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 June 28, 2020

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

Incorporated under the laws of South Carolina	**I.R.S. Employer Identification No. 57-0248420**

1 N. Second St.
Hartsville, South Carolina 29550
Telephone: 843/383-7000

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 during the preceding 12 months (or such shorter period that the registrant was required to submit and post 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 ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock at July 17, 2020:

Common stock, no par value: 100,376,491

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)

	June 28, 2020	December 31, 2019*
Assets		
Current Assets		
Cash and cash equivalents	$ 857,272	$ 145,283
Trade accounts receivable, net of allowances	692,943	698,149
Other receivables	104,397	113,754
Inventories, net:		
Finished and in process	173,697	172,223
Materials and supplies	350,158	331,585
Prepaid expenses	60,195	60,202
	2,238,662	1,521,196
Property, Plant and Equipment, Net	1,235,505	1,286,842
Goodwill	1,423,712	1,429,346
Other Intangible Assets, Net	360,996	388,292
Deferred Income Taxes	41,301	46,502
Right of Use Asset-Operating Leases	294,050	298,393
Other Assets	144,634	155,718
Total Assets	$ 5,738,860	$ 5,126,289
Liabilities and Equity		
Current Liabilities		
Payable to suppliers	$ 554,090	$ 537,764
Accrued expenses and other	354,302	367,114
Notes payable and current portion of long-term debt	646,623	488,234
Accrued taxes	21,257	11,380
	1,576,272	1,404,492
Long-term Debt, Net of Current Portion	1,618,640	1,193,135
Noncurrent Operating Lease Liabilities	249,217	253,992
Pension and Other Postretirement Benefits	303,606	304,798
Deferred Income Taxes	95,962	76,206
Other Liabilities	87,459	77,961
Sonoco Shareholders' Equity		
Common stock, no par value		
Authorized 300,000 shares 100,330 and 100,198 shares issued and outstanding at June 28, 2020 and December 31, 2019, respectively	7,175	7,175
Capital in excess of stated value	309,427	310,778
Accumulated other comprehensive loss	(869,453)	(816,803)
Retained earnings	2,350,189	2,301,532
Total Sonoco Shareholders' Equity	1,797,338	1,802,682
Noncontrolling Interests	10,366	13,023
Total Equity	1,807,704	1,815,705
Total Liabilities and Equity	$ 5,738,860	$ 5,126,289

* 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.

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	
	June 28, 2020	**June 30, 2019**	**June 28, 2020**	**June 30, 2019**
Net sales	$ 1,245,485	$ 1,359,721	$ 2,548,781	$ 2,711,426
Cost of sales	997,502	1,084,385	2,034,208	2,165,969
Gross profit	247,983	275,336	514,573	545,457
Selling, general and administrative expenses	121,371	132,213	245,259	274,774
Restructuring/Asset impairment charges	22,885	13,355	35,484	24,027
Operating profit	103,727	129,768	233,830	246,656
Non-operating pension costs	7,600	5,550	15,179	11,591
Interest expense	19,563	16,798	36,092	32,830
Interest income	878	846	1,362	1,493
Income before income taxes	77,442	108,266	183,921	203,728
Provision for income taxes	23,230	28,491	49,986	51,115
Income before equity in earnings of affiliates	54,212	79,775	133,935	152,613
Equity in earnings of affiliates, net of tax	778	1,511	1,291	2,441
Net income	54,990	81,286	135,226	155,054
Net loss/(income) attributable to noncontrolling interests	221	(127)	430	(232)
Net income attributable to Sonoco	$ 55,211	$ 81,159	$ 135,656	$ 154,822
Weighted average common shares outstanding:				
Basic	100,971	100,759	100,915	100,700
Diluted	101,109	101,178	101,109	101,129
Per common share:				
Net income attributable to Sonoco:				
Basic	$ 0.55	$ 0.81	$ 1.34	$ 1.54
Diluted	$ 0.55	$ 0.80	$ 1.34	$ 1.53

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	
	June 28, 2020	**June 30, 2019**	**June 28, 2020**	**June 30, 2019**
Net income	$ 54,990	$ 81,286	$ 135,226	$ 155,054
Other comprehensive income/(loss):				
Foreign currency translation adjustments	32,864	9,745	(62,348)	6,773
Changes in defined benefit plans, net of tax	4,416	1,807	10,196	8,963
Changes in derivative financial instruments, net of tax	1,830	(481)	(2,725)	1,383
Other comprehensive income/(loss):	$ 39,110	$ 11,071	$ (54,877)	$ 17,119
Comprehensive income:	94,100	92,357	80,349	172,173
Net loss/(income) attributable to noncontrolling interests	221	(127)	430	(232)
Other comprehensive loss/(income) attributable to noncontrolling interests	590	(172)	2,227	(52)
Comprehensive income attributable to Sonoco	$ 94,911	$ 92,058	$ 83,006	$ 171,889

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, 2018	$ 1,772,278	99,829	$ 7,175	$ 304,709	$ (740,913)	$ 2,188,115	$ 13,192
Net income	73,768					73,663	105
Other comprehensive income/(loss):							
Translation loss	(2,972)				(2,852)		(120)
Defined benefit plan adjustment, net of tax	7,156				7,156		
Derivative financial instruments, net of tax	1,864				1,864		
Other comprehensive income/(loss)	$ 6,048				$ 6,168		$ (120)
Dividends	(41,534)					(41,534)	
Dividends paid to noncontrolling interests	(214)						(214)
Issuance of stock awards	399	340		399			
Shares repurchased	(7,395)	(133)		(7,395)			
Stock-based compensation	4,560			4,560			
Impact of new accounting pronouncements	(6,771)					(6,771)	
March 31, 2019	$ 1,801,139	100,036	$ 7,175	$ 302,273	$ (734,745)	$ 2,213,473	$ 12,963
Net income	81,286					81,159	$ 127
Other comprehensive income/(loss):							
Translation gain	9,745				9,573		172
Defined benefit plan adjustment, net of tax	1,807				1,807		
Derivative financial instruments, net of tax	(481)				(481)		
Other comprehensive income:	$ 11,071				$ 10,899		$ 172
Dividends	(43,353)					(43,353)	
Issuance of stock awards	326	58		326			
Shares repurchased	(1,155)	(19)		(1,155)			
Stock-based compensation	4,306			4,306			
June 30, 2019	$ 1,853,620	100,075	$ 7,175	$ 305,750	$ (723,846)	$ 2,251,279	$ 13,262

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, 2019	$ 1,815,705	100,198	$ 7,175	$ 310,778	$ (816,803)	$ 2,301,532	$ 13,023
Net income/(loss)	80,236					80,445	(209)
Other comprehensive income/(loss):							
Translation loss	(95,212)				(93,575)		(1,637)
Defined benefit plan adjustment, net of tax	5,780				5,780		
Derivative financial instruments, net of tax	(4,555)				(4,555)		
Other comprehensive loss	$ (93,987)				$ (92,350)		$ (1,637)
Dividends	(43,339)					(43,339)	
Issuance of stock awards	376	196		376			
Shares repurchased	(3,938)	(65)		(3,938)			
Stock-based compensation	597			597			
Impact of new accounting pronouncements	(209)					(209)	
March 29, 2020	$ 1,755,441	100,329	$ 7,175	$ 307,813	$ (909,153)	$ 2,338,429	$ 11,177
Net income/(loss):	54,990					55,211	(221)
Other comprehensive income/(loss):							
Translation gain/(loss)	32,864				33,454		(590)
Defined benefit plan adjustment, net of tax	4,416				4,416		
Derivative financial instruments, net of tax	1,830				1,830		
Other comprehensive income/(loss)	$ 39,110				$ 39,700		$ (590)
Dividends	(43,451)					(43,451)	
Issuance of stock awards	287	2		287			
Shares repurchased	(12)	(1)		(12)			
Stock-based compensation	1,339			1,339			
June 28, 2020	$ 1,807,704	100,330	$ 7,175	$ 309,427	$ (869,453)	$ 2,350,189	$ 10,366

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended	
	June 28, 2020	June 30, 2019
Cash Flows from Operating Activities:		
Net income	$ 135,226	$ 155,054
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairment	8,759	7,284
Depreciation, depletion and amortization	123,447	116,978
Share-based compensation expense	1,936	8,866
Equity in earnings of affiliates	(1,291)	(2,441)
Cash dividends from affiliated companies	3,276	3,297
Net (gain)/loss on disposition of assets	(2,265)	3,943
Pension and postretirement plan expense	29,135	13,647
Pension and postretirement plan contributions	(31,105)	(213,579)
Net increase in deferred taxes	19,653	37,953
Change in assets and liabilities, net of effects from acquisitions and foreign currency adjustments:		
Trade accounts receivable	(13,516)	(46,191)
Inventories	(31,984)	(16,825)
Payable to suppliers	17,844	(2,842)
Prepaid expenses	(8,769)	(4,976)
Accrued expenses	9,261	(7,741)
Income taxes payable and other income tax items	8,533	(26,990)
Other assets and liabilities	13,851	14,644
Net cash provided by operating activities	281,991	40,081
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(76,417)	(102,272)
Cost of acquisitions, net of cash acquired	(3,787)	(455)
Proceeds from the sale of assets	4,845	1,498
Investment in affiliates and other, net	524	1,301
Net cash used in investing activities	(74,835)	(99,928)
Cash Flows from Financing Activities:		
Proceeds from issuance of debt	1,105,139	243,394
Principal repayment of debt	(269,970)	(81,025)
Net change in commercial paper	(250,000)	(18,000)
Net increase/(decrease) in outstanding checks	7,469	(11,697)
Proceeds from cross-currency swap	14,480	—
Payment of contingent consideration	(2,500)	(5,000)
Cash dividends	(86,337)	(84,160)
Dividends paid to noncontrolling interests	—	(214)
Shares repurchased	(3,950)	(8,550)
Net cash provided by financing activities	514,331	34,748
Effects of Exchange Rate Changes on Cash	(9,498)	1,005
Net Increase/(Decrease) in Cash and Cash Equivalents	711,989	(24,094)
Cash and cash equivalents at beginning of period	145,283	120,389
Cash and cash equivalents at end of period	$ 857,272	$ 96,295

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 six months ended June 28, 2020, are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. 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, 2019.

With respect to the unaudited condensed consolidated financial information of the Company for the three- and six-month periods ended June 28, 2020 and June 30, 2019 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 July 29, 2020 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 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting". The ASU is intended to provide optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the discontinuation of the London Interbank Offered Rate (“LIBOR”) or by another reference rate expected to be discontinued. The relief offered by this guidance, if adopted, is available to companies for the period March 12, 2020 through December 31, 2022. The Company does not expect the discontinuation of LIBOR to have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which requires measurement and recognition of expected versus incurred credit losses for financial assets held. The measurement of expected credit losses should be based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. The guidance is effective for annual reporting periods beginning after December 15, 2019, and interim periods within those annual periods. The Company adopted ASU 2016-13 in 2020, using the modified retrospective approach and recorded a cumulative-effect adjustment to retained earnings of $209, a $279 increase to the allowance for doubtful accounts, and a $70 decrease to deferred income tax liabilities as of January 1, 2020.

During the six-month period ended June 28, 2020, there have been no other newly issued nor newly applicable accounting pronouncements that have had, or are expected to have, a material impact on the Company’s financial statements. Further, at June 28, 2020, there were 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

On January 10, 2020, the Company completed the acquisition of a small tube and core operation in Jacksonville, Florida, from Design Containers, Inc. ("Jacksonville"), for total cash consideration of $3,973.

The preliminary fair values of the assets acquired in connection with the Jacksonville acquisition are as follows:

	Jacksonville
Property, plant and equipment	$ 2,773
Inventories	150
Goodwill	1,050
Net Assets	$ 3,973

Goodwill, all of which is expected to be deductible for income tax purposes, consists of increased access to certain markets. Jacksonville's financial results from January 10, 2020 to June 28, 2020 are included in the Company's Paper and Industrial Converted Products segment.

During the six months ended June 28, 2020, the Company continued to finalize its valuations of the assets acquired and liabilities assumed in the December 31, 2019 acquisition of Thermoform Engineered Quality, LLC, and Plastique Holdings, LTD (together "TEQ") and the August 9, 2019 acquisition of Corenso Holdings America, Inc. ("Corenso") based on new information obtained about facts and circumstances that existed as of their respective acquisition dates. In addition, a final post-closing settlement for the change in working capital at TEQ to the date of closing was made in April 2020 resulting in the receipt of cash from the sellers totaling $185. The following measurement period adjustments were made to the previously disclosed preliminary fair values:

	TEQ	Corenso
Trade accounts receivable	$ (41)	$ —
Inventories	(241)	(536)
Property, plant and equipment	(2,020)	—
Goodwill	2,763	616
Other intangible assets	600	—
Payable to suppliers	—	(80)
Other net tangible assets/liabilities	(701)	—
Deferred income taxes, net	(545)	—
Decrease in consideration paid	$ (185)	$ —

The allocation of the purchase price of TEQ and Corenso to the tangible and intangible assets acquired and liabilities assumed was based on the Company's preliminary estimates of their fair value, based on information currently available. Management is continuing to finalize its valuations of certain assets and liabilities including, but not limited to, those listed in the table above, and expects to complete its valuations within one year from their respective dates of acquisition.

On April 12, 2018, the Company completed the acquisition of Highland Packaging Solutions ("Highland"). Total consideration for this acquisition included a contingency purchase liability of $7,500 payable in two annual installments if certain sales metrics were achieved. The metrics were met and the Company paid the first installment of $5,000 in 2019 and paid the second and final installment of $2,500 in May 2020. The payments of these contingent obligations are reflected as financing activities on the Company's Condensed Consolidated Statement of Cash Flows for the six months ended June 28, 2020 and June 30, 2019.

(Dollars and shares in thousands except per share data)

The Company has accounted for its acquisitions as business combinations under the acquisition method of accounting, in accordance with the business combinations subtopic of the Accounting Standards Codification and has included their results of operations in the Company's Condensed Consolidated Statements of Income from their respective dates of acquisition.

Costs related to acquisitions and potential acquisitions and divestitures totaling $357 and $1,224 were incurred during the three months ended June 28, 2020 and June 30, 2019, respectively, and $1,528 and $1,624 during the six months ended June 28, 2020 and June 30, 2019, respectively. These costs consist primarily of legal and professional fees and are included in "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income.

Note 4: Shareholders' Equity

Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended		Six Months Ended	
	June 28, 2020	**June 30, 2019**	**June 28, 2020**	**June 30, 2019**
Numerator:				
Net income attributable to Sonoco	$ 55,211	$ 81,159	$ 135,656	$ 154,822
Denominator:				
Weighted average common shares outstanding:				
Basic	100,971	100,759	100,915	100,700
Dilutive effect of stock-based compensation	138	419	194	429
Diluted	101,109	101,178	101,109	101,129
Net income attributable to Sonoco per common share:				
Basic	$ 0.55	$ 0.81	$ 1.34	$ 1.54
Diluted	$ 0.55	$ 0.80	$ 1.34	$ 1.53
Cash dividends	$ 0.43	$ 0.43	$ 0.86	$ 0.84

No adjustments were made to "Net income attributable to Sonoco" in the computations of earnings per 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 antidilutive. 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 not dilutive and, therefore, not included in the computation of diluted earnings per share during the three- and six- month periods ended June 28, 2020 and June 30, 2019 were as follows:

	Three Months Ended		Six Months Ended	
	June 28, 2020	**June 30, 2019**	**June 28, 2020**	**June 30, 2019**
Anti-dilutive stock appreciation rights	1,191	537	890	421

(Dollars and shares in thousands except per share data)

Stock Repurchases

On February 10, 2016, the Company's Board of Directors authorized the repurchase of up to 5,000 shares of the Company's common stock. A total of 2,030 shares were purchased in 2016. No shares were repurchased under this authorization during 2017, 2018, 2019, or during the six months ended June 28, 2020. Accordingly, a total of 2,970 shares remain available for repurchase at June 28, 2020.

The Company frequently 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 66 shares in the six months ended June 28, 2020 at a cost of $3,950, and 151 shares in the six months ended June 30, 2019 at a cost of $8,550.

Dividend Declarations

On April 15, 2020, the Board of Directors declared a regular quarterly dividend of $0.43 per share. This dividend was paid on June 10, 2020 to all shareholders of record as of May 8, 2020.

On July 15, 2020, the Board of Directors declared a regular quarterly dividend of $0.43 per share. This dividend is payable on September 10, 2020 to all shareholders of record as of August 10, 2020.

Note 5: Restructuring and Asset Impairment

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.

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

	Three Months Ended		Six Months Ended	
	June 28, 2020	**June 30, 2019**	**June 28, 2020**	**June 30, 2019**
Severance and Termination Benefits	$ 15,159	$ 5,199	$ 25,259	$ 11,499
Asset Impairment / Disposal of Assets	6,073	5,652	8,759	7,284
Other Costs	1,653	2,504	1,466	5,244
Total Restructuring/Asset Impairment Charges	$ 22,885	$ 13,355	$ 35,484	$ 24,027

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

	Three Months Ended		Six Months Ended	
	June 28, 2020	**June 30, 2019**	**June 28, 2020**	**June 30, 2019**
Consumer Packaging	$ 3,250	$ 10,487	$ 5,612	$ 17,742
Display and Packaging	668	511	3,548	886
Paper and Industrial Converted Products	17,689	1,600	23,045	2,474
Protective Solutions	695	561	1,168	1,003
Corporate	583	196	2,111	1,922
Total Restructuring/Asset Impairment Charges	$ 22,885	$ 13,355	$ 35,484	$ 24,027

Restructuring and asset impairment charges are included in "Restructuring/Asset impairment charges" 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 Impairment/ Disposal of Assets	Other Costs	Total
Liability at December 31, 2019	$ 10,765	$ —	$ 592	$ 11,357
2020 charges	25,259	8,759	1,466	35,484
Cash receipts/(payments)	(17,431)	722	(2,305)	(19,014)
Asset write downs/disposals	—	(9,481)	1,143	(8,338)
Foreign currency translation	(89)		(5)	(94)
Liability at June 28, 2020	$ 18,504	$ —	$ 891	$ 19,395

"Severance and Termination Benefits" during the first six months of 2020 includes the cost of severance provided to employees terminated as a result of the operational closures in the Paper and Industrial Converted Products segment including a paper mill in Canada, a paper machine in the United States, and two tube and core plants in the United States, and the closure in the Consumer Packaging segment of a graphic design operation in the United Kingdom. In addition, the charges include the cost of severance for approximately 150 employees whose positions were eliminated in conjunction with the Company's ongoing organizational effectiveness efforts.

"Asset Impairment/Disposal of Assets" consists primarily of impairment charges of $5,726 resulting from the closure of a paper mill in Canada, and $2,300 resulting from the closure of a paper machine in Hartsville, South Carolina. Additionally, the Company received net cash proceeds of $722 primarily from the sale of a previously closed retail security plant facility in Spartanburg, South Carolina. This facility had a net book value of $490.

“Other Costs” consist primarily of costs related to plant closures including equipment removal, utilities, plant security, property taxes and insurance, net of incentive forfeitures.

The Company expects to pay the majority of the remaining restructuring reserves by the end of 2020 using cash generated from operations. The Company also expects to recognize future additional charges totaling approximately $2,700 in connection with previously announced restructuring actions and believes that the majority of these charges will be incurred and paid by the end of 2020. The Company continually evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions are likely to be undertaken.

