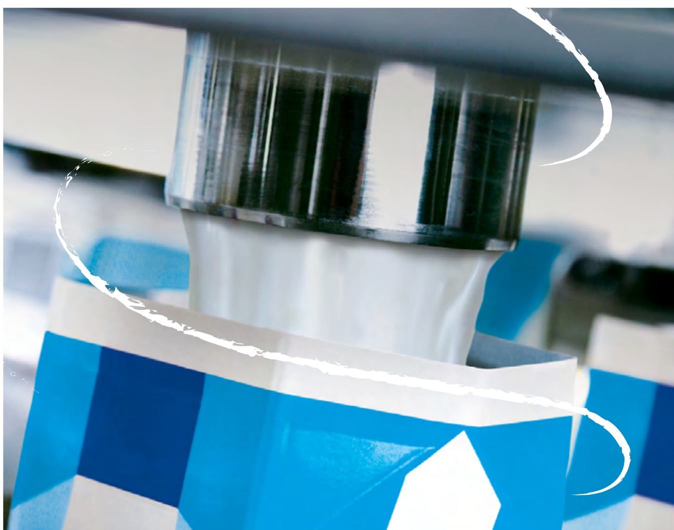
Annual Report 2020

WE DELIVER **MORE**



WE DELIVER **MORE**

SIG is a leading systems and solutions provider for aseptic carton packaging. We work in partnership with our customers to bring food and beverage products to consumers around the world in a safe, sustainable and affordable way.

Want the full experience?

Our 2020 Annual Report is also published online. The online version offers additional interactive features and content.

Visit the report at
https://reports.sig.biz/annual-report-2020

WE DELIVER MORE

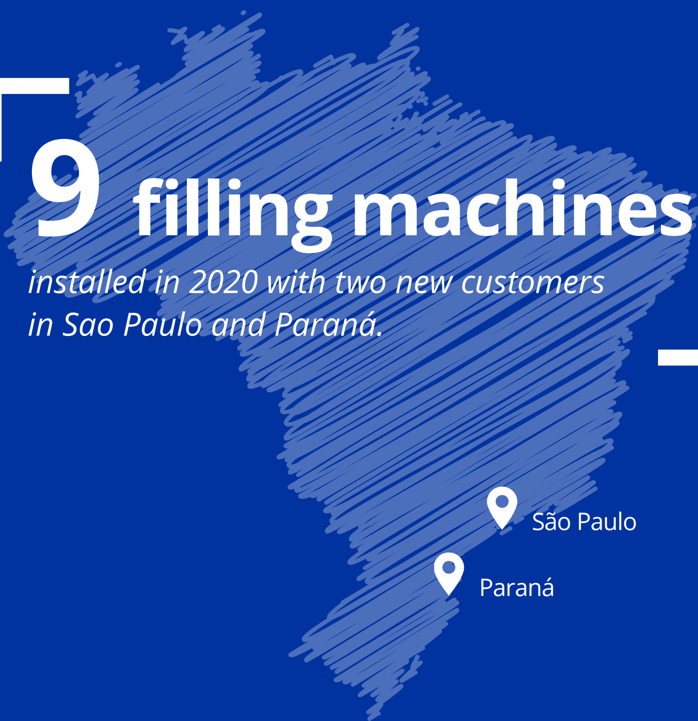
FOR CUSTOMERS AND CONSUMERS

BRAZIL — EXPANDING OUR CUSTOMER PARTNERSHIPS

Over the last 15 years, our business in Brazil has expanded rapidly, helped by the construction and subsequent expansion of our factory at Curitiba. This has enabled us to be closer to our customers and to respond rapidly to their needs. We have combined our technology expertise with our strong sales force and service excellence to consistently win new customers.

9 filling machines

installed in 2020 with two new customers in Sao Paulo and Paraná.



Early in 2020 we started placing filling machines with Shefa and Líder Alimentos, two large dairy companies in Brazil. The filling machines were installed in record time and production exceeded expectations, enabling the customers to meet strong consumer demand for milk.

Together Shefa and Líder Alimentos ordered nine filling machines and at the same time signed contracts for the supply of carton sleeves. One of the key factors enabling SIG to win these contracts was the format and volume flexibility of our system. Customers can fill a wide variety of liquid dairy products – including plain, flavoured and plant-based milks – as well as tea and juices.

"We are very happy with our new partnership with SIG. The high flexibility and speed of the SIG filling machines, as well as low waste rates, were the main reasons for implementing this project with SIG. The partnership will help us to expand our product portfolio and to offer many more options to consumers."

Roberto Adabo
CEO at Shefa

Placement of the filling machines commenced at the beginning of 2020. The customers chose a combination of brand new and overhauled filling machines from SIG's existing stock. In order to speed up deployment and the start of production, three of the filling machines were overhauled locally in Brazil by SIG's expert engineers. All nine filling machines were installed within eight months – a record achievement given the complex engineering of the filling machines and the need for flawless efficiency and sterility.

SIG IS THE PREFERRED PARTNER FOR SHEFA AND LÍDER ALIMENTOS

SIG + Shefa + LIDER Alimentando Gerações

SIG's close cooperation with both Shefa and Líder Alimentos offers true product innovation and differentiation as part of SIG's Value Proposition, which aims to deliver innovative product and packaging solutions that enable businesses to satisfy ever-changing needs.

READ MORE AT SIG.BIZ

From the outset, production was significantly ahead of plan, driven by strong demand for milk during COVID-19 related lockdowns.

And it was not just demand that exceeded expectations. At SIG we undertake to deliver a high level of efficiency on our machines and we also promise that waste rates will be below a certain threshold. Our filling machines exceeded the targeted efficiency level while waste rates were well below the threshold set.

8 months

It took only eight months to install all nine filling machines for both of our partners in Brazil.

São Paulo and Paraná

Through fast and efficient delivery and service, we enabled Líder Alimentos and Shefa to meet increased consumer demand for milk, which became even more important as a source of protein during lockdowns.

SIG aseptic packaging to meet increasing customer and consumer demand.

Shefa and Líder Alimentos are now offering their entire product ranges – from plain milk and flavoured dairy products to plant-based milks and nectars – in SIG carton packs.

WE DELIVER MORE

FOR OUR PLANET

INNOVATING FOR SUSTAINABILITY

A strong focus on sustainable packaging innovation has produced a decade of industry firsts from SIG. Our **SIG**NATURE portfolio is delivering for our business, our customers and our planet.

1bn+ packs

sold with our aluminium-free combibloc ***ECO****PLUS packaging material*

Environmental considerations are central to product development at SIG as we create solutions to help customers meet growing consumer demand for sustainable packaging and adapt to an ever-changing world.

Fully recyclable and mainly made from renewable paper board, our standard packs have a 28% to 70% lower carbon footprint than alternative types of packaging. Over the past 10 years, we have been leading the industry with a series of sustainable innovations that reduce the impact of our packs even more.

Our pioneering combibloc **ECO**PLUS packaging material, launched in 2010, is the world's first aluminium-free aseptic carton solution. By eliminating the need for an aluminium foil barrier layer, it reduces the carbon footprint of our standard packs by 27%.

Following this breakthrough, we went on to develop **SIG**NATURE 100, the world's first aseptic carton solution linked to 100% renewable materials. Launched in 2017, our **SIG**NATURE 100 packaging material is aluminium-free and links the polymers in the pack to renewable, forest-based feedstock[1]. It cuts the carbon footprint of a standard pack by 58%.

150m+ packs

*have been sold with our **SIG**NATURE 100 or **SIG**NATURE Full Barrier packaging materials*

SIGNATURE 100: MAKING THE CONNECTION TO 100% FOREST-BASED MATERIAL

SIGNATURE 100 is the world's first aseptic carton solution linked to 100% renewable, forest-based raw materials.

Aluminium-free. 82% renewable paper board. Polymers linked to 100% forest-based materials.

▶ WATCH ON YOUTUBE

1 Linked to tall oil, a residue from papermaking, via a certified mass balance system.

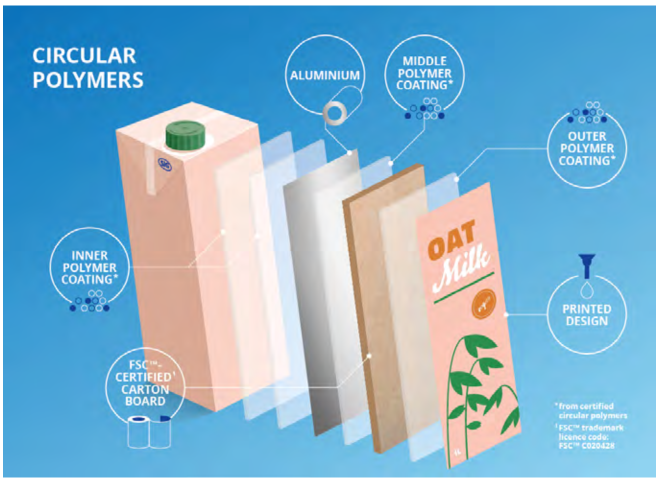
With combibloc **ECO**PLUS and **SIG**NATURE 100, we are offering the most sustainable packaging solutions on the market for UHT milk producers.

Our **SIG**NATURE Full Barrier packaging material enables other customers to get the benefits of polymers linked to 100% renewable feedstock, while maintaining the ultra-thin aluminium foil barrier layer needed to protect more sensitive food products like juices and water. This cuts the carbon footprint of our standard packs by 45%.

> "**SIG**NATURE enables us to offer the most sustainable packaging solution, which at the same time guarantees the premium quality expected by our valued CoolBest customers. Switching to this new carton underlines our leading role in sustainability within the fruit juice industry."

Sabine Blom
Marketing Manager CoolBest at Riedel

SIGNATURE CIRCULAR: THE WORLD'S FIRST ASEPTIC CARTON WITH RECYCLED PLASTICS



Our **SIG**NATURE Circular solution, launched in 2020, introduces post-consumer recycled content in aseptic cartons for the first time[2]. In a groundbreaking partnership with SABIC, we are using chemical recycling to transform used plastic packaging into high-quality polymers that are safe for food packaging.

READ MORE AT SIG.BIZ

2 Linked to post-consumer recycled plastics via a certified mass balance system.

The polymers used in our **SIG**NATURE 100 and **SIG**NATURE Full Barrier packaging materials are linked to renewable materials via an innovative mass balance approach.

Independently certified to ISCC PLUS, this system ensures the amount of forest-based raw materials we need are mixed in with conventional fossil-based materials to produce polymers to the high grade required for aseptic food packaging.

We use the same ISCC PLUS certified mass balance approach to link the polymers used in our **SIG**NATURE Circular packaging material to 100% post-consumer recycled plastics.

The mass balance system supports a transition from fossil-based to renewable or recycled raw materials within the conventional and highly efficient polymer industry. This approach is endorsed by The Ellen MacArthur Foundation as a way to advance the circular economy.[3]

From plastic to paper straws

SIG was the first in the industry to offer a paper straw solution for aseptic cartons. We launched both straight and U-shaped paper straws in 2019.

3 Source: The Ellen MacArthur Foundation Network, Mass Balance White Paper 2020.

"At Intermarché, our commitment to sustainable development is a priority. We decided early on to introduce SIG's paper straw solution for aseptic carton packs to offer consumers a more sustainable alternative to plastic straws, while maintaining the on-the-go convenience of small-size packs."

Alain Plougastel
Adhérent Intermarché

We are going further. Our mission is to create food packaging that makes the world a better place. And our continued focus on sustainable innovation will help us drive progress on this journey **WAY BEYOND GOOD**.

WE DELIVER MORE

FOR COMMUNITIES

STANDING UP TO COVID-19 IN BANGLADESH WITH CARTONS FOR GOOD

The Cartons for Good initiative, flagship project of the SIG WAY BEYOND GOOD Foundation, extended its support to communities during the COVID-19 crisis and lockdown in Bangladesh. Aid packages containing basic foodstuffs and hygiene items have been distributed to families in need.

20%

Nearly 20% of the population in Bangladesh are malnourished and almost half the children are underweight.

From Waste to Worth

Cartons for Good offers innovative solutions against food loss and malnutrition. In Bangladesh, where the foundation is running the project, surplus food is preserved in SIG packages for schools to offer underprivileged children regular lunches throughout the year. This means that they can come to school instead of having to work for their food.

HOW IT WORKS

1 — Helping farmers

Farmers are paid for their surplus vegetables. This gives them extra income from crops they wouldn't otherwise be able to sell.

2 — Communities use SIG packaging

Communities use the mobile filling unit to cook the vegetables and preserve them in SIG's long-life carton packages.

3 — Local schools help to distribute the packs

The food is distributed to local schools. Children get a healthy, hot meal every day. This encourages them to stay in school and gives them better prospects for the future.

4 — Packaging is collected for recycling

After use, the packs are collected for recycling at a local facility, so the materials can be used again.

The issue of food loss

Although nearly 20% of the population are mal-nourished and almost half the children are underweight, large quantities of food go to waste every day in Bangladesh. Each year at harvest-time, farmers produce more food than they can sell and, with no way to preserve the surplus crops, the food rots and is thrown away.

"There used to be wastage of surplus crops from our farming land, but this will now be put to use with Cartons for Good. We can use the extra money from selling the surplus for next year's farming and the SIG WAY BEYOND GOOD FOUNDATION is taking care of children by giving them school meals."

Samsul Alam
Farmers' Community Representative

Challenges to schooling in Bangladesh

Children living in Bangladeshi urban slums face many barriers when it comes to going to and staying in school – in fact, only half of the children living in these areas end up attending school. Aspects like low family income and high population density amplify the problem. Often, in order to ensure the family has something to eat, children have to drop out of school to contribute as manual labourers. This deprives the country of needed talent as well as thousands of children of their hopes and dreams.

>1,000 aid packages

have been given to underprivileged families where the adults had no income due to the lockdown.

SIG FOUNDATION: #CARTONS FOR GOOD PROJECT IN BANGLADESH

The SIG WAY BEYOND GOOD FOUNDATION has launched its flagship Cartons for Good project in Bangladesh. Cartons for Good applies SIG's technology to empower communities to reduce food loss, support farmers' livelihoods and promote children's nutrition and education.

The project provides healthy school meals for underprivileged children in partnership with leading development NGO, BRAC.

▶ WATCH ON YOUTUBE

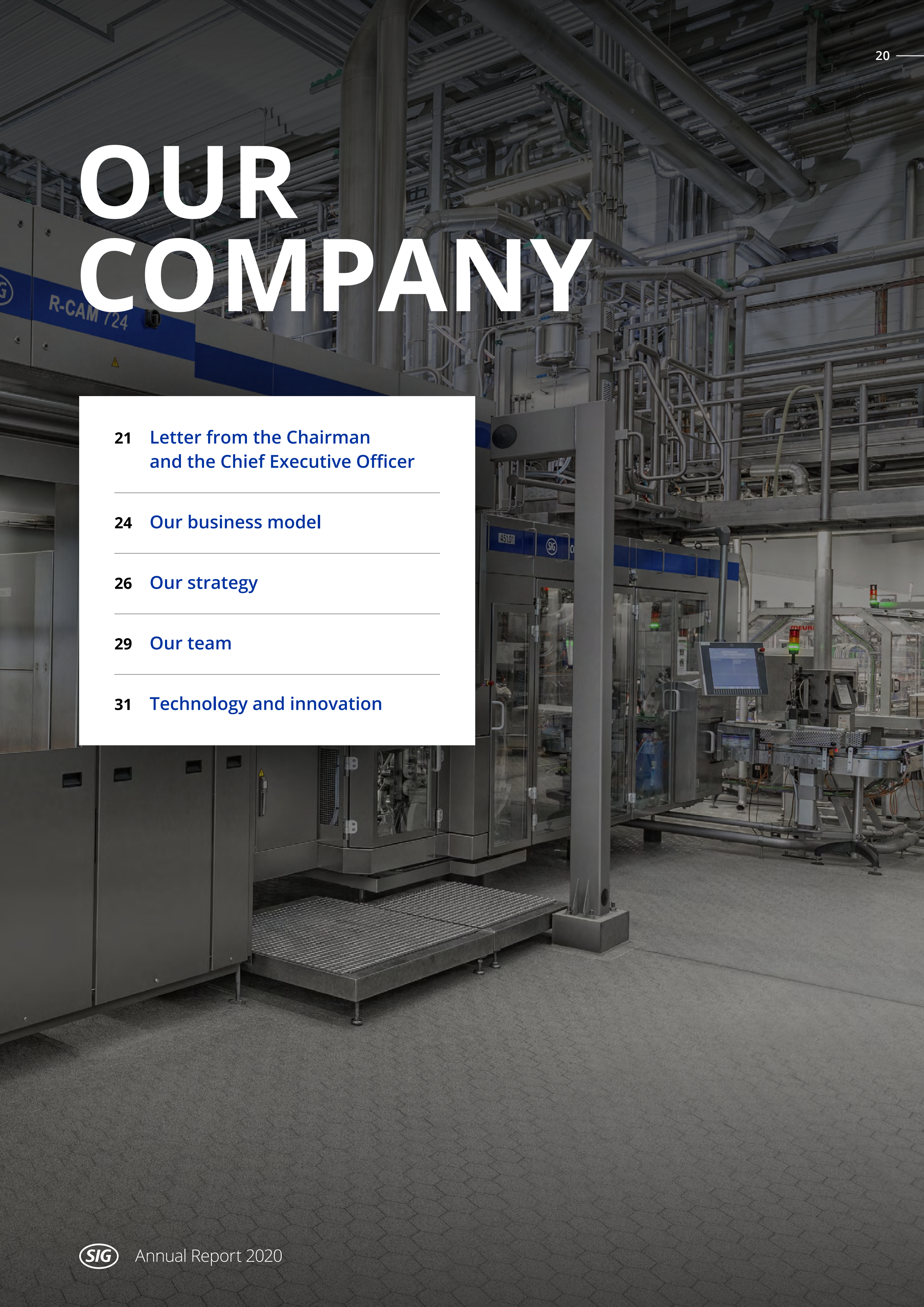
Extended support during crisis

During the COVID-19 lockdown, when schools were closed, it became more important than ever for children as well as their families to keep receiving healthy, nutritious food. That is why the Cartons for Good team in Bangladesh has delivered essential food and hygiene parcels to school children and their families at a time when they need it most.

Rice, potatoes, onions, lentils, spices, eggs, soya bean oil, mustard oil, salt, bars of soap and antiseptic soap were included in the aid packages – alongside the Cartons for Good packages produced from surplus vegetables which otherwise would have been wasted.

"The packages help me much to survive nowadays. As I am so much in need, it is so helpful to me."

Hazera (35)
mother of two girls



OUR COMPANY

LETTER FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Andreas Umbach
Chairman

Samuel Sigrist
Chief Executive Officer

As we look back on the unexpected events of 2020, we can be proud of what SIG has achieved. The early implementation of a global pandemic preparedness plan, starting in China, enabled our factories to keep running throughout the COVID-19 crisis. This in turn meant that we were able to keep delivering to our customers and accommodate shifts in demand caused by the crisis. It would be inaccurate, however, to attribute this continuity simply to good management and processes. It is in large part due to the dedication and flexibility of our employees – most notably those in our factories, who continued coming to work without interruption and adapted to a tightening of our already rigorous health and safety practices. This ensured that our factories remained fully operational. To all our employees, who performed at a high level despite the many constraints, we extend our heartfelt thanks. We also want to thank our customers for their close collaboration in our joint efforts to continue delivering essential nutrition to consumers.

Increased demand for liquid dairy in Europe and the Americas

The year was proof of the robustness of our business model and the resilience of our end markets. This was notably the case for liquid dairy, which accounts for around 70% of our revenue and, in addition to plain milk, includes a wide variety of products such as plant-based milks, creamers and nutritional drinks. Sales of these products benefited from increased demand in Europe and the Americas, as households consumed more during lockdowns. The need to prepare more meals at home also boosted food sales in categories such as soups and sauces. Our aseptic cartons enable food and beverages to be kept for up to 12 months while retaining all their nutritional benefits – an ideal solution when people are shopping less frequently or ordering online. In Asia Pacific, on the other hand, lockdowns had a negative impact on our business, which is geared towards the on-the-go consumption habits typical of the lifestyles in the region.

Ongoing investment and strong free cash flow generation

The fact that we were still able to grow our global core revenue by 5.5% at constant exchange rates is testimony to the portfolio effect created by the deliberate geographic diversification of our business over many years. The sustained top-line growth was accompanied by a slight improvement in the adjusted EBITDA margin. A negative impact from exchange rates, resulting from the impact of the COVID-19 crisis on emerging market currencies, was more than offset by operational leverage, lower raw material costs and production efficiencies. Adjusted net income increased to €232 million. Net capital expenditure as a percentage of revenue was within the target range of 8–10% and included investments relating to the construction of a new plant in China, which is now in operation. Free cash flow generation nevertheless remained strong and we are proposing a dividend of CHF 0.42 per share, compared with CHF 0.38 per share for 2019.

To meet current and future customer demand, the new 120,000 square meter plant in China is situated at the Suzhou Industrial Park, close to the Company's existing production facility and Tech Centre.

Maintaining service excellence and winning new business

Our business plays a vital role in the food value chain. Many of our customers have expressed their appreciation at the continuity of our supply and service during the crisis. Our service engineers overcame many challenges in terms of travel and logistics in order to keep filling machines running, helped by a variety of remote service options. We continued to place new filling machines and to enter into new contracts, including a record win in Europe with the German dairy company Hochwald. Whether we win a new customer or increase our presence with an existing one, the flexibility of our system and its low waste rates consistently prove their worth.

Focus on environmental, social and governance issues

We also help our customers meet the growing societal demand for environmental stewardship. We do not simply rely on the fact that our carton packs all have a more favourable environmental profile than other forms of packaging. We have taken sustainability to the next level; and in this report, you can read about innovations in the composition of our cartons which increase renewable content and further reduce the carbon footprint. The progress in our technology is not confined to our packs. We are also making advances in our filling machines which, for example, reduce energy and water use. More broadly, as a company we continue to drive systemic change to become a net positive business that gives more to people and the planet than it takes out. We were one of the first companies in our industry to set a climate target that is approved by the Science Based Targets Initiative (SBTi) and is in line with the goal of limiting global warming to 1.5° above pre-industrial levels. And we measure our progress against a raft of additional metrics which you will find detailed in our Corporate Responsibility Report to be published in March 2021.

Environmental, social and governance (ESG) issues are an increasingly important part of our ongoing dialogue with investors. In 2020, we published our ESG policies for the first time, in order to give more visibility to our objectives and to demonstrate the level of attention we have given to these topics over many years. However, we recognise that we can always do more, as demonstrated by our current initiatives to promote diversity and inclusion > Our team.

And we listen to feedback from our shareholders: We have made changes to our executive compensation programme as from 2021 in response to feedback received after the 2020 Annual General Meeting. > Compensation Report

One of the consequences of the COVID-19 crisis was that the 2020 Annual General Meeting had to be held digitally and without the physical presence of shareholders. Unfortunately, this will also be the case for the 2021 Annual General Meeting. We greatly regret the loss of the opportunity to meet with you, our shareholders, in person and would like to thank you for your ongoing support.

Further expanding our geographic footprint

The geographic diversification which stood us in good stead in 2020 will be further strengthened by the planned acquisition, announced in November, of the 50 percent not already owned of our Middle East and Africa joint venture. The transaction, which we expect to close in the first quarter of 2021, enhances our geographic presence in a region with attractive growth prospects. Aseptic carton, which can be transported and stored without refrigeration, is ideally suited to countries with a hot climate. We will have the opportunity to move closer to customers and consumers in the region, in order to create value through our consumer-centric innovation and the delivery of sustainable and affordable food packaging solutions. The joint venture business has an attractive financial profile as well as a well-invested footprint. The transaction will be financed through a combination of cash and shares, leaving the leverage of the combined business broadly unchanged. As a consequence, the Obeikan Investment Group (OIG), our joint venture partner, will hold approximately five percent of the SIG share capital. Abdallah al Obeikan, the CEO of OIG, will be proposed for election to our Board of Directors at the Annual General Meeting on 21 April 2021. This will ensure that we continue to benefit from his expertise, industry experience and knowledge of the Middle East and Africa region.

Changes to the Group Executive Board

After 12 years as CEO, Rolf Stangl took the decision to leave the Company at the end of 2020. Rolf played a key role in expanding the business and in making SIG a leader in sustainability. Most recently, he led the Company through the successful IPO in 2018 and steered it safely through the challenges of the COVID-19 crisis. We would like to thank Rolf on behalf of the Board of Directors and the entire Company and wish him all the best for the future.

The Board has always devoted close attention to succession planning and this has enabled a seamless transition of the CEO role. We are pleased to welcome two new members to the Group Executive Board: Frank Herzog succeeds Samuel Sigrist as Chief Financial Officer and José Matthijsse joins as President & General Manager Europe. Both bring diverse experience and a broad range of skills which ideally equip them for their new roles. We look forward to working together to continue SIG's successful track record. The Company continues to invest and innovate and is well positioned for the future in an attractive industry. We will maintain our focus on delivering value to our shareholders while pursuing our ambitious environmental and societal objectives.

Andreas Umbach
Chairman

Samuel Sigrist
Chief Executive Officer

OUR BUSINESS MODEL

Our unique technology and outstanding innovation capacity enable us to provide our customers with end-to-end solutions for differentiated products, smarter factories and connected packs, all to address the ever-changing needs of consumers.

INPUTS

PEOPLE

~5,500
employees with >60 nationalities

111,556
hours of training

Focus on diversity & inclusion

ENVIRONMENT

100%
100% paperboard from FSC™ Chain of Custody-certified mills

100%
of energy for production from renewable sources

ASI-certified aluminium available in all regions

FINANCIAL

€987m
property, plant & equipment

€68m
net filler capital expenditure

€51m
investment in R&D

OPERATIONS

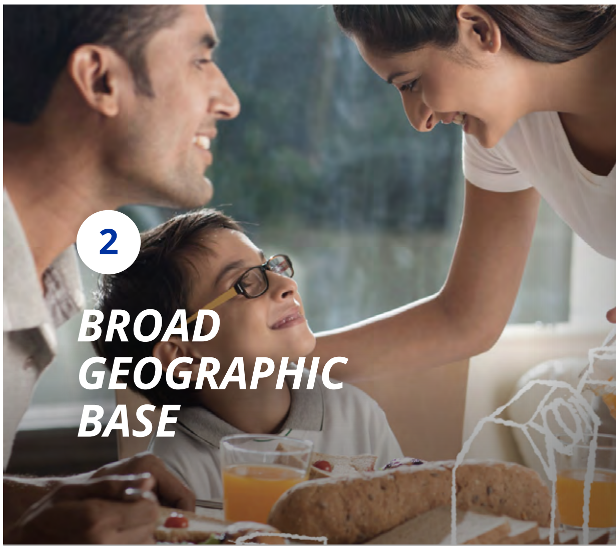
9
sleeve production plants (incl. JV)

2
filler assembly plants

1,266
fillers in the field

The full interactive version of our business model can be found online at https://reports.sig.biz/annual-report-2020/our-company/our-business-model

THE SIG DIFFERENCE



1. Our unique sleeve-based filling technology offers our customers unmatched volume and format flexibility, enabling them to meet the rapidly changing demands of consumers. The breadth of our filling capabilities is complemented by consumer-centric innovation and a focus on sustainability. Our superior system reliability, supported by over 600 service engineers worldwide, ensures that our customers are part of a safe and efficient supply chain.

2. Originally a European business, SIG has steadily expanded its international presence, realising 55% of its sales outside the EMEA region in 2020. This expansion has contributed to the resilience of the business by diversifying the drivers of growth. We operate sleeve factories in each of our regions. With our globally integrated footprint and supply chain, we are able to support customers locally and to meet their needs quickly and efficiently.

3. Our filling and packaging technology is at the heart of our customers' operations. We work in close collaboration with our customers to develop innovative product and packaging solutions that meet consumer demand for differentiation, convenience and sustainability. We enable customers to increase their efficiency with solutions for intelligent, automated and fully integrated plants. All this results in customer relationships that span many years or even decades.

OUTPUTS

PEOPLE

+21	**0.3**	**4%**
Employee Net Promoter Score	Lost Time Case Rate	voluntary turnover rate

ENVIRONMENT

	97%	
All packs fully recyclable	of packs sold with FSC™ label	Fillers with reduced water and energy use

FINANCIAL

5.5%	**29.5%**	**€233m**
core revenue growth at constant currency	ROCE	free cash flow

OPERATIONS

~38bn	**>270**	**>10,000**
packs produced in 2020	different packaging options	different products filled

OUR STRATEGY

Our dream is to see every consumer in the world with a SIG pack in their hand and a smile on their face, every single day. This dream is at the heart of our corporate compass – a strategy made for growth. Our goal is to be the leading solution provider for the food and beverage industry, fulfilling our promise of "Excellence – Engineered. Solutions – Delivered."

The three strategic goals in our corporate compass are to "Grow above market", "Win at the customer" and "Foster a winning team", accompanied by our ambition to go WAY BEYOND GOOD for people and the planet.

Growth
Grow above market

Customer
Win at the customer

People
Foster a winning team

Responsibility
Going WAY BEYOND GOOD

❶ Growth

Grow above market

Over this challenging year, which was marked by the global COVID-19 pandemic, we demonstrated the resilience of our strategy and performance. We were able to grow our core business with significant new customer wins such as dairy brands Líder Alimentos and Shefa in Brazil. We also increased our share of wallet with existing customers, including a major contract for 15 aseptic filling lines at the new production site of Hochwald, one of the largest German dairy cooperatives.

Core revenue growth at constant currency 2017–2020

5.7%

We continued to grow in new and emerging segments such as plant-based dairy alternatives, protein drinks and water. And we significantly strengthened our platform for geographic growth through new customer wins in South American countries like Chile and Ecuador, the integration of Visy Cartons in Australia and New Zealand and the planned acquisition of the remaining 50% of shares in SIG Combibloc Obeikan, our joint venture in Middle East and Africa.

In 2020, sustainability proved to be a real driver for growth with new customers choosing our most sustainable packaging solutions including the paper straw, combibloc **ECO**PLUS and **SIG**NATURE. Our leading environmental credentials and innovative sustainable solutions have become an ever more important decision criterion for new projects and customer pitches.

PRIORITIES FOR 2021 AND BEYOND

- Integrate our Middle East and Africa joint venture and leverage SIG's full solution portfolio in the region
- Ramp up commercial production at our new plant in China
- Fully leverage the environmental advantages of aseptic cartons and promote our sustainable innovation portfolio

❷ Customer

Win at the customer

In 2020, the pandemic posed many challenges in terms of health and safety, travel, supply chains and logistics. SIG is especially proud of how its worldwide operations and technical service teams performed throughout 2020. To keep up with demand, many of our plants have been operating day and night, and our service technicians have done their utmost to keep SIG filling lines running without interruption at our customers' sites. All to ensure that our customers could provide a continuous supply of food and beverages to consumers. The letters of thanks we have received from customers testify that we were able to not only maintain but often increase the level of customer satisfaction in a very challenging year.

SIG Net Promoter Score (NPS)

Our strategy for winning at the customer is underpinned by our solution-selling approach and the key customer benefits of our unique packaging and filling technology. These benefits include flexibility, speed, differentiated filling capabilities and Total Cost of Ownership, as well as sustainability. We are successfully deploying our digital service solutions to install new filling lines and maintain existing lines. Increased interest in our digital smart factory solutions is resulting in further projects with customers such as Almarai, the Middle East's leading food and beverage manufacturer.

PRIORITIES FOR 2021 AND BEYOND

- Extend our local sales and marketing in recently added countries such as India
- Create more value for our customers through our **SIG**NATURE portfolio and sustainable solutions
- Further implement our digital service, smart factory and connected pack solutions
- Increase share of revenues from new countries, new segments and our sustainable innovation portfolio

3 People

Foster a winning team

We aim to create an environment where each of our approximately 5,500 employees worldwide feels free to believe in more. We believe that by fostering an inclusive culture, supporting fair and equal opportunities for everyone and creating a working environment free of biases, we enable our employees to develop their full potential and deliver outstanding service and performance. That is why, in 2020, we introduced SIG's new employer branding with the slogan "We Believe in More".

We want to foster a "We Believe in More" culture where people feel empowered to dream big, go above and beyond and make the impossible possible. Every innovation or achievement at SIG starts with believing. This is the driving force for us to always deliver the best solution – the perfect package – for our customers.

In 2020, we made significant progress towards our goal of becoming the best employer in our industry and beyond. In our global employee survey, we saw a significant increase in the employee Net Promoter Score (eNPS) from –1 in 2018 to 21 in 2020 and achieved an overall engagement level of 87%, up nine percentage points from 2018 and above the industry benchmark of 80%.

We began rolling out our new diversity and inclusion training, which is mandatory for all our leaders, and established a Diversity & Inclusion Focus Group made up of employee representatives to drive our diversity and inclusion strategy across the business. We have set ourselves the target of increasing the female-to-male ratio in leadership positions to 30%. On 1 February 2021, we welcomed the first woman to our Group Executive Board **> Profile José Matthijsse**.

We also introduced an employee share ownership plan in 2020 to further align employee interests with those of our shareholders.

eNPS 2018–2020

PRIORITIES FOR 2021 AND BEYOND

- Roll out our diversity and inclusion programmes and training
- Promote our new employer branding and foster a 'We Believe in More' culture at SIG
- Further advance our talent and succession management
- Implement the second phase of our transformational leadership training

4 Responsibility

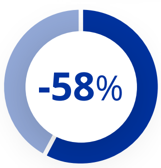
Going WAY BEYOND GOOD

Our vision is to create a net positive, regenerative food packaging system that gives more to people and the planet than it takes out. We want our packs to become like trees – making the world a better place.

We started developing fully recyclable carton packs made mostly from renewable materials many years ago. These are part of a highly efficient and versatile packaging system that cuts food loss and gives customers all the options to meet fast-changing consumer needs. Five years ago, we committed to becoming a net positive company by giving more to the world than we take out and going WAY BEYOND GOOD.

Today, we have embedded sustainability at the heart of our business and are driving systemic change to become a net positive business.

In 2020, we continued to deliver the most sustainable solutions to our customers. We offer ASI-certified aluminium for all SIG packs in Europe as standard, and it is available in other regions as well. We have sold over 150 million packs featuring **SIG**NATURE, the world's first aseptic carton packaging material linked up to 100% to renewable, forest-based materials. And new customers in Europe and South America have opted for our paper straw solutions, the first for aseptic carton packs.



up to **58% carbon footprint reduction** with our sustainable innovations vs. a standard 1-litre SIG pack

PRIORITIES FOR 2021 AND BEYOND

Bring our vision of a net positive, regenerative food packaging system closer to reality with four far-reaching actions:

- **FOREST POSITIVE:** working with others to greatly expand sustainable forestry
- **CLIMATE POSITIVE:** combining sustainable innovation with our Forest Positive actions to turn our packaging into a carbon sink that stores more carbon than it emits
- **RESOURCE POSITIVE:** making all packs from renewable or recycled materials using renewable energy – and making sure every carton is recycled
- **FOOD POSITIVE:** continuing to innovate and work with partners to deliver safe nutrition and hydration to more people

OUR TEAM

SIG – The best place to turn your dreams into reality

We aim to create an environment where all of our approximately 5,500 employees worldwide feels free to believe in more by helping our Company to explore new paths and create what's next. We believe that by fostering an inclusive culture, supporting fair and equal opportunities for everyone and creating a working environment free of biases, we enable our employees to develop their full potential and to feel recognised and rewarded.

Talent development

Our Company offers a wide range of positions, which are as individual as our people. We aim to match the skills of each employee to the opportunities within the Company and to continuously improve the way we address employee needs. We undertake to give every employee the chance to take part in internal or external training programmes, coaching and mentoring, plus on-the-job learning experiences. All up-skilling and development requirements are identified as part of the review and feedback process throughout the year. We identify talents that we need to foster as well as gaps in our succession pipeline that we need to fill. The idea of our talent and succession management is to establish frameworks, processes, tools and skills to systematically and effectively identify, manage, actively develop and retain employees with high performance and potential. We adapt our talent advancement approach to certain career paths in order to prepare our talents for success in their targeted future role.

Our leadership programmes provide intensive training in the SIG Leadership Model so that transformational leadership becomes our common leadership philosophy – inspiring and empowering others to continuously learn, innovate and grow.

Employee satisfaction

By creating an engaging and energising working environment, we aim to enable our employees to unfold their full potential and to improve their workplace experience. By listening to them and responding to their views, we help to sustain high levels of job satisfaction.

To further foster engagement, we give our employees a voice in our biennial Employee Engagement Survey and in the implementation of concrete improvement measures in their area of responsibility, scope of influence and direct working and team environment. We also engage employees in the business through virtual Q&As with our CEO, town-hall meetings and smaller group sessions with SIG C-Level executives. Furthermore, in 2020 we launched our new employee value proposition, 'Believe in More' – both through internal communications and on social media and on our SIG career website so as to engage existing and prospective employees. As result, our net promoter score significantly improved and our sustainable engagement score exceeded the industry benchmark in the 2020 survey.

So that our employees feel motivated and energised at work, we are implementing measures that support a healthy work-life balance. We offer employee benefits reflecting the regional, legal and cultural context. These include retirement benefits, health and life insurance, flexible work arrangements (e.g. part-time positions, working from home), and parental benefits and leave. We remunerate employees in line with existing market practices. We benchmark our compensation approach against other companies to ensure that our compensation packages are competitive in each of our markets. The Company ensures that performance is recognised and rewarded in a fair and transparent manner.

Employment and labour rights

The SIG Code of Conduct addresses ethical and legal principles in general, whilst the SIG Business Ethics Code sets out more specific principles regarding employment and labour rights. Employees are encouraged to report any violation of the principles through the SIG Ethics & Compliance Hotline or any other available channel. As part of our Sedex (Supplier Ethical Data Exchange) membership, all our production sites undergo SMETA (Sedex Members Ethical Trade Audit) four-pillar audits on a regular basis.

Diversity and inclusion

We believe that by fostering a more inclusive culture, empowering people with different abilities and supporting equal opportunities, we can add value to our business, improve the lives of our employees and make a significant contribution to society. We have established a diversity and inclusion strategy with an overarching vision and set targets to improve our gender equality. To sustain our D&I strategy and cultural change activities, we listen to our newly formed Diversity & Inclusion Focus Group with diverse representatives from our global organisation. Our leaders have been trained to recognise their unconscious biases and to create relevant conditions to foster diversity and inclusion by actively driving change.

The Company is fully committed to preventing discrimination on any grounds, and we have publicly committed to promoting diversity throughout our organisation as a signatory of the German Diversity Charter (Charta der Vielfalt).

In our last Employee Engagement Survey, the vast majority agreed that the Company is perceived as an open-minded organisation with a broad diversity of employees.

TECHNOLOGY AND INNOVATION

Excellence – Engineered. Solutions – Delivered.

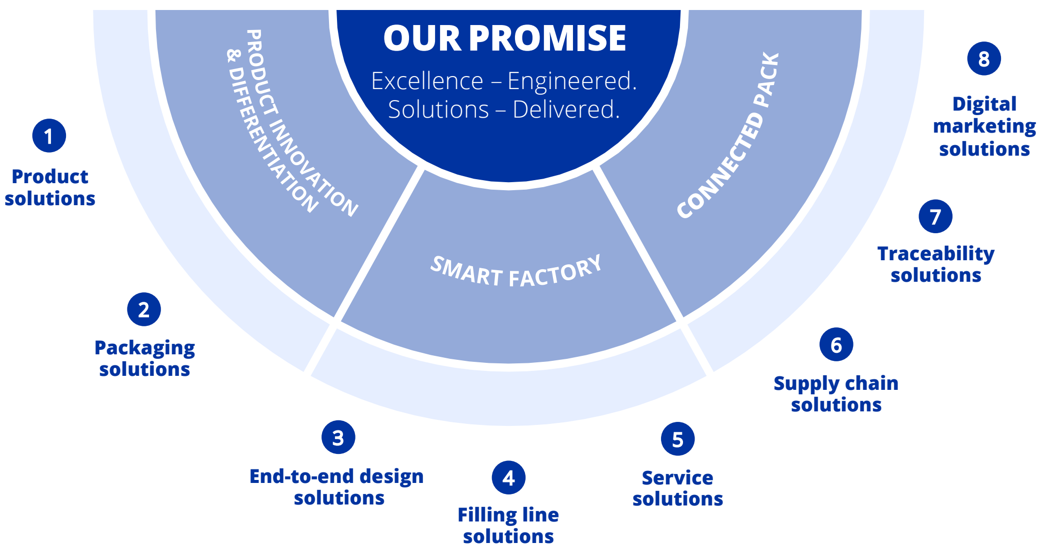
Our innovation capabilities enable us to address multiple customer needs and respond to fast-changing consumer trends. We draw on the unmatched flexibility of our system to create modular solutions that give customers the optionality they need. We spend approximately 3% of revenue on R&D, and our innovations are patent-protected.

Our R&D is conducted at two major Tech Centres in Linnich, Germany and Suzhou, China. Here we design, engineer and test innovative packaging structures and shapes as well as new product formulations. We conduct filling tests on the latest filling machines, and our customers can visit the centres themselves to try out the new product formulations in an industrial setting. In Linnich, the Tech Centre has food accreditation, enabling us and our customers to carry out consumer trials, with products marketed directly in retail. The Tech Centre in Suzhou, opened in 2018, is enabling us to faster serve the rapid innovation cycles that are typical of the APAC region.

Our unique technology

The unique advantages of the SIG portfolio lie in our proprietary filling technology and sleeve-based system. We offer a range of packaging formats, volumes and opening solutions, providing our customers with more than 270 packaging options. Taking advantage of our differentiated filling capabilities, customers fill more than 10,000 food and beverage products into our packs. The flexibility of our system limits changeover downtime and results in better asset utilisation for many customers. As well as a high level of reliability, our system offers low waste rates for both the packaging and the finished product.

ADDRESSING MULTIPLE CUSTOMER AND CONSUMER NEEDS



Benefits for customers and the environment

In 2020, we introduced further enhancements to our filling machines, with benefits for the customer and the environment. The temperature of the heaters that are required at various points in the filling process can now be reduced during idle times, delivering an energy reduction of up to 85%.

Energy reduction of up to

85%

Water use reduction for filling machines and for cleaning of up to

50%

We also launched two water-saving solutions in 2020: a conversion kit for filling machines to reduce water usage around the pocket chain and SureBrite, a cleaning machine that reduces manual labour as well as water use for cleaning.

Digital solutions in the factory...

All new filling machines from SIG now come with industry-standard OPC Unified Architecture (OPC-UA) connectivity built in. This enables horizontal machine-to-machine and vertical communication within the entire production plant – from shop floor to top floor. All existing SIG filling machines can now also be retrofitted with a simple plug-and-play installation providing OPC-UA connectivity.

After successful piloting in the Middle East, the Plant 360 Asset Management solution, co-developed with GE Digital, is now being rolled out in Asia-Pacific and the Americas.

... and in the supermarket

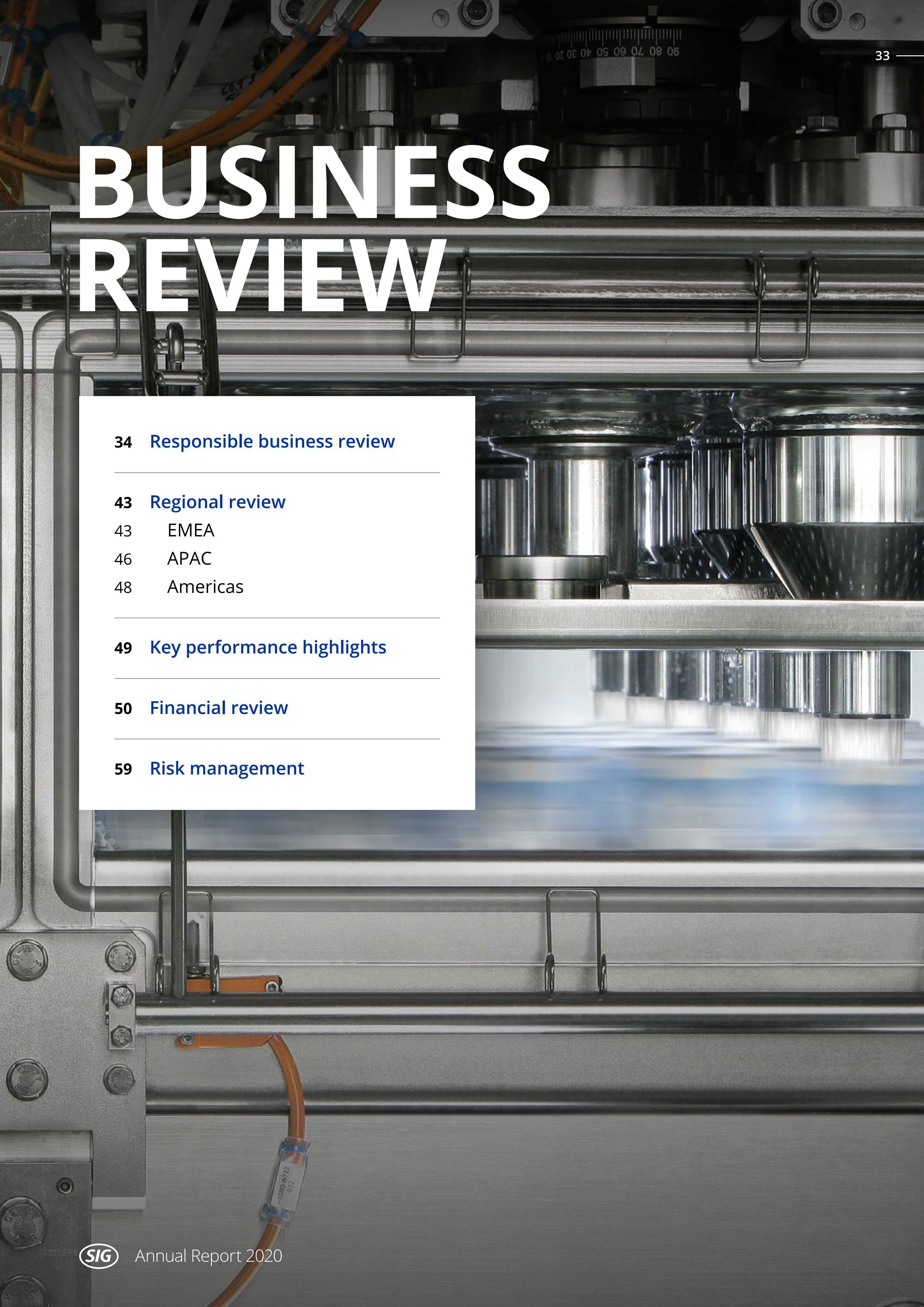
Our **PAC**.ENGAGE solution provides a variety of digital communication options that brands can use to interact with consumers directly on the package. With a simple scan from a smartphone, the unique QR code can launch dynamic engagement in the form of lucky raffles, loyalty programs, quizzes and more. In Brazil, milk producer Gloria wanted to raise its profile and better understand where it fits in the Brazilian market. Gloria used the **PAC**.ENGAGE static code to set up a program where consumers who scanned the code and completed a 10-minute survey were rewarded with the chance to win prizes such as televisions, iPads and iPhones. The surveys provided Gloria with a deeper consumer understanding than if they had used a more expensive research agency.

Continuous innovation

Through our consumer-led research, we help our customers bring new products to the market in packs that perfectly match the product concept. We are also enabling customers to respond to growing environmental concerns by offering fully renewable packaging, including the industry's first aluminium-free solutions – **ECO**PLUS and **SIG**NATURE 100. We have started to replace fossil-based polyethylene with plant-based material (**SIG**NATURE 100 and Full Barrier) via a mass-balance system and recently became the first company to offer beverage cartons with circular polymers made from recycled post-consumer plastic waste.

And to show that we are always looking towards the future, SIG – together with Nestlé, Logitech and other industry partners – is funding a new Chair for Sustainable Materials Research at EPFL, the Swiss Federal Institute of Technology in Lausanne, Switzerland.

BUSINESS REVIEW



RESPONSIBLE BUSINESS REVIEW

CO_2 scope 1 and 2 emissions (t)

84.1k

2019: 105.8k

Going *WAY BEYOND GOOD*

Choosing a SIG carton is like planting a tree – it makes the world a better place. That is our vision, and our *WAY BEYOND GOOD* ambitions will help us make it a reality.

Our mission

It is our mission to create food packaging that makes the world a better place by

- **expanding forests across the world,**
- **taking carbon from the atmosphere,**
- **creating more resources for future generations, and**
- **ensuring nutrition and hydration comes safely to ever more people.**

These far-reaching ambitions focus on four action areas that together will produce the biggest positive impact – for the environment, society and our business. All four action areas are interconnected. Each nurtures the others and all are needed to achieve sustainable change.

Building on strong foundations

We started developing fully recyclable carton packs made mostly from renewable materials many years ago. These are part of a highly efficient and versatile filling system that cuts food loss and helps customers meet fast-changing consumer needs.

Five years ago, we committed to becoming a net-positive company – giving more to society and the environment than we take out. We call this going *WAY BEYOND GOOD*. In 2020, we completed the first phase of our roadmap. Now we are setting new targets for 2025 and beyond.

Our approach covers all aspects of sustainability: social, environmental, economic and governance. It affects everything we do – on our own and with our suppliers, customers and stakeholders. *WAY BEYOND GOOD* is an integral part of our business strategy, our compass, and senior managers are responsible for implementing specific workstreams and targets.

Accelerating progress

With sustainability firmly embedded at the heart of our business, we continue to drive systemic change to become a net positive business and help create a net positive, regenerative food packaging system.

We will build on our responsible culture and industry-leading sustainable innovation to push forward with *WAY BEYOND GOOD*. We are developing a clear roadmap to get us there. And we will partner with stakeholders to accelerate positive change.

Throughout this journey, our bold ambitions will help us maintain our momentum as we learn along the way and evolve our approach to overcome challenges and maximise impact as we get ever-closer to our vision.

Forest Positive

Today, all our raw paperboard is sourced from sustainably managed forests. Next we are focused on greatly expanding sustainable forestry across the world.

Sustainably managed forests help to preserve vital ecosystem functions, support biodiversity and provide a wide range of essentials – from renewable raw materials to oxygen in the air we breathe. Worldwide, one in five people depend on forests for their livelihoods. Forests also have a critical role to play in tackling climate change because trees store carbon as they grow. The UN aims not only to prevent further deforestation but to expand global forest area by 3% – or around 120 million hectares – by 2030.

By sourcing renewable raw materials from sustainably managed forests, we are helping forests – and the communities that depend on them – to thrive.

Our progress

Around 75% of every SIG pack is made from forest-based liquid packaging board. Our combibloc **ECO**PLUS solution increases this to 82% and **SIG**NATURE 100 is the only aseptic carton in the world that is linked to 100% forest-based materials.[1]

Our Forest Stewardship Council™ (FSC™) Chain of Custody certification (licence code FSC™ C020428) enables us – and our customers – to trace our raw materials back through the supply chain to sustainably managed forests. FSC™ standards require forest management that supports biodiversity, prevents deforestation and degradation, and respects the rights of workers, local communities and indigenous peoples.

Over the last decade, we have led the industry in driving progress on FSC™ certification. Since 2009, all our liquid packaging board has come from FSC™-certified mills and – as of January 2021 – 100% of it is purchased with FSC™-Mix certification. This means that all our board is made with a mix of fibres sourced from FSC™-certified sustainable forests and other FSC™-controlled sources.

We achieved this milestone by engaging with our board suppliers – large and small – to embrace the wide-reaching benefits of FSC™ certification. And we are extending our forest positive impact even further by calling on our customers to include the FSC™ logo on their packs to raise consumer awareness of responsible sourcing and encourage them to buy more certified products. Over 96% of the packs we sold in 2020 carried the logo.

INDUSTRY LEADER **100%**

of our liquid packaging board comes with FSC™-Mix certification (as of January 2021)

INDUSTRY LEADER **97%**

of SIG packs sold in 2020 carried the FSC™ label

FSC FORESTS FOR ALL FOREVER
Forest Stewardship Council™

1 Linked to wood residues from paper making via an independently certified mass balance system.

"SIG has led the market with bold ambitions for FSC™ certification and I'm impressed they have been able to do it on a global scale.

The Company is showing the way for others by making a commitment not just to meeting requirements with 100% FSC™-certified board, but to using FSC™ labelling on its packs as a platform for consumer awareness."

Kim Carstensen, Executive Director, Forest Stewardship Council

Climate Positive

Today, our packs offer the lowest-carbon solutions available. Next, we are combining sustainable innovation with our Forest Positive actions to make food packaging like a tree – taking carbon from the atmosphere and making the world a better place.

We have just witnessed the warmest decade on record, with greenhouse gas levels rising to new records in 2019[2] despite the Paris Agreement to significantly reduce emissions globally. Changing weather patterns and more frequent extreme weather events are already affecting lives and livelihoods around the world.

Urgent action is needed to tackle the climate emergency, and we have joined other leading companies in calling on governments to Recover Better by aligning COVID-19 recovery efforts with the Paris goals.

Our progress

We have set bold targets, approved by the Science-Based Targets Initiative, to cut the carbon footprint of our own operations by 60% in line with the latest climate science to keep global warming below 1.5°C and reduce our value chain footprint per litre packed by 25% – both by 2030.

By switching to 100% renewable energy to manufacture our packs, we have achieved carbon neutral production since 2018 – an industry first – and we are continuing to extend our on-site renewable energy generation capacity. We now have 4.8MWp of rooftop solar arrays in operation, with further installations in development to increase this total to around 18MWp.

We are also encouraging suppliers to use renewable energy and take steps to reduce their climate impacts. Suppliers representing over 60% of our global aluminium foil supply are already certified to the ASI standard, which sets strict limits for greenhouse gas emissions from the energy-intensive aluminium production process. This helps to cut our own value chain footprint and has a wider positive impact by decarbonising supply chains in our industry and beyond.

2 https://www.un.org/sustainabledevelopment/climate-change/

Our low-carbon packaging solutions are helping to reduce the climate impact of the global food supply system. With a resource-efficient design, a high proportion of renewable material and no need for refrigeration, our packs have a life-cycle carbon footprint that is up to 70% lower than alternative types of packaging such as plastic and glass bottles, cans and pouches.

The latest innovations in our **SIG**NATURE portfolio cut the carbon footprint of our standard packs by a further 27% to 58%. We are also helping customers cut emissions from using our filling machines in their factories. For example, our new upgrade kit can cut energy use by around 85% in standby mode.

100%

renewable energy for production since 2018

Resource Positive

Today, all our packs are recyclable, with some made entirely from renewable raw materials. Next we are going to work on making all our packs exclusively from renewable or recycled materials using only renewable energy and on ensuring every carton is recycled – all to make sure we help create more resources for future generations.

The traditional take-make-waste economy is putting too much pressure on the planet's finite resources and limited capacity to absorb waste. A circular economy – one that designs out waste, regenerates natural systems and keeps products and materials in circulation – can help to relieve this pressure, prevent environmental impacts of packaging waste and halve carbon emissions by 2030 in Europe alone.

