ (359,425)
Other comprehensive (loss)/income before reclassifications	(72,987)	(3,471)	3,244	(73,214)
Amounts reclassified from accumulated other comprehensive loss to net income	3,747	3,895	(5,593)	2,049
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	507	507
Other comprehensive (loss)/income	(69,240)	424	(1,842)	(70,658)
Balance at December 31, 2022	$ (338,316)	$ (90,973)	$ (794)	$ (430,083)
Other comprehensive income/(loss) before reclassifications	68,705	(16,305)	6,622	59,022
Amounts reclassified from accumulated other comprehensive loss to net income	2,033	7,651	(5,177)	4,507
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	292	292
Other comprehensive income/(loss)	70,738	(8,654)	1,737	63,821
Balance at December 31, 2023	$ (267,578)	$ (99,627)	$ 943	$ (366,262)

The following table summarizes the amounts reclassified from accumulated other comprehensive loss and the affected line items in the consolidated statements of net income for the years ended December 31, 2023 and 2022:

Amount Reclassified from Accumulated Other Comprehensive Loss			
Details about Accumulated Other Comprehensive Loss Components	*Year Ended December 31, 2023*	*Year Ended December 31, 2022*	*Affected Line Item in the Consolidated Statements of Net Income*
Foreign currency items			
Loss on Russia restructuring (see Note 4)	$ —	$ (3,747)	Restructuring/Asset impairment charges
Loss on RTS Packaging investment (see Note 3)	(2,033)	—	Other income, net
	(2,033)	(3,747)	Net income/(loss)
Defined benefit pension items (see Note 14)			
Pension-related loss upon purchase of remaining interest in RTS Packaging joint venture	(4,756)	—	Other income, net
Effect of settlement loss	(1,010)	(479)	Non-operating pension cost
Effect of curtailment loss	—	(43)	Non-operating pension cost
Amortization of defined benefit pension items	(4,458)	(6,472)	Non-operating pension cost
	(10,224)	(6,994)	Income/(loss) before income taxes
	2,573	3,099	Provision for/(Benefit from) income taxes
	(7,651)	(3,895)	Net income/(loss)
Gains and losses on cash flow hedges (see Note 11)			
Foreign exchange contracts	10,860	3,460	Net Sales
Foreign exchange contracts	(3,728)	(2,852)	Cost of sales
Commodity contracts	(32)	6,948	Cost of sales
	7,100	7,556	Income/(loss) before income taxes
	(1,923)	(1,963)	Provision for/(Benefit from) income taxes
	5,177	5,593	Net income/(loss)
Amounts reclassified to net income from accumulated other comprehensive loss	$ (4,507)	$ (2,049)	Net income/(loss)

The following table summarizes the tax expense/(benefit) for the components of other comprehensive income/(loss):

	For the year ended December 31, 2023			*For the year ended December 31, 2022*		
	Before Tax Amount	*Tax*	*After Tax Amount*	*Before Tax Amount*	*Tax*	*After Tax Amount*
Foreign currency items:						
Other comprehensive income/(loss) before reclassifications	$ 67,411	$ 1,294	$ 68,705	$ (72,987)	$ —	$ (72,987)
Amounts reclassified from accumulated other comprehensive loss to net income	2,033	—	2,033	3,747	—	3,747
Net other comprehensive income/(loss) from foreign currency items	69,444	1,294	70,738	(69,240)	—	(69,240)
Defined benefit pension items:						
Other comprehensive (loss)/ income before reclassifications	(21,815)	5,510	(16,305)	(3,365)	(106)	(3,471)
Amounts reclassified from accumulated other comprehensive loss to net income	10,224	(2,573)	7,651	6,994	(3,099)	3,895
Net other comprehensive (loss)/income from defined benefit pension items[(a)]	(11,591)	2,937	(8,654)	3,629	(3,205)	424
Cash flow hedges:						
Other comprehensive income/(loss) before reclassifications	9,081	(2,459)	6,622	4,312	(1,068)	3,244
Amounts reclassified from accumulated other comprehensive loss to net income	(7,100)	1,923	(5,177)	(7,556)	1,963	(5,593)
Amounts reclassified from accumulated other comprehensive loss to fixed assets	401	(109)	292	805	(298)	507
Net other comprehensive (loss)/income from cash flow hedges	2,382	(645)	1,737	(2,439)	597	(1,842)
Other comprehensive income/(loss)	$ 60,235	$ 3,586	$ 63,821	$ (68,050)	$ (2,608)	$ (70,658)

[(a)] The net other comprehensive (loss)/income from defined benefit pension items includes pretax changes of $1,391 during the year ended December 31, 2022 related to the Company's former equity method investment in RTS Packaging.