(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 June 28, 2020 and June 30, 2019:

	Foreign Currency Items	Defined Benefit Pension Items	Cash Flow Hedges	Accumulated Other Comprehensive Loss
Balance at December 31, 2019	$ (241,994)	$ (574,413)	$ (396)	$ (816,803)
Other comprehensive loss before reclassifications	(60,121)	(862)	(4,402)	(65,385)
Amounts reclassified from accumulated other comprehensive loss to net income	—	11,058	1,677	12,735
Other comprehensive (loss)/income	(60,121)	10,196	(2,725)	(52,650)
Balance at June 28, 2020	$ (302,115)	$ (564,217)	$ (3,121)	$ (869,453)
Balance at December 31, 2018	$ (251,102)	$ (487,380)	$ (2,431)	$ (740,913)
Other comprehensive income/(loss) before reclassifications	6,721	(5,939)	1,726	2,508
Amounts reclassified from accumulated other comprehensive loss to net income	—	14,902	(242)	14,660
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	(101)	(101)
Other comprehensive income	6,721	8,963	1,383	17,067
Balance at June 30, 2019	$ (244,381)	$ (478,417)	$ (1,048)	$ (723,846)

(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 June 28, 2020 and June 30, 2019:

	Amount Reclassified from Accumulated Other Comprehensive Loss				
	Three Months Ended		Six Months Ended		
Details about Accumulated Other Comprehensive Loss Components	**June 28, 2020**	**June 30, 2019**	**June 28, 2020**	**June 30, 2019**	**Affected Line Item in the Condensed Consolidated Statements of Income**
Gains/(losses) on cash flow hedges					
Foreign exchange contracts	$ (3,384)	$ 532	$ (4,522)	$ 849	Net sales
Foreign exchange contracts	2,050	(378)	2,877	(666)	Cost of sales
Commodity contracts	525	(319)	(554)	116	Cost of sales
	$ (809)	$ (165)	$ (2,199)	$ 299	Income before income taxes
	197	59	522	(57)	Provision for income taxes
	$ (612)	$ (106)	$ (1,677)	$ 242	Net income
Defined benefit pension items					
Effect of curtailment loss[(a)]	$ (31)	$ —	$ (31)	$ —	Non-operating pension costs
Effect of settlement loss[(a)]	(38)	(225)	(661)	(1,547)	Non-operating pension costs
Amortization of defined benefit pension items[(a)]	(7,221)	(9,523)	(14,082)	(18,455)	Non-operating pension costs
	$ (7,290)	$ (9,748)	$ (14,774)	$ (20,002)	Income before income taxes
	1,815	2,510	3,716	5,100	Provision for income taxes
	$ (5,475)	$ (7,238)	$ (11,058)	$ (14,902)	Net income
Total reclassifications for the period	$ (6,087)	$ (7,344)	$ (12,735)	$ (14,660)	Net income

[(a)] 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 June 28, 2020 and June 30, 2019:

	Three months ended June 28, 2020			Three months ended June 30, 2019		
	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount
Foreign currency items:						
Net other comprehensive loss from foreign currency items	$ 33,454	$ —	$ 33,454	$ 9,573	$ —	$ 9,573
Defined benefit pension items:						
Other comprehensive income/(loss) before reclassifications	(1,410)	351	(1,059)	(6,957)	1,526	(5,431)
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	7,290	(1,815)	5,475	9,748	(2,510)	7,238
Net other comprehensive income/(loss) from defined benefit pension items	5,880	(1,464)	4,416	2,791	(984)	1,807
Gains and losses on cash flow hedges:						
Other comprehensive income/(loss) before reclassifications	1,612	(394)	1,218	(828)	297	(531)
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	809	(197)	612	165	(59)	106
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	—	(56)	—	(56)
Net other comprehensive income/(loss) from cash flow hedges	2,421	(591)	1,830	(719)	238	(481)
Other comprehensive income/(loss):	$ 41,755	$ (2,055)	$ 39,700	$ 11,645	$ (746)	$ 10,899

(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 June 28, 2020 and June 30, 2019:

	Six months ended June 28, 2020			Six months ended June 30, 2019		
	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount
Foreign currency items:						
Net other comprehensive (loss)/income from foreign currency items[(a)]	$ (52,540)	$ (7,581)	$ (60,121)	$ 6,721	$ —	$ 6,721
Defined benefit pension items:						
Other comprehensive (loss)/income before reclassifications	(1,146)	284	(862)	(7,638)	1,699	(5,939)
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	14,774	(3,716)	11,058	20,002	(5,100)	14,902
Net other comprehensive income/(loss) from defined benefit pension items	13,628	(3,432)	10,196	12,364	(3,401)	8,963
Gains and losses on cash flow hedges:						
Other comprehensive income/(loss) before reclassifications	(5,721)	1,319	(4,402)	2,193	(467)	1,726
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	2,199	(522)	1,677	(299)	57	(242)
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	—	(101)	—	(101)
Net other comprehensive (loss)/income from cash flow hedges	(3,522)	797	(2,725)	1,793	(410)	1,383
Other comprehensive income/(loss):	$ (42,434)	$ (10,216)	$ (52,650)	$ 20,878	$ (3,811)	$ 17,067

(a) Other comprehensive loss from foreign currency items for the six months ended June 28, 2020, includes the settlement gain and corresponding tax provision related to the termination of a net investment hedge. See Note 9 for more information.

Note 7: Goodwill and Other Intangible Assets

Goodwill

A summary of the changes in goodwill by segment for the six months ended June 28, 2020 is as follows:

	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Goodwill at December 31, 2019	$ 691,243	$ 203,414	$ 303,041	$ 231,648	$ 1,429,346
2020 Acquisitions	—	—	1,050	—	1,050
Foreign currency translation	(6,398)	—	(3,138)	(527)	(10,063)
Measurement period adjustments	2,763	—	616	—	3,379
Goodwill at June 28, 2020	$ 687,608	$ 203,414	$ 301,569	$ 231,121	$ 1,423,712

The Company recorded goodwill totaling $1,050 upon completion of the acquisition of a small tube and core operation in Jacksonville, Florida, from Design Containers, Inc. Measurement period adjustments were made in the first half of 2020 to the fair values of the assets acquired and the liabilities assumed in the 2019 acquisitions of Corenso and TEQ resulting in increases in goodwill of $616 and $2,763, respectively. See Note 3 for additional information.

(Dollars and shares in thousands except per share data)

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 2019. As part of this testing, the Company 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, profit margins, and discount rates. Changes in these assumptions could materially impact the Company's conclusions. Based on its assessments, as part of its annual impairment test during the third quarter of 2019, the Company concluded that there was no impairment of goodwill for any of its reporting units.

Although no reporting units failed the assessments noted above, during the time subsequent to the annual evaluation, and at June 28, 2020, the Company considered whether any events and/or changes in circumstances, including the impact of the COVID-19 pandemic, had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired. It is management's opinion that no such events have occurred. However, the goodwill of the Display and Packaging reporting unit is at risk of impairment in the near term if there is a negative change in the long-term outlook for the business or in other factors such as the discount rate. A large portion of projected sales in this reporting unit is concentrated in several major customers, the loss of any of which could impact the Company's conclusion regarding the likelihood of goodwill impairment for the unit. Total goodwill associated with this reporting unit was $203,414 at June 28, 2020. In the latest annual impairment test, the estimated fair value of the Display and Packaging reporting unit was determined to exceed its carrying value by approximately 35%. In this analysis, projected future cash flows for Display and Packaging were discounted at 8.9%. Based on the discounted cash flow model and holding other valuation assumptions constant, Display and Packaging projected operating profits across all future periods would have to be reduced approximately 27.0%, or the discount rate increased to 12.5%, in order for the estimated fair value to fall below the reporting unit’s carrying value.

In addition, the results of the Conitex reporting unit have been negatively impacted by the economic fallout of the COVID-19 pandemic due to end-market weakness, particularly in textiles, as well as certain customers' plants being temporarily shut down to contain the spread of the virus. Management currently expects customer demand will begin to increase and begin approaching pre-pandemic levels next year. However, should it become apparent that the post-COVID-19 recovery is likely to be weaker, or significantly delayed, compared to management’s current expectations, a goodwill impairment charge may be possible in the future. Total goodwill associated with this reporting unit was $32,151 at June 28, 2020. The Company previously owned a 30% noncontrolling interest in Conitex Sonoco (BVI), Ltd. before acquiring the remaining 70% interest on October 1, 2018. In its 2019 annual goodwill impairment test, the Company estimated the fair value of the Conitex reporting unit to be approximately equal to its carrying value.

Other Intangible Assets

A summary of other intangible assets as of June 28, 2020 and December 31, 2019 is as follows:

	June 28, 2020	December 31, 2019
Other Intangible Assets, gross:		
Patents	$ 26,091	$ 26,096
Customer lists	629,363	632,036
Trade names	32,357	32,427
Proprietary technology	24,474	24,525
Other	2,790	2,297
Other Intangible Assets, gross	$ 715,075	$ 717,381
Accumulated Amortization:		
Patents	$ (12,483)	$ (11,669)
Customer lists	(309,488)	(287,831)
Trade names	(11,336)	(9,985)
Proprietary technology	(19,028)	(17,910)
Other	(1,744)	(1,694)
Total Accumulated Amortization	$ (354,079)	$ (329,089)
Other Intangible Assets, net	$ 360,996	$ 388,292

(Dollars and shares in thousands except per share data)

In the first quarter of 2020, the Company paid $500 to purchase proprietary technology related to machinery and equipment purchased from a third-party that the Company plans to service internally going forward. This intangible will be amortized over its expected useful life of twelve years. Measurement period adjustments were made in the first half of 2020 to the fair values of the assets acquired and the liabilities assumed in the 2019 acquisition of TEQ resulting in an increase in amortizable intangibles, primarily customer lists, of $600. See Note 3 for additional information.

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 $13,359 and $13,098 for the three months ended June 28, 2020 and June 30, 2019, respectively, and $26,631 and $25,890 for the six months ended June 28, 2020 and June 30, 2019, respectively. Amortization expense on other intangible assets is expected to total approximately $53,000 in 2020, $51,600 in 2021, $48,700 in 2022, $41,000 in 2023 and $29,300 in 2024.

Note 8: Debt

Details of the Company's debt at June 28, 2020 and December 31, 2019 are as follows:

	June 28, 2020	December 31, 2019
Commercial paper	$ —	$ 250,000
Wells Fargo term loan due March 2021	150,000	—
U.S. Bank term loan due March 2021	100,000	—
Wells Fargo term loan due May 2021	200,000	200,000
Syndicated bank term loan due July 2022	143,115	146,569
1.0% Euro loan due May 2021	167,639	167,272
9.2% debentures due August 2021	4,319	4,318
4.375% debentures due November 2021	249,582	249,428
3.125% debentures due May 2030	594,397	—
5.75% debentures due November 2040	599,261	599,244
Other foreign denominated debt	15,189	16,734
Finance lease obligations	26,760	33,077
Other notes	15,001	14,727
Total debt	$ 2,265,263	$ 1,681,369
Less current portion and short-term notes	646,623	488,234
Long-term debt	$ 1,618,640	$ 1,193,135

The Company has taken several actions in 2020 to secure liquidity in light of volatility in the credit markets and economic uncertainty caused by the COVID-19 pandemic.

On March 18, 2020, the Company closed and funded a 364-day, $150,000 term loan with Wells Fargo Bank, National Association, using the proceeds to repay a portion of outstanding commercial paper. Interest was assessed at the London Interbank Offered Rate (LIBOR) plus a margin based on a pricing grid that used the Company’s credit ratings. The margin above LIBOR at June 28, 2020 was 125 basis points. There was no required amortization and repayment could be accelerated at any time at the discretion of the Company.

On April 1, 2020, the Company accessed $250,000 from its $500,000 revolving credit facility with a syndicate of eight banks committed through July 2022. The Company used $85,000 of the proceeds to fully repay its then outstanding commercial paper balance and the remaining proceeds were invested in short-term cash equivalents with maturities of 30 days or less.

(Dollars and shares in thousands except per share data)

On April 6, 2020, the Company borrowed $100,000, pursuant to a new 364-day term loan with U.S. Bank, National Association. Interest is assessed at the LIBOR plus a margin based on a pricing grid that uses the Company's credit ratings. The margin above LIBOR at June 28, 2020 was 125 basis points. There is no required amortization and repayment can be accelerated at any time at the discretion of the Company.

On April 22, 2020, the Company sold through a public offering $600,000 of 3.125% notes due May 1, 2030. The offering was made pursuant to an effective shelf registration statement. This action was taken largely to mitigate the risk of possible future credit market dislocations triggered by the economic impact of the COVID-19 pandemic. The Company intends to use the net proceeds from the offering of approximately $594,200 for general corporate purposes, including the repayment of existing debt.

In May 2020, the Company exercised a conditional, one-time option to extend its $200,000 term loan with Wells Fargo Bank, National Association, for an additional 364 days to May 2021. Interest is assessed at the LIBOR plus a margin based on a pricing grid that uses the Company's credit ratings. The margin above LIBOR at June 28, 2020 was 112.5 basis points. There is no required amortization and the repayment can be accelerated at any time at the discretion of the Company.

On May 5, 2020, the Company repaid the $250,000 borrowed April 1, 2020 under the Company's revolving credit facility. On July 20, 2020, subsequent to quarter end, the Company repaid the $150,000 term loan with Wells Fargo Bank, National Association.

As a result of these actions, the Company currently expects debt maturities of approximately $750,000 through December 31, 2021. The Company currently has approximately $700,000 in cash and cash equivalents on hand and $500,000 in committed availability under its revolving credit facility. The Company believes that these amounts, combined with expected net cash flows from operating and investing activities, provide ample liquidity to cover the 2021 debt maturities and other cash flow needs of the Company over the course of the next year.

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 June 28, 2020, 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.

	June 28, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, net of current portion	$ 1,618,640	$ 1,804,459	$ 1,193,135	$ 1,351,397

The carrying value of cash and cash equivalents, short-term debt and long-term variable-rate 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. It is considered a Level 2 fair value measurement.

Cash Flow Hedges

At June 28, 2020 and December 31, 2019, 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 2021, 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

The Company has entered into certain derivative contracts to manage the cost of anticipated purchases of natural gas and aluminum. At June 28, 2020, natural gas swaps covering approximately 2.3 million MMBTUs were outstanding. These contracts represent approximately 64% of anticipated usage in the United States, Canada, and Mexico for the remainder of 2020. Additionally, the Company had swap contracts covering 1,088 metric tons of aluminum, representing approximately 23% and 4% of anticipated usage for the remainder of 2020 and 2021. The fair values of the Company's commodity cash flow hedges netted to a loss position of $(1,722) and $(1,625) at June 28, 2020 and December 31, 2019 respectively. The amount of the loss included in Accumulated Other Comprehensive Loss at June 28, 2020, that is expected to be reclassified to the income statement during the next twelve months is $(1,189).

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 2020. The net positions of these contracts at June 28, 2020 were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	7,829,084
Mexican peso	purchase	173,687
Polish zloty	purchase	50,740
Czech koruna	purchase	20,274
Canadian dollar	purchase	10,077
British pound	purchase	3,171
Turkish lira	purchase	1,598
New Zealand dollar	sell	(1,241)
Swedish krona	sell	(1,500)
Australian dollar	sell	(2,624)
Euro	sell	(15,717)
Russian ruble	sell	(99,189)

The fair value of foreign currency cash flow hedges related to forecasted sales and purchases netted to a loss position of $(2,299) at June 28, 2020 and a gain position of $1,058 at December 31, 2019. Losses of $(2,296) are expected to be reclassified from accumulated other comprehensive income to the income statement during the next twelve months. In addition, the Company occasionally enters into forward contracts to hedge certain foreign currency cash flow transactions related to construction in progress. Gains or losses from these hedges are reclassified from accumulated other comprehensive income and included in the carrying value of the related fixed assets acquired. The net positions of these contracts were immaterial as of June 28, 2020 and December 31, 2019.

Net Investment Hedge

In January 2020, the Company entered into a cross-currency swap agreement with a notional amount of $250,000 to effectively convert a portion of the Company's fixed-rate, U.S. dollar denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The swap agreement had an original maturity of November 1, 2024 and provided for the Company to receive semi-annual interest payments in U.S. dollars at a rate of 5.75% and pay interest in euros at a rate of 3.856%. The risk management objective was to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in foreign currencies. As a result of significant strengthening of the U.S. dollar, as well as a reduction in the differential between U.S. and European interest rates, the fair market value of the swap position appreciated significantly during the first quarter of 2020. In March 2020, the Company terminated the swap agreement and received a net cash settlement of $14,480. The Company recorded this foreign currency translation gain in "Accumulated other comprehensive loss," net of a tax provision of $7,581.

Other Derivatives

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 Company does not apply hedge accounting treatment under ASC 815 for these instruments. As such, changes in fair value are recorded directly to income and expense in the periods that they occur.

The net currency positions of these contracts at June 28, 2020, were as follows (in thousands):

Currency	Action	Quantity
Indonesian rupiah	purchase	18,050,048
Colombian peso	purchase	8,270,325
Mexican peso	purchase	326,547
Canadian dollar	purchase	3,114

The Company has entered into certain other derivative contracts to manage the cost of purchases of diesel fuel. At June 28, 2020, diesel swaps covering approximately 3.1 million gallons were outstanding.

The fair value of the Company’s other derivatives position was a gain of $21 and $54 at June 28, 2020 and December 31, 2019, respectively.

The following table sets forth the location and fair values of the Company’s derivative instruments at June 28, 2020 and December 31, 2019:

Description	Balance Sheet Location	June 28, 2020	December 31, 2019
Derivatives designated as hedging instruments:			
Commodity Contracts	Other assets	$ 35	$ —
Commodity Contracts	Accrued expenses and other	$ (1,758)	$ (1,625)
Foreign Exchange Contracts	Prepaid expenses	$ 62	$ 1,236
Foreign Exchange Contracts	Accrued expenses and other	$ (2,361)	$ (178)
Derivatives not designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	$ 184	$ —
Foreign Exchange Contracts	Prepaid expenses	$ 1	$ 88
Foreign Exchange Contracts	Accrued expenses and other	$ (164)	$ (34)

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.

(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 three months ended June 28, 2020 and June 30, 2019:

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 June 28, 2020			
Foreign Exchange Contracts	$ (97)	Net sales	$ (3,384)
		Cost of sales	$ 2,050
Commodity Contracts	$ 1,709	Cost of sales	$ 525
Three months ended June 30, 2019			
Foreign Exchange Contracts	$ 928	Net sales	$ 532
		Cost of sales	$ (378)
Commodity Contracts	$ (1,756)	Cost of sales	$ (319)

Description	Gain or (Loss) Recognized	Location of Gain or (Loss) Recognized in Income Statement
Derivatives not Designated as Hedging Instruments:		
Three months ended June 28, 2020		
Commodity Contracts	$ 184	Cost of sales
Foreign Exchange Contracts	$ 866	Selling, general and administrative
Three months ended June 30, 2019		
Commodity Contracts	$ —	Cost of sales
Foreign Exchange Contracts	$ 893	Selling, general and administrative

Description	Three months ended June 28, 2020		Three months ended June 30, 2019	
	Revenue	Cost of sales	Revenue	Cost of sales
Total amount of income and expense line items presented in the Condensed Consolidated Statements of Income	$ (3,384)	$ 2,575	$ 532	$ (697)
The effects of cash flow hedging:				
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	$ (3,384)	$ 2,050	$ 532	$ (378)
Commodity contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$ —	$ 525	$ —	$ (319)

(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 June 28, 2020 and June 30, 2019:

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 June 28, 2020					
Foreign Exchange Contracts	$	(5,075)	Net sales	$	(4,522)
			Cost of sales	$	2,877
Commodity Contracts	$	(646)	Cost of sales	$	(554)
Six months ended June 30, 2019					
Foreign Exchange Contracts	$	2,858	Net sales	$	849
			Cost of sales	$	(666)
Commodity Contracts	$	(664)	Cost of sales	$	116

Description	Gain or (Loss) Recognized		Location of Gain or (Loss) Recognized in Income Statement
Derivatives not Designated as Hedging Instruments:			
Six months ended June 28, 2020			
Commodity Contracts	$	184	Cost of sales
Foreign Exchange Contracts	$	(4,051)	Selling, general and administrative
Six months ended June 30, 2019			
Commodity Contracts	$	—	Cost of sales
Foreign Exchange Contracts	$	(571)	Selling, general and administrative

Description	Six months ended June 28, 2020				Six months ended June 30, 2019			
	Revenue		Cost of sales		Revenue		Cost of sales	
Total amount of income and expense line items presented in the Condensed Consolidated Statements of Income	$	(4,522)	$	2,324	$	849	$	(550)
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	$	(4,522)	$	2,877	$	849	$	(666)
Commodity contracts:								
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$	—	$	(554)	$	—	$	116

(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.