Unlike most packaging alternatives, our cartons are made mainly from renewable materials (around 75% on average). This means they are already contributing to the circular economy at the start of their life by using renewable materials that support the regeneration of natural resources.

Our progress

SIGNATURE 100 is linked to 100% renewable material[3], and our paper straw solution offers the first renewable alternative to plastic straws for use with aseptic carton packs.

Some of our raw materials are made from by-products from other industries – such as wood chips, papermaking residues and scrap aluminium. In a groundbreaking partnership with SABIC, we have introduced the world's first aseptic carton packaging material made from post-consumer recycled material.

All our packs are designed to be fully recyclable, and we are working with others to boost recycling rates and keep high-quality materials in circulation – including renewable fibres for paper and board products, polymers and aluminium (separately and combined as PolyAl for roof tiles and furniture).

3 Linked to wood residues from paper making via an independently certified mass balance system.

Through industry partnerships, such as the Global Recycling Alliance for Beverage Cartons and the Environment (GRACE), EXTR:ACT and 4evergreen, we are advocating for enabling regulations and collaborating on specific projects to support the collection and recycling not only of beverage cartons but other types of packaging, too.

We also partner with NGOs, customers and industry on local projects in priority countries – including the innovative so+ma and Cidade+Recicleiros waste collection initiatives in Brazil (which bring both environmental and social benefits), supermarket collection points with Nestlé in Indonesia and a new recycling facility in Germany that will enable the recovery of polymers and aluminium from PolyAl.

"Our ambition is to make 100% of our packaging to be reusable or recyclable by 2025. But it is also important that the infrastructure is in place to allow recycling to happen. The Cidade+ Recicleiros partnership between Nestlé and SIG is the basis for the development of a lasting infrastructure that will make a positive impact on the environment, communities and business."

Cristiani Vieira, Environmental Sustainability Manager, Nestlé

Food Positive

Today, our filling technology minimises food loss, and our packs keep food safe for months without the need for refrigeration. Next we are going to continue to innovate and work with partners and communities to deliver safe, affordable nutrition and hydration to ever more people while further reducing food loss.

Nearly 690 million people are hungry and a further two billion do not have regular access to safe, nutritious and sufficient food.[4] At the same time, a third of food globally is lost or wasted[5] which has knock-on effects for climate and land use. The United Nations has called for a profound change in the global food and agriculture system to feed the world's growing population.[6] And the COVID-19 pandemic has shown how critical a resilient supply chain is to keep food supplies going.

Our aseptic packaging solutions are ideally suited to help customers preserve and deliver nutritious food like milk, fruit juice and soup to consumers.

4 https://www.un.org/sustainabledevelopment/hunger/
5 https://www.un.org/sustainabledevelopment/sustainable-consumption-production/
6 https://www.un.org/sustainabledevelopment/hunger/

Take milk, for example. It is full of essential vitamins, calcium and protein. But fresh milk is perishable, only lasting a few days in the refrigerator or less. Our aseptic packaging system preserves the milk – and its nutrients – for six months or more in a cost-effective way. And it can be transported and stored safely without needing to keep it cold, which requires a lot of energy and can be challenging in developing countries.

Our progress

In 2020, we produced 38 billion packs to help our customers deliver nutrition and hydration to consumers around the world. We maintain robust quality and safety management systems certified to recognised standards at all our plants.

With our highly efficient machines, less than 0.5% of packs – and their food contents – are lost during filling. We are continually looking for ways to reduce this even further as we design new machines and upgrade kits for existing ones. Through our new **SIG**CUBATOR programme, we are making our highly efficient machines available for start-ups by enabling them to use spare filling capacity to help them deliver nutritious new products.

We are creating innovative models to get food to the people who need it most through the SIG *WAY BEYOND GOOD* Foundation – and exploring how to scale these models to expand our positive impact.

Cartons for Good, the foundation's flagship project, is helping to prevent food loss and malnutrition in Bangladesh by using a down-sized filling unit to help communities preserve surplus crops in SIG packs. Every month, it turns up to two tonnes of food loss into 6,000 meals for underprivileged school children. During COVID-19 school closures, we maintained our support with regular aid packages for the children and their families.

The latest campaign of our *WAY BEYOND GOOD* Champions focused on the role SIG cartons play in delivering nutritious, healthy food. They invited employees from across the business to get involved with interactive quizzes, nutrition webinars and virtual cooking competitions to present their favourite recipe using food from SIG cartons. Teams around the world also donated food to support people in need in their local communities.

INDUSTRY LEADER

<0.5%

industry-leading waste rate for filling machines

Sustainable innovation

Our focus on sustainable innovation is driving progress in all four of our *WAY BEYOND GOOD* action areas.

Sustainability is one of the core value drivers for all our product development. We are guided by independent ISO-compliant life-cycle assessments to ensure we take into account environmental impacts – from sourcing raw materials to making, filling and distributing our packs through to their disposal by consumers after use.

Our mainly renewable, fully recyclable, low-carbon packaging solutions can support the transition to a low-carbon, circular economy. Over the last decade, we have been innovating to cut their life-cycle impacts even further, raising the bar with a host of industry firsts (see > For our planet).

Our progress

This year, we once again led the industry once again with the launch of **SIG**NATURE Circular, the first aseptic carton solution made from post-consumer recycled material.[7]

Uptake of our most sustainable solutions – our **SIG**NATURE portfolio – continues to grow. We have now sold over one billion packs with combibloc **ECO**PLUS and over 150 million packs with **SIG**NATURE 100 or **SIG**NATURE Full Barrier packaging materials that use polymers linked to 100% renewable material.[8]

Customers such as Riedel, Hartung Nahrungsmittel Produktions and nutpods have extended **SIG**NATURE Full Barrier to further products in their portfolios. Finnish start-up Juustoportti chose our new combismile format with our **SIG**NATURE Full Barrier solution for its new range of oat-based drinks. And Ste Laitière des Volcans d'Auvergne switched to our **SIG**NATURE 100 packaging material for its Les Fayes organic UHT milk in France.

Several customers are now using our paper straw solutions – the first in the industry – for small format on-the-go packs, including Nestlé in Brazil and Ecuador, Tofusan in Thailand and seven customers in Europe. This will save 10 tonnes of plastic a year for Intermarché alone.

We are also continuing to improve the efficiency of our new filling machines and introducing technical upgrades to help customers reduce resource use from existing machines in their factories. Our latest upgrade cuts water consumption by up to 50% and can be combined in a 'green bundle' with a kit that can cut energy use by around 85% during production stoppages.

Our technical service solutions have supported sustainability improvements for 37% of our customers since 2016.

7/8 Via an independently certified mass balance system.

Responsible culture

Our commitment to go *WAY BEYOND GOOD* for people and the planet is underpinned by our responsible culture.

We take a responsible approach across the value chain – sourcing certified materials from responsible suppliers, supporting our own employees and keeping them safe, managing environmental impacts from our operations, engaging communities and acting with integrity in everything we do.

In doing so, we are not only supporting our business and *WAY BEYOND GOOD* ambitions, we can also have wider positive impacts. For example, when we training employees to adopt safe behaviours at work they also take those safe behaviours home to their families.

Our progress

Transparency is part of our responsible culture. We have published detailed disclosures on our commitments and approach to environmental, social and governance (ESG) topics, with our last full CR Report for 2018 winning the edie Sustainability Leaders Award for Sustainability Reporting and Communications in recognition of its transparent approach.

We train employees on our Code of Conduct, and all our production sites complete regular SEDEX SMETA audits on ethics, labour rights, safety and environmental criteria. We expect suppliers to meet similar high standards, and those supplying key raw materials are required to meet the requirements of relevant certifications.

We offer the only aseptic cartons with all three key materials from certified sources – FSC™ liquid packaging board, ASI aluminium foil and ISCC PLUS polymers linked to 100% renewable materials[9]. As of January 2021, 100% of the liquid packaging board used in our packs comes from FSC™-certified forests. We now offer ASI-certified aluminium foil as standard for customers in Europe and North America. And all the forest-based polymers we use are certified to ISCC PLUS or REDcert[2].

Keeping our people safe and well is always a priority, and we increased our focus on health and wellbeing to support them through COVID-19. Our lost-time case rate further decreased in 2020, and two plants won our CEO Safety Excellence Award for reaching significant milestones without lost-time cases.

Engagement levels have significantly improved in this year's employee survey, and outperforming the industry benchmark in every category. We continued to provide extensive training and development opportunities, including more online options for those working remotely during the pandemic, and we established an employee-led focus group to drive our diversity and inclusion strategy.

9 Via an independently certified mass balance system.

We also continued to engage with communities, with a particular focus on COVID-19 support. Since 2016, we have increased the cumulative impact of our community engagement programmes nearly tenfold compared with the baseline year.

Our responsible approach is recognised by leading independent raters and rankers, with a Platinum rating from EcoVadis, an AA ranking from MSCI and a low risk score of 18.8 from Sustainalytics. In 2020, we entered into new sustainability-linked loan facilities.

EcoVadis Platinum: top 1% for sustainability

We retained our position among the top 1% of participating businesses with a Platinum rating in the latest assessment on sustainability by EcoVadis. This recognised assessment helps us demonstrate our credentials to customers and drive leading sustainability practices within our business. Our new sustainability-linked loan is also tied to our EcoVadis score. The rating is based on a detailed independent assessment of our policies, processes and performance with regard to environment, labour and human rights, ethics and sustainable procurement criteria.

REGIONAL REVIEW

EMEA

Core revenue

€**798**m

2019: €755m

Growth at constant currency

+**5.6**%

Introduction

SIG's aseptic carton packaging business originated in Germany, and our largest sleeve production plant globally is in Linnich, where we also assemble filling machines and conduct R&D and consumer trials.

Our presence in the Middle East and Africa has until now been through a 50/50 joint venture, SIG Combibloc Obeikan. The joint venture's sales are not consolidated, but our share of net income is recognised in the Group income statement. On 25 November 2020, SIG announced its intention to acquire the 50 percent of the joint venture which it does not already own. Upon completion, the transaction will lead to full consolidation of the Middle East and Africa business.

2020 overview

Responding rapidly to increased orders in Europe

Europe is a relatively mature market with a high level of per capita milk consumption. Our go-to-market strategy is based on winning new customers and growing with existing customers by offering flexible and cost-efficient solutions. We are also entering into and growing in new categories.

In 2020, our business saw an unexpected tailwind arising from the COVID-19 crisis. As lockdowns were imposed across Europe in March, consumers stocked up on shelf-stable goods such as those filled by SIG. The growth in demand for carton packs accelerated in the second quarter as at-home consumption increased, with households eating more meals together and consuming more beverages at home. At the same time, customers and retailers built stocks in order to avoid a repeat of the shortages that occurred during the early days of the crisis. While these stocks were partly drawn down in the second half of the year, a further wave of lockdowns resulted in demand remaining at a high level.

A large portion of our business in Europe consists of litre packs which are suited for at-home consumption. But it was not just the product range that met customers' needs. The teams at our factories worked tirelessly to meet the high level of demand, and in April our factories recorded an all-time production record. We also overcame the many logistical challenges caused by the crisis to ensure that we achieved on-time delivery and a high level of customer satisfaction.

Capitalising on growth opportunities in Middle East and Africa

SIG Combibloc Obeikan's geographic territory spans 70 countries in Middle East and Africa (MEA), with revenue currently generated in 17 countries. Growth potential comes from the young and growing populations in countries where GDP per capita is on the rise, and it is further driven by urbanisation and disposable income growth. Changing lifestyles and consumption habits favour processed and packaged food, an area where our aseptic carton packaging solutions play an important role. As household incomes remain low in many countries, the ability to provide affordable solutions is also a key success factor.

Performance highlights

Meeting customer needs in Europe

In 2020, we further strengthened our presence with leading customers such as Arla, which use our packs not only for the European market but also to export milk to Asia. Arla has a strong sustainability positioning in Europe, which is perfectly complemented by our aluminium-free structures **ECO**PLUS and **SIG**NATURE.

At the same time, our drive to win new customers continued and we fully leveraged the versatility of our portfolio and our recent innovations.

We expanded our presence in the fast-growing category of plant-based milks. We signed a contract with MONA, which is part of the Hain Celestial Group and one of the largest co-packers and producers. The first filling machine was placed towards the end of the year and now produces one-litre packs of rice, soy, almond and coconut milk, featuring our novel fully resealable and leak-proof combiMaxx closure. In France, Tribillat has adopted SIG's technology for its flavoured soy drinks, also with combiMaxx.

"Just one small idea can change an entire industry, and we identified a gap in the market for a clean, genuinely natural, plant-based shake."

Gabriel Bean
Founder of GROUNDED

The London-based company GROUNDED has partnered with SIG to turn its innovative concept for a 100% natural range of plant-based protein shakes, aimed at health-conscious mobile consumers, into a commercial reality. The shakes were first produced at combiLab, SIG's consumer testing centre in Germany, and will subsequently be filled by the co-packer Framptons.

Gabriel Bean, founder of GROUNDED: "Just one small idea can change an entire industry, and we identified a gap in the market for a clean, genuinely natural, plant-based shake – with no compromises on natural ingredients and packaging. We spent more than six months sourcing the right packaging that aligned with our values, and we found the perfect fit in SIG's combidome.

Finnish food producer Juustoportti has launched a new range of premium oat-based drinks in SIG's combismile carton packaging.

Its sustainability story and unique shape make it the perfect option for our range. Beyond the carton, the team and people at SIG were just as aligned with our values, and we couldn't have found a better partnership with which to launch these products. They supported us all the way from our first contact with their UK team through to their exceptional combiLab operation in Germany. We look forward to continuing our partnership here with such professionals in their field."

Our combismile cartons made their European début in Finland with a launch by Finnish food producer Juustoportti. Juustoportti has launched a new range of premium oat-based drinks – Friendly Viking's Oat Drinks – which will help to develop the on-the-go market. The range has two drinking options – a single-action closure or a paper straw – with a drinksplus option to allow the addition of healthy ingredients such as fruits or oats.

And the future looks very promising. In April, we announced that Hochwald, a leading German dairy cooperative, has chosen SIG as its preferred partner for a new dairy production site. We will supply 15 of the 16 new filling machines for the plant, which will have a capacity of more than 800 million litres of milk a year. The plant is scheduled to come on-stream in 2022.

Liquid dairy wins in MEA

In 2020, SIG Combibloc Obeikan continued its strategic focus on liquid dairy, which represents a cheap and easily accessible form of protein for consumers with limited purchasing power. Over 60% of the joint venture's sales are now in liquid dairy, compared to less than half five years ago.

Mazoon Dairy, the largest integrated dairy company in the Sultanate of Oman, chose SIG Combibloc Obeikan for the launch of a full range of liquid dairy products in various sizes and formats. Mazoon Dairy will also use SIG packs for juices. Other dairy-related successes included a further expansion of business with Almarai in Saudi Arabia, Zaki Group in Iraq and Tchin Lait in Algeria, as well as a partnership with Al Jaied in Libya to launch the first evaporated milk in aseptic carton packaging.

After a successful transition to SIG filling lines, Soummam in Algeria was able to launch new formats and sizes to enter new product categories, including cream, enriched milk, blended milk and flavoured milk for children, as well as food products such as béchamel sauce.

APAC

Core revenue

€660m

2019: €667m

Growth at constant currency

+1.2%

2020 overview

Most of the cartons we sell in Asia-Pacific are small in size and therefore suitable for on-the-go consumption, in line with the behaviour and lifestyles of consumers in the region. The COVID-19 crisis naturally reduced the opportunities for purchasing and consuming such products. Taking this into account, our sales in the region held up well, reflecting the essential nature of the products we fill.

In China, customers built up safety stocks during the height of the COVID-19 crisis in order to ensure sufficient supply given the logistical challenges at that time. Following the lifting of lockdowns, consumption gradually returned to a more normal pattern in the second half of the year. An increased concern with healthy nutrition in the aftermath of the crisis led to strong demand for milk.

In the rest of Asia, lockdowns started later and continued for longer. With travel and tourism curtailed, on-the-go consumption continued to be affected in the second half of the year. Schools remained closed in some areas, causing school milk programmes for which our cartons are used to be suspended. While these conditions did have a temporary impact on the purchasing patterns of our customers, the medium- and long-term fundamentals for this sub-region remain firmly intact.

Visy Cartons, acquired at the end of November 2019, was successfully integrated into the Asia-Pacific region in 2020. Business in Australia progressed well during the year, and the implementation of synergies is on track.

Performance highlights

Health concerns top of mind

New growth categories in Asia-Pacific include beverages with added benefits, such as vitamin drinks, immune system boosters and nutritional drinks. One example is Prolac, a drink launched in 2020 by Dutch Mill Thailand, which is made from milk and soy and boasts a high protein and calcium content along with 13 vitamins and minerals.

Nestlé Vietnam launched a number of products in combismile packs. These included a drinking yoghurt with fibre, inulin and protein under the Acti-V brand and an expansion of the Milo malted milk range to cater to teenagers and young adults looking for nutritious on-the-go drinks.

"combismile is the best choice for winning over the hearts of our teenage audience. Not only is the packaging highly suitable for value-added products, but with its round corners it can be easily picked up and carried about. Add in the combiGo closure for easy opening and closing, and you have a product that will, without a doubt, stand out on supermarket shelves." – Mr Ali Abbas, Dairy Business Director at Nestlé Vietnam.

Projects are underway to place combismile lines in India and Korea. Also in Korea, Daesang has launched nutritional drinks in microwaveable Heat&Go packs, which have no aluminium layer but offer a similar barrier function and shelf life to standard packs.

> "combismile is the best choice for winning over the hearts of our teenage audience."

Ali Abbas
Dairy Business Director of Nestlé Vietnam

Tofusan, the market leader in Thailand for pasteurised soy milk, teamed up with SIG to launch Thailand's first organic UHT soy milk in aseptic carton packs. Tofusan chose SIG because the packaging solution perfectly matched its 'less is more' natural premium product. We also recently won a new tender to place more filling machines with the state-owned Dairy Farming Promotion Organization of Thailand (DPO), further expanding our strong partnership.

Most of our APAC business consists of single-serve packs which are suitable for on-the-go consumption. We are now diversifying into larger formats and have won contracts to supply litre-pack filling lines to YHS in Malaysia and Diamond in Indonesia.

Building for the future

In 2020, the construction of our second factory in Suzhou, China, continued according to plan, with the new plant ready to open by the end of the year. The plant is designed to achieve world-class environmental, safety and operational performance. It will be part of our Asia-Pacific production network and will enable us to meet the expected growth in demand in the region.

SIG and Nestlé Vietnam launch combismile in Vietnam to target the growing demand for convenient and nutritional on-the-go drinks – Read more here!

Americas

Core revenue

€321m

2019: €330m

Growth at constant currency

+14.7%

2020 overview

Our business in the Americas showed remarkable resilience in the face of COVID-19, benefiting from both favourable consumption trends and customer wins. Growth was driven in particular by strong demand in Brazil and Mexico. In the USA, a negative impact from the spread of the virus – as foodservice sales were affected by closures due to lockdowns of outlets such as quick-service restaurants and schools – was offset by increased at-home consumption of food products.

In Brazil, an increase in at-home consumption of milk, culinary products and dairy cream was further stimulated by higher welfare payments during the height of the crisis. Overall, the market became more polarised, with consumers focusing either on basic affordable products or on indulgence purchases. SIG was able to help its customers meet these trends, by providing both "pocket money" and basic formats and by offering premium product packs in multiple sizes.

After a strong performance in 2019, Mexico saw further growth in white milk consumption in medium and large sizes. Demand continued to increase for recombined milk, which is an affordable ready-to-drink dairy formula. Sales of evaporated milk, tomato products and sauces also increased as people prepared more meals at home.

Performance highlights

In addition to the positive consumption trends in Brazil and Mexico, our performance in Brazil reflected the success of filler placements made during the year with two large Brazilian dairy companies, Shefa and Líder Alimentos. > For customers and consumers

We also continued to expand our partnership with Nestlé in Brazil. Thanks to the flexibility of SIG's system, Nestlé has launched four different pack sizes for sweet condensed milk to cater to different consumer needs. Nestlé has also adopted SIG's renewable and recyclable paper straw solution for its NESCAU beverage range and SIG is the sole provider of small-size packaging for NESCAU, which is the second largest brand of flavoured milk in Brazil.

Innovation did not stand still in the USA. The industry-leading coffee creamer company nutpods introduced a zero-sugar oat creamer, expanding its offerings beyond its classic almond/coconut line. Both lines are available in combidome, which combines the best features of a carton pack with the best features of a bottle and demonstrates clear differentiation on the shelf. The strong environmental footprint of the pack also perfectly aligns with the environmental positioning of nutpods, which will continue to expand its combidome product offerings in 2021 and beyond.

We are continuing to expand our footprint in Latin American markets outside Brazil. We signed an agreement with COLUN, the largest dairy company in Chile, replacing three competitor filling machines with one SIG filling machine. This again demonstrates the advantages of our system in offering flexibility and operational excellence to our customers.

KEY PERFORMANCE HIGHLIGHTS

Core revenue
€1.80bn

2019: €1.77bn

Core revenue growth[1]
5.5%

2019: 5.2%

Adjusted EBITDA
€498m

2019: €485m

Adjusted net income
€232m

2019: €217m

ROCE
29.5%

2019: 22.8%

Adjusted EBITDA margin
27.4%

2019: 27.2%

Adjusted EPS diluted
€0.73

€0.21 EPS diluted

Free cash flow
€233m

€0.73 per share

Leverage
2.7x

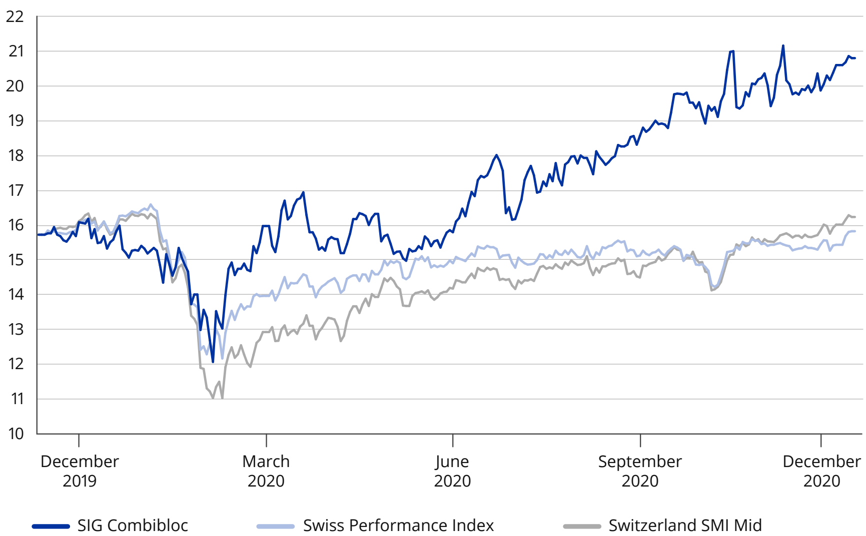
2019: 2.8x

1 At constant currency.

Share information

for the year ended 31 December 2020

Market capitalisation	CHF 6.57bn
Number of issued shares	320,053,240
Share price on 31 December	CHF 20.5
Total shareholder return in 2020	35.3%
Share price closing high	CHF 20.9
Share price closing low	CHF 11.8
Average daily volume	1,762,543



FINANCIAL REVIEW

Strong revenue and free cash flow performance in unprecedented times.

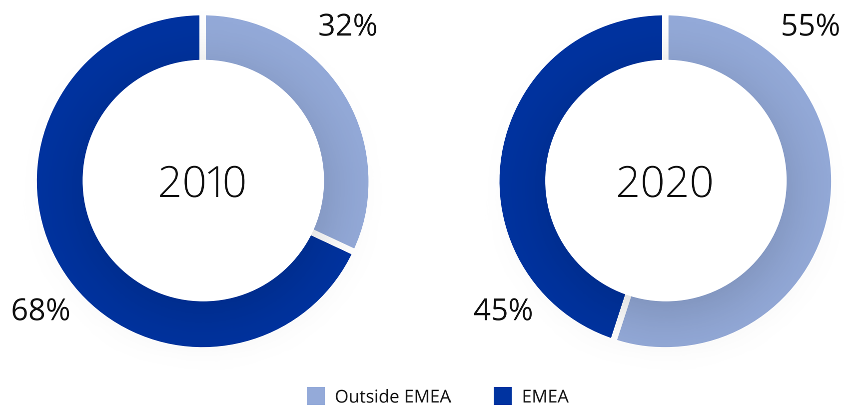
"The year was proof of the robustness of our business model and the resilience of our end markets. We continued to invest in the business and are well-positioned to continue delivering shareholder value."

Frank Herzog, Chief Financial Officer

Financial performance

Revenue

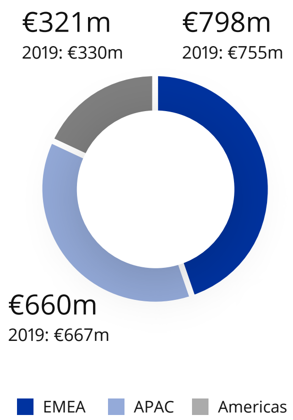
INCREASED GEOGRAPHIC CORE REVENUE DIVERSITY



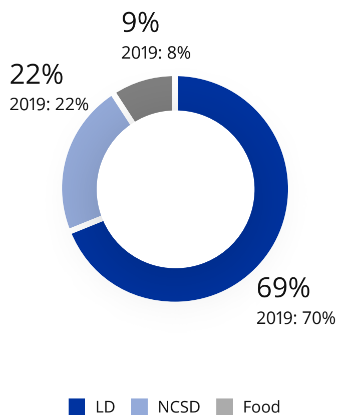
In 2020, geographical diversity supported our 2020 performance. Core revenue increased by 5.5% on a constant currency basis (1.7% as reported), reaching €1,796.4 million (total revenue €1,816.1 million). Growth in 2020 was supported by our broad geographic reach and our role in the supply chain for essential food and beverages.

EMEA, Americas and the acquisition of Visy Cartons in late 2019 were the key contributors to growth in the year. The acquisition of Visy Cartons contributed 260 basis points to the constant currency core revenue growth in 2020.

CORE REVENUE 2020
by segment



SLEEVE & CLOSURE REVENUE 2020
by end market



EMEA, with 5.6% growth, benefited from an increase in at-home consumption, as COVID-19 restrictions continued at varying levels in most European countries during the year. The growth in EMEA is underpinned by the ramp-up of new filling lines at our customers' sites, which are contributing positively to revenue.

Growth in the Americas, 14.7% at constant currency, was primarily driven by the ramp-up of large projects in Brazil, where we placed nine filling lines with two large dairy companies. The ramp-up of these filling lines exceeded our expectations. Revenue in Mexico also increased, with higher at-home consumption of liquid dairy as a result of the COVID-19 pandemic contributing to the growth. These positive impacts were offset by the 32% depreciation of the Brazilian Real against the Euro in 2020.

In APAC, the acquisition of Visy Cartons in November 2019 contributed €44.3 million to the segment constant currency growth of 1.2%, this partly offset headwinds from COVID-19. Revenue in China stagnated in the first half of the year, with lower on-the-go consumption during lockdowns. South East Asian countries continued to face some form of restrictions throughout the second half of 2020, which also affected on-the-go consumption. The impact was amplified by travel and tourism restrictions and by relatively high stock levels as well as weaker local currencies. While APAC was negatively impacted by the pandemic in 2020, the mid- and long-term fundamentals remain intact.

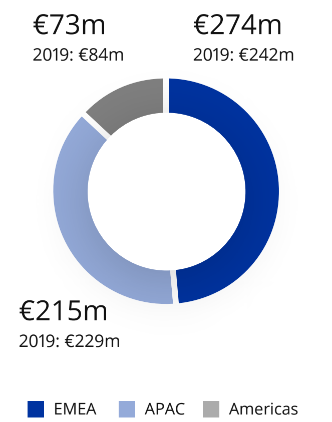
SIG REVENUE SPLIT[1]

1 Revenue split based on revenue generated through sale of filler system components and sleeves & closures for 2020.

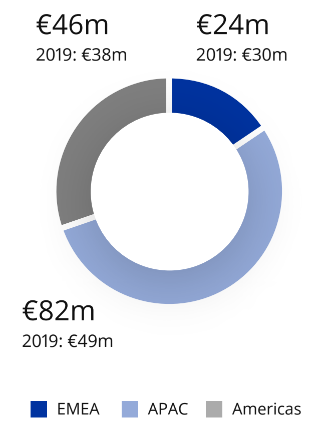
Seasonality

The Group's business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programmes relating to sleeves that generally end in the fourth quarter. Customers tend to purchase additional sleeves prior to the end of the year, typically resulting in higher sales during the fourth quarter. Historically, this has resulted in relatively low sales in the first quarter, with inventory returning to normal levels and the settlement of performance incentives that have been accrued over the course of the year. These factors contribute to an increase in working capital levels and lower cash flows from operating activities in the first quarter. While this effect was visible in the first quarter of 2020, sales and stock building in the fourth quarter of 2020 were less pronounced than in prior years.

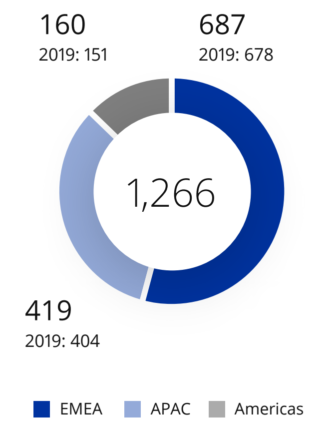
ADJUSTED EBITDA 2020
by segment



NET CAPEX 2020
by segment



FILLERS 2020
in field (units)



EBITDA

ADJUSTED EBITDA MARGIN[1]

	As of 31 Dec. 2020	As of 31 Dec. 2019
EMEA	34.4%	32.1%
APAC	31.6%	33.5%
Americas	22.7%	25.5%
SIG Group	**27.4%**	**27.2%**

1 Adjusted EBITDA divided by revenue from transactions with external customers.

Adjusted EBITDA increased from €485.4 million in 2019 to €498.3 million in 2020. This increase was primarily driven by a top-line contribution of €34.8 million reflecting the factors described above.

Raw material costs had a €20.9 million positive impact on adjusted EBITDA in 2020. As commodity prices weakened in the first half of the year, we benefited from lower spot and hedged prices for both polymers and aluminium, and we were also able to negotiate lower prices with selected suppliers.

While we saw a significant contribution from revenue growth and raw material sourcing, adjusted EBITDA was negatively impacted by an amount of €41.6 million as a result of foreign currency fluctuations in 2020. This negative impact was largely due to the depreciation of the Brazilian Real, and to a lesser extent the Thai Bath, against the Euro.

Increased carton demand in Europe and the continued execution of operational excellence programmes in our production facilities contributed to production efficiency gains of €5.1 million year on year.

SG&A marginally increased by €4.0 million compared to 2019. COVID-19-related restrictions and saving initiatives resulted in lower expenses in areas such as travel, which more than offset investments in growth and higher employee costs. R&D investments as a proportion of revenue were steady at approximately 3%.

Our joint ventures in the Middle East continued to generate strong cash flows, and the dividend in 2020, at €23 million, was slightly above the prior year.

The adjusted EBITDA margin in EMEA was positively impacted by revenue contribution and production efficiencies, as the increase in at-home consumption in Europe increased carton demand. In addition, EMEA benefitted from lower raw material costs as described above. Positive revenue contribution in the Americas and APAC were more than offset by currency headwinds.

Foreign currencies

Whilst our reporting currency is the Euro, we generate a significant portion of our revenue and costs in currencies other than Euro. Increases or decreases in the value of the Euro against other currencies in countries where we operate can affect our results of operations and the value of balance sheet items denominated in foreign currencies. Our strategy is to reduce this exposure through the natural hedging that arises from the localisation of our operations. In addition, we systematically hedge all key currencies against the Euro using a twelve-month rolling layered approach.

In 2020, our results were negatively impacted by foreign currency fluctuations. The continuing depreciation of the Brazilian Real after a particularly large drop in March was the main contributor to this impact.

Capex

Net capex as a percentage of total revenue increased from 6.2% in 2019 to 8.0% in 2020. Investments in property, plant and equipment increased, primarily relating to production equipment for the new sleeves manufacturing facility in China. Higher net filler capex reflects a lower proportion of upfront cash due to filler placements in the Americas, where our filling line contracts are usually operating lease contracts with no upfront cash.

We placed 59 filling machines in the field in 2020. Taking account of withdrawals, the number of filling machines globally reached 1,266, a net increase of 33.

GROUP NET CAPEX 2020

Net income

Net income decreased from €106.9 million in 2019 to €68.0 million in 2020. The reduction in profit in 2020 was mainly due to impairment losses related to the New Zealand paper mill, further described in the section "Other" below, expenses relating to the repayment of term loans in connection with the refinancing transactions in June and negative foreign currency exchange impacts. These negative impacts were offset by the positive operating performance described above, a reduction in the purchase price allocation ("PPA") depreciation originating from the Onex acquisition in 2015 and lower interest and tax expenses.

Adjusted net income increased from €217.4 million in 2019 to €232.3 million in 2020. This increase was driven by the same operating performance factors described in net income above and lower unadjusted financing expense.

(In € million)	2020	2019
Profit for the period	**68.0**	**106.9**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	24.6	(1.2)
Amortisation of transaction costs	3.1	2.8
Net change in fair value of derivatives	(0.5)	1.5
Net effect of early repayment of secured term loans	19.7	–
Onex acquisition PPA depreciation and amortisation	125.4	136.5
Adjustments to EBITDA:		
Replacement of share of profit of joint ventures with cash dividends received from joint ventures	5.3	5.3
Restructuring costs, net of reversals	6.3	1.8
Unrealised gain on derivatives	(21.5)	(10.1)
Transaction- and acquisition-related costs	3.1	4.3
Impairment losses	49.3	2.8
Other	6.1	1.6
Tax effect on above items	(56.6)	(34.8)
Adjusted net income	**232.3**	**217.4**

Return on capital employed

Return on capital employed ("ROCE") is used by management to measure the profitability of the Group and the efficiency with which its capital is employed. Management believes that ROCE is helpful to investors in measuring value creation. ROCE is defined as ROCE EBITA divided by capital employed.

Post-tax ROCE, computed at an unchanged reference tax rate of 30%, increased by 670 basis points in 2020 to 29.5%. At the adjusted effective tax rate of 25.5% in 2020, ROCE reached 31.4%. The increase was primarily attributable to the increase in adjusted EBITDA for reasons described above and the decrease in capital employed as a result of the impairment of production-related assets at our New Zealand paper mill as described in the section "Other" below. Adding back the impairment to our capital employed would result in a decrease in post-tax ROCE of 150 basis points.

ROCE

29.5%

Cash flows

We continued in 2020 to generate strong net operating cash inflows of €425.8 million and free cash flow of €233.2 million.

Net cash from operating activities was positively impacted by adjusted EBITDA growth of 2.7%, described above, and net working capital inflows. These positive inflows were offset by refinancing costs of €15.4 million and additional tax payments of approximately €20 million. The additional payments were primarily driven by payments of 2019 tax liabilities in 2020.

Cash conversion

71%

Investing cash flows were negatively impacted by additional capex compared to 2019, as described above. Financing cash flows remained stable compared to 2019, with a positive impact from lower mandatory loan repayments year on year offset by additional lease payments and a higher 2019 dividend that was paid out in 2020.

Net debt

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Gross total debt[1]	1,697.0	1,614.4
Cash and cash equivalents[2]	355.1	261.0
Net total debt	1,341.9	1,353.4
Total net leverage ratio[3]	**2.7x**	**2.8x**

1 Current and non-current loans and borrowings (including lease liabilities, and with notes and credit facilities at principal amounts).
2 Includes restricted cash.
3 Net total debt divided by adjusted EBITDA.

Net leverage in 2020 was positively impacted by strong cash flow generation with €355.1 million cash and cash equivalents at year end and an increased adjusted EBITDA year on year. Offsetting the positive cash impacts were additional capitalisation of lease liabilities of approximately €110 million in 2020, primarily related to our new sleeves manufacturing facility in China and production equipment for closures.

Leverage

2.7x

Debt refinancing

In June, the Group refinanced its debt. We replaced two existing secured term loans, maturing in 2023 and 2025, with a new unsecured term loan of €550 million and two issues of senior unsecured notes in the aggregate amount of €1,000 million. We also entered into a new €300 million revolving credit facility. The notes are traded on the Global Exchange Market of Euronext Dublin.

	Principal amount	Maturity date	Interest rate
2023 notes	€450 million	June 2023	1.875%
2025 notes	€550 million	June 2025	2.125%
Term loan	€550 million	June 2025	Euribor +1.00%[1], with a Euribor floor of 0.00%
Revolving credit facility	€300 million	June 2025	Euribor +1.00%[1], with a Euribor floor of 0.00%

1 Subject to increase and decrease depending on net leverage ratio and reaching certain sustainability targets.

The refinancing has enabled us to move from a secured to an unsecured debt structure on investment grade terms and to diversify our sources of debt. With both the term loan and the larger of the two note issues maturing in 2025, we have extended our overall maturity profile at favourable terms. The new interest rates bring down our average cost of debt to 1.6%, assuming a fully drawn-down revolving credit facility and excluding the transaction costs.

Cost of debt

1.6%

Debt rating

	Company rating		As of
Moody's	Ba2	Stable	June 2020
S&P	BBB-	Stable	March 2020

Other

Acquisition

We announced in November our plan to acquire from Obeikan Investment Group ("OIG") the remaining 50% of the shares in our two joint venture companies in the Middle East. The acquisition will give SIG full control over a business with strong growth prospects in a growing market and expand its global presence. We expect the acquisition to complete before the end of the first quarter of 2021.

The consideration for the shares of the joint ventures will be made up of €167 million in cash and 17.5 million newly issued SIG ordinary shares (to be issued out of authorised share capital). After the transaction, OIG will hold approximately 5% of the issued SIG shares. The acquisition, including the cash consideration, is expected to only marginally impact our Group leverage as our joint ventures held, as of 31 December 2020, approximately €70 million of net debt.

Subject to the completion of the acquisition, Abdallah Obeikan, Chief Executive Officer of OIG and currently Chief Executive Officer of the two joint ventures in the Middle East, will be nominated for election to SIG's Board of Directors at the next Annual General Meeting in April 2020. Abdelghany Eladib, currently Chief Operating Officer of the joint ventures, will become a member of SIG's Group Executive Board and take on the role as President and General Manager of Middle East and Africa on completion of the acquisition.

In 2020, the two joint venture companies generated revenue of approximately €266 million (excluding revenue from inter-company transactions between the two joint venture companies) and adjusted EBITDA of approximately €78 million. Post-acquisition, our previously external sales to the joint venture companies will become inter-company sales, and the dividend we received from the joint venture companies will be replaced by fully consolidating the joint ventures' adjusted EBITDA. SIG will split its current segment EMEA ("Europe, Middle East and Africa") into two segments: Europe and MEA ("Middle East and Africa").

New Zealand paper mill

We have been assessing the continued viability and different strategic alternatives for our paper mill in New Zealand (Whakatane). The mill primarily produces liquid paper board for use by SIG entities and our joint ventures in the Middle East. As a consequence of the assessments, we recorded impairment losses of €38.0 million (€33 million net of taxes) on production-related assets. The impairment losses were excluded from our calculation of adjusted EBITDA and adjusted net income.

Subsequent to 31 December 2020, the Board of Directors made the decision to close the paper mill and the Company will enter into the required consultation process with employees. The mill would need significant investment to maintain its viability and the Group will benefit from expanded sourcing opportunities with its existing third-party suppliers of liquid paper board. As a result of the closure decision, management expects to recognise plant decommissioning costs and redundancy costs of around €30 million in the first half of 2021. As assets of the mill are monetised over time, the free cash flow impact of these costs is expected to be reduced to approximately €15 million, of which €10 million would be the cash flow impact in 2021. The benefits of the closure are expected to result in a pay-back period on the cash outflows in line with the Group's normal standards.

Dividend

To allow our shareholders to participate in the cash generative nature of our business, we have set a dividend payout target of 50–60% of adjusted net income.

At the Annual General Meeting to be held on 21 April 2021, the Board of Directors will propose a dividend payment for 2020 of CHF 0.42 per share, totalling CHF 134.4 million (equivalent to €124.4 million as per the exchange rate as of 31 December 2020, and excluding any additional shares in circulation as a result of the potential acquisition of the joint ventures in the Middle East), payable out of foreign capital contribution reserves.

Dividend

CHF **0.42**

TSR[1]

+**35.3**%

1 Dividend reinvested

Outlook

SIG will continue to focus on profitable growth by expanding its business with existing and new customers and further developing sustainable solutions. In 2021, the Company expects to fully consolidate revenues in the Middle East and Africa from the beginning of March, subject to final completion of the transaction. On a like-for-like basis, the combined business is expected to achieve core revenue growth at constant currency in the lower half of the 4–6% range, taking account of the continuing restrictions in South East Asia affecting on-the-go consumption and the general uncertainty about the continuing global effects of the COVID-19 crisis. This represents an acceleration of the organic growth rate compared with 2020 excluding the effect of consolidating Visy Cartons.

Assuming no major deterioration in exchange rates, the adjusted EBITDA margin, including the consolidation of the Middle East and Africa business, is expected to be in the 27–28% range. Net capital expenditure is forecast to be within the targeted 8–10% of revenue range in 2020.

The Company maintains its medium-term guidance of core revenue growth of 4–6% at constant currency and an adjusted EBITDA margin of around 29%. Net capital expenditure should remain within 8–10% of revenue. The Company plans to maintain a dividend payout ratio of 50–60% of adjusted net income while reducing net leverage towards 2x.

Alternative performance measures

For alternative performance measures and their related reconciliations that are not included in this document, please refer to the following link: https://reports.sig.biz/annual-report-2020/services/chart-generator

RISK MANAGEMENT

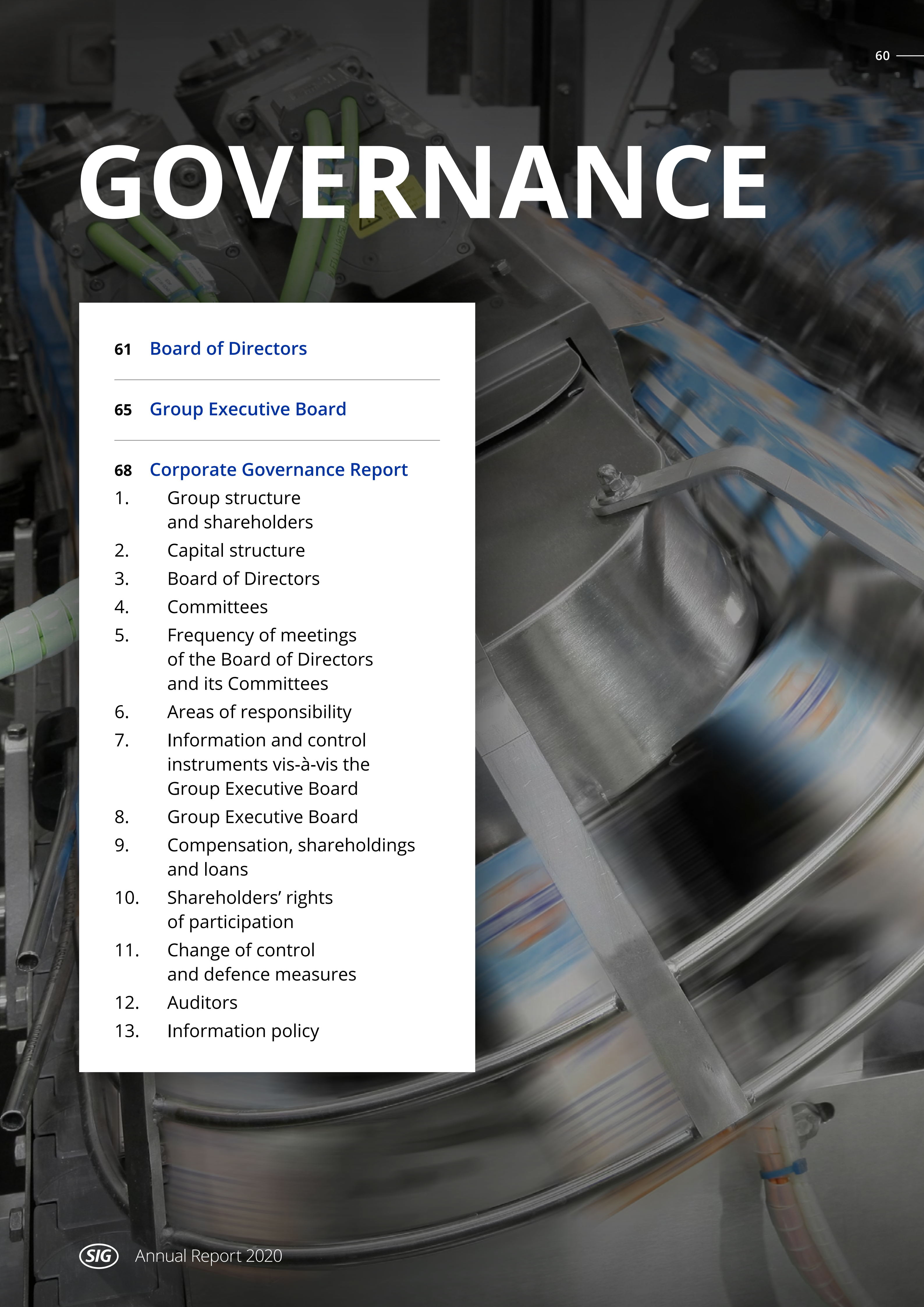
In addition to common business-related risk factors, we pay close attention to other significant risks we may be exposed to, such as sustainability, political, reputational, regulatory and compliance risks. We have developed instruments and know-how that help the Group identify and assess such risks.

We have implemented a risk management process led by the Group General Counsel and approved by the Board of Directors, which sets out a structured process to systematically manage risks. In this process, various risks are identified, analysed and evaluated, and risk-control measurements are determined. The objectives of the risk management process are to continuously ensure and improve compliance with laws and regulations as well as corporate governance guidelines and best practices. The risk management process is also designed to protect the Group from loss of confidence and/or public reputational damage resulting from, for example, inadequate or failed internal processes or systems. Furthermore, the risk management process facilitates the disclosure of potential risks to key stakeholders. At the same time, the process makes all key executives aware of the magnitude of risks and provides them with information for effective decision-making. As part of this process, risk management workshops with regional and functional leadership teams were held in 2020 to identify and evaluate risks. Mitigating actions were also discussed during these risk management workshops and subsequently signed off by the Board of Directors. In addition, a separate risk workshop was held with the Group Executive Board in 2020 to discuss and validate the overall risk portfolio.

The monitoring and control of risks are supported by our internal control system for financial reporting, which defines measures that reduce potential risks. Management is responsible for implementing, tracking and reporting risk mitigation measures, including periodic reporting to the Audit and Risk Committee and the Board of Directors. Each material risk identified has a risk owner at management level who is responsible for the implementation of risk-management measures in his or her area of responsibility. Furthermore, each material risk has a mitigation action owner, mostly in global functions with regional counterparts to ensure local implementation.

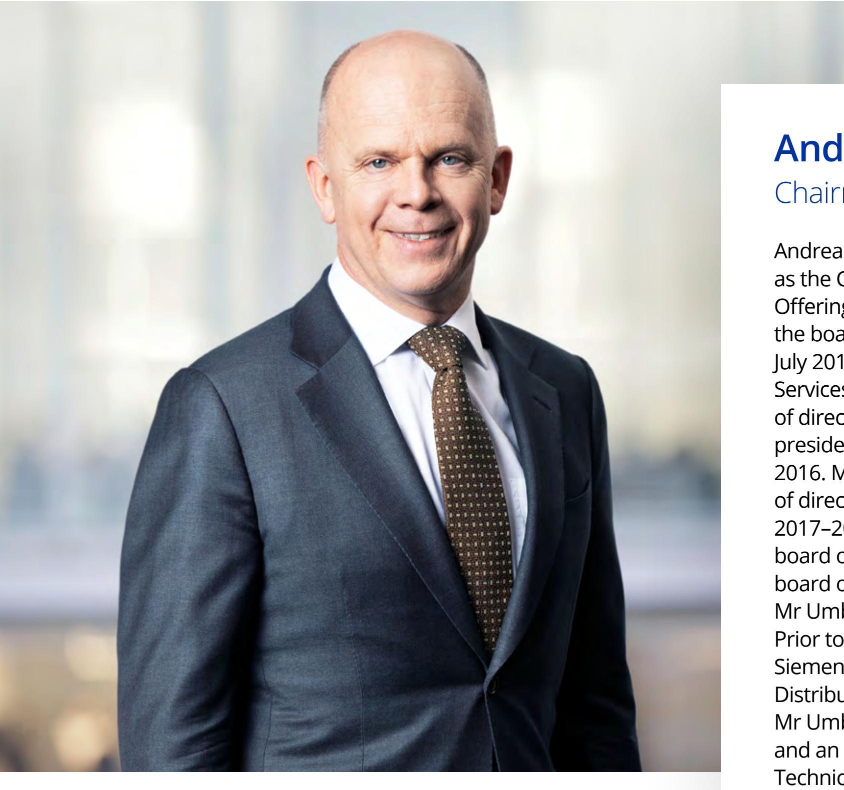
The Audit and Risk Committee regularly discusses risks that could materially impact our business and financial position, as well as the development of internal controls to mitigate such risks. In addition, the members of the Audit and Risk Committee periodically review the internal policies and procedures designed to secure compliance with laws, regulations and internal rules regarding insider information, confidentiality, bribery and corruption, sanctions and adherence to ethical standards, and assess the effectiveness thereof. The Audit and Risk Committee discusses with the CFO and the Group General Counsel any legal matters that may have a material impact on the Group's business or financial position and any material reports or inquiries by regulatory or governmental agencies that could materially impact the Group's business or financial position. The Audit and Risk Committee, with the support of management, informs the Board of Directors at least annually about any major changes in risk assessment, risk management and any mitigation actions taken. In 2020, the risk portfolio signed off by management was discussed with the Audit and Risk Committee as well as with the entire Board of Directors in their December meetings.

We carry out an annual risk assessment in conformity with the Swiss Code of Best Practice for Corporate Governance. The Group's risk management systems cover both financial and operational risks.



GOVERNANCE

BOARD OF DIRECTORS

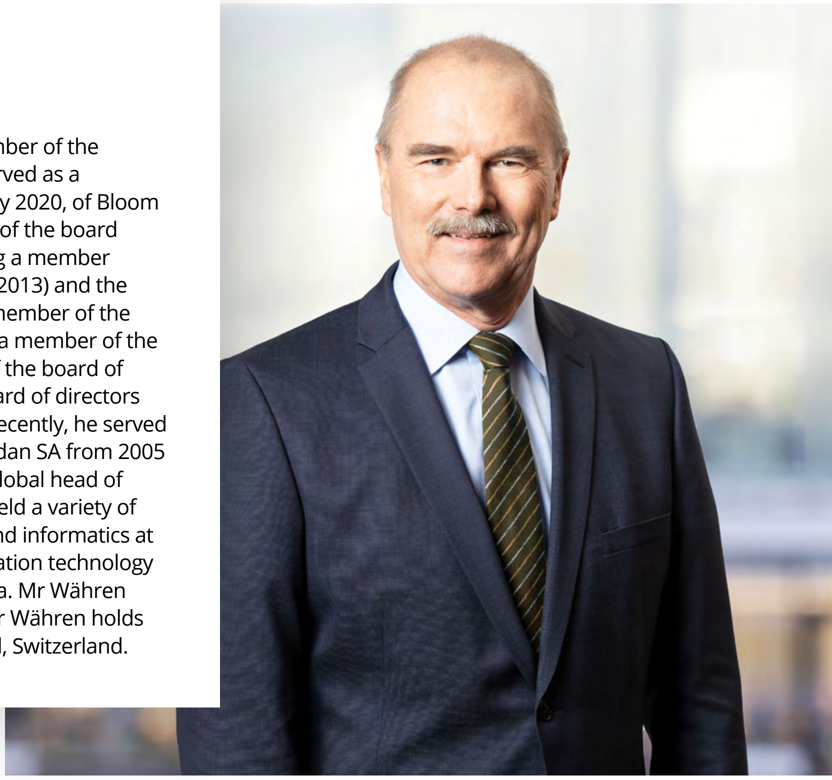


Andreas Umbach
Chairman of the Board

Andreas Umbach is a Swiss and German citizen and has served as the Chairman of the Board of Directors since the Initial Public Offering in 2018. Mr Umbach has further served as chairman of the board of directors of Landis+Gyr Group AG (SIX: LAND) since July 2017, as chairman of the supervisory board of Techem Energy Services GmbH since August 2018 and as chairman of the board of directors of Rovensa SA since September 2020. He has been the president of the Zug Chamber of Commerce and Industry since 2016. Mr Umbach previously served as a member of the board of directors of Ascom Holding AG (SIX: ASCN) (2010–2020), from 2017–2019 as its chairman. He also served as a member of the board of directors of WWZ AG (2013–2020) and as a member of the board of directors of LichtBlick SE (2012–2016). From 2002 to 2017, Mr Umbach was the president and CEO/COO of Landis+Gyr AG. Prior to serving as CEO, Mr Umbach served as president of the Siemens Metering Division within the Power Transmission and Distribution Group and held other positions within Siemens. Mr Umbach holds an MBA from the University of Texas at Austin and an MSc in mechanical engineering *(Diplomingenieur)* from the Technical University of Berlin.

