



SONOCO PRODUCTS COMPANY BOARD OF DIRECTORS CORPORATE GOVERNANCE GUIDELINES

Sonoco Products Company is a corporation organized under the laws of South Carolina. South Carolina law states that, except as otherwise provided by law, all corporate powers must be exercised by or under the authority of, and the business and affairs of a corporation must be managed under the authority of the Board of Directors (the "Board"). South Carolina law and Sonoco's articles of incorporation and bylaws specify many aspects of the process for selection of directors and how those directors function. To supplement the requirements, authorizations and limitations contained in the law, the articles of incorporation and the bylaws, the Sonoco Board of Directors has adopted the following guidelines. The guidelines represent the Board's expression of some of the ways that the Board intends to deal with various issues involving the selection and functioning of directors and Board committees and of director compensation.

Director Qualification Standards

Sonoco's directors should possess the highest personal and professional ethics. They should be committed to the long-term interests of the shareholders. In addition, Sonoco's articles contain a requirement that no person who is not already a director may be elected as a director at an annual meeting of shareholders unless that person is nominated in writing at least 60 days prior to the meeting.

Director Nominations

In order to achieve a smooth transition of board members and a favorable mix of skills on the Board of Directors, the Board of Directors nominates candidates to be elected as directors at each annual meeting of shareholders. In making such nominations, the Board seeks to advance the best interest of Sonoco and its shareholders. The Board takes into consideration such factors as it deems appropriate, including diversity, age, skills such as understanding of appropriate technologies and general finance, decision-making ability, inter-personal skills, experience with businesses and other organizations of comparable size, and the interrelation between the candidate's experience and business background and the experience and business backgrounds of other Board members.

The Board will consider nominating director candidates recommended by shareholders who submit their recommendations prior to January 5 of any year. For such a recommendation to be considered, a shareholder must submit in writing to the Corporate Governance and Nominating Committee the recommended candidate's name, a brief resume setting forth the recommended candidate's business and educational background and qualifications for service, and a notarized consent signed by the recommended candidate stating the recommended candidate's willingness to be nominated and to serve. This information must be delivered to the Chair of the Corporate Governance and Nominating Committee at the Company's address. The Corporate Governance Committee may request further information if it determines a recommended candidate may be an appropriate nominee.

Director Independence Standards

The Board has concluded that the interests of Sonoco and its shareholders are best served when a majority of the directors is independent. "Independent" means that a director (or candidate) has been determined by the Board to have no material relationship with Sonoco (either directly or as a partner, shareholder or officer of an organization that has a relationship with Sonoco). The

Corporate Governance and Nominating Committee shall make appropriate inquiries of each Board member to make an initial determination of whether he or she is independent, and the committee shall provide such information to the Board so that it may make a final determination with respect to independence. To assist it in making these determinations the Board has adopted the following guidelines.

A director will not be considered independent if::

- The director is, or in the past three years has been, our employee, or has an immediate family member who is, or in the past three years has been, one of our executive officers;
- The director has received, or has an immediate family member (other than an immediate family member who is a non-executive employee) who has received, during any twelve-month period within the past three years, more than \$120,000 in direct compensation from us (other than director fees and pension or other forms of deferred compensation for prior service that is not contingent in any way on continued service);
- The director or an immediate family member is a current partner of a firm that is our internal or external auditor or the director is a current employee of such a firm;
- The director has an immediate family member who is a current employee of a firm that is our internal or external auditor and who personally works on Sonoco's audit;
- The director or an immediate family member was within the last three years a partner or employee of our internal or external audit firm and personally worked on our audit within that time;
- The director or an immediate family member is, or in the past three years has been, an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee; or
- The director is a current employee of, or has an immediate family member who is a current executive officer of another company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

The following relationships will not be considered to be material relationships that would impair a director's independence:

- Being a current employee of, or having an immediate family member who is a current executive officer of another company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, is less than the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Sonoco will disclose in its proxy statement for its annual meeting of shareholders any charitable contributions by Sonoco to any tax exempt organization for which an independent director serves as an executive officer if, within the preceding three years, contributions from Sonoco to such organization in any single fiscal year exceeded the greater of \$1 million, or 2% of such tax exempt organization's gross revenues. The Board will also consider whether the existence of any such relationship impairs the director's independence.

Board Committees

The Board has established the following committees to assist in the discharge of its responsibilities: Audit, Executive Compensation, Corporate Governance and Nominating, Employee and Public Responsibility, Executive, and Financial Policy Committees, each of which operates pursuant to a written charter. The Board shall appoint the members to each committee based on recommendations of the Corporate Governance and Nominating Committee.

Audit Committee Additional Qualifications

In addition to the requirement that a majority of the Board must be independent, all members of the audit committee must be independent and also satisfy two additional independence requirements:

- Audit committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from Sonoco, other than in the member's capacity as a member of the full Board and any Board committee, and other than fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with Sonoco that is not contingent on continued service.
- Audit committee members must be independent under the rules of the New York Stock Exchange, Inc. and other applicable law or regulation.

