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

FORM 10-Q

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

For the quarterly period ended July 3, 2022

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 No. 001-11261

Sonoco Products Company
(Exact name of registrant as specified in its charter)

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

(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 LLC

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, a 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's no par value common stock as of July 22, 2022 was 97,506,056.

SONOCO PRODUCTS COMPANY

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(Dollars and shares in thousands)

	July 3, 2022	December 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	$ 174,996	$ 170,978
Trade accounts receivable, net of allowances	1,025,680	755,609
Other receivables	98,735	95,943
Inventories, net:		
Finished and in process	457,139	199,823
Materials and supplies	517,352	362,290
Prepaid expenses	102,582	74,034
	2,376,484	1,658,677
Property, Plant and Equipment, Net	1,628,818	1,297,500
Goodwill	1,658,358	1,324,501
Other Intangible Assets, Net	733,214	278,143
Deferred Income Taxes	23,026	25,818
Right of Use Asset-Operating Leases	296,643	268,390
Other Assets	272,967	220,206
Total Assets	$ 6,989,510	$ 5,073,235
Liabilities and Equity		
Current Liabilities		
Payable to suppliers	$ 938,934	$ 721,312
Accrued expenses and other	386,663	381,350
Notes payable and current portion of long-term debt	399,025	411,557
Accrued taxes	20,516	11,544
	1,745,138	1,525,763
Long-term Debt, Net of Current Portion	2,727,916	1,199,106
Noncurrent Operating Lease Liabilities	254,520	234,167
Pension and Other Postretirement Benefits	153,807	158,265
Deferred Income Taxes	130,421	70,482
Other Liabilities	41,317	35,911
Sonoco Shareholders' Equity		
Common stock, no par value		
Authorized 300,000 shares 97,495 and 97,370 shares issued and outstanding at July 3, 2022 and December 31, 2021, respectively	7,175	7,175
Capital in excess of stated value	128,332	119,690
Accumulated other comprehensive loss	(430,677)	(359,425)
Retained earnings	2,224,845	2,070,005
Total Sonoco Shareholders' Equity	1,929,675	1,837,445
Noncontrolling Interests	6,716	12,096
Total Equity	1,936,391	1,849,541
Total Liabilities and Equity	$ 6,989,510	$ 5,073,235

* The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (the "United States" or "U.S.").

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)
(Dollars and shares in thousands except per share data)

	Three Months Ended		Six Months Ended	
	July 3, 2022	**July 4, 2021**	**July 3, 2022**	**July 4, 2021**
Net sales	$ 1,913,332	$ 1,382,754	$ 3,684,314	$ 2,736,058
Cost of sales	1,526,331	1,120,101	2,925,748	2,195,504
Gross profit	387,001	262,653	758,566	540,554
Selling, general and administrative expenses	178,962	128,807	369,323	274,037
Restructuring/Asset impairment charges/(income)	10,563	(1,445)	22,705	5,401
Loss on divestiture of business	—	—	—	5,516
Operating profit	197,476	135,291	366,538	255,600
Non-operating pension costs	1,677	555,009	3,002	562,293
Interest expense	23,947	17,513	44,528	36,014
Interest income	786	2,719	2,302	3,489
Loss from the early extinguishment of debt	—	20,184	—	20,184
Income/(Loss) before income taxes	172,638	(454,696)	321,310	(359,402)
Provision for/(Benefit from) income taxes	44,599	(118,151)	79,888	(94,106)
Income/(Loss) before equity in earnings of affiliates	128,039	(336,545)	241,422	(265,296)
Equity in earnings of affiliates, net of tax	3,728	2,306	5,952	3,350
Net income/(loss)	131,767	(334,239)	247,374	(261,946)
Net (income)/loss attributable to noncontrolling interests	(95)	169	(369)	172
Net income/(loss) attributable to Sonoco	$ 131,672	$ (334,070)	$ 247,005	$ (261,774)
Weighted average common shares outstanding:				
Basic	97,999	100,082	97,961	100,571
Diluted	98,686	100,082	98,621	100,571
Per common share:				
Net income/(loss) attributable to Sonoco:				
Basic	$ 1.34	$ (3.34)	$ 2.52	$ (2.60)
Diluted	$ 1.33	$ (3.34)	$ 2.50	$ (2.60)

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)
(Dollars in thousands)

	Three Months Ended		Six Months Ended	
	July 3, 2022	**July 4, 2021**	**July 3, 2022**	**July 4, 2021**
Net income/(loss)	$ 131,767	$ (334,239)	$ 247,374	$ (261,946)
Other comprehensive (loss)/income:				
Foreign currency translation adjustments	(70,314)	12,596	(69,608)	(19,945)
Changes in defined benefit plans, net of tax	(1,928)	422,745	(1,737)	428,130
Changes in derivative financial instruments, net of tax	(2,090)	3,482	460	4,440
Other comprehensive (loss)/ income	$ (74,332)	$ 438,823	$ (70,885)	$ 412,625
Comprehensive income:	57,435	104,584	176,489	150,679
Less: Net (income)/loss attributable to noncontrolling interests	$ (95)	$ 169	$ (369)	$ 172
Less: Other comprehensive loss/(income) attributable to noncontrolling interests	$ 524	$ (759)	$ (367)	$ (239)
Comprehensive income attributable to Sonoco	$ 57,864	$ 103,994	$ 175,753	$ 150,612

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY (unaudited)
(Dollars in thousands)

	Total Equity	Common Shares Outstanding	Common Shares Amount	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests
December 31, 2020	$ 1,910,528	100,447	$ 7,175	$ 314,056	$ (756,842)	$ 2,335,216	$ 10,923
Net income/(loss)	72,293					72,297	(4)
Other comprehensive income/(loss):							
Translation loss	(32,541)				(32,021)		(520)
Defined benefit plan adjustment, net of tax	5,385				5,385		
Derivative financial instruments, net of tax	958				958		
Other comprehensive loss	$ (26,198)				$ (25,678)		$ (520)
Dividends	(45,510)					(45,510)	
Issuance of stock awards	364	245		364			
Shares repurchased	(5,051)	(85)		(5,051)			
Share-based compensation	6,372			6,372			
April 4, 2021	$ 1,912,798	100,607	$ 7,175	$ 315,741	$ (782,520)	$ 2,362,003	$ 10,399
Net loss	(334,239)					(334,070)	(169)
Other comprehensive income:							
Translation gain	12,596				11,837		759
Defined benefit plan adjustment, net of tax	422,745				422,745		
Derivative financial instruments, net of tax	3,482				3,482		
Other comprehensive income	$ 438,823				$ 438,064		$ 759
Dividends	(45,503)					(45,503)	
Issuance of stock awards	246	41		246			
Shares repurchased	(154,519)	(1,819)		(154,519)			
Share-based compensation	4,827			4,827			
July 4, 2021	$ 1,822,433	98,829	$ 7,175	$ 166,295	$ (344,456)	$ 1,982,430	$ 10,989

	Total Equity	Common Shares Outstanding	Common Shares Amount	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests
December 31, 2021	$ 1,849,541	97,370	$ 7,175	$ 119,690	$ (359,425)	$ 2,070,005	$ 12,096
Net income	115,607					115,333	274
Other comprehensive income/(loss):							
Translation income/(loss)	706				(185)		891
Defined benefit plan adjustment, net of tax	191				191		
Derivative financial instruments, net of tax	2,550				2,550		
Other comprehensive income	$ 3,447				$ 2,556		$ 891
Dividends	(44,124)					(44,124)	
Purchase of noncontrolling interest	(13,196)			(7,080)			(6,116)
Issuance of stock awards	377	182		377			
Shares repurchased	(3,410)	(60)		(3,410)			
Share-based compensation	10,689			10,689			
April 3, 2022	$ 1,918,931	97,492	$ 7,175	$ 120,266	$ (356,869)	$ 2,141,214	$ 7,145
Net income	131,767					131,672	95
Other comprehensive loss							
Translation loss	(70,314)				(69,790)		(524)
Defined benefit plan adjustment, net of tax	(1,928)				(1,928)		
Derivative financial instruments, net of tax	(2,090)				(2,090)		
Other comprehensive loss	$ (74,332)				$ (73,808)		$ (524)
Dividends	(48,041)					(48,041)	
Issuance of stock awards	263	13		263			
Shares repurchased	(574)	(10)		(574)			
Share-based compensation	8,377			8,377			
July 3, 2022	$ 1,936,391	97,495	$ 7,175	$ 128,332	$ (430,677)	$ 2,224,845	$ 6,716

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(Dollars in thousands)

	Six Months Ended	
	July 3, 2022	**July 4, 2021**
Cash Flows from Operating Activities:		
Net income	$ 247,374	$ (261,946)
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairments	9,683	4,852
Depreciation, depletion and amortization	145,952	121,792
Loss on early extinguishment of debt	—	20,184
Share-based compensation expense	19,065	11,199
Equity in earnings of affiliates	(5,952)	(3,350)
Cash dividends from affiliated companies	4,369	3,930
Net loss/(gain) on disposition of assets	(648)	(3,279)
Net loss on divestiture of businesses	—	5,516
Pension and postretirement plan expense	4,826	576,297
Pension and postretirement plan contributions	(30,843)	(162,352)
Net increase/(decrease) in deferred taxes	12,657	(154,242)
Change in assets and liabilities, net of effects from acquisitions and foreign currency adjustments:		
Trade accounts receivable	(174,064)	(104,925)
Inventories	(232,734)	(61,724)
Payable to suppliers	148,319	121,054
Prepaid expenses	(1,539)	(2,581)
Income taxes payable and other income tax items	26,447	7,965
Accrued expenses and other assets and liabilities	11,553	(16,437)
Net cash provided by operating activities	184,465	101,953
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(148,917)	(99,959)
Cost of acquisitions, net of cash acquired	(1,333,769)	(2,353)
Proceeds from the sale of businesses, net	—	86,071
Proceeds from the sale of assets	4,798	7,433
Other net investing proceeds	(2,376)	4,304
Net cash used in investing activities	(1,480,264)	(4,504)
Cash Flows from Financing Activities:		
Proceeds from issuance of debt	1,570,137	18,361
Principal repayment of debt	(51,142)	(259,225)
Net change in commercial paper	(91,000)	128,000
Net decrease in outstanding checks	(14,599)	(15,620)
Proceeds from foreign exchange forward contracts and interest rate swaps	—	4,387
Cash dividends	(91,525)	(90,401)
Purchase of noncontrolling interest	(14,474)	—
Excess cash costs of early extinguishment of debt	—	(20,111)
Payments for share repurchases	(3,984)	(159,571)
Net cash provided/(used) by financing activities	1,303,413	(394,180)
Effects of Exchange Rate Changes on Cash	(3,596)	(4,588)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,018	(301,319)
Cash and cash equivalents at beginning of period	170,978	564,848
Cash and cash equivalents at end of period	$ 174,996	$ 263,529

See accompanying Notes to Condensed Consolidated Financial Statements

Note 1: Basis of Interim Presentation

In the opinion of the management of Sonoco Products Company (the “Company” or “Sonoco”), the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise stated) necessary to state fairly the consolidated financial position, results of operations and cash flows for the interim periods reported herein. Operating results for the three- and six-month periods ended July 3, 2022, are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

With respect to the unaudited condensed consolidated financial information of the Company for the three- and six-month periods ended July 3, 2022 and July 4, 2021 included in this Form 10-Q, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated August 2, 2022 appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a “report” or a “part” of a registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

Note 2: New Accounting Pronouncements

In March 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 in this update also require that an entity disclose current-period gross writeoffs by year of origination for financing receivables and net investments in leases. The Company does not expect this pronouncement to materially affect its consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." Under current accounting standards, contract assets and contract liabilities acquired in a business combination are to be recorded at fair value using the ASC 805 measurement principle. ASU 2021-08 requires the acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606: Revenue from Contracts with Customers as if the acquirer had originated the contracts rather than at fair value. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company elected to early adopt ASU 2021-08 on a prospective basis as of January 1, 2022. The election to use practical expedients allowed under ASU 2021-08 will be applied on an acquisition-by-acquisition basis. There was no impact to the Company’s consolidated financial statements as of the adoption date.

During the six-month period ended July 3, 2022, there have been no other newly issued or newly applicable accounting pronouncements that have had, or are expected to have, a material impact on the Company’s financial statements. Further, at July 3, 2022, there are no other pronouncements pending adoption that are expected to have a material impact on the Company’s consolidated financial statements.

(Dollars and shares in thousands except per share data)

Note 3: Acquisitions and Divestitures

Acquisitions

On January 26, 2022, the Company completed the acquisition of Ball Metalpack Holding, LLC, 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. As previously disclosed, final consideration was subject to customary post-closing adjustments for working capital, cash and indebtedness and was finalized in the second quarter of 2022. The Company received cash from the sellers totaling $14,820, of which $6,924 was included in "Other receivables" in the Company's Condensed Consolidated Balance Sheet at April 3, 2022. Prior to the Company's acquisition of Metal Packaging, Ball Metalpack Holding, LLC 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. This acquisition fits the Company's strategy of investing in its core businesses as it complements the Company's largest Consumer Packaging franchise, global rigid paper containers, and further expands the Company's sustainable packaging portfolio to include metal packaging.

The Company's initial preliminary fair values of the assets acquired and the liabilities assumed in the Metal Packaging acquisition, as well as revised preliminary fair values reflecting measurement period adjustments made during the second quarter of 2022, are as follows:

	Initial Allocation	Measurement Period Adjustments	Revised Allocation
Trade accounts receivable	$ 123,001	$ —	$ 123,001
Inventories	190,070	575	190,645
Prepaid expenses	44,530	—	44,530
Property, plant and equipment	333,496	(418)	333,078
Right of use asset - operating leases	38,000	—	38,000
Other intangible assets	498,000	—	498,000
Goodwill	366,098	(10,151)	355,947
Other net tangible assets	48,069	(196)	47,873
Payable to suppliers	(105,580)	—	(105,580)
Accrued expenses and other	(25,253)	489	(24,764)
Notes payable and current portion of long-term debt	(46,463)	—	(46,463)
Noncurrent operating lease liabilities	(30,448)	—	(30,448)
Long-term debt	(39,543)	—	(39,543)
Deferred income taxes	(52,312)	1,805	(50,507)
Total purchase price, net of cash acquired	$ 1,341,665	$ (7,896)	$ 1,333,769

The allocation of the purchase price of Metal Packaging to the tangible and intangible assets acquired and liabilities assumed, as reflected under the heading "Revised Valuation" in the table above, is based on the Company's preliminary estimates of their fair value, 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; deferred income taxes; trade accounts receivable; and accrued expenses and other, and expects to complete its valuations within one year of the date of acquisition.

Factors comprising goodwill include increased access to certain markets as well as the value of the assembled workforce. Approximately 67% of goodwill is expected to be deductible for income tax purposes. Metal Packaging's financial results are included in the Company's Consumer Packaging segment.

The Company has accounted for this acquisition as a business combination under the acquisition method and has included the results of operations of the acquired business in the Company's Condensed Consolidated Statements of Income from the date of acquisition.

(Dollars and shares in thousands except per share data)

The following table presents the unaudited financial results for Metal Packaging for the three-month period ended July 3, 2022 and from the date of acquisition through July 3, 2022:

Supplemental Information (unaudited) Metal Packaging	Three Months Ended July 3, 2022	January 26 to July 3, 2022
Net sales	$ 291,332	$ 462,550
Net income	$ 30,428	$ 44,447

The following table presents the Company's estimated unaudited pro forma consolidated results for the three- and six-month periods ended July 3, 2022 and July 4, 2021, assuming the acquisition of Metal Packaging had occurred on January 1, 2021. This unaudited 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 (unaudited)	Three Months Ended		Six Months Ended	
Consolidated	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Net sales	$ 1,913,332	$ 1,573,964	$ 3,733,902	$ 3,123,580
Net income/(loss) attributable to Sonoco	$ 140,360	$ (337,526)	$ 305,240	$ (320,031)

The unaudited 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. Unaudited pro forma information for the three and six months ended July 3, 2022 and July 4, 2021 includes adjustments to depreciation, amortization, and income taxes based upon the preliminary 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 unaudited pro forma information as if the acquisition had occurred on January 1, 2021. Acquisition-related costs of $4,117 and $26,402 and charges related to fair value adjustments to acquisition-date inventory of $8,155 and $33,155 were recognized during the three- and six-month periods ended July 3, 2022, respectively. These costs are excluded from 2022 unaudited pro forma net income and are instead reflected in 2021 pro forma net income as though they were incurred on January 1, 2021.

Divestitures

As previously disclosed, 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 on April 4, 2021 for $80,000 in cash. 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. Its operations included eight manufacturing and fulfillment facilities and four sales and design centers.

The selling price was adjusted at closing for certain transaction expenses and for anticipated differences between targeted levels of working capital and the projected levels at the time of closing. Net cash proceeds of $79,704 were received on April 5, 2021 and the Company recognized a loss on the divestiture of this business of $5,516, before tax, in the first quarter of 2021. During the quarter ended October 3, 2021, the Company finalized the working capital settlement related to this sale. The settlement resulted in additional cash proceeds of $1,971 and the buyer's assumption of certain liabilities totaling $786. As a result, the Company recognized a reduction in the previously reported loss on the sale of this business of $2,757, before tax, in the third quarter of 2021, bringing the total loss on the sale of business to $2,759, before tax.

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.

Acquisition and Divestiture-Related Costs

Acquisition- and divestiture-related costs totaled $12,281 and $60,633 during the three- and six-month periods ended July 3, 2022, respectively, primarily related to the Metal Packaging acquisition. These costs include charges related to fair value adjustments to acquisition-date inventory totaling $8,155 and $33,155 during the three- and six-month periods ended July 3, 2022, respectively, which are included in "Cost of sales" in the Company's Condensed Consolidated Statements of Income. Other acquisition-related costs consisting primarily of investment banking fees, representation and warranty insurance premiums, legal and professional fees, and other transaction costs, totaled $4,126 and $27,478 during the three- and six-month periods ended July 3, 2022, respectively, and are included in "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income.

Acquisition and divestiture-related costs totaled $1,462 and $11,488 during the three- and six-month periods ended July 4, 2021, respectively. These costs, consisting primarily of legal and professional fees, are included in "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income.

Note 4: Shareholders' Equity

Earnings/(loss) per Share

The following table sets forth the computation of basic and diluted earnings/(loss) per share:

	Three Months Ended		Six Months Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Numerator:				
Net income/(loss) attributable to Sonoco	$ 131,672	$ (334,070)	$ 247,005	$ (261,774)
Denominator:				
Weighted average common shares outstanding:				
Basic	97,999	100,082	97,961	100,571
Dilutive effect of stock-based compensation	687	—	660	—
Diluted	98,686	100,082	98,621	100,571
Net income/(loss) attributable to Sonoco per common share:				
Basic	$ 1.34	$ (3.34)	$ 2.52	$ (2.60)
Diluted	$ 1.33	$ (3.34)	$ 2.50	$ (2.60)
Cash dividends	$ 0.49	$ 0.45	$ 0.94	$ 0.90

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 stock appreciation rights ("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. These SARs may become dilutive in the future if the market price of the Company's common stock appreciates.