Matthias Währen
Audit & Risk Committee Chair

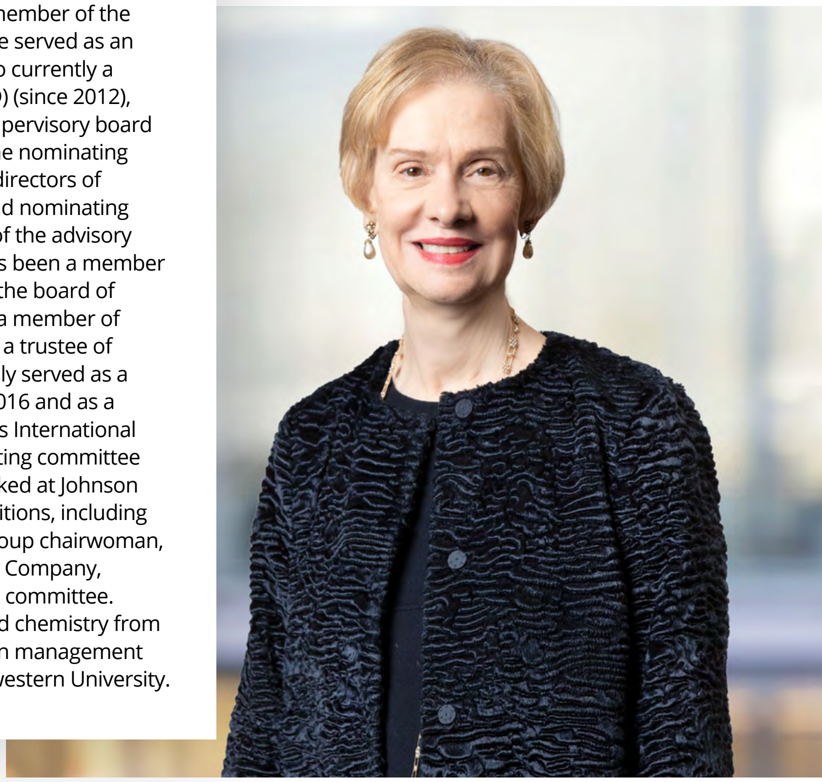
Matthias Währen is a Swiss citizen and has served as a member of the Board of Directors since the IPO. Mr Währen has further served as a member of the board of directors of Keto Swiss AG since July 2020, of Bloom Biorenewables SA since September 2020 and as a member of the board of directors of ph. AG since December 2020, as well as being a member of the board of trustees of the Givaudan Foundation (since 2013) and the HBM Fondation (since 2018). Mr Währen was previously a member of the regulatory board of SIX Swiss Exchange from 2006 to 2017, a member of the board of scienceindustries from 2009 to 2017, a member of the board of Swiss Holdings from 2015 to 2017 and a member of the board of directors of various Givaudan subsidiaries from 2005 to 2019. Most recently, he served as CFO and a member of the executive committee of Givaudan SA from 2005 until his retirement in 2017. Prior to that, he served as the global head of finance and informatics of the Roche vitamin division and held a variety of other positions at Roche, including vice president finance and informatics at Roche USA, Nutley, New Jersey, head of finance and information technology at Nippon Roche, Tokyo and finance director of Roche Korea. Mr Währen started his career in corporate auditing at Roche in 1983. Mr Währen holds a master's degree in economics from the University of Basel, Switzerland.



Colleen Goggins

Comp. Committee Chair

Colleen Goggins is an American citizen and has served as a member of the Board of Directors since the IPO. From 2015 until the IPO, she served as an advisory board member for the Company. Ms Goggins is also currently a member of the board of directors of TD Bank Group (TSE: TD) (since 2012), where she serves on the risk committee, a member of the supervisory board of Bayer AG (ETR: BAYN) (since 2017), where she serves on the nominating and ad hoc legal committee, and a member of the board of directors of IQVIA (NYSE: IQV) (since 2017), where she sits on the audit and nominating and governance committees. Ms Goggins is also a member of the advisory boards of ZO Skin Heath and Sabert Inc. (since 2020). She has been a member of the University of Wisconsin Foundation and a member of the board of the University's centre for brand and product management, a member of the board of directors of New York Citymeals on Wheels and a trustee of the International Institute of Education. Ms Goggins previously served as a supervisory board member for KraussMaffei from 2013 to 2016 and as a member of the board of directors of Valeant Pharmaceuticals International from 2014 to 2016, where she was a member of the nominating committee and special ad hoc committee. Prior to that, Ms Goggins worked at Johnson & Johnson until 2011, where she held various leadership positions, including worldwide chairwoman of the consumer group, company group chairwoman, and president of the Johnson & Johnson Consumer Products Company, among others, and she served as a member of the executive committee. Ms Goggins holds a Bachelor of Science ("BSc") degree in food chemistry from the University of Wisconsin-Madison and a master's degree in management from the Kellogg Graduate School of Management at Northwestern University.



Werner Bauer

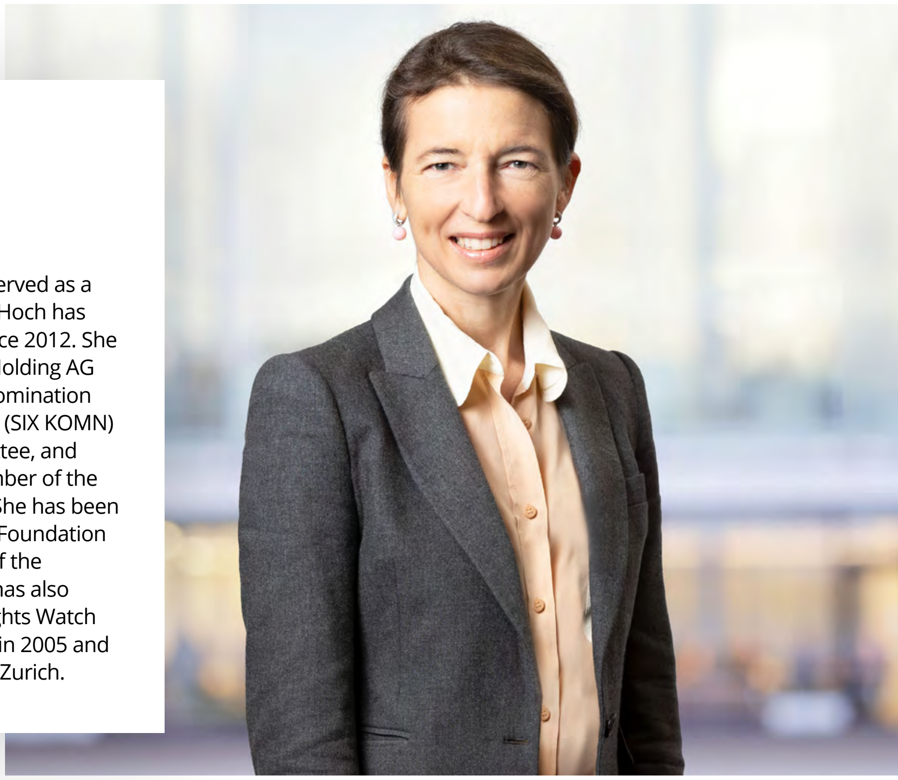
Audit & Risk Committee Member, Nomination & Govern. Com. Member

Werner Bauer is a Swiss and German citizen and has served as a member of the Board of Directors since the IPO. From 2015 until the IPO, he served as an advisory board member for the Company. Mr Bauer is also currently vice chairman of the board of directors of Givaudan SA (SIX: GIVN) (since 2014) and Bertelsmann SE & Co. KGaA (since 2012), chairman of the board of trustees at the Bertelsmann Foundation (since 2011), and a member of the board of directors of Lonza Group AG (SIX: LONN) (since 2013). From 2011 until 2018 he also served as a member of the board of directors of GEA Group AG. Prior to that he held a number of other board positions, including chairman of the board of directors of Nestlé Deutschland AG (from 2005 to 2017) and chairman of the board of directors of Galderma Pharma SA (from 2011 to 2014). Most recently, Mr Bauer was the executive vice president and head of innovation, technology, research & development for Nestlé SA from 2007 to 2013, and prior to that he served as executive vice president and head of technical, production, environment, research & development for Nestlé SA and held other positions within Nestlé. Furthermore, Mr Bauer served as chairman of the board of directors of Sofinol S.A. (from 2006 to 2012), and as a member of the board of directors of L'Oréal (from 2005 to 2012) and of Alcon Inc. (from 2002 to 2010). Mr Bauer started his career in 1980 as a professor of chemical engineering at Hamburg University of Technology, after which he was a professor in food bioprocessing and director of the Fraunhofer Institute for Food Technology & Packaging at the Technical University of Munich. Mr Bauer holds a degree and PhD in chemical engineering from the University of Erlangen-Nürnberg.

Wah-Hui Chu

Comp. Committee Member,
Nomination & Govern. Com. Member

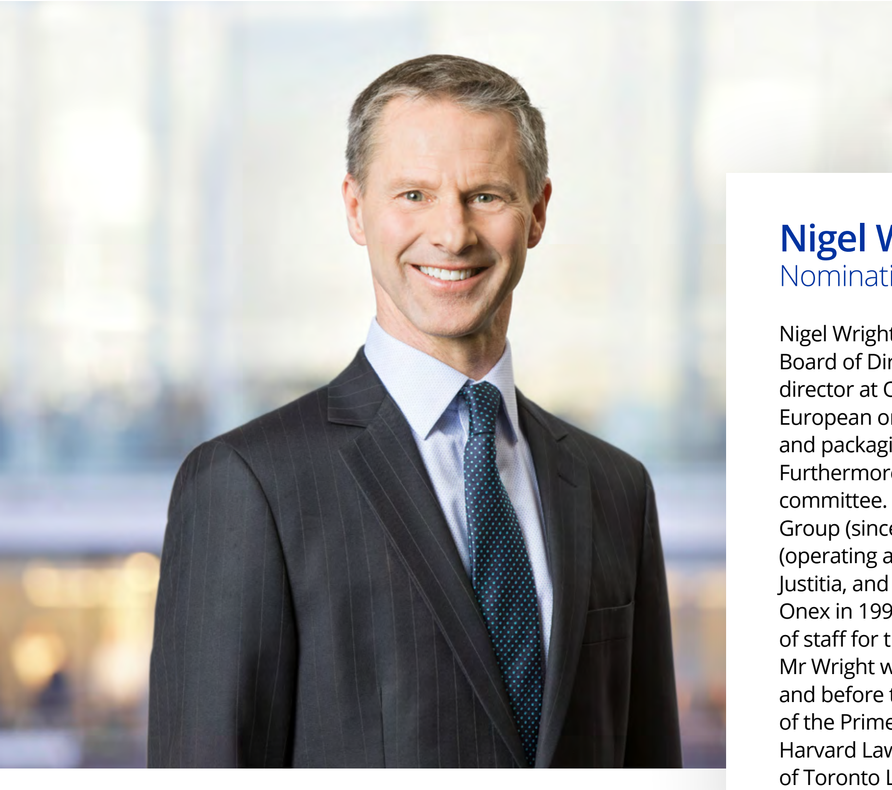
Wah-Hui Chu is a Chinese citizen and has served as a member of the Board of Directors since the IPO. From 2015 until the IPO, he served as an advisory board member for the Company. Mr Chu is currently also the founder and has been chairman of iBridge TT International Limited (Hong Kong) since 2018, a member of the board of directors of Mettler Toledo International (NYSE: MTD) since 2007 and was the founder of M&W Consultants Limited (Hong Kong) in 2007. From 2013 to 2014 when he retired, Mr Chu served as the CEO and a member of the board of directors of Tingyi Asahi Beverages Holding, and from 2008 to 2011 he acted as executive director and CEO of Next Media Limited. He also served as a member of the board of directors of Li Ning Company Limited from 2007 to 2012 and as chairman of PepsiCo Investment (China) Limited from 1998 to 2007, and again from 2012 to 2013. Mr Chu spent many years as an executive at PepsiCo, serving as non-executive chairman of PepsiCo International's Asia region in 2008 and president of PepsiCo International – China beverages business unit between 1998 and 2007. Before joining PepsiCo, Mr Chu held management positions at Monsanto Company, Whirlpool Corporation, H.J. Heinz Company and the Quaker Oats Company. Mr Chu holds a BSc in agronomy from the University of Minnesota and an MBA from Roosevelt University.



Mariel Hoch

Audit & Risk Committee Member,
Comp. Committee Member

Mariel Hoch is a Swiss and German citizen and has served as a member of the Board of Directors since the IPO. Ms Hoch has been a partner at the Swiss law firm Bär & Karrer since 2012. She is currently also a serving board member at Comet Holding AG (SIX: COTN) (since 2016), where she also chairs the nomination and compensation committee, at Komax Holding AG (SIX KOMN) (since 2019), where she also sits on the audit committee, and at MEXAB AG (since 2014). Ms Hoch served as a member of the board of directors of Adunic AG from 2015 to 2018. She has been a member of the foundation board of The Schörling Foundation since 2013 and a member of the foundation board of the Irene M. Staehelin Foundation since 2020. Ms Hoch has also been co-chair of the Zurich Committee of Human Rights Watch since 2017. Ms Hoch was admitted to the Zurich bar in 2005 and holds a law degree and a PhD from the University of Zurich.

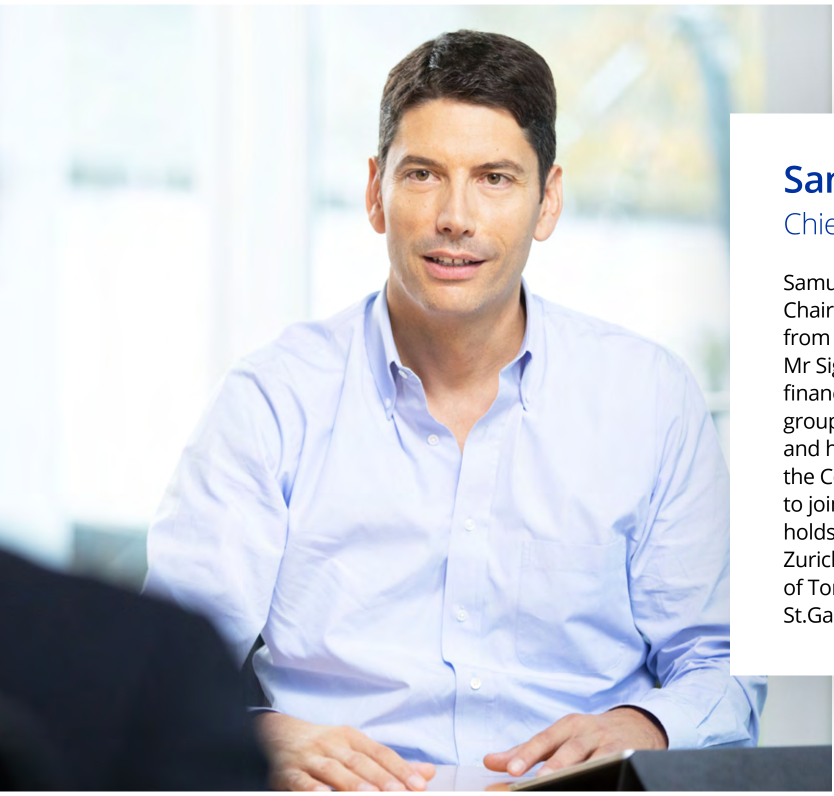


Nigel Wright

Nomination & Govern. Com. Chair

Nigel Wright is a Canadian citizen and has been a member of the Board of Directors since 2014. Mr Wright is a senior managing director at Onex Corporation (TSE: ONEX), where he manages European origination efforts in the business services, healthcare and packaging sectors for Onex's large-cap fund, Onex Partners. Furthermore, he is a member of Onex Partners' investment committee. He currently serves as non-executive chair of Acacium Group (since 2020), as non-executive chair of Childcare BV (operating as KidsFoundation), as a non-executive director of Justitia, and as a trustee of the Policy Exchange. Mr Wright joined Onex in 1997, although from 2010 to 2013 he worked as chief of staff for the Prime Minister of Canada. Prior to joining Onex, Mr Wright was a partner at the law firm of Davies, Ward & Beck, and before that he worked in policy development in the office of the Prime Minister of Canada. Mr Wright holds an LL.M. from Harvard Law School, an LL.B. (with honours) from the University of Toronto Law School and a bachelor's degree in politics and economics from Trinity College at the University of Toronto.

GROUP EXECUTIVE BOARD



Samuel Sigrist

Chief Executive Officer[1]

Samuel Sigrist is a Swiss citizen and has served as CFO and Chairman of the Middle East Joint Venture since 2017. With effect from 1 January 2021, he became the new CEO of the SIG Group. Mr Sigrist joined the Company in 2005 and has worked in various finance and corporate development roles, including director of group controlling & reporting, head of finance/CFO of Europe and head of group projects. From 2013 to 2017, Mr Sigrist was the Company's President & General Manager Europe, and prior to joining the Company he worked as a consultant. Mr Sigrist holds a bachelor's degree in business administration from the Zurich University of Applied Sciences, an MBA from the University of Toronto and a Global Executive MBA from the University of St.Gallen. Mr Sigrist is also a Swiss certified public accountant.

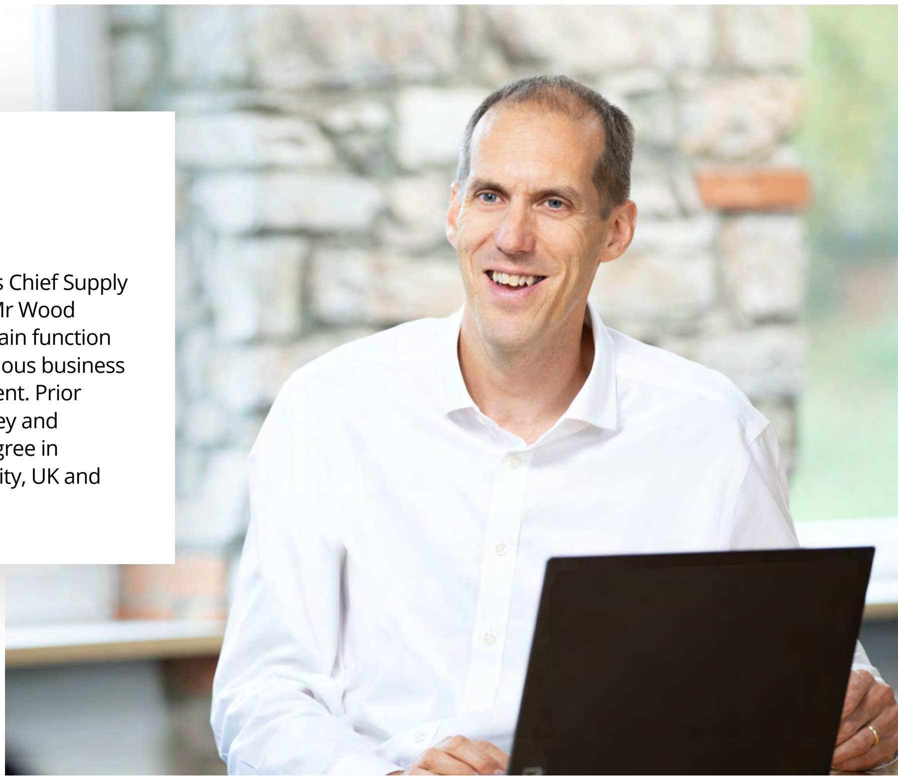
1 Rolf Stangl was the Chief Executive Officer until 31 December 2020.

Frank Herzog

Chief Financial Officer since 1 January 2021[2]

Frank Herzog joined SIG in 2021 as Chief Financial Officer. Prior to SIG, Mr Herzog was the CFO of VFS Global, based in Zurich and Dubai. He has previously held finance leadership positions as CFO of Dematic Group in the USA and Head of Corporate Finance at the KION Group in Germany. He also gained extensive experience in investment banking at Goldman Sachs, Rothschild and Citigroup. Mr Herzog is a German citizen and holds a graduate business degree from WHU Koblenz and a Master of Business Administration degree from the University of Texas. Mr Herzog is based at SIG's headquarters in Neuhausen, Switzerland.

2 Samuel Sigrist was the Chief Financial Officer until 31 December 2020.



Ian Wood

Chief Supply Chain Officer

Ian Wood is a British citizen and joined SIG in 2018 as Chief Supply Chain Officer and became CTO in 2020. Previously, Mr Wood spent 15 years at Honeywell, initially in the supply chain function and later as vice president & general manager of various business units within the home & building technologies segment. Prior to joining Honeywell, Mr Wood worked at A.T. Kearney and Ford Motor Company. Mr Wood holds a master's degree in manufacturing engineering from Cambridge University, UK and an MBA from Cranfield School of Management, UK.

Lawrence Fok

President & General Manager, Asia-Pacific

Lawrence Fok is a Singaporean citizen and has served as President and General Manager of the Asia-Pacific region since he joined the Company in 2012. Prior to joining the Company, Mr Fok held senior management positions at Norgren China, Alcan Global Pharmaceutical Packaging, SCA Packaging China and Avnet Asia. Mr Fok holds a bachelor's degree in mechanical engineering, an MSc in industrial & systems engineering from the National University of Singapore, and a Grad. Dip. in financial management from the Singapore Institute of Management.

Ricardo Rodriguez

President & General Manager, Americas

Ricardo Rodriguez is a Brazilian and Spanish citizen and has served as President and General Manager of the Americas region since 2015. Mr Rodriguez joined the Company in 2003 and previously served as Director & General Manager, South America and Technical Service Director, South America. Prior to joining the Company, Mr Rodriguez worked at Tetra Pak in a number of roles, including general manager of the Belo Horizonte branch, key account manager and technical service manager. He holds a BSc degree in aeronautical/mechanical engineering from the Technological Institute of Aeronautics in Brazil, an MBA from the Getúlio Vargas Foundation, and graduated from a specialist business management course at IMD, Lausanne.

José Matthijsse

President & General Manager, Europe since 1 February 2021[3]

José Matthijsse has held the position of President & General Manager, Europe, since she joined SIG in 2021. She came with considerable experience in the food and beverage industry, having held senior and general management positions at FrieslandCampina and Heineken in a number of countries in Europe, Americas and Africa. Ms Matthijsse is a Dutch citizen and holds a Masters' degree in Food Science Technology from Wageningen Agricultural University in the Netherlands. Ms Matthijsse is based in Linnich, Germany.

3 Martin Herrenbrück was the President & General Manager, Europe until 31 December 2020.

CORPORATE GOVERNANCE REPORT

This corporate governance report contains the information that is stipulated by the directive on information relating to corporate governance issued by the SIX Swiss Exchange AG (**"SIX Swiss Exchange"**) and follows its structure.

1. Group structure and shareholders

1.1 Group structure

SIG Combibloc Group AG, Neuhausen am Rheinfall (the **"Company"**) is the parent company of the SIG Group[1], which directly or indirectly holds all other Group companies and interests in joint ventures[2]. The shares of the Company are listed on SIX Swiss Exchange (symbol: SIGN, valor number: 43 537 795, ISIN: CH0435377954). The market capitalization of the Company amounted to CHF 6,573.9 million as of 31 December 2020.

Please see note 26 of the consolidated financial statements for the year ended 31 December 2020 for a comprehensive list of the Group's subsidiaries and of its joint venture entities. Except for the Company, the Group does not include any listed companies. The Group has effective oversight and efficient management structures at all levels. The operational Group structure as of 31 December 2020 is as follows:

The Company's board of directors (the **"Board of Directors"** or the **"Board"**), acting collectively, has the ultimate responsibility for the conduct of business of the Company and for delivering sustainable shareholder and stakeholder value. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place to meet the Company's objectives, and supervises and controls the management of the Company. There are three permanent Board committees: an audit and risk committee (**"Audit and Risk Committee"**), a compensation committee (**"Compensation Committee"**), and nomination and governance committee (**"Nomination and Governance Committee"**; collectively **"Committees"**).

In accordance with, and subject to, Swiss law, the Company's articles of association (**"Articles of Association"**) and the Company's organisational regulations (**"Organisational Regulations"**), the Board of Directors has delegated the executive management of the Company's business *(Geschäftsleitung)* to the Group Executive Board (**"Group Executive Board"**) which is headed by the chief executive officer (**"Chief Executive Officer"** or **"CEO"**) pursuant to the Organisational Regulations.[3] The Group Executive Board comprises six members, specifically

1 References to "SIG Group", "Group" or "we" are to the Company and its consolidated subsidiaries.

2 On 24 November 2020, the Company entered into an agreement to purchase the remaining shares in its joint venture companies in Saudi Arabia (i.e. Al Obeikan SIG Combibloc Company Ltd., Riyadh) and in the UAE (SIG Combibloc Obeikan FZCO, Dubai), subject to several customary closing conditions and approvals from regulatory authorities. The closing of the transaction is contemplated to occur before the end of Q1 2021.

3 For a comprehensive description on the delegation please refer to art. 19 of the Articles of Association and the Organisational Regulations.

the CEO, the chief financial officer (**"Chief Financial Officer"** or **"CFO"**), the chief technology officer (**"Chief Technology Officer"** or **"CTO"**), the president & general manager of Americas (**"President & General Manager Americas"**), the president & general manager of Europe (**"President & General Manager Europe"**), and the president & general manager of Asia-Pacific (**"President & General Manager Asia-Pacific"**).[4] For further information on the Group's segments please refer to note 7 of the consolidated financial statements for the year ended 31 December 2020. The Group Executive Board is directly supervised by the Board of Directors and its Committees.

1.2 Significant shareholders

According to the disclosure notifications reported to the Company during 2020 and published by the Company via the electronic publishing platform of SIX Swiss Exchange, the following shareholders had holdings of 3% or more of the voting rights of the Company as of 31 December 2020[5]:

Significant shareholders	% of voting rights[1]	Number of shares[2]
Haldor Foundation[3]	6.00%	19,203,194
Norges Bank (the Central Bank of Norway)	5.94%	18,997,128
Fahad al Obeikan[4, 5]	5.4577%	17,467,632
BlackRock, Inc. (parent company)	3.57% / 0.01%	11,434,168[6] / 45,468
UBS Fund Management (Switzerland) AG	3.18%	10,176,211
Ameriprise Financial, Inc.[7]	3.042%	9,735,772[8]

1 According to SIX: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html/
2 According to SIX: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html/
3 Direct Shareholder: Winder Investment Pte Ltd.
4 Direct Shareholder: Al Obeikan Printing and Packaging Company CJS.
5 See also description of the transaction with Obeikan Investment Group below.
6 Of which the following voting rights were delegated by a third party and can be exercised at BlackRock, Inc.'s own discretion: 627,144 company shares.
7 Direct shareholders: Threadneedle Investment Funds ICVC, Threadneedle Management Luxembourg SA, Threadneedle Specialist Investment Funds ICVC, Threadneedle Asset Management Limited, State Street Nominees Limited, Nortrust Nominees Limited, Securities Services Nominees Ltd, Citi London.
8 Of which the following voting rights were delegated by a third party and can be exercised at Ameriprise Financial, Inc.'s own discretion: 2,169,944 company shares.

Notifications made in 2020 in accordance with art. 120 et seqq. of the Financial Market Infrastructure Act (**"FMIA"**) can be viewed using the following link: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

As regards the value of the percentage of voting rights shown, it should be noted that any changes in the percentage voting rights between the notifiable threshold values are not subject to disclosure requirements.

On 24 November 2020, the Company entered into an agreement to purchase the remaining shares in its joint venture companies in Saudi Arabia (i.e. Al Obeikan SIG Combibloc Company Ltd., Riyadh) and in the UAE (i.e. SIG Combibloc Obeikan FZCO, Dubai) from Obeikan Investment Group (**"OIG"**), subject to customary closing conditions and approvals from regulatory authorities.

4 Subject to and as of closing of the transaction with OIG referred to in Section 2.1, the Company will appoint Abdelghany Eladib, currently Chief Operating Officer of Al Obeikan SIG Combibloc Company Ltd., to the Company's Group Executive Board as President & General Manager, Middle East and Africa.

5 The number of shares shown here as well as the holding percentages are based on the last disclosure of shareholdings communicated by the shareholder to the Company and the Disclosure Office of SIX Swiss Exchange. The number of shares held by the relevant shareholder may have changed since the date of such shareholder's notification.

As part of the purchase price consideration, SIG will transfer to OIG 17,467,632 newly issued shares of the Company, to be created out of the Company's authorized share capital. After consummation of the closing, which is expected to occur before the end of Q1 2021, OIG will hold approximately 5.175% of the shares in the Company.

As of 31 December 2020, the Company held 6,274 treasury shares.

1.3 Cross-shareholdings

The Company has no cross-shareholdings exceeding 5% in any company outside the Group.

2. Capital structure

2.1 Ordinary share capital

The ordinary share capital of the Company as registered with the commercial register of the Canton of Schaffhausen amounts to CHF 3,200,532.40 as of 31 December 2020.

It currently consists of 320,053,240 fully paid-up registered shares with a nominal value of CHF 0.01 per share.

As part of the transaction to purchase the remaining shares in its joint venture companies in Saudi Arabia (i.e. Al Obeikan SIG Combibloc Company Ltd., Riyadh) and in the UAE (i.e. SIG Combibloc Obeikan FZCO, Dubai) from OIG, the Company intends to increase its share capital by CHF 174,676.32 through issuing 17,467,632 fully paid-up registered shares with a nominal value of CHF 0.01 per share. It is anticipated that this transaction will be completed before the end of Q1 2021, subject to customary closing conditions and approvals from regulatory authorities.

2.2 Authorized and conditional share capital

The Company has authorized share capital and conditional share capital of CHF 640,106.48 each as of 31 December 2020.

The Board of Directors is authorized to increase the share capital at any time until 7 April 2022 by a maximum of CHF 640,106.48 through the issue of up to 64,010,648 shares of CHF 0.01 nominal value each. See Section 2.1 of this report regarding the intention of the Company to increase its share capital by issuing shares out of its authorized share capital.

The conditional capital of CHF 640,106.48 (i.e. 64,010,648 shares of CHF 0.01 nominal value each) is divided into the following amounts:

- CHF 160,026.62 for employee benefit plans
- CHF 480,079.86 for equity-linked financing instruments

Capital increases from authorized and conditional share capital are subject to a single combined limit, i.e. the total number of new shares that may be issued from the authorized and conditional share capital together in accordance with art. 4, 5 and 6 of the Articles of Association may not exceed 64,010,648 shares (i.e. CHF 640,106.48, corresponding to 20% of the existing share capital). Within the limit outlined above, the proportion of new shares assigned to each of the categories is stipulated by the Board of Directors. Any newly issued shares are subject to the restrictions set out in art. 7 of the Articles of Association. However, the shares issued from authorized and conditional share capital under the exclusion of subscription and advance subscription rights, respectively, is limited until 7 April 2022 to a single combined maximum of 32,005,324 shares (equalling CHF 320,053.24 or 10% of existing share capital).

Reference is made to the Articles of Association for the precise wording of provisions relating to authorized and conditional share capital, in particular art. 4, 5 and 6 of the Articles of Association. Among other matters, these contain details regarding the beneficiaries of the employee benefit plan and the entitlements to withdraw or restrict shareholders' subscription rights. The relevant provisions can be downloaded as a pdf document at **https://www.sig.biz/investors/en/governance/articles-of-association**.

2.3 Changes in capital

Until 4 September 2018, the legal form of the Company was a Luxembourg limited liability company *(société à responsabilité limitée)*. As a Luxembourg company, equity contributions were made on 30 June 2017. Additional new shares, 48,366 ordinary shares and 44,327 preference shares, were issued and fully paid. This increased share capital by EUR 927 and additional paid-in capital by EUR 639,073.

On 4 September 2018 (prior to the listing of the Company), an extraordinary shareholders' meeting of the Company approved the conversion of the Company from a Luxembourg limited liability company *(société à responsabilité limitée)* into a Luxembourg corporation *(société anonyme)*. The same shareholders' meeting resolved to convert with effect from 25 September 2018 (i) the six classes of ordinary shares (each with a nominal value of EUR 0.01) into one class of ordinary shares with a nominal value of EUR 0.01 per share and (ii) the five classes of preference shares (each with a nominal value of EUR 0.01) into one class of preference shares with a nominal value of EUR 0.01 per share.

On 27 September 2018, an extraordinary shareholders' meeting of the Company resolved to convert the 100,091,015 preference shares into 100,091,015 ordinary shares. Further, the meeting unanimously resolved to change the currency of the share capital of the Company from EUR to CHF. As a result, the Company's share capital immediately prior to the migration to Switzerland was CHF 2,150,532.40 and consisted solely of ordinary shares with a nominal value of CHF 0.01 per share.

For the purposes of the IPO, the Company further increased its share capital by CHF 1,050,000.00 from CHF 2,150,532.40 to CHF 3,200,532.40 through the issue of 105,000,000 shares. The shareholders' resolution approving the share capital increase was passed at an extraordinary shareholders' meeting on 27 September 2018 excluding the subscription rights *(Bezugsrechte)* of the existing shareholders of the Company.

See Section 2.1 of this report regarding the intention of the Company to increase its share capital by issuing shares out of its authorized share capital as part of the transaction to purchase the remaining shares in its joint venture companies in Saudi Arabia (i.e. Al Obeikan SIG Combibloc Company Ltd., Riyadh) and in the UAE (SIG Combibloc Obeikan FZCO, Dubai).

2.4 Shares, participation certificates and profit-sharing certificates

The shares are registered shares with a nominal value of CHF 0.01 each and are fully paid-in. Each share carries one vote at a shareholders' meeting. The shares rank *pari passu* in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company, and to pre-emptive rights.

The Company issues its shares as uncertificated securities *(Wertrechte)*, within the meaning of art. 973c of the Swiss Code of Obligations (**"CO"**) and in accordance with art. 973c CO, the Company maintains a register of uncertificated securities *(Wertrechtebuch)*.

The shares which are entered into the main register of SIX SIS AG consequently constitute book-entry securities *(Bucheffekten)* within the meaning of the Federal Act on Intermediated Securities (**"FISA"**).

The Company has neither outstanding participation certificates nor shares with preferential rights.

The Company has not issued any profit-sharing certificates *(Genussscheine)*.

2.5 Limitations on transferability and nominee registrations

According to art. 7 of the Articles of Association, any person holding shares will upon application be entered in the share register without limitation as shareholders with voting rights, provided it expressly declares to have acquired the shares in its own name and for its own account.

Any person who does not expressly state in its application to the Company that the relevant shares were acquired for its own account may be entered in the share register as a shareholder with voting rights without further inquiry up to a maximum of 5% of the issued share capital outstanding at that time. Above this limit, shares held by nominees are entered in the share register with voting rights only if the nominee in question makes known the names, addresses and shareholdings of the persons for whose account it is holding 1% or more of the outstanding share capital available at the time, and provided that the disclosure requirement stipulated in the FMIA is complied with. In addition, the Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements. Such agreements may further specify the disclosure of beneficial owners and contain rules on the representation of shareholders and the voting rights. The percentage limit mentioned above also applies if shares are acquired by way of exercising pre-emptive, subscription, option or conversion rights arising from shares or any other securities issued by the Company or any third party.[1]

The setting and cancelling of the limitation on transferability in the Articles of Association require a resolution of the shareholders' meeting of the Company passed by at least 2/3 of the represented share votes and an absolute majority of the par value of represented shares.

2.6 Convertible bonds and warrants/options

As of 31 December 2020, the Company has no outstanding bonds or debt instruments convertible into or option rights in the Company's securities.

As of 31 December 2020, a total of 602,531 Performance Share Unit (**"PSU"**) and Restricted Share Unit (**"RSU"**) awards were outstanding, subject to fulfilment of pre-defined vesting conditions in connection with SIG's compensation framework, in particular the SIG Long-Term Incentive Plan. Each awarded PSU and RSU represents the contingent right to receive one SIG share. The Group expects to settle its obligations under these plans and arrangements by using own shares (treasury shares). Hence, the vesting of the PSUs and RSUs do not result in an increase of the existing share capital. Please refer to the Compensation Report on pages 99 to 112 for further information pertaining to any PSUs and RSUs awarded as an element of Board and executive compensation.

1 For a comprehensive description of the limitations to transferability and nominee registration refer to art. 7 of the Articles of Association.

Furthermore, the Group introduced in 2020 an equity investment plan (**"EIP"**) for a wider group of management in leadership positions under which the participants may choose to invest in shares in the Company at market value. The number of employees invited to participate in the EIP is limited per year to 2% of the Group's employees. The amount a participant may invest per year is limited to the value of the annual short-term incentive target amount for the participant in the relevant year. The shares are blocked for three years. For each purchased share, the Group grants the participants two matching options to purchase another two shares at a pre-defined exercise price at the end of a three-year vesting period. The Group expects to settle its obligations under these plans and arrangements by using own shares (treasury shares). Hence, the exercise of the EIP options is not expected to result in an increase of the existing share capital. Please refer to note 31 of the consolidated financial statements for the year ended 31 December 2020 for additional information about the EIP options.

As part of the transaction to purchase the remaining shares in its joint venture companies in Saudi Arabia (i.e. Al Obeikan SIG Combibloc Company Ltd., Riyadh) and in the UAE (i.e. SIG Combibloc Obeikan FZCO, Dubai), OIG has a right to receive 17,467,632 fully paid-up registered shares with a nominal value of CHF 0.01 per share, corresponding to 5.175% of the existing share capital. It is anticipated that the closing of this transaction will be consummated before the end of Q1 2021, subject to customary closing conditions and approvals from regulatory authorities.

3. Board of Directors

3.1 Members of the Board of Directors

The Articles of Association provide that the Board of Directors shall consist of a minimum of three members, including the chairman of the Board ("Chairman of the Board of Directors" or "Chairman"). Currently, the Board consists of the following seven members[1]:

Name	Nationality	Position	Since	Expires[1]
Andreas Umbach	Swiss & German	Chairman	2018	AGM 2021
Matthias Währen	Swiss	Member	2018	AGM 2021
Colleen Goggins	American	Member	2018	AGM 2021
Werner Bauer	Swiss & German	Member	2018	AGM 2021
Wah-Hui Chu	Chinese	Member	2018	AGM 2021
Mariel Hoch	Swiss & German	Member	2018	AGM 2021
Nigel Wright	Canadian	Member	2014	AGM 2021

1 All Board members are elected annually in accordance with Swiss corporate law and the Articles of Association.

All seven members of the Board were re-elected at the annual general meeting of the Company (**"Annual General Meeting"** or **"AGM"**) on 7 April 2020 (**"Annual General Meeting 2020"** or **"AGM 2020"**) for a one-year term of office.

All current members of the Board of Directors are non-executive directors. None of the members of the Board of Directors has been a member of the management of the Company or subsidiary of the Group in the three years preceding the year under review. However, from 2015 until the listing of the Company on 28 September 2018 (**"IPO"**), Colleen Goggins, Werner Bauer, Wah-Hui Chu and Nigel Wright served as advisory board members of the Company.

1 Subject to closing of the transaction with OIG referred to in Section 2.1 in advance of the AGM 2021 and certain other customary conditions, the Company undertook to nominate at the AGM 2021 Mr Abdallah al Obeikan a new member of the Board. Such appointment would increase the total number of Board members to eight members.

Andreas Umbach is a Swiss and German citizen and has served as the Chairman of the Board of Directors since the Initial Public Offering in 2018. Mr Umbach has further served as chairman of the board of directors of Landis+Gyr Group AG (SIX: LAND) since July 2017, as chairman of the supervisory board of Techem Energy Services GmbH since August 2018 and as chairman of the board of directors of Rovensa SA since September 2020. He has been the president of the Zug Chamber of Commerce and Industry since 2016. Mr Umbach previously served as a member of the board of directors of Ascom Holding AG (SIX: ASCN) (2010–2020), from 2017–2019 as its chairman. He also served as a member of the board of directors of WWZ AG (2013–2020) and as a member of the board of directors of LichtBlick SE (2012–2016). From 2002 to 2017, Mr Umbach was the president and CEO/COO of Landis+Gyr AG. Prior to serving as CEO, Mr Umbach served as president of the Siemens Metering Division within the Power Transmission and Distribution Group and held other positions within Siemens. Mr Umbach holds an MBA from the University of Texas at Austin and an MSc in mechanical engineering *(Diplomingenieur)* from the Technical University of Berlin.

Matthias Währen is a Swiss citizen and has served as a member of the Board of Directors since the IPO. Mr Währen has further served as a member of the board of directors of Keto Swiss AG since July 2020, of Bloom Biorenewables SA since September 2020 and as a member of the board of directors of ph. AG since December 2020, as well as being a member of the board of trustees of the Givaudan Foundation (since 2013) and the HBM Fondation (since 2018). Mr Währen was previously a member of the regulatory board of SIX Swiss Exchange from 2006 to 2017, a member of the board of scienceindustries from 2009 to 2017, a member of the board of Swiss Holdings from 2015 to 2017 and a member of the board of directors of various Givaudan subsidiaries from 2005 to 2019. Most recently, he served as CFO and a member of the executive committee of Givaudan SA from 2005 until his retirement in 2017. Prior to that, he served as the global head of finance and informatics of the Roche vitamin division and held a variety of other positions at Roche, including vice president finance and informatics at Roche USA, Nutley, New Jersey, head of finance and information technology at Nippon Roche, Tokyo and finance director of Roche Korea. Mr Währen started his career in corporate auditing at Roche in 1983. Mr Währen holds a master's degree in economics from the University of Basel, Switzerland.

Colleen Goggins is an American citizen and has served as a member of the Board of Directors since the IPO. From 2015 until the IPO, she served as an advisory board member for the Company. Ms Goggins is also currently a member of the board of directors of TD Bank Group (TSE: TD) (since 2012), where she serves on the risk committee, a member of the supervisory board of Bayer AG (ETR: BAYN) (since 2017), where she serves on the nominating and ad hoc legal committee, and a member of the board of directors of IQVIA (NYSE: IQV) (since 2017), where she sits on the audit and nominating and governance committees. Ms Goggins is also a member of the advisory boards of ZO Skin Heath and Sabert Inc. (since 2020). She has been a member of the University of Wisconsin Foundation and a member of the board of the University's centre for brand and product management, a member of the board of directors of New York Citymeals on Wheels and a trustee of the International Institute of Education. Ms Goggins previously served as a supervisory board member for KraussMaffei from 2013 to 2016 and as a member of the board of directors of Valeant Pharmaceuticals International from 2014 to 2016, where she was a member of the nominating committee and special ad hoc committee. Prior to that, Ms Goggins worked at Johnson & Johnson until 2011, where she held various leadership positions, including worldwide chairwoman of the consumer group, company group chairwoman, and president of the Johnson & Johnson Consumer Products Company, among others, and she served as a member of the executive committee. Ms Goggins holds a Bachelor of Science ("BSc") degree in food chemistry from the University of Wisconsin-Madison and a master's degree in management from the Kellogg Graduate School of Management at Northwestern University.

Werner Bauer is a Swiss and German citizen and has served as a member of the Board of Directors since the IPO. From 2015 until the IPO, he served as an advisory board member for the Company. Mr Bauer is also currently vice chairman of the board of directors of Givaudan SA (SIX: GIVN) (since 2014) and Bertelsmann SE & Co. KGaA (since 2012), chairman of the board of trustees at the Bertelsmann Foundation (since 2011), and a member of the board of directors of Lonza Group AG (SIX: LONN) (since 2013). From 2011 until 2018 he also served as a member of the board of directors of GEA Group AG. Prior to that he held a number of other board positions, including chairman of the board of directors of Nestlé Deutschland AG (from 2005 to 2017) and chairman of the board of directors of Galderma Pharma SA (from 2011 to 2014). Most recently, Mr Bauer was the executive vice president and head of innovation, technology, research & development for Nestlé SA from 2007 to 2013, and prior to that he served as executive vice president and head of technical, production, environment, research & development for Nestlé SA and held other positions within Nestlé. Furthermore, Mr Bauer served as chairman of the board of directors of Sofinol S.A. (from 2006 to 2012), and as a member of the board of directors of L'Oréal (from 2005 to 2012) and of Alcon Inc. (from 2002 to 2010). Mr Bauer started his career in 1980 as a professor of chemical engineering at Hamburg University of Technology, after which he was a professor in food bioprocessing and director of the Fraunhofer Institute for Food Technology & Packaging at the Technical University of Munich. Mr Bauer holds a degree and PhD in chemical engineering from the University of Erlangen-Nürnberg.

Wah-Hui Chu is a Chinese citizen and has served as a member of the Board of Directors since the IPO. From 2015 until the IPO, he served as an advisory board member for the Company. Mr Chu is currently also the founder and has been chairman of iBridge TT International Limited (Hong Kong) since 2018, a member of the board of directors of Mettler Toledo International (NYSE: MTD) since 2007 and was the founder of M&W Consultants Limited (Hong Kong) in 2007. From 2013 to 2014 when he retired, Mr Chu served as the CEO and a member of the board of directors of Tingyi Asahi Beverages Holding, and from 2008 to 2011 he acted as executive director and CEO of Next Media Limited. He also served as a member of the board of directors of Li Ning Company Limited from 2007 to 2012 and as chairman of PepsiCo Investment (China) Limited from 1998 to 2007, and again from 2012 to 2013. Mr Chu spent many years as an executive at PepsiCo, serving as non-executive chairman of PepsiCo International's Asia region in 2008 and president of PepsiCo International – China beverages business unit between 1998 and 2007. Before joining PepsiCo, Mr Chu held management positions at Monsanto Company, Whirlpool Corporation, H.J. Heinz Company and the Quaker Oats Company. Mr Chu holds a BSc in agronomy from the University of Minnesota and an MBA from Roosevelt University.

Mariel Hoch is a Swiss and German citizen and has served as a member of the Board of Directors since the IPO. Ms Hoch has been a partner at the Swiss law firm Bär & Karrer since 2012. She is currently also a serving board member at Comet Holding AG (SIX: COTN) (since 2016), where she also chairs the nomination and compensation committee, at Komax Holding AG (SIX: KOMN) (since 2019), where she also sits on the audit committee, and at MEXAB AG (since 2014). Ms Hoch served as a member of the board of directors of Adunic AG from 2015 to 2018. She has been a member of the foundation board of The Schörling Foundation since 2013 and a member of the foundation board of the Irene M. Staehelin Foundation since 2020. Ms Hoch has also been co-chair of the Zurich Committee of Human Rights Watch since 2017. Ms Hoch was admitted to the Zurich bar in 2005 and holds a law degree and a PhD from the University of Zurich.

Nigel Wright is a Canadian citizen and has been a member of the Board of Directors since 2014. Mr Wright is a senior managing director at Onex Corporation (TSE: ONEX), where he manages European origination efforts in the business services, healthcare and packaging sectors for Onex's large-cap fund, Onex Partners. Furthermore, he is a member of Onex Partners' investment committee. He currently serves as non-executive chair of Acacium Group (since 2020), as non-executive chair of Childcare BV (operating as KidsFoundation), as a non-executive director of Justitia, and as a trustee of the Policy Exchange. Mr Wright joined Onex in 1997, although from 2010 to 2013 he worked as chief of staff for the Prime Minister of Canada. Prior to joining Onex, Mr Wright was a partner at the law firm of Davies, Ward & Beck, and before that he worked in policy development in the office of the Prime Minister of Canada. Mr Wright holds an LL.M. from Harvard Law School, an LL.B. (with honours) from the University of Toronto Law School and a bachelor's degree in politics and economics from Trinity College at the University of Toronto.

As of 31 December 2020, there are no material business relationships of any Board member with the Company or with any subsidiary or joint venture.

3.2 Number of permissible activities

In the interest of good governance, the Company's Articles of Association limit the number of outside mandates that may be held by members of our Board as follows:

(i) up to four mandates in listed firms;

(ii) up to ten mandates in non-listed firms[2]; and

(iii) up to ten mandates in foundations, associations, charitable organisations and other legal entities.

Such a mandate is deemed to be any activity in the superior governing or administrative bodies of legal entities that are obliged to be registered in the commercial register or any comparable foreign register, other than the Company and any entity controlled by or controlling the Company. The Board of Directors shall ensure that such activities do not conflict with the exercising of their duties for the Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

3.3 Election and term of office

The members of the Board of Directors are elected individually each year by the Annual General Meeting of the Company for a term of office of one year and can be re-elected. The Chairman of the Board of Directors is also elected each year by the Annual General Meeting for a period of office of one year. There is no limit on the term in office. The initial election year of each Board member is shown in the table on page 73.

3.4 Internal organisation – Division of roles within the Board of Directors and working methods

The Board of Directors represents the Company vis-à-vis third parties and attends to all matters which have not been delegated to or reserved for another corporate body of the Company. The Chairman convenes meetings of the Board of Directors as often as the Group's business requires, but at least four times a year. The Chairman prepares the meetings, draws up the agenda, and chairs them. Any member of the Board can ask for a meeting to be convened and for the inclusion of an item on the agenda. In order to pass resolutions, not less than a majority of the Board members must be participating in the meeting. Except as required by mandatory law, the Board will adopt resolutions by a simple majority of the votes cast. In case of a tie, the Chairman has no casting vote. Board resolutions may also be passed in writing by

2 Pursuant to art. 727 para. 1 number 1 CO.

way of circular resolution, provided that no member of the Board of Directors requests oral deliberation (in writing, including by email) of the Chairman or the secretary. Board resolutions by means of a written resolution require the affirmative vote of a majority of all the members of the Board.

4. Committees

The Board of Directors may delegate the preparation and execution of its decisions to committees or to its individual members. The Board of Directors has appointed three standing committees: the Audit and Risk Committee, the Compensation Committee and the Nomination and Governance Committee. For each of the committees, the Board of Directors elects a chairman from the members of the Board of Directors. The period of office of all Committee members is one year. Re-election is possible.

Subject to the provisions of the Articles of Association[1], the Audit and Risk Committee and the Compensation Committee shall generally comprise three or more members of the Board of Directors. The Nomination and Governance Committee shall generally comprise two or more members of the Board of Directors.

4.1 Compensation Committee

As required by Swiss law, the members of the Compensation Committee are elected each year by the Annual General Meeting. As of 31 December 2020, the members of the Compensation Committee were Colleen Goggins (chairwoman), Mariel Hoch and Wah-Hui Chu.

Meetings of the Compensation Committee are held as often as required but in any event at least three times a year, or as requested by any of its members.

The members of the Compensation Committee shall be non-executive and independent, and a majority of the members of the Compensation Committee, including its chairperson, should be experienced in the areas of succession planning and performance evaluation, as well as the compensation of members of Boards of Directors and executive management boards.

The Compensation Committee shall assist the Board in fulfilling its responsibilities relating to the compensation of the members of the Board of Directors and the Group Executive Board. The Compensation Committee's responsibilities include, inter alia:

- issuance and review of the compensation policy and the performance criteria and periodical review of the implementation and submission of suggestions and recommendations to the Board, including as regards compliance with applicable laws;
- preparation of the Board of Directors' proposals to the Annual General Meeting regarding the compensation of the Board of Directors and the Group Executive Board;
- review of the principles and design of compensation plans, long-term incentive and equity plans, pension arrangements and further benefits for the Group Executive Board, including review of the contractual terms of the members of the Group Executive Board and submission of adjustments to the Board of Directors for approval;
- for each performance period, preparation of the decisions for the Board of Directors regarding the compensation of the members of the Board of Directors and the Group Executive Board, including the breakdown of compensation elements (within the amount approved by the Annual General Meeting);

1 https://www.sig.biz/investors/en/governance/articles-of-association

- submission of suggestions to the Board of Directors regarding the recipients of performance-related and/or long-term incentive compensation and submission of suggestions to the Board of Directors regarding the definition of annual or other targets for performance-related and/or long-term incentive compensation; and
- review of the compensation report and submission to the Board of Directors for approval.

The Board of Directors may entrust the Compensation Committee with additional duties in related matters. The Compensation Committee is required to report its activities to the Board of Directors on a regular basis and to make recommendations and propose appropriate measures to the Board of Directors.[2]

4.2 Audit and Risk Committee

The members and the chairman of the Audit and Risk Committee are appointed by the Board of Directors. As of 31 December 2020, the members of the Audit and Risk Committee were Matthias Währen (chairman), Mariel Hoch and Werner Bauer.

Meetings of the Audit and Risk Committee are held as often as required, but in any event at least four times a year, or as requested by any of its members.

The members of the Audit and Risk Committee shall be non-executive and independent, and a majority of the members of the Audit and Risk Committee, including its chairperson, must be experienced in financial and accounting matters.

The Audit and Risk Committee (i) assists the Board in fulfilling its supervisory responsibilities with respect to (a) the integrity of the Company's financial statements and financial reporting process, (b) the Company's compliance with legal, regulatory, and compliance requirements, (c) the system of internal controls, and (d) the audit process; (ii) monitors the performance of the Company's internal auditors and the performance, qualification, and independence of the Company's independent auditors; and (iii) considers the proper assessment and professional management of risks by supervising the Company's risk management system and processes.

The responsibilities of the Audit and Risk Committee in particular include, inter alia, to review and discuss with the CFO and, both together with the CFO and separately, with the auditors the Company's annual and semi-annual and quarterly (if quarterly financial statements are prepared) financial statements and reports intended for publication, as well as any other financial statements (including the notes thereto) intended for publication. The Audit and Risk Committee also recommends the annual financial statements for approval by the Board of Directors for submission to the Annual General Meeting, and approves semi-annual and quarterly (if quarterly financial statements are prepared) financial statements (including the notes thereto) for publication. In addition, the Audit and Risk Committee discusses with the CFO and the auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's accounting principles, the selection and disclosure of critical accounting estimates, and the effect of alternative assumptions, estimates or accounting principles on the Company's financial statements.

In connection with the risk management of the Company, the Audit and Risk Committee discusses with the CFO and, if appropriate, the Group General Counsel any legal matters (including the status of pending or threatened litigation) that may have a material impact on the Company's business or financial statements and any material reports or inquiries from

2 The organization, detailed responsibilities and reporting duties of the Compensation Committee are stipulated in the Articles of Association.

regulatory or governmental agencies that could materially impact the Company's business or contingent liabilities and risks. Its members periodically review the Company's policies and procedures designed to secure compliance with laws, regulations and internal rules regarding insider information, confidentiality, bribery and corruption, sanctions and adherence to ethical standards, and assess the effectiveness thereof. The Audit and Risk Committee obtains and reviews reports submitted at least annually by the Group General Counsel and any other persons the committee has designated as being responsible for assuring the Company's compliance with laws and regulations. In this context, it informs the Board at least annually about the most significant risks for the Company and the Group and how such risks are managed or mitigated.

The Board of Directors may entrust the Audit and Risk Committee with additional duties in financial matters. In discharging its responsibilities, the Audit and Risk Committee has unrestricted and direct access to all relevant information in relation to the Company and the Group. The Audit and Risk Committee ensures that it is informed by the independent auditors on a regular basis. The Audit and Risk Committee is required to report its activities to the Board of Directors on a regular basis and to make recommendations and propose appropriate measures to the Board of Directors.

4.3 Nomination and Governance Committee

The members and the chairman of the Nomination and Governance Committee are appointed by the Board of Directors. As of 31 December 2020, the members of the Nomination and Governance Committee were Nigel Wright (chairman), Wah-Hui Chu and Werner Bauer.

Meetings of the Nomination and Governance Committee are held as often as required, but in any event at least two times a year, or as requested by any of its members.

The majority of the members of the Nomination and Governance Committee shall be non-executive and a majority of the members of the Nomination and Governance Committee, including its chairperson, must be experienced in nomination of members of Boards of Directors and the Group Executive Board and corporate governance matters.

The Nomination and Governance Committee assists the Board of Directors in fulfilling its responsibilities and discharging the Board's responsibility to (i) establish and maintain a process relating to nomination of the members of the Board and the Group Executive Board and (ii) establish sound practices in corporate governance across the Group. Its responsibilities include, inter alia, assisting the Board to identify individuals who are qualified to become members of the Board or qualified to become CEO when vacancies arise and, in consultation with the CEO, members of the Group Executive Board. Furthermore, the Nomination and Governance Committee reviews the performance of each current member of the Board of Directors, the CEO and each of the other members of the Group Executive Board. It also provides recommendations to the Board of Directors as to how the Board's performance can be improved.

The Nomination and Governance Committee also develops and makes recommendations to the Board of Directors regarding corporate governance matters and practices, including the effectiveness of the Board of Directors, its Committees and individual directors. It also oversees the Company's strategy and governance in relation to corporate responsibility for environmental, social and governance matters, in particular regarding key issues that may affect the Company's business and reputation.