21. Subsequent events

On January 30, 2024, the Company entered into a definitive agreement to sell its Protective Solutions business, part of the All Other group of businesses, to Black Diamond Capital Management, LLC for an estimated $80,000 in cash. The transaction is expected to be completed in the first half of 2024, subject to the satisfaction or waiver of customary closing conditions. This business provides foam components and integrated material solutions for various industrial end markets. The business operates nine manufacturing facilities and has approximately 900 employees. This sale is the result of the Company's continuing evaluation of its business portfolio and is consistent with its strategic and investment priorities.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our CEO and CFO, conducted an evaluation of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Our disclosure controls and procedures are designed to provide reasonable assurance that information disclosed in the reports that we file or submit is recorded, processed, summarized and reported within the relevant time periods specified in SEC rules and forms. For this purpose, disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information that is required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures. Based on this evaluation, our CEO and CFO concluded that such controls and procedures, as of December 31, 2023, the end of the period covered by this Annual Report on Form 10-K, were effective at a reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed by, or under the supervision of, our CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023, the end of the period covered by this report based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework in Internal Control - Integrated Framework (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2023. In conducting management's evaluation as described above, RTS Packaging, LLC ("RTS Packaging") and the Chattanooga paper mill (the "Chattanooga Mill"), both acquired in a business combination on September 8, 2023, and Inapel, a wholly owned subsidiary based in Brazil and acquired in a business combination on December 1, 2023, were excluded. In the aggregate, the operations of RTS Packaging, the Chattanooga Mill and Inapel represented approximately 1.3% of the Company's consolidated revenues and approximately 3.0% of total assets as of December 31, 2023.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2023 as stated in their report, which appears at the beginning of Item 8 of this Annual Report on Form 10-K.

Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all error and all fraud. Internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives will be met. Because of the inherent limitations in internal control over financial reporting, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected timely.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting occurring during the three-month period ended December 31, 2023, that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information set forth in the Company's definitive Proxy Statement for the annual meeting of shareholders to be held on April 17, 2024, to be filed with the SEC within 120 days after December 31, 2023 (the "Proxy Statement"), under the captions "Proposal 1: Election of Directors," and "Delinquent Section 16(a) Reports," is incorporated herein by reference. Information about executive officers of the Company is set forth in Item 1 of this Annual Report on Form 10-K under the caption "Information About our Executive Officers."

Code of Ethics – The Company has adopted a code of ethics (as defined in Item 406 of Regulation S-K) that applies to its principal executive officer, principal financial officer, principal accounting officer, and other senior executive and senior financial officers. This code of ethics is available through the Company's website under "Investors—Governance—Documents & Charters", and a copy will be provided without charge upon written request. Requests should be directed to the Corporate Secretary, Sonoco Products Company, 1 North Second Street, Hartsville, SC 29550 USA or through email to CorporateSecretary@sonoco.com. Any waivers or amendments to the provisions of this code of ethics will be posted to the same section of the Company's website within four business days after the waiver or amendment.

Audit Committee Members – The Company has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The audit committee is comprised of the following members: Theresa J. Drew, Chairperson; Steven L. Boyd; Richard G. Kyle; Blythe J. McGarvie; and Thomas E. Whiddon.

Audit Committee Financial Expert – The Company's Board has determined that the Company has at least two "audit committee financial experts," as that term is defined by Item 407(d)(5) of Regulation S-K promulgated by the SEC, serving on its audit committee. Theresa J. Drew and Thomas E. Whiddon meet the terms of the definition and are independent based on the criteria in the New York Stock Exchange Listing Standards. Pursuant to the terms of Item 407(d)(5) of Regulation S-K, a person who is determined to be an "audit committee financial expert" will not be deemed an expert for any purpose as a result of being designated or identified as an "audit committee financial expert" pursuant to Item 407, and such designation or identification does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the audit committee and Board in the absence of such designation or identification. Further, the designation or identification of a person as an "audit committee financial expert" pursuant to Item 407 does not affect the duties, obligations or liability of any other member of the audit committee or Board.