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	June 28, 2020	Assets measured at NAV	Level 1	Level 2	Level 3
Hedge derivatives, net:					
Commodity contracts	$ (1,722)	$ —	$ —	$ (1,722)	$ —
Foreign exchange contracts	$ (2,299)	$ —	$ —	$ (2,299)	$ —
Non-hedge derivatives, net:					
Commodity contracts	185	—	—	$ 185	—
Foreign exchange contracts	$ (164)	$ —	$ —	$ (164)	$ —

Description	December 31, 2019	Assets measured at NAV	Level 1	Level 2	Level 3
Hedge derivatives, net:					
Commodity contracts	$ (1,625)	$ —	$ —	$ (1,625)	$ —
Foreign exchange contracts	$ 1,058	$ —	$ —	$ 1,058	$ —
Non-hedge derivatives, net:					
Foreign exchange contracts	$ 54	$ —	$ —	$ 54	$ —

As discussed in Note 9, the Company uses derivatives to mitigate the effect of raw material and energy cost 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.

Certain deferred compensation plan liabilities are funded by assets invested in various exchange traded mutual funds. These assets are measured using quoted prices in accessible active markets for identical assets.

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 June 28, 2020.

Note 11: Employee Benefit Plans

Retirement Plans and Retiree Health and Life Insurance Plans

The Company provides non-contributory defined benefit pension plans to certain of its employees in the United States, Mexico and Belgium. The Company also sponsors contributory defined benefit pension plans covering the majority of its employees in the United Kingdom, Canada, and the Netherlands. In addition, the Company 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.

(Dollars and shares in thousands except per share data)

The Company froze participation in its U.S. qualified defined benefit pension plan for newly hired salaried and non-union hourly employees effective December 31, 2003. To replace this benefit, non-union U.S. employees hired on or after January 1, 2004, are provided an annual contribution, called the Sonoco Retirement Contribution (SRC), to their participant accounts in the Sonoco Retirement and Savings Plan. The SRC is equal to 4% of the participant's eligible pay plus 4% of eligible pay in excess of the social security wage base. On February 4, 2009, the U.S. qualified defined benefit pension plan was further amended to freeze plan benefits for all active, non-union participants effective December 31, 2018. Remaining active participants in the U.S. qualified plan became eligible for SRC contributions effective January 1, 2019.

The components of net periodic benefit cost include the following:

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Retirement Plans				
Service cost	$ 1,003	$ 962	$ 2,085	$ 1,903
Interest cost	12,549	15,100	25,230	30,043
Expected return on plan assets	(12,227)	(19,232)	(24,807)	(38,329)
Amortization of prior service cost	247	216	497	430
Amortization of net actuarial loss	7,258	9,646	14,134	18,680
Effect of curtailment loss	31	—	31	—
Effect of settlement loss	38	225	661	1,547
Net periodic benefit cost	$ 8,899	$ 6,917	$ 17,831	$ 14,274
Retiree Health and Life Insurance Plans				
Service cost	$ 93	$ 78	$ 176	$ 152
Interest cost	81	113	165	231
Expected return on plan assets	(93)	(179)	(183)	(356)
Amortization of prior service credit	(69)	(124)	(137)	(247)
Amortization of net actuarial gain	(215)	(215)	(412)	(408)
Net periodic benefit income	$ (203)	$ (327)	$ (391)	$ (628)

The Company made aggregate contributions of $8,602 and $199,006 to its defined benefit retirement and retiree health and life insurance plans during the six months ended June 28, 2020 and June 30, 2019, respectively. The prior year included voluntary contributions to the Company's U.S. defined benefit pension plans (the "Plans") in May 2019 totaling $190,000. These voluntary contributions were followed by actions to further de-risk the Plan portfolios by increasing the allocation of pension assets to fixed-income investments. The Company expects to make additional aggregate contributions of approximately $8,500 to its defined benefit retirement and retiree health and life insurance plans over the remainder of 2020, excluding potential immaterial cash funding related to restructuring actions.

Plan Termination

As previously disclosed, the Company terminated the Sonoco Pension Plan for Inactive Participants (the "Inactive Plan"), a tax-qualified defined benefit plan, effective September 30, 2019. Upon approval from the Pension Benefit Guaranty Corporation ("PBGC"), and following completion of a limited lump sum offering, the Company is expected to settle all remaining liabilities under the Inactive Plan through the purchase of annuities. The Company intends to apply to the PBGC for an extension of the distribution deadline and expects to make additional contributions to the Inactive Plan of approximately $150,000 in 2021 in order to be fully funded on a termination basis at the time of the annuity purchase. The actual amount of the Company's long-term liability when it is transferred, and the related cash contribution requirement, will depend upon the nature and timing of participant settlements, as well as prevailing market conditions. These expected contributions are reducing tax payments in 2020 by approximately $38,000. Non-cash, pretax settlement charges totaling approximately $590,000 are expected to be recognized in 2021 as the lump sum payouts and annuity purchases are made.

Settlements and Curtailments

The Company recognized settlement charges totaling $661 and $1,547 during the six months ended June 28, 2020 and June 30, 2019, respectively. These charges resulted from payments made to certain participants of the Company's non-union Canadian pension plan who elected a lump sum distribution option upon retirement. Additional settlement charges may be recognized over the remainder of 2020 as a result of ongoing lump-sum distributions and restructuring actions. In addition, curtailment charges totaling $31 related to the closure of a paper mill in Canada were recognized during the six months ended June 28, 2020.

Sonoco Retirement Contribution (SRC)

SRC contributions, which are funded annually in the first quarter, totaled $22,503 during the six months ended June 28, 2020, and $14,573 during the six months ended June 30, 2019. No additional SRC contributions are expected during the remainder of 2020. The Company recognized expense related to the SRC of $5,716 and $5,830 for the quarters ended June 28, 2020 and June 30, 2019, respectively, and $11,694 and $12,097 for the six-month periods ended June 28, 2020 and June 30, 2019, respectively.

Note 12: Income Taxes

The Company’s effective tax rates for the three- and six-month periods ended June 28, 2020 were 30.0% and 27.2%, respectively, and its effective tax rates for the three- and six-month periods ended June 30, 2019 were 26.3% and 25.1%, respectively. The rates for the three- and six-month periods ended June 28, 2020 and June 30, 2019 varied from the U.S. statutory rate due primarily to the unfavorable effect of certain international operations that were subject to tax rates generally higher than the U.S. tax rate, the effect of state income taxes, the effect of the Global Intangible Low Taxed Income (GILTI) tax, and the recording of the expected impact of settling the Company's federal income tax audit.

The Company and/or its subsidiaries file federal, state and local income tax returns in the United States and various foreign jurisdictions. The Company's U.S. federal income tax return is currently under audit for the 2012 and 2013 tax years, and the Company expects to finalize settlement of this audit in the second half of 2020. Other than the aforementioned audit, with few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years prior to 2016.

The Company’s reserve for uncertain tax benefits has increased by approximately $700 since December 31, 2019, due primarily to an increase in reserves related to existing uncertain tax positions. The Company believes that it is reasonably possible that the amount reserved for unrecognized tax benefits at June 28, 2020 could decrease by approximately $7,000 over the next twelve months. This change includes the anticipated increase in reserves related to existing positions offset by settlements of issues currently under examination and the release of existing reserves due to the expiration of the statute of limitations. Although the Company’s estimate for the potential outcome for any uncertain tax issue is highly judgmental, management believes that any reasonably foreseeable outcomes related to these matters have been adequately provided for. However, future results may include favorable or unfavorable adjustments to estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire. Additionally, the jurisdictions in which earnings or deductions are realized may differ from current estimates. As a result, the 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.

As disclosed in prior periods, in February 2017 the Company received a Notice of Proposed Adjustment (“NOPA”) from the Internal Revenue Service (“IRS”) proposing adjustments to the 2012 and 2013 tax years. In 2018, the Company filed a protest to the proposed deficiency and the matter was referred to the Appeals Division of the IRS. In the second quarter of 2020, the Company agreed to pay approximately $6,000 in taxes and interest to settle the dispute and recorded the impact of this settlement in its provision for income taxes. The Company anticipates receiving a final notice formalizing the settlement, and paying the assessment, in the second half of 2020.

(Dollars and shares in thousands except per share data)

Note 13: Leases

The Company routinely enters into leasing arrangements for real estate (including manufacturing facilities, office space, warehouses, and packaging centers), transportation equipment (automobiles, forklifts, and trailers), and office equipment (copiers and postage machines). 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 at the Company's sole discretion. Most real estate leases, in particular, include one or more options to renew, with renewal terms that can extend the lease term from one to 50 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 not readily determinable, the Company calculates its lease liabilities using discount rates based upon the Company's incremental secured borrowing rate, which contemplates and reflects a particular geographical region's interest rate for the leases active within that region of the Company's global operations. The Company further utilizes a portfolio approach by assigning a "short" rate to contracts with lease terms of 10 years or less and a "long" rate for contracts greater than 10 years.

The following table sets forth the balance sheet location and values of the Company's lease assets and lease liabilities at June 28, 2020 and December 31, 2019:

Classification	Balance Sheet Location	June 28, 2020	December 31, 2019
Lease Assets			
Operating lease assets	Right of Use Asset - Operating Leases	$ 294,050	$ 298,393
Finance lease assets	Other Assets	28,719	34,858
Total lease assets		$ 322,769	$ 333,251
Lease Liabilities			
Current operating lease liabilities	Accrued expenses and other	$ 53,563	$ 54,048
Current finance lease liabilities	Notes payable and current portion of debt	2,897	10,803
Total current lease liabilities		$ 56,460	$ 64,851
Noncurrent operating lease liabilities	Noncurrent Operating Lease Liabilities	$ 249,217	$ 253,992
Noncurrent finance lease liabilities	Long-term Debt, Net of Current Portion	23,863	22,274
Total noncurrent lease liabilities		$ 273,080	$ 276,266
Total lease liabilities		$ 329,540	$ 341,117

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

(Dollars and shares in thousands except per share data)

The following table sets forth the components of the Company's total lease cost for the three- and six-month periods ended June 28, 2020 and June 30, 2019:

		Three Months Ended		Six Months Ended	
Lease Cost		**June 28, 2020**	**June 30, 2019**	**June 28, 2020**	**June 30, 2019**
Operating lease cost	(a)	$ 14,360	$ 15,771	$ 28,711	$ 31,316
Finance lease cost:					
Amortization of lease asset	(a) (b)	2,391	2,053	4,938	4,122
Interest on lease liabilities	(c)	238	245	463	521
Variable lease cost	(a) (d)	8,576	7,791	21,861	16,969
Total lease cost		$ 25,565	$ 25,860	$ 55,973	$ 52,928

(a) Production-related and administrative amounts are included in cost of sales and selling, general and administrative expenses, respectively.

(b) Included in depreciation and amortization.

(c) Included in interest expense.

(d) Also includes short term lease costs, which are deemed immaterial.

The following table sets forth certain lease-related information for the six months ended June 28, 2020 and June 30, 2019:

	Six Months Ended June 28, 2020	**Six Months Ended June 30, 2019**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used by operating leases	$ 29,309	$ 31,482
Operating cash flows used by finance leases	$ 463	$ 521
Financing cash flows used by finance leases	$ 5,389	$ 4,575
Leased assets obtained in exchange for new operating lease liabilities	$ 25,896	$ 8,820
Leased assets obtained in exchange for new finance lease liabilities	$ 8,237	$ 104

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.

(Dollars and shares in thousands except per share data)

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 period of the sale.

The following table sets forth information about receivables, 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.

	June 28, 2020	December 31, 2019
Contract Assets	$ 62,289	$ 56,364
Contract Liabilities	$ (16,435)	$ (17,047)

Significant changes in the contract assets and liabilities balances during the period were as follows:

	June 28, 2020		December 31, 2019	
	Contract Asset	Contract Liability	Contract Asset	Contract Liability
Beginning Balance	$ 56,364	$ (17,047)	$ 48,786	$ (18,533)
Revenue deferred or rebates accrued	—	(15,102)	—	(29,062)
Recognized as revenue		3,893		8,473
Rebates paid to customers	—	11,821	—	22,075
Increases due to rights to consideration for customer specific goods produced, but not billed during the period	62,289	—	51,797	—
Transferred to receivables from contract assets recognized at the beginning of the period	(56,364)	—	(48,786)	—
Acquired as part of a business combination	—	—	4,567	—
Ending Balance	$ 62,289	$ (16,435)	$ 56,364	$ (17,047)

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, and timing of revenue recognition for the three-month periods ended June 28, 2020 and June 30, 2019. The tables also include a reconciliation of disaggregated revenue with reportable segments.

Three months ended June 28, 2020	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Primary Geographical Markets:					
United States	$ 448,546	$ 47,804	$ 259,178	$ 73,777	$ 829,305
Europe	102,327	59,499	75,279	5,411	242,516
Canada	26,732	—	20,995	—	47,727
Asia	17,745	—	52,799	186	70,730
Other	19,271	—	26,201	9,735	55,207
Total	$ 614,621	$ 107,303	$ 434,452	$ 89,109	$ 1,245,485

Three months ended June 30, 2019	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Primary Geographical Markets:					
United States	$ 436,896	$ 62,097	$ 268,890	$ 104,058	$ 871,941
Europe	99,007	71,564	87,958	5,595	264,124
Canada	28,839	—	29,903	—	58,742
Asia	17,445	—	69,588	516	87,549
Other	20,563	1,172	34,989	20,641	77,365
Total	$ 602,750	$ 134,833	$ 491,328	$ 130,810	$ 1,359,721

The following tables set forth information about revenue disaggregated by primary geographic regions for the six-month periods ended June 28, 2020 and June 30, 2019. The tables also include a reconciliation of disaggregated revenue with reportable segments.

Six months ended June 28, 2020	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Primary Geographical Markets:					
United States	$ 870,025	$ 103,513	$ 536,000	$ 170,265	$ 1,679,803
Europe	205,350	125,146	158,819	10,695	500,010
Canada	52,577	—	46,572	—	99,149
Asia	34,283	—	108,583	388	143,254
Other	40,803	—	59,448	26,314	126,565
Total	$ 1,203,038	$ 228,659	$ 909,422	$ 207,662	$ 2,548,781

(Dollars and shares in thousands except per share data)

Six months ended June 30, 2019	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Primary Geographical Markets:					
United States	$ 853,296	$ 127,659	$ 537,456	$ 205,236	$ 1,723,647
Europe	207,219	141,807	178,663	11,462	539,151
Canada	56,139	—	62,736	—	118,875
Asia	33,358	—	138,648	1,436	173,442
Other	42,454	2,921	69,862	41,074	156,311
Total	$ 1,192,466	$ 272,387	$ 987,365	$ 259,208	$ 2,711,426

Note 15: Segment Reporting

The Company reports its financial results in four reportable segments: Consumer Packaging, Display and Packaging, Paper and Industrial Converted Products, and Protective Solutions.

The Consumer Packaging segment includes the following products and services: round and shaped rigid containers and trays (both composite and thermoformed plastic); extruded and injection-molded plastic products; printed flexible packaging; global brand artwork management; and metal and peelable membrane ends and closures.

The Display and Packaging segment includes the following products and services: designing, manufacturing, assembling, packing and distributing temporary, semi-permanent and permanent point-of-purchase displays; supply chain management services, including contract packing, fulfillment and scalable service centers; retail packaging, including printed backer cards, thermoformed blisters and heat sealing equipment; and paper amenities, such as coasters and glass covers.

The Paper and Industrial Converted Products segment includes the following products: paperboard tubes, cones, and cores; fiber-based construction tubes; wooden, metal and composite wire and cable reels and spools; and recycled paperboard, linerboard, corrugating medium, recovered paper and material recycling services.

The Protective Solutions segment includes the following products: custom-engineered, paperboard-based and expanded foam protective packaging and components; and temperature-assured packaging.

The following table sets forth net sales, intersegment sales and operating profit for the Company’s reportable segments. “Segment operating profit” is defined as the segment’s portion of “Operating profit” excluding restructuring and asset impairment charges, acquisition expenses, 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.

(Dollars and shares in thousands except per share data)

SEGMENT FINANCIAL INFORMATION

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
Net sales:				
Consumer Packaging	$ 614,621	$ 602,750	$ 1,203,038	$ 1,192,466
Display and Packaging	107,303	134,833	228,659	272,387
Paper and Industrial Converted Products	434,452	491,328	909,422	987,365
Protective Solutions	89,109	130,810	207,662	259,208
Consolidated	$ 1,245,485	$ 1,359,721	$ 2,548,781	$ 2,711,426
Intersegment sales:				
Consumer Packaging	$ 2,451	$ 1,122	$ 4,724	$ 2,043
Display and Packaging	1,169	1,114	2,467	2,281
Paper and Industrial Converted Products	27,848	31,535	57,060	65,189
Protective Solutions	331	363	703	825
Consolidated	$ 31,799	$ 34,134	$ 64,954	$ 70,338
Operating profit:				
Segment operating profit:				
Consumer Packaging	$ 86,129	$ 62,942	$ 153,930	$ 125,057
Display and Packaging	5,981	5,889	14,075	12,343
Paper and Industrial Converted Products	29,964	61,229	83,977	109,616
Protective Solutions	4,482	14,275	18,486	25,279
Restructuring/Asset impairment charges	(22,885)	(13,355)	(35,484)	(24,027)
Other, net	56	(1,212)	(1,154)	(1,612)
Consolidated	$ 103,727	$ 129,768	$ 233,830	$ 246,656

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. The total remediation cost of the Spartanburg site was estimated to be $17,400 at the time of acquisition and an accrual in this amount was recorded on Tegrant’s opening balance sheet. Since the acquisition, the Company has spent a total of $1,678 on remediation of the Spartanburg site.

Based on favorable developments at the Spartanburg site, the Company reduced its environmental reserve by$10,000 in the third quarter of 2019 in order to reflect its revised best estimate of what it is likely to pay in order to complete the remediation. This prior year adjustment resulted in a $10,000 reduction in "Selling, general and administrative expenses" in the third quarter of 2019.

At June 28, 2020 and December 31, 2019, the Company's accrual for environmental contingencies related to the Spartanburg site totaled $5,722 and $5,789, 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 June 28, 2020 and December 31, 2019, the Company's accrual for these other sites totaled $2,679 and $2,938, respectively.

Summary

As of June 28, 2020 and December 31, 2019, the Company (and its subsidiaries) had accrued $8,401 and $8,727, 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 June 28, 2020, and the related condensed consolidated statements of income, comprehensive income and changes in total equity for the three-month and six-month periods ended June 28, 2020 and June 30, 2019 and the condensed consolidated statements of cash flows for the six-month periods ended June 28, 2020 and June 30, 2019, 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, 2019, 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, 2020, 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, 2019, 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.