The Board of Directors may entrust the Nomination and Governance Committee with additional duties in related matters. The Nomination and Governance Committee is required to report its activities to the Board of Directors on a regular basis and to make recommendations and propose appropriate measures to the Board of Directors.

5. Frequency of meetings of the Board of Directors and its Committees

The Chairman convenes meetings of the Board of Directors as often as the Group's business requires, but at least four times a year, and whenever a member of the Board or the CEO requests a meeting of the Board indicating the reasons for such a meeting in writing.

The Board of Directors usually convenes for full-day ordinary meetings as well as an annual joint strategy meeting with the Group Executive Board. The task at these meetings is to analyse the positioning of the Group in the light of current macroeconomic and Company-specific circumstances and to review, and if necessary redefine, the strategic orientation.

In view of the COVID-19 situation, the Board of Directors has adapted the schedule and format of its meetings by increasing the number of meetings but shortening their duration and holding most meetings virtually.

In the period under review, the Board has held six ordinary meetings, thereof one full-day in-person meeting, five virtual half-day meetings plus a strategy meeting held in person split over two half-days. In addition, the Board held five extraordinary virtual one-hour meetings. In all of these meetings, the full Board was present. Therefore, the board meetings had an overall attendance of 100% in the period under review.

For the period under review, the Compensation Committee held five meetings with an average duration of approximately two hours, one of which was in-person and four were virtual meetings. The meetings had an overall attendance rate of 100%. In addition, there was one combined Compensation Committee and Nomination and Governance Committee virtual meeting lasting one hour to jointly address overarching topics which was attended by all members of these Committees.

In addition to the aforementioned joined meeting with the Compensation committee, the Nomination and Governance Committee held four ordinary meetings with an average duration of approximately 1.5 hours, one of which was in-person and three were virtual meetings. Furthermore, the Nomination and Governance Committee held two extraordinary virtual meetings for one hour each. The meetings had an overall attendance rate of 100%.

The Audit and Risk Committee held five meetings with an average duration of approximately four hours, one of which was in-person and four were virtual meetings. The meetings had an overall attendance rate of 100%. All of the meetings of the Audit and Risk Committee were partially attended by the external auditors.

The Board meetings were, with the exception of certain directors-only sessions, usually attended by the CEO, CFO and other members of the Group Executive Board and other representatives of senior management. Some meetings of the Board of Directors were partially attended by external advisers. Meetings of the Audit and Risk Committee were attended by the CFO and the Chief Compliance Officer, and usually also by the CEO. Meetings of the Compensation Committee were regularly attended by an external advisor to the Compensation Committee, the CEO and the Vice President Group Human Resources. The Nomination and Governance Committee meeting was attended by the CEO and by a member of management acting as Secretary.

6. Areas of responsibility

The Board, acting collectively, has the ultimate responsibility for the conduct of business of the Company and for delivering sustainable shareholder and stakeholder value. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place to meet the Company's objectives, and supervises and controls the management of the Company. It may take decisions on all matters that are not expressly reserved to the shareholders' meeting or to another corporate body by law, by the Articles of Association or by the Organisational Regulations. The Board's non-transferable and irrevocable duties, as set out in the CO and art. 19 para. 3 of the Articles of Association, include:[1]

- the ultimate direction of the Company and the power for issuing the necessary directives;
- determining the organisation of the Company;
- the overall structure of the accounting system, financial control and financial planning;
- the appointment and dismissal of those persons responsible for the conduct of business and for representing the Company, the regulation of signatory authorities and the determination of their other authorities;
- the ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Association, regulations and directives;
- the preparation of the Annual Report, Compensation Report and the shareholders' meeting, including implementation of the resolutions adopted by the shareholders' meeting;
- the notification of a judge in the event of over-indebtedness;
- the passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares and the respective amendments of the Articles of Association;
- the passing of resolutions concerning an increase of the share capital and regarding the preparation of capital increase reports as well as the respective amendments to the Articles of Association; and
- the non-transferable and inalienable duties and powers of the Board of Directors by law, such as the Swiss Federal Merger Act on Merger, Demerger, Transformation and Transfer of Assets of 1 July 2004, as amended, or the Articles of Association.

In addition, Swiss law and the Organisational Regulations reserve to the Board the powers, *inter alia*:

- to determine the overall business strategy, taking into account the information, proposals and alternatives presented by the CEO;
- to set financial objectives and approve, via the budget and financial planning process, the necessary means to achieve these objectives, including approving a capital allocation framework;
- to decide on the Group entering into substantial new business areas or exiting from a substantial existing business area, insofar as this is not covered by the current approved strategic framework;
- to appoint and remove the CEO and the other members of the Group Executive Board;
- to set the risk profile and the risk capacities of the Group; and
- to approve all matters and business decisions where such decisions exceed the authority delegated by the Board to its Committees, the CEO or the Group Executive Board.

1 A detailed description of these responsibilities and duties of the Board of Directors, its Committees and the Group Executive Board is provided in the Articles of Association and the Organisational Regulations.

The Board of Directors has delegated the operational management of the Company and the Group to the Group Executive Board headed by the CEO, subject to the duties and powers reserved to the Board by Swiss law, the Articles of Association and the Organisational Regulations. The Group Executive Board is responsible for implementing and achieving the Company's corporate objectives and for the management and control of all Group companies[2]. The Group Executive Board is directly supervised by the Board of Directors and its Committees.

Pursuant to the Organisational Regulations, the CEO is appointed upon recommendation by the Nomination and Governance Committee and may be removed by the Board of Directors. The other members of the Group Executive Board are appointed by the Board of Directors upon recommendation by the Nomination and Governance Committee in consultation with the CEO and may be removed by the Board of Directors.

7. Information and control instruments vis-à-vis the Group Executive Board

The Board of Directors supervises the Group Executive Board and uses reporting and controlling processes to monitor its operating methods. At each of its meetings, the Board of Directors is informed by the CEO, or by another member of the Group Executive Board, of the current business and significant events. At these meetings, members of the Board of Directors may ask other members of the Board of Directors or the CEO to provide information about the Group that they require in order to carry out their duties. The Chairman has regular interaction with the CEO between Board meetings. The course of business and all major issues of corporate relevance are discussed at least once a month. Executive Management provides monthly reports to the Board regarding the financial and operational performance of the business. All members of the Board of Directors are notified immediately of any exceptional occurrences.

The Head of Internal Audit, General Counsel, and auditing bodies assist the Board of Directors in carrying out its controlling and supervisory duties. In addition, the Committees monitor the performance of the Group Executive Board. The scope of this remit is agreed with the Board of Directors.

The Committees regularly receive information in the form of Group reports relevant to their needs. These reports are typically discussed in depth at ordinary meetings of the Committees involved. The Group Executive Board defines and evaluates the Group's most significant risks on the basis of a coordinated and consistent approach to risk management and control. Based on a list of the most important risks, the Group Executive Board establishes a list of measures to prevent and mitigate potential loss and damage. The list is presented to the Audit and Risk Committee. After review and discussion, the Audit and Risk Committee informs the Board of Directors, which directs the Group Executive Board to ensure that the measures are put into practice.

In addition, the Board of Directors is supported by Internal Audit. The Audit and Risk Committee reviews and discusses with the Head of Internal Audit material matters arising in internal audit reports provided to the Audit and Risk Committee. Internal Audit has an unrestricted right to demand information and examine the records of all Group companies and departments. In addition, after consultation with the Audit and Risk Committee, the Group Executive Board may ask Internal Audit to carry out special investigations above and beyond its usual remit. The Head of Internal Audit submits a report to the Audit and Risk Committee at least annually. The Audit and Risk Committee is responsible for reviewing and discussing such reports, the internal audit plan for the Company and budgeted resources for Internal Audit.

2 The Group Executive Board exercises those duties which the Board of Directors has delegated to the management in accordance with the Company's Organisational Regulations and Swiss law.

The SIG Group has risk management systems in place at all its Group companies. Potential risks are reviewed periodically and significant risks to which the Company is exposed are identified and assessed for probability of occurrence and impact. Action to manage and contain these risks is approved by the Board of Directors.

8. Group Executive Board

8.1 Members of the Group Executive Board

The Group Executive Board is headed by the CEO and comprises six members, specifically the CEO, the CFO, the CTO, the President & General Manager Asia-Pacific, the President & General Manager Americas and the President & General Manager Europe.

The Company announced in press releases published on 31 August 2020 that by mutual agreement Markus Boehm would cease his role as Chief Market Officer and member of the Group Executive Board with effect from the end of 31 August 2020. In the same press release, the Company also announced that Martin Herrenbrück has decided to take up a position outside SIG and will leave the Company with effect from the end of 31 December 2020.[1]

Furthermore, the Company announced in press releases published on 9 November 2020 that Rolf Stangl has decided to leave the Company to pursue personal interests and would cease his role as CEO with effect from the end of 31 December 2020. Rolf Stangl was succeeded by Samuel Sigrist with effect from 1 January 2021 and became the new CEO on that date. Frank Herzog took over Samuel Sigrist's position as CFO as of 1 January 2021 and also became a member of the Group Executive Board on that date. Frank Herzog joined SIG Group from VFS Global, based in Zurich and Dubai, where he was Chief Financial Officer.

As part of the transaction with OIG referred to in Section 2.1, the Company announced that Abdelghany Eladib, currently Chief Operating Officer of Al Obeikan SIG Combibloc Company Ltd., will join – subject to and as of completion of the acquisition with OIG – the Group Executive Board as President & General Manager, Middle East and Africa.

The Group Executive Board comprised the following members on 31 December 2020:

Name	Nationality	Position
Rolf Stangl	Swiss and German	CEO
Samuel Sigrist	Swiss	CFO
Ian Wood	British	CTO
Lawrence Fok	Singaporean	President & General Manager Asia Pacific
Ricardo Rodriguez	Brazilian and Spanish	President & General Manager Americas
Martin Herrenbrück[1]	German	President & General Manager Europe

1 In office until 31 December 2020. On 12 January 2021, the Company announced the appointment of José Matthijsse to succeed Martin Herrenbrück as President & General Manager Europe and member of the Group Executive Board with effect from 1 February 2021.

The biographies on the following pages provide information about the Group Executive Board members in office on 31 December 2020.

1 On 12 January 2021, the Company informed that it has announced José Matthijsse as President & General Manager Europe with effect from 1 February 2021. Ms Matthijsse succeeds Martin Herrenbrück and will also become a member of the Group Executive Board.

Rolf Stangl is a Swiss and German citizen and has served as a CEO from 2008 until 31 December 2020. As of 1 January 2021 he was succeeded as CEO by Samuel Sigrist. Mr Stangl joined the Company in 2004 and has held a number of positions across the organisation, including, among others, Head of Corporate Development and M&A, Chief Executive Officer of SIG Beverage (a division subsequently divested) and CMO. Rolf Stangl joined the board of directors of Pactiv Evergreen Inc. (NASDAQ: PTVE) in 2020. Prior to joining the Company, Mr Stangl served as an investment director for small and mid-cap buyouts at a family office in London and as a senior consultant with Roland Berger Strategy Consultants in Germany. Mr Stangl holds a bachelor's degree in business administration from ESC Reims & ESB Reutlingen.

Samuel Sigrist is a Swiss citizen and has served as CFO and chairman of the Middle East Joint Venture since 2017. With effect from 1 January 2021, he became the new CEO of the SIG Group. Mr Sigrist joined the Company in 2005 and has worked in various finance and corporate development roles, including director of group controlling & reporting, head of finance/CFO of Europe and head of group projects. From 2013 to 2017, Mr Sigrist was the Company's President & General Manager Europe, and prior to joining the Company he worked as a consultant. Mr Sigrist holds a bachelor's degree in business administration from the Zurich University of Applied Sciences, an MBA from the University of Toronto and a Global Executive MBA from the University of St. Gallen. Mr Sigrist is also a Swiss certified public accountant.

Ian Wood is a British citizen and joined SIG in 2018 as Chief Supply Chain Officer and became CTO in 2020. Previously, Mr Wood spent 15 years at Honeywell, initially in the supply chain function and later as vice president & general manager of various business units within the home & building technologies segment. Prior to joining Honeywell, Mr Wood worked at A.T. Kearney and Ford Motor Company. Mr Wood holds a master's degree in manufacturing engineering from Cambridge University, UK and an MBA from Cranfield School of Management, UK.

Lawrence Fok is a Singaporean citizen and has served as President and General Manager of the Asia-Pacific region since he joined the Company in 2012. Prior to joining the Company, Mr Fok held senior management positions at Norgren China, Alcan Global Pharmaceutical Packaging, SCA Packaging China and Avnet Asia. Mr Fok holds a bachelor's degree in mechanical engineering, an MSc in industrial & systems engineering from the National University of Singapore, and a Grad. Dip. in financial management from the Singapore Institute of Management.

Ricardo Rodriguez is a Brazilian and Spanish citizen and has served as President and General Manager of the Americas region since 2015. Mr Rodriguez joined the Company in 2003 and previously served as Director & General Manager, South America and Technical Service Director, South America. Prior to joining the Company, Mr Rodriguez worked at Tetra Pak in a number of roles, including general manager of the Belo Horizonte branch, key account manager and technical service manager. He holds a BSc degree in aeronautical/mechanical engineering from the Technological Institute of Aeronautics in Brazil, an MBA from the Getúlio Vargas Foundation, and graduated from a specialist business management course at IMD, Lausanne.

Martin Herrenbrück is a German citizen and has served as President & General Manager Europe from 2017 until 31 December 2020, when he left the Company. He previously held the position of Head of Cluster Europe. Since joining SIG in 2006, Mr Herrenbrück served in a variety of positions including Head of Cluster Asia-Pacific South, Head of Global Marketing and various corporate development roles. Prior to joining SIG, he worked at Roland Berger Strategy Consultants in Germany for several years. Mr Herrenbrück holds an MSc in management from HHL Leipzig Graduate School of Management and an MBA from the KDI School of Public Policy and Management in Seoul, South Korea.

8.2 Number of permissible activities

In the interest of good governance, the Company's Articles of Association limit the number of outside mandates that may be held by members of the Group Executive Board as follows:

(i) up to one mandate in listed firms[2];

(ii) up to five mandates in non-listed firms; and

(iii) up to five mandates in foundations, associations, charitable organisations and other legal entities.

Such a mandate is deemed to be any activity in the superior governing or administrative bodies of legal entities that are obliged to be registered in the commercial register or any comparable foreign register, other than the Company and any entity controlled by or controlling the Company. The Board of Directors shall ensure that such activities do not conflict with the exercising of their duties for the Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

8.3 Management agreements

The Company has not entered into any management contracts with persons outside the Group for the delegation of executive management tasks.

9. Compensation, shareholdings and loans

All details of compensation, shareholdings and loans are listed in the Compensation Report on pages 94 until 114.

10. Shareholders' rights of participation

10.1 Restrictions of voting rights and representation

Each share that is entered in the share register entitles the shareholder to one vote. The voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights up to a specific qualifying day (record date) which is designated by the Board of Directors. On application, persons acquiring shares are entered in the share register as shareholders with voting rights without limitations, provided they expressly declare having acquired the shares in their own name and for their own account and that they comply with the disclosure requirement stipulated by the FMIA. Entry in the share register of registered shares with voting rights is subject to the approval of the Company.

Entry may be refused based on the grounds set forth in art. 7 para. 3, para. 4, para. 5 and para. 6 of the Articles of Association. The respective rules have been described in Section 2.5 "Limitations on transferability and nominee registrations" of this Corporate Governance Report. If the Company does not refuse to register the applicant acquirer as a shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a

2 Pursuant to art. 727 para. 1 number 1 CO.

shareholder with voting rights. Acquirers that are not eligible for registration are entered in the share register as shareholders without voting rights. The corresponding shares are considered as not represented in the General Meeting. A revocation of the statutory restrictions of voting rights requires the approval of a simple majority of votes cast, regardless of the number of shareholders present or shares represented. Abstentions and invalid votes do not count as votes cast.

The rights of shareholders to participate in General Meetings comply with legal requirements and the Articles of Association (https://www.sig.biz/investors/en/governance/articles-of-association). Every shareholder may personally participate in the General Meeting and cast his/her vote(s), or be represented by a proxy appointed in writing, who need not be a shareholder, or be represented by the independent proxy. Shareholders may issue their power of attorney and instructions to the independent proxy by post or electronically. The independent proxy is obliged to exercise the voting rights that are delegated to him/her by shareholders according to their instructions. Should he/she have received no instructions, he/she shall abstain from voting.

On an annual basis, the Annual General Meeting elects the independent proxy with the right of substitution. His/her term of office terminates at the conclusion of the next Annual General Meeting. Re-election is possible. Should the Company have no independent proxy, the Board of Directors shall appoint an independent proxy for the next Annual General Meeting.

10.2 Quorum requirements

Unless a qualified majority is stipulated by law or the Articles of Association, the General Meeting makes its decisions on the basis of the relative majority of valid votes cast, regardless of the number of shareholders present or shares represented. Abstentions and blank votes do not count as votes. Resolutions require the approval of a simple majority of votes represented.

10.3 Convening the Annual General Meeting

The Annual General Meeting is convened by the Board of Directors or, if necessary, by the Company's independent auditors. Extraordinary General Meetings may be held when deemed necessary by the Board of Directors or the Company's auditors. Liquidators may also call a General Meeting. Furthermore, Extraordinary General Meetings must be convened if resolved at a General Meeting or upon written request by one or more shareholder(s) representing in aggregate at least 10% of the Company's share capital registered with the commercial register.

General Meetings are convened by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the meeting. Such publication and letters of invitation must indicate the date, time and venue of the meeting, the items on the agenda, and the wording of any motions proposed by the Board of Directors or by shareholders who have requested the convention of a General Meeting or the inclusion of an item on the meeting's agenda.

10.4 Inclusion of agenda items

The Board of Directors is responsible for specifying the agenda. Registered shareholders with voting rights individually or jointly representing at least 5% of the Company's share capital or shares with a nominal value of at least CHF 1 million may request that an item be placed on the agenda of a General Meeting of the Company, provided they submit details thereof to the Company in writing at least 45 calendar days in advance of the shareholders' meeting concerned.

10.5 Registration in the share register

Only shareholders who are registered in the share register as shareholders with voting rights on a specific qualifying day (record date) designated by the Board of Directors are entitled to attend a General Meeting and to exercise their voting rights. In the absence of a record date designated by the Board of Directors, the record date shall be ten days prior to the General Meeting.

11. Change of control and defence measures

11.1 Duty to make an offer

Art. 9 of the Company's Articles of Association provides for a "selective opting-out", according to which the Onex Persons[1] are, acting individually or in joint agreement with other Onex Persons, exempted from the obligation to submit a public takeover offer pursuant to art. 135 para. 1 FMIA in respect of the following circumstances:

a) transactions in shares or other reportable securities under FMIA (i) between any Onex Person and (ii) between any Onex Person on the one hand and any member of the Board of Directors or the management of the Company or of the SIG Group on the other hand;

a) any other arrangements between the persons mentioned in (a) above potentially triggering the obligation to submit a public takeover offer; and

b) any change of the holder of multiple voting shares (MVS) of Onex Corporation held by its president and CEO, Gerald W. Schwartz, but not any change of control in the subordinated voting shares (SVS) of Onex Corporation that are publicly traded on the Toronto Stock Exchange.

11.2 Change of control clauses

There are no change of control provisions in favour of any member of the Board of Directors and/or the Group Executive Board and/or other management personnel. However, in the event of a change of control, restricted share units, performance share units as well as shares subject to transfer restrictions or vesting periods granted to members of the Board and the Group Executive Board may be subject to accelerated vesting or early lifting of restrictions under the applicable plans.[2]

12. Auditors

12.1 Duration of the mandate and term of office of the auditor in charge

The auditors are elected annually at the Annual General Meeting for one year. The grounds for selection of external auditors are customary criteria such as independence, quality, reputation and cost of services. PricewaterhouseCoopers AG, St. Jakobstrasse 25, 4002 Basel, Switzerland (**"PwC"**) have been the statutory auditors of the Company since the migration of the Company

1 Onex Partners IV LP, George Town, Cayman Islands; Onex Partners IV PV LP, Wilmington, Delaware, United States of America; Onex Partners IV Select LP, George Town, Cayman Islands; Onex Partners IV GP LP, George Town, Cayman Islands; Onex US Principals LP, Wilmington, Delaware, United States of America; Onex Partners Holdings Limited SARL, Munsbach, Grand Duchy of Luxembourg; Onex Advisor Subco LLC, Delaware, United States of America; Onex SIG Co-Invest LP, George Town, Cayman Islands; Wizard Management I GmbH & Co. KG, Munich, Germany and Wizard Management II GmbH & Co. KG, Munich, Germany, as well as all other companies directly or indirectly held now or in the future by Onex Corporation, Toronto, Ontario, Canada.

2 For further information on compensation with respect to a change of control please refer to page 108 of the Compensation Report.

from Luxembourg to Switzerland on 27 September 2018 and were re-elected at the AGM 2020. Prior to the Company's migration, the independent registered auditors (*réviseur d'entreprises agréé*) of SIG Combibloc Group AG (formerly SIG Combibloc Group Holdings S.à r.l.) were PricewaterhouseCoopers, Société cooperative, Luxembourg, who have been the independent registered auditors of the Company since the period ended 31 December 2015. The main Group companies are also audited by PwC.

Bruno Rossi (audit expert) as auditor in charge has been responsible for auditing the financial statements of the Company as well as the consolidated financial statements of the Group since March 2020. The lead auditor has to rotate every seven years in accordance with Swiss law.

12.2 Fees

The fees charged by PwC as the auditors of the Company and of the Group companies audited by them, as well as their fees for audit-related and additional services, are as follows:

(in CHF 1,000)	**2020**
Audit	1,490
Audit-related services	278
Tax and other services	165
Total	**1,933**

12.3 Informational instruments pertaining to the auditors

The Board exercises its responsibilities for supervision and control of the external auditors through the Audit and Risk Committee. The Audit and Risk Committee assesses the professional qualifications, independence, quality and expertise of the auditors as well as the fees paid to them each year and prepares an annual appraisal. It recommends to the Board proposals for the general shareholders meeting regarding the election or dismissal of the Company's independent auditors. The assessment of the performance of the external auditor is based on key criteria, such as efficiency of the audit process, validity of the priorities addressed in the audit, objectivity, scope of the audit focus, quality and results of the audit reports, resources used and the overall communication and coordination with the Audit and Risk Committee and Group Executive Board as well as the audit fees. The Audit and Risk Committee further coordinates cooperation between the external auditors and the internal auditors.

Prior to the audit, the auditors agree the proposed audit plan and scope, approach, staffing and fees of the audit with the Audit and Risk Committee. Special assignments from the Board of Directors are also included in the scope of the audit.

PwC presents to the Audit and Risk Committee, on an annual basis, a comprehensive report on the results of the audit of the consolidated financial statements, the findings on significant accounting and reporting matters, and findings on the internal control system, including any significant changes in the Company's accounting principles, the selection and disclosure of critical accounting estimates, and the effect of alternative assumptions, estimates or accounting principles on the Company's financial statements as well as the status of findings and recommendations from previous audits. The results and findings of this report are discussed in detail with the CFO and the Audit and Risk Committee where representatives of the auditor explain their activities and respond to questions. The Audit and Risk Committee also monitors whether and how the Group Executive Board implements measures based on the auditor's findings.

Each year, the Audit and Risk Committee evaluates the effectiveness of the external audit, performance, fees and independence of the auditors and the audit strategy. The Board of Directors discusses and reviews the scope of the audits and the resulting reports. On this basis, it decides on any changes or improvements to be made. Representatives of the auditor attend individual meetings or individual agenda items of meetings of the Audit and Risk Committee. There is also regular contact between the auditors, the Group Executive Board, and the Audit and Risk Committee outside of meetings. PwC as external auditor of the Group partially attended all five Audit and Risk Committee meetings in 2020 at which they discussed, among other topics, the scope of the audit and certain audit results.

Additional services or consulting assignments are delegated to the auditors only if they are permitted by law and the auditor's code of independence. The auditors are required to confirm that their performance of these additional services will not affect the independence of their auditing mandate. The Audit and Risk Committee pre-approves all permitted non-audit services performed by the auditors, and reviews the compatibility of non-audit services performed by them with their independence requirements. This procedure is aimed at ensuring PwC's independence in their capacity as auditors to the Group. PwC monitors its independence throughout the year and confirms its independence to the Audit and Risk Committee annually.

13. Information policy

The Group is committed to communicating in a timely and transparent way to shareholders, potential investors, financial analysts and customers. To this end, the Board of Directors takes an active interest in fostering good relations and engagement with shareholders and other stakeholders. In addition, the Company complies with its obligations under the rules of SIX Swiss Exchange, including the requirements on the dissemination of material and price-sensitive information.

The Group publishes an annual report that provides audited consolidated financial statements, audited financial statements and information about the Company including the business results, strategy, products and services, corporate governance and executive compensation. The annual report is published within four months after the 31 December balance sheet date. The annual results are also summarized in the form of a press release. In addition, the Company releases results for the first half of each year within three months after the 30 June balance sheet date. The published half-year and annual consolidated financial statements comply with the requirements of Swiss company law, the listing rules of SIX Swiss Exchange and International Financial Reporting Standards (**"IFRS"**). Furthermore, the Group publishes trading statements for the first and third quarters in the form of a press release. The quarterly press releases contain unaudited financial information prepared in accordance with IFRS.

The Company's annual report, half-year report, and quarterly releases are distributed pursuant to the rules and regulations of SIX Swiss Exchange and are announced via press releases and investor conferences in person or via telephone. An archive containing annual reports, half-year reports, quarterly releases, and related presentations can be found at **https://investor.sig.biz**.

In addition, the Company publishes a corporate responsibility report on an annual basis, produced in accordance with the Global Reporting Initiative (GRI) G4 Guidelines Core option. An archive containing corporate responsibility reports can be found in the "Responsibility" section at **https://www.sig.biz/investors/en/performance/corporate-responsibility-report**.

The Group reports in accordance with the disclosure requirements of art. 124 FMIA and the ad hoc publication requirements of art. 53 of the listing rules of SIX Swiss Exchange. At **https://investor.sig.biz/en-gb/contact/**, interested parties can register for the free Company email distribution list in order to receive direct, up-to-date information at the time of any potentially price-sensitive event (ad hoc announcements). Ad hoc announcements may be viewed at https://www.sig.biz/investors/en/news-events/media-releases at the same time as notification to SIX Swiss Exchange and for two years thereafter.

Notices to shareholders are made by publication in the Swiss Official Gazette of Commerce *(Schweizerisches Handelsamtsblatt)*. To the extent the Company communicates to its shareholders by mail, such communications will be sent by ordinary mail to the recipient and address recorded in the share register or in such other form as the Board of Directors deems fit.

The Company's website:
https://www.sig.biz

Ad hoc announcements (pull system):
https://www.sig.biz/investors/en/news-events/media-releases

Subscription for ad hoc announcements (push system):
At https://www.sig.biz/investors/en/contact

Financial reports:
https://www.sig.biz/investors/en/performance/historical-financial-statements

Corporate responsibility reports:
https://www.sig.biz/investors/en/performance/corporate-responsibility-report

Corporate calendar:
https://www.sig.biz/investors/en/news-events/overview

Contact address:

The SIG Combibloc Group Investor Relations Department can be contacted through the website or by telephone, email or letter.

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jennifer.gough@sig.biz

Financial calendar

Key dates for 2021 include:

2020 full-year results	23 February 2021
Intended publication of invitation to the 2021 Annual General Meeting	26 March 2021
2021 Annual General Meeting	21 April 2021
Release of first quarter 2021 key financial data	4 May 2021
Publication of 2021 half-year report 2021	27 July 2021
Release of third quarter 2021 key financial data	27 October 2021

COMPENSATION

LETTER FROM THE CHAIRWOMAN OF THE COMPENSATION COMMITTEE

Colleen Goggins
Chairwoman of the Compensation Committee

Dear Shareholders,

On behalf of the Board of Directors and the Compensation Committee, I am pleased to introduce the Compensation Report of SIG Combibloc Group AG ("SIG" or the "Company") for the year ended 31 December 2020. This report on compensation complements our business, financial and corporate governance reports and describes SIG's compensation system and its governance, as well as the underlying principles that ensure that compensation, particularly the variable components, are linked to the overall performance of SIG.

The principles guiding SIG's compensation framework are to attract, engage and retain executives and employees, to drive sustainable performance and to encourage behaviours that are in line with SIG's values as well as with the long-term interests of shareholders. The Compensation Committee regularly assesses, reviews and develops the compensation framework to ensure that it is aligned with these principles.

SIG welcomes feedback from its shareholders. In 2020, we increased the level of engagement with shareholders and worked to consider and address shareholders' comments and questions. As you will read in the 2020 Compensation Report, certain changes and additions will be incorporated from 2021 onwards. These include the addition of a clawback mechanism in the equity-based Long-Term Incentive Plan ("LTIP"), an ESG metric in the Short-Term Incentive Plan ("STIP"), increased levels of disclosure regarding non-compete provisions as well as higher transparency regarding attainment of compensation-relevant performance metrics.

To create a stronger shareholder alignment and performance orientation within the broader leadership team below the Group Executive Board, an Equity Investment Plan was successfully implemented in 2020. In addition to fostering strong shareholder alignment also below the Group Executive Board level, the plan will enhance SIG's attractiveness as an "employer of choice" in an increasingly competitive employment market.

The principle of equal pay recognises that women and men are entitled to equal pay for performing work of equal value. In 2020, equal pay gained increasing attention from the Compensation Committee, as new regulatory developments shape the global landscape. The Compensation Committee has reviewed the gender pay analysis of our main Swiss company, conducted by an independent third party. We are happy to report that the analysis confirmed that SIG is compliant with the requirements of Swiss law. The Compensation Committee will further monitor this topic in an international context.

At the upcoming Annual General Meeting ("AGM"), we will ask our shareholders to approve prospectively, in binding votes, the maximum aggregate amount of compensation for the Board of Directors until the next AGM in 2022 and the maximum aggregate amount of compensation for the Group Executive Board for the year 2022. Further, this Compensation Report will be submitted to shareholders for a non-binding, consultative vote.

We believe that this report includes all relevant information regarding SIG's compensation system and that our remuneration system rewards performance in a balanced and sustainable manner that aligns well with shareholders' interests and makes SIG an attractive employer.

On behalf of SIG, the Compensation Committee and the entire Board of Directors, I would like to thank you, our shareholders, for your contributions and your continued trust in SIG.

Colleen Goggins
Chairwoman of the Compensation Committee

COMPENSATION REPORT

1. Introduction

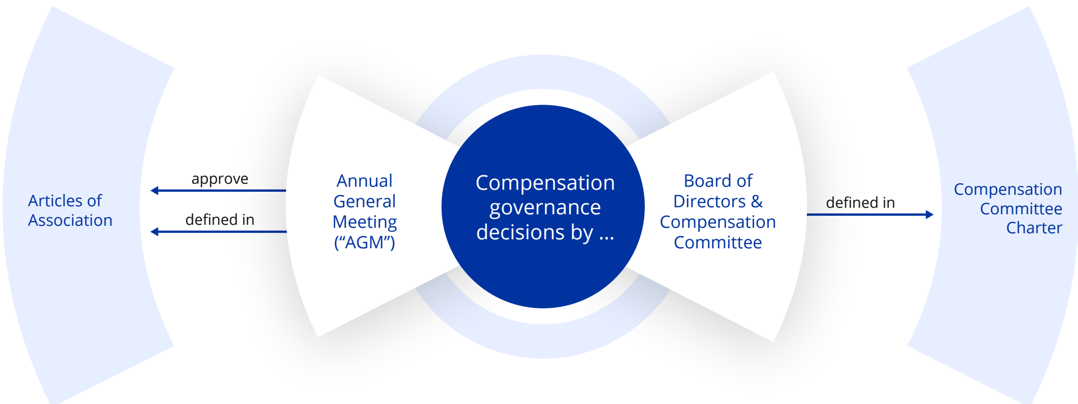
This Compensation Report has been prepared in compliance with Swiss laws and regulations, including the Ordinance against Excessive Compensation in Listed Stock Companies. The report is in line with the Directive on Information relating to Corporate Governance of SIX and also takes into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

The Compensation Report contains the following information:

- A description of the compensation governance and compensation framework at SIG
- The compensation of the members of the Board of Directors ("Board") for 2020
- The compensation of the Group Executive Board ("GEB") for 2020

2. Compensation governance

FIGURE 1: COMPENSATION GOVERNANCE AT SIG



The compensation governance structure at SIG involves three primary bodies, as depicted in Figure 1: (1) the Board, (2) the Compensation Committee ("CC"), acting in an advisory capacity for the Board and (3) SIG's shareholders at the Annual General Meeting ("AGM"). The Compensation Committee Charter and the Articles of Association outline and define the roles and responsibilities of these bodies. Figure 2 shows the relevant provisions on compensation in the Articles of Association.

FIGURE 2: RELEVANT PROVISIONS ON COMPENSATION IN THE ARTICLES OF ASSOCIATION OF SIG

Principles for the compensation of the members of the Board of Directors and the Group Executive Board (Art. 24 to 26)	Members of the Board of Directors receive fixed compensation, while members of the Group Executive Board receive fixed and variable compensation. The variable compensation may include short-term and long-term variable compensation components. These are governed by quantitative and qualitative performance criteria that take into account the performance of SIG.
Compensation approvals by the General Meeting (Art. 27)	The AGM has the authority to approve the maximum aggregate amount of compensation for the Board of Directors for the ensuing term of office and the maximum aggregate amount of compensation for the Group Executive Board for the following year.
Supplementary amounts available for members joining the Group Executive Board or being promoted within the Group Executive Board to CEO after the relevant approval of compensation by the AGM (Art. 27, para. 4)	SIG is authorised to pay compensation to such members of the Group Executive Board without further approval even in excess of the maximum aggregate amount approved by the AGM for the relevant year, provided that the sum of such excess amount is not greater than 40% of the approved maximum aggregate amount of compensation for the Group Executive Board for such year.
Retirement benefits (Art. 30)	SIG may establish or join one or more independent pension funds for occupational pension benefits. Instead or in addition, SIG may directly offer retirement benefits (such as pensions, purchase of health care insurances, etc.) outside of the scope of occupational pension benefit regulations to members of the Group Executive Board and may pay them out after retirement.

The Articles of Association can be found on the SIG homepage for investors https://www.sig.biz/investors/en/governance/articles-of-association or downloaded directly here: https://cms.sig.biz/media/6815/aoa-sig-combibloc-group-ag-2020_04_07.pdf.

The roles of the AGM and the Compensation Committee are described in more detail in the following paragraphs. The general split of responsibilities and authorities between the Board, the Compensation Committee and the AGM is illustrated in Figure 3.

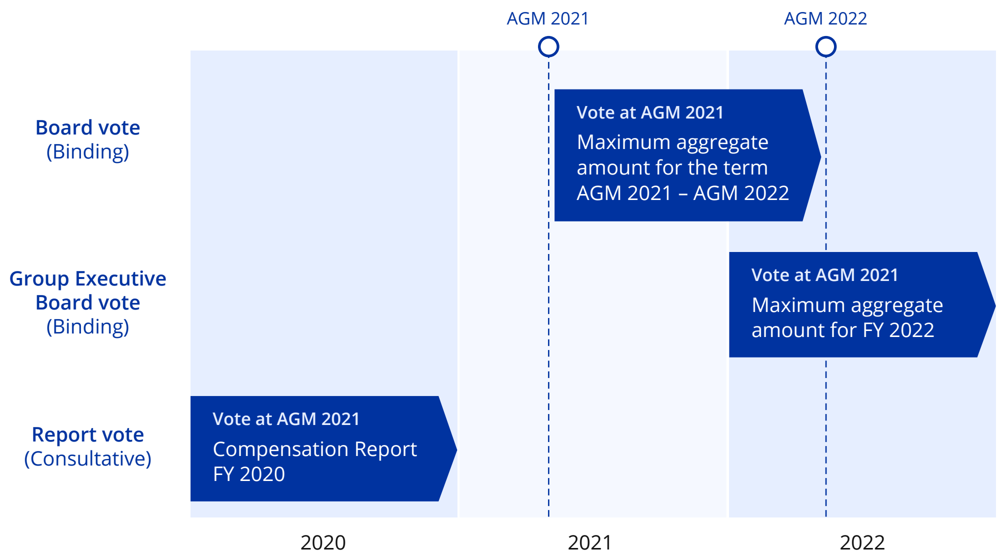
FIGURE 3: AUTHORITY TABLE REGARDING COMPENSATION

	CEO	**Compensation Committee**	**Board of Directors**	**AGM**
Compensation principles (Articles of Association)			Approval (subject to AGM approval)	Approval (in case of changes, binding vote)
Compensation strategy and guidelines		Proposal	Approval	
Key terms of compensation plans and programmes for members of the Board of Directors and Group Executive Board		Proposal	Approval	
Total compensation for members of the Board of Directors		Proposal	Approval (subject to AGM approval)	Approval (binding vote)
Total compensation and benefits for members of the Group Executive Board		Proposal	Approval (subject to AGM approval)	Approval (binding vote)
Employment and termination agreements for the CEO		Proposal	Approval	
Employment and termination agreements for members of the Group Executive Board	Proposal	Review	Approval	
Compensation Report		Proposal	Approval	Approval (consultative vote)
Individual total compensation of the CEO		Proposal	Approval	
Individual total compensation of other members of the Group Executive Board	Proposal	Review	Approval	

Role of the shareholders – shareholder engagement

In line with SIG's Articles of Association, particularly Art. 11 and Art. 27, the Board will submit three separate compensation-related resolutions for shareholder approval at the 2021 AGM, as illustrated in Figure 4:

FIGURE 4: OVERVIEW OF VOTES AT THE 2021 AGM



Role of the Compensation Committee – activities during 2020

The Compensation Committee consists of three independent, non-executive Board members who are elected annually and individually by the Annual General Meeting for a one-year term until the following Annual General Meeting. The main role of the Compensation Committee is to assist the Board in fulfilling its responsibilities relating to the compensation of the members of the Board and the Group Executive Board of SIG. The Compensation Committee supports the Board in discharging its duties, proposes guidelines regarding the compensation of the members of the Board, the Chief Executive Officer ("CEO") and the other members of the Group Executive Board, proposes the maximum aggregate amounts of compensation to be submitted to the Annual General Meeting for approval, and assists the Board in preparing the related motions for the Annual General Meeting.

The Compensation Committee Chairwoman ensures that the Board members are kept informed in a timely and appropriate manner of all material matters within the Compensation Committee's area of responsibility.

The Compensation Committee Chairwoman convenes the meetings of the Compensation Committee as often as the business affairs of SIG require, but at least three times a year. In 2020, the Committee held six meetings. Because of travelling restrictions due to the COVID-19 pandemic, all meetings after March 2020 were held as video conferences. The topics covered are described in Figure 5. Details on the Compensation Committee members are provided in the Corporate Governance Report on page 77. All members of the Committee had full meeting attendance during 2020.

FIGURE 5: TOPICS COVERED BY THE COMPENSATION COMMITTEE IN 2020

	Agenda Item	Jan	Feb	Jul	Sep	Oct	Dec
Principles and design of compensation plans	Market intelligence (recent developments in compensation, legal, governance landscapes)			●			
	Long-term incentive framework for 2020 and onwards to enlarge participants group – Proposal to the Board of Director to implement Equity Investment Plan	●	●				
	Review and update of the Performance Share Plan regulation – Proposal to the Board of Directors to introduce a clawback clause				●		●
Compensation Group Executive Board	Short-Term Incentive Plan						
	– Target achievement 2019	●					
	– Target setting 2020	●					
	– General target framework review				●		
	– Define KPI measures 2021, including an ESG target						●
	Long-Term Incentive Plan – Recommendation of plan participants and target setting for grant 2020		●				
	Review target compensation for the CEO and the Group Executive Board for 2021						●
Compensation Board of Directors	Review compensation for the Board of Directors						●
General framework	Shareholding Guidelines Assessment	●					
	Review key terms of current and future employment contracts for members of the Group Executive Board					●	
	Gender Pay Analysis according to new Swiss Law			●			●
Communication	AGM invitation including determination of the maximum amounts of compensation for the Board of Directors (for the term AGM 2020 to AGM 2021) and the Group Executive Board (year 2021)		●				
	Analysis of the compensation voting results of the AGM and the proxy advisors' feedback			●			
	Compensation Report	●	●				●

A performance review of members of the Board and of the Group Executive Board was conducted by the Nomination and Governance Committee during 2020 with the members of the Compensation Committee in attendance so that close coordination was ensured. In addition to the ordinary meetings, as summarised in Figure 5, the Compensation Committee set up ad hoc conference calls at short notice, for example, to discuss tasks related to personnel changes in the Group Executive Board.

The Compensation Committee may ask members of the Group Executive Board, one or more senior managers in the human resources function and third parties to attend meetings in an advisory capacity and may provide them with all appropriate information. However, the Compensation Committee also regularly holds private sessions (i.e. without the presence of members of the Group Executive Board, senior managers or third parties). Further, all members of the Board may attend any committee meeting as guests. The Chairman of the Board and the CEO did not attend the meeting when their own compensation was discussed. The Chairwoman of the Compensation Committee reported to the Board after each meeting on the substance of the meeting and explained the proposals of the Compensation Committee to the Board of Directors. All documents and the minutes of the Compensation Committee meetings are available to all members of the Board. The Compensation Committee may decide to consult external advisers for specific compensation matters. In 2020, the Compensation Committee appointed HCM International Ltd. ("HCM") as an external independent adviser on certain compensation matters as well as on target setting for the Long-Term Incentive Plan, as described in the section Long-Term Incentive Plan. Other than for the aforementioned advice on compensation matters, HCM was not appointed for any other mandates in 2020.

3. Compensation principles

The compensation framework of SIG reflects the commitment to attract, engage and retain top talent globally and to align the interests of SIG leaders with those of shareholders. SIG's overall compensation framework is long-term in nature and designed to reward outperformance and effectively address underperformance, with performance defined relative to targets and, in some cases, relative to peers. SIG endeavours to make its compensation principles simple and transparent for the benefit of shareholders, the Board and management. The compensation principles are illustrated in Figure 6.

FIGURE 6: SIG COMPENSATION FRAMEWORK, OBJECTIVES AND PRINCIPLES

Objectives and principles

Be competitive to attract and retain top talent and at the same time be reasonable in terms of amount and composition	Be balanced in terms of weight between base salary, STIP and LTIP	Be long-term as well as simple and transparent	Be developed to reward outperformance and effectively tackle underperformance	Be fully compliant with relevant laws and regulations	Be aligned with shareholders' interests

To assess SIG's compensation system not only from an internal equity perspective but also from an external competitiveness perspective, compensation is regularly benchmarked against that of similar roles in comparable companies. The Compensation Committee uses this analysis to review the composition, the level as well as the structure of the compensation of the Board and the Group Executive Board on a regular basis.

For the Board, Swiss-listed industrial companies are considered the most relevant reference market for compensation comparison, reflecting the specific governance regime and regulatory aspects of the Swiss market[1]. For the Group Executive Board, a broader industry-related European comparator group is considered appropriate to assess compensation practices, structure and pay levels given SIG's international footprint and reflecting the recruiting market[2]. In both cases, size criteria apply.

1 The comparison group used for the most recent compensation benchmarking analysis of the Board consisted of the following Swiss listed industrial companies: ARYTZA, Barry Callebaut, BKW, Bucher, Clariant, DKSH, dormakaba, Dufry, Flughafen Zuerich, Geberit, Georg Fischer, OC Oerlikon, SFS Group, Straumann, Sulzer, Sunrise, Vifor Pharma.

2 The comparison group used for the compensation benchmarking analysis of the Group Executive Board initially conducted in 2018 and updated in 2019 consisted of the following comparators: Aalberts, AMS, ARYTZA, Barry Callebaut, BKW, Bucher, Clariant, DKSH, DMG MORI, dormakaba, Duerr, Dufry, Flughafen Zuerich, GEA, Georg Fischer, IMI, Kingspan, OC Oerlikon, SFS Group, Spirax-Sarco, Straumann, Sulzer, Vifor Pharma, Weir.

Figure 7 provides an overview of the compensation elements for the Board and the Group Executive Board:

FIGURE 7: OVERVIEW OF COMPENSATION ELEMENTS FOR THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE BOARD

		Board of Directors	Group Executive Board
Fixed compensation elements	Annual base salary		●
	Annual base fee	●	
	Annual Committee fee	●	
	Pension contributions		●
	Other benefits		●
Variable compensation elements	Short-Term Incentive Plan		●
	Long-Term Incentive Plan		●

Additional details for each compensation element are included later in this report.

4. Compensation framework for the Board of Directors

Compensation overview for the Board of Directors

To underline the role of the Board to perform independent oversight and supervision of SIG, the entire compensation of the Board is fixed and does not contain any variable pay component.

The compensation for the members of the Board of Directors is composed of two components: a fixed annual base fee and fixed annual committee fee(s) for assuming the role of the Chairperson of a Board committee or as a member of Board committees. Only ordinary members of the Board are entitled to the additional committee fees. The compensation of the Chairman of the Board consists of the annual base fee only. Required employee social security contributions under the relevant country's applicable law are included in the compensation. No additional compensation components such as pension entitlements, lump-sum expenses or attendance fees are awarded to the members. The compensation levels for the members of the Board of Directors remained unchanged from those established in 2018.

The amount of the annual base fee and annual committee fees for the Chairperson and the members of the respective committees are illustrated in Figure 8.

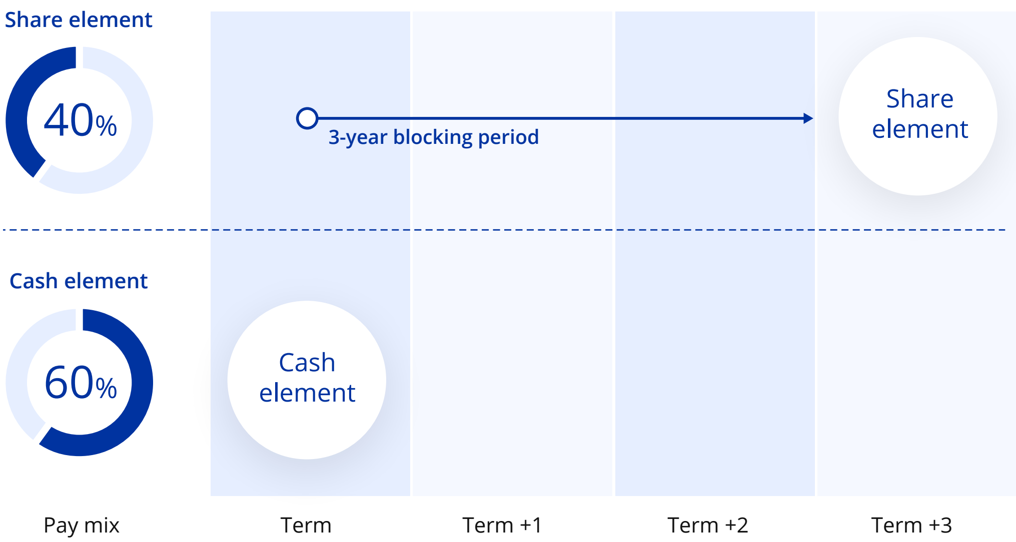
FIGURE 8: OVERVIEW OF THE BOARD OF DIRECTORS' FEES

	Annual base fee (in CHF, gross)	Annual committee fees (in CHF, gross)					
		Audit and Risk		Compensation		Nomination and Governance	
		Chair	Member	Chair	Member	Chair	Member
Chairperson	550,000	Not entitled					
Ordinary member	175,000	50,000	25,000	40,000	15,000	40,000	15,000

The individual sum of the annual base fee and, where applicable, the annual committee fee per member is paid 60% in cash and 40% in blocked SIG shares.

The equity component is intended to further strengthen the long-term focus of the Board in performing its duties and to align the Board members' interests with those of SIG's shareholders'. Both the cash and share elements are paid out in arrears on a quarterly basis in four equal instalments. A three-year blocking period is applied to the SIG shares, expiring at the third anniversary of each respective grant. This approach is illustrated in Figure 9.

FIGURE 9: COMPENSATION APPROACH OF THE BOARD OF DIRECTORS



Compensation awarded to the Board of Directors (Audited)

Table 1 summarises the compensation for 2020 of the seven non-executive members of the Board. As in previous years, Nigel Wright is associated with Onex Corporation, a major shareholder of SIG throughout a larger part of 2020, and waived any form of compensation for his service on the Board in 2020.

TABLE 1: TOTAL COMPENSATION OF THE BOARD OF DIRECTORS IN 2020 (1 JANUARY–31 DECEMBER) INCLUDING INFORMATION OF THE PRIOR YEAR

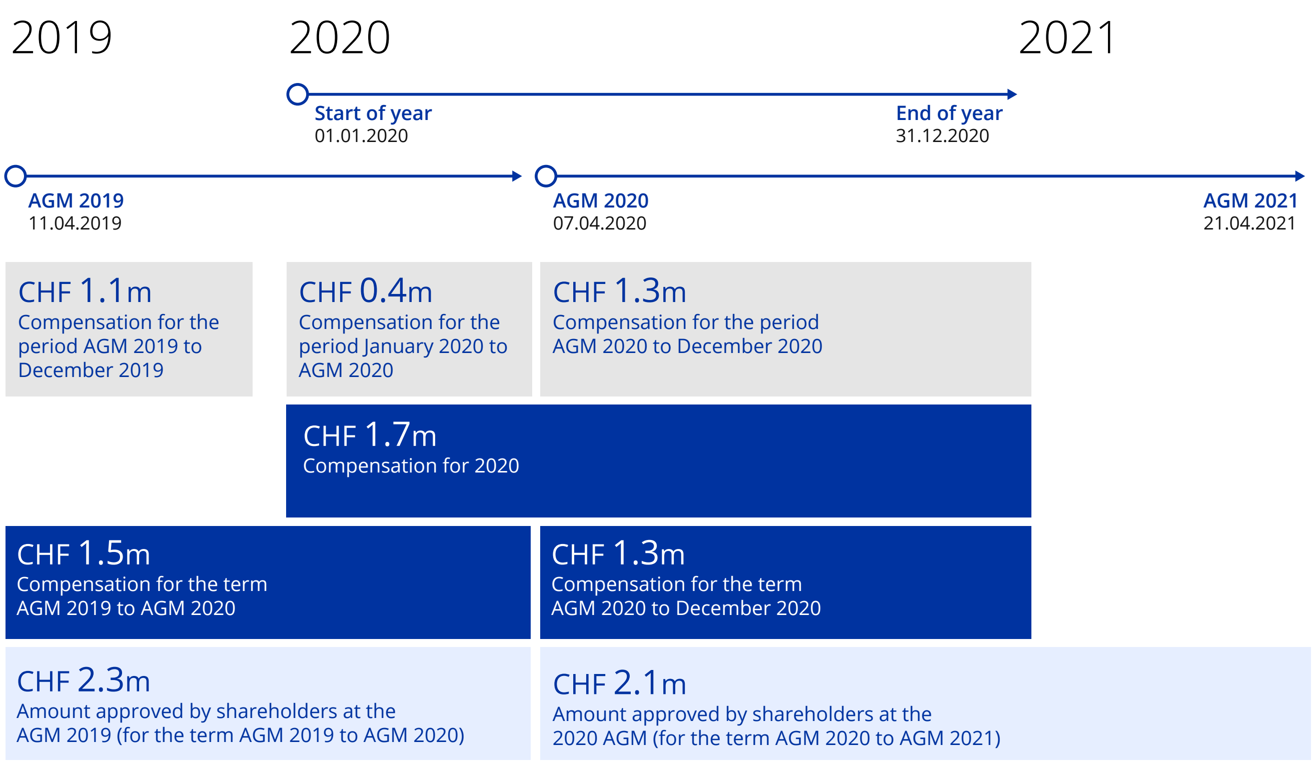
Members of the Board of Directors on 31 December 2020	Board membership	ARC[1]	CC[2]	NGC[3]	Settled in cash, CHF[4]	Settled in SIG shares, CHF[5]	Social security payments, CHF[6]	Total compensation earned in 2020, CHF	Total compensation earned in 2019, CHF
Andreas Umbach	Chair				330,000	220,032	37,596	587,628	586,859
Matthias Währen	●	Chair			135,000	90,040	12,784	237,824	237,506
Colleen Goggins	●		Chair		129,000	86,029	12,166	227,195	229,120
Werner Bauer	●	●		●	129,000	86,029	12,166	227,195	226,899
Wah-Hui Chu	●		●	●	123,000	82,051	11,550	216,601	218,424
Mariel Hoch	●	●	●		129,000	86,029	15,347	230,376	230,056
Nigel Wright	●			Chair	–	–	–	–	–
Total					**975,000**	**650,210**	**101,609**	**1,726,819**	**1,728,865**

1 Audit and Risk Committee.
2 Compensation Committee.
3 Nomination and Governance Committee.
4 Represents gross amounts paid, prior to any deductions such as employee social security and income withholding tax.
5 Represents gross amounts settled in blocked SIG shares, prior to any deductions such as employee social security and income withholding tax. The number of blocked SIG shares is determined by dividing each Board member's individual compensation amount for one award cycle by the average closing price of the SIG share of the first ten trading days of the third month of the quarter for which the blocked SIG shares are granted.
6 Employer social security contributions.

Reconciliation of approved and paid compensation to the Board of Directors

The reconciliation of the approved and granted amounts is illustrated in Figure 10.