The average numbers of SARs that were anti-dilutive and, therefore, not included in the computation of diluted earnings per share during the three- and six-month periods ended July 3, 2022 and July 4, 2021 were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Anti-dilutive stock appreciation rights	374	—	387	214

(Dollars and shares in thousands except per share data)

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 three- and six-month periods ended July 4, 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 following table sets forth the potentially dilutive securities excluded from the computation of diluted net loss per share during the three- and six-month periods ended July 4, 2021:

	Three Months Ended July 4, 2021	Six Months Ended July 4, 2021
Dilutive securities excluded due to reported loss	486	469

Stock Repurchases

On April 20, 2021, the Company's Board of Directors (the "Board") authorized the repurchase of the Company's common stock in an aggregate amount of up to $350,000. Following several repurchase transactions in 2021, a total of $137,972 remained available for share repurchases under this authorization as of December 31, 2021. No shares were purchased under this authorization during the six months ended July 3, 2022.

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 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 to be repurchased and retired were based on the Company's volume-weighted average share price during the repurchase period, less a discount and subject to certain adjustments. The financial institution could have elected to settle all or any part of the transaction at any time between July 9, 2021 and September 11, 2021. As of July 4, 2021, the unsettled portion of the ASR Agreement represented a forward contract indexed to the Company's own stock which was recognized within shareholders’ equity as "Capital in excess of stated value."

On May 6, 2021, the Company repurchased 54 shares for $3,615 from a private stockholder based upon the average closing stock price on that day. The cost of these share repurchases, as well as those related to the accelerated share agreement mentioned above, was allocated to "Capital in excess of stated value" on the Company's Condensed Consolidated Balance Sheet for the period ended July 4, 2021.

The Company regularly repurchases shares of its common stock to satisfy employee tax withholding obligations in association with certain share-based compensation awards. These repurchases, which are not part of a publicly announced plan or program, totaled 70 shares during the six months ended July 3, 2022, at a cost of $3,984, and 98 shares during the six months ended July 4, 2021, at a cost of $5,956.

Dividend Declarations

On April 20, 2022, the Board of Directors declared a regular quarterly dividend of $0.49 per share. This dividend was paid on June 10, 2022 to all shareholders of record as of May 10, 2022.

On July 20, 2022, the Board of Directors declared a regular quarterly dividend of $0.49 per share. This dividend is payable on September 9, 2022 to all shareholders of record as of August 10, 2022.

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 Condensed Consolidated Balance Sheet as of July 3, 2022.

(Dollars and shares in thousands except per share data)

Note 5: Restructuring and Asset Impairments

Due to its geographic footprint and the cost-competitive nature of its businesses, the Company is continually seeking the most cost-effective means and structure 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 and location of the restructuring activities.

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

	Three Months Ended		Six Months Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Restructuring and restructuring-related asset impairment charges/(income)	$ 6,857	$ (1,853)	$ 12,610	$ 844
Other asset impairments	3,706	408	10,095	4,557
Restructuring/Asset Impairment Charges/(Income)	$ 10,563	$ (1,445)	$ 22,705	$ 5,401

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

	Three Months Ended		Six Months Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Severance and Termination Benefits	$ 2,214	$ 2,438	$ 4,313	$ 3,866
Asset Impairments/(Gains from Disposal of Assets)	787	(5,621)	1,232	(6,485)
Other Costs	3,856	1,330	7,065	3,463
Restructuring and restructuring-related asset impairment charges/(income)	$ 6,857	$ (1,853)	$ 12,610	$ 844

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

	Three Months Ended		Six Months Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Consumer Packaging	$ 2,544	$ 173	$ 4,179	$ 1,258
Industrial Paper Packaging	1,007	(4,372)	2,355	(2,939)
All Other	(495)	2,355	(417)	2,520
Corporate	3,801	(9)	6,493	5
Restructuring and restructuring-related asset impairment charges/(income)	$ 6,857	$ (1,853)	$ 12,610	$ 844

Restructuring and restructuring-related asset impairment charges/(income) are included in “Restructuring/Asset impairment charges/(income)” in the Company's Condensed Consolidated Statements of Income.

(Dollars and shares in thousands except per share data)

The following table sets forth the activity in the restructuring accrual included in “Accrued expenses and other” on the Company’s Condensed Consolidated Balance Sheets:

Accrual Activity	Severance and Termination Benefits	Asset Impairments/ Disposal of Assets	Other Costs	Total
Liability at December 31, 2021	$ 10,917	$ —	$ 1,873	$ 12,790
2022 charges	4,313	1,232	7,065	12,610
Cash (payments)/receipts	(7,024)	4,076	(7,163)	(10,111)
Asset write downs/disposals	—	(5,308)	—	(5,308)
Foreign currency translation	(83)	—	(38)	(121)
Liability at July 3, 2022	$ 8,123	$ —	$ 1,737	$ 9,860

"Severance and Termination Benefits" during the first six months of 2022 includes the cost of severance for approximately 150 employees whose positions were eliminated in conjunction with the Company's ongoing organizational effectiveness efforts.

"Asset Impairments/Disposal of Assets" during the first six months of 2022 consists primarily of asset impairment charges related to plant closures in the Consumer Packaging and Industrial Paper Packaging segments, partially offset by a gain from the sale of a previously closed facility in our "All Other" group of businesses. Cash proceeds in the first six months of 2022 relate to the sale of this facility as well as the partial sale of a previously closed operation in Canada, part of the Industrial Paper Packaging segment.

“Other Costs” during the first six months of 2022 consists 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 2022 using cash generated from operations. The Company also expects to recognize future additional charges totaling approximately $2,300 in connection with previously announced restructuring actions and believes that the majority of these charges will be incurred and paid by the end of 2022. 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 $3,706 and $10,095 in the three and six months ended July 3, 2022, respectively.

The charges in the three and six months ended July 3, 2022 include net asset impairment charges totaling $3,452 and $9,165, respectively, resulting from the Company's decision in the first quarter of 2022 to exit its operations in Russia, consisting of two small tube and core plants in our Industrial Paper Packaging segment, as a result of the ongoing Russia-Ukraine conflict. 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. The charges also include $254 and $930 of fixed asset impairments in the Company's plastics foods operations, part of the Consumer Packaging segment, in the three and six months ended July 3, 2022, respectively. 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.

The Company recognized other asset impairment charges totaling $408 and $4,557 in the three and six months ended July 4, 2021, respectively. The year-to-date charges consist of fixed asset impairments totaling $2,158 in the Company's plastics foods operations, part of the Consumer Packaging segment, and $2,399 in the temperature-assured packaging business, part of the All Other group of businesses. The assets were impaired as the value of their projected undiscounted cash flows was determined to no longer be sufficient to recover their carrying value.

These impairment charges are included in “Restructuring/Asset impairment charges/(income)” in the Company’s Condensed Consolidated Statements of Income.

(Dollars and shares in thousands except per share data)

Note 6: Accumulated Other Comprehensive Loss

The following table summarizes the components of accumulated other comprehensive loss and the changes in the balances of each component of accumulated other comprehensive loss, net of tax as applicable, for the six months ended July 3, 2022 and July 4, 2021:

	Foreign Currency Items	Defined Benefit Pension Items	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	(73,722)	(3,893)	3,047	(74,568)
Amounts reclassified from accumulated other comprehensive loss to net income	3,747	2,156	(2,199)	3,704
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	(388)	(388)
Other comprehensive (loss)/income	(69,975)	(1,737)	460	(71,252)
Balance at July 3, 2022	$ (339,051)	$ (93,134)	$ 1,508	$ (430,677)
Balance at December 31, 2020	$ (194,024)	$ (562,747)	$ (71)	$ (756,842)
Other comprehensive (loss)/income before reclassifications	(20,184)	10,888	5,219	(4,077)
Amounts reclassified from accumulated other comprehensive loss to net loss	—	417,242	(733)	416,509
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	(46)	(46)
Other comprehensive (loss)/income	(20,184)	428,130	4,440	412,386
Balance at July 4, 2021	$ (214,208)	$ (134,617)	$ 4,369	$ (344,456)

(Dollars and shares in thousands except per share data)

The following table summarizes the effects on net income of significant amounts reclassified from each component of accumulated other comprehensive loss for the three- and six-month periods ended July 3, 2022 and July 4, 2021:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss — Three Months Ended July 3, 2022	Three Months Ended July 4, 2021	Six Months Ended July 3, 2022	Six Months Ended July 4, 2021	Affected Line Item in the Condensed Consolidated Statements of Income
Foreign currency items					
Loss on Russia restructuring[a]	$ (3,747)	—	$ (3,747)	—	Restructuring/Asset impairment charges
Gains/(losses) on cash flow hedges					
Foreign exchange contracts	843	1,489	1,866	1,829	Net sales
Foreign exchange contracts	(1,011)	(1,190)	(1,706)	(1,418)	Cost of sales
Commodity contracts	1,979	646	2,937	575	Cost of sales
	1,811	945	3,097	986	Income/(Loss) before income taxes
Income tax impact	(529)	(241)	(898)	(253)	Provision for/(Benefit from) income taxes
	1,282	704	2,199	733	Net income/(loss)
Defined benefit pension items					
Effect of settlement loss[b]	(74)	(547,631)	(430)	(547,631)	Non-operating pension costs
Amortization of defined benefit pension items[b]	(1,255)	(6,432)	(2,426)	(13,333)	Non-operating pension costs
	(1,329)	$ (554,063)	(2,856)	(560,964)	Income/(Loss) before income taxes
Income tax impact	335	142,090	700	143,722	Provision for/(Benefit from) income taxes
	(994)	$ (411,973)	(2,156)	(417,242)	Net income/(loss)
Total reclassifications for the period	$ (3,459)	$ (411,269)	$ (3,704)	$ (416,509)	Net income/(loss)

[a] See Note 5 for additional details.
[b] See Note 11 for additional details.

(Dollars and shares in thousands except per share data)

The following table summarizes the before and after tax amounts for the various components of other comprehensive income/(loss) for the three-month periods ended July 3, 2022 and July 4, 2021:

	Three months ended July 3, 2022			Three months ended July 4, 2021		
	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount
Foreign currency items:						
Other comprehensive (loss)/income before reclassifications	$ (73,537)	$ —	$ (73,537)	$ 11,837	$ —	$ 11,837
Amounts reclassified from accumulated other comprehensive loss to net income/(loss)[a]	3,747	—	3,747	—	—	—
Net other comprehensive (loss)/income from foreign currency items	(69,790)	—	(69,790) —	11,837	—	11,837
Defined benefit pension items:						
Other comprehensive (loss)/income before reclassifications	(3,907)	985	(2,922)	14,213	(3,441)	10,772
Amounts reclassified from accumulated other comprehensive loss to net income/(loss)[b]	1,329	(335)	994	554,063	(142,090)	411,973
Net other comprehensive (loss)/income from defined benefit pension items	(2,578)	650	(1,928)	568,276	(145,531)	422,745
Gains and losses on cash flow hedges:						
Other comprehensive income/(loss) before reclassifications	(474)	139	(335)	5,674	(1,452)	4,222
Amounts reclassified from accumulated other comprehensive loss to net income/(loss)	(1,811)	529	(1,282)	(945)	241	(704)
Amounts reclassified from accumulated other comprehensive loss to fixed assets	(668)	195	(473)	(49)	13	(36)
Net other comprehensive income/(loss) from cash flow hedges	(2,953)	863	(2,090)	4,680	(1,198)	3,482
Other comprehensive income/(loss)	$ (75,321)	$ 1,513	$ (73,808)	$ 584,793	$ (146,729)	$ 438,064

[a] See Note 5 for additional details.

[b] See Note 11 for additional details.

(Dollars and shares in thousands except per share data)

The following table summarizes the before and after tax amounts for the various components of other comprehensive income/(loss) for the six-month periods ended July 3, 2022 and July 4, 2021:

	Six months ended July 3, 2022			Six months ended July 4, 2021		
	Before Tax Amount	**Tax (Expense) Benefit**	**After Tax Amount**	**Before Tax Amount**	**Tax (Expense) Benefit**	**After Ta Amount**
Foreign currency items:						
Other comprehensive loss before reclassifications	$ (73,722)	$ —	$ (73,722)	$ (20,184)	$ —	$ (20,1
Amounts reclassified from accumulated other comprehensive loss to net income/(loss)[(a)]	3,747	—	3,747	—	—	
Net other comprehensive loss from foreign currency items	(69,975)	—	(69,975)	(20,184)	—	(20,1
Defined benefit pension items:						
Other comprehensive (loss)/income before reclassifications	(5,183)	1,290	(3,893)	14,364	(3,476)	10,8
Amounts reclassified from accumulated other comprehensive loss to net income/(loss)[(b)]	2,856	(700)	2,156	560,964	(143,722)	417,2
Net other comprehensive (loss)/income from defined benefit pension items	(2,327)	590	(1,737)	575,328	(147,198)	428,1
Gains and losses on cash flow hedges:						
Other comprehensive income/(loss) before reclassifications	4,271	(1,224)	3,047	7,012	(1,793)	5,2
Amounts reclassified from accumulated other comprehensive loss to net income/(loss)	(3,097)	898	(2,199)	(986)	253	(7
Amounts reclassified from accumulated other comprehensive loss to fixed assets	(552)	164	(388)	(62)	16	(
Net other comprehensive income/(loss) from cash flow hedges	622	(162)	460	5,964	(1,524)	4,4
Other comprehensive income/(loss)	$ (71,680)	$ 428	$ (71,252)	$ 561,108	$ (148,722)	$ 412,3

[(a)] See Note 5 for additional details.

[(b)] See Note 11 for additional details.

Note 7: Goodwill and Other Intangible Assets

Goodwill

A summary of the changes in goodwill for the six months ended July 3, 2022 is as follows:

	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Goodwill at December 31, 2021	$ 572,416	$ 367,780	$ 384,305	$ 1,324,501
2022 Acquisitions	366,098	—	—	366,098
Foreign currency translation	(10,377)	(8,918)	(2,795)	(22,090)
Measurement period adjustments	(10,151)	—	—	(10,151)
Goodwill at July 3, 2022	$ 917,986	$ 358,862	$ 381,510	$ 1,658,358

Goodwill activity reflected under the captions "2022 Acquisitions" and "Measurement period adjustments" relate to the January 26, 2022 acquisition of Metal Packaging. 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 2021, 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 of the Plastics - Healthcare reporting unit 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.

Although beginning to benefit from economic recovery, the results of the Plastics - Healthcare reporting unit have been negatively impacted by end-market weakness due to the COVID-19 pandemic. In addition, the unit is facing near-term headwinds from higher raw material and other cost increases. Assuming COVID-19 infection rates continue to decline, management expects market demand will improve throughout 2022 and that selling price increases and/or cost reductions, including restructuring actions and investments in production efficiency projects, will mitigate the impacts of recent raw material and other cost inflation. However, should it become apparent that the ongoing post-COVID-19 recovery is likely to be significantly weaker, delayed, or prolonged compared to management’s current expectations, significant negative price/cost relationships will persist over the long-term, profit margins do not improve as expected, or other assumptions change, such as the discount rate, goodwill impairment charges may be possible in the future.

In the annual goodwill impairment analysis completed during the third quarter of 2021, projected future cash flows for the Plastics - Healthcare reporting unit were discounted at 8.3% and its estimated fair value was determined to exceed its carrying value by approximately 13.3%. Based on the discounted cash flow model and holding other valuation assumptions constant, projected operating profits across all future periods would have to be reduced approximately 13.0%, or the discount rate increased to 9.3%, in order for the estimated fair value of the reporting unit to fall below carrying value. Total goodwill associated with this reporting unit was $62,404 at July 3, 2022.

During the time subsequent to the annual evaluation, and at July 3, 2022, 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 and/or changes in circumstances have occurred.

(Dollars and shares in thousands except per share data)

Other Intangible Assets

A summary of other intangible assets as of July 3, 2022 and December 31, 2021 is as follows:

	July 3, 2022	December 31, 2021
Other Intangible Assets, gross:		
Patents	$ 29,307	$ 29,315
Customer lists	1,048,443	592,195
Trade names	31,837	32,043
Proprietary technology	57,728	22,846
Other	2,777	2,807
Total Other Intangible Assets, gross	$ 1,170,092	$ 679,206
Accumulated Amortization:		
Patents	$ (17,099)	$ (16,275)
Customer lists	(379,576)	(347,274)
Trade names	(15,042)	(14,106)
Proprietary technology	(23,117)	(21,394)
Other	(2,044)	(2,014)
Total Accumulated Amortization	$ (436,878) -436878000	$ (401,063)
Other Intangible Assets, net	$ 733,214	$ 278,143

The acquisition of Metal Packaging on January 26, 2022 resulted in the addition of $498,000 of intangible assets, primarily customer lists and proprietary technology, which are expected to be amortized over their average useful lives of approximately 13.6 years. See Note 3 for additional information about the Metal Packaging acquisition.

Other Intangible Assets are amortized on a straight-line basis over their respective useful lives, which generally range from three to forty years. The Company has no intangible assets with indefinite lives.

Aggregate amortization expense was $20,871 and $12,111 for the three months ended July 3, 2022 and July 4, 2021, respectively, and $39,671 and $24,860 for the six months ended July 3, 2022 and July 4, 2021, respectively. Amortization expense on other intangible assets is expected to total approximately $81,200 in 2022, $79,500 in 2023, $71,400 in 2024, $60,900 in 2025 and $57,900 in 2026.

Note 8: Debt

Details of the Company's debt at July 3, 2022 and December 31, 2021 are as follows:

	July 3, 2022	December 31, 2021
Commercial paper	$ 258,000	$ 349,000
Syndicated term loan due February 2025	299,559	—
1.800% notes due February 2025	397,978	—
2.250% notes due February 2027	297,654	—
2.850% notes due February 2032	495,004	—
3.125% notes due May 2030	595,629	595,342
5.750% notes due November 2040	536,198	536,182
Other foreign denominated debt	42,745	55,432
Finance lease obligations	107,521	60,282
Other debt	96,653	14,425
Total debt	$ 3,126,941	$ 1,610,663
Less current portion and short-term notes	399,025	411,557
Long-term debt	$ 2,727,916	$ 1,199,106

(Dollars and shares in thousands except per share data)

On January 21, 2022, the Company completed a registered public offering of green bonds with an aggregate principal amount of $1,200,000. These unsecured notes (the "Notes") consisted of the following:

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

The Notes are senior unsecured obligations and rank equal in right of payment to the Company's other senior unsecured debt from time to time outstanding. The indenture governing the Notes contains certain covenants with respect to the Company that, among other things, restrict the entry into additional secured indebtedness, sale and leaseback transactions and certain mergers, consolidations and transfers of all or substantially all of the Company's assets. The Company used an amount equal to the net proceeds from the Notes to partially fund the January 26, 2022 acquisition of Metal Packaging.