PricewaterhouseCoopers LLP
Charlotte, North Carolina
July 29, 2020

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 "estimate," "project," "intend," "expect," "believe," "consider," "plan," "strategy," "opportunity," "commitment," "target," "anticipate," "objective," "goal," "guidance," "outlook," "forecast," "future," "re-envision," "assume," "will," "would," "can," "could," "may," "might," "aspires," "potential," or the negative thereof, and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding:

- *availability and supply of raw materials, and offsetting high raw material costs, including the impact of potential changes in tariffs;*
- *potential impacts of the COVID-19 Coronavirus on business, operations and financial condition;*
- *improved productivity and cost containment;*
- *improving margins and leveraging strong cash flow and financial position;*
- *effects of acquisitions and dispositions;*
- *realization of synergies resulting from acquisitions;*
- *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 business strategies and the results expected of them;*
- *financial results for future periods;*
- *producing improvements in earnings;*
- *profitable sales growth and rates of growth;*
- *market leadership;*
- *research and development spending;*
- *expected impact and costs of resolution of legal proceedings;*
- *extent of, and adequacy of provisions for, environmental liabilities;*
- *sustainability commitments;*
- *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 and escalating trade wars, 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 Coronavirus global 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 of 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;*
- *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, and successfully integrate newly acquired businesses into the Company's operations;*
- *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;*
- *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 anticipated costs of resolution of 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;*
- *failures 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;*
- *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 terrorist activities and natural disasters; and*
- *accelerating inflation.*

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, in this report on Form 10-Q under Part II, Item 1A - "Risk Factors," 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 packaging, industrial products, protective packaging and packaging supply chain services, with approximately 320 locations in 36 countries.

Sonoco competes in multiple product categories, with its operations organized and reported in four segments: Consumer Packaging, Display and Packaging, Paper and Industrial Converted Products, and Protective Solutions. The majority of the Company’s revenues are 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.

COVID-19

Impact on Operating Results

Around the world, Sonoco is an essential provider of consumer, industrial and medical packaging. Sonoco associates are deemed “Essential Critical Infrastructure Workers” under the guidance of the U.S. Department of Homeland Security and have received similar designations by the vast majority of other governmental agencies in the 36 countries where the Company operates. As a result, nearly all of the Company’s global operations have been able to continue to operate despite locally-mandated temporary shutdown orders that were issued in many of our geographic locations. Certain customers whose products have not been deemed “critically essential” had to temporarily suspend operations due to the COVID-19 pandemic, while some others have had time periods when they were unable to fully staff their operations. As areas around the world continue to reopen their economies, the Company is beginning to see improved demand for more of its products and services. However, a resurgence of the virus in late June and into July has raised concerns about a re-imposition of restrictions on business activity and a negative effect on consumer behavior that alone, or together, could delay or possibly reverse the economic recovery. Sonoco is following these developments closely and will respond with appropriate changes to active production capacity and cost-management initiatives.

The significance of the COVID-19 pandemic, including its effect on the Company's financial condition and results of operations, will be dictated by, among other things, its duration, the success of efforts to contain the virus and the impact of actions taken by governments and others in response. An extended period of disruption to our served markets or global supply chains could materially and adversely affect our results of operations, access to sources of liquidity and overall financial condition. In addition, an extended global recession caused by the pandemic would have an adverse impact on the Company's operations and financial condition.

While a COVID-19 driven spike in consumer demand for certain food and household products benefited the Company's 2020 first and second-quarter results, the overall impact of the pandemic on second-quarter and year-to-date consolidated results was negative, and the overall impact is expected to continue to be negative in the third quarter. Although the Company has provided third-quarter Base earnings per share (EPS) guidance of $0.73 to $0.83 compared to Base EPS of $0.97 in the third quarter of 2019, it is not able to reliably estimate the full-year 2020 financial impact of the COVID-19 pandemic and, therefore, is not providing full-year Base EPS guidance. The wide range of third-quarter guidance reflects uncertainties regarding the challenging macroeconomic conditions stemming from the pandemic, including the impacts of volatile recycled fiber costs and a stronger U.S. dollar. We expect COVID-19 to have a mixed impact on demand for our products in the third quarter with a net negative impact to earnings compared to the third quarter of last year. After a sharp run up in recycled fiber costs that peaked in May 2020, the Company expects prices, including those for old corrugated containers, to stabilize at a lower level in the third quarter, which has the possibility of benefiting results in our industrial-related businesses compared to the second quarter of 2020.

Looking ahead to the third quarter, we expect our Consumer Packaging segment to continue performing well, although more in line with normal seasonal volume trends, as sales from food packaging should continue to benefit from consumers' stay-at-home eating habits. We expect our industrial-related markets to continue experiencing weak demand compared to 2019 with our Paper and Industrial Converted Products segment continuing to face a negative price/cost relationship due to higher year-over-year recycled fiber costs and lower market pricing. However, more-stable OCC prices should allow price/cost to improve over the second quarter of this year. Our Protective Solutions businesses that serve automotive and appliance markets began seeing a gradual reopening of customers' facilities late in the second quarter and we expect demand to continue to improve during the third quarter. We expect our ThermoSafe temperature-assured packaging business will benefit from a strong flu vaccine season and a return to more-normal demand from its base pharmaceutical and food customers during the third quarter. Finally, our Display and Packaging business is expected to continue to face weak retail promotional display activity, but should partially offset this weakness through cost controls.

Financial Flexibility and Liquidity

Sonoco has a strong, investment-grade balance sheet and has substantial liquidity available in the form of cash, cash equivalents and revolving credit facilities, as well as the ability to issue commercial paper and to access liquidity in the bank or other debt capital markets. On March 18, 2020, the Company closed and funded a new $150 million, 364-day term loan, the proceeds from which were used to repay a portion of outstanding commercial paper. On April 1, 2020, the Company accessed $250 million from its revolving credit facility using $85 million of the proceeds to fully repay the then outstanding commercial paper balance. On April 6, 2020, the Company borrowed $100 million, pursuant to a new 364-day term loan and on April 22, 2020, sold $600 million of 3.125% notes due 2030. On May 5, 2020, the Company repaid the $250 million borrowed April 1, 2020 under its revolving credit facility and on July 20, 2020, the Company repaid the $150 million term loan entered into on March 18, 2020. In May, the Company exercised a conditional, one-time option to extend its $200 million term loan originally due May 2020 to May 2021. Following these actions, the Company currently has approximately $700 million in cash and cash equivalents on hand and $500 million in committed availability under its revolving credit facility.

Health, Safety and Business Continuity

The health and safety of Sonoco’s associates, contractors, suppliers and the general public is a top priority. Included among the safety measures we have recently implemented are: conducting health screenings for personnel entering our operations, routinely cleaning high-touch surfaces, following social distancing protocols, prohibiting all non-critical business travel, and encouraging all associates who can to work from home when possible. Additionally, Sonoco has launched a dedicated COVID-19 internal microsite to keep its associates up to date on Company and health authority information, guidelines, protocols and policies, including those set by the World Health Organization and the U.S. Centers for Disease Control and Prevention.

Sonoco has also put in place a Global Task Force to develop and implement business continuity plans to ensure its operations are as prepared as possible to be able to continue producing and shipping product to its customers without disruption. Sonoco has a diverse global supply chain and to date has not experienced significant raw material or other supply disruptions.

Second Quarter 2020 Compared with Second Quarter 2019

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 or income, environmental reserve charges/releases, acquisition-related costs, gains or losses from the disposition of businesses, excess property insurance recoveries, and certain other items, if any, including other income tax-related adjustments and/or events, the exclusion of which the Company believes improves 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, 2019 under Item 7 - "Management's discussion and analysis of financial condition and results of operations," under the heading "Use of non-GAAP financial measures."

Dollars in thousands, except per share data	For the three months ended June 28, 2020 GAAP	Restructuring/ Asset Impairment	Other Adjustments[1]	Base
Operating profit	$ 103,727	$ 22,885	$ (56)	$ 126,556
Non-operating pension costs	7,600	—	(7,600)	—
Interest expense, net	18,685	—	—	18,685
Income before income taxes	77,442	22,885	7,544	107,871
Provision for income taxes	23,230	6,224	(717)	28,737
Income before equity in earnings of affiliates	54,212	16,661	8,261	79,134
Equity in earnings of affiliates, net of tax	778	—	—	778
Net income	54,990	16,661	8,261	79,912
Net loss/(income) attributable to noncontrolling interests	221	(5)	—	215
Net income attributable to Sonoco	$ 55,211	$ 16,655	$ 8,261	$ 80,127
Per diluted common share*	$ 0.55	$ 0.16	$ 0.08	$ 0.79

*Due to rounding individual items may not sum across

[1] Consists of non-operating pension costs, costs related to actual and potential acquisitions and divestitures, the anticipated impact of the settlement of a U.S. Tax Audit, and tax benefits related primarily to a tax rate change.

Dollars in thousands, except per share data	For the three months ended June 30, 2019 GAAP	Restructuring/ Asset Impairment	Other Adjustments[1]	Base
Operating profit	$ 129,768	$ 13,355	$ 1,212	$ 144,335
Non-operating pension costs	5,550	—	(5,550)	—
Interest expense, net	15,952	—	—	15,952
Income before income taxes	108,266	13,355	6,762	128,383
Provision for income taxes	28,491	3,307	1,430	33,228
Income before equity in earnings of affiliates	79,775	10,048	5,332	95,155
Equity in earnings of affiliates, net of tax	1,511	—	—	1,511
Net income	81,286	10,048	5,332	96,666
Net (income) attributable to noncontrolling interests	(127)	(69)	—	(196)
Net income attributable to Sonoco	$ 81,159	$ 9,979	$ 5,332	$ 96,470
Per diluted common share*	$ 0.80	$ 0.10	$ 0.05	$ 0.95

*Due to rounding individual items may not sum across

[1] Consists of non-operating pension costs and costs related to acquisitions and potential acquisitions and divestitures.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the three months ended June 28, 2020 versus the three months ended June 30, 2019.

OVERVIEW

Net sales for the second quarter of 2020 decreased 8.4 percent to $1,245 million, compared with $1,360 million in the same period last year. This decrease reflects volume declines and lower selling prices in many of the Company's businesses as well as unfavorable changes in foreign currency exchange rates. These negative factors were partially offset by sales from acquisitions. Lower overall selling prices in our industrial businesses were largely due to contracts indexed to Old Corrugated Containers (OCC), the cost of which increased considerably after selling prices were reset for the second quarter. Conversely, in the prior year OCC prices fell after the second quarter reset. Thus, margins contracted in the second quarter of 2020 compared to 2019 for most of the Company's industrial businesses.

Net income attributable to Sonoco for the second quarter of 2020 decreased 32.0 percent to $55.2 million, $0.55 per diluted share, compared to $81.2 million, $0.80 per diluted share, reported for the same period of 2019. Current-quarter net income includes after-tax, non-base charges totaling $24.9 million, while results for the second quarter of 2019 include after-tax, non-base net charges totaling $15.3 million. The $9.6 million increase in non-base charges is largely attributable to a $6.7 million increase in after-tax restructuring and asset impairment costs. For more information regarding restructuring and asset impairment costs see Note 5. All other after-tax non-base items increased $2.9 million driven by charges related to an income tax settlement that was agreed to in principle during the quarter as well as an increase in after-tax non-operating pension costs compared to the prior year's second quarter.

Base net income attributable to Sonoco (Base earnings) for the second quarter 2020 decreased 16.9 percent to $80.1 million, $0.79 per diluted share, from $96.5 million, $0.95 per diluted share, in 2019. This decrease was largely driven by a 12.3 percent decrease in Base operating profit together with a higher effective tax rate and an increase in net interest expense. The impact on profitability of volume declines and an overall negative price/cost relationship was partially offset by strong productivity improvements, other variable and fixed cost reductions and the benefit of acquisitions.

OPERATING REVENUE

Net sales for the second quarter of 2020 decreased $114 million, or 8.4 percent, from the prior-year quarter.

The components of the sales change were:

	($ in millions)
Volume/mix	$ (94)
Selling prices	(12)
Acquisitions	34
Foreign currency translation and other, net	(42)
Total sales decrease	$ (114)

COSTS AND EXPENSES

Cost of goods sold decreased $86.9 million, or 8.0 percent, driven primarily by lower volume, the translation impact of a stronger dollar, and productivity gains. Gross profit was $248 million for the quarter, $27 million below the prior-year period. Despite this reduction, gross profit as a percent of sales declined only modestly to 19.9 percent compared to 20.2 percent in the prior-year quarter.

Selling, general and administrative expenses ("SG&A") for the quarter decreased $10.8 million, or 8.2 percent, year over year due to a significant focus across the business on reducing controllable costs and the impact of the pandemic on certain costs such as travel and employee medical. These reductions were partially offset by the addition of SG&A from acquisitions.

As noted in the segment discussions below, the COVID-19 pandemic is expected to continue triggering higher demand in some of our businesses, but result in lower demand in others. The net overall impact for the Company is expected to be negative for at least the third quarter. As a result, the Company will continue to seek to reduce costs at manufacturing locations expected to experience sustained declines in volume and aggressively pursue reductions in overall selling, general and administrative costs.

Restructuring costs and asset impairment charges totaled $22.9 million for the second quarter of 2020 compared with $13.4 million in the same period last year. The year-over-year increase was driven largely by severance costs related to the closure of the No. 3 uncoated recycled board paper machine at its Hartsville, South Carolina, paper mill and the closure of the Trenton, Ontario, Canada paper mill. The closure of the Canadian Mill also resulted in a $5.7 million asset impairment charge in the second quarter of 2020. 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 increased $2.1 million for the quarter, compared to the prior-year's period, due primarily to lower expected returns on plan assets stemming from actions in the previous year to de-risk the U.S. plan's portfolio by increasing the allocation of pension assets to fixed-income investments.

Net interest expense for the second quarter increased to $18.7 million, compared with $16.0 million during the second quarter of 2019. The increase was primarily due to higher debt balances, partially offset by the impact of lower interest rates.

The 2020 second-quarter effective tax rates on GAAP and Base earnings were 30.0 percent and 26.6 percent, respectively, compared with 26.3 percent and 25.9 percent, respectively, in the prior year's quarter. The effective tax rate on GAAP earnings for the second quarter of 2020 was higher than the prior year's rate due primarily to recording the expected impact of settling the Company's federal income tax audit.

REPORTABLE SEGMENTS

The following table recaps net sales attributable to each of the Company's segments for the second quarters of 2020 and 2019 (*$ in thousands*):

	Three Months Ended		
	June 28, 2020	June 30, 2019	% Change
Net sales:			
Consumer Packaging	$ 614,621	$ 602,750	2.0 %
Display and Packaging	107,303	134,833	(20.4)%
Paper and Industrial Converted Products	434,452	491,328	(11.6)%
Protective Solutions	89,109	130,810	(31.9)%
Consolidated	$ 1,245,485	$ 1,359,721	(8.4)%

The following table recaps operating profit attributable to each of the Company's segments during the second quarters of 2020 and 2019 (*$ in thousands*):

	Three Months Ended		
	June 28, 2020	June 30, 2019	% Change
Operating profit:			
Segment operating profit:			
Consumer Packaging	$ 86,129	$ 62,942	36.8 %
Display and Packaging	5,981	5,889	1.6 %
Paper and Industrial Converted Products	29,964	61,229	(51.1)%
Protective Solutions	4,482	14,275	(68.6)%
Restructuring/Asset impairment charges	(22,885)	(13,355)	
Other, net	56	(1,212)	
Consolidated	$ 103,727	$ 129,768	(20.1)%

Segment results viewed by Company management to evaluate segment performance do not include restructuring charges, asset impairment charges, acquisition-related costs, non-operating pension costs or income, 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 each of the Company's reportable segments.

The following table recaps restructuring/asset impairment charges attributable to each of the Company's segments during the second quarter of 2020 and 2019 (*$ in thousands*):

	Three Months Ended	
	June 28, 2020	June 30, 2019
Restructuring/Asset impairment charges:		
Consumer Packaging	$ 3,250	$ 10,487
Display and Packaging	668	511
Paper and Industrial Converted Products	17,689	1,600
Protective Solutions	695	561
Corporate	583	196
Consolidated	$ 22,885	$ 13,355

Consumer Packaging

The Consumer Packaging segment includes the following products and services: round and shaped rigid containers and trays (both composite and thermoformed plastic); extruded and injection-molded plastic products; printed flexible packaging; global brand artwork management; and metal and peelable membrane ends and closures.

Segment sales increased 2.0 percent compared to the prior-year quarter due to higher volume/mix and sales added from the December 2019 acquisition of Thermoformed Engineered Quality, LLC, and Plastique Holdings, LTD (together TEQ), medical packaging businesses, partially offset by the negative impact of foreign exchange translation and lower selling prices. Global Rigid Paper Containers sales benefited from an approximately 8 percent gain in volume/mix driven by strong food product demand in North America, Europe and Asia. Flexible Packaging sales declined slightly during the quarter due primarily to the closure of a forming films line in 2019, while volume/mix was up approximately 1 percent during the quarter as solid demand for hard baked goods and other food categories was offset by lower demand for confectionery products. In Global Plastics, sales were higher as a result of the acquisition of TEQ, while solid volume/mix growth in prepared and specialty foods was more than offset by industrial-related volume declines and reduced selling prices due to lower resin prices.

Segment operating profit increased 36.8 percent compared to the prior year's quarter driven by strong productivity improvements along with solid volume/mix improvement, a positive price/cost relationship and cost controls. Segment operating margin improved to 14.0 percent in the quarter from 10.4 percent in the 2019 period.

The COVID-19 pandemic is expected to have a mixed impact on this segment in the near term reflecting increased demand for food and household goods packaging driven by stay-at-home consumers and weakness in non-food categories due to on-going restrictions on normal economic activity and the impact of higher unemployment. The Company will continue to seek to reduce costs at locations that experience sustained declines in volume.

Display and Packaging

The Display and Packaging segment includes the following products and services: designing, manufacturing, assembling, packing and distributing temporary, semi-permanent and permanent point-of-purchase displays; supply chain management services, including contract packing, fulfillment and scalable service centers; retail packaging, including printed backer cards, thermoformed blisters and heat sealing equipment; and paper amenities, such as coasters and glass covers.

Sales declined 20.4 percent compared to last year's quarter due to lower volume in domestic displays, paper amenities and retail security packaging as well as the negative impact of foreign currency translation. Segment operating profit was essentially flat as productivity improvements and cost controls were mostly offset by lower volume/mix. Segment operating margin improved to 5.6 percent in the quarter up from 4.4 percent in 2019.

Lower overall economic activity is expected to negatively impact the segment's manufactured materials, retail security, and paper amenities businesses compared to the prior-year levels. This negative impact is expected to be only partially offset by demand from stay-at-home consumers and COVID-19 preparedness which should continue benefiting the Company's fulfillment operations. The Company will continue to seek to reduce costs at locations that experience sustained declines in volume. Because the profitability of certain packaging center business is not highly sensitive to volume, COVID-19 driven declines in activity would not be expected to have a commensurate impact on related operating results.

Paper and Industrial Converted Products

The Paper and Industrial Converted Products segment includes the following products: paperboard tubes, cones and cores; fiber-based construction tubes; wooden, metal and composite wire and cable reels and spools; and recycled paperboard, linerboard, corrugating medium, recovered paper and material recycling services.

Segment sales declined 11.6 percent from the prior year's quarter as lower volume/mix, the negative impact of foreign exchange translation and lower selling prices more than offset sales gained from the acquisition of Corenso Holdings in August 2019. The lower volume/mix was driven by significantly lower global tube, core and cone volume, including an approximately 13 percent decline in tube and core volume in the U.S. and Canada and about an 8 percent decline in volume in Europe. Global uncoated recycled paperboard (URB) and corrugated medium volume/mix was down almost 7 percent despite an approximately 14 percent increase in demand for paper going into the tissue and towel market. During the quarter, the Company permanently closed its paper mill in Trent Valley, Ontario, Canada, and a URB machine in Hartsville, South Carolina, to address capacity requirements.

Segment operating profit declined 51.1 percent from the prior year's quarter as the benefit of productivity improvements and earnings from the Corenso acquisition was more than offset by a significant negative price/cost relationship caused by an approximately $60 per ton, or 130%, increase in average OCC prices for the quarter along with the negative impact of much lower volume/mix and the stronger U.S. dollar. Segment operating margin declined 556 basis points from the prior-year quarter to 6.9 percent.