FIGURE 10: RECONCILIATION OF COMPENSATION OF THE BOARD OF DIRECTORS

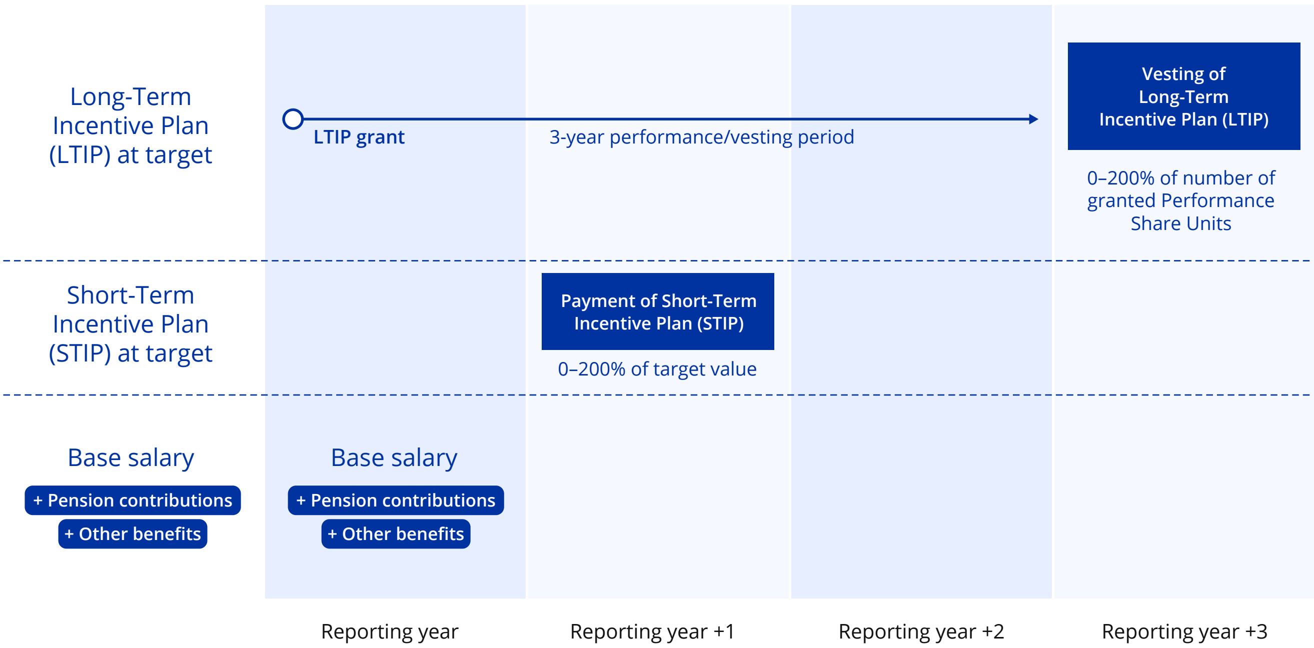


5. Compensation framework for the Group Executive Board

Compensation overview for the Group Executive Board

Compensation for the members of the Group Executive Board is provided through the following main components: Annual base salary and pension benefits/other benefits, which together form the fixed compensation component, a Short-Term Incentive Plan ("STIP") and a Long-Term Incentive Plan ("LTIP"), which together form the variable compensation component presented in Figure 11. Compensation principles are reviewed by the Compensation Committee on a regular basis.

FIGURE 11: ILLUSTRATIVE OVERVIEW OF COMPENSATION FRAMEWORK OF THE GROUP EXECUTIVE BOARD IN 2020



Fixed compensation components:

Annual base salary

The base salary is the main fixed compensation component paid to the members of the Group Executive Board at SIG. It is paid in cash in twelve equal monthly instalments unless local law requires otherwise. The level of base salary is determined by the specific role performed and the responsibilities accepted thereunder. It rewards the experience, expertise and know-how necessary to fulfil the demands of a specific position. In addition, the market value of the role in the location where the Company competes for talent is considered.

Pension benefits/other benefits

As the Group Executive Board is international in its nature, the members participate in the benefit plans available in the country of their employment contract. Pension benefits are provided through SIG's regular pension plan. Members of the Group Executive Board who are under a foreign employment contract receive benefits in line with local current market practice.

Besides the pension coverage, benefits mainly include insurance and health care plans. In addition to this, the Group Executive Board members are also provided with certain executive perquisites and benefits in kind according to competitive market practice in the country of their employment (e.g. company cars).

Members of the Group Executive Board with a Swiss employment contract, for example, also receive a lump-sum cash payment as reimbursement for business and representational expenses, in accordance with the expense policy document approved by the cantonal tax authority of Schaffhausen.

The fair value of these benefits is part of the compensation and disclosed in Table 2.

Variable compensation components:

The variable compensation consists of a short-term incentive and a long-term incentive component.

Short-Term Incentive Plan ("STIP")

Under the STIP, the members of the Group Executive Board are rewarded for the achievement of pre-defined annual financial targets for key performance indicators ("KPIs") that are derived from SIG's business strategy. The targets are determined by the Board, based on the recommendation of the Compensation Committee each year in advance, following a well-established process. To calibrate the achievement curve for the following year, a target achievement level is identified based on the budget of the respective year. Minimum and maximum performance achievement levels are defined considering, among other metrics, the previous year's performance level as well as the notion that higher payouts should require proportionally higher levels of performance achievement, which leads to more ambitious target curves to achieve the maximum payout. To determine the payout, the performance against each KPI will be assessed individually in a range from 0% to 200% and then combined according to the assigned weightings (see Figure 12). The overall payout is capped at 200% of the target amount and can fall to zero should the minimum performance achievement level not be attained.

Group Executive Board members who have regional responsibilities have KPIs reflecting their regional as well as the group-related performance. The same weighting is assigned to group and regional KPIs for members who have such responsibilities. Other Group Executive Board members' performance, including the CEO and CFO, is assessed based on group performance only. The framework is illustrated in Figure 12.

In 2020, the target individual short-term incentive equals 100% of the base salary for the CEO and between 67% and 82% of the respective base salaries for other members of the Group Executive Board.

FIGURE 12: OVERVIEW OF THE GROUP EXECUTIVE BOARD STIP COMPENSATION FRAMEWORK IN 2020

Target individual short-term incentive
(100% of base salary for CEO, 67%-82% of base salary for other members of the Group Executive Board)

×

Performance regarding financial targets

=

Actual individual short-term incentive
(0%–200% of individual target short-term incentive)

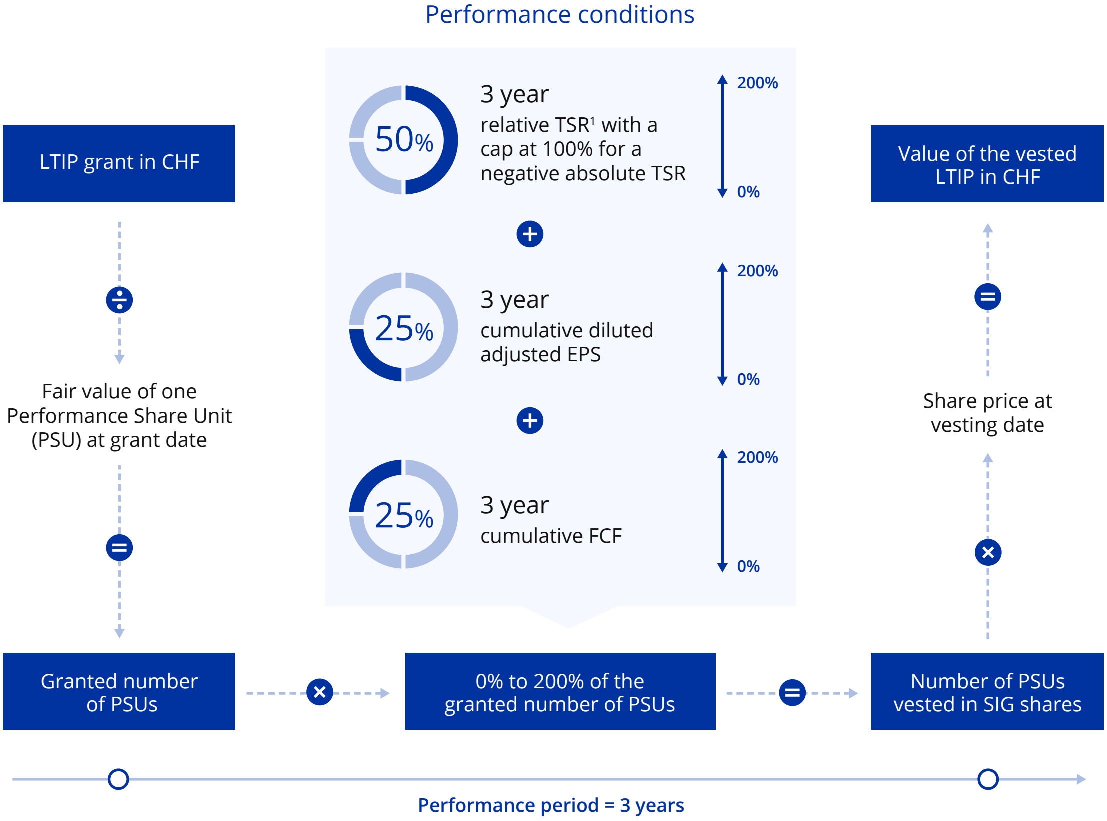
	KPIs	Weight 2020	Members of the Group Executive Board WITHOUT regional responsibility	Members of the Group Executive Board WITH regional responsibility
Group	Group adjusted EBITDA	60%	100%	50%
	Group core revenue	20%		
	Group free cash flow	20%		
Regional	Regional adjusted EBITDA	50%		50%
	Regional core revenue	30%		
	Regional adjusted Operating Net Working Capital (ONWC) as a % of revenue	20%		

Long-Term Incentive Plan ("LTIP")

The LTIP offers eligible employees the opportunity to participate in the long-term success of SIG, thereby reinforcing their focus on longer-term performance and aligning their interests with those of shareholders. The following provides an outline of the plan specifics.

The mechanics behind the LTIP are illustrated in Figure 13. At the beginning of each three-year performance period, a certain number of Performance Share Units ("PSUs") is granted to each participant, which represents a contingent entitlement to receive SIG shares in the future. The number of granted PSUs depends on (i) the individual LTIP grant level in CHF, determined by the Board each year but never exceeding 200% of the base salary of any member of the Group Executive Board, including the CEO, and (ii) the fair value of one PSU at the grant date. In 2020, the LTIP grant in CHF amounted to 183% of the base salary for the CEO and between 107% and 183% of the base salary for other members of the Group Executive Board.

FIGURE 13: OVERVIEW OF THE PRINCIPLES OF THE LTIP



1 SPI® ICB Industry Industrials (Return) Index

After the three-year performance period, a certain number of the granted PSUs vest, depending on the performance of SIG over the period. The number of PSUs vested in SIG shares may vary between 0% and 200% of the granted PSUs and is based on the achievement of the following three weighted performance measures.

Performance measure	Relative total shareholder return (rTSR)	Adjusted earnings per share (EPS)	Free cash flow (FCF)
Weight	**50%**	**25%**	**25%**
Description	Total shareholder return measured relative to the SPI® ICB Industry Industrials (Return) Index	SIG's cumulative diluted adjusted earnings per share	SIG's cumulative free cash flow

To determine the multiple of the granted PSUs ultimately vested in SIG shares, the performance against each performance measure will be assessed individually in a range from 0% to 200% and then combined according to the assigned weightings. This means that a low performance in one performance measure can be balanced by a higher performance in another performance measure. Overall, the combined vesting multiple will never exceed 200%. If the performance of each of the three performance measures lies below the respective minimum performance requirement, the resulting combined vesting multiple would be 0% and consequently no PSUs would vest. Additionally, if the absolute TSR falls below zero over the respective performance period, the vesting factor of the relative TSR metric would be capped at 1.0.

In setting the targets, the Compensation Committee has been supported by HCM International Ltd., an external independent adviser. Investors' return expectations on market value, stock risk profile, investment projections and current profitability levels were taken as a starting point and translated into EPS and FCF targets, using multifactor valuation models and statistical analyses in order to establish an appropriate link between LTIP payouts and the value created for investors. The results of the outside-in approach were assessed against historical company performance, as well as equity analysts' expectations and the strategic plan as approved by the Board, to reinforce the Compensation Committee's and Board's confidence in the overall quality and robustness of the EPS and FCF targets. The Compensation Committee discussed different options for target setting and the corresponding vesting curves for each performance measure and submitted a recommendation to the Board, which approved the respective vesting curves for the LTIP 2020 grant, illustrated in Figure 14.

FIGURE 14: OVERVIEW OF THE VESTING CURVE OF THE LTIP 2020

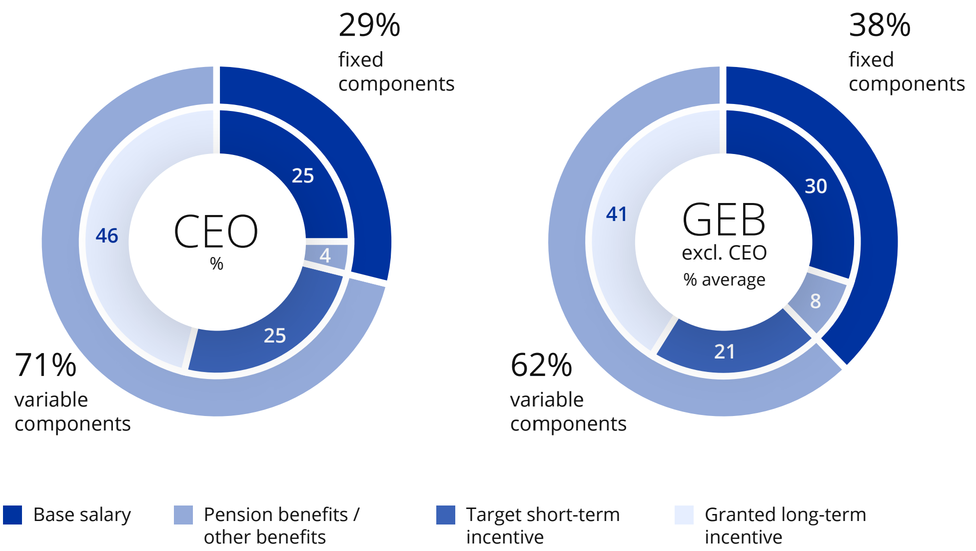
Performance measures	Threshold (0% vesting)	Target (100% vesting)	Cap (200% vesting)
3 years total shareholder return measured relative to the SPI® ICB Industry Industrials (Return) Index	–16% of index	–0% compared to index	+10% of index
3 years cumulative diluted adjusted earnings per share	64.6% of target	100% target as set by the Board of Directors	135.4% of target
3 years cumulative free cash flow	62.5% of target	100% target as set by the Board of Directors	137.5% of target

Other circumstances under which no PSUs vest include various forfeiture clauses relating to termination of employment during the performance period of the LTIP.

Compensation mix

Figure 15 illustrates the compensation mix for the CEO and the Group Executive Board at target level. This compensation mix reflects SIG's high-performance orientation and represents the Company's strong emphasis on aligning the interests of the Group Executive Board and the shareholders to create long-term shareholder value and profitable growth, by making a large part of compensation dependent on the achievement of long-term goals.

FIGURE 15: OVERVIEW OF THE COMPENSATION MIX FOR THE CEO AND THE GROUP EXECUTIVE BOARD (EXCL. CEO) AT TARGET LEVEL



For the Group Executive Board members excluding the CEO, the fixed components (annual base salary and pension benefits / other benefits) vary between 32% and 48% (38% on average) of the total target compensation and the variable components vary between 52% and 68% (62% on average) of total compensation.

Employment conditions for the Group Executive Board

All members of the Group Executive Board have employment contracts of unlimited duration and a notice period of 12 months, ensuring compliance with the Swiss Ordinance Against Excessive Compensation in Listed Stock Companies and other applicable laws and regulations. The employment contracts may provide, for a period of up to one year post-termination, compensation for adherence to non-compete clauses. Payment for the non-compete period, if any, amounts to a maximum of one year's compensation, unless otherwise required by local law. Such contracts do not include any severance payments or any change of control provisions other than accelerated vesting and/or unblocking of unvested share awards.

In the event of a change of control, the LTIP will automatically terminate and all outstanding PSUs vest as of the date of the change of control (which will be defined by the Board if unclear). There are generally no special arrangements in place from which the Group Executive Board members (as well as the Board members) could benefit in divergence from other plan participants.

Compensation awarded to the Group Executive Board (Audited)

Table 2 summarises the total compensation for the six members of the Group Executive Board active during 2020 and one member who left in the course of the year. The total compensation for the Group Executive Board amounted to CHF 12.4 million.

TABLE 2: TOTAL COMPENSATION OF THE GROUP EXECUTIVE BOARD IN 2020, INCLUDING INFORMATION OF THE PRIOR YEAR

CHF[1]	Group Executive Board (including the CEO) 2020	Group Executive Board (including the CEO) 2019	CEO, Rolf Stangl 2020	CEO, Rolf Stangl 2019
Annual base salary	3,222,482	3,214,722	875,000	875,000
Pension benefits	524,930	536,405	129,619	129,518
Short-term variable compensation (paid)[2]	2,524,156	3,410,295	875,000	1,224,720
Long-term variable compensation (granted)[3]	4,900,000	4,700,000	1,600,000	1,600,000
Other benefits[4]	336,092	331,256	32,204	28,916
Social security contributions[5]	877,957	966,097	265,302	303,876
Total regular compensation	**12,385,617[6]**	**13,158,775**	**3,777,125**	**4,162,030**
Accruals for non-compete agreements[7]	3,017,876	–	1,898,746	–

1 Exchange rates 2020: EUR/CHF 1.07034; THB/CHF 3.0013; CNY/CHF 13.60521; BRL/CHF 18.41503.
Exchange rates 2019: EUR/CHF 1.11282; THB/CHF 3.20216; CNY/CHF 14.39436; BRL/CHF 25.23583.

2 Represents effective short-term variable compensation for 2020 which will be paid in 2021, after the publication of SIG's audited consolidated financial statements.

3 Amount granted under the LTIP; the number of PSUs that vests depends on the achievement of the performance targets. The number of granted PSUs is equal to the participants' granted amounts under the LTIP divided by the fair value of one PSU at the grant date (CHF 15.05 for the 2020 PSU plan, see note 31 of the consolidated financial statements for additional details).

4 Comprises payments related to additional insurances, car benefits and other allowances and benefits.

5 Employer social security contributions include estimates for the Short-Term Incentive Plan attributable to 2020 which will be paid in 2021 as well as for the Long-Term Incentive Plan at target level on accrual basis.

6 Including compensation for one member who left the Company in August 2020.

7 This item includes accruals for payments for non-compete agreements to three members of the Group Executive Board who left the Company in August (one member) and as of 31 December 2020 (two members), including the CEO. The amount includes employer social security contributions on accrual basis.

The one-time effect for non-compete agreements of CHF 3.0 million is disclosed in the context of personnel changes in the Group Executive Board and will be payable in 2021 and 2022. With regard to the LTIP, these personnel changes resulted in the forfeiture of 341,414 PSUs out of the 2019 and 2020 grants, representing a total value (at grant fair value) of CHF 4.2 million.

These forfeitures are reflected in Table 4, which gives an overview of the PSUs granted under the 2019 and 2020 grants.

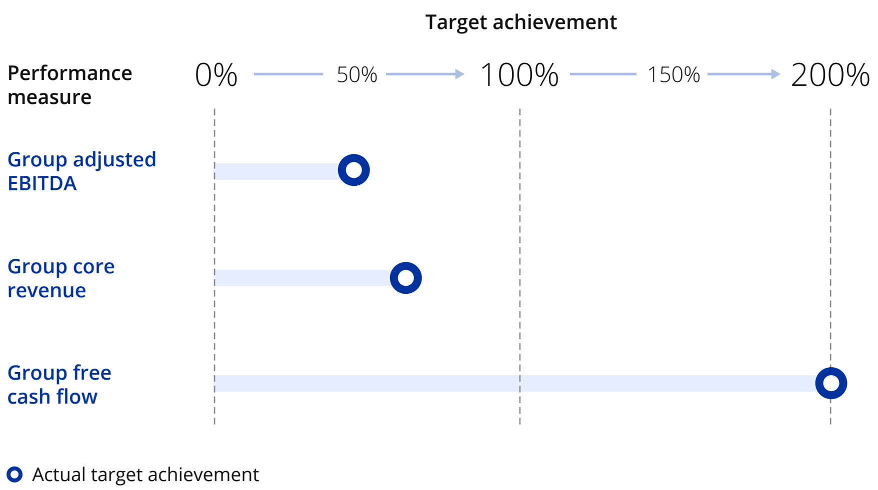
Approved versus total regular compensation for the Group Executive Board

The total compensation for the Group Executive Board for 2020 of CHF 12.4 million (including social security contributions) plus the extra one-off compensation of CHF 3.0 million relating to non-compete arrangements for three members who left the GEB in 2020, is below the maximum aggregate compensation amount of CHF 18.0 million, which was approved at the Annual General Meeting on 11 April 2019 for 2020.

STIP performance assessment

For 2020, the members of the Group Executive Board received base salary, Short-Term Incentive Plan and Long-Term Incentive Plan and pension and other benefits, in line with the compensation framework, as detailed in Figure 11. For the Group as a whole, 2020 results, as illustrated in Figure 16 below, were below the targets for Group adjusted EBITDA and Group core revenue, while the Group free cash flow KPI has been overachieved.

FIGURE 16: 2020 PERFORMANCE AT GROUP LEVEL RELEVANT FOR STIP PERFORMANCE ASSESSMENT



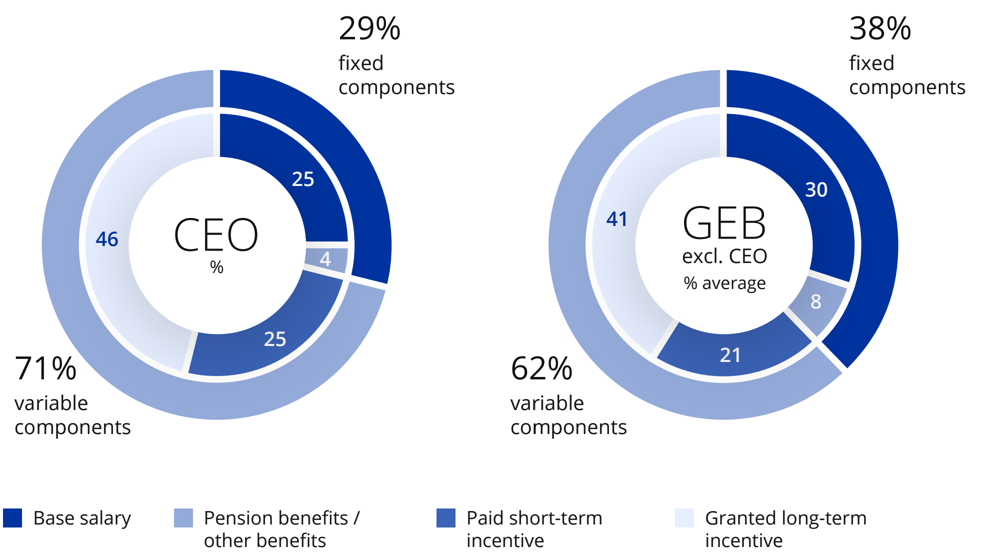
The target achievement for the 2020 STIP was 82.9% for the CEO (140% in 2019), not reflecting the termination agreement with the CEO, and between 84.8% and 128.0% for the other members of the Group Executive Board (85% to 142% in 2019).

Assessment of actual compensation paid/granted to the Group Executive Board

In comparison to the previous year, the total compensation of the Group Executive Board, excluding the one-time non-compete accruals, decreased by 5.9%. This movement is mainly caused by the performance-related aspects regarding the STIP as well as some exchange rate movements. There were no significant increases in base salaries nor in target STIP levels versus the previous year.

Figure 17 illustrates the 2020 actual compensation mix for the CEO and the Group Executive Board, which underlines the strong focus on the short- and long-term variable compensation elements.

FIGURE 17: OVERVIEW OF THE ACTUAL COMPENSATION MIX IN 2020 FOR THE CEO AND THE GROUP EXECUTIVE BOARD (EXCL. CEO) (REFLECTS THE AMOUNT GRANTED UNDER THE LTIP)



Performance Share Unit Plan

In 2019, the PSU plan was introduced, and the members of the Group Executive Board and selected other members of management were granted PSUs for the first time. A PSU grant occurred again in 2020. Table 3 gives an overview of the PSU grants since 2019 and Table 4 shows the status of outstanding PSUs.

TABLE 3: OVERVIEW OF PERFORMANCE SHARE UNIT GRANTS

	2020	2019
Grant date	01.04.2020	01.04.2019
Vesting date	31.03.2023	31.03.2022
Fair value of one PSU at grant date	CHF 15.05	CHF 9.49
Granted numbers of PSUs	342,198	537,414
Thereof granted to members of the Group Executive Board	325,586	495,263

TABLE 4: PERFORMANCE SHARE UNIT STATUS

	2020	2019
As of 1 January	537,414	–
Granted PSUs	342,198	537,414
Vested PSUs	–	–
Forfeited PSUs throughout the respective year	(341,414)	–
Outstanding as of 31 December	538,198	537,414

6. Shareholding Guidelines

In order to further strengthen the long-term focus of the members of the Board and the Group Executive Board and to increase the alignment of their interests with those of SIG's shareholders, Shareholding Guidelines are in place. Members of the Board (including the Chairman) are required to build up an investment in SIG shares worth the equivalent of 100% of their annual base fees, within a three-year build-up period from the first equity grant date.

Similarly, members of the Group Executive Board are required to build up an investment in SIG shares worth the equivalent of 100% of their annual base salary, or 200% for the CEO, within a five-year build-up period, starting with their first grant under the equity-based compensation plan.

All blocked or unblocked SIG shares and vested or unvested entitlements to SIG shares (such as Restricted Share Units, "RSUs") but excluding Performance Share Units ("PSUs"), received as compensation, and SIG shares acquired privately, either outright or beneficially, by the members of the Board or Group Executive Board or their immediate family members count toward meeting these thresholds.

If the Shareholding Guidelines are not met by a member of the Board or a member of the Group Executive Board at the end of the build-up period, non-fulfilment consequences, including sale restrictions on equity instruments received as compensation, would apply until the Shareholding Guidelines are met.

Shareholdings of the Board of Directors (Audited)

Table 5 shows the shareholdings of the Board as of 31 December 2020. Since the Shareholding Guidelines foresee a build-up period for members of the Board of three years after the first equity grant starting from 2019, adherence will be assessed for the first time in 2022.

TABLE 5: SHAREHOLDINGS OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2020 INCLUDING INFORMATION OF THE PRIOR YEAR

	Number of directly or beneficially held SIG shares[1]	RSUs[2]	Total shareholdings including RSUs 31 Dec., 2020	Total shareholdings including RSUs 31 Dec., 2019
Andreas Umbach	81,026	–	81,026	67,529
Matthias Währen	26,483	–	26,483	20,960
Colleen Goggins	24,826	7,287	32,113	31,107[4]
Werner Bauer	51,939	–	51,939	46,662[4]
Wah-Hui Chu	37,741	6,949	44,690	39,657[4]
Mariel Hoch	12,564	–	12,564	7,287
Nigel Wright	–	–	–[3]	106,422[3]
Total	**234,579**	**14,236**	**248,815**	**319,624[5]**

1 Ordinary registered shares of SIG Combibloc Group AG, including blocked shares.

2 The RSUs will be converted into SIG shares after a three-year vesting period.

3 2019 indirectly attributable shareholdings through minority investment in affiliates of Onex Corporation, the majority shareholder at the end of 2019. Onex Corporation and its affiliates sold their remaining shares in SIG on 3 December 2020, and Onex Group thereby ceased to have a participation in SIG and no indirect shareholding is shown any more.

4 Thereof 23,820 shares held indirectly through partnership interests in Wizard Management II GmbH & Co. KG, which held ordinary registered shares of SIG Combibloc Group AG (for further details see section 7).

5 Thereof 141,742 shares directly or beneficially held; 177,882 shares held indirectly.

Shareholdings of the Group Executive Board (Audited)

Table 6 shows the shareholdings of the Group Executive Board at 31 December 2020. Since the Shareholding Guidelines foresee a five-year build-up period for members of the Group Executive Board commencing with the first equity grant in 2019, compliance will be assessed for the first time in 2024.

TABLE 6: SHAREHOLDINGS OF THE MEMBERS OF THE GROUP EXECUTIVE BOARD AS OF 31 DECEMBER 2020 INCLUDING INFORMATION OF THE PRIOR YEAR

	Total shareholdings 31 Dec., 2020 Number of directly or beneficially held SIG shares[1]	Total shareholdings 31 Dec., 2019
Rolf Stangl	–	665,544[2]
Samuel Sigrist	200,063	290,063[2]
Markus Boehm	n/a[4]	268,648[2]
Ian Wood	75,000	84,225[3]
Lawrence Fok	268,572	359,955[2]
Martin Herrenbrück	50,000	134,633[3]
Ricardo Rodriguez	250,002	263,702[2]
Total	**843,637**	**2,066,770**

1 Ordinary registered shares of SIG Combibloc Group AG.

2 Shares were held indirectly through partnership interests in Wizard Management I GmbH & Co. KG, which held ordinary registered shares of SIG Combibloc Group AG (for further details see section 7).

3 Shares were held indirectly through partnership interests in Wizard Management II GmbH & Co. KG, which held ordinary registered shares of SIG Combibloc Group AG (details see section 7).

4 Markus Boehm left the Group Executive Board in the course of the year so that the Shareholding Guidelines no longer applies to him.

7. Previous and discontinued compensation plans

Management Equity Plan ("MEP")

In 2015, when SIG was acquired by Onex, a Management Equity Plan ("MEP") was established for selected managers of SIG. The purpose of the MEP was to enable eligible managers to participate in the value creation of the Company. It was intended to generate returns to the eligible managers upon liquidity events. The shares in the Company were held by the managers via two limited liability partnerships. In accordance with the plan regulations, management exercised their right to withdraw from the management equity plan in the first half of 2020. The shares were distributed to the participants into direct ownership. With these transactions the MEP was closed in May 2020.

8. Loans granted to members of the Board of Directors or the Group Executive Board

SIG's Articles of Association do not allow for loans to be granted by the Group or its consolidated subsidiaries to members of the Board or the Group Executive Board. As a consequence, no loans were granted to or are outstanding to either Board or Group Executive Board members.

9. Outlook for 2021

The Board has introduced a clawback clause into the LTIP which entitles the Board of Directors to determine that PSUs forfeit in full or in part or that vested awards will be recovered in full or in part in the event of financial misstatement or misconduct, following review of the specific facts and circumstances. The clawback clause is in line with the performance-related principles of the LTIP and protects the interests of shareholders and other relevant stakeholders.

Sustainability is ingrained in SIG's business strategy and activities, and this has strengthened the way we source, produce and sell. As a logical step, the Board of Directors decided to include in the 2021 STIP Group targets an additional ESG-related measure. This is in line with SIG's long-term commitment to contribute more to society and the environment than is taken out and this adjustment of the global STI framework is an important milestone on that journey.

REPORT OF THE STATUTORY AUDITOR

to the General Meeting of SIG Combibloc Group AG Neuhausen am Rheinfall

We have audited the accompanying compensation report of SIG Combibloc Group AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labelled 'audited' on page 101, page 109 and pages 112–113 of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to remuneration, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report of SIG Combibloc Group AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Bruno Rossi Audit expert Auditor in charge	**Manuela Baldisweiler** Audit expert

Basel, 18 February 2021

FINANCIALS

Consolidated financial statements for the year ended 31 December 2020

SIG Combibloc Group AG

See note 3 for further details on the consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

(In € million)	Note	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Revenue	6, 7	1,816.1	1,783.9
Cost of sales		(1,422.2)	(1,370.1)
Gross profit		**393.9**	**413.8**
Other income	8	29.3	20.4
Selling, marketing and distribution expenses		(75.1)	(75.1)
General and administrative expenses		(181.1)	(172.6)
Other expenses	8	(12.4)	(9.3)
Share of profit of joint ventures	28	17.4	15.4
Profit from operating activities		**172.0**	**192.6**
Finance income		2.6	12.0
Finance expenses		(83.6)	(56.6)
Net finance expense	23	**(81.0)**	**(44.6)**
Profit before income tax		**91.0**	**148.0**
Income tax expense	32	(23.0)	(41.1)
Profit for the period	9	**68.0**	**106.9**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translations of foreign operations:			
- recognised in translation reserve		(138.6)	60.0
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		7.8	24.0
Total other comprehensive income, net of income tax		**(130.8)**	**84.0**
Total comprehensive income		**(62.8)**	**190.9**
Basic earnings per share *(in €)*	10	0.21	0.33
Diluted earnings per share *(in €)*	10	0.21	0.33

Consolidated statement of financial position

(In € million)	Note	As of 31 Dec. 2020	As of 31 Dec. 2019
Cash and cash equivalents	17	355.1	261.0
Trade and other receivables	16	222.0	271.6
Inventories	15	170.7	167.2
Current tax assets	32	2.8	1.2
Other current assets	20	28.5	22.2
Total current assets		**779.1**	**723.2**
Non-current receivables	16	6.3	5.6
Investments in joint ventures	28	184.5	193.4
Deferred tax assets	32	30.5	21.8
Property, plant and equipment	12	986.6	1,073.1
Right-of-use assets	13	141.1	49.0
Intangible assets	14	2,292.8	2,460.3
Employee benefits	30	178.5	168.4
Other non-current assets	20	23.0	29.3
Total non-current assets		**3,843.3**	**4,000.9**
Total assets		**4,622.4**	**4,724.1**
Trade and other payables	18	501.2	492.3
Loans and borrowings	22	24.0	50.8
Current tax liabilities	32	37.3	43.5
Employee benefits	30	50.5	45.2
Provisions	19	14.1	12.1
Other current liabilities	20	59.8	59.9
Total current liabilities		**686.9**	**703.8**
Non-current payables	18	12.3	10.4
Loans and borrowings	22	1,659.7	1,541.9
Deferred tax liabilities	32	132.4	172.5
Employee benefits	30	131.5	126.3
Provisions	19	18.5	15.5
Other non-current liabilities	20	167.4	165.0
Total non-current liabilities		**2,121.8**	**2,031.6**
Total liabilities		**2,808.7**	**2,735.4**
Share capital	24	2.8	2.8
Additional paid-in capital	24	1,945.0	2,059.8
Translation reserve		(220.7)	(82.1)
Treasury shares	24	(0.1)	(0.1)
Retained earnings		86.7	8.3
Total equity		**1,813.7**	**1,988.7**
Total liabilities and equity		**4,622.4**	**4,724.1**

Consolidated statement of changes in equity

(In € million)	Note	Share capital	Additional paid-in capital	Translation-reserve	Treasury shares	Retained earnings	Total equity
Equity as of 1 January 2020		**2.8**	**2,059.8**	**(82.1)**	**(0.1)**	**8.3**	**1,988.7**
Profit for the period						**68.0**	**68.0**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency translations of foreign operations:							
- recognised in translation reserve				(138.6)			**(138.6)**
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans						7.8	**7.8**
Total other comprehensive income, net of income tax		**-**	**-**	**(138.6)**	**-**	**7.8**	**(130.8)**
Total comprehensive income for the period		**-**	**-**	**(138.6)**	**-**	**75.8**	**(62.8)**
Share-based payments	31					3.2	**3.2**
Purchase of treasury shares	24				(0.6)		**(0.6)**
Settlement of share-based payment plans and arrangements	24				0.6	(0.6)	**-**
Dividends	24		(114.8)				**(114.8)**
Total transactions with owners		**-**	**(114.8)**	**-**	**-**	**2.6**	**(112.2)**
Equity as of 31 December 2020		**2.8**	**1,945.0**	**(220.7)**	**(0.1)**	**86.7**	**1,813.7**
Equity as of 1 January 2019		**2.8**	**2,158.8**	**(142.1)**	**-**	**(124.0)**	**1,895.5**
Profit for the period						**106.9**	**106.9**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency translations of foreign operations:							
- recognised in translation reserve				60.0			**60.0**
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans						24.0	**24.0**
Total other comprehensive income, net of income tax		**-**	**-**	**60.0**	**-**	**24.0**	**84.0**
Total comprehensive income for the period		**-**	**-**	**60.0**	**-**	**130.9**	**190.9**
Share-based payments	31		-			1.8	**1.8**
Purchase of treasury shares	24				(0.5)		**(0.5)**
Settlement of share-based payment plans and arrangements	24		-		0.4	(0.4)	**-**
Dividends	24		(99.0)				**(99.0)**
Total transactions with owners		**-**	**(99.0)**	**-**	**(0.1)**	**1.4**	**(97.7)**
Equity as of 31 December 2019		**2.8**	**2,059.8**	**(82.1)**	**(0.1)**	**8.3**	**1,988.7**

Consolidated statement of cash flows

(In € million)	Note	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Cash flows from operating activities			
Profit for the period		68.0	106.9
Adjustments for:			
Depreciation and amortisation	12, 13, 14	277.7	287.1
Impairment losses	4, 12, 13	43.9	2.8
Change in fair value of derivatives		(23.2)	(10.1)
Share-based payment expense	31	3.2	1.8
Gain on sale of property, plant and equipment and non-current assets		(0.2)	(0.3)
Share of profit of joint ventures	28	(17.4)	(15.4)
Net finance expense	23	81.0	44.6
Interest paid		(39.0)	(43.0)
Payment of transaction and other costs relating to financing	22	(15.4)	-
Income tax expense	32	23.0	41.1
Income taxes paid, net of refunds received		(76.2)	(56.6)
		325.4	**358.9**
Change in trade and other receivables		32.6	(11.3)
Change in inventories		(11.8)	(9.3)
Change in trade and other payables		26.9	31.7
Change in provisions and employee benefits		12.9	0.9
Change in other assets and liabilities		39.8	67.2
Net cash from operating activities	11	**425.8**	**438.1**
Cash flows from investing activities			
Acquisition of business, net of cash acquired	27	(2.5)	(40.5)
Acquisition of property, plant and equipment and intangible assets	12, 14	(199.2)	(182.2)
Proceeds from sale of property, plant and equipment and other assets		0.7	4.2
Dividends received from joint ventures	28	22.7	20.7
Interest received		2.1	0.5
Net cash used in investing activities		**(176.2)**	**(197.3)**
Cash flows from financing activities			
Proceeds from loans and borrowings	22	1,550.0	-
Repayment of loans and borrowings	22	(1,560.9)	(31.3)
Payment of lease liabilities	22	(16.1)	(9.8)
Payment relating to the IPO		-	(3.4)
Purchase of treasury shares	24	(0.6)	(0.5)
Payment of dividends	24	(114.8)	(99.0)
Other		1.1	4.6
Net cash used in financing activities		**(141.3)**	**(139.4)**
Net increase in cash and cash equivalents		**108.3**	**101.4**
Cash and cash equivalents as of the beginning of the period		261.0	157.1
Effect of exchange rate fluctuations on cash and cash equivalents		(14.2)	2.5
Cash and cash equivalents as of the end of the period	17	**355.1**	**261.0**

BASIS OF PREPARATION

This section includes information on the parent company and the Group. It also includes details about the preparation of the consolidated financial statements and explains the structure of the consolidated financial statements.

1 Reporting entity and overview of the Group

SIG Combibloc Group AG ("SIG" or the "Company") is domiciled in Switzerland and has since 28 September 2018 been listed on SIX Swiss Exchange.

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries and joint ventures reflected in the consolidated financial statements of the Company are listed in note 26.

The Group is a global system supplier of aseptic carton packaging solutions for both beverage and liquid food products, ranging from juices and milk to soups and sauces. Its solutions offering consists of aseptic carton packaging filling machines, aseptic carton packaging sleeves and closures as well as after-market services.

2 Preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They were approved by the Board of Directors of the Company on 18 February 2021. They also comply with the Listing Rules of SIX Swiss Exchange and with Swiss company law.

The consolidated financial statements are presented in Euros ("€" or EUR) as the Euro is deemed to be the currency most representative of the Group's activities. The functional currency of the Company is Swiss Franc.

The consolidated financial statements are prepared on a historical cost basis except for certain financial instruments such as derivatives that are measured at fair value, certain components of inventory that are measured at net realisable value and defined benefit obligations that are measured under the projected unit credit method.

3 Structure of the consolidated financial statements

The consolidated financial statements are structured into different sections that should facilitate an overview and understanding of the Group's operations, financial position and performance. The notes are included in these sections based on their relevance and include information that is material and relevant to the consolidated financial statements.

BASIS OF PREPARATION	OUR OPERATING PERFORMANCE	OUR OPERATING ASSETS AND LIABILITIES	OUR FINANCING AND FINANCIAL RISK MANAGEMENT	OUR GROUP STRUCTURE AND RELATED PARTIES	OUR PEOPLE	OTHER
1 Reporting entity and overview of the Group 2 Preparation of the consolidated financial statements 3 Structure of the consolidated financial statements 4 Key events and transactions 5 General accounting policies and topics	6 Revenue 7 Segment information 8 Other income and expenses 9 Alternative performance measures 10 Earnings per share 11 Cash flow information	12 Property, plant and equipment 13 Right-of-use assets 14 Intangible assets 15 Inventories 16 Trade and other receivables 17 Cash and cash equivalents 18 Trade and other payables 19 Provisions 20 Other assets and liabilities	21 Capital management 22 Loans and borrowings 23 Finance income and expenses 24 Equity 25 Financial risk management	26 Group entities 27 Business combinations 28 Joint ventures 29 Related parties	30 Employee benefits 31 Share-based payment plans and arrangements	32 Income tax 33 Financial instruments and fair value information 34 Contingent liabilities 35 Subsequent events

Significant accounting policies and information about management judgements, estimates and assumptions are provided in the respective notes throughout the consolidated financial statements. Accounting policies that relate to the financial statements as a whole or are relevant for several notes are included in this "Basis of preparation" section.

4 Key events and transactions

The following events and transactions took place during the year ended 31 December 2020.

Refinancing

The Group refinanced its debt in June 2020, which involved the following transactions:

- The issue of senior unsecured notes on the Global Exchange Market of Euronext Dublin.
- The signing of a new senior unsecured term loan and a revolving credit facility.
- The repayment and derecognition of existing secured term loans.

The impacts of the refinancing transactions on the Group's financial position and performance are described in more detail in note 22.

New sleeves manufacturing facility in China

The lease of the Group's second sleeves manufacturing facility in China commenced in December 2020. The Group has during the year invested in its own production equipment to be used in the new facility. For information about the impacts of the commencement of the lease of the new sleeves manufacturing facility and the capital expenditure incurred on the Group's financial position and performance, see further notes 11, 12, 13 and 22.

COVID-19

Management considers that the business of SIG is well placed to withstand the impacts of the global spread of the corona virus (COVID-19) and its repeated outbreaks due to its role in the supply chain for essential food and beverages and its broad geographic reach. There have been no significant COVID-19-related disruptions and operational impacts at any of SIG's plants up to the date of approval of these consolidated financial statements. See note 5.4 for additional details.

Changes in ownership

Onex Corporation ("Onex"), which acquired the Group in 2015, has since the Company's listing in 2018 gradually reduced its shareholding in the Company. Onex reduced its shareholding to below 20% in August 2020 and sold all its remaining shares in the Company in December 2020 (see further note 29).

Organisational changes in the Group Executive Board

The Group has during the year ended 31 December 2020 implemented or initiated organisational changes in its Group Executive Board. The former Chief Financial Officer (Samuel Sigrist) was appointed Chief Executive Officer effective 1 January 2021 following the voluntary departure of the former Chief Executive Officer (Rolf Stangl). On the same date, the appointment of Frank Herzog as Chief Financial Officer took effect. He joined the Group from an unrelated business. The position of Chief Market Officer (formerly held by Markus Boehm) was eliminated in August 2020, with the responsibilities of that position re-allocated within the Group. Martin Herrenbrück, who held the position of President and General Manager of Europe, voluntarily left the Group as of 31 December 2020. José Matthijsse took over his position as President and General Manager of Europe effective 1 February 2021. She joined the Group from a business in the food and beverage industry. See also note 29.

New Zealand paper mill

The Group has been assessing the continued viability and different strategic alternatives for its paper mill in New Zealand (Whakatane). The mill primarily produces liquid paper board for use by SIG entities and the Group's joint ventures in the Middle East. As a consequence of the assessments, impairment losses of €38.0 million on production-related assets were recognised in the consolidated statements for the year ended 31 December 2020 (€33 million net of tax). See further notes 9, 12 and 15.

Subsequent to 31 December 2020, the Board of Directors made the decision to close the paper mill and increase the sourcing of liquid paper board from existing third-party suppliers. The Group will enter into the required consultation process with employees. As a result of the closure decision, management expects to recognise plant decommissioning and redundancy costs of around €30 million in the first half of 2021. As assets of the mill are monetised over time, the operating and free cash flow impact of these costs is expected to be reduced.

Announcement of agreement to acquire the remaining shares of the joint ventures in the Middle East

The Group announced on 25 November 2020 that it has entered into an agreement to acquire the remaining 50% of the shares in its two joint ventures in the Middle East from the joint venture partner Obeikan Investment Group ("OIG"). The joint ventures will thereby become fully owned subsidiaries. The acquisition will give the Group full control over a business with strong growth prospects in a growing market and expand its global presence.

The acquisition is expected to complete before the end of the first quarter of 2021. The completion is subject to customary closing conditions and approvals from regulatory authorities. The consideration for the shares of the joint ventures will be made up of €167 million in cash and around 17.5 million newly issued SIG ordinary shares (to be issued out of authorised share capital). After the transaction, OIG will hold approximately 5% of the issued SIG shares.

In the year ended 31 December 2020, the two joint ventures generated revenue of approximately €266 million (excluding revenue from inter-company transactions between the two joint ventures) and adjusted EBITDA of approximately €78 million (see note 9 for the Group's definition of adjusted EBITDA). The net debt of the two joint ventures was approximately €70 million as of 31 December 2020 (see note 21 for the Group's definition of net debt). For further information about the two joint ventures, see note 28.

Abdallah Obeikan, Chief Executive Officer of OIG and currently Chief Executive Officer of the two joint ventures in the Middle East, will be nominated for election to SIG's Board of Directors at the next Annual General Meeting in April 2020 subject to completion of the acquisition and other customary conditions. Abdelghany Eladib, currently Chief Operating Officer of the joint ventures, will become a member of SIG's Group Executive Board and take on the role of President and General Manager of Middle East and Africa subject to and as of completion of the acquisition. This will result in a split of SIG's current segment EMEA ("Europe, Middle East and Africa") into two segments: Europe and MEA ("Middle East and Africa").

5 General accounting policies and topics

5.1 Application of accounting policies

The accounting policies applied by the Group in the consolidated financial statements for the year ended 31 December 2020 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2019.

5.2 Impact of new or amended standards and interpretations

A number of new or amended standards and interpretations were effective for annual periods beginning on 1 January 2020. The applicable standards and interpretations had no, or no material, impact on the consolidated financial statements.

Regarding the comparative period, the Group adopted IFRS 16 *Leases* on 1 January 2019, applying the standard's modified retrospective approach. Assets leased by the Group are since then recognised on the statement of financial position as a right-of-use asset with a corresponding liability, representing the present value of the future lease payments. The Group was not materially impacted by IFRS 16. The Group recognised lease liabilities on 1 January 2019 of €15.9 million relating to lease contracts that previously were accounted for as operating leases. The same amount was recognised as right-of-use assets. Assets of €27.6 million relating to lease contracts that were previously accounted for as finance leases were reclassified from property, plant and equipment to right-of-use assets. The Group's finance lease liabilities amounted to €26.5 million as of 31 December 2018. See notes 12 and 13.

5.3 Adoption of standards and interpretations in 2021 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on 1 January 2021 or later and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards and interpretations before their effective dates. Many of them are not applicable to the Group or are expected to have no, or no material, impact on the consolidated financial statements. This also applies in respect of the amendments to IFRS 7 *Financial Instruments: Disclosures,* IFRS 9 *Financial Instruments* and IFRS 16 *Leases*, which are effective from 1 January 2021, and issued by the IASB as a result of the global reform of interest rate benchmarks.

5.4 Critical accounting judgements, estimates and assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from estimates and assumptions made. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Management believes that the following accounting policies involve the most significant judgements, estimates and assumptions:

- Liabilities for various customer incentive programmes – see notes 6 and 18.
- Impairment testing and recognition of impairment losses – see notes 12 and 14.
- Business combinations and fair value assessments – see note 27.
- Measurement of obligations under defined benefit plans – see note 30.
- Determination of income tax liabilities – see note 32.
- Realisation of deferred tax assets – see note 32.

Management is closely monitoring the effects of COVID-19. Management evaluates on an ongoing basis how the COVID-19 pandemic impacts the Group's financial position and performance. It assesses various aspects such as the value of the Group's assets (including goodwill and pension assets), any impairment triggers, sales trends, liquidity needs and exposure to market and credit risks. Considering that the Group (as well as its customer base) is in a business that can be regarded as essential in the distribution of aseptic food and beverages, the Group is overall currently not significantly impacted by the COVID-19 pandemic. The impact of COVID-19 on the Group in future periods is difficult to assess and there is no assurance that the experience to date will be representative of future periods.

Significant judgements are involved regarding the assessment of the impact of COVID-19 on the global economy, and new facts and circumstances may lead to adjustments of management's current estimates and assumptions. See also note 4.

5.5 Accounting policies and other topics relating to the consolidated financial statements as a whole

5.5.1 Foreign currency

Items included in the financial statements of individual Group entities are recognised in their respective functional currency, which is the currency of the primary economic environment in which each Group entity operates.

Foreign currency transactions

Foreign currency transactions are translated into the respective functional currency of the Group entity at the exchange rates at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities in foreign currencies that are measured based on historical cost are translated at the exchange rates at the dates of the transactions. Foreign currency exchange gains or losses are generally recognised in profit or loss.

Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated into Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at average rates for the reported periods, which approximate the exchange rates at the dates of the transactions. This also applies to the statement of cash flows and all movements in assets and liabilities as well as any items of other comprehensive income. The foreign currency exchange gains and losses arising on the translation of the net assets of foreign operations are recognised in other comprehensive income, in the translation reserve.

When a foreign operation is disposed of or liquidated, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal (or liquidation). The Group does not apply hedge accounting to the foreign currency exchange differences arising between the functional currency of the foreign operation and the Euro.

Significant exchange rates

The following significant exchange rates against the Euro applied during the periods presented:

	Average rate for the year		Spot rate as of	
	31 Dec. 2020	**31 Dec. 2019**	**31 Dec. 2020**	**31 Dec. 2019**
Australian Dollar (AUD)	1.65383	1.61017	1.58960	1.59949
Brazilian Real (BRL)	5.81232	4.40968	6.37350	4.51570
Chinese Renminbi (CNY)	7.86713	7.73094	8.02250	7.82050
Swiss Franc (CHF)	1.07034	1.11282	1.08020	1.08540
Mexican Peso (MXN)	24.35846	21.56039	24.41599	21.22019
New Zealand Dollar (NZD)	1.75466	1.69855	1.69840	1.66531
Thai Baht (THB)	35.66255	34.75217	36.72701	33.41502
US Dollar ($ or USD)	1.13971	1.11967	1.22710	1.12340

5.5.2 Lease accounting

The Group as lessor

The Group deploys filling lines at its customers' sites under both lease and sale contracts. These contracts generally contain certain terms showing that the Group retains control of the filling line and does not transfer the significant risks and rewards of ownership to the customer. As a consequence of these contractual terms, the majority of the Group's filling line contracts qualify to be accounted for as operating leases in accordance with IFRS 16 *Leases*. See further notes 6, 12 and 20. Sale contracts that do not contain such terms are accounted for in accordance with IFRS 15 *Revenue from Contracts with Customers*.

The Group's lease contracts do not include unconditional rights for customers to extend the lease or to purchase the filling line at the end of the stated lease period. Due to the Group's long-term relationships with its customers and changing customer needs, contracts could be modified or terminated at any time. Customers may for example want to change to a different filling machine model. Filling lines taken back from customers are generally overhauled and redeployed with other existing or new customers.

The Group as lessee

The Group leases office buildings, production-related buildings and equipment, warehouses and cars.

The majority of the Group's leased assets are recognised as right-of-use assets with corresponding lease liabilities. See notes 13 and 22 for further details about the accounting for right-of-use assets and lease liabilities.

Leases of low-value assets and short-term leases (leases with a lease term of 12 months or less) are accounted for off-balance sheet. The lease payments are recognised as an expense on a straight-line basis over the lease term. Variable lease payments that are not included in the measurement of lease liabilities are also accounted for off-balance sheet and are recognised as expense when incurred. The Group's off-balance sheet leases have an insignificant impact on the Group's result.

The accounting for sale and leaseback transactions depends on whether the initial transfer of the Group's underlying asset to the buyer-lessor is a sale. If the transfer of the asset is not a sale (i.e. control of the asset is retained), the Group accounts for the transaction as a financing transaction. The asset is kept on the statement of financial position (as part of property, plant and equipment) and a financial liability is recognised equal to the proceeds received from the buyer-lessor. The financial liability is decreased by the payments made less the portion considered interest expense. If the transfer of the asset is a sale (i.e. control of the asset is transferred), the Group derecognises the underlying asset and applies lease accounting to the lease back. The right-of-use asset is measured at the retained portion of the previous carrying amount of the asset. Such a transfer may result in a gain or loss.

5.5.3 Impairment of non-financial assets

The carrying amounts of the Group's property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and investments in joint ventures are reviewed regularly and at least annually to identify whether there is an indication of impairment. If an impairment indicator exists, the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment on an annual basis and whenever there is an indication that they may be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss is allocated to first reduce the carrying amount of any goodwill allocated to the cash generating unit, and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis. Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Further details on impairment testing are provided in the respective notes on property, plant and equipment, right-of-use assets and intangible assets (see notes 12, 13 and 14).

5.5.4 Contingent assets

Contingent assets are possible assets arising from a past event to be confirmed by future events not wholly within the control of the Group. Contingent assets are not recognised in the statement of financial position but are separately disclosed.

OUR OPERATING PERFORMANCE

This section covers our operating performance on a Group as well as on a segment level. It includes alternative performance measures that management believes are relevant in evaluating the Group's performance and liquidity.

6 Revenue

Revenue derives from the sale of goods (i.e. sleeves, closures, board and filling lines) and the provision of after-market services and is presented net of returns, trade discounts, volume rebates and other customer incentives. The Group also presents income from the deployment of filling lines under contracts that qualify to be accounted for as operating leases and revenue under royalty agreements as part of revenue.

Approximately 86% of the Group's revenue from its offering of aseptic carton packaging solutions relates to the sale of sleeves and closures in the year ended 31 December 2020 (87% in the year ended 31 December 2019). The remaining 14% consists of revenue relating to filling lines and to servicing of the Group's deployed filling lines (13% in the year ended 31 December 2019).

Composition of revenue

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Revenue from sale and service contracts (including royalty agreements)	1,716.2	1,691.8
Revenue from filling line contracts accounted for as operating leases	99.9	92.1
Total revenue	**1,816.1**	**1,783.9**
of which		
Core revenue	**1,796.4**	**1,766.9**

Core revenue represents revenue generated from the Group's core activities and excludes revenue from sales of folding box board, which amounted to €19.7 million for the year ended 31 December 2020 and €17.0 million for the year ended 31 December 2019. Core revenue is not a defined performance measure in IFRS (see further note 9).

The Group's total revenue is further disaggregated by major product/service lines in the following table. Filling line revenue is composed of revenue from the deployment of filling lines under contracts that qualify to be accounted for as operating leases and from the sale of filling lines (see note 5.5.2). Service revenue relates to after-market services in relation to the Group's filling lines. Revenue under royalty agreements and from the sale of folding box board and liquid paper board is included in other revenue.

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Revenue from sale of sleeves and closures	1,498.8	1,472.7
Filling line revenue	121.0	111.9
Service revenue	119.0	113.4
Other revenue	77.3	85.9
Total revenue	**1,816.1**	**1,783.9**

The Group's three segments (EMEA, APAC and Americas) are providing the same aseptic carton packaging solutions, comprising filling machines, sleeves and closures as well as after-market services. The split of revenue between revenue from sale of sleeves and closures, filling line revenue and service revenue is broadly the same at Group level, between the Group's three segments and over recent years. Other revenue is mainly divided between EMEA and APAC. See note 7 for further information about the Group's segments.