Also on January 21, 2022, the Company entered into a $300,000 three-year term loan facility (the "Term Loan Facility") with a syndicate of eight banks. The full $300,000 was drawn from this facility on January 26, 2022, and the proceeds used to partially fund the acquisition of Metal Packaging. Interest is assessed at the Secured Overnight Financing Rate ("SOFR") plus a margin based on a pricing grid that uses the Company's credit ratings. The current SOFR margin is 122.5 basis points. There is no required amortization and repayment can be accelerated at any time without penalty at the Company's discretion. Borrowings under the Term Loan Facility mature on January 27, 2025.

On April 28, 2021, the Company commenced a cash tender offer to purchase up to $300,000 of the $600,000 then-outstanding principal amount of its 5.750% notes due November 2040. Upon expiration of the tender offer on May 25, 2021, the Company repurchased 10.53% of its outstanding 5.750% notes for a total cash cost of $81,961, as shown below:

	Principal Amount Tendered	Premium and Other Amounts Paid	Total Cash Paid
5.750% 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 5.750% 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 during each of the three- and six-month periods ended July 4, 2021.

The Company's 150,000 euro-denominated loan, which bore 1% annual interest, matured on May 25, 2021, and a U.S. dollar equivalent cash payment of $177,780 was made to settle the debt. On April 7, 2021, the Company entered into two forward contracts to buy a total of 150,000 euros in order to manage foreign currency risk related to the Company's funding of the debt repayment upon maturity. The Company recognized a gain of $4,387 upon the May 21, 2021 maturity of these forward contracts. The gain is included in "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income for the three and six months ended July 4, 2021 and the proceeds from the settlement of the contracts and the debt maturity payment are reflected in "Net cash provided/(used) by financing activities" in the Company's Condensed Consolidated Statement of Cash Flows for the six months ended July 4, 2021.

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 July 3, 2022, the Company's interest coverage and net worth were substantially above the minimum levels required under these covenants.

Note 9: 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.

	July 3, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, net of current portion	$ 2,727,916	$ 2,569,487	$ 1,199,106	$ 1,434,711

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 July 3, 2022 and December 31, 2021, 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 to 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 July 3, 2022, these contracts included natural gas swaps covering approximately 1.1 million MMBTUs. These contracts represented approximately 25% of anticipated usage in North America for the remainder of 2022, and 1% of anticipated usage in both 2023 and 2024. The Company also has certain natural gas hedges that it does not treat as cash flow hedges. See "Non-Designated Derivatives" below for a discussion of these hedges. At July 3, 2022, the Company had designated swap contracts covering 84 metric tons of aluminum as cash flow hedges. These contracts represented approximately 3% of anticipated aluminum usage for the remainder of 2022. The fair value of the Company's commodity cash flow hedges netted to a gain position of $2,700 and $1,491 at July 3, 2022 and December 31, 2021, respectively. The amount of the gain included in Accumulated Other Comprehensive Income at July 3, 2022 expected to be reclassified to the income statement during the next twelve months is $2,696.

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 2022 and 2023. The net positions of these contracts at July 3, 2022 were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	13,591,224
Mexican peso	purchase	244,790
Polish zloty	purchase	44,467
Czech koruna	purchase	33,398
Euro	purchase	10,449
Turkish lira	purchase	9,356
Canadian dollar	purchase	7,809
British pound	purchase	1,005
Brazilian real	sell	(6,286)

The fair value of foreign currency cash flow hedges related to forecasted sales and purchases netted to a gain position of $379 and $336 at July 3, 2022 and December 31, 2021, respectively. Gains of $379 are expected to be reclassified from accumulated other comprehensive loss to the income statement during the next twelve months. In addition, the Company has entered into forward contracts to hedge certain foreign currency cash flow transactions related to construction in progress. As of July 3, 2022 and December 31, 2021, the net position of these contracts was $(938) and $(457), respectively. During the six months ended July 3, 2022, losses from these hedges totaling $657 were reclassified from accumulated other comprehensive loss and included in the carrying value of the capitalized expenditures. Losses of $875 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.

Non-Designated Derivatives

The Company routinely enters into other derivative contracts which are not designated for hedge accounting treatment under ASC 815. 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 July 3, 2022, were as follows (in thousands):

Currency	**Action**	**Quantity**
Colombian peso	purchase	31,847,040
Indonesian rupiah	purchase	30,335,671
Mexican peso	purchase	388,269
Turkish lira	purchase	36,904
Thai baht	purchase	9,251
Canadian dollar	purchase	4,026
Euro	purchase	20

Commodity Hedges

The Company has entered into non-designated derivative contracts to manage the cost of anticipated purchases of natural gas. At July 3, 2022, these contracts consisted of natural gas swaps covering approximately 5.3 million MMBTUs and represented approximately 46% of anticipated usage in North America for the remainder of 2022, and 27% and 17% of anticipated usage in 2023 and 2024, respectively.

Interest Rate Hedges

Pursuant to the registered public offering of unsecured 2.850% notes with a principal amount of $500,000 maturing on February 1, 2032, the Company entered into treasury lock derivative instruments with two banks, with a notional principal amount of $150,000 each on December 29, 2021. These instruments had the risk management objective of reducing exposure to the Company of increases in the underlying Treasury index up to the date of pricing of the notes. The fair value of the contracts was a net loss position of $(550) at December 31, 2021. 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 Condensed Consolidated Statements of Income for the six months ended July 3, 2022.

The fair value of the Company’s non-designated derivatives position was a gain of $3,679 and $92 at July 3, 2022 and December 31, 2021, respectively.

(Dollars and shares in thousands except per share data)

The following table sets forth the location and fair values of the Company's derivative instruments at July 3, 2022 and December 31, 2021:

Description	Balance Sheet Location	July 3, 2022	December 31, 2021
Derivatives designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	$ 2,822	$ 1,599
Commodity Contracts	Other assets	$ 5	$ —
Commodity Contracts	Accrued expenses and other	$ (127)	$ (108)
Foreign Exchange Contracts	Prepaid expenses	$ 936	$ 848
Foreign Exchange Contracts	Accrued expenses and other	$ (1,432)	$ (969)
Foreign Exchange Contracts	Other liabilities	$ (63)	$ —
Derivatives not designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	$ 4,688	$ 1,815
Commodity Contracts	Other assets	$ 197	$ —
Commodity Contracts	Accrued expenses and other	$ —	$ (1,132)
Commodity Contracts	Other liabilities	$ (957)	$ —
Foreign Exchange Contracts	Prepaid expenses	$ 26	$ 135
Foreign Exchange Contracts	Accrued expenses and other	$ (275)	$ (176)
Interest Rate Lock Contract	Accrued expenses and other	$ —	$ (550)

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 three months ended July 3, 2022 and July 4, 2021, excluding the amount of 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:			
Three months ended July 3, 2022			
Foreign Exchange Contracts	$ (1,324)	Net sales	$ 843
		Cost of sales	$ (1,011)
Commodity Contracts	$ 850	Cost of sales	$ 1,979
Three months ended July 4, 2021			
Foreign Exchange Contracts	$ 751	Net sales	$ 1,489
		Cost of sales	$ (1,190)
Commodity Contracts	$ 4,847	Cost of sales	$ 646

Description	Gain or (Loss) Recognized	Location of Gain or (Loss) Recognized in Income Statement
Derivatives not Designated as Hedging Instruments:		
Three months ended July 3, 2022		
Commodity Contracts	$ 506	Cost of sales
Foreign Exchange Contracts	$ (1,142)	Selling, general and administrative
Three months ended July 4, 2021		
Commodity Contracts	$ 56	Cost of sales
Foreign Exchange Contracts	$ 220	Selling, general and administrative

(Dollars and shares in thousands except per share data)

Description	Three months ended July 3, 2022 Revenue	Three months ended July 3, 2022 Cost of sales	Three months ended July 4, 2021 Revenue	Three months ended July 4, 2021 Cost of sales
Total amount of income and expense line items presented in the Condensed Consolidated Statements of Income	$ 843	$ 968	$ 1,489	$ (544)
Gain or (loss) on cash flow hedging relationships:				
Foreign exchange contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive loss into net income	$ 843	$ (1,011)	$ 1,489	$ (1,190)
Commodity contracts:				
Amount of gain reclassified from accumulated other comprehensive loss into net income	$ —	$ 1,979	$ —	$ 646

(Dollars and shares in thousands except per share data)

The following tables set forth the effect of the Company's derivative instruments on financial performance for the six months ended July 3, 2022 and July 4, 2021, excluding the amount of 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:			
Six months ended July 3, 2022			
Foreign Exchange Contracts	$ 88	Net sales	$ 1,866
		Cost of sales	$ (1,706)
Commodity Contracts	$ 4,183	Cost of sales	$ 2,937
Six months ended July 4, 2021			
Foreign Exchange Contracts	$ 563	Net sales	$ 1,829
		Cost of sales	$ (1,418)
Commodity Contracts	$ 6,601	Cost of sales	$ 575

Description	Gain or (Loss) Recognized	Location of Gain or (Loss) Recognized in Income Statement
Derivatives not Designated as Hedging Instruments:		
Six months ended July 3, 2022		
Commodity Contracts	$ 7,498	Cost of sales
Foreign Exchange Contracts	$ 201	Selling, general and administrative
Six months ended July 4, 2021		
Commodity Contracts	$ 434	Cost of sales
Foreign Exchange Contracts	$ (405)	Selling, general and administrative

	Six months ended July 3, 2022		Six months ended July 4, 2021	
Description	**Revenue**	**Cost of sales**	**Revenue**	**Cost of sales**
Total amount of income and expense line items presented in the Condensed Consolidated Statements of Income	$ 1,866	$ 1,231	$ 1,829	$ (843)
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	$ 1,866	$ (1,706)	$ 1,829	$ (1418)
Commodity contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$ —	$ 2,937	$ —	$ 575

(Dollars and shares in thousands except per share data)

Note 10: 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 per share (NAV) are not required to be categorized within the fair value hierarchy.

The following table sets forth information regarding the Company's financial assets and financial liabilities, excluding retirement and postretirement plan assets, measured at fair value on a recurring basis:

Description	July 3, 2022	Assets measured at NAV	Level 1	Level 2	Level 3
Hedge derivatives, net:					
Commodity contracts	$ 2,700	$ —	$ —	$ 2,700	$ —
Foreign exchange contracts	$ (559)	$ —	$ —	$ (559)	$ —
Non-hedge derivatives, net:					
Commodity contracts	$ 3,928	$ —	$ —	$ 3,928	$ —
Foreign exchange contracts	$ (249)	$ —	$ —	$ (249)	$ —

Description	December 31, 2021	Assets measured at NAV	Level 1	Level 2	Level 3
Hedge derivatives, net:					
Commodity contracts	$ 1,491	$ —	$ —	$ 1,491	$ —
Foreign exchange contracts	$ (121)	$ —	$ —	$ (121)	$ —
Non-hedge derivatives, net:					
Commodity contracts	$ 683	$ —	$ —	$ 683	$ —
Foreign exchange contracts	$ (41)	$ —	$ —	$ (41)	$ —
Interest rate lock contract	$ (550)	$ —	$ —	$ (550)	$ —

As discussed in Note 9, 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 non-financial 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 three- and six-month periods ended July 3, 2022.

(Dollars and shares in thousands except per share data)

Note 11: 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:

	Three Months Ended		Six Months Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Retirement Plans				
Service cost	$ 837	$ 1,020	$ 1,663	$ 1,981
Interest cost	2,671	9,657	5,381	19,764
Expected return on plan assets	(2,278)	(8,650)	(5,143)	(18,311)
Amortization of prior service cost	232	235	453	461
Amortization of net actuarial loss	1,181	6,378	2,316	13,249
Effect of settlement loss	74	547,631	430	547,631
Net periodic benefit cost	$ 2,717	$ 556,271	$ 5,100	$ 564,775
Retiree Health and Life Insurance Plans				
Service cost	$ 79	$ 95	$ 161	$ 189
Interest cost	66	50	130	100
Expected return on plan assets	(110)	(111)	(222)	(224)
Amortization of net actuarial gain	(158)	(181)	(343)	(377)
Net periodic benefit income	$ (123)	$ (147)	$ (274)	$ (312)

Settlement Charges

The Company recognized settlement charges of $430 and $340 during the six months ended July 3, 2022 and July 4, 2021, respectively. These charges 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. Additional settlement charges related to the Canadian pension plans may be recognized over the remainder of 2022 as a result of ongoing lump-sum distributions.

The Company terminated the Sonoco Pension Plan for Inactive Participants (the "Inactive Plan"), a tax-qualified defined benefit plan, effective September 30, 2019, and settled the liabilities of the Inactive Plan in the second quarter of 2021 through a combination of lump-sum payments and the purchase of group annuity contracts. Non-cash, pre-tax settlement charges totaling $547,291 were recognized in the second quarter of 2021 as the lump sum payouts and annuity purchases were made.

Contributions

The Company made aggregate contributions of $8,895 and $139,687 to its defined benefit retirement and retiree health and life insurance plans during the six months ended July 3, 2022 and July 4, 2021, respectively. The 2021 contributions include $133,000 contributed to the Inactive Plan during the second quarter of 2021 in order for it to be fully funded upon final settlement. The Company expects to make additional aggregate contributions of approximately $6,800 to its defined benefit retirement and retiree health and life insurance plans over the remainder of 2022.

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. The plan is 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 January 1, 2022, the Company's match on elective contributions to the plan increased from 50% of the first 4% of compensation contributed by participants to 100% of the first 6% as a result of changes to the plan, described below.

The non-elective component of the plan, the Sonoco Retirement Contribution ("SRC"), was eliminated effective January 1, 2022. The SRC provided for an annual Company contribution equal to 4% of the participant's eligible pay plus 4% of eligible pay in excess of the social security wage base to eligible participant accounts. SRC contributions were funded annually in the first quarter, following the year in which the benefit was earned. SRC contributions totaled $21,948 and $22,665 during the six months ended July 3, 2022 and July 4, 2021, respectively. No additional SRC contributions will occur. The Company recognized expense related to the SRC of $5,499 and $11,834 for the three- and six-month periods ended July 4, 2021.

Note 12: Income Taxes

The Company’s effective tax rates for the three- and six-month periods ended July 3, 2022 were 25.8% and 24.9%, respectively, and its rates for the three- and six-month periods ended July 4, 2021 were 26.0% and 26.2%, respectively. The Company's effective tax rates varied from the U.S. statutory rate due primarily to rate differences between U.S. and non-U.S. jurisdictions and the relative amounts earned in those jurisdictions, state income taxes, and discrete tax adjustments that were not consistent year over year. The lower 2022 rate was primarily driven by the absence of the 2021 pension settlement charge and the 2022 release of valuation allowances on the Company's state net operating loss carryforwards resulting from the increase in projected earnings associated with the Metal Packaging acquisition.

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 prior to 2015.

The Company’s reserve for uncertain tax benefits has increased by $1,000 since December 31, 2021 due primarily to an increase in reserves related to existing tax positions. The Company believes that it is reasonably possible that the amount reserved for unrecognized tax benefits at July 3, 2022 could increase by approximately $200 over the next twelve months. 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 Company’s effective tax rate may fluctuate significantly on a quarterly basis. The Company has operations and pays taxes in many countries outside of the U.S. and taxes 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 the loss of such benefit would have a material effect on the Company’s overall effective tax rate.

Note 13: 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. 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.

As the implicit rate in the Company's leases is normally not readily determinable, the Company generally 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.

The Company completed the acquisition of Metal Packaging on January 26, 2022. The acquisition included both 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 the acquisition.

(Dollars and shares in thousands except per share data)

The following table sets forth the balance sheet location and aggregate values of the Company's lease assets and lease liabilities at July 3, 2022 and December 31, 2021:

Classification	Balance Sheet Location	July 3, 2022	December 31, 2021
Lease Assets			
Operating lease assets	Right of Use Asset - Operating Leases	$ 296,643	$ 268,390
Finance lease assets	Other Assets	108,606	55,826
Total lease assets		$ 405,249	$ 324,216
Lease Liabilities			
Current operating lease liabilities	Accrued expenses and other	$ 48,968	$ 45,305
Current finance lease liabilities	Notes payable and current portion of debt	15,583	6,952
Total current lease liabilities		$ 64,551	$ 52,257
Noncurrent operating lease liabilities	Noncurrent Operating Lease Liabilities	$ 254,520	$ 234,167
Noncurrent finance lease liabilities	Long-term Debt, Net of Current Portion	91,938	53,330
Total noncurrent lease liabilities		$ 346,458	$ 287,497
Total lease liabilities		$ 411,009	$ 339,754

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 assets recorded on the balance sheet were determined based upon factors considered at the commencement date of the leases, 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 three- and six-month periods ended July 3, 2022 and July 4, 2021:

		Three Months Ended		Six Months Ended	
Lease Cost		**July 3, 2022**	**July 4, 2021**	**July 3, 2022**	**July 4, 2021**
Operating lease cost	(a)	$ 13,251	$ 11,902	$ 26,048	$ 25,097
Finance lease cost:					
Amortization of lease asset	(a)	3,278	1,332	5,989	2,657
Interest on lease liabilities	(b)	1,281	337	2,247	630
Variable lease cost	(a) (c)	7,167	6,689	14,522	12,773
Total lease cost		$ 24,977	$ 20,260	$ 48,806	$ 41,157

(a) Production-related and administrative amounts are included in cost of sales and selling, general and administrative expenses, respectively.
(b) Included in interest expense.
(c) Also includes short term lease costs, which are deemed immaterial.

(Dollars and shares in thousands except per share data)

The following table sets forth certain lease-related information for the six-month periods ended July 3, 2022 and July 4, 2021:

	Six Months Ended	
	July 3, 2022	July 4, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used by operating leases	$ 26,295	$ 26,620
Operating cash flows used by finance leases	$ 2,247	$ 630
Financing cash flows used by finance leases	$ 6,019	$ 2,156
Noncash investing and financing activities:		
Leased assets obtained in exchange for new operating lease liabilities	$ 22,046	$ 6,705
Leased assets obtained in exchange for new finance lease liabilities	$ 7,511	$ 5,879
Modification to leased assets for (decrease) increase in operating lease liabilities	$ (4,139)	$ 6,845
Modification to leased assets for increase in finance lease liabilities	$ 14	$ 9,586
Termination reclasses to decrease operating lease assets	$ (3,230)	$ (4,319)
Termination reclasses to decrease operating lease liabilities	$ (3,109)	$ (4,336)
Termination reclasses to decrease finance lease assets	$ (386)	$ (21)
Termination reclasses to decrease finance lease liabilities	$ (9)	$ (23)

(Dollars and shares in thousands except per share data)

Note 14: Revenue Recognition

The Company records revenue when control is transferred to the customer, which is either upon shipment or over time in cases where the Company is entitled to payment with margin for products produced that are customer specific without alternative use. The Company recognizes over time revenue under the input method as goods are produced. Revenue that is recognized at a point in time is recognized when the customer obtains control of the goods. Customers obtain control either when goods are delivered to the customer facility, if the Company is responsible for arranging transportation, or when picked up by the customer's designated carrier. 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 included in "Cost of Sales," and freight charged to customers is included in "Net Sales" in the Company's Condensed Consolidated Statements of Income.