The Company's Corporate Governance Guidelines, Audit Committee Charter, Corporate Governance and Nominating Committee Charter, and Executive Compensation Committee Charter are available through the Company's website. This information is available in print to any shareholder who requests it.

Item 11. Executive Compensation

The information set forth in the Proxy Statement under the caption "Compensation Committee Interlocks and Insider Participation," under the caption "Executive Compensation," and under the caption "Director Compensation" is incorporated herein by reference. The information set forth in the Proxy Statement under the caption "Compensation Committee Report" is also incorporated herein by reference, but pursuant to the Instructions to Item 407(e)(5) of Regulation S-K, such report shall not be deemed to be "soliciting material" or subject to Regulation 14A, and shall be deemed to be "furnished" and not "filed" and will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act as a result of being so furnished.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth in the Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners," and under the caption "Security Ownership of Management" is incorporated herein by reference.

Equity Compensation Plan Information

The following table sets forth aggregated information about all of the Company's compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance as of December 31, 2023:

Plan category	*Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)*	*Weighted-average exercise price of outstanding options, warrants and rights (b)*	*Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[1] (c)*
Equity compensation plans approved by security holders	2,371,272	$ 55.13	5,069,768
Equity compensation plans not approved by security holders	—	—	—
Total	2,371,272	$ 55.13	5,069,768

[1] The Sonoco Products Company 2019 Omnibus Incentive Plan (the "2019 Plan") was adopted at the Company's 2019 Annual Meeting of Shareholders. The maximum number of shares of common stock that may be issued under this plan was set at 12,000,000 shares. At December 31, 2023, a total of 5,069,768 shares remain available for future grant under the 2019 Plan.

The weighted-average exercise price of $55.13 relates to SARs, which account for 729,515 of the 2,371,272 securities issuable upon exercise. The remaining 1,641,757 securities relate to deferred compensation stock units, PCSUs and RSUs that have no exercise price requirement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information set forth in the Proxy Statement under the captions "Related Party Transactions" and "Corporate Governance – Director Independence Policies" is incorporated herein by reference. Each current member of the Audit, Corporate Governance, and Nominating and Executive Compensation Committees is independent as defined in the listing standards of the New York Stock Exchange.

Item 14. Principal Accountant Fees and Services

The information set forth in the Proxy Statement under the caption "Independent Registered Public Accounting Firm" is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1 **Financial Statements** – The following financial statements are provided under Item 8 – Financial Statements and Supplementary Data of this Annual Report on Form 10-K:

- Report of Independent Registered Public Accounting Firm (PCAOB ID 238)
- Consolidated Balance Sheets as of December 31, 2023 and 2022
- Consolidated Statements of Income for the years ended December 31, 2023, 2022, and 2021
- Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022, and 2021
- Consolidated Statements of Changes in Total Equity for the years ended December 31, 2023, 2022, and 2021
- Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022, and 2021
- Notes to Consolidated Financial Statements

2 **Financial Statement Schedules**

Schedule II – Valuation and Qualifying Accounts for the Years Ended December 31, 2023, 2022, and 2021

Column A	*Column B*	*Column C - Additions*		*Column D*	*Column E*
Description	*Balance at Beginning of Year*	*Charged to Costs and Expenses*	*Charged to Other*	*Deductions*	*Balance at End of Year*
2023					
Allowance for Doubtful Accounts	$ 16,879	$ 7,361	$ 180 [1]	$ 2,759 [2]	$ 21,661
LIFO Reserve	51,342	(11,814) [3]	—	—	39,528
Valuation Allowance on Deferred Tax Assets	82,046	4,487	(15,872) [4]	— [5]	70,661
2022					
Allowance for Doubtful Accounts	$ 19,651	$ (327)	$ (108) [1]	$ 2,337 [2]	$ 16,879
LIFO Reserve	22,900	28,442 [3]	—	—	51,342
Valuation Allowance on Deferred Tax Assets	93,992	(10,582)	(1,440) [4]	(76) [5]	82,046
2021					
Allowance for Doubtful Accounts	$ 20,920	$ (824)	$ (18) [1]	$ 427 [2]	$ 19,651
LIFO Reserve	20,317	2,583 [3]	—	—	22,900
Valuation Allowance on Deferred Tax Assets	128,435	(33,532)	(866) [4]	45 [5]	93,992