As a result of COVID-19, the Company expects to see continued year-over-year volume declines in many of our global paper and industrial converted markets with some offset from increased near-term demand for paperboard serving the tissue and towel market. The Company expects recycled fiber prices to stabilize near July 2020 averages in the third quarter. Although the resulting price/cost relationship is expected to be negative compared to the prior-year third quarter, the relationship is expected to improve compared to this year's second quarter. The Company will continue to seek to reduce costs at locations that experience sustained declines in volume.

Protective Solutions

The Protective Solutions segment includes the following products: custom-engineered, paperboard-based and expanded foam protective packaging and components; and temperature-assured packaging.

Segment sales for the quarter declined 31.9 percent driven primarily by virus-related customer shutdowns which negatively impacted demand for molded foam automotive components and fiber packaging for consumer appliances. ThermoSafe temperature-assured packaging volume also declined due to reduced demand for transporting pharmaceuticals to medical clinics as non-virus related treatments were postponed. Segment operating margin, compared to the prior-year's quarter, declined 588 basis points to 5.0 percent.

The ThermoSafe business is expected to produce solid results in the third quarter of 2020 largely driven by the sales of temperature-assured packaging critical for virus testing and pharmaceutical transport, including flu vaccines. In addition, we expect third-quarter earnings in our Protective Solutions segment to significantly improve over the second quarter of 2020 driven by improved demand in our molded foam and consumer fiber businesses, which serve the automotive and appliance markets.

Six Months Ended June 28, 2020 Compared with Six Months Ended June 30, 2019

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 June 28, 2020			
Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Other Adjustments[1]	Base
Operating profit	$ 233,830	$ 35,484	$ 1,154	$ 270,468
Non-operating pension costs	15,179	—	(15,179)	—
Interest expense, net	34,730	—	—	34,730
Income before income taxes	183,921	35,484	16,333	235,738
Provision for income taxes	49,986	9,353	2,683	62,022
Income before equity in earnings of affiliates	133,935	26,131	13,650	173,716
Equity in earnings of affiliates, net of tax	1,291	—	—	1,291
Net income	135,226	26,131	13,650	175,007
Net (income) attributable to noncontrolling interests	430	(17)	—	413
Net income attributable to Sonoco	$ 135,656	$ 26,114	$ 13,650	$ 175,420
Per diluted common share*	$ 1.34	$ 0.26	$ 0.14	$ 1.73

*Due to rounding individual items may not sum across

[1] Consists of non-operating pension costs, costs related to actual and potential acquisitions and divestitures, the anticipated impact of the settlement of a U.S. Tax Audit, and tax benefits related primarily to a tax rate change.

	For the six months ended June 30, 2019			
Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Other Adjustments[1]	Base
Operating profit	$ 246,656	$ 24,027	$ 1,612	$ 272,295
Non-operating pension costs	11,591	—	(11,591)	—
Interest expense, net	31,337	—	—	31,337
Income before income taxes	203,728	24,027	13,203	240,958
Provision for income taxes	51,115	5,945	3,315	60,375
Income before equity in earnings of affiliates	152,613	18,082	9,888	180,583
Equity in earnings of affiliates, net of tax	2,441	—	—	2,441
Net income	155,054	18,082	9,888	183,024
Net (income) attributable to noncontrolling interests	(232)	(138)	—	(370)
Net income attributable to Sonoco	$ 154,822	$ 17,944	$ 9,888	$ 182,654
Per diluted common share*	$ 1.53	$ 0.18	$ 0.10	$ 1.81

*Due to rounding individual items may not sum across

[1] Consists primarily of non-operating pension costs and costs related to acquisitions and potential acquisitions and divestitures..

RESULTS OF OPERATIONS

The following discussion provides a review of results for the six months ended June 28, 2020 compared with the six months ended June 30, 2019.

OVERVIEW

Net sales for the first six months of 2020 decreased 6.0 percent to $2,549 million, compared with $2,711 million in the same period last year. The decline reflects a decrease in volume/mix stemming from the virus-driven recession, lower selling prices, and a negative impact from foreign exchange translation that more than offset sales added from acquisitions.

Net income attributable to Sonoco for the first six months of 2020 decreased 12.4 percent to $135.7 million, $1.34 per diluted share, compared to $154.8 million, $1.53 per diluted share, reported for the same period of 2019. Current period net income includes after-tax, non-base charges totaling $39.8 million. These charges largely consist of $26.1 million in after-tax restructuring charges and $11.1 million in after-tax non-operating pension charges. Results for the first six months of 2019 include after-tax restructuring and asset impairment charges of $17.9 million and other non-base charges totaling $9.9 million, after tax, consisting largely of non-operating pension expense and acquisition costs. Adjusted for these items, Base net income attributable to Sonoco (Base earnings) for the six-month period ending June 28, 2020 decreased 4.0 percent to $175.4 million, $1.73 per diluted share, from $182.7 million, $1.81 per diluted share, in 2019.

The decrease in Base earnings of $7.2 million is largely attributable to the net impact of the COVID-19 pandemic on overall sales volume, negative price/cost in our Paper and Industrial Converted Products segment, higher net interest expense and a slightly higher effective tax rate, which, in total, were largely offset by productivity improvements, other cost reductions and earnings from prior-year acquisitions.

OPERATING REVENUE

Net sales for the first six months of 2020 decreased $163 million from the same period in 2019.

The components of the sales change were:

		($ in millions)
Volume/mix	$	(131)
Selling prices		(37)
Acquisitions and Divestitures		72
Foreign currency translation and other, net		(68)
Total sales increase	$	(163)

COSTS AND EXPENSES

Cost of goods sold decreased $131.8 million, or 6.1 percent, while the Company's gross profit margin percentage increased slightly to 20.2 percent for the first six months of 2020, compared to 20.1 percent in the prior-year period. The decrease in the amount of cost of goods sold was primarily due to the decrease in sales, as their percentage decreases were nearly identical. Despite the pandemic-driven decrease in sales volume and the negative price/cost relationship resulting from the second-quarter spike in OCC costs, gross profit margin remained steady due to strong productivity improvements and aggressive cost management actions.

SG&A costs for the first six months decreased $29.5 million, or 10.7 percent, year over year driven by a significant focus across the business on reducing controllable costs, as well as the impact of the pandemic on lower travel, employee medical, management incentives, and other expenses. These reductions were partially offset by the addition of SG&A expenses from acquisitions.

Year-to-date restructuring costs and asset impairment charges in 2020 totaled $35.5 million, compared with $24.0 million in the same period last year. 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 increased $3.6 million in the first six months of 2020 compared to the prior-year period due primarily to lower expected returns stemming from actions in the previous year to de-risk the U.S. plan's portfolio by increasing the allocation of pension assets to fixed-income investments.

Net interest expense for the first six months of 2020 increased to $34.7 million, compared with $31.3 million during the first six months of 2019. The increase was primarily due to higher debt balances stemming from the $600 million in 10-year bonds issued in April 2020 and other shorter-term borrowings executed in April and May to ensure adequate liquidity due to the pandemic.

The effective tax rate on GAAP and Base earnings in the first six months of 2020 was 27.2 percent and 26.3 percent, respectively, compared with 25.1 percent for both GAAP and Base earnings in the prior-year period. The effective tax rate on GAAP and Base earnings was higher in the current year due to a greater portion of the Company's earnings being subject to tax in higher-tax jurisdictions outside of the United States. The effective tax rate on GAAP earnings was also higher due to recording the expected impact of settling the Company's federal income tax audit.

REPORTABLE SEGMENTS

The following table recaps net sales attributable to each of the Company's segments during the first six months of 2020 and 2019 (*$ in thousands*):

	Six Months Ended		
	June 28, 2020	June 30, 2019	% Change
Net sales:			
Consumer Packaging	$ 1,203,038	$ 1,192,466	0.9 %
Display and Packaging	228,659	272,387	(16.1)%
Paper and Industrial Converted Products	909,422	987,365	(7.9)%
Protective Solutions	207,662	259,208	(19.9)%
Consolidated	$ 2,548,781	$ 2,711,426	(6.0)%

The following table recaps operating profits attributable to each of the Company's segments during the first six months of 2020 and 2019 (*$ in thousands*):

	Six Months Ended		
	June 28, 2020	June 30, 2019	% Change
Operating profit:			
Segment operating profit:			
Consumer Packaging	$ 153,930	$ 125,057	23.1 %
Display and Packaging	14,075	12,343	14.0 %
Paper and Industrial Converted Products	83,977	109,616	(23.4)%
Protective Solutions	18,486	25,279	(26.9)%
Restructuring/Asset impairment charges	(35,484)	(24,027)	
Other, net	(1,154)	(1,612)	
Consolidated	$ 233,830	$ 246,656	(5.2)%

Segment results viewed by Company management to evaluate segment performance do not include restructuring charges, asset impairment charges, acquisition-related charges, non-operating pension costs, 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.

The following table recaps restructuring/asset impairment charges attributable to each of the Company’s segments during the first six months of 2020 and 2019 (*$ in thousands*):

	Six Months Ended	
	June 28, 2020	June 30, 2019
Restructuring/Asset impairment charges:		
Consumer Packaging	$ 5,612	$ 17,742
Display and Packaging	3,548	886
Paper and Industrial Converted Products	23,045	2,474
Protective Solutions	1,168	1,003
Corporate	2,111	1,922
Consolidated	$ 35,484	$ 24,027

Consumer Packaging

Segment sales increased 0.9 percent year to date compared to the prior-year period as sales added by the acquisition of TEQ and a modest uptick in volume, were largely offset by the closure of a forming films line in 2019, lower selling prices and the negative impact of foreign currency translation. The pandemic's impact on consumer behavior positively affected demand for rigid paper containers and prepared and specialty foods plastic packaging, but those benefits were largely offset by significantly reduced demand for plastic packaging in our industrial end use market.

Year-to-date segment operating profit increased 23.1 percent due almost entirely to productivity gains and other cost reductions that, in total, were somewhat offset by a modestly negative price/cost impact. As a result, segment operating profit margin increased 231 basis points to 12.8 percent.

Display and Packaging

Sales for the segment were down 16.1 percent year to date compared to last year’s period as volume was down throughout the segment due primarily to the pandemic's impact on demand for promotional displays and paper amenities for the hotel industry.

Despite the decline in volume, segment operating profit increased $1.7 million due to strong productivity improvements and effective cost reduction actions.

Paper and Industrial Converted Products

Segment sales decreased 7.9 percent year to date versus the prior-year period due to pandemic-driven volume declines, lower sales prices, and a negative impact of foreign currency translation. These declines were partially offset by sales added by the prior-year acquisition of Corenso Holdings.

Operating profit decreased 23.4 percent from the prior-year period driven by the decline in volume and a negative price/cost relationship largely due to a steep increase in recycled fiber costs in the second quarter that could not be fully recovered through selling price adjustments. These decreases were partially offset by solid productivity gains. As a result, segment operating margin declined 188 basis points to 9.2 percent.

Protective Solutions

Segment sales for the period declined 19.9 percent year over year driven by volume declines in molded foam and consumer fiber packaging due to automotive plant shutdowns and lower consumer demand for durable goods such as appliances. In addition, temperature-assured packaging sales also saw a year-over-year decline as customers reduced or delayed purchases due to uncertainty regarding the impact the virus would have on their businesses.

Year-to-date operating profit decreased 26.9 percent from the prior-year period due primarily to the volume declines, partially offset by productivity improvements and effective cost management. Segment operating margin was 8.9 percent, an 86 basis point decline from the same period last year.

OTHER ITEMS

Critical Accounting Policies and Estimates

Goodwill impairment evaluation

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 2019. Although no reporting units failed the assessments, during the time subsequent to the annual evaluation, and at June 28, 2020, the Company considered whether any events and/or changes in circumstances, including the impact of the COVID-19 pandemic, had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired. Although it is management's opinion that no such events have occurred, the results of the Conitex reporting unit have been negatively impacted by the economic fallout of the COVID-19 pandemic due to end-market weakness, particularly in textiles, as well as certain customers' plants being temporarily shut down to contain the spread of the virus. Management currently expects customer demand will begin to increase and begin approaching pre-pandemic levels next year. However, should it become apparent that the post-COVID-19 recovery is likely to be weaker, or significantly delayed, compared to management’s current expectations, a goodwill impairment charge may be possible in the future. Total goodwill associated with this reporting unit was $32.2 million at June 28, 2020. The Company previously owned a 30% noncontrolling interest in Conitex Sonoco (BVI), Ltd. before acquiring the remaining 70% interest on October 1, 2018. In its 2019 annual goodwill impairment test, the Company estimated the fair value of the Conitex reporting unit to be approximately equal to its carrying value.

Income taxes

As disclosed in prior periods, in February 2017 the Company received a Notice of Proposed Adjustment (“NOPA”) from the Internal Revenue Service (“IRS”) proposing adjustments to the 2012 and 2013 tax years. In 2018, the Company filed a protest to the proposed deficiency and the matter was referred to the Appeals Division of the IRS. In the second quarter of 2020, the Company agreed to pay approximately $6 million in taxes and interest to settle the dispute and recorded the impact of this settlement in its provision for income taxes. The Company anticipates receiving a final notice formalizing the settlement, and paying the assessment, in the second half of 2020.

Pension Plan Termination

As previously disclosed, the Company terminated the Sonoco Pension Plan for Inactive Participants, a tax-qualified defined benefit plan (the "Inactive Plan"), effective September 30, 2019. Once approval is received from the Pension Benefit Guaranty Corporation ("PBGC"), and following completion of a limited lump-sum offering, the Company is expected to settle all remaining liabilities under the Inactive Plan in 2021 through the purchase of annuity contracts. The Company intends to apply to the PBGC for an extension of the distribution deadline and expects to make additional contributions to the Inactive Plan of approximately $150 million in 2021 in order to be fully funded on a termination basis at the time of the annuity purchase. The actual amount of the Company's long-term liability when it is transferred, and the related required cash contribution, will depend upon the nature and timing of participant settlements, as well as prevailing market conditions. These expected contributions are reducing tax payments in 2020 by approximately $38 million. Non-cash, pretax settlement charges resulting from the lump sum payouts and annuity purchases are currently expected to total approximately $590 million. The termination of the Inactive Plan will apply to participants who have separated service from Sonoco and to nonunion active employees who no longer accrue pension benefits. There is no change in the cumulative benefit previously earned by the approximately 11,000 impacted participants as a result of these actions, and the Company will continue to manage and support the Sonoco Pension Plan, comprised of approximately 600 active participants who continue to accrue benefits in accordance with a flat-dollar multiplier formula.

Financial Position, Liquidity and Capital Resources

Operating cash flows totaled $282.0 million in the six months ended June 28, 2020 compared with $40.1 million during the same period last year, an increase of $241.9 million. The increase is largely attributable to a year-over-year reduction in pension and retirement plan contributions. The Company made a voluntary contribution of $190 million to its U.S. defined benefit pension plans in the first six months of 2019 and made no such contributions in the first six months of 2020. Accounts Receivable consumed $13.5 million of operating cash in the first six months of 2020 compared with $46.2 million in the same period last year. Although both periods saw increased business activity from year-end levels, the global recession caused by COVID-19 has muted that increase in the current year. Additionally, inventories consumed $32.0 million of cash in the first six months of 2020 compared with $16.8 million in the same period last year. Due to swiftly changing demand caused by the pandemic, right-sizing inventory has been a greater challenge than normal. Trade accounts payable provided $17.8 million of cash during the six months ended June 28, 2020 compared to consuming $2.8 million in the same reporting period last year.

Changes in accrued expenses provided $9.3 million of operating cash in the six months ended June 28, 2020 while consuming $7.7 million in the same period last year. The greater provision of cash in the current year is primarily due to lower management incentives paid in the first six months of 2020 compared to the same period last year, as well as the timing of payroll and other payments. Changes in other assets and liabilities provided $0.8 million less cash in the first six months of 2020 compared to 2019. Although the current year benefited from the deferred payment of certain payroll taxes under the CARES Act, these were slightly less than insurance proceeds received in the prior year associated with clean-up and other repair costs related to Hurricane Florence. The impact of income taxes, net payables and deferred items provided $17.2 million more cash in the first six months of 2020 versus the first six months of the prior year due largely to timing of estimated tax payments in 2020 because of deferrals allowed under COVID-related IRS guidance.

Cash used in investing activities was $74.8 million in the six months ended June 28, 2020, compared with $99.9 million in the same period last year, a lower year-over-year use of cash of $25.1 million. Acquisition spending was $3.3 million higher year over year as a result of the Company's acquisition of a tubes and cores operation in Jacksonville, Florida in the first six months of 2020. In the first six months of 2019, a small amount of cash was used to settle final purchase price adjustments related to the 2018 Conitex and Compositub acquisitions. Proceeds from the sale of assets provided $4.8 million in the six months ended June 28, 2020, compared to $1.5 million in the same period last year. The year-over-year increase was due primarily to net proceeds of $2.4 million received in February 2020 for the sale of equipment at a metal ends operation in Canton, Ohio. Capital spending during the first six months of 2020 was $76.4 million, approximately $26 million lower year over year. Capital spending for the remaining six months of 2020 is not expected to exceed $120 million, bringing the total expected net capital spending in 2020 to $195.0 million. This increase in the second half of 2020 includes planned spending of approximately $20 million to begin work on the transformation of the corrugated medium paper machine in Hartsville, South Carolina, into a low-cost, state-of-the-art uncoated recycled paperboard machine, as well as other projects that were previously on hold due to the economic uncertainty of COVID-19.

Cash generated in financing activities totaled $514.3 million in the six months ended June 28, 2020, compared with $34.7 million in the same period last year, a change of $479.6 million. Proceeds from the issuance of debt increased $861.7 million year over year mostly driven by the Company's issuance of $600 million of 10-year bonds in April 2020. Additionally, the Company paid down an additional $420.9 million in debt year over year. These large swings in financing activities were driven by the Company's efforts to improve and ensure liquidity during the global recession. The year-over-year increase in outstanding checks was $19.2 million and resulted primarily from the timing of payroll payments. The Company received proceeds of $14.5 million from the settlement of a cross-currency swap in March 2020 and, during the six months ended June 28, 2020, paid cash dividends of $86.3 million, an increase of $2.2 million over the same period last year. Cash used to repurchase the Company's common stock was lower year over year by $4.6 million.

During the six months ended June 28, 2020, the Company reported a net decrease in cash and cash equivalents of $9.5 million due to currency translation adjustments resulting from a stronger U.S. dollar relative to most foreign currencies.

The Company operates a $500 million commercial paper program, supported by a $500 million revolving credit facility with a syndicate of eight banks. The revolving bank credit facility is committed through July 2022. If circumstances were to prevent the Company from issuing commercial paper, it has the contractual right to draw funds directly on the underlying revolving bank credit facility. Borrowings under the credit facility may be prepaid at any time at the discretion of the Company.

The Company has taken several actions to secure liquidity in light of volatility in the credit markets and economic uncertainty being caused by the COVID-19 pandemic.

On March 18, 2020, the Company closed and funded a 364-day, $150 million term loan with Wells Fargo Bank, National Association, and the proceeds were used to repay a portion of outstanding commercial paper. Interest was assessed at the London Interbank Offered Rate (LIBOR) plus a margin based on a pricing grid that used the Company’s credit ratings. The margin above LIBOR at June 28, 2020 was 125 basis points. There was no required amortization and repayment could be accelerated at any time at the discretion of the Company. On July 20, 2020, subsequent to quarter end, this loan was fully repaid.

On April 1, 2020, the Company accessed $250 million from its revolving credit facility. This borrowing was repaid on May 5, 2020. The Company used $85 million of the proceeds to fully repay its outstanding commercial paper balance and the remaining proceeds were invested in short term cash equivalents with maturities of 30 days or less.