The Company has rebate agreements with certain customers. These rebates are recorded as reductions of revenue 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 Condensed Consolidated Balance Sheets.

Payment terms under the Company's sales arrangements are short term, generally no longer than 120 days. The Company does provide prompt payment discounts to certain customers if invoices are paid within a predetermined period. Prompt payment discounts are treated as a reduction of revenue and are determinable within a short time period following the sale.

The following tables set forth the effects of contract assets and liabilities from contracts with customers. Contract assets and liabilities are reported in "Other receivables" and "Accrued expenses and other," respectively, on the Company's Condensed Consolidated Balance Sheets.

	July 3, 2022	December 31, 2021
Contract Assets	$ 65,377	$ 51,106
Contract Liabilities	$ (25,631)	$ (18,993)

Significant changes in the contract assets and liabilities balances during the six months ended July 3, 2022 and the year ended December 31, 2021 were as follows:

	July 3, 2022		December 31, 2021	
	Contract Asset	Contract Liability	Contract Asset	Contract Liability
Beginning Balance	$ 51,106	$ (18,993)	$ 48,390	$ (16,687)
Revenue deferred or rebates accrued	—	(32,207)	—	(36,527)
Recognized as revenue		10,656		7,238
Rebates paid to customers	—	20,330	—	26,983
Increases due to rights to consideration for customer specific goods produced, but not billed during the period	57,270	—	51,106	—
Transferred to receivables from contract assets recognized at the beginning of the period	(51,106)	—	(48,390)	—
Acquired as part of a business combination	8,107	(5,417)	—	—
Ending Balance	$ 65,377	$ (25,631)	$ 51,106	$ (18,993)

Contract assets and liabilities are generally short in duration given the nature of products produced by the Company. 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 payments received in advance. For multi-year arrangements with pricing mechanisms, the Company will generally defer revenue during the first half of the arrangement and will release the deferral over the back half of the contract term. The Company's reportable segments are aligned by product nature as disclosed in Note 15.

(Dollars and shares in thousands except per share data)

The following tables set forth information about revenue disaggregated by primary geographic regions for the three-month periods ended July 3, 2022 and July 4, 2021. The tables also include a reconciliation of disaggregated revenue with reportable segments.

Three months ended July 3, 2022	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States	$ 791,096	$ 436,680	$ 161,587	$ 1,389,363
Europe	109,910	117,376	22,563	249,849
Canada	27,980	29,312	—	57,292
Asia	23,407	76,803	270	100,480
Other	37,589	67,231	11,528	116,348
Total	$ 989,982	$ 727,402	$ 195,948	$ 1,913,332

Three months ended July 4, 2021	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States	$ 413,576	$ 346,367	$ 142,236	$ 902,179
Europe	110,248	104,238	21,930	236,416
Canada	30,193	23,985	—	54,178
Asia	18,375	78,189	279	96,843
Other	25,411	55,753	11,974	93,138
Total	$ 597,803	$ 608,532	$ 176,419	$ 1,382,754

(Dollars and shares in thousands except per share data)

The following tables set forth information about revenue disaggregated by primary geographic regions for the six-month periods ended July 3, 2022 and July 4, 2021. The tables also include a reconciliation of disaggregated revenue with reportable segments.

Six months ended July 3, 2022	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States	$ 1,445,511	$ 853,965	$ 327,660	$ 2,627,136
Europe	230,080	234,203	46,689	510,972
Canada	59,188	56,481	—	115,669
Asia	49,041	150,422	563	200,026
Other	74,261	131,458	24,792	230,511
Total	$ 1,858,081	$ 1,426,529	$ 399,704	$ 3,684,314

Six months ended July 4, 2021	Consumer Packaging	Industrial Paper Packaging	All Other	Total
Primary Geographical Markets:				
United States	$ 811,373	$ 671,589	$ 316,967	$ 1,799,929
Europe	225,428	200,922	43,339	469,689
Canada	56,336	45,031	—	101,367
Asia	39,528	151,561	520	191,609
Other	47,891	104,826	20,747	173,464
Total	$ 1,180,556	$ 1,173,929	$ 381,573	$ 2,736,058

Note 15: 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 Consumer Packaging segment primarily serves prepared and fresh food markets along with other packaging for consumer products. 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 containers; steel tinplate cans and aerosol containers; thermoformed plastic trays and containers; and flexible packaging. Total assets of the Consumer Packaging segment increased $1,656,155 upon the acquisition of Metal Packaging on January 26, 2022.

The Industrial Paper Packaging segment serves customers who use its products to package their goods for transport, storage or sale or to produce similar fiber-based products. The primary products produced and sold within this segment include fiber-based tubes, cones, and cores; fiber-based protective packaging and components; reels; and recycled paperboard.

Businesses grouped as All Other include healthcare packaging, protective and retail security packaging and industrial plastic products. These businesses include the following products and services: thermoformed rigid plastic trays and devices; custom-engineered molded foam protective packaging and components; temperature-assured packaging; injection molded and extruded containers, spools and parts; retail security packaging, including printed backer cards, thermoformed blisters and heat-sealing equipment; and paper amenities. Prior to the divestiture of the Company's U.S. display and packaging business on April 4, 2021, this business, which included point-of-purchase displays, fulfillment operations, and contract packaging, was reported in All Other.

The following table sets forth net sales, intersegment sales and operating profit for the Company’s reportable segments and All Other. “Segment operating profit” is defined as the segment’s portion of “Operating profit” excluding restructuring and asset impairment charges, acquisition expenses, amortization of acquisition intangibles, changes in last-in, first-out ("LIFO") inventory reserves, losses from the early extinguishment of debt, interest income and expense, income taxes or certain other items, if any, the exclusion of which the Company believes improves comparability and analysis of the financial performance of the business. General corporate expenses have been allocated as operating costs to each of the Company's reportable segments and All Other. Effective January 1, 2022, the Company changed its measure of segment operating profit to exclude amortization of acquisition intangibles. Accordingly, the prior year's segment operating profit has been revised to conform with the current presentation for comparability.

SEGMENT FINANCIAL INFORMATION

	Three Months Ended		Six Months Ended	
	July 3, 2022	July 4, 2021	July 3, 2022	July 4, 2021
Net sales:				
Consumer Packaging	$ 989,982	$ 597,804	$ 1,858,081	$ 1,180,556
Industrial Paper Packaging	727,402	608,531	1,426,529	1,173,929
All Other	195,948	176,419	399,704	381,573
Consolidated	$ 1,913,332	$ 1,382,754	$ 3,684,314	$ 2,736,058
Intersegment sales:				
Consumer Packaging	$ 2,116	$ 1,199	$ 3,526	$ 2,852
Industrial Paper Packaging	33,496	27,700	67,136	54,596
All Other	2,522	2,140	5,223	5,165
Consolidated	$ 38,134	$ 31,039	$ 75,885	$ 62,613
Operating profit:				
Segment operating profit:				
Consumer Packaging	$ 139,421	$ 65,296	$ 313,030	$ 146,656
Industrial Paper Packaging	94,201	59,818	166,862	112,117
All Other	16,529	15,607	31,053	34,364
Restructuring/Asset impairment (charges)/income	(10,563)	1,445	(22,705)	(5,401)
Amortization of acquisition intangibles	(20,871)	(12,111)	(39,671)	(24,860)
Other non-base income/(charges), net	(21,241)	5,236	(82,031)	(7,276)
Consolidated	$ 197,476	$ 135,291	$ 366,538	$ 255,600

Note 16: Commitments and Contingencies

Pursuant to U.S. 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 $1,883 on remediation of the Spartanburg site. At July 3, 2022 and December 31, 2021, the Company's accrual for environmental contingencies related to the Spartanburg site totaled $5,517 and $5,555, 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 July 3, 2022 and December 31, 2021, the Company's accrual for these other sites totaled $1,696 and $1,825, respectively.

Summary

As of July 3, 2022 and December 31, 2021, the Company (and its subsidiaries) had accrued $7,213 and $7,380, respectively, related to environmental contingencies. These accruals are included in "Accrued expenses and other" on the Company's Condensed Consolidated Balance Sheets.

Other Legal Matters

In addition to those matters described above, the Company is subject to other various legal proceedings, claims, and litigation arising in the ordinary course of business. While the outcome of these matters could differ from management's expectations, the Company does not believe the resolution of these matters has a reasonable possibility of having a material adverse effect on the Company's financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Sonoco Products Company,

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Sonoco Products Company and its subsidiaries (the "Company") as of July 3, 2022, and the related condensed consolidated statements of income, comprehensive income, and changes in total equity for the three-month and six-month periods ended July 3, 2022 and July 4, 2021 and the condensed consolidated statements of cash flows for the six-month periods ended July 3, 2022 and July 4, 2021, including the related notes (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2021, and the related consolidated statements of income, comprehensive income, changes in total equity and of cash flows for the year then ended (not presented herein), and in our report dated February 28, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2021, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the 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 review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/PricewaterhouseCoopers LLP
Charlotte, North Carolina
August 2, 2022

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Statements included in this Quarterly Report on Form 10-Q that are not historical in nature 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. 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," "could," "estimate," "expect," "forecast," "future," "goal," "guidance," "intend," "may," "might," "objective," "opportunity," "outlook," "plan," "potential," "project," "seek," "should," "strategy," "target," "will," "would," or the negative thereof, and similar expressions identify forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding:

- *availability and supply of raw materials, and offsetting high raw material costs, including the potential impact of changes in tariffs;*
- *potential impacts of the COVID-19 pandemic on the Company's business, operations and financial condition;*
- *consumer and customer actions in connection with the COVID-19 pandemic;*
- *improved productivity and cost containment;*
- *improving margins and leveraging strong cash flow and financial position;*
- *effects of acquisitions and divestitures, including the acquisition of Metal Packaging;*
- *realization of synergies resulting from acquisitions, including the acquisition of Metal Packaging;*
- *costs, timing and effects of restructuring activities;*
- *adequacy and anticipated amounts and uses of cash flows;*
- *expected amounts of capital spending;*
- *refinancing and repayment of debt;*
- *financial and business strategies and the results expected of them;*
- *financial results for future periods;*
- *producing improvements in earnings;*
- *profitable sales growth and rates of growth;*
- *strategic pricing initiatives;*
- *any projections of the amount, timing or impact of cost savings or restructuring and other charges and planning structural cost reductions and productivity initiatives;*
- *statements about supply constraints or logistics challenges;*
- *market leadership;*
- *research and development spending;*
- *expected impact and costs of resolution of legal proceedings;*
- *extent of, and adequacy of provisions for, environmental liabilities and sustainability commitments;*
- *commitments to reduce 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 and payments;*
- *expected impact of implementation of new accounting pronouncements;*
- *creation of 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. The risks, uncertainties and assumptions include, without limitation:

- *availability 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 and other geopolitical tensions (such as the ongoing Russia-Ukraine conflict and economic sanctions related thereto), 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;*
- *impacts arising as a result of the COVID-19 pandemic on our results of operations, financial condition, value of assets, liquidity, prospects, growth, and on the industries in which we operate and that we serve, resulting from, without limitation, recent and ongoing financial market volatility, potential governmental actions, changes in consumer behaviors and demand, changes in customer requirements, disruptions to the Company's suppliers and supply chain, availability of labor and personnel, necessary modifications to operations and business, and uncertainties about the extent and duration of the pandemic;*
- *costs of labor;*
- *work stoppages due to labor disputes;*
- *success of new product development, introduction and sales;*
- *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;*
- *ability to be the low-cost global leader in customer-preferred packaging solutions within targeted segments;*
- *competitive pressures, including new product development, industry overcapacity, customer and supplier consolidation, and changes in competitors' pricing for products;*
- *ability to execute on strategic pricing initiatives;*
- *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;*
- *timing of introduction of new products or product innovations by customers;*
- *collection of receivables from customers;*
- *ability to improve margins and leverage cash flows and financial position;*
- *ability to manage the mix of business to take advantage of growing markets while reducing cyclical effects of some of the Company's existing businesses on operating results;*
- *ability to maintain innovative technological market leadership and a reputation for quality;*
- *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;*
- *ability to expand geographically and win profitable new business;*
- *ability to identify and successfully close suitable acquisitions at the levels needed to meet growth targets;*
- *ability to successfully integrate newly acquired businesses, including Metal Packaging, into the Company's operations and realize synergies and other anticipated benefits within the expected time period, or at all;*
- *the costs, timing and results of restructuring activities;*
- *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;*
- *accuracy of assumptions underlying projections of benefit plan obligations and payments, valuation of plan assets, and projections of long-term rates of return;*
- *timing of funding pension and postretirement benefit plan obligations;*
- *cost of employee and retiree medical, health and life insurance benefits;*
- *resolution of income tax contingencies;*
- *foreign currency exchange rate fluctuations, interest rate and commodity price risk and the effectiveness of related hedges or other derivatives;*
- *changes in U.S. and foreign tariffs, tax rates, tax laws, regulations and interpretations thereof;*
- *the adoption of new, or changes in, accounting standards or interpretations;*
- *challenges and assessments from tax authorities resulting from differences in interpretation of tax laws, including income, sales and use, property, value added, employment, and other taxes;*
- *accuracy in valuation of deferred tax assets;*

- *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 internal controls over financial reporting;*
- *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;*
- *operational disruptions at our major facilities;*
- *failure or disruptions in our information technologies;*
- *failure of third party transportation providers to deliver our products to our customers or to deliver raw materials to us;*
- *substantially lower than normal crop yields;*
- *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;*
- *ability to meet sustainability targets and challenges in implementation;*
- *changing climate, climate change regulations and greenhouse gas effects;*
- *ability to meet commitments to reduce greenhouse gas emissions;*
- *actions of domestic or foreign government agencies and 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, including the ongoing Russia-Ukraine conflict and the Company's withdrawal from Russian operations, terrorist activities and natural disasters; and*
- *accelerating inflation and 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 the Company's Annual Report on Form 10-K under Item 1A-"Risk Factors" and throughout other sections of that report and in other reports filed with the Securities and Exchange Commission. In light of these various risks, uncertainties and assumptions, the forward-looking events discussed in this report 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. 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 Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K.

COMPANY OVERVIEW

Sonoco is a leading provider of consumer, industrial, healthcare and protective packaging, with approximately 300 locations in 31 countries.

Sonoco's operating and reporting structure consists of two reportable segments, Consumer Packaging and Industrial Paper Packaging, with all remaining businesses reported as All Other. Prior to the divestiture of the Company's U.S. display and packaging business on April 4, 2021, this business was included in All Other.

Sonoco competes in multiple product categories, with the majority of the Company’s revenues arising from products and services sold to consumer and industrial products companies for use in the packaging of their products for sale or shipment. The Company also manufactures uncoated recycled paperboard for both internal use and open market sale. Each of the Company’s operating units has its own sales staff and maintains direct sales relationships with its customers.

On a consolidated basis, by the end of 2021 the impacts of the COVID-19 pandemic on the Company had largely dissipated. For most of the Company's business units, second quarter 2022 sales demand equaled or exceeded pre-pandemic levels. The Company has incurred, and expects to continue to incur for the foreseeable future, localized temporary disruptions in its supply chain and customer demand due to localized resurgences of COVID-19. However, absent a future widespread resurgence, or the emergence of a more severe COVID-19 variant of concern, the Company does not expect such impacts to have a material negative effect on the Company's operations or financial results.

Second Quarter 2022 Compared with Second Quarter 2021

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

Measures calculated and presented in accordance with generally accepted accounting principles are referred to as GAAP financial measures. The following tables reconcile the Company’s non-GAAP financial measures to their most directly comparable GAAP financial measures in the Company’s Condensed Consolidated Statements of Income for each of the periods presented. These non-GAAP financial measures (referred to as “Base”) are the GAAP measures adjusted to exclude amounts (dependent upon the applicable period), including the associated tax effects, relating to restructuring initiatives, asset impairment charges, non-operating pension costs, acquisition and divestiture-related costs, gains/losses from the divestiture of businesses, amortization of acquisition intangibles, changes in last-in, first-out ("LIFO") inventory reserves, losses from the early extinguishment of debt, and certain other items, if any, including other income tax-related adjustments and/or events, the exclusion of which the Company believes improves the comparability and analysis of the underlying financial performance of the business. More information about the Company's use of non-GAAP financial measures is provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 under Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the heading "Use of Non-GAAP Financial Measures."

	For the three months ended July 3, 2022					
Dollars in thousands, except per share data	GAAP	Restructuring/Asset Impairments[1]	Amortization of Acquisition Intangibles[2]	Acquisition/Divestiture Related[3]	Other Adjustments[4]	Base
Operating profit	$ 197,476	$ 10,563	$ 20,871	$ 12,281	$ 8,960	$ 250,151
Non-operating pension costs	1,677	—	—	—	(1,677)	—
Interest expense, net	23,161	—	—	—	136	23,297
Income before income taxes	172,638	10,563	20,871	12,281	10,501	226,854
Provision for income taxes	44,599	842	5,160	3,009	3,104	56,714
Income before equity in earnings of affiliates	128,039	9,721	15,711	9,272	7,397	170,140
Equity in earnings of affiliates, net of tax	3,728	—	—	—	—	3,728
Net income	131,767	9,721	15,711	9,272	7,397	173,868
Net (income)/loss attributable to noncontrolling interests	(95)	39	—	—	—	(56)
Net income attributable to Sonoco	131,672	9,760	15,711	9,272	7,397	173,812
Per diluted common share*	$ 1.33	$ 0.10	$ 0.16	$ 0.09	$ 0.07	$ 1.76

*Due to rounding individual items may not sum across

(1) Restructuring/asset impairment charges are a recurring item as Sonoco'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. In the second quarter of 2022, the Company recognized additional impairment charges of $3,452 related to its exit from Russia given the ongoing Russia-Ukraine conflict.

(2) Beginning in 2022, the Company redefined base results to exclude amortization of intangible assets related to acquisitions.

(3) Consists of $3,216 of legal, professional, and other service fees related to acquisition and divestiture transactions, whether proposed or consummated, and charges of $6,056 related to expensing the remainder of the inventory fair value adjustments associated with the acquisition of Metal Packaging.

(4) Other Adjustments include after-tax charges of $4,777 related to increases in the Company's LIFO reserve, $1,208 related to non-operating pension costs, and $1,979 of net charges primarily related to certain derivative transactions, partially offset by $567 of favorable discrete tax adjustments.