Notes 18 and 20 include information about the Group's liabilities relating to various incentive programmes, advance payments from customers and deferred revenue, which had or will have an impact on the amount of revenue recognised.

Accounting policy, significant judgements and estimates

Revenue from sale of sleeves and other related products, deployment of filling lines under contracts accounted for as sales contracts and provision of service is measured at the fair value of the consideration received or receivable net of returns, trade discounts, volume rebates and other customer sales incentives.

Revenue is recognised when the Group transfers control over a product or service to a customer. Transfer of control varies depending on the individual contract terms. Revenue from sale of sleeves and other related products and deployment of filling lines under contracts accounted for as sales contracts is recognised at a point in time while revenue from service contracts is recognised over time.

Lease payments for filling lines that are deployed under operating lease contracts are recognised on a straight-line basis over the lease period. The payment (i.e. the sale price) for the use of filling lines that are deployed under sale contracts that qualify to be accounted for as operating leases is recognised as a deferred revenue liability in the statement of financial position, and recognised as revenue on a straight-line basis over the shorter of the period over which the customer relationship is expected to last and the ten-year estimated useful life of a filling line. The control and significant risks and rewards of ownership are retained by the Group in respect of such sale contracts (see further note 5.5.2).

When sales incentives are offered to customers, only the amount of revenue that is highly probable not to be reversed is recognised. The amount of sales incentives expected to be earned or taken by customers in conjunction with incentive programmes is therefore estimated and deducted from revenue. Estimates in respect of the incentives are based on historical and current sales trends, which are affected by the business seasonality and competitiveness of promotional programmes being offered. Estimates are reviewed quarterly for possible revisions.

7 Segment information

The Group has three operating segments, which are also the reportable segments: Europe, Middle East and Africa ("EMEA"), Asia Pacific ("APAC") and Americas. All segments provide aseptic carton packaging solutions.

Overview of segments and Group Functions

The following section provides an overview of the Group's three segments as well as the activities not forming part of any of the segments (Group Functions).

EMEA includes sleeves manufacturing as well as production of closures for the Group's customers in Europe. EMEA also supplies Americas and APAC with sleeves and, to a lesser extent, closures. EMEA further includes the result from the sale of supply from the Group's European manufacturing entities to the Group's joint ventures in the Middle East. The Group's central procurement activities are part of EMEA, with the European sleeves manufacturing and closures production entities being the main internal customers. The Group's joint ventures in the Middle East contribute to the performance of EMEA through dividend payments and royalty payments related to the use of SIG technical solutions and sleeves sales in the Middle East.

APAC includes sleeves manufacturing for the Group's customers in China, South East Asia and Oceania. The China-based filling machine assembly facility is also included in APAC, as is the production of liquid paper board and folding box board in New Zealand. The liquid paper board produced in New Zealand is mainly used by the sleeves manufacturing facilities in Asia and the joint ventures in the Middle East.

Americas covers the Group's customers in North and South America. North America is primarily supplied by sleeves from the European and Asian sleeves manufacturing facilities. South America has its own sleeves manufacturing facility.

The **Group Functions** include activities that are supportive to the Group's business, such as the global filling machine assembly, global technology (including R&D), information technology, marketing, finance, legal, human resources and other support functions. The Group Functions are involved in transactions with third parties only in relation to the Group's joint ventures, of which the majority relate to the sale of filling machines. Global filling machine assembly also sells filling machines and spare parts, and provides assembly-related services, to all three of the segments.

Inter-company transactions between the segments, and between the segments and the Group Functions, are eliminated in consolidation. They mainly relate to the sale of filling machines, sleeves and closures. Pricing is determined on a cost-plus basis.

Information about the Group's segments is reported to the chief operating decision maker ("CODM") on a regular basis for the purposes of resource allocation and assessment of performance of the segments. The performance of the segments is assessed by the CODM primarily on the basis of adjusted EBITDA (as defined in the section below).

Segment financial information

The following tables present financial information about the Group's segments and Group Functions. The same measurement basis is used when presenting the segment information as is used in the Group's consolidated financial statements.

	Year ended 31 December 2020						
(In € million)	EMEA	APAC	Americas	Total segments	Group Functions	Reconciling items	Total
Revenue from transactions with external customers	797.5	679.5	320.8	**1,797.8**	18.3	-	**1,816.1**
Revenue from inter-segment transactions	229.8	15.9	0.2	**245.9**	44.5	(290.4)	**-**
Segment revenue	1,027.3	695.4	321.0	**2,043.7**	62.8	(290.4)	**1,816.1**
Core revenue from transactions with external customers[1]	797.5	659.8	320.8	**1,778.1**	18.3	-	**1,796.4**
Adjusted EBITDA[2]	**274.1**	**215.0**	**72.8**	**561.9**	**(63.6)**	**-**	**498.3**
Capital expenditure:[3]	(58.7)	(100.0)	(47.0)	**(205.7)**	6.5	-	**(199.2)**
PP&E (excl. filling machines)[3, 4]	(17.3)	(52.0)	(4.4)	**(73.7)**	(3.2)	-	**(76.9)**
Net filling machines[3, 4]	(6.7)	(29.9)	(41.4)	**(78.0)**	9.7	-	**(68.3)**
Net capital expenditure[3]	(24.0)	(81.9)	(45.8)	**(151.7)**	6.5	-	**(145.2)**

	Year ended 31 December 2019						
(In € million)	EMEA	APAC	Americas	Total segments	Group Functions	Reconciling items	Total
Revenue from transactions with external customers	755.1	683.8	329.5	**1,768.4**	15.5	-	**1,783.9**
Revenue from inter-segment transactions	237.7	12.7	-	**250.4**	40.6	(291.0)	**-**
Segment revenue	992.8	696.5	329.5	**2,018.8**	56.1	(291.0)	**1,783.9**
Core revenue from transactions with external customers[1]	755.1	666.8	329.5	**1,751.4**	15.5	-	**1,766.9**
Adjusted EBITDA[2]	**242.2**	**228.9**	**84.1**	**555.2**	**(69.8)**	**-**	**485.4**
Capital expenditure:[3]	(62.1)	(86.1)	(40.9)	**(189.1)**	6.9	-	**(182.2)**
PP&E (excl. filling machines)[3, 4]	(16.0)	(34.1)	(3.4)	**(53.5)**	(4.8)	-	**(58.3)**
Net filling machines[3, 4]	(14.2)	(14.7)	(34.9)	**(63.8)**	11.7	-	**(52.1)**
Net capital expenditure[3]	(30.2)	(48.8)	(38.3)	**(117.3)**	6.9	-	**(110.4)**

1 Core revenue from transactions with external customers represents revenue from external customers, excluding revenue from sales of folding box board to third parties. Core revenue is not a defined performance measure in IFRS (see further note 9).

2 The performance of the segments is presented with reference to adjusted EBITDA. Adjusted EBITDA is defined by the Group as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature and to include the cash impact of dividends received from joint ventures. EBITDA and adjusted EBITDA are not defined performance measures in IFRS. Refer to note 9 for the detailed definitions of these performance measures and the reconciliation between the Group's profit, EBITDA and adjusted EBITDA.

3 The Group's capital expenditure mainly relates to investments in its own production, plant and equipment (PP&E capital expenditure, excluding filling machines) and to the manufacture and deployment of filling machines with customers (filling machine capital expenditure).

Net capital expenditure is defined by the Group as capital expenditure less upfront cash. Upfront cash is defined as consideration received as an upfront payment for filling machines from customers. Capital expenditure relating to filling machines is presented net of this upfront payment in the table above. Net capital expenditure is not a defined performance measure in IFRS. Refer to note 11 for the reconciliation between capital expenditure and net capital expenditure.

4 Group Functions may report positive net filling machine capital expenditure if the capital expenditure of the global filling machine assembly during a period is smaller than the payments it received under intra-group sales of filling machines. This could also happen occasionally in the case of PP&E capital expenditure, excluding filling machines.

Segment revenue per major product/service lines

Information about the Group's revenue is included in note 6, where total revenue is disaggregated by major product/service lines. In respect of the segments, the split of revenue between revenue from sale of sleeves and closures, filling line revenue and service revenue is broadly the same as at Group level and over recent years. Other revenue is primarily divided between EMEA and APAC.

Geographic information

The Group operates eight manufacturing facilities that produce carton sleeves (two in Germany and in China, and one each in Austria, Thailand, Brazil and Australia). The second facility in China became operational in December 2020 (see further notes 13 and 22). The facility in Australia was part of the business combination that took place in November 2019 (see note 27). The Group also operates two assembly facilities for filling machines in Germany and China, a production facility for closures in Switzerland and a paper mill for the production of liquid paper board and folding box board in New Zealand (see note 4 regarding a strategic assessment of the paper mill). It further operates three R&D centres (one each in Germany, Switzerland and China) as well as four training centres (one each in Germany, Brazil, Thailand and China). Furthermore, the joint ventures in the Middle East operate a sleeves manufacturing facility and a training centre in their region.

The below table includes information about the Group's non-current assets on a country basis. Non-current assets exclude financial instruments, deferred tax assets and net defined benefit assets.

(In € million)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Germany	1,076.8	1,110.7
Switzerland[1]	492.5	501.9
China	619.9	547.9
Thailand	484.4	548.7
Austria	339.4	342.6
Other countries	613.0	749.8
Total non-current assets	**3,626.0**	**3,801.6**

1 The Company's country of domicile is Switzerland.

The non-current assets are reported based on the geographic location of the business operations. The non-current assets are predominantly located in the countries in which the Group's manufacturing, assembly and production facilities are situated. The Group's intellectual property is primarily held by a company based in Switzerland.

The below table includes information about the Group's revenue from external customers on a country basis.

(In € million)	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
China	296.1	292.4
Germany	211.7	198.0
Brazil	129.6	151.3
Switzerland	13.1	12.3
Other countries	1,165.6	1,129.9
Total revenue from external customers	**1,816.1**	**1,783.9**

Revenue is reported based on the geographic location of customers. The customer base of the Group includes international companies, large national and regional companies as well as small local companies.

Information about major customers

The Group does not have revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue in any of the periods presented.

8 Other income and expenses

Other income and expenses relate to activities and transactions that are outside the Group's principal revenue generating activities. Foreign currency exchange gains and losses as well as fair value changes on commodity and foreign currency exchange derivatives entered into as part of the operating business are also presented as other income and expenses. Activities and transactions of a significant or unusual nature are generally adjusted for in the performance measures adjusted EBITDA and adjusted net income used by management (see note 9).

Composition of other income

(In € million)	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Net change in fair value of derivatives	21.5	10.1
Income from miscellaneous services	3.7	4.0
Rental income	0.7	0.7
Other	3.4	5.6
Total other income	**29.3**	**20.4**

Composition of other expenses

(In € million)	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Net foreign currency exchange loss	(8.1)	(4.1)
Transaction- and acquisition-related costs	(3.1)	(4.1)
Other	(1.2)	(1.1)
Total other expenses	**(12.4)**	**(9.3)**

For the year ended 31 December 2020, the Group recognised a net foreign currency exchange loss of €8.1 million (a net loss of €4.1 million for the year ended 31 December 2019). Foreign currency exchange losses mainly arose due to the depreciation of the Thai Baht against the Euro and the US Dollar, and the depreciation of the Brazilian Real against the Euro. The Brazilian Real foreign currency exchange losses were mitigated by Brazilian Real hedging gains.

Transaction- and acquisition-related costs are excluded in the calculation of adjusted EBITDA and adjusted net income (see note 9 for further details).

9 Alternative performance measures

Management uses a number of measures to assess the performance of the Group that are not defined in IFRS, including core revenue, adjusted EBITDA, adjusted net income, adjusted earnings per share, net capital expenditure, free cash flow and net leverage ratio.

These alternative non-IFRS performance measures are presented as management believes that they are important supplemental measures of the Group's performance. Management believes that they are useful and widely used in the markets in which the Group operates as a means of evaluating performance. In certain cases, these alternative performance measures are also used to determine compliance with covenants in the Group's credit agreement and compensation of certain members of management. However, these alternative performance measures should not be considered as substitutes for the information contained elsewhere in these consolidated financial statements.

This note includes information about adjusted EBITDA and adjusted net income. Core revenue is presented in notes 6 and 7, adjusted earnings per share in note 10 and net capital expenditure and free cash flow in note 11. Information about the Group's net leverage ratio is included in note 21.

Adjusted EBITDA

Adjusted EBITDA is used by management for business planning and to measure operational performance. Management believes that adjusted EBITDA provides investors with further transparency into the Group's operational performance and facilitates comparison of the performance of the Group on a period-to-period basis and versus peers.

EBITDA is defined by the Group as profit or loss before net finance expense, income tax expense, depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets. Adjusted EBITDA is defined by the Group as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature including, but not limited to, transaction- and acquisition-related costs, restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write-downs and share of profit or loss of joint ventures, and to include the cash impact of dividends received from joint ventures.

The following table reconciles profit to EBITDA and adjusted EBITDA.

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Profit for the period	**68.0**	**106.9**
Net finance expense	81.0	44.6
Income tax expense	23.0	41.1
Depreciation and amortisation	277.7	287.1
EBITDA	**449.7**	**479.7**
Adjustments to EBITDA:		
Replacement of share of profit of joint ventures with cash dividends received from joint ventures	5.3	5.3
Restructuring costs, net of reversals	6.3	1.8
Unrealised gain on derivatives	(21.5)	(10.1)
Transaction- and acquisition-related costs	3.1	4.3
Impairment losses	49.3	2.8
Other	6.1	1.6
Adjusted EBITDA	**498.3**	**485.4**

The Group has a number of ongoing restructuring programmes focused on reducing costs, streamlining the organisation and reducing headcount to be more closely aligned with the Group's needs and changing market demands. For the year ended 31 December 2020, restructuring costs primarily relate to a move of production resources within the APAC segment and organisational changes in the leadership team. See also notes 19 and 29.

Transaction- and acquisition-related costs include acquisition-related costs and costs for pursuing other initiatives.

Impairment losses for the year ended 31 December 2020 primarily relate to impairment of production-related assets comprising the Group's paper mill in New Zealand (€38.0 million) and impairment losses resulting from the reallocation of production within the APAC segment. See further notes 4, 12 and 15.

The "Other" category for the year ended 31 December 2020 mainly includes termination benefits relating to the former CEO (see further note 29) and integration costs in respect of Visy Cartons, which was acquired in November 2019. For the year ended 31 December 2019, "Other" mainly includes operational process-related costs.

Adjusted net income

Adjusted net income is used by management to measure performance. Management believes that adjusted net income is a meaningful measure because by removing certain non-recurring charges and non-cash expenses, the Group's operating result directly associated with the period's performance is presented. The use of adjusted net income may also be helpful to investors because it provides consistency and comparability with past performance and facilitates period-to-period comparisons of results of operations.

Adjusted net income is defined by the Group as profit or loss adjusted to exclude certain items of significant or unusual nature including, but not limited to, the non-cash foreign exchange impact of non-functional currency loans, amortisation of transaction costs, the net change in fair value of financing-related derivatives, purchase price allocation ("PPA") depreciation and amortisation, adjustments made to reconcile EBITDA to adjusted EBITDA and the estimated tax impact of the foregoing adjustments. The PPA depreciation and amortisation arose due to the acquisition accounting that was performed when the Group was acquired by Onex in 2015. No adjustments are made for PPA depreciation and amortisation other than in connection with the Onex acquisition.

The following table reconciles profit for the period to adjusted net income.

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Profit for the period	**68.0**	**106.9**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	24.6	(1.2)
Amortisation of transaction costs	3.1	2.8
Net change in fair value of derivatives	(0.5)	1.5
Net effect of early repayment of secured term loans	19.7	-
Onex acquisition PPA depreciation and amortisation	125.4	136.5
Adjustments to EBITDA:		
Replacement of share of profit of joint ventures with cash dividends received from joint ventures	5.3	5.3
Restructuring costs, net of reversals	6.3	1.8
Unrealised gain on derivatives	(21.5)	(10.1)
Transaction- and acquisition-related costs	3.1	4.3
Impairment losses	49.3	2.8
Other	6.1	1.6
Tax effect on above items	(56.6)	(34.8)
Adjusted net income	**232.3**	**217.4**

10 Earnings per share

Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the consolidated profit for the period by the weighted average number of shares in issue during the period, excluding the weighted average number of treasury shares. Diluted earnings per share reflects the effect of potentially dilutive shares under the Group's share-based payment plans and arrangements.

The following table shows the weighted average numbers of shares outstanding before and after adjustments for the effect of potentially dilutive shares.

	Weighted average number of ordinary shares
Issued shares as of 1 January 2019	320,053,240
Effect of treasury shares held	(10,732)
Weighted average number of shares as of 31 December 2019 - basic	**320,042,508**
Effect of share-based payment plans and arrangements	15,552
Weighted average number of shares as of 31 December 2019 - diluted	**320,058,060**
Issued shares as of 1 January 2020	320,053,240
Effect of treasury shares held	(8,360)
Weighted average number of shares as of 31 December 2020 - basic	**320,044,880**
Effect of share-based payment plans and arrangements	34,373
Weighted average number of shares as of 31 December 2020 - diluted	**320,079,253**

The below table shows the profit attributable to shareholders and the weighted average number of outstanding shares used in the calculation of basic and diluted earnings per share.

(In € million unless indicated)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Profit for the period	68.0	106.9
Weighted average number of shares for the period - basic *(in numbers)*	320,044,880	320,042,508
Basic earnings per share *(in €)*	**0.21**	**0.33**
Profit for the period	68.0	106.9
Weighted average number of shares for the period - diluted *(in numbers)*	320,079,253	320,058,060
Diluted earnings per share *(in €)*	**0.21**	**0.33**

Adjusted earnings per share

Adjusted earnings per share is defined by the Group as adjusted net income divided by the weighted average number of shares. Management believes that (basic) adjusted earnings per share is a useful measure as adjusted net income is used to measure performance. Adjusted net income and adjusted earnings per share are not defined performance measures in IFRS (see further note 9).

The following table shows the adjusted net income and the weighted average number of outstanding shares used in the calculation of basic and diluted adjusted earnings per share.

(In € million unless indicated)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Adjusted net income	232.3	217.4
Weighted average number of shares for the period - basic *(in numbers)*	320,044,880	320,042,508
Adjusted earnings per share - basic *(in €)*	**0.73**	**0.68**
Adjusted net income	232.3	217.4
Weighted average number of shares for the period - diluted *(in numbers)*	320,079,253	320,058,060
Adjusted earnings per share - diluted *(in €)*	**0.73**	**0.68**

11 Cash flow information

This note includes information about the Group's cash flows as well as non-cash transactions. Where more relevant for the understanding of a transaction, cash inflows and outflows are described in the notes of the respective assets or liabilities to which the cash flows relate. The same applies to non-cash transactions.

Net capital expenditure

The Group's capital expenditure primarily relates to investments in own production, plant and equipment (PP&E capital expenditure, excluding filling machines) and to the manufacture and deployment of filling machines with customers under contracts accounted for as operating leases (filling machine capital expenditure).

Net capital expenditure is defined by the Group as capital expenditure less upfront cash. Upfront cash is defined as consideration received as an upfront payment for filling machines from customers. Net capital expenditure is not a defined performance measure in IFRS (see further note 9).

Management uses net capital expenditure as it better demonstrates how cash generative the business is. As the Group typically receives a portion of the total consideration for a filling machine as an upfront payment from the customer (see also note 20), the cash outflow relating to filling machines is generally lower than implied by the gross capital expenditure figure. Payments received for filling lines (including upfront payments) are included in cash flows from operating activities.

The following table reconciles capital expenditure to net capital expenditure.

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
PP&E (excl. filling machines)	76.9	58.3
Gross filling machines	122.3	123.9
Capital expenditure (gross)	**199.2**	**182.2**
Upfront cash (for filling machines)	(54.0)	(71.8)
Net capital expenditure	**145.2**	**110.4**

Free cash flow

Free cash flow is used by management to evaluate the performance of the Group. Free cash flow is defined by the Group as net cash from operating activities plus dividends received from the joint ventures less capital expenditure and payments of lease liabilities. Free cash flow is not a defined performance measure in IFRS (see further note 9).

The following table reconciles net cash from operating activities to free cash flow.

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Net cash from operating activities	**425.8**	**438.1**
Dividends received from joint ventures	22.7	20.7
Acquisition of PP&E and intangible assets	(199.2)	(182.2)
Payment of lease liabilities	(16.1)	(9.8)
Free cash flow	**233.2**	**266.8**

Non-cash transactions

Non-cash transactions for the year ended 31 December 2020 include the derecognition of capitalised transaction costs and original issue discount in the amount of €17.6 million resulting from the repayment of the secured term loans in June 2020 (see notes 22, 23 and 25). Other non-cash transactions include the initial recognition of leases on the statement of the financial position (see notes 13 and 22). Notably for the year ended 31 December 2020, the increase in right-of-use assets and lease liabilities compared to the prior year is mainly due to the commencement in December 2020 of the 20-year lease of the Group's second sleeves manufacturing facility in China (with an initial lease liability and related right-of-use asset recognised of approximately €60 million each) but also to an increase of leases of production equipment for closures. The granting of instruments under the Group's 2019 and 2020 equity-settled share-based payment plans and arrangements are also non-cash transactions (see note 31).

Cash outflows under lease contracts

The total cash outflow for the Group's lease contracts for the year ended 31 December 2020 was €21.8 million (€15.7 million for the year ended 31 December 2019).

OUR OPERATING ASSETS AND LIABILITIES

This section includes certain information about the Group's operating assets and liabilities. The main operating assets relate to the Group's production equipment and its deployed filling lines accounted for as operating leases. The Group also has right-of-use assets resulting from lease contracts entered into as a lessee. The Group's trade receivables balance is reduced by selling trade receivables under securitisation and factoring programmes. A substantial part of the Group's assets relates to goodwill and other intangible assets. Impairment testing of goodwill and trademarks with indefinite useful lives is described in this section. The main operating liabilities relate to trade payables and accruals for various incentive programmes. Other liabilities mainly comprise deferred revenue relating to advance payments received in relation to filling lines deployed under contracts accounted for as operating leases.

12 Property, plant and equipment

Property, plant and equipment ("PP&E") is mainly composed of filling lines that are deployed at customers' sites under contracts that qualify to be accounted for as operating leases (see note 5.5.2) and the Group's plant and production equipment. PP&E also includes work in progress, which relates to construction of filling machines and to filling lines under installation at customers' sites as well as to construction of various types of production equipment used by the Group in its manufacturing and assembly facilities. The Group is a lessor only in respect of its filling lines deployed with its customers.

Composition of PP&E

(In € million)	**Land**	**Buildings**	**Plant and equipment**	**Work in progress**	**Filling lines**	**Total**
Cost	40.1	181.6	620.7	156.0	854.2	**1,852.6**
Accumulated depreciation and impairment losses	-	(47.0)	(399.6)	-	(332.9)	**(779.5)**
Carrying amount as of 31 December 2019	**40.1**	**134.6**	**221.1**	**156.0**	**521.3**	**1,073.1**
Cost	38.1	173.2	610.2	187.0	875.2	**1,883.7**
Accumulated depreciation and impairment losses	(9.5)	(64.4)	(443.7)	(8.5)	(371.0)	**(897.1)**
Carrying amount as of 31 December 2020	**28.6**	**108.8**	**166.5**	**178.5**	**504.2**	**986.6**
Carrying amount as of 1 January 2019	**39.3**	**148.2**	**250.2**	**170.0**	**461.1**	**1,068.8**
Additions	-	0.5	3.5	167.7	6.5	**178.2**
Additions through business combination	-	-	6.4	2.8	4.7	**13.9**
Reclassification to right-of-use assets	-	(14.3)	(13.3)	-	-	**(27.6)**
Disposals	-	-	(4.3)	-	(5.4)	**(9.7)**
Depreciation	-	(9.2)	(75.5)	-	(92.5)	**(177.2)**
Impairment losses	-	-	-	-	(2.8)	**(2.8)**
Transfers	-	7.6	49.3	(186.6)	129.7	**-**
Effect of movements in exchange rates	0.8	1.8	4.8	2.1	20.0	**29.5**
Carrying amount as of 31 December 2019	**40.1**	**134.6**	**221.1**	**156.0**	**521.3**	**1,073.1**

(In € million)	Land	Buildings	Plant and equipment	Work in progress	Filling lines	Total
Carrying amount as of 1 January 2020	**40.1**	**134.6**	**221.1**	**156.0**	**521.3**	**1,073.1**
Additions	-	0.8	2.4	191.7	4.4	**199.3**
Disposals	-	-	(0.1)	-	(0.4)	**(0.5)**
Depreciation	-	(9.1)	(62.3)	-	(88.8)	**(160.2)**
Impairment losses	(9.2)	(11.6)	(13.1)	(8.6)	(1.3)	**(43.8)**
Transfers	-	1.6	34.7	(149.3)	110.7	**(2.3)**
Effect of movements in exchange rates	(2.3)	(7.5)	(16.2)	(11.3)	(41.7)	**(79.0)**
Carrying amount as of 31 December 2020	**28.6**	**108.8**	**166.5**	**178.5**	**504.2**	**986.6**

Notes 7 and 11 include further information about the Group's capital expenditure with regard to its production equipment and filling lines.

Depreciation and impairment of PP&E

Depreciation of PP&E is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Cost of sales	154.3	170.9
Selling, marketing and distribution expenses	1.0	1.2
General and administrative expenses	4.9	5.1
Total depreciation	**160.2**	**177.2**

The impairment losses recognised in the year ended 31 December 2020 primarily relate to production-related assets of Whakatane, the Group's paper mill in New Zealand. Out of the total amount of impairment losses of €43.8 million, €32.5 million relate to the paper mill (see further note 4). The remaining amount mainly relates to impairment losses resulting from the reallocation of production within the APAC segment. The recoverable amounts of the impaired assets are not material. The impairment losses are recognised as part of cost of sales in the statement of profit or loss and other comprehensive income.

Capital expenditure commitments

As of 31 December 2020, the Group had entered into contracts to incur capital expenditure of €62.0 million (€99.7 million as of 31 December 2019) for the acquisition of PP&E. The commitments relate to filling machine assembly, certain downstream equipment and equipment for the Group's sleeves manufacturing facilities, including some remaining investments in relation to the second sleeves manufacturing facility in China that became operational in December 2020, which explains the decrease in commitments between the two periods. The new facility is leased by the Group (see note 13).

Accounting policy, significant judgements and estimates

Items of PP&E are measured at cost less accumulated depreciation and accumulated impairment losses. Gains and losses on disposals of items of PP&E are recognised in profit or loss as part of other income or expenses.

The cost of an acquired or self-constructed item of PP&E includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. The cost of the Group's filling lines also includes the estimated cost of dismantling to the extent such an amount is recognised as a provision. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. The costs of the day-to-day servicing of PP&E are recognised in profit or loss as incurred.

Items of PP&E are depreciated on a straight-line basis over their estimated useful lives, with depreciation generally recognised in profit or loss. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Buildings	15 to 40 years
Plant and equipment:	
Production-related equipment and machinery	4 to 12 years
Furniture and fixtures	3 to 8 years
Filling lines (leased assets, SIG as the lessor)	10 years

The Group as a lessor – filling lines

The Group mainly deploys filling lines under contracts that qualify to be accounted for as operating leases (see note 5.5.2 for additional details). As further described in this accounting policy section, the filling lines are measured at cost and depreciated over their estimated useful life of ten years and tested for impairment when there is an impairment indicator.

Impairment of PP&E

Items of PP&E are reviewed regularly and at least annually to identify whether there is an indication of impairment. If an impairment indicator exists, the asset's recoverable amount is estimated. See note 5.5.3 for further details about impairment testing of non-financial assets.

A change in the Group's intended use of certain assets, such as a decision to rationalise manufacturing locations, may trigger a future impairment. Value in use calculations require management to estimate the future cash flows expected to arise from an individual asset or cash generating unit and to determine a suitable discount rate to calculate present value.

13 Right-of-use assets

The Group generally purchases its production-related buildings and equipment (see note 12). However, it also enters into lease contracts. Right-of-use assets relate to lease contracts that the Group has entered into as a lessee. The contracts mainly cover leases of assets such as office buildings, production-related buildings and equipment, warehouses and cars.

Composition of right-of-use assets

(In € million)	Buildings	Plant and equipment	Cars	Total
Cost	29.9	26.4	4.9	**61.2**
Accumulated depreciation and impairment losses	(5.8)	(4.8)	(1.6)	**(12.2)**
Carrying amount as of 31 December 2019	**24.1**	**21.6**	**3.3**	**49.0**
Cost	113.1	49.4	7.5	**170.0**
Accumulated depreciation and impairment losses	(12.6)	(12.7)	(3.6)	**(28.9)**
Carrying amount as of 31 December 2020	**100.5**	**36.7**	**3.9**	**141.1**
Carrying amount as of 1 January 2019	**-**	**-**	**-**	**-**
Initial effect of adopting IFRS 16	12.0	1.1	2.8	**15.9**
Reclassification from PP&E upon adoption of IFRS 16	14.3	13.3	-	**27.6**
Additions	2.0	10.1	2.3	**14.4**
Additions through business combination	0.9	0.5	0.1	**1.5**
Depreciation	(5.3)	(3.1)	(1.6)	**(10.0)**
Other adjustments	(0.2)	(0.5)	(0.3)	**(1.0)**
Effect of movements in exchange rates	0.4	0.2	-	**0.6**
Carrying amount as of 31 December 2019	**24.1**	**21.6**	**3.3**	**49.0**
Carrying amount as of 1 January 2020	**24.1**	**21.6**	**3.3**	**49.0**
Additions	86.1	23.8	3.0	**112.9**
Depreciation	(7.3)	(8.1)	(2.1)	**(17.5)**
Other adjustments	(0.2)	(0.2)	(0.2)	**(0.6)**
Effect of movements in exchange rates	(2.2)	(0.4)	(0.1)	**(2.7)**
Carrying amount as of 31 December 2020	**100.5**	**36.7**	**3.9**	**141.1**

The Group's most significant leases are the 20-year lease of its second sleeves manufacturing facility in China that commenced in December 2020, and the 20-year lease of the SIG Tech Centre in China that commenced in 2018. Together, these two leases make up the larger part of the carrying amount of leased buildings. Approximately 70% of the increase in buildings in the year ended 31 December 2020 is related to the lease of the new sleeves manufacturing facility (see also note 11). The Group has entered into an increased number of leases of production equipment for closures during the current year compared to the prior year. The larger part of the plant and equipment category relates to leases of production equipment for closures with a lease term of four to five years. The lease term of other assets is most commonly in the range of three to five years.

Depreciation of right-of-use assets

Depreciation of right-of-use assets is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Cost of sales	11.8	5.8
Selling, marketing and distribution expenses	3.0	1.8
General and administrative expenses	2.7	2.4
Total depreciation	**17.5**	**10.0**

Lease commitments

The Group has entered into lease contracts that have not yet commenced. The present value of estimated future lease payments under these lease contracts approximates €35 million as of 31 December 2020 (€74 million as of 31 December 2019). These contracts mainly concern production equipment for closures, with the leases expected to commence within the next twelve to fifteen months. As of 31 December 2019, the lease commitments mainly related to the 20-year lease of the Group's second sleeves manufacturing facility in China but also to leases of production equipment for closures.

Accounting policy

At the commencement date of lease, the Group recognises a lease liability and a related right-of-use asset. The accounting for lease liabilities is described in note 22.

The right-of-use asset represents the Group's right to use the leased asset. A right-of-use asset is initially measured at cost, which in many cases will equal the amount recognised as a lease liability. However, adjustments are required for any lease payments made at or before the commencement date of the lease and any initial direct costs incurred. The cost also includes the estimated cost to dismantle and remove the leased asset, to restore it to the condition required under the lease contract or to restore the site on which it is located, to the extent such an amount is recognised as a provision.

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and impairment losses. A right-of-use asset is subsequently also adjusted for certain remeasurements of the related lease liability.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

As for PP&E, right-of-use assets are reviewed regularly and at least annually to identify whether there is an indication of impairment. If an impairment indicator exists, the asset's recoverable amount is estimated. See note 5.5.3 for further details about impairment testing of non-financial assets.

14 Intangible assets

The largest portion of the Group's intangible assets is goodwill, arising as a result of the acquisition of the Group by Onex in 2015. The other intangible assets mainly consist of trademarks, customer relationships and technology-related assets. The trademarks have indefinite useful lives.

Composition of intangible assets

(In € million)	**Goodwill**	**Trade-marks**	**Customer relation-ships**	**Technology and other assets**	**Total**
Cost	1,621.9	309.6	646.2	365.2	**2,942.9**
Accumulated amortisation and impairment losses	-	-	(305.4)	(177.2)	**(482.6)**
Carrying amount as of 31 December 2019	**1,621.9**	**309.6**	**340.8**	**188.0**	**2,460.3**
Cost	1,566.7	311.1	614.6	366.6	**2,859.0**
Accumulated amortisation and impairment losses	-	-	(351.7)	(214.5)	**(566.2)**
Carrying amount as of 31 December 2020	**1,566.7**	**311.1**	**262.9**	**152.1**	**2,292.8**
Carrying amount as of 1 January 2019	**1,583.7**	**298.2**	**388.6**	**216.1**	**2,486.6**
Additions	-	-	-	1.6	**1.6**
Additions through business combination	14.5	-	9.7	-	**24.2**
Amortisation	-	-	(63.6)	(36.3)	**(99.9)**
Effect of movements in exchange rates	23.7	11.4	6.1	6.6	**47.8**
Carrying amount as of 31 December 2019	**1,621.9**	**309.6**	**340.8**	**188.0**	**2,460.3**
Carrying amount as of 1 January 2020	**1,621.9**	**309.6**	**340.8**	**188.0**	**2,460.3**
Additions	-	-	-	1.0	**1.0**
Amortisation	-	-	(62.5)	(37.5)	**(100.0)**
Impairment losses	-	-	-	(0.1)	**(0.1)**
Effect of movements in exchange rates	(55.2)	1.5	(15.4)	0.7	**(68.4)**
Carrying amount as of 31 December 2020	**1,566.7**	**311.1**	**262.9**	**152.1**	**2,292.8**

The acquisition of Visy Cartons in 2019 resulted in an increase of goodwill and customer relationships. See further note 27.

Research and development

Research and development costs (excluding depreciation and amortisation expense) are recognised as a component of general and administrative expenses, totalling €50.9 million for the year ended 31 December 2020 and €51.7 million for the year ended 31 December 2019.

Amortisation of intangible assets

Amortisation of intangible assets is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Cost of sales	62.6	63.9
General and administrative expenses	37.4	36.0
Total amortisation	**100.0**	**99.9**

Annual impairment tests of goodwill and trademarks with indefinite useful lives

Goodwill with a carrying amount of €1,566.7 million as of 31 December 2020 (€1,621.9 million as of 31 December 2019) and trademarks with indefinite useful lives with a carrying amount of €311.1 million as of 31 December 2020 (€309.6 million as of 31 December 2019) are not subject to amortisation but tested for impairment on an annual basis and whenever there is an impairment indicator. The annual impairment tests are performed in the fourth quarter each year.

The Group does not monitor goodwill at a lower level than Group level for internal management purposes but goodwill must for impairment testing purposes be allocated to a cash generating unit ("CGU"), or group of CGUs, that is not larger than an operating segment before aggregation. The Group has allocated the goodwill for impairment testing purposes to its three operating segments (EMEA, APAC and Americas).

Goodwill

For the impairment test of goodwill, the recoverable amount has been estimated with reference to value in use. In assessing the value in use, the estimated future cash flows over the next five years have been discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money as well as the risks specific to each segment. The weighted average cost of capital ("WACC") is used to determine the discount rate. Cash flows for the first five years are based on financial plans approved by management. Cash flows after the five-year internal planning period are extrapolated using terminal growth rates based on the estimated global and regional market growth for companies in the aseptic carton packaging industry. The terminal growth rates used by the Group for impairment testing purposes are conservative and do not exceed the estimated long-term growth rates in the aseptic carton packaging industry.

Goodwill is allocated to the Group's three operating (and reportable) segments as per the following table. The goodwill that resulted from the acquisition of Visy Cartons in November 2019 is allocated to APAC and was considered as of 31 December 2019. The table also includes information about the key assumptions used in the impairment test.

	Year ended 31 December 2020			Year ended 31 December 2019		
(In € million or %)	Carrying amount	Growth rate	Pre-tax discount rate	Carrying amount	Growth rate	Pre-tax discount rate
EMEA	757.2	1.25%	6.1%	757.2	1.25%	7.1%
APAC	632.7	2.5%	7.8%	657.3	2.5%	9.0%
Americas	176.8	2.25%	10.8%	207.4	2.25%	12.1%
Total goodwill	**1,566.7**			**1,621.9**		

No impairment of goodwill was identified in either of the periods. Management considers it unlikely that any realistic change in the assumptions used would result in an impairment loss. The estimated recoverable amounts of the goodwill allocated to the segments significantly exceed the respective carrying amounts in both periods. The Group is overall currently not significantly impacted by the COVID-19 pandemic (see notes 4 and 5.4). Management does not believe that the effects of the COVID-19 pandemic will have any significant long-term negative impacts on the Group's estimated future cash flows. However, there is no assurance that the Group's experience to date, which has been reflected in the assessment of future cash flows, will be representative of future periods.

Trademarks with indefinite useful lives

The value of the Group's trademarks with indefinite useful lives is associated with the Group as a whole. Trademarks are tested for impairment at Group level as all SIG entities benefit from the trademarks. The entities are charged a royalty fee for the use of the SIG trademarks. For the impairment test, the recoverable amount has been estimated with reference to value in use. The assessed royalty fees over the next five years have been discounted to their present value using a pre-tax discount rate at Group level of 7.6% (8.8% in the 2019 annual impairment test) and a terminal growth rate at Group level of 2.0% (2.0% in the 2019 annual impairment test). The WACC is used to determine the discount rate. The royalty fees for the first five years are based on financial plans approved by management. Cash flows after the five-year internal planning period are extrapolated using a terminal growth rate based on the estimated global market growth for companies in the aseptic carton packaging industry. The terminal growth rate used by the Group for impairment testing purposes is conservative and does not exceed the estimated long-term growth rates in the aseptic carton packaging industry.

No impairment of trademarks with indefinite useful lives was identified in any of the periods. Management considers it unlikely that any realistic change in the assumptions used would result in an impairment loss.

Accounting policy

Goodwill arising upon business combinations is measured at cost less accumulated impairment losses. With respect to investments in joint ventures accounted for using the equity method, the carrying amount of goodwill is included in the carrying amount of the investment.

The Group's trademarks are assessed to have indefinite useful lives considering the long history of the SIG brand and its expected future continuous use. They are measured at cost less accumulated impairment losses. Other intangible assets, including customer relationships and technology assets, have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Gains and losses on disposals of intangible assets are recognised in profit or loss as part of other income or expenses.

Accounting policy (continued)

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technologically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. If the capitalisation criteria are not met, development expenditure is recognised in profit or loss as incurred. Due to uncertainties inherent in the development of new products and processes, notably regarding the difficulty of reliably estimating expected future economic benefits, development costs typically do not meet the capitalisation criteria but are recognised as general and administrative expenses as incurred. Expenditure on research activities is recognised in profit or loss as incurred.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives, with amortisation generally recognised in profit or loss. The estimated useful lives of amortisable intangible assets for the current and comparative periods are as follows:

Customer relationships	10 years
Technology assets (including patented and non-patented technology and know-how)	6 to 10 years
Other intangible assets (including software)	3 to 6 years

Impairment of goodwill and other intangible assets

Intangible assets with finite useful lives are reviewed regularly and at least annually to identify whether there is an indication of impairment. If an impairment indicator exists, the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment on an annual basis and whenever there is an indication that they may be impaired. Note 5.5.3 includes further details about the assessment of the recoverable amounts of non-financial assets and recognition of any impairment losses.

Significant judgements and estimates

Significant judgement is involved in the annual impairment testing of goodwill and trademarks with indefinite useful lives. The judgements and assumptions used in estimating the recoverable amount are included above under "Annual impairment tests of goodwill and trademarks with indefinite useful lives", where the outcome of the annual impairment tests is also described.

15 Inventories

Composition of inventories and other financial information

(In € million)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Raw materials and consumables	50.0	56.8
Work in progress	21.0	17.2
Finished goods	99.7	93.2
Total inventories	**170.7**	**167.2**

As of 31 December 2020, inventories included a provision of €15.5 million due to write-downs to net realisable value (€17.2 million as of 31 December 2019).

Raw materials and consumables recognised as an expense in cost of sales in the statement of profit or loss and other comprehensive income amounted to €727.4 million in the year ended 31 December 2020 (€715.9 million in the year ended 31 December 2019).

Spare parts in the amount of €5.4 million related to production equipment of the Group's paper mill in New Zealand were impaired and recognised as an expense in cost of sales in the statement of profit or loss and other comprehensive income in the year ended 31 December 2020 (nil in the year ended 31 December 2019). See further notes 4 and 12.

Accounting policy

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula and includes costs incurred in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price less the estimated costs of completion and estimated costs necessary to make the sale.

16 Trade and other receivables

Trade and other receivables mainly comprise trade receivables. The Group has a securitisation programme under which it sells a portion of its sleeves-related trade receivables without recourse. It also maintains a small number of minor factoring programmes.

Composition of trade and other receivables

The below table provides an overview of the Group's current and non-current trade and other receivables. Trade receivables that will be sold under the securitisation and factoring programmes are presented as trade receivables at fair value. Trade receivables that will not be sold are presented as trade receivables at amortised cost.

(In € million)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Trade receivables at amortised cost	86.3	109.6
Trade receivables at fair value	16.2	52.9
Related party trade receivables	13.4	22.7
Note receivables	32.6	20.2
VAT receivables	16.3	16.8
Other receivables	57.2	49.4
Total current trade and other receivables	**222.0**	**271.6**
Non-current receivables	**6.3**	**5.6**
Total current and non-current receivables	**228.3**	**277.2**

The payment terms for the Group's trade receivables for sleeve sales are on average between 30 and 40 days.

Trade receivables at amortised cost – loss allowance and ageing

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Current	65.0	86.1
Past due up to 29 days	9.7	15.4
Past due 30 days to 89 days	4.6	6.2
Past due 90 days or more	7.0	1.9
Trade receivables at amortised cost, net of loss allowance	**86.3**	**109.6**
Loss allowance	**(5.0)**	**(3.4)**
Trade receivables at amortised cost, gross	**91.3**	**113.0**

The loss allowance represents the Group's estimate of individually impaired trade receivables as well as expected credit losses on trade receivables that are not individually impaired. It primarily relates to trade receivables past due more than 90 days. The expected credit losses are calculated using a provision matrix based on historical credit loss experience and assessments of current and future conditions. The expected loss rate for trade receivables past due more than 90 days that are not individually impaired is between 25% and 100% (with an expected loss rate of 100% when due more than 270 days). For trade receivables past due 30 to 89 days that are not individually impaired, the expected loss rate is around 5%.

Management believes that the recognised loss allowance sufficiently covers the risk of default based on historical payment behaviour and assessments of future expectations of credit losses, including regular analysis of customer credit risk. See further section "Credit risk" in note 25.

The below table shows the movements in the loss allowance for trade receivables at amortised cost.

(In € million)	2020	2019
Loss allowance as of 1 January	3.4	3.8
Change in loss allowance recognised in profit or loss during the year	2.5	(0.4)
Foreign exchange differences	(0.9)	-
Loss allowance as of 31 December	**5.0**	**3.4**

Securitisation programme

The Group has an asset-backed securitisation programme under which it sells without recourse a portion of its sleeves-related trade receivables to a special purpose entity. This entity is not controlled, and therefore not consolidated, by the Group. The trade receivables sold qualify for derecognition by the Group. The Group transfers the contractual rights to the cash flows of the trade receivables at their nominal value less a retained reserve in exchange for cash. The net amount is presented as part of other current receivables and represents the Group's right to receive this amount once the trade receivables sold have been settled by the customers.

Trade receivables sold under the securitisation programme amounted to €115.6 million as of 31 December 2020 (€112.5 million as of 31 December 2019), of which €92.1 million (€95.8 million as of 31 December 2019) has been derecognised and €23.5 million (€16.7 million as of 31 December 2019), representing the retained reserve, is presented as part of other current receivables. The retained reserve represents the Group's maximum exposure to any losses in respect of trade receivables previously sold under the programme. The interest expense paid under the asset-backed securitisation programme amounted to €2.1 million in the year ended 31 December 2020 (€2.4 million as of 31 December 2019) and is presented as part of other finance expenses.

Factoring programmes

The Group has a small number of minor factoring programmes under which trade receivables sold by the Group qualify for derecognition. The factored amounts totalled €13.3 million as of 31 December 2020 (€24.7 million as of 31 December 2019). The interest expense paid under the factoring programme amounted to €0.3 million in the year ended 31 December 2020 (€0.6 million as of 31 December 2019) and is presented as part of other finance expenses.

Accounting policy

Trade receivables at amortised cost

Trade and other receivables that will not be sold under the Group's securitisation and factoring programmes are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these receivables are measured at amortised cost using the effective interest method less a loss allowance. The loss allowance represents the Group's estimate of individually impaired trade receivables as well as expected credit losses on trade receivables that are not individually impaired. The expected credit losses are calculated using a provision matrix based on historical credit loss experience and assessments of current and future conditions. Any subsequent recoveries of amounts previously written off relating to individually impaired trade receivables are credited to the same line item in profit or loss where the original write-off was recognised. The Group holds these trade receivables to collect the contractual cash flows and these cash flows are solely payments of principal and interest on the principal outstanding.

Trade receivables at fair value through profit or loss

Trade receivables that will be sold under the Group's securitisation and factoring programmes are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are also recognised at fair value. These trade receivables are sold and derecognised shortly after their initial recognition in the statement of financial position. Any change in fair value is recognised through profit or loss. The objective with these trade receivables is to realise the cash flows primarily through selling them.

Derecognition of trade receivables

A financial asset is derecognised when the contractual rights to the cash flows from the asset have expired, when the contractual rights to receive the cash flows have been transferred and the Group has transferred substantially all of the risks and rewards of ownership, or when the Group transfers a financial asset but retains the contractual rights to receive the cash flows but at the same time assumes a contractual obligation to pay the cash flows to another recipient (and remits the cash flows to the other recipient once having collected an amount from the original asset without material delay, also being prohibited to sell or pledge the original asset). Any interest in such a derecognised financial asset that is retained by the Group is recognised as a separate asset or liability.

17 Cash and cash equivalents

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Cash and cash equivalents (unrestricted)	353.3	254.9
Restricted cash	1.8	6.1
Total cash and cash equivalents	**355.1**	**261.0**

Cash and cash equivalents mainly consist of cash at banks but may also include short-term deposits at banks with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value (€12.5 million as of 31 December 2020 and €35.6 million as of 31 December 2019). The restricted cash relates to cash collected for the benefit of the Group's securitisation partner.

18 Trade and other payables

Trade and other payables are mainly comprised of trade payables, accruals for various customer incentives and other accrued expenses.

Composition of trade and other payables

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Trade payables	163.9	179.6
Related party payables	0.7	2.9
Liability for various customer incentive programmes	238.7	210.7
VAT payables	8.1	9.5
Accrued interest third parties	5.9	6.2
Other current payables and accrued expenses	83.9	83.4
Current trade and other payables	**501.2**	**492.3**
Related party payables	2.6	2.7
Other non-current payables	9.7	7.7
Non-current payables	**12.3**	**10.4**
Total current and non-current trade and other payables	**513.5**	**502.7**

Liabilities with an impact on the Group's revenue

In respect of liabilities relating to contracts with customers accounted for under the revenue standard, the Group has refund and contract liabilities.

The Group's incentive programmes relate to trade discounts, volume rebates and other customer incentives linked to sleeve volumes (see also note 6). These programmes generally run over a calendar year, resulting in a gradual build-up over the year of an accrual liability against revenue from sale of sleeves. As of 31 December 2020 and 31 December 2019, the liabilities for customer incentive programmes mainly represent incentives earned by customers under programmes running over a calendar year that have not yet been settled by the Group. The remaining part represents accruals built up for incentive programmes running over periods other than a calendar year (i.e. refund liabilities). The Group has recognised an insignificant amount as revenue in the current period that was included in the balance of liabilities for customer incentive programmes at the beginning of the period but was never paid out as the conditions for the incentive payments were not met (also applicable to the comparative period).

The Group's contract liabilities relate to advance payments received from customers in relation to the sale of sleeves and the sale of filling lines under contracts accounted for under the revenue standard. These advance payments are recognised as revenue within a short time frame from their initial recognition in the statement of financial position. As of 31 December 2020, the Group had contract liabilities in the amount of €11.4 million (€11.6 million as of 31 December 2019). These advance payments are presented in the table above as part of other current payables and accrued expenses. The amount of advance payments recognised as of 31 December 2019 has been recognised as revenue in 2020.

Accounting policy and significant estimates

Trade and other payables are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are carried at amortised cost using the effective interest method. The liability for accruals for various customer incentives is estimated based on historical and current market trends as further described in note 6. The accruals are presented against revenue.

19 Provisions

The Group's provisions mainly relate to dismantling costs, warranties and restructuring programmes.

Composition of provisions

(In € million)	**Dismantling**	**Product warranty**	**Restructur-ing**	**Other**	**Total**
Carrying amount as of 1 January 2019	**11.2**	**8.4**	**13.3**	**3.3**	**36.2**
Provisions made	2.3	5.8	2.2	0.8	**11.1**
Provisions used	(0.2)	(4.9)	(10.6)	(0.3)	**(16.0)**
Provisions reversed	(1.8)	(1.8)	(0.4)	(0.5)	**(4.5)**
Effect of movements in exchange rates	0.7	0.1	-	-	**0.8**
Carrying amount as of 31 December 2019	**12.2**	**7.6**	**4.5**	**3.3**	**27.6**
Current	0.1	7.6	3.6	0.8	**12.1**
Non-current	12.1	-	0.9	2.5	**15.5**
Carrying amount as of 31 December 2019	**12.2**	**7.6**	**4.5**	**3.3**	**27.6**
Carrying amount as of 1 January 2020	**12.2**	**7.6**	**4.5**	**3.3**	**27.6**
Provisions made	1.6	8.5	6.3	4.3	**20.7**
Provisions used	-	(3.0)	(6.9)	(0.7)	**(10.6)**
Provisions reversed	-	(3.0)	-	(0.2)	**(3.2)**
Effect of movements in exchange rates	(0.9)	(0.5)	-	(0.5)	**(1.9)**
Carrying amount as of 31 December 2020	**12.9**	**9.6**	**3.9**	**6.2**	**32.6**
Current	0.1	9.6	2.6	1.8	**14.1**
Non-current	12.8	-	1.3	4.4	**18.5**
Carrying amount as of 31 December 2020	**12.9**	**9.6**	**3.9**	**6.2**	**32.6**

Restructuring provision

The Group's restructuring programmes are focused on reducing costs, streamlining the organisation and adjusting headcount to be more closely aligned with the Group's needs and changing market demands. Payments are generally expected to be executed within the next one or two years. See also notes 9 and 29.

Other provisions

Other provisions mainly relate to legal claims.

Accounting policy

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be reliably estimated and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted if the time value of money is material. The unwinding of the discount is recognised as part of finance expenses. A provision is classified as current or non-current depending on whether the expected timing of the payment of the amounts provided for is more than 12 months after the reporting date.

A provision for dismantling is recognised when the Group has an obligation to pay for dismantling costs arising upon the return of a filling line. This obligation typically arises upon deployment of the filling line.

A provision for warranties is recognised for products under warranty as of the reporting date based upon known failures and defects as well as sales volumes and past experience of the level of problems reported and products returned.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. The provision only includes direct costs that are necessarily entailed by the restructuring and not associated with ongoing activities. No provision is made for future operating costs.

A provision for onerous contracts is recognised when the expected benefits to be derived by an entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

A provision for legal claims reflects management's best estimate of the outcome based on the facts known as of the reporting date.

20 Other assets and liabilities

Other assets mainly comprise accrued income, prepaid expenses and deferred expenditure. Other liabilities mainly comprise deferred revenue relating to advance payments received in relation to filling lines deployed under contracts that are accounted for as operating leases. The Group's derivative assets and liabilities are also presented as part of other assets or other liabilities. The derivatives primarily relate to commodity and foreign currency exchange derivatives. Prior to the refinancing transactions in June 2020, the Group also had interest rate swaps. See notes 25 and 33 for additional details about the Group's derivatives.

Composition of other assets

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Derivative assets	17.6	2.1
Other current assets	10.9	20.1
Other current assets	**28.5**	**22.2**
Other non-current assets	23.0	29.3
Other non-current assets	**23.0**	**29.3**
Total other current and non-current assets	**51.5**	**51.5**

Composition of other liabilities

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Derivative liabilities	5.1	11.1
Deferred revenue	54.7	48.8
Other current liabilities	**59.8**	**59.9**
Derivative liabilities	-	2.6
Deferred revenue	167.4	162.4
Other non-current liabilities	**167.4**	**165.0**
Total other current and non-current liabilities	**227.2**	**224.9**

Deferred revenue relates to deployment of filling lines under lease and sale contracts that qualify to be accounted for as operating leases (see notes 5.5.2, 6 and 12 for further details). Advance payments received under such contracts vary between contracts and customers but are recognised as a deferred revenue liability in the statement of financial position and released to profit or loss to achieve recognition of revenue on a straight-line basis over in general ten years for sale contracts and over in general six years for lease contracts.

OUR FINANCING AND FINANCIAL RISK MANAGEMENT

This section includes information about the Group's financing in the form of loans and borrowings and equity. The expenses for the financing are also presented in this section. Lastly, the Group's financial risk management policy and exposure to liquidity, market and credit risks are described.

21 Capital management

The Directors of the Company are responsible for monitoring and managing the Group's capital structure, which is comprised of equity (share capital and additional paid-in capital) as well as loans and borrowings.

The Directors' policy is to maintain an acceptable capital base to give confidence to the Group's shareholders, holders of senior unsecured notes and lenders under the senior unsecured credit facilities, and to sustain the future development of the business. The Directors monitor the Group's financial position to ensure that it complies at all times with its financial and other covenants as set out in the indenture governing the senior unsecured notes and the credit agreement for the senior unsecured credit facilities, as well as to ensure the payment of an appropriate level of dividends to the shareholders.

As part of monitoring the Group's financial position, the Directors evaluate the Group's net debt and development of its net leverage ratio. Net leverage is defined by the Group as net debt divided by adjusted EBITDA. Net debt comprises the Group's current and non-current loans and borrowings (including lease liabilities, and with notes and credit facilities at principal amounts) less cash and cash equivalents (including any restricted cash). See note 9 for the definition of adjusted EBITDA. The Group is under the credit agreement for its senior unsecured credit facilities required to not exceed a net leverage ratio of 4.5x until 31 December 2020 (4.25x until 31 December 2021 and 4.0x thereafter). Note 22 includes further details about the Group's loans and borrowings.