On April 6, 2020, the Company borrowed $100 million, pursuant to a new 364-day term loan with U.S. Bank, National Association. Interest is assessed at LIBOR plus a margin based on a pricing grid that uses the Company's credit ratings. The margin above LIBOR at June 28, 2020 was 125 basis points. There is no required amortization and repayment can be accelerated at any time at the discretion of the Company.

On April 22, 2020, the Company sold through a public offering $600 million of 3.125% notes due May 1, 2030. The offering was made pursuant to an effective shelf registration statement. This action was taken largely to mitigate the risk of possible future credit market dislocations triggered by the economic impact of the COVID-19 pandemic. The net proceeds from the offering of approximately $594.2 million are available for general corporate purposes, including repayment of outstanding debt.

To further improve its financial flexibility and liquidity, the Company exercised a conditional one-time option to extend its $200 million term loan with Wells Fargo Bank, National Association, due May 2020, for an additional 364 days to May 2021.

As a result of these actions, the Company currently expects debt maturities of approximately $750 million through December 31, 2021. The Company currently has approximately $700 million in cash and cash equivalents on hand and $500 million in committed availability under its revolving credit facility. The Company believes these amounts, combined with net cash flows from operating and investing activities, provide ample liquidity to cover the 2021 debt maturities and other cash flow needs of the Company over the course of the next year.

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 June 28, 2020, 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.

Although there are approximately 3.0 million shares of common stock remaining available for open-market repurchase under a 2016 Board of Directors authorization, the Company currently has no intention of making any such repurchases in the near term.

Cash and cash equivalents totaled $857.3 million and $145.3 million at June 28, 2020 and December 31, 2019, respectively. Of these totals, approximately $127.5 million and $115.0 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 has ample domestic liquidity from a combination of cash on hand, operating cash flow generation 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 it maintains a security interest in the cash deposits, and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its participating subsidiaries favorable interest terms on both.

The Company anticipates making additional contributions to its pension and postretirement plans of approximately $8.5 million during the remainder of 2020, which would result in total 2020 contributions of approximately $40 million, excluding potential immaterial cash funding related to restructuring actions. As discussed in "Other Items," the Sonoco Pension Plan for Inactive Participants was terminated effective September 30, 2019. Upon approval by the PBGC, and following completion of a limited lump-sum offering, the Company is expected to settle all remaining liabilities under the Inactive Plan through the purchase of annuities. The Company intends to apply to the PBGC for an extension of the distribution deadline and expects to make additional contributions to the Inactive Plan of approximately $150 million in 2021 in order to be fully funded on a termination basis at the time of the annuity purchase. Any such contributions in excess of cash on hand are expected to be financed using available borrowing capacity. Future funding requirements beyond the current year will vary depending largely on actual investment returns, future actuarial assumptions, the nature and timing of participant settlements, 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 may use 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 due to improve in the foreseeable future. Further deterioration could result in the recognition of an impairment charge or a deconsolidation of the subsidiary. At June 28, 2020, the carrying value of the Company's net investment in its Venezuelan operations was approximately $2.1 million. In addition, at June 28, 2020, 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 these operations.

The Company has operations in the United Kingdom and elsewhere in Europe that could be impacted by the exit of the U.K. from the European Union (Brexit). Our U.K. operations have made contingency plans regarding potential customs clearance issues, tariffs and other uncertainties resulting from Brexit. Although it is difficult to predict all of the possible impacts to our supply chain or in our customers' downstream markets, the Company has evaluated the potential operational impacts and uncertainties of Brexit and at this time believes that the likelihood of a material impact on our future results of operations is low. Although there are some cross-border sales made out of and into the U.K., most of what we produce in the U.K. is also sold in the U.K. and the same is true for continental Europe. In some cases, companies that have been importing from Europe into the U.K. are now seeking local sources, which has actually been positive for our U.K. operations. Annual sales of our U.K. operations totaled approximately $120 million in 2019.

At June 28, 2020, the Company had various currency contracts outstanding 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 $(2.3) million at June 28, 2020 and a net favorable position of $1.1 million at December 31, 2019. These contracts qualify as cash flow hedges and mature within twelve months of their respective reporting dates. In addition, at June 28, 2020, 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 values of these currency contracts were immaterial at June 28, 2020 and December 31, 2019.

At June 28, 2020, the Company had commodity contracts outstanding to fix the cost of a portion of anticipated raw materials and natural gas purchases. The total net fair market value of these instruments was an unfavorable position of $(1.7) million and $(1.6) million at June 28, 2020 and December 31, 2019, respectively. Natural gas and aluminum hedge contracts covering an equivalent of 2.3 million MMBTUs and 1,088 metric tons, respectively, were outstanding at June 28, 2020. These contracts qualify as cash flow hedges and mature within twelve months of their respective reporting dates. In addition, during the second quarter of 2020, the Company entered into commodity contracts to fix the cost of a portion of anticipated diesel purchases. The Company does not apply hedge accounting to these contracts, the fair value of which was not material at June 28, 2020.

In January 2020, the Company entered into a cross-currency swap agreement with a notional amount of $250 million to effectively convert a portion of the Company's fixed-rate, U.S. dollar denominated debt, including the semi-annual interest payments, to fixed-rate euro-denominated debt. The swap agreement had an original maturity of November 1, 2024 and provided for the Company to receive semi-annual interest payments in U.S. dollars at a rate of 5.75% and pay interest in euros at a rate of 3.856%. The risk management objective was to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in foreign currencies. As a result of significant strengthening of the U.S. dollar, as well as a reduction in the differential between U.S. and European interest rates, the fair market value of the swap position appreciated significantly during the first quarter of 2020. In March 2020, the Company terminated the agreement and received a net cash settlement of $14.5 million. The Company recorded this foreign currency translation gain in "Accumulated other comprehensive loss," net of a tax provision of $7.6 million.

At June 28, 2020, the U.S. dollar had strengthened against most of the functional currencies of the Company's foreign operations compared to December 31, 2019, resulting in a net translation loss of $60.1 million being recorded in accumulated other comprehensive loss at June 28, 2020.

As a result of the weakening global economy due to the COVID-19 pandemic, the Company increased its allowance for cumulative expected credit losses by $1.0 million as of June 28, 2020. Continued weakness in the economy may require additional charges to be recognized in future periods. The magnitude of such charges cannot be estimated at this time.

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, 2019, which was filed with the Securities and Exchange Commission on February 28, 2020. 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 June 28, 2020, 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

In response to the COVID-19 pandemic, we have required certain employees, some of whom are involved in the operation of our internal controls over financial reporting, to work from home. Despite this change, there have been no changes in the Company's internal control over financial reporting occurring during the quarter ended June 28, 2020, that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting. We are continually monitoring and assessing the COVID-19 pandemic on our internal controls to minimize any impact it may have on their design and operating effectiveness.

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, 2019, 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 June 28, 2020, cannot be determined. As of June 28, 2020 and December 31, 2019, the Company had accrued $8.4 million and $8.7 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 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

Except as set forth below, during the six months ended June 28, 2020, there were no material changes to the Risk Factors disclosed in Item 1A- "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

The direct and indirect results of the COVID-19 pandemic may adversely affect our operations, results of our operations and our financial condition.

The United States and other countries are experiencing a major global health pandemic related to the outbreak of a novel strain of coronavirus, COVID-19. Governmental authorities nationally and in affected regions took increasingly dramatic actions and mandated various restrictions in an effort to slow the spread of the virus, including travel restrictions, restrictions on public gatherings, “shelter at home” orders and advisories, and quarantining of people who may have been exposed to the virus. We are an essential provider of consumer, industrial and medical packaging. Our associates are deemed “Essential Critical Infrastructure Workers” under the guidance of the U.S. Department of Homeland Security and have received similar designations by the vast majority of other governmental agencies in the 36 countries where the Company operates. As a result, nearly all of the Company’s global operations continue to operate and are serving our customers’ critical needs. Certain customers whose products have not been deemed “critically essential” have had to suspend operations due to the COVID-19 pandemic, while some others have been unable to fully staff their operations, and as a result these customers are taking temporary downtime or furloughing employees. Although mandated restrictions on business activities have expired or been relaxed in most of our locations, a resurgence of the virus in late June and into July has raised concerns about reimposition of restrictions on business activities, and some governmental entities have already done so. This reimposition of restrictions could delay or possibly reverse the economic recovery. We are following these developments closely and responding with cost-reduction initiatives.

We have put in place a Global Task Force to develop and implement business continuity plans to ensure our operations are as prepared as possible to be able to continue producing and shipping product to our customers without disruption. We have a diverse global supply chain and to date we have not experienced significant raw material or other supply disruptions. However, certain raw materials pricing has increased significantly since January, including Old Corrugated Containers ("OCC"), which is the largest raw material used by our recycled paperboard mills. Sustained OCC pricing at current, or higher, levels is likely to have an adverse effect on near-term operating margins.

Many of our businesses have already been adversely affected by the pandemic. Given the unprecedented uncertainty of this situation, including the unknown duration and severity of the pandemic and the unknown overall impact on consumer demand, we are unable to forecast the full impact on our business in 2020. An extended period of disruption to our served markets or global supply chains could materially and adversely affect our business, results of operations, access to sources of liquidity and overall financial condition. In addition, an extended global recession caused by the pandemic would have a material and adverse impact on our operations, results of operations and financial condition, and may result in the future impairment of goodwill at certain of the Company's reporting units.

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

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased[1]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	(d) Maximum Number of Shares that May Yet be Purchased under the Plans or Programs[2]
3/30/20 - 5/03/20	75	$ 48.36	—	2,969,611
5/04/20 - 5/31/20	91	$ 50.51	—	2,969,611
6/01/20 - 6/28/20	75	$ 53.87	—	2,969,611
Total	241	$ 50.89	—	2,969,611

1 A total of 241 common shares were repurchased in the second quarter of 2020 related to shares withheld to satisfy employee tax withholding obligations in association with certain share-based compensation awards. These shares were not repurchased as part of a publicly announced plan or program.

2 On February 10, 2016, the Company's Board of Directors authorized the repurchase of up to 5,000,000 shares of the Company's common stock. A total of 2,030,389 shares were repurchased under this authorization during 2016 at a cost of $100.0 million. No shares were repurchased during 2017, 2018, 2019 or during the six months ended June 28, 2020. Accordingly, a total of 2,969,611 shares remain available for repurchase at June 28, 2020.

Item 6. Exhibits.

	Exhibit Index
3.1	Restated Articles of Incorporation, as amended through July 15, 2020
3.2	By-Laws of Sonoco Products Company, as amended June 15, 2020
4.1	Fifth Supplemental Indenture, dated as of April 22, 2020, between Sonoco Products Company and The Bank of New York Mellon Trust Company, N.A.. (incorporated by reference to the Registrant's Form 8-K filed April 22, 2020)
4.2	Form of 3.125% Note due 2030 (included in Exhibit A to Exhibit 4.1 and incorporated by reference to the Registrant's Form 8-K filed April 22, 2020)
10.1	March 2020 364-Day Term Loan Facility (incorporated by reference to the Registrant's Form 8-K filed March 19, 2020)
10.2	First Amendment to Credit Agreement, dated February 14, 2020 (incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 2019)
10.3	$100 million 364-day Term Loan Facility dated April 1, 2020 (incorporated by reference to the Registrant's Form 8-K filed April 3, 2020)
10.4	Term Loan Agreement between Sonoco Products Company and Wells Fargo Bank, National Association, dated May 17, 2019 (incorporated by reference to the Registrant's Form 10-Q for the quarter ended June 30, 2019)
10.5	Renewal Notice of Term Loan Agreement between Sonoco Products Company and Wells Fargo Bank, National Association, dated March 19, 2020
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:	July 29, 2020	By:	/s/ Julie C. Albrecht
			Julie C. Albrecht Vice President and Chief Financial Officer (principal financial officer)
			/s/ James W. Kirkland
			James W. Kirkland Corporate Controller (principal accounting officer)

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

RESTATED ARTICLES OF INCORPORATION
(As of July, 2020)

Pursuant to Section 33-10-107 of the 1976 South Carolina Code of Laws, as amended, the Corporation hereby submits the following information:

1. The name of the Corporation is **Sonoco Products Company.**

2. If the name of the Corporation has ever been changed, all of its former names:

Southern Novelty Company

3. The original articles of incorporation were filed on May 10, 1899.

4. The registered agent is John M. Florence and the address of the registered agent is One North Second Street, Hartsville, South Carolina 29550.

5. The Corporation is authorized to issue more than one class of shares of stock as follows.

Class of Shares	Authorized No. of Each Class
Common Stock	300,000,000
Preferred Stock	30,000,000

The relative rights, preferences, and limitations of the shares of each class, and of each series within a class, are as follows:

(a) Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article 5, to provide for the issuance of the shares of Preferred Stock (including any shares of Preferred Stock restored to the status of authorized but unissued Preferred Stock, undesignated as to series pursuant to this Article 5(a) in one or more series, and to establish, from time to time, the number of shares to be included in each such series and to fix the designations, voting powers, if any, preferences, limitations, and relative, participating, optional or other special rights, as shall be stated and expressed in the articles of amendment providing for the issue of such series adopted by the Board of Directors and filed with the Secretary of State. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(i) the distinctive serial designations and the division of shares of Preferred Stock into one or more series and the number of shares of a particular series, which may be increased or decreased (but not below the number of shares thereof then outstanding) by articles of amendment authorized, executed and filed as required by law:

(ii) the rate or amount (or the method of determining the rate or amount) and times at which, and the preferences and conditions under which, dividends shall be payable on shares of a particular series, the status of such dividends as cumulative, partially cumulative, or noncumulative, the date or dates from which dividends, if cumulative, shall accumulate, and the status of such series as participating or nonparticipating with shares of other classes or series of stock;

(iii) the price or prices at which, the nature of the consideration for which, the period or periods within which and the terms and conditions, if any, upon which the shares of a particular series may be redeemed, in whole or in part, at the option of the Corporation;

(iv) the amount or amounts and rights and preferences, if any, to which the holders of shares of a particular series are entitled or shall have in the event of any involuntary or voluntary liquidation, dissolution or winding up of the Corporation;

(v) the right, if any, of the holders of a particular series or the Corporation to convert or cause conversion of shares of such series into shares of other classes or series of stock or other securities or other property or to exchange or cause exchange of such shares for shares of other classes or series of stock or other securities for other property, and the terms and conditions, if any, including the price or prices or the rate or rates of conversion and exchange, and the terms and conditions of adjustments, if any, at which such conversion or exchange may be made or caused;

(vi) the obligation, if any, of the Corporation to redeem, purchase or otherwise acquire, in whole or in part, shares of a particular series for a sinking fund or otherwise, and the terms and conditions thereof, if any, including the price or prices and the nature of the consideration payable for such shares so redeemed, purchased or otherwise acquired;

(vii) the voting rights, if any, of the shares of a particular series (in addition to those that may be required by law), whether special, conditional, limited or unlimited, including the number of votes per share and any requirement for the approval by the holders of shares of all series of Preferred Stock, or of the shares of one or more series thereof, or of both, in an amount greater than a majority up to such amount as is in accordance with applicable law, as a condition to specified corporation action or amendments to the Articles of Incorporation; and,

(viii) any other relative rights, limitations and preferences which may be so determined by the Board of Directors to the fullest extent permitted by the laws of the State of South Carolina.

All shares of any particular series of Preferred Stock shall rank equally and shall be identical as to preferences, limitations and relative rights, except as to the date or dates from and after which dividends, if cumulative or partially cumulative, shall accumulate. All series of Preferred Stock shall rank equally and shall be identical as to preferences, limitations and relative rights, except insofar as, to the extent permitted by law, they may vary with respect to the matters which the Board of Directors is hereby expressly authorized to determine in the articles of amendment providing for any particular series of Preferred Stock.

All shares of Preferred Stock shall rank senior and prior to the Common Stock in respect of the right to receive dividends and the right to receive payments out of the net assets of the Corporation upon any involuntary or voluntary liquidation, dissolution or winding up of the Corporation. All shares of Preferred Stock redeemed, purchased or otherwise acquired by the Corporation (including shares surrendered for conversion or exchange) shall be cancelled and thereupon restored to the status of authorized but unissued shares of Preferred Stock undesignated as to series.

(b) Common Stock. The Common Stock shall be entitled to unlimited voting rights as provided by law, and together with the Preferred Stock, but subject to the prior rights of the Preferred stock, shall be entitled to receive the net assets of the Corporation upon any involuntary or voluntary liquidation, dissolution or winding up of the Corporation.

(c) Certain Dividends. Shares of one class or series (including, without limitation, rights, options or warrants for the purchase or other acquisition of shares) may be issued by the Board of Directors as a dividend in respect of shares of any class or series.

6. The optional provisions which the Corporation elects to include in the Articles of Incorporation are as follows (see the applicable provisions of Sections 33-2-102, 35-2-105, and 35-2-221 of the 1976 South Carolina Code of Laws, as amended):

(a) Board of Directors. The number of directors of the Corporation shall be (i) the number fixed from time to time by the Board of Directors which shall not be less than nine, plus (ii) any directors elected exclusively by the holders of Preferred Stock as provided in these articles. Directors shall be elected at each Annual Meeting of Shareholders. Each director so elected shall serve until the next Annual Meeting of Shareholders or until her or his successor is elected and qualifies or until there is a decrease in the number of directors. No person who is not then already a director of the Corporation shall be eligible to be elected as a director at the Annual Meeting of Shareholders unless such person shall have been nominated in writing, with such nomination delivered to the Secretary of the Corporation, not less than one hundred twenty days prior to such Annual Meeting.

(b) Noncumulative Voting. Shareholders shall not have the right to cumulate their votes in the election of Directors.

(c) No Preemptive Rights. The Corporation elects not to have preemptive rights with respect to its shares, whether now or hereafter authorized.

(d) Removal of Directors. Directors may be removed only for cause. Removal of a Director or the entire Board of Directors for cause shall only be accomplished by a vote of a majority of the shares cast for and against removal, subject to the provisions of the laws of the State of South Carolina.

(e) Liability of Directors. No Director of the Corporation shall be personally liable to the Corporation or to its shareholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the laws of South Carolina, as presently in effect or as the same may hereafter be amended. No amendment, modification or repeal of this Article 6(e) shall adversely affect any right or protection that exists at the time of such amendment, modification, or repeal.

(f) Quorum Requirement for Shareholders. The shareholders are authorized to adopt or amend a by-law that fixes a greater quorum requirement for shareholders (or voting groups of shareholders) than is required by the laws of the State of South Carolina.

7. Unless a delayed effective date is specified, this application will be effective upon acceptance for filing by the Secretary of State (See Section 33-1-230(b) of the 1976 South Carolina Code of Laws, as amended).

CERTIFICATE Accompanying the Restated
Articles of Incorporation

The attached restated articles of incorporation do not contain any amendments to the Corporation's Articles of Incorporation and have been duly approved by the Corporation's Board of Directors as authorized by Section 33-10-107(a) of the 1976 South Carolina Code of Laws, as amended.

Date: July 15, 2020

Sonoco Products Company
Name of Corporation

/s/ John M. Florence
Signature

John M. Florence, Vice President, General Counsel and Corporate Secretary
Type or Print Name and Office

BY-LAWS
SONOCO PRODUCTS COMPANY
HARTSVILLE, S.C.

(Incorporated under the laws of the
State of South Carolina)

Amended through June 15, 2020

ARTICLE I - OFFICE

1. THE PRINCIPAL OFFICE of the corporation shall be at Hartsville, Darlington County, South Carolina.

2. THE CORPORATION may also have offices at such other places as the Board of Directors may from time to time determine or as the business of the corporation may require.

ARTICLE II - SHAREHOLDERS' MEETINGS

1. THE PLACE OF ALL MEETINGS of shareholders shall be at Hartsville, Darlington County, State of South Carolina.

2. THE ANNUAL MEETING of the shareholders of the corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held each year on the third Wednesday of April at 11:00 A.M., or such other date as the Board of Directors may, in its discretion, choose.