All members of the audit committee should have broad business backgrounds and each member must be financially literate. At least one member of the audit committee must have accounting or related financial management expertise. The Board will make inquiries of each audit committee member to determine whether he or she meets the foregoing criteria.

Code of Ethics for CEO, CFO and other Key Finance Personnel

Sonoco has adopted a code of ethics for its Chief Executive Officer (the "CEO"), Chief Financial Officer (the "CFO"), Corporate Controller or principal accounting officer and Treasurer. Sonoco believes that the code identifies standards that will deter wrongdoing and promote honest and ethical conduct, full and accurate disclosures, compliance with governmental laws and prompt reporting of code violations to appropriate personnel. Any amendments to the Code, or any waiver constituting approval of, or tolerance of, a material departure from a provision of the code that applies to the CEO, CFO, Controller or Treasurer will be disclosed on Sonoco's website or in a Form 8-K filed with the Securities and Exchange Commission.

Director Responsibilities

First, and foremost, the Board expects that directors will, in good faith, discharge their duties as directors with the care ordinarily prudent persons in a like position would exercise under similar circumstances, in a manner they reasonably believe to be in the best interest of Sonoco and its shareholders.

The Board expects directors to regularly attend Board meetings and annual meetings of shareholders, and to inform themselves about Sonoco's business by reviewing information provided to them in advance of Board meetings. Directors are also normally expected to acquire and maintain a significant investment in Sonoco common stock and to increase that investment over time as follows: 3,000 shares, 5,000 shares and 8,000 shares after two, four and six years of service, respectively. Deferred Compensation Units are included in determining whether these guidelines have been met.

Directors' basic duties and responsibilities include:

- representing the long-term interests of the shareholders
- seeking to ensure that the interests of customers, employees, and the community are properly considered and served
- selecting, regularly evaluating and if necessary, replacing the Chief Executive Officer
- reviewing succession planning for senior management, with particular emphasis on appropriate succession planning for the CEO
- determining management compensation, and seeking to appropriately align it with the long-term interest of the shareholders
- reviewing, and where appropriate approving, the major strategies, financial goals and other objectives and plans of Sonoco
- seeking to ensure that management is managing effectively with such major strategies, financial goals and other objectives and plans, and is achieving results consistent with the overall competitive environment
- serving as a source of advice and counsel to management on significant issues facing Sonoco
- overseeing processes for evaluating the adequacy of internal controls, risk management, financial reporting, corporate compliance with federal, state and local regulations and laws, and seeking to satisfy itself as to the adequacy of such processes
- nominating directors and seeking to ensure that the structure and practices of the board provide for sound corporate governance
- being sensitive to maintaining the good reputation of Sonoco, its culture and values

Some of these duties and responsibilities will be discharged by committees of the Board to which the Board has delegated authority with respect to such matters.

Director Service Considerations

Sonoco's bylaws provide that a director will retire as a director on the director's 72nd birthday. The Board has also adopted a policy that, when a director's principal occupation or business association changes substantially, he or she should notify the Governance and Nominating Committee and offer his or her resignation. The Committee will then evaluate the facts and circumstances and make a recommendation to the Board whether to accept the resignation or to request that the director continue to serve on the Board.

In order to assure that directors are able to devote enough time to their duties as directors, the Board has adopted a policy that they should not serve on the boards of more than four other public companies (in addition to Sonoco's Board).

Director Access to Management and Resources

The Board believes that directors must have ready access to information about Sonoco in order to perform their functions in the best manner. Accordingly, directors shall have direct access to senior management personnel in all areas of Sonoco.

Directors also have access to Sonoco's legal counsel and other outside advisors. In addition, all of the committees of the Board have the right to retain their own legal counsel, experts and consultants to assist them with their responsibilities.

Director Compensation

Directors deserve to be compensated for the time and effort they devote to Sonoco. The Corporate Governance and Nominating Committee has the responsibility for recommending to the Board compensation and benefits for non-employee directors. Directors are compensated in the form of cash and non-cash compensation. Because Sonoco's directors have differing financial circumstances and goals, Sonoco provides directors with the choice of alternative forms of compensation.

In setting the amount of compensation to be paid, the Board takes into consideration the amount of time and effort required of directors, what other companies pay directors, what may be necessary to attract new directors who possess the characteristics desired for members of the Board and the ability of Sonoco to pay the compensation. Some of the compensation may be in the form of stock or stock equivalents. Since the value of stock or stock equivalents can vary, the use of such forms of payment tends to align the economic interests of the board members with those of Sonoco's shareholders. The amount of compensation each director receives for service as a director may vary as a result of committee assignments and additional responsibilities.