Dollars in thousands, except per share data		GAAP	Restructuring/Asset Impairments[1]	Amortization of Acquisition Intangibles	Acquisition/Divestiture Related	Other Adjustments[2]	Base
	For the three months ended July 4, 2021						
Operating profit	$	135,291	$ (1,445)	$ 12,111	$ 1,462	$ (6,698)	$ 140,721
Non-operating pension costs		555,009	—	—	—	(555,009)	—
Interest expense, net		14,794	—	—	—	2,165	16,959
Loss from the early extinguishment of debt		20,184	—	—	—	(20,184)	—
Income before income taxes	$	(454,696)	$ (1,445)	$ 12,111	$ 1,462	$ 566,330	$ 123,762
Provision for income taxes		(118,151)	715	3,000	671	146,268	32,503
Income before equity in earnings of affiliates	$	(336,545)	$ (2,160)	$ 9,111	$ 791	$ 420,062	$ 91,259
Equity in earnings of affiliates, net of tax		2,306	—	—	—	—	2,306
Net income	$	(334,239)	$ (2,160)	$ 9,111	$ 791	$ 420,062	$ 93,565
Net loss attributable to noncontrolling interests		169	—	—	—	—	169
Net income attributable to Sonoco	$	(334,070)	$ (2,160)	$ 9,111	$ 791	$ 420,062	$ 93,734
Diluted weighted average common shares outstanding[3]:		100,082				543	100,625
Per diluted common share*	$	(3.34)	$ (0.02)	$ 0.09	$ 0.01	$ 4.17	$ 0.93

*Due to rounding individual items may not sum across

(1) Restructuring/asset impairment charges are a recurring item as Sonoco’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. In the second quarter of 2021 gains totaling approximately $5,500 were recognized related to the sale of previously closed facilities in the Company's tubes and core business. These were partially offset by net restructuring and asset impairment charges, mostly related to severance and asset write-offs, totaling approximately $4,000.

(2) Includes after tax pension settlement charges of $406,495 associated with the settlement of the Inactive Plan in the second quarter of 2021, other non-operating pension costs of $6,113, losses from the early extinguishment of debt of $14,997, and other net charges totaling $198. These charges were partially offset by a foreign value added tax ("VAT") refund, including applicable interest, of $3,102, a hedge gain related to a euro-denominated loan repayment of $3,318, and the benefit of discrete tax items totaling $1,321.

(3) Due to the magnitude of non-base losses in the second quarter 2021, the Company reported a GAAP net loss attributable to Sonoco. In instances where a company has a net loss, GAAP requires that the company shall not consider any unexercised share awards or other like instruments dilutive for purposes of calculating weighted average shares outstanding. Accordingly, the Company did not consider any unexercised share awards dilutive in calculating weighted average shares outstanding for GAAP purposes in the table above, which resulted in Basic Weighted Average Shares Outstanding and Diluted Weighted Average Common Shares Outstanding being the same. However, the Company also presents base net income attributable to Sonoco, which excludes the net non-base items. In order to maintain consistency in the computation of Base Diluted EPS, unexercised stock instruments that meet GAAP requirements for dilution were considered dilutive to the same extent they would be if GAAP net income attributable to Sonoco were equal to base net income attributable to Sonoco.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the three months ended July 3, 2022 versus the three months ended July 4, 2021.

OVERVIEW

Net sales for the second quarter of 2022 increased 38.4 percent to $1.91 billion, compared with $1.38 billion in the same period last year. This improvement reflects strong pricing performance and sales added from the January 26, 2022 acquisition of Ball Metalpack Holding, LLC, renamed Sonoco Metal Packaging ("Metal Packaging").

Net income/(loss) attributable to Sonoco for the second quarter of 2022 increased to $131.7 million, or $1.33 per diluted share, compared to $(334.1) million, or $(3.34) per diluted share, for the same period of 2021. Net income in the current period benefited primarily from the Company's strategic pricing initiatives, increases from acquisitions and operational improvements. These benefits were partially offset by higher net interest expense in 2022 related to higher borrowings resulting from the funding of the Metal Packaging acquisition in January 2022. Additionally, net income in the current quarter includes net after-tax, non-base charges totaling $42.1 million, while results for the second quarter of 2021 included net after-tax, non-base charges totaling $427.8 million. The net decrease in non-base items was primarily driven by the 2021 settlement and annuitization of the Inactive Plan. These non-base items consisted of the following, after tax:

	Three Months Ended	
($ in millions)	**July 3, 2022**	**July 4, 2021**
Amortization of fair value adjustments to Metal Packaging inventory	$ 6.1	$ —
Acquisition and divestiture-related costs	3.2	0.8
Amortization of acquisition intangibles	15.7	9.1
Changes in LIFO inventory reserve	4.8	—
Loss from exiting Russia	3.5	—
All other net restructuring and asset impairment charges	6.3	(2.2)
Pension settlement charges (Inactive Plan)	—	406.5
Other non-operating pension costs	1.2	6.1
Loss from the early extinguishment of debt	—	15.0
Euro derivative gain related to euro loan repayment	—	(3.3)
Refund of foreign VAT and applicable interest	—	(3.1)
Discrete non-base income tax gains	(0.6)	(1.3)
All other non-base charges	1.9	0.2
Total non-base charges, after tax	$ 42.1	$ 427.8

Adjusted for these items, base net income attributable to Sonoco (base earnings) for the second quarter of 2022 increased 85.4 percent to $173.8 million, or $1.76 per diluted share, from $93.7 million, or $0.93 per diluted share, in 2021 and second-quarter base operating profit increased 77.8 percent to $250.2 million. As noted above, these improvements reflect strong strategic pricing performance and the accretive effects of the January 2022 acquisition of the Metal Packaging business. These year-over-year gains were partially offset by increased compensation and benefit costs. The base effective tax rate for the current year's quarter was 25.0 percent compared with the prior year's rate of 26.3 percent. The difference is due to the mix of base earnings by tax jurisdiction.

OPERATING REVENUE

Net sales for the second quarter of 2022 increased $531 million, or 38.4 percent, from the prior-year quarter.

The components of the sales change were:

	($ in millions)
Volume/mix	$ (13)
Selling prices	297
Acquisitions and divestitures, net	290
Foreign currency translation and other, net	(44)
Total sales increase	$ 531

Selling price gains were driven by a combination of passing through higher costs and benefits realized by strategic pricing initiatives aimed at capturing more of the value provided by the Company's products. Net sales added by acquisitions and divestitures were driven by the January 26, 2022 acquisition of Metal Packaging.

COSTS AND EXPENSES

Cost of goods sold increased $406.2 million, or 36.3 percent, in the second quarter of 2022 compared with the same period last year. The increase was driven primarily by inflation, which also had the impact of increasing the Company's LIFO inventory reserves, and costs added by the acquisition of Metal Packaging, including expensing the remainder of acquisition-date fair value adjustments to finished goods inventory as the inventory was sold to customers during the quarter. These year-over-year increases were partially offset by the translation impact of an overall stronger dollar in the current year. Gross profit was $387.0 million for the three months ended July 3, 2022, which was $124.3 million higher than the prior-year period. Additionally, gross profit as a percent of sales increased to 20.2 percent from 19.0 percent in the prior-year quarter as overall sales price increases more than offset higher material and other operating costs largely due to the Company's strategic pricing initiatives.

GAAP selling, general and administrative ("SG&A") expenses for the quarter increased $50.2 million, or 38.9 percent, year over year. This increase reflects higher amortization, acquisition, and normal operating SG&A expenses stemming from the Metal Packaging acquisition; higher employee compensation and benefit costs; and the non-recurrence of prior-year gains on derivatives.

Restructuring/Asset impairment charges/(income) totaled $10.6 million in the second quarter of 2022 compared with $(1.4) million in the same period last year. The year-over-year increase was the result of higher restructuring activity in the current year, a $3.5 million charge stemming from the Company's decision to exit its operations in Russia, and the non-recurrence of prior-year gains from the sales of buildings at previously closed facilities. Additional information regarding restructuring and asset impairment charges is provided in Note 5 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Non-operating pension costs were $553.3 million lower in the second quarter of 2022 compared to the same period last year due to the settlement of the Inactive Plan in the second quarter of 2021 and the absence of any costs related to the Inactive Plan in the current year. Additional information regarding non-operating pension costs is provided in Note 11 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Additionally, in the second quarter of 2021 the Company executed a cash tender offer pursuant to which it retired a portion of its 5.750% notes due November 2040, recognizing a loss on early extinguishment of debt totaling $20.2 million. See Note 8 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

GAAP net interest expense for the second quarter of 2022 increased to $23.2 million, compared with $14.8 million during the second quarter of 2021, due primarily to higher average debt balances resulting from the financing transactions used to fund the January 26, 2022 acquisition of Metal Packaging.

The 2022 second-quarter effective GAAP tax rate of 25.8 percent was relatively flat compared to 26.0 percent in the prior year’s quarter.

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. The following table recaps net sales attributable to each of the Company’s segments and All Other for the second quarters of 2022 and 2021 (*$ in thousands*):

	Three Months Ended		
	July 3, 2022	July 4, 2021	% Change
Net sales:			
Consumer Packaging	$ 989,982	$ 597,804	65.6 %
Industrial Paper Packaging	727,402	608,531	19.5 %
All Other	195,948	176,419	11.1 %
Consolidated	$ 1,913,332	$ 1,382,754	38.4 %

The following table recaps operating profit attributable to each of the Company's segments during the second quarters of 2022 and 2021 (*$ in thousands*):

	Three Months Ended		
	July 3, 2022	July 4, 2021	% Change
Operating profit:			
Segment operating profit:			
Consumer Packaging	$ 139,421	$ 65,296	113.5 %
Industrial Paper Packaging	94,201	59,818	57.5 %
All Other	16,529	15,607	5.9 %
Restructuring/Asset impairment (charges)/income	(10,563)	1,445	
Amortization of acquisition intangibles	(20,871)	(12,111)	
Other non-base charges, net	(21,241)	5,236	
Consolidated	$ 197,476	$ 135,291	46.0 %

Segment results viewed by Company management to evaluate segment performance do not include restructuring charges or income, asset impairment charges, acquisition and divestiture-related costs, environmental reserve charges or releases, 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 a non-GAAP measure and 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 the Company's reportable segments and All Other. Effective January 1, 2022, the Company changed its measure of segment operating profit to exclude amortization of acquisition intangibles. Accordingly, the prior year's segment operating profit has been revised to conform with the current presentation for comparability.

The following table recaps restructuring/asset impairment charges/(income) attributable to each of the Company's segments during the second quarter of 2022 and 2021 (*$ in thousands*):

	Three Months Ended	
	July 3, 2022	July 4, 2021
Restructuring/Asset impairment charges/(income):		
Consumer Packaging	$ 2,798	$ 581
Industrial Paper Packaging	4,459	(4,372)
All Other	(495)	2,355
Corporate	3,801	(9)
Consolidated	$ 10,563	$ (1,445)

Consumer Packaging

The Consumer Packaging segment primarily serves prepared and fresh food markets along with other packaging for consumer products. The products produced and sold within this segment are generally used to package a variety of consumer products and consist primarily of round and shaped rigid paper containers, steel tinplate cans and aerosol containers; thermoformed plastic trays and containers; and flexible packaging.

Segment sales increased approximately 66 percent compared to the prior year's quarter due primarily to the acquisition of Metal Packaging and strong pricing. Overall, segment volume/mix was essentially flat during the second quarter of 2022. Global rigid paper containers volume/mix increased approximately 1 percent as gains in Asia, Latin America and Europe more than offset slightly lower volume in North America, which was impacted by ongoing supply chain issues affecting certain of our North American customers. Flexible packaging volume improved approximately 4 percent during the second quarter of 2022, which was more than offset by an unfavorable mix of business. Demand for rigid plastic food containers declined as increased volume/mix from prepared food markets was more than offset by volume declines from fresh berry markets that were impacted by inclement weather and plant consolidations.

Segment operating profit increased 114 percent with the main driver being the Metal Packaging acquisition, along with favorable price/cost, including the benefits of strategic pricing initiatives, and productivity improvements. As a result, segment operating margin improved to 14 percent in the quarter from 11 percent in the 2021 period.

Industrial Paper Packaging

The Industrial Paper Packaging segment serves a variety of customers who use its products to package their goods for transport, storage or sale or to produce similar fiber-based products. The primary products produced and sold within this segment include fiber-based tubes, cones, and cores; fiber-based protective packaging and components; reels; and recycled paperboard.

Segment sales increased 20 percent from the prior year's quarter largely due to strong pricing performance, modestly offset by the negative impacts of foreign exchange and lower volume/mix. Volume/mix declined approximately 2 percent in the second quarter as tube and core volume/mix gains in North America and Latin America were more than offset by volume declines in global paper, fiber protective packaging and tube, core and cone operations in Europe and Asia.

Segment operating profit increased 57 percent from the prior year's quarter, driven by a positive price/cost impact, including the benefits of strategic pricing initiatives, which was somewhat offset by lower volume/mix. As a result, segment operating profit margin improved to 13 percent in the current year's quarter from 10 percent in the prior year.

All Other

Businesses grouped as All Other include healthcare packaging, protective and retail security packaging and industrial plastic products. These businesses include the following products and services: thermoformed rigid plastic trays and devices; custom-engineered molded foam protective packaging and components; temperature-assured packaging; injection molded and extruded containers, spools and parts; retail security packaging, including printed backer cards, thermoformed blisters and heat-sealing equipment; and paper amenities. Prior to the divestiture of the Company's U.S. display and packaging business on April 4, 2021, this business, which included point-of-purchase displays, fulfillment operations, and contract packaging, was reported in All Other.

Sales for All Other improved 11 percent from the prior year's quarter due primarily to strong pricing performance. Volume/mix for the businesses in All Other was essentially flat as growth in industrial plastics was offset by slight declines in retail security and temperature-assured packaging.

All Other operating profit improved 5.9 percent from the prior year's quarter due primarily to positive price/cost performance and favorable productivity. Operating margin declined slightly to 8.4 percent in the quarter from 8.8 percent in 2021.

Six Months Ended July 3, 2022 Compared with Six Months Ended July 4, 2021

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 in the Company's Condensed Consolidated Statements of Income for each of the periods presented.

	For the six months ended July 3, 2022					
Dollars in thousands, except per share data	GAAP	Restructuring/Asset Impairments[1]	Amortization of Acquisition Intangibles[2]	Acquisition/Divestiture Related[3]	Other Adjustments[4]	Base
Operating profit	$ 366,538	$ 22,705	$ 39,671	$ 60,633	$ 21,398	$ 510,945
Non-operating pension costs	3,002	—	—	—	(3,002)	—
Interest expense, net	42,226	—	—	—	136	42,362
Income before income taxes	$ 321,310	$ 22,705	$ 39,671	$ 60,633	$ 24,264	$ 468,583
Provision for income taxes	79,888	2,477	9,790	14,764	10,842	117,761
Income before equity in earnings of affiliates	$ 241,422	$ 20,228	$ 29,881	$ 45,869	$ 13,422	$ 350,822
Equity in earnings of affiliates, net of tax	5,952	—	—	—	—	5,952
Net income	$ 247,374	$ 20,228	$ 29,881	$ 45,869	$ 13,422	$ 356,774
Net (income) attributable to noncontrolling interests	(369)	100	—	—	—	(269)
Net income attributable to Sonoco	$ 247,005	$ 20,328	$ 29,881	$ 45,869	$ 13,422	$ 356,505
Per diluted common share*	$ 2.50	$ 0.21	$ 0.30	$ 0.47	$ 0.14	$ 3.61

*Due to rounding individual items may not sum across

(1) Restructuring/asset impairment charges are a recurring item as Sonoco'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. In the first half of 2022, the Company recognized charges of $9,165 related to the Company's decision to exit its operations in Russia given the ongoing Russia-Ukraine conflict.

(2) Beginning in 2022, the Company redefined base results to exclude amortization of intangible assets related to acquisitions.

(3) Consists of legal, professional, and other service fees related to acquisition and divestiture transactions, whether proposed or consummated totaling $21,155, and charges related to inventory fair value adjustments associated with Metal Packaging totaling $24,714.

(4) Other Adjustments include after-tax charges of $18,994 related to increases in the Company's LIFO reserve and non-operating pension charges of $2,150, partially offset by net gains related to certain derivative transactions totaling $3,081 and discrete tax adjustments totaling $4,641. Discrete tax adjustments during the six-month period ended July 3, 2022 include the release of valuation allowances on foreign tax credit carryforwards and state net operating losses.

Dollars in thousands, except per share data	For the six months ended July 4, 2021 GAAP	Restructuring/Asset Impairments[1]	Amortization of Acquisition Intangibles	Acquisition/Divestiture Related	Other Adjustments[2]	Base
Operating profit	$ 255,600	$ 5,401	$ 24,860	$ 11,488	$ (4,212)	$ 293,137
Non-operating pension costs	562,293	—	—	—	(562,293)	—
Interest expense, net	32,525	—	—	—	2,165	34,690
Loss from the early extinguishment of debt	20,184	—	—	—	(20,184)	—
Income before income taxes	$ (359,402)	$ 5,401	$ 24,860	$ 11,488	$ 576,100	$ 258,447
Provision for income taxes	(94,106)	2,341	6,158	2,794	149,778	66,965
Income before equity in earnings of affiliates	$ (265,296)	$ 3,060	$ 18,702	$ 8,694	$ 426,322	$ 191,482
Equity in earnings of affiliates, net of tax	3,350	—	—	—	—	3,350
Net income	$ (261,946)	$ 3,060	$ 18,702	$ 8,694	$ 426,322	$ 194,832
Net (income) attributable to noncontrolling interests	172	—	—	—	—	172
Net income attributable to Sonoco	$ (261,774)	$ 3,060	$ 18,702	$ 8,694	$ 426,322	$ 195,004
Diluted Weighted average common shares outstanding[3]:	100,571				498	101,069
Per diluted common share*	$ (2.60)	$ 0.03	$ 0.19	$ 0.09	$ 4.22	$ 1.93

*Due to rounding individual items may not sum across

(1) Restructuring/Asset impairment charges are a recurring item as Sonoco'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. In the first six months of 2021 net restructuring and asset impairment charges, mostly related to consulting charges, severance, and asset impairment charges, totaled approximately $3,060.

(2) Includes after tax pension settlement charges of $406,495 associated with the settlement of the Inactive Plan in the second quarter of 2021, other non-operating pension costs of $11,500, losses from the early extinguishment of debt of $14,997, a loss from the sale of business of $3,310, and other net charges totaling $644. These charges were partially offset by a VAT refund, including applicable interest, of $3,102, a hedge gain related to a euro-denominated loan repayment of $3,318, the benefit of discrete tax items totaling $1,437, and insurance gains of $2,767.