3. SPECIAL MEETINGS OF SHAREHOLDERS for any purpose or purposes may be called by or at the direction of the Board of Directors, or by the Chairman of the Board of Directors, or by the President. Special meetings shall be called by the Chairman of the Board of Directors at the request of: (a) holders of Preferred Stock as may be provided in provisions of the Articles of Incorporation at the time in effect with respect to the rights, preferences, privileges, limitations and conditions affecting the capital stock of the corporation; or (b) shareholders to the extent required by applicable law. Business to be transacted at all special meetings shall be confined to the purpose or purposes stated in the notice of the meeting. The time, date and place of any special meeting shall be determined by the Chairman of the Board of Directors, the Board of Directors or the President, except as otherwise required by the Articles of Incorporation.

4. NOTICE of the time, date and place of the annual meeting and any special meeting of shareholders shall be given by the corporation by transmitting written or printed notice of the same not less than twenty (20) days nor more than sixty (60) days prior to the meeting to each shareholder of record of the corporation entitled to notice of such meeting, addressed to the shareholder at such shareholder's address appearing on the stock transfer books of the corporation.

Such notice may be amended or withdrawn after it is given in the discretion of the Chairman of the Board of Directors or the Board of Directors.

NOTICE SHALL BE DEEMED TO HAVE BEEN GIVEN when actually received or when deposited with postage prepaid in the United States mail, addressed to the shareholder at the address appearing on the stock transfer books of the corporation.

A RECORD DATE may be set by the Board of Directors for a date which is not less than ten (10) nor more than seventy (70) days preceding the date of any meeting of the shareholders, as a record date for the determination of the shareholders entitled to notice of and to vote at any such meeting or adjournment thereof.

5. A COMPLETE LIST OF SHAREHOLDERS ENTITLED TO NOTICE at the annual shareholders' meeting or any adjournment thereof, or any special meeting of the shareholders or adjournment thereof, shall be prepared by the corporation, such list to be arranged by voting group in alphabetical order with each shareholder's address appearing on the stock transfer books of the corporation, showing the number of voting shares held by each shareholder, subject to the provisions of the laws of the State of South Carolina.

6. THE VOTING AT ALL MEETINGS of the shareholders may be by voice vote, but any shareholder entitled to vote may demand a stock vote whereupon such stock vote shall be taken by ballot, each of which shall state the name of the shareholder voting and the number of shares voted by him; and if such ballots be cast by proxy, it shall also state the name of such proxy.

7. EVERY SHAREHOLDER HAVING THE RIGHT TO VOTE at any meeting of the shareholders shall be entitled to vote in person or by proxy. A proxy may be appointed either (a) by an instrument in writing subscribed by such shareholder, or (b) by any other means permitted under applicable law; provided, however, the Board of Directors shall have the authority, in its discretion, to prescribe or limit a particular method or methods by which appointment of a proxy must be made with respect to a vote on any matter. Unless otherwise provided in the Articles of Incorporation, each shareholder entitled to vote shall have one vote for each share of stock having voting power registered in his name on the books of the corporation as of the record date set by the Board of Directors.

NO PROXY SHALL BE VALID after the expiration of eleven (11) months from its execution.

8. A QUORUM as to any matter to come before any annual or special meeting of shareholders shall consist of shareholders representing, either in person or by proxy, a majority of shares of each voting group entitled to vote on such matter. A majority of the votes cast on such matter shall decide any question that may come before such meeting except as otherwise provided by law and except as otherwise may be provided by provisions of the Articles of Incorporation at the time in effect with respect to the rights, preferences, privileges, limitations and conditions affecting shares of the corporation.

9. IN THE ABSENCE OF A QUORUM at a properly called shareholders' meeting, such meeting may be adjourned from time to time by the presiding officer as provided in Section 12 of this Article. If the meeting is adjourned for thirty (30) days or more, a notice of such adjournment shall be sent to all shareholders entitled to vote thereat stating the time and place of holding such adjourned meeting.

10. NO NOTICE OF ANY ADJOURNED MEETING for less than thirty (30) days need be given if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken.

11. RESOLUTIONS TO BE VOTED ON BY SHAREHOLDERS, other than resolutions proposed by the Board of Directors, shall be submitted to the Secretary of the corporation in writing not less than seventy-five (75) days prior to the meeting at which the vote is to occur. No resolution shall be considered at any meeting of shareholders unless such resolution is proposed by the Board of Directors or by a shareholder of record at the date of submission to the Secretary and on the record date for the meeting. The person presiding at the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall determine whether such notice has been duly given and shall direct that proposals and nominees not be considered if such notice has not been duly given.

12. THE PRESIDING OFFICER OF ALL SHAREHOLDERS' MEETINGS shall be the Chairman of the Board of Directors unless he or the Board of Directors shall designate some other person to preside at the meeting. The presiding officer may, in his discretion, adjourn any meeting to such later date and time as he shall state whether or not there is a quorum present at the time of such adjournment. The presiding officer shall determine the manner in which the meeting shall be conducted, including the order of business, and all rulings of the presiding officer shall be final and binding. The presiding officer may, in his discretion, designate various persons to perform tasks associated with the conduct of the meeting.

ARTICLE III - DIRECTORS

1. THE MANAGEMENT of all the affairs, property and the business of the corporation shall be vested in a Board of Directors. The number of directors of the corporation shall be (i) the number fixed from time to time by the Board of Directors, which number shall not be less than nine, plus (ii) any directors elected exclusively by the holders of Preferred Stock as provided in the corporation's Articles of Incorporation. The directors need not be residents of the State of South Carolina.

2. [RESERVED]

3. ALL DIRECTORS SHALL SERVE until their successors shall have been duly elected and qualify or until their earlier resignation, retirement, removal from office, death or incapacity except as otherwise provided by provisions of the Articles of Incorporation with respect to the rights, preferences, privileges, limitations and conditions affecting the shares of the

corporation. No reduction in the size of the Board of Directors shall have the effect of shortening the term of any director in office at the time.

4. ALL DIRECTORS shall be eligible for re-election to the Board of Directors.

5. ALL VACANCIES OCCURRING IN THE BOARD OF DIRECTORS whether caused by resignation, death, increase in number of directors, or otherwise may be filled by a majority vote of the remaining directors, even if such number would not constitute a quorum.

6. RETIREMENT OF DIRECTORS shall be automatic at the annual meeting of shareholders following a director’s reaching the age of seventy-five (75), and no person shall be eligible for nomination or election as a director after reaching the age of seventy-five (75).

7. REMOVAL OF A DIRECTOR OR THE ENTIRE BOARD OF DIRECTORS for cause shall only be accomplished by a vote of the holders of a majority of the shares cast for and against removal, subject to the provisions of the laws of the State of South Carolina and the Articles of Incorporation. Directors may be removed only for cause as defined by the South Carolina Business Corporation Act.

8. A CHAIRMAN OF THE BOARD OF DIRECTORS may be elected by the Board of Directors from one of their number to serve for one year in the discretion of the Board of Directors. The Chairman of the Board of Directors shall preside at all meetings of the directors and perform the duties and have the powers set forth in these by-laws and shall have such additional duties and powers as may be specified by the Board of Directors.

A LEAD DIRECTOR, who shall be the Chairman of the Corporate Governance and Nominating Committee, shall:

(a) Preside at any meeting of the Board of Directors at which the Chairman of the Board of Directors is not present;

(b) Preside at executive sessions of the independent directors;

(c) Be authorized to call meetings of the independent directors; and

(d) Have such additional duties and powers as may be specified by the Board of Directors.

9. REGULAR MEETINGS OF THE BOARD OF DIRECTORS shall be held quarterly and ten (10) days written notice shall be given prior to the meeting date. The date of each quarterly meeting shall be decided upon by the Chairman of the Board of Directors or by the President or, in their absence, by any two Vice Presidents or by any two directors.

10. SPECIAL MEETINGS of the Board of Directors may be called at any time to be held at the principal office of the corporation at Hartsville, South Carolina or elsewhere by:

(a) The Chairman of the Board of Directors;
(b) The President;
(c) The Lead Director;
(d) Unanimous written consent of all the members at any time and place without notice; or
(e) The presence of all members at such meeting.

Notice of all special meetings of the Board of Directors shall be given to each director at such director's address given to the Secretary for the purpose of giving notices, by telegram, telephone, facsimile, letter, or other reasonable means reasonably calculated to be received not less than twenty-four hours prior to the meeting. Notice of a meeting of the directors need not be given to any director who signs a waiver of notice either before or after the meeting.

11. NOTICE OF ADJOURNMENT OF A MEETING OF THE BOARD OF DIRECTORS need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

12. NEITHER THE BUSINESS TO BE TRANSACTED at nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice.

13. A QUORUM at any meeting of the Board of Directors shall consist of a majority of the total number of directors then in office, but less than a quorum may adjourn the meeting which may be held on a subsequent date without further notice if the time and place to which it is adjourned are fixed and announced at such meeting.

14. COMPENSATION shall be paid directors not otherwise currently employed by the corporation for their services in such form and in such amount as may be determined by Resolution of the Board of Directors. Directors may be paid differing amounts in recognition of the requirements of various assignments undertaken such as chairman or as members of committees.

15. PROXY ACCESS FOR DIRECTOR NOMINATIONS.

(a) Subject to the terms and conditions of these By-Laws, the corporation shall include in its proxy statement and on its form of proxy for an annual meeting of shareholders the name of, and shall include in its proxy statement the Required Information (as defined below) relating to, any nominee for election to the Board delivered pursuant to this Section 15 (a “Shareholder Nominee”) who satisfies the eligibility requirements in this Section 15, and who is identified in a timely and proper notice that both complies with this Section 15 (the “Shareholder Notice”) and is given by a shareholder on behalf of one or more shareholders or on behalf of any affiliate, associate of, or any other party acting in concert with or on behalf of one or more shareholders nominating a Shareholder Nominee or beneficial owners on whose behalf such shareholder(s) is acting (an “Associated Person”), but in no case more than twenty shareholders or beneficial owners, that:

(i) expressly elect at the time of the delivery of the Shareholder Notice to have such Shareholder Nominee included in the corporation’s proxy materials,

(ii) as of the date of the Shareholder Notice, own and continuously have owned during the three prior years at least three percent (3%) of the outstanding shares of common stock of the corporation entitled to vote in the election of directors (the “Required Shares”), and

(iii) satisfy the additional requirements in these By-Laws (an “Eligible Shareholder”).

(b) For purposes of qualifying as an Eligible Shareholder and satisfying the ownership requirements under Section 15(a):

(i) the outstanding shares of common stock of the corporation owned by one or more shareholders and beneficial owners that each shareholder and/or beneficial owner has owned continuously for at least three years as of the date of the Shareholder Notice may be aggregated, provided that the number of shareholders and Associated Persons whose ownership of shares is aggregated for such purpose shall not exceed twenty (20) and that any and all requirements and obligations for an Eligible Shareholder set forth in this Section 15 are satisfied by and as to each such shareholder and Associated Persons (except as noted with respect to aggregation or as otherwise provided in this Section 15), and

(ii) a group of funds that are (1) under common management and investment control, (2) under common management and funded primarily by the same employer, or (3) a “group of investment companies,” as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended (a “Qualifying Fund”) shall be treated as one shareholder, provided that each fund included within a Qualifying Fund otherwise meets the requirements set forth in this Section 15.

(c) For purposes of this Section 15:

(i) A shareholder or beneficial owner shall be deemed to own only those outstanding shares of common stock of the corporation as to which such person possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (A) sold by such person or any of its affiliates in any transaction that has not been settled or closed, including any short sale, (B) borrowed by such person or any of its affiliates for any purposes or purchased by such person or any of its affiliates pursuant to an agreement to resell, or (C) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement entered into by such person or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of Common Stock, in any such case which instrument or agreement has, or is intended to have the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such person's or its affiliates' full right to vote or direct the voting of any such shares, and/or (2) hedging, offsetting, or altering to any degree any gain or loss arising from the full economic ownership of such shares by such person or its affiliate.

(ii) A shareholder or beneficial owner shall be deemed to own shares held in the name of a nominee or other intermediary so long as the shareholder or beneficial owner retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A person's ownership of shares shall be deemed to continue during any period in which the person has delegated any voting power by means of a proxy, power of attorney, or other instrument or arrangement that is revocable at any time by the person.

(iii) A shareholder or beneficial owner's ownership of shares shall be deemed to continue during any period in which the person has loaned such shares provided that the person has the power to recall such loaned shares on five business days' notice and has recalled such loaned shares as of the date of the Shareholder Notice and through the date of the annual meeting.

Whether outstanding shares of the corporation are owned for these purposes shall be determined by the Board.

(d) No shareholder or beneficial owner, alone or together with any Associated Person, may be a member of more than one group constituting an Eligible Shareholder under this Section 15.

(e) For purposes of this Section 15, the "Required Information" that the corporation will include in its proxy statement is:

(i) the information concerning the Shareholder Nominee and the Eligible Shareholder that is required to be disclosed in the corporation's proxy statement by the applicable requirements of the Exchange Act and the rules and regulations thereunder; and

(ii) if the Eligible Shareholder so elects, a written statement of the Eligible Shareholder, not to exceed 500 words, in support of each Shareholder Nominee, which must be provided at the same time as the Shareholder Notice for inclusion in the corporation’s proxy statement for the annual meeting (the “Statement”).

Notwithstanding anything to the contrary contained in this Section 15, the corporation may omit from its proxy materials any information or Statement (or portion thereof) that the corporation, in good faith, believes (i) would violate any applicable law, rule, regulation or listing standard, or (ii) is not true and correct in all material respects or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Nothing in this Section 15 shall limit the corporation’s ability to solicit against and include in its proxy materials its own statements relating to any Eligible Shareholder or Shareholder Nominee.

(f) The Shareholder Notice shall include the following information:

(i) the written consent of each Shareholder Nominee to being named in the corporation’s proxy materials as a nominee and to serving as a director if elected;

(ii) a copy of the Schedule 14N that has been or concurrently is filed with the SEC under Exchange Act Rule 14a-18;

(iii) a description of all arrangements or understandings between the Eligible Shareholder and each Shareholder Nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Eligible Shareholder;

(iv) such information about the Shareholder Nominee as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had each Shareholder Nominee been nominated, or intended to be nominated, by the Board;

(v) the written agreement of the Eligible Shareholder (in the case of a group, each shareholder or beneficial owner whose shares are aggregated for purposes of constituting an Eligible Shareholder) addressed to the corporation, setting forth the following additional agreements, representations, and warranties:

(A) certifying to the number of shares of common stock of the corporation it owns and has owned (as defined in Section 15(c) of these By-Laws) continuously for at least three years as of the date of the Shareholder

Notice and agreeing to continue to own such shares through the annual meeting, which statement shall also be included in the Schedule 14N filed by the Eligible Shareholder with the SEC;

(B) the Eligible Shareholder's agreement to provide written statements from the record holder and intermediaries as required under Section 15(h) verifying the Eligible Shareholder's continuous ownership of the Required Shares through and as of the business day immediately preceding the date of the annual meeting;

(C) The Eligible Shareholder's agreement to appear in person or by legal proxy at the annual meeting to nominate the Shareholder Nominee; and

(D) the Eligible Shareholder's representation and warranty that the Eligible Shareholder (including each member of any group of shareholders and/or Associated Persons that together is an Eligible Shareholder) (1) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the corporation, and does not presently have any such intent, (2) has not nominated and will not nominate for election to the Board at the annual meeting any person other than the Shareholder Nominee(s) being nominated pursuant to this Section 15, (3) has not engaged and will not engage in, and has not been and will not be a participant (as defined in Item 4 of Exchange Act Schedule 14A) in, a solicitation within the meaning of Exchange Act Rule 14a-1(l), in support of the election of any individual as a director at the annual meeting other than its Shareholder Nominee or a nominee of the Board, and (4) will not distribute any form of proxy for the annual meeting other than the form distributed by the corporation; and

(vi) the Eligible Shareholder's agreement to (1) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Shareholder's communications with the shareholders of the corporation or out of the information that the Eligible Shareholder provided to the corporation, (2) indemnify and hold harmless the corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Shareholder pursuant to this Section 15, (3) comply with all other laws, rules, regulations and listing standards applicable to any solicitation in connection with the annual meeting, (4) file all materials described in Section 15(h)(iii) with the SEC, regardless of whether any such filing is required under Exchange Act Regulation 14A, or whether any exemption from filing is available for such materials under Exchange Act

Regulation 14A, and (5) provide to the corporation promptly and prior to the annual meeting such additional information as necessary or reasonably requested by the corporation, and in the case of a nomination by a group of shareholders or beneficial owners that together is an Eligible Shareholder, the designation by all group members of one group member that is authorized to act on behalf of all such members with respect to the nomination and matters related thereto, including withdrawal of the nomination.

(g) To be timely under this Section 15, the Shareholder Notice must be received by the Secretary of the corporation at the principal executive offices of the corporation not later than the 120th day nor earlier than the 150th day prior to the first anniversary of the date the definitive proxy statement was first sent to shareholders in connection with the preceding year's annual meeting of shareholders; provided, however, that in the event the date of the annual meeting is more than 30 days before or after such anniversary date, or if no annual meeting was held in the preceding year, to be timely the Shareholder Notice must be so delivered not earlier than the 150th day prior to such annual meeting and not later than the later of the 120th day prior to such annual meeting or the 10th day following the day on which the date of such meeting is first publicly announced by the corporation. In no event shall an adjournment or recess of an annual meeting, or a postponement of an annual meeting for which notice has been given or with respect to which there has been a public announcement of the date of the meeting, commence a new time period (or extend any time period) for the giving of the Shareholder Notice.

(h) An Eligible Shareholder must:

(i) within five business days after the date of the Shareholder Notice, provide one or more written statements from the record holder(s) of the Required Shares and from each intermediary through which the Required Shares are or have been held, in each case during the requisite three year holding period, specifying the number of shares that the Eligible Shareholder owns, and has owned continuously, in compliance with this Section 15;

(ii) include in the Schedule 14N filed with the SEC a statement certifying that it owns and continuously has owned the Required Shares for at least three years;

(iii) file with the SEC any solicitation or other communication by or on behalf of the Eligible Shareholder relating to the corporation's annual meeting of shareholders, one or more of the corporation's directors or director nominees or any Shareholder Nominee, regardless of whether any such filing is required under Exchange Act Regulation 14A or whether any exemption from filing is available for such solicitation or other communication under Exchange Act Regulation 14A; and

(iv) as to any group of funds whose shares are aggregated for purposes of constituting an Eligible Shareholder, within five business days after the date of the Shareholder Notice, provide documentation reasonably satisfactory to the corporation that demonstrates that the funds satisfy Section 15(b)(ii).

The information provided pursuant to this Section 15(h) shall be deemed part of the Shareholder Notice for purposes of this Section 15.

(i) Within the time period prescribed in Section 15(g) for delivery of the Shareholder Notice, the Eligible Shareholder must also deliver to the Secretary of the corporation at the principal executive offices of the corporation a written representation and agreement (which shall be deemed part of the Shareholder Notice for purposes of this Section 15) signed by each Shareholder Nominee and representing and agreeing that such Shareholder Nominee:

(i) is not and will not become a party to any agreement, arrangement, or understanding with, and has not given any commitment or assurance to, any person or entity as to how such Shareholder Nominee, if elected as a director, will act or vote on any issue or question;

(ii) is not and will not become a party to any agreement, arrangement, or understanding with any person with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director that has not been disclosed to the corporation;

(iii) if elected as a director, will comply with all of the corporation's corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines, and any other corporation policies and guidelines applicable to directors; and

(iv) will not provide any non-public information regarding the corporation to any third party other than the corporation's auditors, legal counsel or the SEC.