Related Party Transactions

The Board of Directors has established a Related Party Transaction Approval Policy that is administered by the Corporate Governance and Nominating Committee and applies to all of the Company's executive officers, directors, nominees for director, and beneficial owners of more than 5% of the Company's common stock (and members of such persons' immediate families). The Policy applies to any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds \$120,000 and the related party has a material direct or indirect interest.

As required under SEC rules, such transactions must be disclosed in the Company's proxy statement. The Committee will review proposed related party transactions at each of its quarterly meetings and approve only those transactions that it determines to be in the best interest of the Company. With respect to any transaction that the Committee reviews, the Committee may approve, ratify, revise or terminate the transaction and the Committee's approval shall continue for the duration of the transaction, or series of related transactions, unless the Committee determines otherwise or there is a material change in the circumstances of the transaction.

Annual Compensation Review of Senior Management

Each year, the Executive Compensation Committee will review and approve corporate goals and objectives relevant to the compensation of the CEO. The Committee will also evaluate the performance of the CEO in light of these goals and objectives and establish the CEO's compensation level based on this evaluation. The committee shall also approve the compensation

structure for the company's officers, and shall review the performance of senior executives as well as bonus and other incentive equity compensation.

Meetings of Non-Management Directors

The Board will schedule regular meetings of the non-management directors of the Company. Management will not be present at these meetings. The non-management directors may meet without management present at such other times as they determine. In addition, the Board will schedule an annual meeting of all independent directors.

Lead Director

The Company's by-laws provide that the chairman of the Corporate Governance and Nominating Committee, who is always an independent director, will simultaneously serve as Lead Director. The Lead Director is authorized to call meetings of the non-management directors, and has duties that include:

- presiding at any meeting of the Board at which the Chairman is not present
- presiding at executive sessions of the non-management directors
- conferring with the Chairman regarding (i) the information sent to the Board, (ii) the agenda for meetings of the Board, and (iii) the schedules for meetings of the Board to assure that there will be sufficient time to discuss agenda items
- being available for consultation and direct communication with major shareholders

Director Orientation and Continuing Education

Sonoco recognizes that a director's ability to fulfill the responsibilities of that position depend to some degree on the director's understanding of the duties and responsibilities of a director as well as the methods and techniques for discharging those duties and responsibilities. Sonoco also understands that, as the requirements for being a successful director evolve over time, there is a continuing need for a director's understanding to be refreshed.

Through the use of internal and external resources, Sonoco provides orientation for new directors and continuing education opportunities. Each director is required to participate in at least one continuing education program every three years whether presented by Sonoco, by other businesses with which the director is affiliated or by other third parties.

Management Succession

One of the most important responsibilities of directors is the selection of the Chief Executive Officer. To fulfill that responsibility, the Board annually evaluates the performance of the CEO. The evaluation is based on criteria such as Sonoco's business performance, accomplishment of strategic objectives and development of management. The evaluation helps the Board in determining whether the CEO should continue in that role.

To help the Board to be prepared to deal with the need to replace the CEO, the CEO is expected to recommend a person within Sonoco to be the CEO when the CEO retires, or to be the CEO in the event the CEO becomes temporarily or permanently unavailable, and to identify to the Board other members of senior management who have, or are expected to have, the ability to fill the role of CEO.

Annual Performance Evaluation of the Board

Sonoco believes that the Board of Directors should annually evaluate itself through the use of questionnaires and interviews with members of Sonoco's Corporate Governance and Nominating Committee. The purpose is to evaluate the Board's effectiveness, to seek ways to improve its effectiveness and to identify matters that would benefit from extra attention.

Annual Performance Reviews of Individual Directors

Sonoco also believes that the Board should annually review its individual members' participation in the Board activities and provide feedback for improvement. To that end, all members are asked for comments about the performance of individual directors. The Chair of the Governance Committee, the Governance Committee members and the Chairman of the Board identify any weaknesses of individual directors and discuss such weaknesses and means of improvement with the individuals concerned.

Majority Vote – Director Resignation Policy

It is the policy of the Board of Directors that, in an uncontested election, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her offer of resignation following certification of the shareholder vote. The Corporate Governance and Nominating Committee shall consider the resignation offer and recommend to the Board whether to accept it. The Board will act on the Corporate Governance and Nominating Committee's recommendation within 100 days following certification of the shareholder vote. Thereafter, the Board will promptly disclose its decision whether to accept the Director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a press release to be disseminated in the manner that Company press releases typically are distributed. Any Director who tenders his or her offer of resignation pursuant to this provision shall not participate in the Corporate Governance and Nominating Committee recommendation or Board action regarding whether to accept the resignation offer. However, if each member of the Corporate Governance and Nominating Committee received a Majority Withheld Vote at the same election, then the independent Directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. However, if the only Directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer Directors, all Directors may participate in the action regarding whether to accept the resignation offers. For purposes of this policy, an uncontested election is an election in which the number of nominees does not exceed the number of positions to be filled.