The table below presents the components of net debt and the net leverage ratio.

(In € million)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Gross total debt	1,697.0	1,614.4
Cash and cash equivalents	355.1	261.0
Net total debt	1,341.9	1,353.4
Total net leverage ratio	**2.7x**	**2.8x**

The Company purchases its own shares on the market. The repurchased shares are intended to be used to settle the Group's obligations under its share-based payment plans and arrangements offered to certain members of management and the Board of Directors (see notes 24 and 31).

In order to maintain or adjust the capital structure, the Directors may elect to take a number of measures, including for example to dispose of assets of the business, alter its short- to medium term plans with respect to capital projects and working capital levels, or to rebalance the level of equity and debt in place.

22 Loans and borrowings

The Group has in the year ended 31 December 2020, via some of its subsidiaries, issued senior unsecured Euro-denominated notes and entered into new senior unsecured credit facilities. The senior unsecured credit facilities consist of one Euro-denominated term loan and a multi-currency revolving credit facility. The Group repaid its existing Euro-denominated secured term loans, mainly using the proceeds received from the refinancing transactions. The credit agreement covering the new senior unsecured credit facilities was negotiated with a new loan syndicate. Liabilities under lease contracts where SIG is the lessee are also included in loans and borrowings.

Composition of loans and borrowings

The below table shows the carrying amount of the Group's loans and borrowings.

(In € million)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Senior secured credit facilities	-	39.0
Lease liabilities	24.0	11.8
Current loans and borrowings	**24.0**	**50.8**
Senior unsecured notes	992.2	-
Senior unsecured credit facilities	544.5	-
Senior secured credit facilities	-	1,500.2
Lease liabilities	123.0	41.7
Non-current loans and borrowings	**1,659.7**	**1,541.9**
Total loans and borrowings	**1,683.7**	**1,592.7**

The following table presents the components of the carrying amount of the loans and borrowings.

(In € million)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Principal amount	1,000.0	-
Deferred transaction costs	(7.8)	-
Senior unsecured notes	**992.2**	**-**
Principal amount (including repayments)	550.0	1,560.9
Deferred original issue discount	(1.4)	(11.2)
Deferred transaction costs	(4.1)	(10.5)
Senior unsecured/secured credit facilities	**544.5**	**1,539.2**
Lease liabilities	**147.0**	**53.5**
Total loans and borrowings	**1,683.7**	**1,592.7**

Notes – 2020 refinancing

On 18 June 2020, SIG Combibloc PurchaseCo S.à r.l. issued €1,000 million aggregate principal amount of senior unsecured notes. The proceeds from the issue of notes were, together with the proceeds from the new term loan and available cash, used to repay the existing secured term loans. The notes are traded on the Global Exchange Market of Euronext Dublin.

The below table provides a summary of the main terms of the senior unsecured notes.

	Principal amount	Maturity date	Interest rate
2023 notes	€450 million	18 June 2023	1.875%
2025 notes	€550 million	18 June 2025	2.125%

Interest on the notes is paid semi-annually. The notes can be redeemed in whole or in part prior to 18 March 2023 for the 2023 notes, and prior to 18 March 2025 for the 2025 notes, at par plus a make-whole premium. The notes can be redeemed in whole or in part on or after 18 March 2023 for the 2023 notes, and on or after 18 March 2025 for the 2025 notes, at a price equal to 100% of their respective principal amounts.

Directly attributable transaction costs in the form of arrangement and advisory fees relating to the issue of notes totalled €9.1 million are being amortised over the maturity of the respective notes issue, using the effective interest method.

The obligations under the notes are guaranteed on a senior subordinated basis by Group subsidiaries in Austria, Brazil, Germany, Luxembourg, Switzerland, the United Kingdom and the United States. The indenture governing the notes contains customary restrictive covenants. It also contains customary events of default. The Group was in compliance with all covenants and there were no events of default as of 31 December 2020.

Senior unsecured credit facilities – 2020 refinancing

Certain subsidiaries, including SIG Combibloc PurchaseCo S.à r.l., have in June 2020 entered into new senior unsecured credit facilities, consisting of one Euro-denominated term loan and a multi-currency revolving credit facility. The proceeds from the new term loan were, together with the proceeds from the issue of notes and available cash, used to repay the existing secured term loans.

The below table provides a summary of the main terms of the new unsecured term loan and the revolving credit facility.

	Principal amount	Maturity date	Interest rate
Term loan	€550 million	June 2025	Euribor+1.00%, with a Euribor floor of 0.00%
Revolving credit facility	€300 million	June 2025	Euribor+1.00%, with a Euribor floor of 0.00%

Interest on the term loan is paid semi-annually. The margin of 1.00% will be subject to half-yearly adjustments based on the Group's net leverage (as defined in the credit agreement). The margin will also be subject to a maximum 0.05% per annum increase or decrease based upon the achievement of certain annual sustainability-linked targets (greenhouse gas emissions, or "GHG" emissions, and rankings per the EcoVadis Report). No repayments of the term loan are due prior to maturity. The Group has the right to repay the term loan in whole or in part without premium or penalty.

Directly attributable transaction costs in the form of arrangement and advisory fees for the term loan amounted to €4.6 million and are, together with an original issue discount of €1.5 million, being amortised over the term of the loan, using the effective interest method.

The amount available under the multi-currency revolving credit facility is €299.4 million as of 31 December 2020 due to €0.6 million in letters of credit being outstanding under an ancillary facility. The Group pays a fee for the undrawn revolver amount per year for the right to use the revolving credit facility (35% of the margin percentage on an annualised basis applied to the undrawn balance of the revolving credit facility).

The obligations under the senior unsecured credit facilities are guaranteed by Group subsidiaries in Austria, Brazil, Germany, Luxembourg, Switzerland, the United Kingdom and the United States. The credit agreement contains customary positive and negative covenants. It also contains customary events of default. The Group was in compliance with all covenants and there were no events of default as of 31 December 2020.

Senior secured credit facilities – pre 2020 refinancing

In June 2020, the Group fully repaid its secured term loans existing as of that time without premium or penalty by using available cash and the proceeds from its new term loan and issue of notes.

The difference between the carrying amount of the secured term loans as of the repayment date and the amount paid is presented as part of the net finance expense. The derivatives associated with the secured term loans were also derecognised. See also note 23.

The below table provides a summary of the main terms of the repaid secured term loan and the revolving credit facility.

	Principal amount	Maturity date	Interest rate
Term loan A	€1,250 million	October 2023	Euribor+2.00%, with a Euribor floor of 0.00%
Term loan B	€350 million	October 2025	Euribor+2.50%, with a Euribor floor of 0.00%
Revolving credit facility	€300 million	October 2023	Euribor+1.75%, with a Euribor floor of 0.00%

Up until the final repayment of term loan A, the Group made repayments in quarterly instalments of 0.625% of the initial principal amount. No repayments of term loan B were due prior to maturity.

The obligations under the senior secured credit facilities were guaranteed and secured by Group subsidiaries. The credit agreement contained customary affirmative and negative covenants. It also contained customary events of default. The Group was in compliance with all covenants and there were no events of default as of 31 December 2019.

The amount available under the multi-currency revolving credit facility was €297.4 million as of 31 December 2019 due to €2.6 million in letters of credit being outstanding under an ancillary facility.

Lease liabilities

A maturity analysis of the Group's lease liabilities is included below.

(In € million)	Contractual undiscounted cash flows 2020	Contractual undiscounted cash flows 2019	Interest 2020	Interest 2019	Lease liabilities 2020	Lease liabilities 2019
Less than 1 year	31.2	13.8	7.2	2.0	24.0	11.8
Between 1 and 5 years	70.3	32.1	27.3	5.8	43.0	26.3
More than 5 years	142.1	26.3	62.1	10.9	80.0	15.4
	243.6	**72.2**	**96.6**	**18.7**	**147.0**	**53.5**

The Group's lease liabilities mainly relate to leases of office buildings, production-related buildings and equipment, warehouses and cars (see also note 13). The increase of lease liabilities in the current year is largely attributable to the commencement of the 20-year lease of the Group's second sleeves manufacturing facility in China. As of 31 December 2020, €60.0 million of the total lease liabilities related to this new lease. The remaining increase in lease liabilities between the years is mainly related to an increased number of leases of production equipment for closures in the current year.

Note 13 includes information about lease contracts to which the Group has committed but where the lease has not yet commenced.

Changes in liabilities arising from financing activities

The following tables present changes in liabilities arising from financing activities, including changes arising from both cash flows and non-cash changes. The main transactions in the year ended 31 December 2020 relate to the issuance of senior unsecured notes and the entering into of new senior unsecured credit facilities as well as the repayment of the secured term loans.

(In € million)	**1 Jan. 2020**	Cash flows from/(used in): Financing activities	Operating activities	Net effect of early repay--ment of loans	Fair value changes and other non-cash movements	Effect of move-ments in exchange rates	**31 Dec. 2020**
Principal amount[1]	**1,560.9**	(10.9)	-	-	-	-	**1,550.0**
Transaction costs	**(10.5)**	-	(13.0)	9.5	2.1	-	**(11.9)**
Original issue discount	**(11.2)**	-	(1.5)	10.0	1.3	-	**(1.4)**
Loans and borrowings, excl. lease liabilities	**1,539.2**	**(10.9)**	**(14.5)**	**19.5**	**3.4**	**-**	**1,536.7**
Lease liabilities	**53.5**	(16.1)	-	-	112.3	(2.7)	**147.0**
Total loans and borrowings	**1,592.7**	**(27.0)**	**(14.5)**	**19.5**	**115.7**	**(2.7)**	**1,683.7**
Capitalised cost for revolving credit facility	**(0.8)**	(0.8)	(0.9)	0.7	0.3	-	**(1.5)**
Interest: Accrued/paid	**6.2**	-	(38.4)	-	38.1	-	**5.9**
	1,598.1	**(27.8)**	**(53.8)**	**20.2**	**154.1**	**(2.7)**	**1,688.1**
Derivative (assets)/liabilities from financing activities	**2.6**	-	(2.7)	(0.5)	0.6	-	**-**
Total (assets)/liabilities from financing activities and cash/non-cash changes	**1,600.7**	**(27.8)**	**(56.5)**	**19.7**	**154.7**	**(2.7)**	**1,688.1**

1 The cash flow amount relating to the principal amount of loans and borrowings (excluding lease liabilities) shows the net effect of issuing notes (€1,000.0 million of cash inflow) and entering into a new unsecured term loan (€550 million of cash inflow) and repayment of debt (€1,560.9 million of cash outflow, split between quarterly repayments of €7.8 million relating to the secured term loan A and €1,553.1 million relating to the final repayment of the secured term loans A and B). For further information, see previous sections in this note and note 23.

(In € million)	**1 Jan. 2019**	Cash flows from/(used in): Financing activities	Operating activities	Fair value changes and other non-cash movements	Effect of move-ments in exchange rates	**31 Dec. 2019**
Principal amount	**1,592.2**	(31.3)	-	-	-	**1,560.9**
Transaction costs	**(13.1)**	-	-	2.6	-	**(10.5)**
Original issue discount	**(14.2)**	-	-	3.0	-	**(11.2)**
Loans and borrowings, excl. lease liabilities	**1,564.9**	**(31.3)**	**-**	**5.6**	**-**	**1,539.2**
Lease liabilities	**26.5**	(5.8)	-	32.4	0.4	**53.5**
Total loans and borrowings	**1,591.4**	**(37.1)**	**-**	**38.0**	**0.4**	**1,592.7**
Capitalised cost for revolving credit facility	**(1.1)**	-	-	0.3	-	**(0.8)**
Interest: Accrued/paid	**3.3**	-	(41.7)	44.6	-	**6.2**
	1,593.6	**(37.1)**	**(41.7)**	**82.9**	**0.4**	**1,598.1**
Derivative (assets)/liabilities from financing activities	**1.2**	-	(1.3)	2.7	-	**2.6**
Total (assets)/liabilities from financing activities and cash/non-cash changes	**1,594.8**	**(37.1)**	**(43.0)**	**85.6**	**0.4**	**1,600.7**

Accounting policy

Loans and borrowings (the notes and the term loans) are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Loans and other borrowings are classified as current or non-current liabilities depending on whether the Group has an unconditional right to defer settlement for at least twelve months after the reporting period.

The accounting for a change to the cash flows of a financial liability measured at amortised cost (such as the Group's notes and term loans) depends on the nature of change. When a floating rate debt instrument is modified to change its interest rate, the modification is regarded as a repricing to the new market interest rate, which is accounted for prospectively by adjusting the effective interest over the remaining life of the debt instrument. A floating rate instrument is one whose original contractual terms contain a provision such that the cash flows will (or might) be reset to reflect movements in market rates of interest. If a change in cash flows arises due to renegotiation or other modifications (including modifications that do not reflect movements in market rates of interest), and the renegotiation or modification does not result in the derecognition of the financial liability, the gross carrying amount is recalculated and any gain or loss recognised in profit or loss as part of the net finance expense. If a renegotiation or modification represents a settlement of the original debt, it is accounted for as being extinguished.

A financial liability (or a part of it) is derecognised when it is extinguished, i.e. when the contractual obligations are discharged, cancelled, expired or replaced by a new liability with substantially modified terms. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the consideration paid is recognised in profit or loss as part of the net finance expense. Any costs or fees incurred are recognised as part of the gain or loss on extinguishment.

Lease liabilities

The Group's lease liabilities are initially measured at the present value of the lease payments outstanding as of the commencement date of a lease, discounted at the interest rate implicit in the lease or, if that rate cannot be determined (which is generally the case), at the incremental borrowing rate. Lease payments included in the measurement of the lease liabilities include fixed lease payments and variable lease payments that depend on an index. Other variable lease payments are recognised in profit or loss. The Group does not separate non-lease components from lease components in its lease contracts. Extension, termination and purchase options that, at the commencement date of the lease, are reasonably certain to be exercised are considered when assessing the lease term and/or measuring the lease liability.

Subsequent to initial recognition, the lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liability (applying the effective interest method); reducing the carrying amount to reflect lease payments made; and remeasuring the carrying amount to reflect any contract modifications or reassessments relating to for example changed future lease payments linked to changes in an index and changes in the assessment of whether an extension, termination or purchase option will be exercised.

When a lease liability is remeasured, the corresponding adjustment is generally made to the carrying amount of the related right-of-use asset (see note 13).

23 Finance income and expenses

The Group's net finance expense is mainly related to finance expenses for the Group's loans and borrowings, fair value changes on associated derivative instruments and foreign exchange gains and losses relating to the loans and borrowings.

Composition of net finance expenses

(In € million)	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Interest income	2.1	2.8
Net foreign currency exchange gain	-	9.2
Net change in fair value of derivatives	0.5	-
Finance income	**2.6**	**12.0**
Interest expense on:		
- Senior unsecured notes	(10.7)	-
- Senior unsecured/secured credit facilities	(18.2)	(33.9)
- Lease liabilities	(2.9)	(2.2)
Amortisation of original issue discount	(1.3)	(3.0)
Amortisation of transaction costs	(3.1)	(2.8)
Net foreign currency exchange loss	(19.6)	-
Net change in fair value of derivatives	-	(1.5)
Net interest expense on interest rate swaps	(0.6)	(1.3)
Net effect of early repayment of secured term loans	(19.7)	-
Other	(7.5)	(11.9)
Finance expenses	**(83.6)**	**(56.6)**
Net finance expense	**(81.0)**	**(44.6)**

The Group used proceeds from its new term loan and issue of notes in June 2020 as well as available cash to repay its existing secured term loans. The net expense effect of the early repayment of the existing secured term loans is €19.7 million, of which €2.1 million relates to cash settlement of interest rate swaps. For additional details, see notes 22 and 25.

Net change in fair value of derivatives consists of fair value changes on financing-related derivatives.

In the year ended 31 December 2020, the net foreign currency exchange loss primarily consists of negative translation effects on Euro-denominated debt held by a US Dollar functional currency entity and on intra-group loan payables, primarily resulting from the weakening of the Brazilian Real against the Euro.

Other finance expenses primarily consist of revolver commitment fees, securitisation and factoring expenses and interest expense on current tax liabilities.

24 Equity

This note includes information about the Company's share capital and dividend payments. The other components of equity consist of additional paid-in capital, the translation reserve, treasury shares and retained earnings. The Company's shares are listed on SIX Swiss Exchange.

Issued share capital

The Company has 320,053,240 shares in issue as of 31 December 2020 (also as of 31 December 2019 and 1 January 2019), all fully paid. The nominal value of each share is CHF 0.01. Each share is entitled to one vote at shareholders' meetings. The shareholders are entitled to dividends as declared from time to time. The 320,053,240 shares represent €2.8 million of share capital.

Authorised share capital and conditional share capital

The Company has authorised share capital and conditional share capital of CHF 640,106.48 each as of 31 December 2020 and 31 December 2019.

The Board of Directors' authority to increase the share capital out of authorised share capital is limited until 7 April 2022. Capital increases from authorised and conditional share capital are mutually exclusive, i.e. they are subject to a single combined limit, and may not exceed 64,010,648 shares (equalling CHF 640,106.48 or 20% of the existing share capital). However, the shares issued from authorised and conditional share capital under the exclusion of subscription and advance subscription rights, respectively, is limited until 7 April 2022 to a single combined maximum of 32,005,324 shares (equalling CHF 320,053.24 or 10% of existing share capital).

The authorised share capital can be used for various purposes. This creates a flexibility to seek additional capital, if required. The conditional share capital is divided into CHF 160,026.62 for employee benefit plans and CHF 480,079.86 for equity linked financing instruments.

See note 4 for information about a planned issue of shares out of the Company's authorised share capital in connection with the acquisition of the remaining shares in the two joint ventures in the Middle East that is expected to be closed in the first quarter of 2021.

Treasury shares

The Company purchases its own shares on the market to settle its obligations under its share-based payment plans and arrangements (see note 31). The Company held 6,274 shares for this purpose as of 31 December 2020 (6,158 as of 31 December 2019), representing an amount of €0.1 million (€0.1 million as of 31 December 2019). All treasury shares are carried at acquisition cost.

	2020		2019	
(Number of treasury shares or in € million)	**Number**	**Amount**	**Number**	**Amount**
Balance as of 1 January	**6,158**	**(0.1)**	**-**	**-**
Purchases	40,000	(0.6)	47,000	(0.5)
Transfer under share-based payment plans and arrangements	(39,884)	0.6	(40,842)	0.4
Balance as of 31 December	**6,274**	**(0.1)**	**6,158**	**(0.1)**

Dividends

For the year ended 31 December 2020, the Board of Directors will propose to the Annual General Meeting to be held on 21 April 2021 a dividend payment of CHF 0.42 per share, totalling CHF 134.4 million (which, as per the exchange rate as of 31 December 2020, would equal €124.4 million). This amount excludes any additional shares in circulation as a result of the planned acquisition of the remaining shares in the two joint ventures in the Middle East (see note 4). The dividend payment to be proposed is not recognised as a liability.

A dividend of CHF 0.38 per share, totalling CHF 121.6 million (€114.8 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2020. The dividend payment was not recognised as a liability as of 31 December 2019.

A dividend of CHF 0.35 per share, totalling CHF 112.0 million (€99.0 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2019.

Accounting policy

Incremental costs directly attributable to the issue of shares and purchase of treasury shares are recognised as a deduction from equity. Any resulting tax effects of any transaction costs that are recognised in equity are also reflected in equity.

Treasury shares

The cost of repurchased shares is presented as a deduction from equity, in the separate category treasury shares. When treasury shares are subsequently transferred to settle the Group's obligations under its share-based payment plans and arrangements (or sold, if applicable), the related amount recognised as a share-based payment expense (or any amount received under a sale) is recognised as an increase in equity. Any resulting surplus or deficit is presented as an adjustment to additional paid-in capital. The Group applies the average cost method to calculate the surplus or deficit on the transfer or sale of treasury shares.

25 Financial risk management

In the course of its business, the Group is exposed to a number of financial risks: liquidity risk, market risk (including currency risk, commodity risk and interest rate risk) and credit risk. This note presents the Group's objectives, policies and processes for managing its exposure to these financial risks. Note 33 includes an overview of the derivative financial instruments that the Group has entered into to mitigate its market risk exposure.

Exposure to liquidity, market and credit risks arises in the normal course of the Group's business. Management and the Board of Directors have the overall responsibility for the establishment and oversight of the Group's financial risk management framework. Management has established a treasury policy that identifies risks faced by the Group and sets out policies and procedures to mitigate those risks. Financial risk management is primarily carried out by the Treasury function of the Group. Management has delegated authority levels and authorised the use of various financial instruments to a restricted number of personnel within the Treasury function.

Liquidity risk

Liquidity risk is the risk that the Group will not meet contractual obligations as they fall due. The Group evaluates its liquidity requirements on an ongoing basis using various cash and financial planning analyses and ensures that it has sufficient cash to meet expected operating expenses, repayments of and interest payments on its debt and future lease payments.

The Group generates sufficient cash flows from its operating activities to meet obligations arising from its financial liabilities. It has a multi-currency revolving credit facility in place to cover potential shortfalls and access to local working capital facilities in various jurisdictions, which are available if needed to support the cash management of local operations. The Group had unrestricted cash and cash equivalents in the amount of €353.3 million (€254.9 million as of 31 December 2019) and access to an additional €299.4 million under its revolving credit facility as of 31 December 2020 (€297.4 million as of 31 December 2019).

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 31 December 2020. The table includes both interest and principal cash flows. Balances due within one year equal their carrying amounts as the impact of discounting is not significant.

		Contractual cash flows				
(In € million)	**Carrying amount**	**Total**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
As of 31 December 2020						
Trade and other payables	(505.4)	**(505.4)**	(493.1)	(4.0)	(7.5)	(0.8)
Loans and borrowings:						
- Senior unsecured notes	(992.2)	**(1,073.0)**	(20.1)	(20.1)	(1,032.8)	-
- Senior unsecured credit facilities	(544.5)	**(579.7)**	(6.7)	(6.7)	(566.3)	-
- Lease liabilities	(147.0)	**(243.6)**	(31.2)	(20.8)	(49.5)	(142.1)
Total non-derivative financial liabilities	**(2,189.1)**	**(2,401.7)**	**(551.1)**	**(51.6)**	**(1,656.1)**	**(142.9)**

The agreements with the Group's notes holders and the lenders under the senior unsecured notes contain covenants and certain clauses that may require earlier repayments than indicated in the table above. The Group monitors the covenants as well as the aforementioned clauses on a regular basis to ensure that it is in compliance with the agreements at all times.

The interest payments on the senior unsecured credit facilities are variable. The interest rate amounts included in the above table that relate to those facilities will therefore change if the market interest rate (Euribor) changes. The interest rate amounts are also subject to change depending on the Group's net leverage and the achievement of sustainability-linked targets.

The Group enters into derivative contracts as part of operating and financing the business. The commodity derivative contracts are net cash settled. Other derivative contracts are net or gross cash settled. The derivative asset or liability recognised as of 31 December 2020 and 31 December 2019 represents the liquidity exposure to the Group as of that date (see note 33). The cash flows resulting from a settlement of the derivative contracts may change as commodity prices, interest rates and exchange rates change. However, the overall impact on the Group's liquidity from the derivative contracts is not deemed to be significant.

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 31 December 2019.

(In € million)	Carrying amount	Contractual cash flows Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
As of 31 December 2019						
Trade and other payables	(493.2)	**(493.2)**	(482.8)	(2.3)	(4.9)	(3.2)
Loans and borrowings:						
- Senior secured credit facilities	(1,539.2)	**(1,703.5)**	(73.9)	(96.3)	(1,176.6)	(356.7)
- Finance lease liabilities	(53.5)	**(72.2)**	(13.8)	(13.0)	(19.1)	(26.3)
Total non-derivative financial liabilities	**(2,085.9)**	**(2,268.9)**	**(570.5)**	**(111.6)**	**(1,200.6)**	**(386.2)**

Market risks

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, commodity prices and interest rates, will affect the cash flows or the fair value of the Group's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group buys and sells derivatives in the ordinary course of business to manage market risks. The Group does not enter into derivative contracts for speculative purposes. Hedge accounting under IFRS 9 is not applied.

Currency risk

As a result of the Group's international operations, foreign currency exchange risk exposures exist on sales, purchases, borrowings and dividend payments that are denominated in currencies that are not the functional currency of the entity involved in the transaction. The Group is also exposed to translation currency risk arising from the translation of the assets, liabilities and results of its foreign entities into Euro, the Group's presentation currency, from their respective functional currencies. The functional currencies of the subsidiaries are mainly Euro, US Dollar, Swiss Franc, Chinese Renminbi, Thai Baht, Brazilian Real, Mexican Peso, Australian Dollar and New Zealand Dollar.

In accordance with the Group's Treasury policy, the Group seeks to minimise transaction currency risk via natural offsets to the extent possible. Therefore, when commercially feasible, the Group incurs costs in the same currencies in which cash flows are generated. In addition, the Group systematically hedges its major transactional currency exposures, using a twelve-month rolling layered approach. See also note 8.

The Group does not hedge its exposure to translation gains or losses related to the financial results of its non-Euro functional currency entities.

As previously noted, the Group manages operational transaction currency risk via natural offsets and by systematically hedging its major transaction currency exposures (by entering into foreign currency exchange derivative contracts). The following table provides an overview of the outstanding foreign currency exchange derivative contracts entered into as part of the operating business as of 31 December 2020.

Type	Contract type	Curr-ency	Contracted volume	Counter-currency	Contracted conversion range	Contracted date of maturity
Non-deliverable forwards	Buy	€	20,145,000	BRL	4.9116 - 6.9580	Jan. 2021 - Dec. 2021
Non-deliverable forwards	Sell	€	820,000	BRL	6.6684	Jan. 2021
Currency forwards	Buy	€	32,054,177	THB	34.6594 - 37.6264	Jan. 2021 - Dec. 2021
Currency swap	Sell	€	320,000	THB	35.9631	Apr. 2021
Currency forwards	Sell	$	17,865,000	THB	29.7565 - 32.4070	Jan. 2021 - Dec. 2021
Currency forwards	Buy	€	27,850,000	CNY	7.7613 - 8.4257	Jan. 2021 - Dec. 2021
Currency forwards	Buy	$	23,105,000	CNY	6.5749 - 7.1830	Jan. 2021 - Dec. 2021
Currency swap	Sell	€	3,100,000	CNY	7.8471 - 8.0323	Jan. 2021 - Apr. 2021
Currency swap	Sell	$	3,500,000	CNY	6.5452 - 6.6122	Jan. 2021
Currency swap	Buy	€	845,000	NZD	1.7338 - 1.7852	Jan. 2021 - Oct. 2021
Currency swap	Buy	$	1,220,000	NZD	0.6560 - 0.6683	Jan. 2021
Currency forwards	Sell	€	13,935,000	NZD	1.7155 - 1.8562	Jan. 2021 - Dec. 2021
Currency forwards	Sell	$	22,215,000	NZD	0.5871 - 0.7129	Jan. 2021 - Dec. 2021
Currency forwards	Buy	€	3,179,500	AUD	1.6122 - 1.6859	Jan. 2021 - Jun. 2021
Currency forwards	Buy	€	37,948,000	$	1.0873 - 1.2321	Jan. 2021 - Dec. 2021
Currency swap	Buy	€	50,000,000	$	1.2199	Jan. 2021
Currency forwards	Buy	$	1,144,226	AUD	0.7566 - 0.7569	Jan. 2021 - May 2021
Currency forwards	Buy	$	33,300,000	MXN	19.6999 - 25.6022	Jan. 2021 - Dec. 2021
Currency swap	Sell	€	16,000,000	$	1.2279	Jan. 2021
Currency swap	Sell	$	5,390,000	MXN	21.2402 - 23.1884	Feb. 2021 - May 2021

The following table provides an overview of the outstanding foreign currency exchange derivative contracts as of 31 December 2019.

Type	Contract type	Curr-ency	Contracted volume	Counter-currency	Contracted conversion range	Contracted date of maturity
Non-deliverable forwards	Buy	€	23,880,000	BRL	4.4065 - 4.8779	Jan. 2020 - Dec. 2020
Non-deliverable forwards	Buy	$	745,000	BRL	3.8485 - 4.0652	Jan. 2020 - Apr. 2020
Non-deliverable forwards	Sell	$	745,000	BRL	3.9605 - 3.9900	Jan. 2020 - Apr. 2020
Currency forwards	Buy	€	21,445,000	THB	33.8158 - 36.8500	Jan. 2020 - Dec. 2020
Currency forwards	Sell	$	23,757,000	THB	29.8909 - 31.5849	Jan. 2020 - Dec. 2020
Currency forwards	Buy	€	20,645,000	CNY	7.8033 - 8.1287	Jan. 2020 - Dec. 2020
Currency forwards	Buy	$	6,555,000	CNY	6.7446 - 7.2216	Jan. 2020 - Dec. 2020
Currency forwards	Sell	€	13,110,000	NZD	1.6927 - 1.7221	Jan. 2020 - Dec. 2020
Currency forwards	Buy	$	5,000,000	NZD	0.6652	Jun. 2020
Currency forwards	Sell	$	24,055,000	NZD	0.6327 - 0.6960	Jan. 2020 - Dec. 2020
Currency forwards	Buy	€	37,045,000	$	1.1051 - 1.1777	Jan. 2020 - Dec. 2020
Currency swap	Sell	€	1,150,000	$	1.1178	Apr. 2020
Currency forwards	Buy	$	31,745,000	MXN	19.4047 - 21.1259	Jan. 2020 - Dec. 2020
Currency swap	Sell	$	400,000	MXN	19.7828	Apr. 2020

The Group's primary transaction currency exposure as of 31 December 2020 and 31 December 2019 related to an intra-group Euro-denominated loan held by a Swiss functional currency entity. A 5% weakening of the Euro against the Swiss Franc as of 31 December 2020 (31 December 2019) would have resulted in an additional unrealised foreign currency exchange loss of €14.1 million as of 31 December 2020 (an additional unrealised foreign currency exchange loss of €8.2 million as of 31 December 2019).

Commodity price risk

Commodity price risk is the risk that changes in the price of commodities purchased by the Group and used as inputs in the production process may impact the Group, as such price changes cannot always be passed on to the customers.

The Group's exposure to commodity price risk arises principally from the purchase of polymers and aluminium. The Group's objective is to ensure that the commodity price risk exposure is kept at an acceptable level. The Group generally purchases commodities at spot market prices and uses derivatives to hedge the exposure in relation to the cost of polymers (and their feedstocks) and aluminium. Due to this strategy, the Group is able to fix the raw material prices for the coming year for approximately 80% of the anticipated polymers and aluminium purchases, which substantially reduces the exposure to raw material price fluctuations over that period.

The realised gain or loss arising from derivative commodity contracts is recognised in cost of sales, while the unrealised gain or loss associated with derivative commodity contracts is recognised in other income or expenses.

The Group recognised an unrealised gain of €18.8 million in the year ended 31 December 2020 and an unrealised gain of €10.6 million in the year ended 31 December 2019 relating to its derivative commodity contracts as a component of other income. The Group recognised a realised loss of €18.7 million in the year ended 31 December 2020 and a realised loss of €21.5 million in the year ended 31 December 2019 relating to its derivative commodity contracts as a component of cost of sales.

The following table provides an overview of the outstanding commodity derivative contracts as of 31 December 2020.

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Aluminium swaps	metric tonne	22,800	$1,564.00 - $1,893.00	Jan. 2021 - Dec. 2021
Aluminium premium swaps	metric tonne	8,340	$129.00 - $166.50	Jan. 2021 - Dec. 2021
Polymer swaps	metric tonne	36,480	€1,218.00 - €1,294.00	Jan. 2021 - Dec. 2021
Polymer swaps	metric tonne	8,280	€1,199.00 - €1,254.00	Jan. 2021 - Dec. 2021
Polymer swaps	metric tonne	28,860	$915.00 - $1,020.00	Jan. 2021 - Dec. 2021
Monomer swaps	metric tonne	24,540	€863.00 - €905.00	Jan. 2021 - Dec. 2021

The following table provides an overview of the outstanding commodity derivative contracts as of 31 December 2019.

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Aluminium swaps	metric tonne	23,040	$1,750.00 - $1,979.00	Jan. 2020 - Dec. 2020
Aluminium premium swaps	metric tonne	8,280	$159 - $171	Jan. 2020 - Dec. 2020
Polymer swaps	metric tonne	36,060	€1,344 - €1,410	Jan. 2020 - Dec. 2020
Polymer swaps	metric tonne	8,100	€1,339 - €1,420	Jan. 2020 - Dec. 2020
Polymer swaps	metric tonne	29,400	$980.00 - $1,175.00	Jan. 2020 - Dec. 2020
Monomer swaps	metric tonne	22,920	€975 - €993.50	Jan. 2020 - Dec. 2020

There would have been an impact of €14.3 million on the Group's profit from a remeasurement of commodity derivative contracts as of 31 December 2020 (an impact of €14.4 million on the profit as of 31 December 2019), assuming a 10% parallel upward or downward movement in the price curve used to value the commodity derivative contracts and assuming all other variables remain constant.

Interest rate risk

After the refinancing in June 2020, the Group's interest rate risk primarily arises from its new term loan and drawings of the revolving credit facility at variable interest rates (see note 22) but also from its cash and cash equivalents. The Group pays a fixed interest rate on its notes.

Prior to the refinancing, the Group's interest rate risk primarily arose from its secured term loans at variable interest rates. The Group had entered into interest rate swaps to hedge a portion of the cash flow exposure that arose on the secured term loans that were repaid in June 2020. The interest rate swaps were terminated at market rates in connection with the repayment of the secured term loans (see notes 22 and 23). The Group had not designated the interest rate swaps as hedging instruments, thus the fair value changes have been recognised in profit or loss.

The interest rate profile of the Group's significant interest-bearing financial instruments as of 31 December 2020 and 31 December 2019 is presented in the following table.

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Fixed rate instruments		
Financial assets	3.9	5.1
Financial liabilities	(1,147.0)	(53.5)
	(1,143.1)	**(48.4)**
Effect of interest rate swaps	-	(800.0)
	(1,143.1)	**(848.4)**
Variable rate instruments		
Financial assets	355.1	261.0
Financial liabilities	(550.0)	(1,560.9)
	(194.9)	**(1,299.9)**
Effect of interest rate swaps	-	800.0
	(194.9)	**(499.9)**

A 100 basis point increase in the variable component (six-month Euribor) of the interest rate on the new term loan would increase the annual interest expense by €2.6 million as of 31 December 2020. A 100 basis point increase in the variable component (three-month Euribor) of the interest rate on the secured term loans that were repaid in June 2020 would have increased the annual interest expense by €4.6 million as of 31 December 2019.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Group's receivables from its customers. The carrying amount of financial assets represents the maximum credit exposure. Historically, there has been a low level of losses resulting from default by customers. As the Group's customers are in the food and beverage industry, management does not believe that there are any material changes to the Group's exposure to credit risk due to the COVID-19 pandemic.

The credit risk relating to trade receivables is influenced mainly by the individual characteristics of each customer. Given the diverse global operations and customers across the Group, credit control procedures are jointly managed by the Group's Treasury function and each of the operating businesses within the Group. These joint responsibilities include, but are not limited to, reviewing the individual characteristics of new customers for creditworthiness before accepting the customer and agreeing upon purchase limits and terms of trade as well as regularly reviewing the creditworthiness of existing customers and previously agreed purchase limits and terms of trade.

The Group limits its exposure to credit risk by executing a credit limit policy, requiring advance payments in certain instances, taking out insurance for specific debtors as well as utilising securitisation and non-recourse factoring programmes. These programmes are further described in note 16.

In addition, concentration of credit risk is limited due to the customers comprising a diversified mix of international companies, large national and regional companies as well as small local companies, of which most have been customers of the Group for many years.

Management believes that the recognised loss allowance sufficiently covers the risk of default based on historical payment behaviour and assessments of future expectations of credit losses, including regular analysis of customer credit risk.

In line with its Treasury policy, the Group generally enters into transactions only with banks and financial institutions having a credit rating of at least investment grade (long term: A rating and short term: A1 or P1 rating, as per Standard & Poor's or Moody's). However, the Group may also enter into transactions with banks and financial institutions with a currently lower investment grade (long term: BBB rating and short term: A2 or P2 rating).

OUR GROUP STRUCTURE AND RELATED PARTIES

This section provides details about the Group's subsidiaries and joint ventures, including certain updates regarding the acquisition of Visy Cartons in 2019. It also covers other related parties.

26 Group entities

The Group only has wholly owned subsidiaries. It also has three joint ventures, with an ownership interest of 50% (see further note 28).

Overview of Group entities

The following table provides an overview of all the Group's subsidiaries and joint ventures. The ownership and voting interests are the same for all Group entities. The ownership interests are the same as of 31 December 2020 and 31 December 2019, unless specifically stated. The reporting date of all Group entities is 31 December.

The table does not list subsidiaries of the Group's joint ventures. In the context of the SIX Exchange Regulation Directive on Information relating to Corporate Governance, subsidiaries of the Group's joint ventures are only listed if considered material. A subsidiary of a joint venture is considered material if its revenue corresponds to more than 5% of the total revenue of such joint venture in the relevant year.

	As of 31 December 2020		
Companies and countries	**Share capital[8]**		**Interest**
Parent company			
Switzerland			
SIG Combibloc Group AG, Neuhausen am Rheinfall[1]	3,200,532	CHF	100%
Subsidiaries			
Argentina			
Combibloc S.R.L., Buenos Aires	724,015,120	ARS	100%
Australia			
SIG Australia Holding Pty Ltd., Melbourne	32,100,000	AUD	100%
SIG Combibloc Australia Pty Ltd., Broadmeadows[2]	40,000,001	AUD	100%
Whakatane Mill Australia Pty Ltd., Melbourne[3]	-		-
Austria			
SIG Austria Holding GmbH, Saalfelden	1,000,000	EUR	100%
SIG Combibloc GmbH, Saalfelden	35,000	EUR	100%
SIG Combibloc GmbH & Co. KG, Saalfelden	4,500,000	EUR	100%
Bangladesh			
SIG Combibloc Bangladesh Ltd., Dhaka	50,000,000	BDT	100%
Brazil			
SIG Beverages Brasil Ltda., Sao Paulo	109,327,434	BRL	100%
SIG Combibloc do Brasil Ltda., Sao Paulo	722,386,462	BRL	100%
Chile			
SIG Combibloc Chile SpA, Santiago[4]	5,016,722,134	CLP	100%

Companies and countries	As of 31 December 2020 Share capital[8]		Interest
China			
SIG Combibloc (Suzhou) Co. Ltd., Suzhou	95,000,000	USD	100%
Czech Republic			
SIG Combibloc s.r.o., Hradec Králové	19,340,000	CZK	100%
France			
SIG Combibloc S.à.r.l., Asnières Cedex	31,000	EUR	100%
Germany			
SIG Combibloc GmbH, Linnich	34,494,382	EUR	100%
SIG Combibloc Systems GmbH, Linnich	1,000,000	EUR	100%
SIG Combibloc Zerspanungstechnik GmbH, Aachen	256,000	EUR	100%
SIG Euro Holding GmbH, Linnich	10,000,000	EUR	100%
SIG Information Technology GmbH, Linnich	500,000	EUR	100%
SIG International Services GmbH, Linnich	1,000,000	EUR	100%
Hungary			
SIG Combibloc Kft., Budapest[5]	-		-
India			
SIG Combibloc India Private Ltd., Gurgaon, Haryana	34,000,000	INR	100%
Indonesia			
P.T. SIG Combibloc Indonesia, Jakarta Selatan	13,549,682,000	IDR	100%
Italy			
SIG Combibloc S.r.l., Parma	101,400	EUR	100%
Korea			
SIG Combibloc Korea Ltd., Seoul	260,000,000	KRW	100%
Luxembourg			
SIG Combibloc Holdings S.à r.l., Munsbach	2,000,001	EUR	100%
SIG Combibloc PurchaseCo S.à r.l., Munsbach	4,012,500	EUR	100%
Malaysia			
SIG Combibloc Malaysia SDN. BHD, Kuala Lumpur	1,000,000	MYR	100%
Mexico			
SIG Combibloc México, S.A. de C.V., Mexico City	1,000,000	MXN	100%
Netherlands			
SIG Combibloc B.V., Hengelo	40,000	EUR	100%
New Zealand			
Whakatane Mill Ltd., Whakatane	108,120,047	NZD	100%
Poland			
SIG Combibloc Sp. z o.o., Warsaw	249,934	PLN	100%
Romania			
SIG Combibloc Services S.R.L., Cluj	1,000,000	RON	100%
Russia			
OOO SIG Combibloc, Moscow	5,000,000	RUB	100%
Spain			
SIG Combibloc S.A., Madrid	330,550	EUR	100%
Sweden			
SIG Combibloc AB, Kista	100,000	SEK	100%

Companies and countries	As of 31 December 2020 Share capital[8]		Interest
Switzerland			
SIG allCap AG, Neuhausen am Rheinfall	7,000,000	CHF	100%
SIG Combibloc Services AG, Neuhausen am Rheinfall	37,931,400	CHF	100%
SIG Combibloc Procurement AG, Neuhausen am Rheinfall	2,000,000	CHF	100%
SIG Combibloc Receivables Management AG, Neuhausen am Rheinfall	1,000,000	CHF	100%
SIG Schweizerische Industrie-Gesellschaft GmbH, Neuhausen am Rheinfall	20,000	CHF	100%
SIG Technology AG, Neuhausen am Rheinfall	3,000,000	CHF	100%
Taiwan			
SIG Combibloc Taiwan Ltd., Taipei	15,000,000	TWD	100%
Thailand			
SIG Combibloc Ltd., Rayong	3,070,693,000	THB	100%
United Kingdom			
SIG Combibloc Ltd., Houghton-le-Spring	1,500,000	GBP	100%
USA			
SIG Combibloc US Acquisition Inc., Wilmington	10	USD	100%
SIG Combibloc US Acquisition II Inc., Wilmington	10	USD	100%
SIG Combibloc Inc., Wilmington	27,000,000	USD	100%
SIG Holding USA, LLC, Wilmington	1,000	USD	100%
Vietnam			
SIG Vietnam Ltd., Ho Chi Minh City	2,000,000,000	VND	100%
Joint ventures			
Japan			
DNP • SIG Combibloc Co., Ltd., Tokyo	75,000,000	JPY	50%
Saudi Arabia			
Al Obeikan SIG Combibloc Company Ltd., Riyadh[6, 7]	75,000,000	SAR	50%
UAE			
SIG Combibloc Obeikan FZCO, Dubai[7]	24,000,000	AED	50%

1 The registered address of SIG Combibloc Group AG is Laufengasse 18, 8212 Neuhausen am Rheinfall, Switzerland.

2 Visy Cartons Pty Ltd. was acquired in the fourth quarter of 2019 (see note 27) and renamed to SIG Combibloc Australia Pty Ltd.

3 Whakatane Mill Australia Pty Ltd was liquidated in the second quarter of 2020.

4 Previously SIG Combibloc Chile Ltd. The company converted into a Sociedad por Acciones (SpA) in the first quarter of 2020.

5 SIG Combibloc Kft. was liquidated in the second quarter of 2020.

6 Previously SIG Combibloc Obeikan Company Ltd., renamed to Al Obeikan SIG Combibloc Company Ltd. in the third quarter of 2020.

7 On 25 November 2020, the Group announced its intention to acquire the remaining shares in the two joint ventures in the Middle East. The transaction is expected to close before the end of the first quarter of 2021. See note 4.

8 Unaudited.

Accounting policy/basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from their respective acquisition date, which is the date on which the Group obtains control. Subsidiaries are deconsolidated from their respective disposal date, which is the date on which control ceases. Any resulting gain or loss is recognised in profit or loss.

Accounting policy/basis of consolidation (continued)

Interests in joint ventures

A joint venture is a contractual arrangement in which the Group has joint control and has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities. Investments in joint ventures are accounted for using the equity method. On the date joint control is obtained, joint ventures are recognised at cost (including transaction costs). Subsequent to initial recognition, the Group's share of the profit or loss and other comprehensive income is included in the consolidated financial statements until the date on which joint control ceases.

Intra-group transactions and balances

Intra-group transactions and balances are eliminated upon consolidation. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

27 Business combination

Overview

The Group acquired 100% of the shares of Visy Cartons Pty Ltd. ("Visy Cartons") on a cash-free, debt-free basis on 29 November 2019. Visy Cartons provides carton packaging solutions for beverages in Australia and New Zealand, including SIG's aseptic carton packaging solutions. It operates a sleeves manufacturing facility in Australia. The Group acquired Visy Cartons to gain full access to the beverage carton market in Australia and New Zealand, and to realise synergies from supply chain efficiencies and the use of the Group's latest technologies and solutions. Visy Cartons was renamed to SIG Combibloc Australia Pty Ltd. in December 2019 and is part of the Group's business in Asia Pacific.

Finalisation of the acquisition accounting in 2020

The following tables provide an overview of the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed as of the acquisition date.

(In € million)	
Cash paid on acquisition date	40.5
Completion account adjustments	2.5
Fair value of consideration	**43.0**
Intangible assets	9.7
Property, plant and equipment	13.9
Inventories	10.5
Deferred tax liabilities	(2.5)
Other net liabilities acquired	(3.1)
Fair value of identifiable net assets acquired	**28.5**
Goodwill	**14.5**

The final consideration transferred totals €43.0 million. The Group paid €40.5 million (AUD 65.8 million) in cash on the acquisition date. Management had estimated that it would have an obligation to pay an additional €2.5 million upon the completion settlement and had therefore recognised a liability in the same amount as of 31 December 2019. The completion settlement was finalised in March 2020 and resulted in an additional consideration of €2.5 million. Consequently, there was no impact from the agreed additional payment on the amount of goodwill of €14.5 million initially recognised. The fair value of the identifiable net assets acquired was determined on a provisional basis as of 31 December 2019 but was deemed final in the second half of 2020. The goodwill arising on the acquisition thereby remains unchanged at €14.5 million.

Other information

The goodwill of €14.5 million mainly comprises expectations about expansion of the markets in Australia and New Zealand, introduction of new products in these markets and the skills and competence of the workforce. The goodwill has been allocated to the APAC segment for impairment testing purposes. The intangible assets acquired comprise customer relationships for which the useful lives are assessed to be ten years. The property, plant and equipment balance principally comprises plant and equipment, including filling lines leased to customers under contracts that qualify to be accounted for as operating leases.

The fair value of the customer relationships was assessed by applying the income approach, under which future net cash flows expected to accrue directly or indirectly to the investor are discounted to the present value. More specifically, the multi-period excess earnings method was used. Tax amortisation benefits were considered. Regarding property, plant and equipment, the fair values of production-related equipment and assets such as filling lines were estimated using a cost approach (depreciated replacement cost) while published market data was considered for other assets when possible. The fair value of inventories was estimated based on the estimated selling price in the ordinary course of business less the estimated cost of completion and sale, and reasonable profit margin.

For the one month ended 31 December 2019, Visy Cartons contributed revenue of €4.2 million and profit of €0.3 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been €1,822.9 million and that consolidated profit for the year would have been €109.5 million. In determining these amounts, management has assumed that the fair value adjustments as of the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

Accounting policy

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business. Business combinations are accounted for at the acquisition date, which is when control is obtained. The consideration transferred is generally measured at fair value, as are the identifiable net assets acquired.

Goodwill is measured at the acquisition date as the fair value of the consideration transferred (including, if applicable, the fair value of any previously held equity interests and any non-controlling interests) less the net recognised amount (which is generally fair value) of the identifiable assets acquired and liabilities assumed. If the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Accounting policy (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If such a contingent consideration depends on the achievement of future earnings or other performance targets, any changes in the fair value are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities incurred in connection with a business combination, are expensed as incurred.

Significant judgements and estimates

Significant judgements and estimates were made by management relating to the accounting for the acquisition of Visy Cartons. For example, the assessment of the fair values and the useful lives of the customer relationships involved significant judgement and estimates.

28 Joint ventures

The Group has investments in three joint ventures, which provide aseptic carton packaging solutions in their respective geographic markets. The Group and its 50-50 joint venture partner, OIG, invested in the two joint ventures in the Middle East in 2001. The joint venture in Japan was formed in 2018 with the joint venture partner DNP.

On 25 November 2020, the Group announced its intention to acquire the remaining shares in the two joint ventures in the Middle East. The transaction is expected to close before the end of the first quarter of 2021. For further information about the planned acquisition, see note 4.

The Group's share of the profit or loss of its joint ventures (net of income tax) is presented as part of the Group's profit or loss from operating activities due to the Group's close interaction with its joint ventures.

Composition of the Group's joint ventures

The below table provides an overview of the Group's joint ventures.

			Interest held at	
Companies	**Reporting date**	**Country of incorporation**	**31 Dec. 2020**	**31 Dec. 2019**
Al Obeikan SIG Combibloc Company Ltd.[1]	31 Dec.	Saudi Arabia	50%	50%
SIG Combibloc Obeikan FZCO	31 Dec.	UAE	50%	50%
DNP • SIG Combibloc Co., Ltd.	31 Dec.	Japan	50%	50%

1 Previously SIG Combibloc Obeikan Company Ltd., renamed to Al Obeikan SIG Combibloc Company Ltd. in the third quarter of 2020.

Al Obeikan SIG Combibloc Company Ltd. operates a sleeves manufacturing facility in Saudi Arabia from which it supplies sleeves, also to SIG Combibloc Obeikan FZCO. Both of the joint ventures in the Middle East deploy filling lines in the Middle East and Africa and provide sleeves and other associated products and services to their customers.

There have been no significant transactions with the joint venture in Japan in the years ended 31 December 2020 and 31 December 2019.

Summary joint venture financial information

The following tables provide summary financial information about the three joint ventures, representing the amounts presented in the IFRS financial statements of the joint ventures and not adjusted for the Group's ownership percentage.

(In € million)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets
31 December 2020							
Al Obeikan SIG Combibloc Company Ltd., Saudi Arabia	57.7	90.5	**148.2**	31.6	81.0	**112.6**	**35.6**
SIG Combibloc Obeikan FZCO, UAE	161.5	177.5	**339.0**	123.3	184.8	**308.1**	**30.9**
DNP • SIG Combibloc Co., Ltd., Japan	1.4	0.6	**2.0**	1.2	-	**1.2**	**0.8**
Total	**220.6**	**268.6**	**489.2**	**156.1**	**265.8**	**421.9**	**67.3**
31 December 2019							
Al Obeikan SIG Combibloc Company Ltd., Saudi Arabia	61.9	110.1	**172.0**	45.5	99.1	**144.6**	**27.4**
SIG Combibloc Obeikan FZCO, UAE	168.1	200.7	**368.8**	96.4	218.7	**315.1**	**53.7**
DNP • SIG Combibloc Co., Ltd., Japan	6.0	-	**6.0**	6.2	-	**6.2**	**(0.2)**
Total	**236.0**	**310.8**	**546.8**	**148.1**	**317.8**	**465.9**	**80.9**

(In € million)	Revenue	Expenses	Profit after tax
2020			
Al Obeikan SIG Combibloc Company Ltd., Saudi Arabia	141.4	(125.2)	16.2
SIG Combibloc Obeikan FZCO, UAE	208.4	(190.9)	17.5
DNP • SIG Combibloc Co., Ltd., Japan	7.0	(6.0)	1.0
Total	**356.8**	**(322.1)**	**34.7**
2019			
Al Obeikan SIG Combibloc Company Ltd., Saudi Arabia	162.5	(143.2)	19.3
SIG Combibloc Obeikan FZCO, UAE	213.1	(200.4)	12.7
DNP • SIG Combibloc Co., Ltd., Japan	0.5	(1.7)	(1.2)
Total	**376.1**	**(345.3)**	**30.8**

Joint venture impact on the consolidated financial statements

(In € million)	2020	2019
Carrying amount as of 1 January	**193.4**	**198.7**
Share of profit (net of income tax)	17.4	15.4
Dividends received	(22.7)	(20.7)
Effect of movements in exchange rates	(3.8)	0.8
Other	0.2	(0.8)
Carrying amount as of 31 December	**184.5**	**193.4**
Amount of goodwill in carrying amount of joint ventures as of 31 Dec.	**150.8**	**153.0**

Accounting policy

The accounting policy for joint ventures is included in note 26.

29 Related parties

The Group has related party relationships with its shareholders, its subsidiaries and joint ventures, its key executive officers and Directors (including the members of the Group Executive Board of SIG and the Board of Directors).

Shareholders

The Company's shares are listed on SIX Swiss Exchange.

Onex and a number of co-investors related to it gradually reduced their shareholding in the Company in 2020. Onex ceased to be a related party to the Company in August 2020, when its shareholding was reduced to below 20% (to 10.1% of the issued shares). Onex sold its remaining shares in the Company in December 2020. See also the below section "Related party transactions and balances". According to the disclosure notifications reported to the Company during 2020 and published by the Company via the electronic publishing platform of SIX Swiss Exchange, Onex did not report any shareholding of 3% or more of the voting rights of the Company as of 31 December 2020 (32.9% as of 31 December 2019).

Certain members of SIG management participated in a management equity plan that was established in 2015. They held shares in the Company, acquired at fair value, via its participation in two limited liability partnerships. The limited liability partnerships held 1.1% of the shares as of 31 December 2019. In accordance with the plan regulations, management exercised their right to withdraw from the management equity plan in the first half of 2020. As such, they no longer indirectly hold shares in the Company through such limited liability partnerships.

The members of the Group Executive Board directly held 0.3% of the Company's shares as of 31 December 2020 (indirectly 0.6% as of 31 December 2019). The members of the Board of Directors directly held 0.07% of the Company's shares as of 31 December 2020 (directly 0.04% and indirectly 0.06% as of 31 December 2019).

Key management

The Company's key management include the members of the Group Executive Board of SIG and the Board of Directors.

The below table includes information about compensation to the Group Executive Board.

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Short-term employee benefits	6.0	6.8
Post-employment benefits	0.5	0.5
Share-based payments	2.1	1.1
Termination benefits	5.5	-
Total compensation to the Group Executive Board	**14.1**	**8.4**

An expense of €5.5 million have been recognised in the year ended 31 December 2020 for termination benefits (including non-compete agreements) concerning three former members of the Group Executive Board. The Chief Market Officer (Markus Boehm) left the Company in August 2020 when the Group announced organisational changes in the Group Executive Board, including the elimination of his position and a reallocation of his responsibilities within the Group. The President and General Manager of Europe (Martin Herrenbrück) announced in August 2020 that he would leave the Company as of 31 December 2020. The Chief Executive Officer (Rolf Stangl) announced in November 2020 that he would also leave the Company as of 31 December 2020. Their terminations have been reflected in the measurement of the amount recognised as a share-based payment expense, considering the good and bad leaver clauses in the share-based payment plans in which the three former members of the Group Executive Board participated.

See note 31 for information about the participation of the members of the Group Executive Board in share-based payment plans.