(3) Due to the magnitude of non-base losses in the second quarter 2021, the Company reported a GAAP net loss attributable to Sonoco. In instances where a company has a net loss, GAAP requires that the company shall not consider any unexercised share awards or other like instruments dilutive for purposes of calculating weighted average shares outstanding. Accordingly, the Company did not consider any unexercised share awards dilutive in calculating weighted average shares outstanding for GAAP purposes in the table above, which resulted in Basic Weighted Average Shares Outstanding and Diluted Weighted Average Common Shares Outstanding being the same. However, the Company also presents base net income attributable to Sonoco, which excludes the net non-base items. In order to maintain consistency in the computation of Base Diluted EPS, unexercised stock instruments that meet GAAP requirements for dilution were considered dilutive to the same extent they would be if GAAP net income attributable to Sonoco were equal to base net income attributable to Sonoco.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the six months ended July 3, 2022 compared with the six months ended July 4, 2021.

OVERVIEW

Net sales for the first six months of 2022 increased 34.7 percent to $3,684.3 million, compared with $2,736.1 million in the same period last year. This improvement reflects increases from strong pricing performance and sales added from the January 26, 2022 acquisition of Metal Packaging. These benefits were partially offset by the negative impact of foreign currency translation and the April 2021 U.S. display and packaging divestiture.

Net income/(loss) attributable to Sonoco for the first six months of 2022 increased to $247.0 million, or $2.50 per diluted share, compared to $(261.8) million, or $(2.60) per diluted share, reported for the same period of 2021. GAAP net income for the first six months of 2022 includes after-tax, non-base charges totaling $109.5 million. GAAP net loss for the first six months of 2021 includes after-tax non-base charges totaling $456.8 million. The major components of these non-base amounts are shown below:

	Six Months Ended	
($ in millions)	**July 3, 2022**	**July 4, 2021**
Amortization of acquisition intangibles	$ 29.9	$ 18.7
Amortization of fair value adjustments to Metal Packaging inventory	24.7	—
Acquisition and divestiture-related costs	21.2	8.7
Changes in LIFO inventory reserve	19.0	—
Loss from exiting Russia	9.2	—
All other net restructuring and asset impairment charges	11.1	3.1
Pension settlement charges (Inactive Plan)	—	406.5
Other non-operating pension costs	2.1	11.5
Loss from the early extinguishment of debt	—	15.0
Discrete non-base income tax gains	(4.6)	(1.4)
Refund of foreign VAT and applicable interest	—	(3.1)
Euro derivative gain related to euro loan repayment	—	(3.3)
All other non-base gains	(3.1)	1.1
Total non-base charges, after tax	$ 109.5	$ 456.8

Adjusted for these items, Base earnings for the six-month period ending July 3, 2022 increased 82.8 percent to $356.5 million, or $3.61 per diluted share, from $195.0 million, or $1.93 per diluted share, in the same period in 2021.

The increase in Base earnings of $161.5 million is largely attributable to strong pricing performance, earnings from the Metal Packaging acquisition, and productivity improvements. These gains were partially offset by the 2021 divestiture of the Company's U.S. display and packaging business and increased compensation and benefit costs.

OPERATING REVENUE

Net sales for the first six months of 2022 increased $948 million from the same period in 2021.

The components of the sales change were:

	($ in millions)
Volume/mix	$ 13
Selling prices	573
Acquisitions and divestitures, net	431
Foreign currency translation and other, net	(69)
Total sales increase	$ 948

Selling price gains were driven by a combination of passing through higher costs and benefits realized by strategic pricing initiatives aimed at capturing more of the value provided by the Company's products. Net sales added by acquisitions and divestitures were driven by the January 26, 2022 acquisition of Metal Packaging.

COSTS AND EXPENSES

Cost of goods sold increased $730.2 million, or 33.3 percent, while the Company's gross profit margin percentage increased to 20.6 percent for the first six months of 2022, compared to 19.8 percent in the prior-year period. The increase was driven primarily by inflation, which also had the impact of increasing the Company's LIFO inventory reserves, and costs added by the acquisition of Metal Packaging, including expensing the acquisition-date fair value adjustments to finished goods inventory. Gross profit margin improved due to positive price/cost relationship and productivity improvements.

GAAP SG&A costs for the first six months of 2022 increased $95.3 million, or 34.8 percent, year over year. The year-over-year increase was largely driven by higher acquisition and divestiture transaction costs, increased amortization of acquisition intangibles, increased compensation and other benefit costs, and absence of non-recurring gains from 2021 life insurance gains and a second quarter 2021 foreign VAT refund.

Net restructuring costs and asset impairment charges totaled $22.7 million in the first six months of 2022, compared with $5.4 million of net charges in the same period last year. The year-over-year increase was driven by higher year-over-year restructuring activity in the current year, including a $9.2 million impairment charge resulting from the Company's exit from its Russian operations. Prior year restructuring costs were offset by gains recorded in 2021 for the sale of buildings at previously closed facilities. Additional information regarding restructuring and asset impairment charges is provided in Note 5 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Non-operating pension costs decreased $559.3 million year over year due to the $547.3 million non-cash settlement charge recognized in the second quarter of 2021 upon settling the liabilities associated with the Inactive Plan. Additional information regarding pension settlement charges is provided in Note 11 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Additionally, in the second quarter of 2021 the Company executed a cash tender offer pursuant to which it retired a portion of its 5.750% notes due November 2040, recognizing a loss on early extinguishment of debt totaling $20.2 million. See Note 8 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

GAAP net interest expense for the first six months of 2022 increased to $42.2 million, compared with $32.5 million during the first six months of 2021. The increase was primarily due to higher debt balances related to the financing transactions used to fund the Metal Packaging acquisition in January 2022.

The effective tax rates on GAAP and Base earnings in the first six months of 2022 were 24.9 percent and 25.1 percent, respectively, compared with 26.2 percent and 25.9 percent for the GAAP loss and Base earnings, respectively, in the prior-year period. The decrease in the 2022 GAAP rate was largely driven by the absence of the 2021 pension settlement charge and the 2022 release of valuation allowances on the Company's state net operating loss carryforwards. The base rate was lower than in the prior year due largely to an increase in the amount of the U.S. research and development credit recognized in the current year's period.

REPORTABLE SEGMENTS

The following table recaps net sales attributable to each of the Company's segments during the first six months of 2022 and 2021 (*$ in thousands*):

	Six Months Ended		
	July 3, 2022	July 4, 2021	% Change
Net sales:			
Consumer Packaging	$ 1,858,081	$ 1,180,556	57.4 %
Industrial Paper Packaging	1,426,529	1,173,929	21.5 %
All Other	399,704	381,573	4.8 %
Consolidated	$ 3,684,314	$ 2,736,058	34.7 %

The following table recaps operating profit attributable to each of the Company's segments during the first six months of 2022 and 2021 (*$ in thousands*):

	Six Months Ended		
	July 3, 2022	July 4, 2021	% Change
Operating profit:			
Segment operating profit:			
Consumer Packaging	$ 313,030	$ 146,656	113.4 %
Industrial Paper Packaging	166,862	112,117	48.8 %
All Other	31,053	34,364	(9.6)%
Restructuring/Asset impairment charges	(22,705)	(5,401)	
Amortization of acquisition intangibles	(39,671)	(24,860)	
Other non-base charges, net	(82,031)	(7,276)	
Consolidated	$ 366,538	$ 255,600	43.4 %

Segment results viewed by Company management to evaluate segment performance do not include restructuring charges and income, asset impairment charges, acquisition and divestiture-related charges, 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 a non-GAAP measure and 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. Effective January 1, 2022, the Company changed its measure of segment operating profit to exclude amortization of acquisition intangibles. Accordingly, the prior year's segment operating profit has been revised to conform with the current presentation for comparability.

The following table recaps restructuring/asset impairment charges/(income) attributable to each of the Company's segments during the first six months of 2022 and 2021 (*$ in thousands*):

	Six Months Ended	
	July 3, 2022	July 4, 2021
Restructuring/Asset impairment charges/(income):		
Consumer Packaging	$ 5,109	$ 3,416
Industrial Paper Packaging	11,520	(2,939)
All Other	(417)	4,919
Corporate	6,493	5
Consolidated	$ 22,705	$ 5,401

Consumer Packaging

Segment sales increased 57.4 percent year to date compared to the prior-year period driven by increased selling prices, largely implemented to recover increased raw material and other operating costs, sales added by the acquisition of Metal Packaging, and a modest increase in volume.

Year-to-date segment operating profit increased 113.4 percent driven by the Metal Packaging acquisition along with favorable price/cost, including the benefits of strategic pricing initiatives, and productivity gains. As a result, segment operating profit margin increased 442 basis points to 16.8 percent.

Industrial Paper Packaging

Segment sales increased 21.5 percent year to date versus the prior-year period due to increased selling prices, largely implemented to recover increased raw material and other operating costs, partially offset by a negative volume/mix impact and a negative impact from foreign currency translation.

Segment operating profit increased 48.8 percent from the prior-year period driven by price/cost gains, including the benefits of strategic pricing initiatives. These gains were partially offset by somewhat lower volume and a negative impact from foreign exchange. As a result, segment operating margins were up 215 basis points to 11.7 percent.

All Other

Sales for All Other increased 4.8 percent year to date due primarily to increased selling prices, which were implemented to recover increased costs, and increased volume. These gains were reduced by the impact of the 2021 U.S. display and packaging divestiture. Excluding that divestiture, volume/mix for businesses grouped in All Other improved approximately 4.3 percent, driven primarily by demand improvements in several businesses, most notably plastics industrial and temperature-assured businesses.

All Other operating profit declined 9.6 percent year to date due to the impact of the divested display and packaging business and a negative impact from foreign exchange. These were partially offset by a positive price/cost relationship. Segment operating margin declined to 7.8 percent year to date from 9.0 percent in 2021.

OTHER ITEMS

Critical Accounting Policies and Estimates

Goodwill impairment evaluation

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 the reporting unit's assets, including goodwill, 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 are the same as, or one level below, its operating segments, as determined in accordance with ASC 350.

The Company completed its most recent annual goodwill impairment testing during the third quarter of 2021. For testing purposes, the Company performed an assessment of each reporting unit using either a qualitative evaluation or a quantitative test. There have been no changes to the Company's annual qualitative and quantitative tests, or underlying assumptions, from what is disclosed in its Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the Securities and Exchange Commission on February 28, 2022.

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 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 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" on pages 9-19 of the Company's 2021 Annual Report on Form 10-K.

Although no reporting units failed the annual impairment test, in management's opinion, the goodwill of the Plastics - Healthcare reporting unit 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.

Although beginning to benefit from the economic recovery, the results of the Plastics - Healthcare reporting unit have been negatively impacted by end-market weakness due to the COVID-19 pandemic. In addition, the unit is facing near-term headwinds from higher raw material and other cost increases. Assuming COVID-19 infection rates continue to decline, management expects market demand will improve over the coming year and that selling price increases and/or cost reductions, including restructuring actions and investments in production efficiency projects, will mitigate the impacts of recent raw material and other cost inflation. However, should it become apparent that the ongoing post-COVID-19 recovery is likely to be significantly weaker, delayed, or prolonged compared to management's current expectations, significant negative price/cost relationships will persist over the long-term, profit margins do not improve as expected, or other assumptions change, such as the discount rate, goodwill impairment charges may be possible in the future. Total goodwill associated with the Plastics – Healthcare reporting unit was $62.4 million at July 3, 2022. Based on the most-recent annual impairment test, the estimated fair value of the Plastics – Healthcare reporting unit exceeded its carrying value by 13.3%.

Sensitivity Analysis

In its 2021 annual goodwill impairment analysis, projected future cash flows for the Plastics - Healthcare reporting unit were discounted at 8.3%. Based on the discounted cash flow model and holding other valuation assumptions constant, projected operating profits across all future periods would have to be reduced approximately 13.0%, or the discount rate increased to 9.3%, in order for the estimated fair value of the reporting unit to fall below carrying value.

Other Asset Impairments - Russia

The Company recognized asset impairment charges totaling $9.2 million during the six months ended July 3, 2022 as a result of exiting its operations in Russia due to the ongoing Russia-Ukraine conflict. The impairment charges included $3.7 million of cumulative currency translation adjustment losses that were reclassified from accumulated other comprehensive income upon completion of the Company's exit from Russia on July 1, 2022. The impairment charges are reflected in "Restructuring/Asset impairment charges/(income)" in the Company's Condensed Consolidated Statements of Income for the six months ended July 3, 2022. These operations consisted of two small tube and core plants in our Industrial Paper Packaging segment with approximately 70 employees and annual sales in 2021 of approximately $21 million.

Financial Position, Liquidity and Capital Resources

Cash generated from operations for the first six months of 2022 was $184.5 million, compared with $102.0 million in the same period of 2021, an increase of $82.5 million. While GAAP net income increased by $509.3 million, this was partially offset by the year-over-year change in non-cash after-tax pension and post-retirement plan expense of $415.8 million, which was primarily driven by the settlement of one of the Company's U.S. pension plans in the second quarter of 2021. However, the pension settlement resulted in significantly higher 2021 cash contributions to the Company's pension plans of $162.4 million compared to $30.8 million in 2022. Net working capital was a use of $258.5 million of cash in the first six months of 2022, compared with a use of $45.6 million in the same period last year. While current-year inflation was a key driver of that increase, seasonal inventory build in the Company's newly-acquired Metal Packaging business also contributed to the change. The Company continues to actively manage all components of net working capital in an effort to minimize the impact on cash utilization while also supporting the needs of our customers and mitigating stock-out risk.

Changes in accrued expenses and other assets and liabilities provided $11.6 million in the six months ended July 3, 2022 compared with using $16.4 million in the same period last year. The $28.0 million increased provision of operating cash flow was largely driven by higher interest accruals stemming from debt issued in connection with the Metal Packaging acquisition and higher year-over-year management incentive accruals.

Investing activities used $1.48 billion of cash in the first six months of 2022, compared with $4.5 million in the same period last year. The higher year-over-year use of cash was primarily attributable to acquisition spending, which increased $1.3 billion from the prior year due to the acquisition of Metal Packaging on January 26, 2022. Net capital expenditures during the first six months of 2022 were $144.1 million, $51.6 million higher than the same period last year. While spending continued for Project Horizon, the modernization of the Company's Hartsville paper mill complex which began in 2020, the year-over-year increase was largely driven by increased strategic investments in growth and productivity projects in the Consumer Packaging segment. Capital spending for the remainder of 2022 is expected to be approximately $180.9 million, bringing total 2022 net capital spending to approximately $325 million, compared to $242.9 million in 2021. Proceeds from the sale of businesses added $86.1 million of cash in the first six months of 2021 as the Company received cash from the sale of its U.S. display and packaging business as well as from the working capital settlement and release of escrow from the 2020 sale of its European contract packaging business. Other net investing proceeds, primarily insurance proceeds received in 2021, were $6.7 million lower year over year.

Financing activities provided $1.30 billion of cash in the six months ended July 3, 2022, while using $394.2 million in the corresponding prior-year period, a year-over-year increase of $1.7 billion. The increase was driven by higher net debt proceeds/repayments, which provided $1.5 billion more cash year over year. Current-year borrowings include $1.19 billion of net proceeds from the issuance of unsecured notes and $300 million of proceeds from the Term Loan Facility, which were used primarily to fund the Metal Packaging acquisition. The Company used cash of $14.5 million to purchase a noncontrolling interest in the first quarter of 2022. Cash used to repurchase the Company's common stock was $4.0 million in the first six months of 2022 compared to $159.6 million in the same period last year. The year-over-year decrease of $155.6 million was primarily the result of an accelerated share repurchase executed in the prior year pursuant to an authorization approved by the Company's Board of Directors in April 2021.

Cash and cash equivalents totaled $175.0 million and $171.0 million at July 3, 2022 and December 31, 2021, respectively. Of these totals, approximately $144.3 million and $154.4 million, respectively, were held outside of the United States by the Company’s 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. Reflecting the financing actions described above, the Company believes it has ample domestic liquidity from a combination of cash on hand, expected future operating cash flow, and access to bank and capital markets borrowings. The Company has generally considered its foreign unremitted earnings to be indefinitely invested outside the United States and currently has no plans to repatriate such earnings, other than excess cash balances that can be repatriated at minimal tax cost. Accordingly, 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 the bank 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.

During the six months ended July 3, 2022, the Company reported a net decrease in cash and cash equivalents of $3.6 million due to currency translation adjustments resulting from a stronger U.S. dollar relative to certain foreign currencies in which cash and cash equivalents were held.

The Company operates a $500 million commercial paper program, supported by a $750 million unsecured revolving credit facility with a syndicate of eight banks. The revolving credit facility is committed through June 2026. If circumstances were to prevent the Company from issuing commercial paper, it has the contractual right to draw funds on the underlying revolving credit facility.

On January 21, 2022, the Company completed a registered public offering of green bonds with an aggregate principal amount of $1.20 billion. The unsecured notes (the "Notes") consisted of the following (dollars in thousands):

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

The Notes are senior unsecured obligations and rank equal in right of payment to the Company’s other senior unsecured debt from time to time outstanding. The indenture governing the Notes contains certain covenants with respect to the Company that, among other things, restrict the entry into additional secured indebtedness, sale and leaseback transactions and certain mergers, consolidations and transfers of all or substantially all of the Company’s assets. The Company used an amount equal to the net proceeds from the Notes to partially fund the Metal Packaging acquisition.

Also on January 21, 2022, the Company entered into a $300 million term loan facility (the "Term Loan Facility") with a syndicate of eight banks. The full $300 million was drawn from this facility on January 26, 2022, and the proceeds used to partially fund the Metal Packaging acquisition. Interest is assessed at the SOFR plus a margin based on a pricing grid that uses the Company's credit ratings. The current SOFR margin is 122.5 basis points. There is no required amortization and repayment can be accelerated at any time without penalty at the Company's discretion. Borrowings under the Term Loan Facility mature on January 27, 2025.

At July 3, 2022, the Company had scheduled debt maturities of approximately $399 million over the next twelve months, including $258 million of outstanding commercial paper balances. Also at July 3, 2022, the Company had $175 million in cash and cash equivalents on hand and $750 million in committed capacity under its revolving credit facility, of which $492 million was available for draw down net of outstanding commercial paper balances. The Company believes these amounts, combined with expected net cash flows generated from operating and investing activities, will provide ample liquidity to cover these debt maturities and other cash flow needs of the Company over the course of the next twelve months.

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 July 3, 2022, the Company’s interest coverage and net worth were substantially above the minimum levels required under these covenants.

The Company continually explores strategic acquisition opportunities which may result in the use of cash. Given the nature of the acquisition process, the timing and amounts of such expenditures are not always predictable. The Company expects that any acquisitions requiring funding in excess of cash on hand would be financed using available borrowing capacity.