At the request of the corporation, the Shareholder Nominee must promptly, but in any event within five business days after such request, submit (i) all completed and signed questionnaires required of the corporation's directors, (ii) a written consent to the corporation's following such processes for evaluation as the corporation follows in evaluating any other potential Board Nominee, and (iii) such other information as the corporation may reasonably request. The corporation may request such additional information as necessary to permit the Board to determine if each Shareholder Nominee satisfies this Section 15.

(j) In the event that any information or communications provided by the Eligible Shareholder or any Shareholder Nominees to the corporation or its shareholders is not, when provided, or thereafter ceases to be, true, correct and complete in all material respects (including omitting a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading), each Eligible Shareholder or Shareholder Nominee, as the case may be, shall promptly notify the Secretary of the corporation and provide the information that is required to make such information or communication true, correct, complete and not misleading; it being understood that providing any such notification shall not be deemed to cure any such defect or limit the corporation's right to omit a Shareholder Nominee from its proxy materials pursuant to this Section 15.

Notwithstanding anything to the contrary contained in this Section 15, a Shareholder Nominee shall be disqualified from serving as a director of the corporation, and the corporation may omit any such Shareholder Nominee from its proxy materials, and such nomination shall be disregarded and no vote on such Shareholder Nominee will occur, notwithstanding that proxies in respect of such vote may have been received by the corporation, if:

(i) the Eligible Shareholder or Shareholder Nominee breaches any of its respective agreements, representations, or warranties set forth in the Shareholder Notice (or otherwise submitted pursuant to this Section 15), any of the information in the Shareholder Notice (or otherwise submitted pursuant to this Section 15) was not, when provided, true, correct and complete, or the requirements of this Section 15 have otherwise not been met;

(ii) the Shareholder Nominee is not independent under the listing standards of the principal U.S. exchange upon which the shares of the corporation are listed, any applicable rules of the SEC, and the corporation's Corporate Governance Guidelines;

(iii) the Shareholder Nominee is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914;

(iv) the Shareholder Nominee is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years;

(v) a notice is delivered to the corporation (whether or not subsequently withdrawn) indicating that a shareholder intends to nominate any candidate for election to the Board pursuant to the Board's director nomination process; or

(vi) the election of the Shareholder Nominee to the Board would cause the corporation to be in violation of the Articles of Incorporation, these By-laws, or any applicable state or federal law, rule, or regulation or any applicable listing standard.

(k) The maximum number of Shareholder Nominees that may be included in the corporation's proxy materials pursuant to this Section 15 shall not exceed the greater of (i) two or (ii) twenty percent (20%) of the number of directors in office as of the last day on which a Shareholder Notice may be delivered pursuant to this Section 15 with respect to the annual meeting, or if such amount is not a whole number, the closest whole number below twenty percent (20%). If directors are to be elected at an annual meeting for terms of office longer than one year or until the next annual meeting, the maximum number of Shareholder Nominees that may be included in the corporation's proxy materials pursuant to this Section 15 shall not exceed the greater of (i) one or (ii) twenty percent (20%) of the number of directors to be elected at such annual meeting, or if such amount is not a whole number, the closest whole number below twenty percent (20%). However, the maximum number of Shareholder Nominees that may be included in the corporation's proxy materials pursuant to this Section 15 shall be reduced by any (i) Shareholder Nominee whose name was submitted for inclusion in the corporation's proxy materials pursuant to this Section 15 but either is subsequently withdrawn or that the Board of Directors decides to nominate as a Board nominee and (ii) any Shareholder Nominee elected to the Board of Directors at either of the two preceding annual meetings who are standing for reelection at the nomination of the Board of Directors. In the event that one or more vacancies for any reason occurs after the deadline in Section 15(g) for delivery of the Shareholder Notice but before the annual meeting and the Board resolves to reduce the size of the Board in connection therewith, the maximum number shall be calculated based on the number of directors in office as so reduced. In the event that the number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Section 15 exceeds this maximum number, the corporation shall determine which Shareholder Nominees shall be included in the corporation's proxy materials in accordance with the following provisions: each Eligible Shareholder (or in the case of a group, each group constituting an Eligible Shareholder) will select one Shareholder Nominee for inclusion in the corporation's proxy materials until the maximum number is reached, going in order of the amount (largest to smallest) of shares of the corporation each Eligible Shareholder disclosed as owned in its respective Shareholder Notice submitted to the corporation. If the maximum number is not reached after each Eligible Shareholder (or in the case of a group, each group constituting an Eligible Shareholder) has selected one Shareholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the maximum number is reached. Following such determination, if any Shareholder Nominee who satisfies the eligibility requirements in this Section 15 is thereafter nominated by the Board, and thereafter is not included in the corporation's proxy materials or thereafter is not submitted for director election for any reason (including the Eligible Shareholder's or Shareholder Nominee's failure to comply with this Section 15), no other nominee or nominees shall be included in the corporation's proxy materials or otherwise submitted for director election in substitution thereof.

(l) Any Shareholder Nominee who is included in the corporation's proxy materials for a particular annual meeting of shareholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting for any reason, including for the failure to comply with any provision of these By-Laws or (ii) does not receive votes at least equal to twenty-five percent (25%) of the shares voting for director candidates, will be ineligible to be a Shareholder Nominee pursuant to this Section 15 for the next two annual meetings.

(m) The Board (and any other person or body authorized by the Board) shall have the power and authority to interpret this Section 15 and to make any and all determinations necessary or advisable to apply this Section 15 to any persons, facts or circumstances, including the power to determine (i) whether one or more shareholders or beneficial owners qualifies as an Eligible Shareholder, (ii) whether a Shareholder Notice complies with this Section 15 and has otherwise met the requirements of this Section 15, (iii) whether a Shareholder Nominee satisfies the qualifications and requirements in this Section 15, and (iv) whether any and all requirements of this Section 15 (or any applicable requirements of the Board's director nomination process) have been satisfied. Any such interpretation or determination adopted in good faith by the Board (or any other person or body authorized by the Board) shall be binding on all persons, including the corporation and its shareholders (including any beneficial owners). Notwithstanding the foregoing provisions of this Section 15, unless otherwise required by law or otherwise determined by the chairman of the meeting or the Board, if (i) the Eligible Shareholder or (ii) a qualified representative of the shareholder does not appear at the annual meeting of shareholders of the corporation to present its Shareholder Nominee or Shareholder Nominees, such nomination or nominations shall be disregarded, notwithstanding that proxies in respect of the election of the Shareholder Nominee or Shareholder Nominees may have been received by the corporation. This Section 15 shall be the exclusive method for shareholders to include nominees for director election in the corporation's proxy materials.

ARTICLE IV - OFFICERS

1. THE OFFICERS OF THE CORPORATION shall consist of a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary and Treasurer who shall be appointed for one year by the directors at their first meeting after the annual meeting of shareholders and who shall hold office until their successors are appointed and qualify. The positions of Chief Executive Officer and President and/or Vice President and Treasurer and/or Secretary and Treasurer and/or Vice President and Secretary may be united in one person. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers. The Board of Directors may alter or modify the duties of any officer set forth herein.

2. THE CHAIRMAN OF THE BOARD OF DIRECTORS may be designated by the Board of Directors as the Chief Executive Officer of the corporation and, in such case, the Chairman shall have general supervision of the affairs of the corporation, shall have the power to sign certificates, contracts and other instruments of the corporation as authorized by the Board of Directors and shall perform all such other duties as are incident to his office or are properly

required of him by the Board of Directors. Otherwise, the Chairman of the Board of Directors shall not be an officer of the corporation.

3. THE PRESIDENT shall have, except when the Chairman of the Board of Directors has been designated as the Chief Executive Officer, general supervision of the affairs of the corporation, shall have the power to sign or countersign certificates, contracts and other instruments of the corporation as authorized by the Board of Directors, shall make reports to the Board of Directors and shareholders and shall perform all such other duties as are incident to his office or are properly required of him by the Board of Directors. The President shall be the Chief Executive Officer of the corporation unless the Board of Directors has designated the Chairman of the Board of Directors as the Chief Executive Officer.

4. THE VICE PRESIDENTS, in the order designated by the Board of Directors, shall exercise the functions of the President during the absence or disability of the President and the Chairman of the Board of Directors. Each Vice President shall have such powers and discharge such duties as may be assigned to him from time to time by the Board of Directors.

5. THE SECRETARY shall issue notices for all meetings, shall keep minutes of all meetings, shall have charge of the seal and corporate books, shall have responsibility to authenticate corporate documents, shall sign with the President such instruments that require his signature, shall make such reports and shall perform such other duties as are incident to his office or are properly required of him by the Board of Directors.

6. THE ASSISTANT SECRETARIES, in the order designated by the Board of Directors, shall in the absence or disability of the Secretary, or as delegated by the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

7. THE TREASURER shall have custody of all funds and securities of the corporation and shall keep regular books of account. He shall disburse the funds of the corporation in payment of just demands against the corporation or as may be ordered by the Board of Directors, taking proper vouchers for disbursements, and shall render to the Board of Directors from time to time as may be required of him an account of all his transactions as Treasurer and of the financial condition of the corporation. He shall perform all duties incident to his office or which are properly required of him by the Board of Directors.

8. THE ASSISTANT TREASURERS, in the order designated by the Board of Directors, shall in the absence or disability of the Treasurer, or as delegated by the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as the Board of Directors may prescribe.

9. IN THE CASE OF ABSENCE OR INABILITY TO ACT of any officer of the corporation or of any person herein authorized to act in his place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any director or other person whom it may select.

10. VACANCIES in any office may be filled by the directors at any regular or special meeting.

11. THE SALARIES of all officers receiving both officer compensation and officer benefits shall be fixed by the Board of Directors.

12. THE CHIEF EXECUTIVE OFFICER MAY DELEGATE portions of the authority conferred upon the Chief Executive Officer to other officers and employees of the corporation except where such delegation would conflict with the corporation’s Articles of Incorporation, By-laws or resolutions of the Board of Directors.

ARTICLE V - SHARES

1. THE SHARES OF THE CORPORATION, both Common and Preferred, may be represented by certificates or may be uncertificated. Certificates for shares, Common and Preferred, respectively, shall be issued in numerical order, and each shareholder shall be entitled to a certificate signed by the Chairman of the Board of Directors or by the President or any Vice President and by the Secretary or Treasurer of the corporation or bearing the facsimile signatures of such officers and bearing the corporate seal or a facsimile thereof. A record of such certificates issued to shareholders shall be kept by the corporation or a designated transfer agent and/or registrar. No certificate shall be issued covering or evidencing a fractional part of a share of either Common or Preferred shares but in lieu thereof the corporation may issue script in registered or bearer form over the manual or facsimile signature of an officer of the corporation or of its agents, exchangeable as therein provided for full shares, but such script shall not entitle the holder to any right of a shareholder except as therein provided. Such script may be issued subject to the condition that it shall become void if not exchanged for certificates representing full shares before a specified date or, subject to the condition that the shares for which such script is exchangeable, may be sold by the corporation and the proceeds thereof distributed to the holders of such script or subject to any other conditions which the Board of Directors may determine.

If shares are issued or transferred without certificates, within a reasonable time after issue or transfer, the corporation or its transfer agent shall send the shareholder a written statement setting out the information that would be on a share certificate, including: (i) the corporation's name; (ii) the name of the person to whom the shares are issued; (iii) the number and class of shares and the designation of the series, if any, the shares represent; and (iv) the designations, relative rights, preferences, and limitations applicable to each class of shares the corporation is authorized to issue and the variations in rights, preferences, and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series), or a statement to the effect that the corporation will furnish the shareholder with this information on request in writing and without charge. If the shares are subject to any restriction on transfer, the restrictions on transfer shall also be set forth in the written statement.

2. TRANSFERS OF SHARES shall be made only upon the transfer books of the corporation kept at the principal office of the corporation or by a transfer agent designated to transfer the Common or Preferred shares. Upon surrender to the corporation or any transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation or such transfer agent (i) to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books, or (ii) if uncertificated registration is requested by the transferor or transferee, to record the transaction upon its books and provide the written statement required by Section 1 of this Article V. Upon receipt by the corporation or any transfer agent of proper transfer instructions from the registered owner of uncertificated shares, or from an individual presenting proper evidence of succession, assignment or authority to transfer uncertificated shares, it shall be the duty of the corporation or such transfer agent (i) to record the transaction upon its books and provide the written statement required by Section 1 of this Article V, or (ii) if issuance of a certificate is requested by the transferor or transferee, to issue a certificate to the person entitled thereto and record the transaction on its books.

3. REGISTERED HOLDERS only shall be entitled to be treated by the corporation as holders in fact of the shares standing in their respective names at their respective addresses appearing in the stock transfer books of the corporation, and the corporation shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any person, whether or not it shall have express or other notice thereof.

4. IN CASE OF LOSS OR DESTRUCTION BY A SHAREHOLDER of the original certificate, another may be issued in its place upon proof of such loss or destruction and upon the giving of a satisfactory bond of indemnity to the corporation and/or to the transfer agent of such shares, subject to the provisions of the laws of the State of South Carolina.

5. TRANSFER AGENTS OR REGISTRARS of the Common or Preferred shares of the corporation may from time to time be designated by the Board of Directors which may provide for their countersigning of share certificates.

ARTICLE VI - DIVIDENDS AND FINANCE

1. THE BOARD OF DIRECTORS MAY DECLARE and the corporation may pay dividends at such time as the Board of Directors may designate on its outstanding shares, in cash or property or from authorized but unissued shares and may declare stock splits, but no dividends or splits shall be declared that shall impair the capital stock of the corporation or violate any right, preference, privilege, limitation or condition affecting any class of shares of the corporation as fixed and determined by the shareholders or that shall violate any agreement or undertaking made by the corporation or that shall not conform to the laws of the State of South Carolina.

2. THE FUNDS of the corporation shall be deposited in the name of the corporation in such bank or banks or trust company or trust companies as the Board of Directors may designate and shall be drawn out by checks signed by any two officers or any two designated

employees or by an officer together with a designated employee or by the use of facsimile signatures in lieu thereof.

3. THE FISCAL year of the corporation shall begin on the first day of January in each year unless otherwise provided by the Board of Directors.

ARTICLE VII - SEAL

1. THE CORPORATE SEAL shall consist of two concentric circles between which are written the words, "SONOCO PRODUCTS COMPANY, S.C.," and in the center of which is written "INCORPORATED 1899," and such seal is impressed on the margin hereof, has been and is hereby adopted as the corporate seal of the corporation. Failure to affix the seal to a document shall not in any way affect the validity of the document.

ARTICLE VIII - INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

1. Any present or former director, officer or employee of the corporation or any person who, at the request of the corporation, may have served as director or officer of another corporation in which it owns shares or of which it is a creditor shall be entitled to reimbursement of expenses and other liabilities to the maximum extent permitted by the laws of the State of South Carolina or by order of any Court having jurisdiction in any action or proceeding to which he is a party by reason of being or having been a director, officer or employee.

ARTICLE IX - AMENDMENTS

1. The By-Laws may be amended, repealed or altered, in whole or in part, or new By-Laws adopted, by a majority of the votes cast for and against amendment, repeal, alteration, or adoption at any annual meeting of the shareholders of the corporation or at any special meeting called for such purpose or, to the extent permitted by law, by a majority of the Board of Directors at any regular meeting or special meeting called for that purpose; ***provided, however,*** that no such amendment, repeal, alteration or adoption shall violate any right, preference, privilege, limitation or condition affecting any class of stock of the corporation as fixed and determined by shareholders or, acting under or pursuant to authority in the Articles of Incorporation, by the Board of Directors, or violate any agreement or understanding made by the corporation.

ARTICLE X - SUITS BY SHAREHOLDERS

1. No shareholder shall bring any action in law or in equity against the corporation, or any of its officers or directors which is based on any right of the shareholder as a shareholder except in compliance with the following conditions:

a. The shareholder shall have first presented the substance of the complaint to the corporation in writing in sufficient detail to permit the corporation to determine the validity of the complaint. Such complaint shall have been submitted to the Secretary of the corporation not less than 90 days prior to the commencement of a legal proceeding.

b. The legal proceeding shall be commenced and maintained in a court of competent jurisdiction in the State of South Carolina or in the United States District Court for the District of South Carolina.

ARTICLE XI - CONTROL SHARE ACQUISITIONS

1. Except as otherwise provided herein, terms in this Article shall have the meaning assigned to such terms in Article 1 of Chapter 2 of Title 35 of the Code of Laws of South Carolina, 1976, as amended (the "Control Share Acquisitions Act").

2. The corporation is authorized, but not required, to redeem control shares as provided in Section 35-2-110 of the Code of Laws of South Carolina, 1976, as amended. The fair value of such shares and the price at which they shall be redeemed shall be the lesser of the lowest price paid by the holder of the shares being redeemed in the ninety days immediately preceding the date on which the control share acquisition occurred or the average closing price of the shares on the ten trading days immediately preceding the earlier of: (i) a public announcement of the acquiring person's acquisition of, or plan to acquire, shares; or (ii) ten days prior to the date on which the acquiring person would be required to file a Schedule 13D pursuant to Section 13(d) of the Securities Exchange Act of 1934. In the event that the corporation exercises its right to redeem control shares, it shall give written notice of such redemption to the record owner of such shares. Upon receipt of such notice, such shares shall be deemed to have been redeemed and the rights of the holder of such shares shall be limited to the right to receive payment for such shares. Payment for shares redeemed shall be made within two business days after surrender to the corporation of the certificates for the shares redeemed.

3. For purposes of determining whether a control share acquisition has occurred, whether shares are control shares, what are interested shares and other rights with respect to control shares under the Control Share Acquisitions Act, all shares tendered in response to any tender offer or made subject to any option (other than an option granted by the corporation) shall be considered to be held by the members of a group with respect to a control share acquisition. Such group shall include all tendering shareholders and option granting shareholders as well as the persons to whom or for whose benefit the shares were tendered or optioned.

FORM OF LOAN NOTICE

Date: March 19, 2020

To: Wells Fargo Bank, National Association, as Lender Wells Fargo Corporate Banking
90 S 7th Street, 15th Floor MAC N9305-152

Minneapolis, MN 55402

Ladies and Gentlemen:

Reference is made to that certain letter agreement, dated as of May 17, 2019 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), by and between SONOCO PRODUCTS COMPANY, a South Carolina corporation (the "Borrower"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Lender.

The undersigned hereby requests (select one):

☐ The borrowing of the Term Loan

☐ A conversion of the Term Loan

☒ A continuation of the Term Loan

1. On March 19, 2020 (a Business Day) (the "Credit Extension Date").

2. In the amount of $200,000,000.

3. Comprised of: ☐ Base Rate Loans

☒ Eurodollar Rate Loans

4. For Eurodollar Rate Loans: with an Interest Period of 1 month.

The Borrower hereby represents and warrants that the conditions specified in [Paragraph 2(a) and] Paragraph 2(b) of the Agreement shall be satisfied on and as of the date of the Credit Extension Date.

Delivery of an executed counterpart of a signature page of this notice by fax transmission or other electronic mail transmission (e.g. "pdf' or "tif') shall be effective as delivery of a manually executed counterpart of this notice.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SONOCO PRODUCTS COMPANY,
a South Carolina corporation

By:	/s/ W. Patrick Youngblood
Name:	W. Patrick Youngblood
Title:	Assistant Treasurer/Director of Global Tax

EXHIBIT 15

July 29, 2020

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

Commissioners:

We are aware that our report dated July 29, 2020 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, File No. 333-206674, File No. 333-206675, 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:	July 29, 2020	By:	/s/ R. Howard Coker
			R. Howard Coker
			President and Chief Executive Officer

EXHIBIT 31

I, Julie C. Albrecht, 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: July 29, 2020

By: /s/ Julie C. Albrecht
Julie C. Albrecht
Vice President and 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 June 28, 2020, 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.

July 29, 2020

/s/ R. Howard Coker

R. Howard Coker
President and Chief Executive Officer

/s/ Julie C. Albrecht

Julie C. Albrecht
Vice President and 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.