1 Includes translation adjustments and other insignificant adjustments.

2 Includes amounts written off.

3 Includes adjustments based on pricing and inventory levels.

4 Includes translation adjustments and increases to deferred tax assets which were previously fully reserved.

5 Includes utilization of capital loss carryforwards, net operating loss carryforwards and other deferred tax assets.

All other schedules not included have been omitted because they are not required, are not applicable or the required information is given in the financial statements or notes thereto.

3 The exhibits listed on the Exhibit Index to this Form 10-K are incorporated herein by reference.

Item 16. Form 10-K Summary

None.

Exhibit Index

3-1	Restated Articles of Incorporation, as amended April 21, 2022 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed April 22, 2022)
3-2	By-Laws of Sonoco Products Company, as amended October 17, 2023 (incorporated by reference to Exhibit 3.2 to the Registrant’s Form 8-K, filed October 19, 2023)
4-1	Description of Securities of the Registrant (incorporated by reference to the description in the Registrant's Form 8-A, Amendment 4, filed June 15, 2020)
4-2	Indenture, dated as of June 15, 1991, between Registrant and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant’s Form S-4 (File Number 333-119863))
4-3	Form of Second Supplemental Indenture, including form of 5.75% Notes due 2040, dated as of November 1, 2010, between Sonoco Products Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, (incorporated by reference to Exhibit 4.8 to the Registrant’s Form 8-K filed October 28, 2010)
4-4	Form of Fourth Supplemental Indenture, including form of 5.75% Notes due 2040, between Sonoco Products Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.12 to the Registrant’s Form 8-K filed October 27, 2011)
4-5	Form of Fifth Supplemental Indenture, including form of 3.125% Notes due 2030, dated as of April 22, 2020, between Sonoco Products Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed April 22, 2020)
4-6	Sixth Supplemental Indenture, dated as of January 21, 2022, between Sonoco Products Company and Regions Bank, as Trustee, including Forms of 1.800% Note due 2025, 2.250% Note due 2027 and 2.850% Note due 2032 (incorporated by reference to Exhibit 4.2 to the Registrant’s Form 8-K filed January 21, 2022)
10-1**	Sonoco Retirement and Savings Plan, amended and restated as of January 1, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-K, filed February 28, 2022)
10-2**	Sonoco Products Company 2008 Long-term Incentive Plan (incorporated by reference to Exhibit 1 to the Company’s Proxy Statement for the Annual Meeting of Shareholders on April 16, 2008)
10-3**	Sonoco Products Company 2012 Long-term Incentive Plan (incorporated by reference to Exhibit 1 to the Company’s Proxy Statement for the Annual Meeting of Shareholders on April 18, 2012)
10-4**	Sonoco Products Company 2014 Long-term Incentive Plan (incorporated by reference to Exhibit 1 to the Company’s Proxy Statement for the Annual Meeting of Shareholders on April 16, 2014)
10-5**	Deferred Compensation Plan for Key Employees of Sonoco Products Company (a.k.a. Deferred Compensation Plan for Corporate Officers of Sonoco Products Company), as amended (incorporated by reference to Exhibit 10-1 to the Registrant’s Form 10-Q for the quarter ended September 28, 2008)
10-6**	Deferred Compensation Plan for Outside Directors of Sonoco Products Company, as amended (incorporated by reference to Exhibit 10.3 to the Registrant’s Form 10-Q for the quarter ended September 28, 2008)
10-7**	Sonoco Products Company Amended and Restated Trust Agreement for Executives, as of October 15, 2008 (incorporated by reference to Exhibit 10.4 to the Registrant’s Form 10-Q for the quarter ended September 28, 2008)
10-8**	Sonoco Products Company Amended and Restated Directors Deferral Trust Agreement, as of October 15, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant’s Form 10-Q for the quarter ended September 28, 2008)
10-9**	Omnibus Benefit Restoration Plan of Sonoco Products Company, amended and restated as of January 1, 2022 (incorporated by reference to Exhibit 10.9 to the Registrant's Form 10-K, filed February 28, 2022)
10-10**	Form of Executive Bonus Life Agreement between the Company and certain executive officers (incorporated by reference to Exhibit 10.2 to the Registrant’s Form 10-Q for the quarter ended September 26, 2004)
10-11**	Description of Stock Appreciation Rights, Restricted Stock Units and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 8, 2017 (incorporated by reference to Registrant’s Form 8-K filed February 14, 2017)
10-12**	Description of Stock Appreciation Rights, Restricted Stock Units and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 14, 2018 (incorporated by reference to Registrant's Form 8-K filed February 20, 2018)
10-13**	Description of Stock Appreciation Rights, Restricted Stock Units and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 13, 2019 (incorporated by reference to Registrant's Form 8-K filed February 19, 2019)
10-14**	Description of Restricted Stock Units and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 11, 2020 (incorporated by reference to the Registrant's Form 8-K filed February 18, 2020)
10-15**	Description of Restricted Stock Units and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 5, 2021 (incorporated by reference to the Registrant's Form 8-K filed February 11, 2021)
10-16**	Description of Restricted Stock Units and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 8, 2022 (incorporated by reference to the Registrant's Form 8-K filed February 11, 2022)
10-17**	Sonoco Products Company 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit One to the Company's Proxy Statement for the Annual Meeting of Shareholders on April 17, 2019)
10-18*	Credit Agreement, dated June 30, 2021, by and among the Company, Bank of America, N.A., and the other parties thereto (as amended) (incorporated by reference to Exhibit 10.3 to the Registrant’s Form 10-Q for the quarter ended July 4, 2021)