The Company anticipates making additional contributions to its other pension and postretirement plans of approximately $7 million during the remainder of 2022, which would result in total contributions to these plans of approximately $38 million in 2022. Future funding requirements beyond the current year will vary depending largely on actual investment returns, future actuarial assumptions, and legislative actions.

Fair Value Measurements, Foreign Exchange Exposure and Risk Management

Certain assets and liabilities are reported in the Company’s financial statements at fair value, the fluctuation of which can impact the Company’s financial position and results of operations. Items reported by the Company at fair value on a recurring basis include derivative contracts and pension and deferred compensation related assets. The valuation of the vast majority of these items is based either on quoted prices in active and accessible markets or on other observable inputs.

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 operations 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 from time to time uses traditional currency swaps and forward exchange contracts to hedge 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.

Due to the highly inflationary economy in Venezuela, 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 likely to improve in the foreseeable future. Further deterioration could result in the recognition of an impairment charge or a deconsolidation of the Company's Venezuelan subsidiary. At July 3, 2022, the carrying value of the Company's net investment in its Venezuelan operations was approximately $2.0 million. In addition, at July 3, 2022, the Company's Accumulated Other Comprehensive Loss included a cumulative translation loss of $3.8 million related to its Venezuelan operations which would need to be reclassified to net income in the event of a complete exit of the business or a deconsolidation of the Venezuelan operations.

During the first quarter of 2022, the three-year cumulative rate of inflation in Turkey rose above 100 percent, the threshold at which it is deemed to be a highly inflationary economy under U.S. GAAP. Accordingly, effective as of the beginning of the second quarter of 2022, 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 impact of applying highly inflationary accounting to Turkey in the second quarter of 2022 was a pretax charge of approximately $1.8 million (approximately $1.4 million after tax). The magnitude of future earnings impacts is uncertain as such impacts are dependent upon unpredictable further 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 of approximately $17.0 million as of July 3, 2022.

The Company routinely enters into derivative currency contracts to fix the exchange rate on certain anticipated foreign currency cash flows. The total market value of these instruments was a net unfavorable position of $0.6 million at July 3, 2022 and a net unfavorable position of $0.1 million at December 31, 2021. These contracts qualify as cash flow hedges and have maturities ranging to September 2023. In addition, at July 3, 2022, the Company had various currency contracts outstanding to fix the exchange rate on certain foreign currency assets and liabilities. Although placed as an economic hedge, the Company does not apply hedge accounting to these contracts, the fair value of which was not material at July 3, 2022 and December 31, 2021.

The Company routinely enters into derivative commodity contracts to fix the cost of a portion of anticipated raw materials and energy-related purchases. The total net fair market value of these instruments was a favorable position of $6.6 million at July 3, 2022 and a favorable position of $2.2 million at December 31, 2021. Natural gas and aluminum hedge contracts covering an equivalent of 6.4 million MMBTUs and 84 metric tons, respectively, were outstanding at July 3, 2022. These contracts, some of which are designated as cash flow hedges, have maturities ranging to December 2024.

Pursuant to the registered public offering of unsecured 2.850% notes with a principal amount of $500.0 million maturing on February 1, 2032, the Company entered into treasury lock derivative instruments with two banks, with a notional principal amount of $150.0 million each on December 29, 2021. These instruments had the risk management objective of reducing exposure to the Company of 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 $5.2 million.

During the first quarter of 2022, the U.S. dollar strengthened against the euro, the British pound, the Canadian dollar, the Brazilian real, and the Mexican peso, the functional currencies in which a majority of the Company's foreign investments are held. The net impact of these changes resulted in a net translation loss of $73.7 million being recorded in "Accumulated other comprehensive loss" for the six months ended July 3, 2022.

Restructuring and Impairment

Information regarding restructuring charges and restructuring-related asset impairment charges is provided in Note 5 to the Company’s Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Form 10-Q.

New Accounting Pronouncements

Information regarding new accounting pronouncements is provided in Note 2 to the Company’s Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Information about the Company’s exposure to market risk is discussed under Part I, Item 2 in this report and was disclosed in its Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the Securities and Exchange Commission on February 28, 2022. There have been no other material quantitative or qualitative changes in market risk exposure since the date of that filing.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision, and with the participation, of our management, including our Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), we conducted an evaluation pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, ("the Exchange Act") of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our CEO and CFO concluded that such controls and procedures, as of July 3, 2022, the end of the period covered by this Quarterly Report on Form 10-Q, were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the 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 disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting occurring during the quarter ended July 3, 2022, that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information with respect to legal proceedings and other exposures appears in Part I - Item 3 - “Legal Proceedings” and Part II - Item 8 - “Financial Statements and Supplementary Data” (Note 16 - “Commitments and Contingencies”) in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, and in Part I - Item 1 - “Financial Statements” (Note 16 - “Commitments and Contingencies”) of this report.

Environmental Matters

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 arrangements with other PRPs with respect to a particular site. Such agreements relate to the sharing of legal defense costs or cleanup costs, or both. The Company has assumed, for purposes of estimating amounts to be accrued, that the other parties to such cost-sharing agreements will perform as agreed. It appears that final resolution of some of the sites is years away, and actual costs to be incurred for these environmental 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 at July 3, 2022, cannot be determined. As of July 3, 2022 and December 31, 2021, the Company had accrued $7.2 million and $7.4 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, when warranted, makes appropriate adjustments.

Other legal matters

Additional information regarding legal proceedings is provided in Note 16 to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Maximum Number or Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs[1]
4/4/22 - 5/8/22	—	$ —	—	$ 137,971,853
5/9/22 - 6/5/22	—	$ —	—	$ 137,971,853
6/6/22 - 7/3/22	—	$ —	—	$ 137,971,853
Total	—	$ —	—	$ 137,971,853

1 On April 20, 2021, the Company's Board of Directors authorized the repurchase of the Company's common stock in an aggregate amount of up to $350.0 million. Following several repurchase transactions in 2021, a total of approximately $138.0 million remained available for share repurchases at December 31, 2021. No shares were repurchased under this authorization during the six-month period ended July 3, 2022.

Item 6. Exhibits.

	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 July 20, 2022 (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K, filed July 26, 2022)
10.1	Separation Agreement dated June 13, 2022, by and between Julie C. Albrecht and Sonoco Products Company
15	Letter re: unaudited interim financial information
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	Certification 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)
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	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURE

Pursuant to the requirements 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.

SONOCO PRODUCTS COMPANY
(Registrant)

Date:	August 2, 2022	By:	/s/ Robert R. Dillard
			Robert R. Dillard Chief Financial Officer (principal financial officer)
			/s/ James W. Kirkland
			James W. Kirkland Corporate Controller (principal accounting officer)

SEPARATION AGREEMENT

This Separation Agreement (the "***Agreement***") is entered into on June 13, 2022, by and between Julie C. Albrecht ("***Employee***") and Sonoco Products Company, a South Carolina corporation (the "***Company***").

1. Separation of Employment.

(a) *Separation; Termination of Offer Letter*. Employee's last day of employment with the Company shall be June 30, 2022 (the "***Separation Date***"). Effective as of the Separation Date, (i) Employee's employment with the Company and all of its affiliates shall terminate and Employee shall cease to be an employee of all of the foregoing, and (ii) the offer letter, dated as of January 24, 2017, by and between the Company and Employee shall terminate, and neither the Company nor Employee shall have any further obligations thereunder. The Company and Employee further acknowledge and agree that the termination of Employee's employment hereunder constitutes a "separation from service" within the meaning of Section 409A (as defined below).

(b) *Return of Company Property*. Employee represents and warrants that she shall, prior to the Separation Date, return to the Company any and all property and equipment of the Company, including (i) all keys, files, lists, books and records (and copies thereof) of, or in connection with, the Company's business, equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones and pagers), access or credit cards, Company identification, and all other property belonging to the Company in Employee's possession or control, and (ii) all documents and copies, including hard and electronic copies, of documents in Employee's possession relating to any Trade Secrets (as defined in the Employee Agreement (as defined below)), including without limitation, internal and external business forms, manuals, correspondence, notes and computer programs, and that Employee shall not make or retain any copy or extract of any of the foregoing.

2. Accrued Obligations.

(a) Upon or within thirty (30) days following the Separation Date, the Company will pay to Employee (i) all accrued salary and all accrued, unused paid time off through the Separation Date, (and (ii) any unreimbursed business expenses incurred by Employee, in accordance with Company policy, prior to the Separation Date.

(b) With respect to the Omnibus Benefit Restoration Plan of the Company (Amended and Restated as of January 1, 2022) (the "***Benefit Restoration Plan***"), the portion of Employee's DC Restoration Account (as defined in the Benefit Restoration Plan) and DC SERP Account (as defined in the Benefit Restoration Plan) that are in each case vested, after taking into account Section 3(d) below (provided that, for the avoidance of doubt, the portion subject to accelerated vesting pursuant to Section 3(d) below shall not be considered an Accrued Obligation (as defined below)), shall be distributed to Employee in accordance with and pursuant to the applicable terms and conditions of the Benefit Restoration Plan and after taking into account adjustments to reflect dividend equivalents and deductions for income tax withholding.

(c) With respect to the Company restricted stock unit awards granted to Employee on each of March 20, 2017 (the "***Appointment RSUs***") and March 1, 2019 (the "***2019 Deferred RSUs***" and, together with the Appointment RSUs, the "***Deferred RSUs***")), the portion of such Deferred RSUs that are vested and outstanding as of the Separation Date, after taking into account adjustments to reflect dividend equivalents and deductions for income tax withholding as contemplated by Sections 3 and 4 of each Deferred RSU grant memo, shall be settled in accordance with and pursuant to Employee's previously submitted settlement election forms for such Deferred RSUs. The Company and Employee acknowledge and agree that (i) the Appointment RSUs shall be fully vested as of the Separation Date and (ii) one-third of the 2019 Deferred RSUs shall be vested as of the Separation Date and the remaining two-thirds of the 2019 Deferred RSUs that are unvested as of the Separation Date shall be automatically cancelled and forfeited as of the Separation Date.

(d) The amounts payable to Employee pursuant to this Section 2 shall be collectively referred to as the "***Accrued Obligations***."

3. Separation Benefits. Subject to Section 4 below, in consideration of, and subject to and conditioned upon (i) Employee's timely execution of this Agreement, (ii) Employee's continued employment through the Separation Date; provided, however, that Employee's termination by the Company other than for Cause (as defined in the Company's Change-in-Control Plan) prior to the Separation Date shall not alter or reduce the separation benefits to be paid to Employee hereunder, (iii) Employee's continued compliance with the terms and conditions of Sections 6-8 of this Agreement and the Restrictive Covenants (as defined below) and (iv) Employee's timely execution and non-revocation of the general release attached hereto as Exhibit A (the "***General Release***"), the Company will pay Employee the following separation benefits that Employee would not be entitled to receive if Employee did not enter into this Agreement:

(a) Continued payment of Employee's annual base salary as in effect as of the Separation Date during the period commencing on the Separation Date and ending on the first (1^{st}) anniversary of the Separation Date (i.e., June 30, 2023) (the "***Severance Period***"), payable in substantially equal installments in accordance with the Company's normal payroll practices during the Severance Period; provided, however, that no payments shall be made prior to the first regularly-scheduled Company payroll date occurring on or after the thirtieth (30^{th}) day following the date on which the General Release becomes effective and irrevocable (the "***First Payroll Date***") (with amounts otherwise payable under the Company's normal payroll practices prior to the First Payroll Date paid on the First Payroll Date without interest thereon);

(b) An amount equal to 100% of Employee's target annual bonus under the Company's Annual Cash Incentive Plan for the Company's 2022 fiscal year. Such payment shall be made in a single cash lump sum as and when annual bonuses are paid generally to employees of the Company for such fiscal year, but no later than March 15, 2023; and

(c) During the period commencing on the Separation Date and ending on the earlier of the first (1^{st}) anniversary of the Separation Date or the date on which Employee becomes eligible for coverage under a subsequent employer's group health plan (in either case, the "***COBRA Period***"), subject to Employee's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "***Code***") and the regulations thereunder, the Company shall reimburse Employee and Employee's dependents for, coverage under its group health plan at the same or reasonably equivalent levels in effect on the Separation Date and at the same cost to Employee that would have applied had Employee's employment not terminated based on Employee's elections in effect on the Separation Date; provided, however, that if (i) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the COBRA Period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (ii) the Company is otherwise unable to continue to cover Employee or Employee's dependents under its group health plans, or (iii) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company subsidy shall thereafter be paid to Employee in substantially equal monthly installments over the remaining portion of the COBRA Period.

(d) Notwithstanding anything to the contrary in the Benefit Restoration Plan, 100% of Employee's DC SERP Account shall vest as of the date the General Release becomes effective and irrevocable; provided that such amount shall be distributed to Employee in accordance with and pursuant to the applicable terms and conditions of the Benefit Restoration Plan.

(e) With respect to Employee's outstanding Company equity awards (other than the Deferred RSUs):

i. The portion of each of Employee's restricted stock unit awards that are eligible to vest based solely upon service-vesting conditions (the "***RSUs***"), that were granted on February 12, 2020 (the "***2020 RSUs***"), February 10, 2021 (the "***2021 RSUs***") and February 9, 2022 (the "***2022 RSUs***"), and in each case, that would have otherwise been eligible to vest on the next regularly scheduled vesting date following the Separation Date had Employee remained employed through each such date, shall vest as of each such regularly scheduled vesting date, and shall be settled no later than 30 days following each such date (but in no event later than March 15, 2023); provided that the remaining unvested portion of such RSUs shall be automatically cancelled and forfeited as of the Separation Date. For the avoidance of doubt, the foregoing shall result in the vesting of 2,723 2020 RSUs on February 12, 2023, 3,486 2021 RSUs on February 10, 2023 and 3,812 2022 RSUs on February 9, 2023; and

ii. With respect to each of Employee's restricted stock unit awards that are eligible to vest based upon both service-vesting conditions and performance-vesting conditions (the "***PCSUs***"), (A) for Employee's 16,750 PCSUs that were granted on February 12, 2020 (the "***2020 PCSUs***"), all such 2020 PCSUs shall remain outstanding following the Separation Date through the end of the applicable performance period ending on December 31, 2022, shall be eligible to performance-vest based on actual achievement of the applicable performance goals as measured by the Company following the end of the performance period, and, to the extent performance-vested at the end of the performance period, shall be settled no later than March 15, 2023, and (B) for Employee's 16,354 PCSUs that were granted on February 10, 2021 (the "***2021 PCSUs***") and Employee's 17,906 PCSUs that were granted on February 9, 2022 (the "***2022 PCSUs***"), all such 2021 PCSUs and 2022 PCSUs shall be automatically cancelled and forfeited as of the Separation Date. For the avoidance of doubt, any portion of the 2020 PCSUs that do not performance-vest at the end of the applicable performance period shall be automatically cancelled and forfeited at such time.

(f) Continued payment of premiums for Employee's existing executive life insurance benefit during the period commencing on the Separation Date and ending on six-month anniversary of the Separation Date.

4. <u>Withholdings and Other Deductions</u>. All compensation payable to Employee hereunder shall be subject to such withholdings and deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

5. <u>Warranty</u>. Employee acknowledges that all payments and benefits under Section 3 constitute additional compensation to which Employee would not be entitled except for Employee's decision to sign this Agreement and the General Release and to abide by the terms of this Agreement.

Employee acknowledges that, upon receipt of the Accrued Obligations, Employee has received all monies and other benefits due to Employee as a result of her employment with and separation from the Company. Employee further represents that to the best of Employee's knowledge she has not sustained a work-related injury or illness which she has not previously reported to the Company.

6. Reaffirmation of Restrictive Covenants. The parties acknowledge and agree that Employee previously made certain covenants, as set forth in (a) that certain Employee Agreement, dated February 4, 2017, by and between the Company and Employee (the "***Employee Agreement***") and (b) that certain Employee Non-Competition Agreement, dated January 31, 2017, by and between the Company and Employee (the "***Non-Competition Agreement***") (the covenants set forth in the Employee Agreement and the Non-Competition Agreement, collectively, the "***Restrictive Covenants***"). Employee hereby acknowledges and agrees that (i) the Restrictive Covenants shall remain in full force and effect in accordance with their terms and that Employee shall be bound by their terms and conditions, (ii) in accordance with Section 1(c) of the Non-Competition Agreement, the Company insists on Employee's full compliance with the non-compete provisions in Section 1(a) of the Non-Competition Agreement for the length of the Severance Period and Employee acknowledges that this Section 6 constitutes notice thereof, (iii) the separation payments set forth in Section 3(a) shall satisfy Section 1(c) of the Non-Competition Agreement for the length of the Severance Period and (iv) in the event that the Company determines that Employee has not complied with any of the Restrictive Covenants, the Company shall have no further obligations to pay any then-outstanding amounts otherwise required to be paid or provided under Section 3. Notwithstanding the foregoing, the Company and Employee acknowledge that the Company reserves the right, to the extent applicable, pursuant to and in accordance with Section 1(c) of the Non-Competition Agreement, to elect to enforce the non-compete provisions in Section 1(a) of the Non-Competition Agreement for the period beginning immediately following the Severance Period up to and including the last date of the Restricted Period (as defined in the Non-Competition Agreement).

7. Non-disparagement. Subject to Section 8, as of and following the date of this Agreement, Employee agrees not to publish or disseminate, directly or indirectly, any statements, whether written or oral, that are or could be harmful to or reflect negatively on any of the Company or any of its affiliates, or that are otherwise disparaging of any of the Company's, its affiliates or any of their past or present officers, directors, employees, advisors, agents, policies, procedures, practices, decision-making, conduct, professionalism or compliance with standards. As of and following the date of this Agreement, the Company agrees to instruct its directors and executive officers not to publish or disseminate, directly or indirectly, any statements, whether written or oral, that are or could be harmful to or reflect negatively on Employee or that are otherwise disparaging of Employee; provided that this Section 7 shall not be violated by the Company, its directors or its executive officers providing truthful testimony in response to a valid subpoena, court order, regulatory, request or other judicial, administrative or legal process or otherwise as required by law or conferring in confidence with the Company's counsel, accountants or other professional advisors.

8. Exceptions. Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement shall prohibit Employee (or Employee's attorney) from (a) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission ("***SEC***"), the Financial Industry Regulatory Authority ("***FINRA***"), the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively, "***Government Agencies***"), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (b) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any Government Agencies for the purpose of reporting or investigating a suspected violation

of law, or from providing such information to Employee's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, and/or (c) receiving an award for information provided to any Government Agency. Pursuant to 18 USC Section 1833(b), Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, nothing in this Agreement is intended to or shall preclude Employee from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If Employee is required to provide testimony, then unless otherwise directed or requested by a Governmental Agency or law enforcement, Employee shall notify the Company in writing as promptly as practicable after receiving any such request of the anticipated testimony and at least ten (10) days prior to providing such testimony (or, if such notice is not possible under the circumstances, with as much prior notice as is possible) to afford the Company a reasonable opportunity to challenge the subpoena, court order or similar legal process.

9. Ongoing Cooperation. Subject to Section 8, Employee agrees that Employee will assist and cooperate with the Company and its affiliates (a) concerning reasonable requests for information about the business of the Company or its affiliates or Employee's involvement and participation therein; (b) in connection with the defense, prosecution or investigation of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company or its subsidiaries or affiliates, including any proceeding before any arbitral, administrative, judicial, legislative, or other body or agency, including testifying in any proceeding to the extent such claims, actions, investigations or proceedings relate to services performed or required to be performed by Employee, pertinent knowledge possessed by Employee, or any act or omission by Employee; and (c) and in connection with any investigation or review by any federal, state or local regulatory, quasi- or self-regulatory or self-governing authority or organization (including, without limitation, the SEC and FINRA) as any such investigation or review relates to services performed or required to be performed by Employee, pertinent knowledge possessed by Employee, or any act or omission by Employee. Employee's full cooperation shall include, but not be limited to, being available to meet and speak with officers or employees of the Company, its affiliates and/or their counsel at reasonable times and locations, executing accurate and truthful documents, appearing at the Company's request as a witness at depositions, trials or other proceedings without the necessity of a subpoena, and taking such other actions as may reasonably be requested by the Company and/or its counsel to effectuate the foregoing. In requesting such services, the Company will consider other commitments that Employee may have at the time of the request. To the extent that any services or cooperation requested by the Company pursuant to this Section 9 is not a request to provide sworn testimony pursuant to subpoena or court order, the Company agrees to reimburse Employee for her reasonable costs for travel, missed work, and attorneys' fees to comply with the request, subject to submission to the Company of reasonable supporting documentation of such costs.

10. Arbitration.

(a) Employee and the Company agree that any dispute, controversy or claim, however significant, arising out of or in any way relating to Employee's employment with or termination of employment from the Company, including without limitation any dispute, controversy or claim arising out of or in any way relating to any provision of this Agreement (including the validity, scope and enforceability of this arbitration clause), to the fullest extent authorized by applicable law, shall be submitted to final and binding arbitration before a single neutral arbitrator in accordance with the rules of JAMS pursuant to its Employment Arbitration Rules and Procedures, which are available at http://www.jamsadr.com/rules-employment-arbitration/, and the Company will provide a copy upon Employee's request, as the exclusive remedy for resolving any and all such disputes.

(b) The tribunal will consist of a sole neutral arbitrator selected by mutual agreement of the parties (or, absent such mutual agreement, in accordance with the rules of JAMS) and the place of arbitration will be Hartsville, South Carolina. Each party shall be entitled to all types of remedies and relief otherwise available in court (subject to the limitations set forth herein). The parties agree that any arbitration pursuant to this Agreement shall be brought on an individual, rather than class, collective, or representative basis, and waive the right to pursue any claim subject to arbitration on a class, collective, or representative basis.

(c) The parties to this Agreement hereby expressly and irrevocably submit themselves to the personal jurisdiction of the Circuit Court of the State of South Carolina (the "***Circuit Court***") for the purpose of compelling arbitration pursuant to this Agreement and for the purpose of any judicial proceedings seeking to confirm, modify or vacate any arbitration award.

(d) To the extent required by applicable law, the fees of the arbitrator and all other costs that are unique to arbitration shall be paid by the Company initially, but if Employee initiates a claim subject to arbitration, Employee shall pay any filing fee up to the amount that Employee would be required to pay if Employee initiated such claim in the Circuit Court. Each party shall be solely responsible for paying its own further costs for the arbitration, including, but not limited to, its own attorneys' fees and/or its own witnesses' fees. The arbitrator may award fees and costs (including attorneys' fees) to the prevailing party where authorized by applicable law.

(e) WAIVER OF TRIAL BY JURY OR COURT. EMPLOYEE AND THE COMPANY UNDERSTAND THAT BY AGREEING TO ARBITRATE ANY ARBITRATION CLAIM, THEY WILL NOT HAVE THE RIGHT TO HAVE ANY ARBITRATION CLAIM DECIDED BY A JURY OR A COURT, BUT SHALL INSTEAD HAVE ANY ARBITRATION CLAIM DECIDED THROUGH ARBITRATION.

(f) WAIVER OF OTHER RIGHTS. EMPLOYEE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

(g) The parties acknowledge that they are entering into this arbitration provision voluntarily, and are represented by counsel. If any part of this arbitration provision is deemed unenforceable, it is entirely severable from the rest and shall not affect or limit the validity or enforceability of the remainder of the provision, or the Agreement.

11. Section 409A of the Code.

(a) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other such guidance that may be issued following the date hereof (collectively, "***Section 409A***"). Notwithstanding any provision of this Agreement to the contrary, in the event that following the date hereof, the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company may adopt such amendments to this Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other actions that the Company determines are necessary or appropriate to preserve the intended tax treatment of the compensation and benefits payable hereunder, including without limitation actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A, provided, that this Section 11 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments, policies or procedures or to take any other such actions. In no event shall the Company, its affiliates or any of their respective officers, directors or advisors be liable for any taxes, interest or penalties imposed under Section 409A or any corresponding provision of state or local law.

(b) Any right under this Agreement to a series of installment payments shall be treated as a right to a series of separate payments. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to Employee during the six (6)-month period following Employee's "separation from service" with the Company (within the meaning of Section 409A) if the Company determines that paying such amounts at the time or times indicated in this letter would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code.

(c) To the extent any reimbursements or in-kind benefits due to Employee under this Agreement constitute "deferred compensation" to which Treas. Reg. Section 1.409A-3(i)(1)(iv) would apply, any such reimbursements or in-kind benefits shall be paid or reimbursed reasonably promptly, but in no event later than December 31st of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and Employee's right to such payments or reimbursements of any such expenses shall not be subject to liquidation or exchange for any other benefit.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

13. Waiver. The failure to enforce any provision of this Agreement shall not be construed to be a waiver of such provision or to affect the validity of this Agreement or the right of any party to enforce this Agreement.

14. Headings. The headings in this Agreement are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Agreement.

15. Severability. If any sentence, phrase, section, subsection or portion of this Agreement is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Agreement, which shall remain fully valid and enforceable.

16. Assignment. This Agreement is personal to Employee and shall not be assignable by Employee; provided, however, that the payments due to Employee pursuant to Sections 2 and 3 of this Agreement shall inure to the benefit of Employee's heirs in the event of Employee's death prior to payment. The rights of the Company under this Agreement may be assigned by the Company, in its sole discretion, including to any of its affiliates or any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. This Agreement shall insure to the benefit of, and be binding on, the Company and its successors and assigns.

17. Ambiguities. Both parties have participated in the negotiation of this Agreement and, thus, it is understood and agreed that the general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement. In the event that any language of this Agreement is found to be

ambiguous, each party shall have an opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language.

18. Entire Agreement/Integration. This Agreement, together with the Employee Agreement, the Non-Competition Agreement and the General Release, constitutes the entire agreement between Employee and the Company concerning the subject matter hereof. No covenants, agreements, representations, or warranties of any kind, other than those set forth herein, have been made to any party hereto with respect to this Agreement. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Agreement. No amendments to this Agreement will be valid unless written and signed by Employee and an authorized representative of the Company.

19. Consultation with Counsel. Employee acknowledges (a) that Employee has thoroughly read and considered all aspects of this Agreement, that Employee understands all its provisions and that Employee is voluntarily entering into this Agreement, (b) that she has been represented by, or had the opportunity to be represented by independent counsel of her own choice in connection with the negotiation and execution of this Agreement and has been advised to do so by the Company, and (c) that she has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on her own judgment. Without limiting the generality of the foregoing, Employee acknowledges that she has had the opportunity to consult with her own independent tax advisors with respect to the tax consequences to him or her of this Agreement and the payments hereunder, and that she is relying solely on the advice of her independent advisors for such purposes. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

20. Notices. All notices, requests and other communications hereunder shall be in writing and shall be delivered by courier or other means of personal service (including by means of a nationally recognized courier service or professional messenger service), or sent by email and also mailed first class, postage prepaid, by certified mail, return receipt requested, in all cases addressed to:

If to Employee:

To the last mailing address and e-mail address that the Company has in its personnel records for Employee, provided that Company will update its personnel records within five (5) days of receiving notice from Employee of a change in Employee's address subsequent to the Separation Date.

If to the Company:

Sonoco Products Company
1 N. Second St., Hartsville, South Carolina
Attention: John Florence

All notices, requests and other communications shall be deemed given on the date of actual receipt or delivery as evidenced by written receipt, acknowledgement or other evidence of actual receipt or delivery to the address. Any party hereto may from time to time by notice in writing served as set forth above designate a different address or a different or additional person to which all such notices or communications thereafter are to be given.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

SONOCO PRODUCTS COMPANY

By: /s/John Florence______________________
Name: John Florence
Title: General Counsel

EMPLOYEE

By: /s/Julie C. Albrecht______________________
Name: Julie C. Albrecht

EXHIBIT A

GENERAL RELEASE AGREEMENT

This General Release of Claims (this "***Release***") is made by Julie C. Albrecht ("***Employee***") in favor of Sonoco Products Company, a South Carolina corporation (the "***Company***") and the "***Releasees***" (as defined below), as of the date of Employee's execution of this Release.

1. Release by Employee. In exchange for the benefits set forth in the Separation Agreement entered into by and between the Company and Employee, dated as of June 13, 2022, (the "***Agreement***") to which this Release is an exhibit, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Employee agrees unconditionally and forever to release and discharge the Company and the Company's affiliated, related, parent and subsidiary corporations, as well as their respective past and present parents, subsidiaries, affiliates, associates, members, stockholders, employee benefit plans, attorneys, agents, representatives, partners, joint venturers, predecessors, successors, assigns, insurers, owners, employees, officers, directors and all persons acting by, through, under, or in concert with them, or any of them (hereinafter the "***Releasees***") from any and all manner of claims, actions, causes of action, in law or in equity, demands, rights, or damages of any kind or nature which he or she may now have, or ever have, whether known or unknown, fixed or contingent, including any claims, causes of action or demands of any nature (hereinafter called "***Claims***"), that Employee now has or may hereafter have against the Releasees by reason of any and all acts, omissions, events or facts occurring or existing prior to Employee's execution of this Release. The Claims released hereunder specifically include, but are not limited to, any claims for fraud; breach of contract; breach of implied covenant of good faith and fair dealing; inducement of breach; interference with contract; wrongful or unlawful discharge or demotion; violation of public policy; sexual or any other type of assault and battery; invasion of privacy; intentional or negligent infliction of emotional distress; intentional or negligent misrepresentation; conspiracy; failure to pay wages, benefits, vacation pay, severance pay, commissions, equity, attorneys' fees, or other compensation of any sort; failure to accommodate disability, including pregnancy; discrimination or harassment on the basis of pregnancy, race, color, sex, gender, national origin, ancestry, religion, disability, handicap, medical condition, marital status, sexual orientation or any other protected category; any claim under the Age Discrimination in Employment Act, as amended, 29 U.S.C. § 621 et seq. ("***ADEA***"); the Older Workers' Protection Benefit Act of 1990; Title VII of the Civil Rights Act of 1964, as amended, by the Civil Rights Act of 1991, 42 U.S.C. § 2000 et seq.; Equal Pay Act, as amended, 29 U.S.C. § 206(d); the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq.; the False Claims Act, 31 U.S.C. § 3729 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act, as amended, 29 U.S.C. § 2101 et seq.; the Fair Labor Standards Act, 29 U.S.C. § 215 et seq.; violations of the South Carolina Human Affairs Law and Sections 37-5-106 (termination of an employee because a creditor garnished the employee's wages), 41-1-20 (unlawful discrimination against union members), 41-1-30 (unlawful termination of an employee replaced by an unauthorized alien), 41-1-70 (wrongful demotion or termination of an employee for complying with a subpoena or serving on a jury), 41-1-80 (retaliation against employees for instituting or participating in workers' compensation claims), 41-1-85 (adverse personnel action against employees for using tobacco products outside the workplace), and 53-1-110 (discrimination against employees who conscientiously oppose working on Sundays) of the South Carolina Code; and any federal, state or local laws of similar effect.

2. Claims Not Released. This Release shall not apply to: the Company's obligations to provide the accrued obligations under Section 2 of the Agreement; the Company's obligations to provide the separation benefits under Section 3 of the Agreement; Employee's right to indemnification under any applicable indemnification agreement with the Company; the Company's governing documents or

applicable law; Employee's right to assert claims for workers' compensation or unemployment benefits; Employee's right to bring to the attention of the Equal Employment Opportunity Commission ("***EEOC***") claims of discrimination (provided, however, that Employee releases her right to secure any damages for alleged discriminatory treatment); any right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator; any right to file an unfair labor practice charge under the National Labor Relations Act; Employee's vested rights under any retirement or welfare benefit plan of the Company; Employee's rights in her capacity as an equity holder of the Company; or any other rights that may not be waived by an employee under applicable law.

3. Older Worker's Benefit Protection Act. In accordance with the Older Worker's Benefit Protection Act, Employee is hereby advised as follows:

(a) Employee has read this Release and understands its terms and effect, including the fact that Employee is agreeing to release and forever discharge the Company and each of the Releasees from any Claims released in this Release.

(b) Employee understands that, by entering into this Release, Employee does not waive any Claims that may arise after the date of Employee's execution of this Release, including without limitation any rights or claims that Employee may have to secure enforcement of the terms and conditions of this Release.

(c) Employee has signed this Release voluntarily and knowingly in exchange for the consideration described in this Release, which Employee acknowledges is adequate and satisfactory to Employee and in addition to any other benefits to which Employee is otherwise entitled.

(d) The Company advises Employee to consult with an attorney prior to executing this Release.

(e) Employee has twenty-one (21) days to review and decide whether or not to sign this Release. If Employee signs this Release prior to the expiration of such period, Employee acknowledges that Employee has done so voluntarily, had sufficient time to consider the Release, to consult with counsel and that Employee does not desire additional time and hereby waives the remainder of the twenty-one (21) day period. In the event of any changes to this Release, whether or not material, Employee waives the restarting of the twenty-one (21) day period.

(f) Employee has seven (7) days after signing this Release to revoke this Release, and this Release will become effective upon the expiration of that revocation period. If Employee revokes this Release during such seven (7)-day period, this Release will be null and void and of no force or effect on either the Company or Employee and Employee will not be entitled to any of the payments or benefits set forth in Section 3 of the Agreement.

If Employee wishes to revoke this Release, Employee shall deliver written notice stating her intent to revoke this Release to Lynn Harrelson, VP Global Total Rewards, 1 North Second Street, Hartsville, SC 29550, on or before 5:00 p.m. Eastern Time on the seventh (7^{th}) day after the date on which Employee signs this Release.

4. Representations. Employee represents and warrants that there has been no assignment or other transfer of any interest in any Claim which she may have against Releasees, or any of them, and Employee agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition

precedent to recovery by the Releasees against Employee under this indemnity. Employee agrees that if she hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then Employee agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

5. No Actions. Employee represents and warrants to the Company that Employee has no pending actions, Claims or charges of any kind. Employee agrees that if Employee hereafter commences, joins in, or in any manner seeks relief through any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against the Releasees any of the Claims released hereunder, then Employee will pay to the Releasees against whom such Claim(s) is asserted, in addition to any other damages caused thereby, all attorneys' fees incurred by such Releasees in defending or otherwise responding to said suit or Claim; provided, however, that Employee shall not be obligated to pay the Releasees' attorneys' fees to the extent such fees are attributable to: (a) claims under the ADEA or a challenge to the validity of the release of claims under the ADEA; or (b) Employee's right to file a charge with the EEOC; however, Employee hereby waives any right to any damages or individual relief resulting from any such charge.

6. Exceptions. Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit Employee (or Employee's attorney) from (a) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, the EEOC, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively, "***Government Agencies***"), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (b) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any Government Agencies for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Employee's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, and/or (c) receiving an award for information provided to any Government Agency. Pursuant to 18 USC Section 1833(b), Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, nothing in this Release is intended to or shall preclude Employee from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If Employee is required to provide testimony, then unless otherwise directed or requested by a Governmental Agency or law enforcement, Employee shall notify the Company in writing as promptly as practicable after receiving any such request of the anticipated testimony and at least ten (10) days prior to providing such testimony (or, if such notice is not possible under the circumstances, with as much prior notice as is possible) to afford the Company a reasonable opportunity to challenge the subpoena, court order or similar legal process.

7. Miscellaneous.

(a) *No Admission.* Employee understands and agrees that neither the payment of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees.

(b) *Severability*. If any sentence, phrase, section, subsection or portion of this Release is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Release, which shall remain fully valid and enforceable.

(c) *Headings*. The headings in this Release are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Release.

(d) *Construction of Agreement*. Employee has been represented by, or had the opportunity to be represented by, counsel in connection with the negotiation and execution of this Release. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Release.

(e) *Entire Agreement/Integration*. This Release, together with the Agreement, the Employee Agreement and the Non-Competition Agreement, constitutes the entire agreement between Employee and the Company concerning the subject matter hereof. No covenants, agreements, representations, or warranties of any kind, other than those set forth herein, have been made to any party hereto with respect to this Release. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Release. No amendments to this Release will be valid unless written and signed by Employee and an authorized representative of the Company.

Sign only on or within twenty-one (21) days after June 30, 2022.

EMPLOYEE

Date: June 30,2022 /s/Julie C. Albrecht
Julie C. Albrecht

EXHIBIT 15

August 2, 2022

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated August 2, 2022 on our review of interim financial information of Sonoco Products Company, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-3 (File No. 333-232937) and on Forms S-8 (File No. 333-206669, File No. 333-206671, File No. 333-206672, File No. 333-206673, and File No. 333-232936) of Sonoco Products Company.

Very truly yours,

/s/PricewaterhouseCoopers LLP

EXHIBIT 31

I, R. Howard Coker, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Sonoco Products Company;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

By: /s/ R. Howard Coker

R. Howard Coker

President and Chief Executive Officer

EXHIBIT 31

I, Robert R. Dillard, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Sonoco Products Company;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

By: /s/ Robert R. Dillard
Robert R. Dillard
Chief Financial Officer

EXHIBIT 32

Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes – Oxley Act of 2002

The undersigned, who are the chief executive officer and the chief financial officer of Sonoco Products Company, each hereby certifies that, to the best of his/her knowledge, the accompanying Form 10-Q for the quarter ended July 3, 2022, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

August 2, 2022

/s/ R. Howard Coker
R. Howard Coker
President and Chief Executive Officer

/s/ Robert R. Dillard
Robert R. Dillard
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Sonoco Products Company (the "Company") and will be retained by the Company and furnished to the Securities and Exchange Commission upon request. This certification accompanies the Form 10-Q and shall not be treated as having been filed as part of the Form 10-Q.