10-19*	Credit Agreement, dated as of August 7, 2023, among Sonoco Products Company, as Borrower, CoBank, ACB, as Administrative Agent, and the Lenders party hereto (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed August 10, 2023)
10-20**	Sonoco Products Company Change-In-Control Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed February 11, 2022)
10-21**	Sonoco Products Company Executive Officer Severance Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Form 10-K, filed February 28, 2023)
10-22*	Third Amendment, dated as of August 7, 2023, to the Credit Agreement dated as of June 30, 2021, and Incremental Increase Agreement, among Sonoco Products Company, as Borrower, CoBank, FCB, as Lender, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed August 10, 2023)
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm with respect to Registrant's Form 10-K
31	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(a)
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(b)
97	Sonoco Products Company Executive Compensation Clawback Policy
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Taxonomy Extension Label Linkbase Document
101.PRE	Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Certain portions of these exhibits have been redacted pursuant to Item 601(b)(2)(ii) or Item 601(b)(10)(iv) of Regulation S-K. The Company hereby agrees to furnish supplementally an unredacted copy of the exhibit to the SEC upon its request.

** Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 28th day of February 2024.

SONOCO PRODUCTS COMPANY

/s/ R. Howard Coker

R. Howard Coker
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on this 28th day of February 2024.

/s/ Robert R. Dillard	/s/ Aditya Gandhi
Robert R. Dillard Chief Financial Officer (principal financial officer)	Aditya Gandhi Vice President and Chief Accounting Officer (principal accounting officer)

/s/ J.R. Haley	/s/ R. H. Coker
J.R. Haley/Director (Chairman)	R. H. Coker/President, Chief Executive Officer and Director
/s/ S.L. Boyd	/s/ P.L. Davies
S.L. Boyd/Director	P.L. Davies/Director
/s/ T.J. Drew	/s/ P. Guillemot
T.J. Drew/Director	P. Guillemot/Director
/s/ R.R. Hill, Jr.	/s/ E. Istavridis
R.R. Hill, Jr./Lead Independent Director	E. Istavridis/Director
/s/ R.G. Kyle	/s/ B.J. McGarvie
R.G. Kyle/Director	B.J. McGarvie/Director
/s/ T.E. Whiddon	
T.E. Whiddon/Director	

SONOCO

Corporate Headquarters

Sonoco
1 North Second Street
Hartsville, SC 29550
USA

843.383.7000

sonoco.com

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