Compensation to the members of the Board of Directors totalled €1.6 million for the year ended 31 December 2020 (€1.6 million for the year ended 31 December 2019). The members of the Board of Directors receive part of their compensation in blocked shares (blocked shares and restricted share units in the year ended 31 December 2019). See note 31 for additional information.

Further details about compensation paid to the members of the Group Executive Board and the Board of Directors can be found in the Compensation Report included elsewhere in the 2020 Annual Report. Information about SIG shareholdings of these persons are included in the section Shareholders above and in the Compensation Report.

Other related parties

The Group's subsidiaries are listed in note 26. Information about the joint ventures is included in note 28.

Related party transactions and balances

Onex used to provide consultancy services to the Company on various matters without any compensation other than for out-of-pocket expenses. Since December 2020, Onex no longer provides consultancy services to the Company. The information sharing agreement between SIG and Onex was terminated on 6 August 2020, when Onex ceased to be a related party to the Company.

Information about other related parties is provided in the following table. Transactions with Onex portfolio companies are reported up until 6 August 2020.

	Transaction values for the years ended		**Balance outstanding as of**	
(In € million)	**31 Dec. 2020**	**31 Dec. 2019**	**31 Dec. 2020**	**31 Dec. 2019**
Joint ventures				
Sale of goods and services (sleeves, liquid paper board, filling machines and related goods and services), revenue under royalty agreements and other transactions/Net receivables	100.2	111.0	10.1	17.1
Purchase of goods	0.4	-	-	-
Dividends received	22.7	20.7	-	-
Onex portfolio companies				
Purchase of goods (supplies and machine parts):				
- Erwepa/Davis Standard	6.3	4.1	-	-

There were no other significant related party transactions during the years ended 31 December 2020 and 31 December 2019. As of 31 December 2020, the Group had no commitments to incur capital expenditure with related parties (€9.3 million for the year ended 31 December 2019, concerning Erwepa).

The Group announced on 25 November 2020 that it has entered into an agreement to acquire the remaining 50% of the shares in its two joint ventures in the Middle East. The acquisition is expected to complete before the end of the first quarter of 2021. See further note 4.

OUR PEOPLE

This section covers information about the Group's employee-related expenses and pension plans as well as the Group's share-based payment plans and arrangements. Details about compensation concerning the Group's key management (Group Executive Board and Board of Directors) are included in note 29 on related parties.

30 Employee benefits

The Group operates various defined benefit plans, of which the largest is in Switzerland.

Overview of employee benefits

(In € million)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Salaries and wages accrued	41.1	35.6
Provision for annual leave	9.4	9.6
Provision for other employee benefits	2.9	3.0
Net defined benefit obligations:		
Pension benefit liabilities	128.6	123.3
Total employee benefit liabilities	**182.0**	**171.5**
Current	50.5	45.2
Non-current	131.5	126.3
Total employee benefit liabilities	**182.0**	**171.5**

The Group has a net defined benefit asset in the amount of €178.5 million as of 31 December 2020 (€168.4 million as of 31 December 2019). It relates to the defined benefit pension plan in Switzerland. The Group's net defined benefit liabilities relate to defined benefit pension plans in other countries.

Personnel expenses

Personnel expenses recognised in the statement of profit or loss and other comprehensive income were €347.0 million in the year ended 31 December 2020 and €320.6 million in the year ended 31 December 2019.

Defined benefit pension plans

The Group makes contributions to defined benefit pension plans. It operates defined benefit pension plans in countries including Austria, France, Germany, India, Indonesia, Switzerland, Taiwan and Thailand. The majority of the Group's pension obligations are in Switzerland and are subject to governmental regulations relating to the funding of retirement plans. The Group generally funds its retirement plans in an amount equal to the annual minimum funding requirements specified by government regulations covering each plan. It has generally provided aggregated disclosures in respect of these plans on the basis that these plans are not exposed to materially different risks.

The Group's largest pension plan is the Swiss retirement plan. As of 31 December 2020, the Swiss retirement plan comprises 74% (75% as of 31 December 2019) of the present value of the Group's pension plan obligations. Therefore, certain information applicable to the Swiss retirement plan has been separately disclosed. As of 31 December 2020, the fair value of the assets of the Swiss retirement plan exceeded the present value of its pension obligations by €178.5 million (€168.4 million as of 31 December 2019). An assessment of the investment strategy of the Swiss retirement plan is performed yearly.

Expected annual contributions to the Group's defined benefit pension plans during the year ending 31 December 2021 are estimated to be €5.0 million. The Group's pension plans had a weighted average duration of 14 years as of 31 December 2020 (13 years as of 31 December 2019).

Movement in net defined benefit obligation

Information about the net defined benefit obligation as of and for the year ended 31 December 2020 and the year ended 31 December 2019 is included below.

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability/(asset)**	
(In € million)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Carrying amount as of the beginning of the year	**504.5**	**497.0**	**(549.6)**	**(518.3)**	**(45.1)**	**(21.3)**
Service cost	7.1	7.6	-	-	7.1	7.6
Interest cost/(income)	1.8	4.7	(0.9)	(3.6)	0.9	1.1
Administrative expenses	-	-	0.5	0.5	0.5	0.5
Curtailments	0.2	-	-	-	0.2	-
Total expense/(income) recognised in profit or loss	**9.1**	**12.3**	**(0.4)**	**(3.1)**	**8.7**	**9.2**
Actuarial (gains)/losses arising from:						
Demographic assumptions	9.0	(2.9)	-	-	9.0	(2.9)
Financial assumptions	9.3	22.9	-	-	9.3	22.9
Return on plan assets, excluding interest income	-	-	(25.7)	(43.3)	(25.7)	(43.3)
Total remeasurement (gains)/losses included in other comprehensive income	**18.3**	**20.0**	**(25.7)**	**(43.3)**	**(7.4)**	**(23.3)**
Contributions by the Group	-	-	(4.8)	(4.4)	(4.8)	(4.4)
Contributions by plan participants	1.7	1.7	(1.7)	(1.7)	-	-
Benefits paid by the plans	(25.6)	(41.2)	25.6	41.2	-	-
Effect of movements in exchange rates	1.2	14.7	(2.5)	(20.0)	(1.3)	(5.3)
Total other movements	**(22.7)**	**(24.8)**	**16.6**	**15.1**	**(6.1)**	**(9.7)**
Carrying amount as of the end of the year	**509.2**	**504.5**	**(559.1)**	**(549.6)**	**(49.9)**	**(45.1)**
Comprised of:						
Swiss retirement plan	376.4	376.9	(554.9)	(545.3)	(178.5)	(168.4)
All other plans	132.8	127.6	(4.2)	(4.3)	128.6	123.3
Carrying amount as of the end of the year	**509.2**	**504.5**	**(559.1)**	**(549.6)**	**(49.9)**	**(45.1)**
Included in the statement of financial position as:						
Employee benefits (asset)					(178.5)	(168.4)
Employee benefits (liability)					128.6	123.3
Total net defined pension benefits					**(49.9)**	**(45.1)**

Expense recognised in profit or loss

The net pension expense is recognised in the following components in the statement of profit or loss and comprehensive income.

(In € million)	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Cost of sales	4.1	4.7
Selling, marketing and distribution expenses	0.9	0.9
General and administrative expenses	3.7	3.6
Total net pension expense	**8.7**	**9.2**
thereof the Swiss retirement plan	4.6	4.0

Expense recognised in other comprehensive income

The remeasurement of the Group's defined benefit pension plans in the year ended 31 December 2020 resulted in a €7.8 million increase, net of income tax, in other comprehensive income (an increase of €24.0 million, net of income tax, in the year ended 31 December 2019).

Plan assets

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Equity instruments	152.8	149.2
Debt instruments	224.1	216.3
Real estate	159.9	162.0
Other	22.3	22.1
Total plan assets	**559.1**	**549.6**

Approximately 99% of total plan assets are held by the Swiss retirement plan as of 31 December 2020 (99% as of 31 December 2019). The debt instruments consist principally of corporate and government bonds. The equity and debt instrument values are based on quoted market prices in active markets. The real estate is held through unlisted funds. The investment policy of the Swiss retirement plan is to target an asset mix of around 25% equity instruments, 45% debt instruments, 25% real estate funds and to hold 5% in cash.

Actuarial assumptions

The amounts recognised under the Group's defined benefit pension plans are determined using actuarial methods. The actuarial valuations involve assumptions regarding discount rates, expected salary increases and the retirement age of employees. These assumptions are reviewed at least annually and reflect estimates as of the measurement date. Any change in these assumptions will impact the amounts reported in the statement of financial position, plus the net pension expense or income that may be recognised in future years. The mortality table used for the Swiss retirement plan for 2020 and 2019 was BVG 2015 GT.

While the Swiss retirement plan does not provide for compulsory benefit increases for pensioners, increases have been granted from time to time at the discretion of the foundation board, depending on the funding situation at the time.

The assumed discount rate and future salary increases are the assumptions with the most significant effect on the defined benefit obligation. They are presented in the below table.

	Swiss retirement plan		**All plans**	
(In %)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Discount rates	0.10%	0.15%	0.10% - 6.60%	0.15% - 7.30%
Future salary increases	1.50%	1.50%	0.0% - 9.0%	0.00% - 9.00%

The below table shows the effect on the defined benefit obligation of a change in the discount rate and future salary increases.

	Swiss retirement plan		**All plans**	
(In € million)	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**	**As of 31 Dec. 2020**	**As of 31 Dec. 2019**
Discount rates				
50 basis points increase	(4.8)	(4.2)	(15.3)	(14.6)
50 basis points decrease	20.0	17.7	32.2	29.6
Future salary increases				
50 basis points increase	1.1	1.2	2.0	2.2
50 basis points decrease	(1.0)	(1.1)	(1.9)	(2.1)

A 50 basis points decrease of the discount rate for the Swiss retirement plan would result in a negative discount rate, which explains the increased sensitivity to downward changes in discount rates.

Accounting policy

Short-term employee benefits

Short-term employee benefits are expensed in profit or loss as the related services are provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Pension obligations

The Group operates various defined benefit pension plans. The Group's obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits to which employees are entitled in return for their services in the current and prior years, discounting that amount to determine the present value of the Group's obligation and then deducting the fair value of any plan assets. The discount rate used is the yield on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed annually by qualified actuaries using the projected unit credit method.

Accounting policy (continued)

When the calculation results in a potential asset for the Group (such as for the Group's Swiss retirement plan), the recognised asset is limited to the present value of economic benefits available in the form of reductions in future contributions to the plan (the case for the Swiss retirement plan) or any future refunds from the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and, if any, the effects of the asset ceiling (excluding interest) are recognised immediately in other comprehensive income.

The net interest expense/(income) on the net defined benefit liability/(asset) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined liability/(asset) as of that time, taking into account any changes from contributions and benefit payments. Net interest expense and other plan expenses are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past services or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits, when applicable, are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for such benefits. Termination costs are expensed when the Group can no longer withdraw the offer of the benefits or when the Group recognises any related restructuring costs, whichever occurs earlier.

Significant judgements and estimates

Amounts recognised under the Group's defined benefit pension plans are determined using actuarial methods. These actuarial valuations involve various assumptions that reflect estimates as of the measurement date. See the section "Actuarial assumptions" above for an overview of the impact of any change in these assumptions.

31 Share-based payment plans and arrangements

The Group has three share-based long-term incentive plans for certain members of management. The members of the Board of Directors receive a part of their total compensation under share-based payment arrangements. These plans and arrangements have an insignificant impact on the Group's result. The Group expects to settle its obligations under these plans and arrangements by using own shares (treasury shares) – see note 24.

Share-based long-term incentive plans for SIG management

Performance share unit plan

Since 2019, the Group grants performance share units ("PSUs") annually to the members of the Group Executive Board and certain other members of management. The terms and vesting conditions of the 2020 PSU plan are equivalent to the terms and vesting conditions of the 2019 PSU plan.

One PSU represents the contingent right to receive one SIG share. The number of granted PSUs is determined by dividing each participant's award under the plan by the fair value of one PSU at the grant date. Vesting of the PSUs occurs three years after the grant date. The exact number of PSUs that vests depends on the long-term performance of SIG during the vesting period. The plan includes the following vesting conditions:

- Service condition: Employment at the vesting date.
- Two non-market performance conditions: Achievement of a cumulative diluted adjusted earnings per share target and a cumulative free cash flow target.
- One market performance condition: Achievement of a relative total shareholder return target, measured relative to the SPI® ICB Industry Industrials Index (with a vesting factor capped at 1.0 for a negative absolute TSR).

At vesting, the three performance conditions are first assessed individually to determine the level of achievement of the set targets (in a range from 0% to 200%). The achievement percentage of each performance condition is then combined based on a relative weighting of the performance conditions (50% for the total shareholder return target and 25% each for the earnings per share and cash flow targets). The combined vesting multiple determines how many shares the participants are entitled to at the end of the vesting period.

The fair value of one PSU is calculated based on a Monte Carlo simulation model, which reflects the probability of over- or underachieving the market performance condition. The model also takes into account various inputs such as the closing share price of one SIG share on the grant date and adjusts for expected dividends (discounted at a risk-free interest rate) to which the participants of the plan are not entitled until the PSUs vest after three years.

The grant date for the 2020 PSU plan was 1 April 2020 (1 April 2019 for the 2019 PSU plan). Under the 2020 PSU plan, eight employees were granted in total 342,198 PSUs, of which 325,586 PSUs relate to members of the Group Executive Board. Under the 2019 PSU plan, nine employees were granted in total 537,414 PSUs, of which 495,263 PSUs related to members of the Group Executive Board. For the 2020 plan, the fair value of one PSU was CHF 15.05 as of grant date (CHF 9.49 for the 2019 plan).

Three members of the Group Executive Board left the Company in the year ended 31 December 2020 (see further note 29). As a result, the total number of PSUs for both the 2019 and 2020 plans was reduced by 341,414 PSUs. These forfeited PSUs had an impact on the share-based payment expense recognised for the year ended 31 December 2020. As of 31 December 2020, a total of 538,198 PSUs were outstanding.

Restricted share unit plan

Since 2019, the Group annually grants restricted share units (“RSUs”) to a small number of selected employees. One RSU represents the contingent right to receive one SIG share, subject to the fulfilment of a three-year service vesting condition. The fair value of one RSU is calculated based on the closing share price of one SIG share on the grant date and adjusted for expected dividends (discounted at a risk-free interest rate) to which the participants of the plan are not entitled until the RSUs vest after three years.

The grant date for the 2020 RSU award was 1 April 2020 (1 April 2019 for the 2019 RSU plan). Under both the 2020 and 2019 RSU plans, two employees were granted a small number of RSUs. For the 2020 plan, the fair value of one RSU was CHF 13.60 as of grant date (CHF 9.27 for the 2019 plan).

Equity investment plan

In 2020, the Group introduced an equity investment plan (“EIP”) for a wider group of management in leadership positions under which the participants have the choice to invest in SIG shares at market value. The shares are blocked for three years. For each purchased share, the Group grants the participants two matching options to purchase another two shares at a pre-defined exercise price at the end of a three-year vesting period.

The grant date for the 2020 EIP award was 31 May 2020. 66 employees were granted in total 220,588 options. The fair value of one option, calculated using the Black-Scholes model, was CHF 2.82 as of grant date.

Share-based payment arrangements for members of the Board of Directors

The members of the Board of Directors receive 40% of their total compensation under share-based payment arrangements. The compensation amount is fixed. The share-based payment compensation is paid out in SIG shares that are blocked for three years. In the year ended 31 December 2019, a couple of members received RSUs instead of blocked shares. The grant date is the date of the Annual General Meeting (generally held in April), when the total compensation package for the next term of office is approved. The compensation is paid out four times during the one-year long term of office (i.e. there are four award dates, each relating to work performed during the quarter before the respective award date). The number of blocked shares is determined by dividing each board member’s individual compensation amount for one award cycle by the average closing price of the SIG share of the first ten trading days of the third month of the quarter for which the blocked shares are granted. The fair value of one blocked share is calculated based on the closing share price of one SIG share on the grant date.

The Group granted 39,884 blocked shares to the members of the Board of Directors in the year ended 31 December 2020 (40,842 blocked shares and 14,236 RSUs in the year ended 31 December 2019). The blocked shares have been delivered by using treasury shares (see note 24). The fair value of one granted instrument was CHF 14.93 as of grant date (CHF 10.02 for the year ended 31 December 2019).

Share-based payment expense

The share-based payment expense recognised as a personnel expense in the year ended 31 December 2020 relating to the PSU, RSU and equity investment plans for SIG management amounts to €2.6 million, of which €2.1 million relates to members of the Group Executive Board (€1.2 million for the year ended 31 December 2019, of which €1.1 million related to members of the Group Executive Board).

The share-based payment expense recognised as part of general and administrative expenses in the same period relating to the arrangement for the Board of Directors amounts to €0.6 million (€0.6 million for the year ended 31 December 2019).

Accounting policy

The Group's share-based payment plans and arrangements are all equity-settled payment arrangements. The grant date fair value of the awards is recognised as an expense, with a corresponding increase in equity (retained earnings), over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awarded instruments for which the related service and any non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awarded instruments that meet the related service and any non-market performance conditions at the vesting date. Any market performance conditions are reflected in the grant date fair valuation of the awarded instruments and there is no true-up during the vesting period or at the vesting date for differences between expected and actual outcomes. If there is no vesting period, the grant date fair value is immediately recognised as an expense.

OTHER

This section provides details about the Group's income tax exposure, different categories of financial instruments (including derivative instruments), fair value information and off-balance sheet information.

32 Income tax

This note covers the Group's current and deferred income tax exposure, with corresponding impacts on the statement of profit or loss and other comprehensive income and the statement of financial position. Management believes that its accruals for tax liabilities are sufficient for all open tax years based on its assessment of existing facts, prior experiences and interpretations of tax laws.

The Swiss tax reform became effective on 1 January 2020. It eliminates certain tax privileges for Swiss companies, which were no longer accepted internationally. At the same time, Cantonal and Municipal corporate tax rates were reduced, and new internationally accepted tax benefits introduced. The impact on the Group of the Swiss tax reform is not significant (see also the below section "Reconciliation of effective tax expense").

Amounts recognised in profit or loss

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Current year	(70.1)	(74.3)
Adjustments for prior years	1.3	3.0
Current tax expense	**(68.8)**	**(71.3)**
Origination and reversal of temporary differences	43.2	33.1
Tax rate modifications	-	(2.0)
Recognition of previously unrecognised tax losses	1.5	-
Adjustments for prior years	1.1	(0.9)
Deferred tax benefit	**45.8**	**30.2**
Income tax expense	**(23.0)**	**(41.1)**

Amounts recognised in other comprehensive income

The Group has recognised in other comprehensive income a deferred tax income of €0.3 million relating to the remeasurement of defined benefit plans for the year ended 31 December 2020 (€1.4 million deferred tax income for the year ended 31 December 2019).

Reconciliation of effective tax expense

The following table presents the Group's reconciliation between profit before income tax and the income tax expense. The reconciliation is based on the Company's applicable Swiss tax rate and adjusts for the effect of tax rates applied by Group companies in other jurisdictions as the Group's business activities and taxable income are mostly located outside of Switzerland. The effect of tax rates in foreign jurisdictions is made up from the difference between the Company's applicable Swiss tax rate and the statutory tax rates per each individual jurisdiction. The Company's applicable Swiss tax rate decreased from 16% to 14.29% in the year ended 31 December 2020 due to the Swiss tax reform, which became effective on 1 January 2020 (see further the introductory section of this note).

(In € million)	**Year ended 31 Dec. 2020**	**Year ended 31 Dec. 2019**
Profit before income tax	**91.0**	**148.0**
Income tax using the Swiss tax rate of 14.29% (2019: 16%)	(13.0)	(23.7)
Effect of tax rates in foreign jurisdictions	4.0	(0.9)
Non-deductible expenses	(6.8)	(6.7)
Tax exempt income	4.9	8.7
Withholding tax	(8.7)	(8.3)
Tax rate modifications	-	(2.0)
Recognition of previously unrecognised tax losses	1.5	-
Unrecognised tax losses and temporary differences	(6.3)	(1.6)
Tax uncertainties	(1.5)	(4.8)
Tax on undistributed profits	0.5	(3.9)
Adjustments for prior years	2.4	2.1
Income tax expense	**(23.0)**	**(41.1)**

Current tax assets and liabilities

Current tax assets of €2.8 million as of 31 December 2020 (€1.2 million as of 31 December 2019) represent the amount of income taxes recoverable with respect to current and prior periods and arise from the payment of tax in excess of the amounts due to the relevant tax authorities. Current tax liabilities of €37.3 million as of 31 December 2020 (€43.5 million as of 31 December 2019) represent the amount of income taxes payable with respect to current and prior periods.

Current tax liabilities include an amount of €6.5 million (€6.3 million as of 31 December 2019) for prior periods that will be reimbursed by PEI Holdings Company LLC (a company associated with Reynolds Group Holdings Limited, the owner of the Group prior to 13 March 2015) in line with the share purchase agreement that was signed when Onex acquired the Group in 2015. The same amount has been recognised as part of other receivables.

Recognised deferred tax assets and liabilities

(In € million)	As of 31 Dec. 2020	As of 31 Dec. 2019
Included in the statement of financial position as:		
Deferred tax assets	30.5	21.8
Deferred tax liabilities	(132.4)	(172.5)
Total recognised net deferred tax liabilities	**(101.9)**	**(150.7)**

The below table provides details about the components of deferred tax assets and liabilities.

(In € million)	Property, plant and equipment	Intangible assets	Employee benefits	Tax loss carry-forwards	Other items	Net deferred tax assets/ (liabilities)
Carrying amount as of 1 Jan. 2019	**(96.3)**	**(141.8)**	**(0.7)**	**10.7**	**52.4**	**(175.7)**
Additions through business combination	(1.2)	(2.9)	1.1	-	0.5	**(2.5)**
Recognised in profit or loss	3.1	20.3	2.3	(5.7)	10.2	**30.2**
Recognised in other comprehensive income	-	-	1.4	-	-	**1.4**
Effect of movements in exchange rates	(3.2)	(2.5)	(1.9)	(0.3)	3.8	**(4.1)**
Carrying amount as of 31 Dec. 2019	**(97.6)**	**(126.9)**	**2.2**	**4.7**	**66.9**	**(150.7)**
Carrying amount as of 1 Jan. 2020	**(97.6)**	**(126.9)**	**2.2**	**4.7**	**66.9**	**(150.7)**
Recognised in profit or loss	8.6	19.3	1.1	(0.1)	16.9	**45.8**
Recognised in other comprehensive income	-	-	0.3	-	-	**0.3**
Effect of movements in exchange rates	3.0	4.1	(0.6)	-	(3.8)	**2.7**
Carrying amount as of 31 Dec. 2020	**(86.0)**	**(103.5)**	**3.0**	**4.6**	**80.0**	**(101.9)**

The net deferred tax assets for other items mainly relate to inventories, receivables, deferred revenue, liabilities for customer incentive programs and, for the year ended 31 December 2020, to a lesser extent derivatives.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised with respect to tax losses in the amount of €23.0 million as of 31 December 2020 (€20.8 million as of 31 December 2019) because management has assessed that it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unrecognised tax losses do not expire under the current applicable tax legislation.

Accounting policy

Income tax expense is comprised of current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

For subsidiaries in which the profits are not considered to be permanently reinvested, the additional tax consequences of future dividend distributions are recognised as income tax expense.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect to previous years. Current tax assets and liabilities are only offset if certain criteria are met.

Deferred tax

Deferred tax is recognised, using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint arrangements to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. The recoverability of deferred tax assets is reviewed at each reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are only offset if certain criteria are met.

Significant judgements and estimates

Determining the Group's worldwide income tax liability requires significant judgement and the use of estimates and assumptions, some of which are highly uncertain. Each tax jurisdiction's laws are complex and subject to different interpretations by the taxpayer and the respective tax authorities. Significant judgement is required in evaluating the Group's tax positions, including evaluating uncertainties. To the extent actual results differ from these estimates relating to future periods and depending on the tax strategies that the Group may implement, the Group's financial position may be directly affected.

Deferred tax assets represent deductions available to reduce taxable income in future years. The Group evaluates the recoverability of deferred tax assets by assessing the adequacy of future taxable income, including reversal of taxable temporary differences, forecasted earnings and available tax planning strategies. Determining the sources of future taxable income relies heavily on the use of estimates. The Group recognises deferred tax assets when the Group considers it probable that the deferred tax assets will be recoverable.

33 Financial instruments and fair value information

This note provides an overview of the Group's financial instruments, including derivative financial instruments, and their categorisation under IFRS. Further details about the different types of financial assets and financial liabilities are provided throughout these consolidated financial statements. This note also contains information about the fair value of the Group's financial instruments and some general accounting policies covering more than one type of financial assets and liabilities.

Categories of financial instruments and fair value information

The Group's financial assets and liabilities are classified into the following categories: financial assets at amortised cost, financial assets at fair value through profit or loss, financial liabilities at amortised cost and financial assets and liabilities at fair value through profit or loss.

The following tables present the carrying amounts of financial assets and liabilities as of 31 December 2020 and 31 December 2019. They also present the respective levels in the fair value hierarchy for financial assets and liabilities measured at fair value. Items that do not meet the definition of financial assets or liabilities are not included in the tables.

	Carrying amount as of 31 December 2020			**Fair value hierarchy Level**		
(In € million)	**At amortised cost**	**At fair value through profit or loss (mandatorily)**	**Total**	**1**	**2**	**3**
Cash and cash equivalents	355.1		**355.1**			
Trade and other receivables	194.0	16.2	**210.2**		x	
Other financial assets	3.9		**3.9**			
Derivatives		17.6	**17.6**		x	
Total financial assets	**553.0**	**33.8**	**586.8**			
Trade and other payables	(505.4)		**(505.4)**			
Loans and borrowings:						
- Senior unsecured notes	(992.2)		**(992.2)**			
- Senior unsecured credit facilities	(544.5)		**(544.5)**			
- Lease liabilities	(147.0)		**(147.0)**			
Derivatives		(5.1)	**(5.1)**		x	
Total financial liabilities	**(2,189.1)**	**(5.1)**	**(2,194.2)**			

(In € million)	At amortised cost	At fair value through profit or loss (mandatorily)	Total	Fair value hierarchy Level 1	2	3
	Carrying amount as of 31 December 2019					
Cash and cash equivalents	261.0		**261.0**			
Trade and other receivables	205.9	52.9	**258.8**		x	
Other financial assets	5.1		**5.1**			
Derivatives		2.1	**2.1**		x	
Total financial assets	**472.0**	**55.0**	**527.0**			
Trade, other payables and other liabilities	(493.2)		**(493.2)**			
Loans and borrowings:						
- Senior secured credit facilities	(1,539.2)		**(1,539.2)**			
- Lease liabilities	(53.5)		**(53.5)**			
Derivatives		(13.7)	**(13.7)**		x	
Total financial liabilities	**(2,085.9)**	**(13.7)**	**(2,099.6)**			

Fair value of financial assets and liabilities at amortised cost

The carrying amount of the financial assets and liabilities that are not measured at fair value is a reasonable approximation of fair value. Excluding transaction costs and an original issue discount, this is also the case for the Group's term loan that was entered into in June 2020. The fair value of the notes was €1,042 million as of 31 December 2020.

Fair value of trade receivables to be sold under securitisation and factoring programmes

Trade receivables that will be sold under the Group's securitisation and factoring programmes are categorised as measured at fair value through profit or loss. They are sold shortly after being recognised by the Group and the amount initially recognised for these trade receivables is representative of their fair value.

Fair value of derivatives

The derivatives are entered into as part of the Group's strategy to mitigate operational risks (commodity and foreign currency exchange derivatives) and to mitigate financing risks (interest rate swaps, for the secured term loans repaid in June 2020).

The following tables show the types of derivatives the Group had as of 31 December 2020 and 31 December 2019, and their presentation in the statement of financial position.

(In € million)	Current assets	Non-current assets	Total derivative assets	Current liabilities	Non-current liabilities	Total derivative liabilities
Commodity derivatives	11.4	-	**11.4**	(0.8)	-	**(0.8)**
Foreign currency exchange derivatives	6.2	-	**6.2**	(4.3)	-	**(4.3)**
Total operating derivatives	**17.6**	**-**	**17.6**	**(5.1)**	**-**	**(5.1)**
Total derivatives as of 31 December 2020	**17.6**	**-**	**17.6**	**(5.1)**	**-**	**(5.1)**

(In € million)	Current assets	Non-current assets	Total derivative assets	Current liabilities	Non-current liabilities	Total derivative liabilities
Commodity derivatives	0.8	-	**0.8**	(8.7)	-	**(8.7)**
Foreign currency exchange derivatives	1.3	-	**1.3**	(2.4)	-	**(2.4)**
Total operating derivatives	**2.1**	**-**	**2.1**	**(11.1)**	**-**	**(11.1)**
Interest rate swaps	-	-	**-**	-	(2.6)	**(2.6)**
Total financing derivatives	**-**	**-**	**-**	**-**	**(2.6)**	**(2.6)**
Total derivatives as of 31 December 2019	**2.1**	**-**	**2.1**	**(11.1)**	**(2.6)**	**(13.7)**

The Group measures derivative assets and liabilities at fair value. The fair value is calculated based on valuation models commonly used in the market. These include consideration of credit risk, where applicable, and discounts the estimated future cash flows based on the terms and maturity of each contract, using forward interest rates extracted from observable yield curves and market forward exchange rates at the reporting date. The derivatives are categorised as level 2 fair value measurements in the fair value hierarchy as the measurements of fair value are based on observable market data, either directly (i.e. as prices) or indirectly (i.e. derived from prices). All changes in fair value are recognised in profit or loss as the Group does not apply hedge accounting under IFRS 9.

Accounting policy

The specific accounting policies for the Group’s different types of financial assets and liabilities are included in other sections of these consolidated financial statements. This section includes the accounting policy for topics covering more than one note.

Initial recognition of financial assets and liabilities

The Group initially recognises loans and receivables and any debt issued on the date when they are originated. All other financial assets and liabilities are initially recognised on the trade date when the entity becomes party to the contractual provisions of the financial instrument.

Offsetting

Financial assets and financial liabilities are only offset and the net amount presented in the statement of financial position when the Group currently has a legally enforceable right to offset the amounts and intends to either settle them on a net basis or realise the asset and settle the liability simultaneously.

Derivatives

Derivatives are measured at fair value with any related transaction costs expensed as incurred. All derivatives with a positive fair value are presented as other current or non-current assets in the statement of financial position, while all derivatives with a negative fair value are presented as other current or non-current liabilities.

The gain or loss on remeasurement to fair value is recognised in profit or loss. Net changes in the fair value of derivatives entered into as part of the operating business are presented as part of profit from operating activities, while net changes in the fair value of derivatives entered into in relation to the financing of the Group are presented in other finance income or expenses. The Group does not apply hedge accounting under IFRS.

Accounting policy (continued)

A derivative embedded in another contract is separated and accounted for separately when its economic characteristics and risks are not closely related to those of its host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the host contract is not measured at fair value with the fair value changes recognised in profit or loss. Changes in the fair value of a separated embedded derivative are recognised immediately in profit or loss.

34 Contingent liabilities

The Group has contingent liabilities relating to legal and other matters arising in the ordinary course of business. Based on legal and other advice, management is of the view that the outcome of any such proceedings will have no significant effect on the financial position of the Group beyond the recognised provision.

Accounting policy

Contingent liabilities are possible obligations arising from a past event to be confirmed by future events not wholly within the control of the Group, or present obligations arising from a past event of which the outflow of economic benefits is not probable, or which cannot be measured reliably. Contingent liabilities are not recognised in the statement of financial position, except for certain items assumed in a business combination, but are separately disclosed.

35 Subsequent events

There have been no events between 31 December 2020 and 18 February 2021 (the date these consolidated financial statements were approved) that would require an adjustment to or disclosure in these consolidated financial statements, expect for the disclosures given in note 4 regarding organisational changes in the Group Executive Board and the strategic assessment of the Group's paper mill in New Zealand resulting in a decision to close the paper mill. This statement is also applicable regarding the assessment of information relating to the COVID-19 pandemic (see note 5.4).

REPORT OF THE STATUTORY AUDITOR

to the General Meeting of SIG Combibloc Group AG
Neuhausen am Rheinfall

Report on the audit of the consolidated financial statements

Opinion

We have audited the audited the consolidated financial statements of SIG Combibloc Group AG and its subsidiaries (the Group), which comprise the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020, the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes to the consolidated financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 118 to 199) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

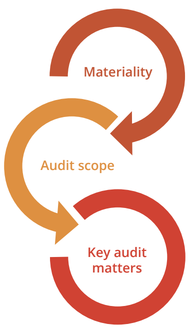
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

OVERVIEW



Overall Group materiality: EUR 17,000,000

We concluded full scope audit work at 7 wholly owned Group companies in 6 countries. Our audit scope addressed over 81% of the Group's revenue.

As key audit matter the following area of focus has been identified: Recoverability of carrying amount of goodwill

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	EUR 17,000,000
How we determined it	1% of total revenue
Rationale for the materiality benchmark applied	We chose total revenue as the benchmark as, in our view, it is the most appropriate measure considering the Group's current year's result is impacted by effects from purchase price accounting, impairment losses as well as transaction and refinancing related costs. It is further a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above EUR 1,700,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

At the end of 2020, the Group's financial statements are a consolidation of 48 wholly owned subsidiaries and 3 equity accounted joint ventures comprising the Group's operating businesses and centralised functions across 33 different geographical locations.

We identified 7 wholly owned Group companies in 6 countries for which, in our opinion, a full scope audit was necessary because of their size or risk characteristics. For a further 6 Group companies in 4 countries, specified procedures on selected account balances were performed to increase audit comfort on the Group's "Cash & Cash Equivalent" and "Trade and Other Payables" balance. In addition, on a rotational basis, we analysed the financial statements of selected Group Companies for significant or unusual developments. None of the Group Companies not considered as a full scope audit accounted individually for more than 6% of the Group's revenue.

All relevant subsidiaries of the Group are audited by local PwC firms. To ensure sufficient and appropriate involvement of the Group auditor in the audit of the 6 Group companies audited by our component auditors abroad, we held conference calls with the respective audit teams responsible for the audit during the different phases of the audit and also performed on a selective basis a review of their work-papers. We discussed risks identified and challenged the audit approach in response to the risks relevant to the respective components. Furthermore, we obtained a memorandum of examination from our component auditors and assessed the results and impact on the Group's consolidated financial statements and challenged the component auditor's conclusion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RECOVERABILITY OF CARRYING AMOUNT OF GOODWILL

Key audit matter	How our audit addressed the key audit matter
As per 31 December 2020, the carrying amount of Goodwill amounted to €1,567 million. The valuation of Goodwill is a key audit matter based on the magnitude of the balance and inherent judgement involved and assumptions used as part of Management's impairment assessment. Specifically the assumptions related to future cash flows and the determination of the discount rates require a significant level of judgement by Management. Refer to Note 14 – Intangible assets and Note 5.4 – Critical accounting judgements, estimates and assumptions in the consolidated financial statements.	We audited the proper allocation of Goodwill to the respective group of cash-generating units ("CGUs"). We assessed whether the groups of CGUs identified are the appropriate basis to be used for impairment testing. With the involvement of PwC's internal valuation experts, we challenged and evaluated Management's value in use calculation for each group of CGUs. This included an assessment of the appropriateness of the model used, as well as challenging of the key assumptions made by Management. • We evaluated the reasonableness of the discount rates, as determined by Management, by assessing the cost of capital for the Group, as well as considering territory specific factors. • We challenged Management's cash flow assumptions and sensitivity analysis applied to such cash flows based on other internal forward-looking documentation available and by bench-marking them against external market data for the industry and respective regions. • We further ensured the consistency of Management's cash flow assumptions with the Group's current 5-year business plan as approved by the Board of Directors. We further performed independent sensitivity analyses around the key assumptions to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired. We also assessed whether the market capitalisation of the Group covers the carrying amount of it's consolidated equity. As a result of our procedures, we determined that the conclusions reached by Management with regards to the recoverability of the carrying amount of goodwill is reasonable and supportable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of SIG Combibloc Group AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Rossi	**Manuela Baldisweiler**
Audit expert	Audit expert
Auditor in charge	

Basel, 18 February 2021

Financial statements for the year ended 31 December 2020

SIG Combibloc Group AG

Income statement

(in CHF thousand)	Note	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Income from investments	3.1	116,138.0	125,227.2
Other income	3.2	7,377.9	7,085.3
Total income		**123,515.9**	**132,312.5**
Personnel expenses	3.3	(13,225.7)	(5,801.7)
Other operating expenses	3.2	(7,924.7)	(9,583.8)
Total operating expenses		**(21,150.4)**	**(15,385.5)**
Profit from operating activities		**102,365.5**	**116,927.0**
Finance income		38.1	136.8
Finance expenses		(291.5)	(1,084.1)
Profit before income tax		**102,112.1**	**115,979.7**
Income tax income		0.3	6.5
Profit for the period		**102,112.4**	**115,986.2**

Balance sheet

(in CHF thousand)	Note	As of 31 Dec. 2020	As of 31 Dec. 2019
Cash and cash equivalents		512.3	366.3
Trade receivables		7,865.2	7,565.9
- Due from Group companies	3.4	7,865.2	7,565.9
Current interest-bearing receivables		-	1,774.3
- Due from Group companies	3.5	-	1,774.3
Other current receivables		11.2	12.5
- Due from third parties		11.2	12.5
Accrued income and prepaid expenses		388.5	305.7
Total current assets		**8,777.2**	**10,024.7**
Investments	3.6	2,443,789.8	2,443,789.8
Total non-current assets		**2,443,789.8**	**2,443,789.8**
Total assets		**2,452,567.0**	**2,453,814.5**
Trade payables		1,161.9	1,334.0
- Due to third parties		1,070.6	890.2
- Due to Group companies	3.7	91.3	443.8
Current interest-bearing liabilities		18,322.1	6,475.6
- Due to Group companies	3.8	18,322.1	6,475.6
Other current liabilities		3,151.9	648.6
- Due to third parties	3.9	3,151.9	648.6
Accrued expenses	3.10	2,937.0	3,116.1
Total current liabilities		**25,572.9**	**11,574.3**
Non-current liabilities		5,423.6	1,126.4
- Due to third parties	3.11	5,423.6	1,126.4
Total non-current liabilities		**5,423.6**	**1,126.4**
Total liabilities		**30,996.5**	**12,700.7**
Share capital	3.12	3,200.5	3,200.5
Legal reserves		2,209,198.0	2,330,816.2
- Capital contribution reserve	3.13	2,209,198.0	2,330,816.2
Retained earnings		209,286.6	107,174.2
- Profit/(loss) brought forward		107,174.2	(8,812.0)
- Profit for the period		102,112.4	115,986.2
Treasury shares	3.14	(114.6)	(77.1)
Total shareholders' equity		**2,421,570.5**	**2,441,113.8**
Total liabilities and shareholders' equity		**2,452,567.0**	**2,453,814.5**

Notes

1 General information

SIG Combibloc Group AG ("SIG" or the "Company") is domiciled in Neuhausen am Rheinfall, Switzerland and is listed on SIX Swiss Exchange. References to “Group“ are to the Company and its consolidated subsidiaries.

2 Summary of significant accounting policies

The financial statements of the Company for the year ended 31 December 2020 have been prepared in accordance with Swiss law. Where not prescribed by law, the significant accounting and valuation policies applied are described below.

2.1 Exclusion of a cash flow statement and certain note disclosures

SIG Combibloc Group AG prepares its annual consolidated financial statements in line with International Financial Reporting Standards (“IFRS”), a recognised standard. It further includes a management report (Financial review) in its annual report. In accordance with Swiss law (Art. 961d para 1 of the Swiss Code of Obligations, (“CO”)), the Company has therefore elected not to include in its financial statements a cash flow statement and a management report.

2.2 Foreign currency translation

The Company maintains its accounting in Swiss Francs (CHF), which is also its functional currency, and the balance sheet and income statement are also presented in this currency.

The exchange rates used for the balance sheet items are the closing rates as of 31 December 2020 and 31 December 2019. Balances denominated in foreign currencies are translated into CHF as follows:

- Investments expressed in a currency other than CHF are translated into CHF at the exchange rate at the date of their acquisition. At the balance sheet date, such investments are maintained at their historical exchange rate. Liabilities which are economically linked to investments and expressed in a currency other than CHF are maintained at their historical exchange rate at the end of the year.
- All other monetary assets and liabilities expressed in a currency other than CHF are translated into CHF at the exchange rate prevailing at the year end. All exchange differences resulting from this translation are presented in the income statement. Any unrealised exchange gains included therein are not considered significant.

Income and expenses denominated in foreign currencies are translated into CHF at the rate at the transaction date.

The following significant exchange rate has been applied.

	Average rate for the year		Spot rate as of	
	31 Dec. 2020	**31 Dec. 2019**	**31 Dec. 2020**	**31 Dec. 2019**
EUR to CHF	1.07034	1.11282	1.08020	1.08540

2.3 Investments

Investments are initially recognised at cost. Investments are analysed on an annual basis for impairment indicators and are, if needed, adjusted to their recoverable amount.

2.4 Treasury shares

Own shares held by the Company are accounted for as treasury shares. Treasury shares are initially recognised at acquisition cost and deducted from equity with no subsequent remeasurement. If the treasury shares are disposed of, the resulting gain or loss is recognised in the income statement.

3 Information relating to income statement and balance sheet items

3.1 Income from investments

Income from investments consists of a dividend received from SIG Combibloc Holdings S.à r.l. of CHF 116,138.0 thousand (CHF 125,227.2 thousand in the year ended 31 December 2019), which was mainly used to pay a dividend of CHF 121,620.2 thousand to the shareholders in the year ended 31 December 2020 (a dividend of CHF 112,011.6 thousand in the year ended 31 December 2019).

3.2 Other income and other operating expenses

Other operating income primarily consists of management fees charged to direct or indirect subsidiaries. Other operating expenses primarily consist of fees paid to the Board of Directors and consultancy costs.

3.3 Personnel expenses

Personnel expenses in the year ended 31 December 2020 include an amount of CHF 5,664.4 thousand of termination benefits (including non-compete agreements) relating to two former members of the Group Executive Board. The Chief Executive Officer (Rolf Stangl) and the Chief Market Officer (Markus Boehm) both left the Company in 2020 as further described in notes 4 and 29 of the consolidated financial statements of the Company for the year ended 31 December 2020. Their terminations also resulted in the forfeiture of a number of performance share units ("PSUs") granted under the 2019 and 2020 share-based payments plans, which has been reflected in the measurement of the amount recognised as a share-based payment expense in the year ended 31 December 2020 (as part of personnel expenses). See also notes 3.11 and 4.3.

3.4 Trade receivables

Trade receivables due from Group companies as of 31 December 2020 include management fees charged to direct or indirect subsidiaries for 2020 in the amount of CHF 7,865.2 thousand (CHF 7,565.9 thousand as of 31 December 2019).

3.5 Current interest-bearing receivables

Current interest-bearing receivables due from Group companies for the year ended 31 December 2019 included an interest-bearing inter-company EUR loan granted to SIG Combibloc Services AG, which was repaid in 2020.

3.6 Investments

The following subsidiary is directly held by the Company.

		As of 31 Dec. 2020		As of 31 Dec. 2019	
Name and legal form	**Registered office**	**Capital**	**Votes**	**Capital**	**Votes**
SIG Combibloc Holdings S.à r.l.	6C. rue Gabriel Lippmann L - 5365 Munsbach	100%	100%	100%	100%

The subsidiaries indirectly held by the Company are listed in note 26 of the consolidated financial statements of the Company for the year ended 31 December 2020.

3.7 Trade payables

Trade payables due to Group companies as of 31 December 2020 and 31 December 2019 mainly relate to intra-group recharges.

3.8 Current interest-bearing liabilities

Current interest-bearing liabilities due to Group companies for the year ended 31 December 2020 include an interest-bearing inter-company CHF loan and an interest-bearing inter-company EUR loan from SIG Combibloc Services AG. Only the EUR loan was included in the balance for the year ended 31 December 2019.

3.9 Other current liabilities

For the year ended 31 December 2020, an amount of CHF 3,010.7 thousand representing the current portion of the termination benefits relating to two former members of the Group Executive Board is included in other current liabilities.

3.10 Accrued expenses

Accrued expenses for the year ended 31 December 2020 primarily consist of employee benefit obligations of CHF 2,365.8 thousand (CHF 2,610.7 thousand as of 31 December 2019). There were no payments outstanding to the pension funds as of 31 December 2020 or 31 December 2019.

3.11 Non-current liabilities

For the year ended 31 December 2020, an amount of CHF 2,326.1 thousand representing the non-current portion of the termination benefits (including non-compete agreements) relating to two former members of the Group Executive Board is included in non-current liabilities (see also note 3.3). The remaining balance primarily consists of liabilities arising due to share-based payment plans and arrangements for certain members of management and Board of Directors as described in note 31 of the consolidated financial statements of the Company for the year ended 31 December 2020.

3.12 Share capital

As of 31 December 2020, the share capital consists of 320,053,240 shares, issued and fully paid, representing CHF 3.2 million of share capital (also as of 31 December 2019).

Authorised share capital and conditional share capital

The Company has authorised share capital and conditional share capital of CHF 640,106.48 each as of 31 December 2020 and 31 December 2019.

The Board of Directors' authority to increase the share capital out of authorised share capital is limited until 7 April 2022. Capital increases from authorised and conditional share capital are mutually exclusive, i.e. they are subject to a single combined limit, and may not exceed 64,010,648 shares (equalling CHF 640,106.48 or 20% of the existing share capital). However, the shares issued from authorised and conditional share capital under the exclusion of subscription and advance subscription rights, respectively, is limited until 7 April 2022 to a single combined maximum of 32,005,324 shares (equalling CHF 320,053.24 or 10% of existing share capital).

The authorised share capital can be used for various purposes. This creates a flexibility to seek additional capital, if required. The conditional share capital is divided into CHF 160,026.62 for employee benefit plans and CHF 480,079.86 for equity linked financing instruments. See note 4.4 for information about a planned issue of SIG ordinary shares out of the authorised share capital of the Company in the first quarter of 2021.

3.13 Capital contribution reserve

The capital contribution reserve consists of the following:

(In CHF thousand)	**Balance**
Capital contribution reserve as of 1 January 2019	**2,442,827.8**
Dividend payment of CHF 0.35 per share out of the capital contribution reserve	(112,018.6)
Dividend not paid on treasury shares held by the Company	7.0
Capital contribution reserve as of 31 December 2019	**2,330,816.2**
Capital contribution reserve as of 1 January 2020	**2,330,816.2**
Dividend payment of CHF 0.38 per share out of the capital contribution reserve	(121,620.2)
Dividend not paid on treasury shares held by the Company	2.0
Capital contribution reserve as of 31 December 2020	**2,209,198.0**

In the revision to the capital contribution principle that took effect on 1 January 2020, withholding tax exempt distributions from the capital contribution reserve of Swiss listed companies are generally only permissible to the extent that at least the same amount is distributed out of other reserves. These provisions do not apply to repayments of "foreign capital contribution reserves". The Company has as of 31 December 2020 a capital contribution reserve of CHF 2,209.2 million, which is confirmed by the Swiss Federal Tax Administration. Foreign capital contribution reserves included in the capital contribution reserve amount to CHF 1,184.7 million. The whole dividend paid in 2020 was distributed out of foreign capital contribution reserves. The whole dividend to be proposed to the Annual General Meeting in April 2021 is expected to be distributed out of foreign capital contribution reserves.

3.14 Treasury shares

The movement in treasury shares during the year was as follows:

(Number of treasury shares or in CHF thousand)	2020 Number	2020 Amount	2019 Number	2019 Amount
Balance as of 1 January	**6,158**	**(77.1)**	**-**	**-**
Purchases	40,000	(665.1)	47,000	(532.5)
Transfer under share-based payment plans and arrangements	(39,884)	627.6	(40,842)	455.4
Balance as of 31 December	**6,274**	**(114.6)**	**6,158**	**(77.1)**

No treasury shares are held by the Company's subsidiaries or joint ventures.

4 Other information

4.1 Employees

The number of full-time equivalent employees in 2020 and 2019 did not exceed ten on an annual average basis.

4.2 Significant shareholders

According to the disclosure notifications reported to the Company during 2020 and published by the Company via the electronic publishing platform of SIX Swiss Exchange, the following shareholders had holdings of 3% or more of the voting rights of the Company as of 31 December 2020 and 2019.

Significant shareholders	**Voting rights as of** 31 Dec. 2020	31 Dec. 2019
Onex Corporation[1]	<3.0%	32.9%
Winder Investment Pte Ltd[2]	6.0%	6.0%
Norges Bank (the Central Bank of Norway)	5.9%	<3.0%
Al Obeikan Printing and Packaging Company CJS[3]	5.5%	<3.0%
BlackRock Inc	3.6%	<3.0%
UBS Fund Management (Switzerland) AG	3.2%	<3.0%
Ameriprise Financial	3.0%	<3.0%

1 Beneficially owned by Mr Gerald Schwartz, Canada.

2 Beneficially owned by Haldor Foundation, Liechtenstein.

3 Reported as beneficially owned by Fahad al Obeikan, Riyadh, Saudi Arabia. However, the shares will not be transferred to Al Obeikan Printing and Packaging Company CJS until the completion of the Group's planned acquisition of the remaining shares in its two joint ventures in the Middle East. See also notes 3.12 and 4.4.

To the best of the Company's knowledge, no other shareholder held 3% or more of SIG Combibloc Group AG's total share capital and voting rights as of 31 December 2020 and 2019, respectively.

Onex Corporation ("Onex"), which acquired the Group in 2015, has since the Company's listing in 2018 gradually reduced its shareholding in the Company. As of 31 December 2020, Onex no longer reported any shareholding of 3% or more of the voting rights of the Company.

4.3 Shares held directly or indirectly by the Board of Directors and the Group Executive Board, including any related parties

As of 31 December 2020, the members of the Board of Directors as of that date directly held the following number of shares and restricted share units.

Board of Directors	Number of directly or beneficially held shares[1, 2]	Unvested restricted share units[2]	Total shareholdings
Andreas Umbach	81,026	-	81,026
Matthias Währen	26,483	-	26,483
Colleen Goggins	24,826	7,287	32,113
Werner Bauer	51,939	-	51,939
Wah-Hui Chu	37,741	6,949	44,690
Mariel Hoch	12,564	-	12,564
Nigel Wright	-	-	-
Total	**234,579**	**14,236**	**248,815**

1 Ordinary registered shares of SIG Combibloc Group AG, including blocked shares.

2 The members of the Board of Directors receive 40% of their total compensation under share-based payment arrangements. The share-based payment compensation is paid out in blocked SIG shares. A three-year blocking period applies to the shares. In the prior year, a smaller part of the share-based payment compensation was paid out in restricted share units ("RSUs") with a three-year vesting period. Further details about the compensation of the Board of Directors, including terms, number and value of instruments granted, are included in the Compensation Report and in note 31 of the consolidated financial statements included elsewhere in this Annual Report.

As of 31 December 2019, the members of the Board of Directors as of that date directly, or indirectly, held the following number of shares and restricted share units.

Board of Directors	Number of directly or beneficially held shares[1, 4]	Number of indirectly held shares[1]	Total shareholdings	Unvested restricted share units[4]	Total shareholdings, including restricted share units
Andreas Umbach	67,529	-	67,529	-	67,529
Matthias Währen	20,960	-	20,960	-	20,960
Colleen Goggins	-	23,820[2]	23,820	7,287	31,107
Werner Bauer	22,842	23,820[2]	46,662	-	46,662
Wah-Hui Chu	8,888	23,820[2]	32,708	6,949	39,657
Mariel Hoch	7,287	-	7,287	-	7,287
Nigel Wright	-	106,422[3]	106,422	-	106,422
Total	**127,506**	**177,882**	**305,388**	**14,236**	**319,624**

1 Ordinary registered shares of SIG Combibloc Group AG, including blocked shares.

2 Shares were held indirectly through partnership interests in Wizard Management II GmbH & Co. KG, which held ordinary registered shares of SIG Combibloc Group AG (figures rounded).

3 Indirectly attributable through minority investment in affiliates of Onex Corporation, the former major shareholder (figures rounded).

4 The members of the Board of Directors receive 40% of their total compensation under share-based payment arrangements. The larger part of the Board of Directors' total share-based payment compensation was paid out in blocked SIG shares while a smaller part was paid out in restricted share units ("RSUs"). A three-year blocking/vesting period applies to the shares/RSUs. Further details about the compensation of the Board of Directors, including terms, number and value of instruments granted, are included in the Compensation Report and in note 31 of the consolidated financial statements included elsewhere in this Annual Report.

As of 31 December 2020 and 31 December 2019, the members of the Group Executive Board as of these dates held the following number of shares and performance share units.

	As of 31 Dec. 2020		As of 31 Dec. 2019	
Group Executive Board	**Number of directly or beneficially held shares**[1]	**Unvested performance share units**[2]	**Number of directly, beneficially or indirectly held shares**[1]	**Unvested performance share units**[2]
Rolf Stangl, Chief Executive Officer	-	56,200	665,544[3]	168,599
Samuel Sigrist	200,063	135,510	290,063[3]	79,031
Markus Boehm[5]	n/a	n/a	268,648[3]	52,688
Ian Wood	75,000	92,556	84,225[4]	52,688
Lawrence Fok	268,572	77,320	359,955[3]	47,419
Martin Herrenbrück	50,000	15,807	134,633[4]	47,419
Ricardo Rodriguez	250,002	77,320	263,702[3]	47,419
Total	**843,637**	**454,713**	**2,066,770**	**495,263**

1 Ordinary registered shares of SIG Combibloc Group AG.

2 Members of the Group Executive Board participate in a share-based long-term incentive plan under which they were granted performance share units ("PSUs") in 2019 and 2020. One PSU represents the contingent right to receive one SIG share. Vesting occurs three years after the grant date. The exact number of PSUs that vests depends on the long-term performance of SIG during the vesting period. Further details about the 2020 and 2019 incentive plans, including terms, number and value of instruments granted, are included in the Compensation Report and in note 31 of the consolidated financial statements included elsewhere in this Annual Report.

3 Shares were held indirectly through partnership interests in Wizard Management I GmbH & Co. KG, which held ordinary registered shares of SIG Combibloc Group AG (figures are rounded).

4 Shares were held indirectly through partnership interests in Wizard Management II GmbH & Co. KG, which held ordinary registered shares of SIG Combibloc Group AG (figures are rounded).

5 Markus Boehm was not a member of the Group Executive Board as of 31 December 2020 (see further below).

The Company has during the year ended 31 December 2020 implemented or initiated organisational changes in its Group Executive Board. Samuel Sigrist (Chief Financial Officer until 31 December 2020) was appointed Chief Executive Officer effective 1 January 2021 following the voluntary departure of the former Chief Executive Officer (Rolf Stangl) on 31 December 2020. On 1 January 2021, Frank Herzog was appointed as Chief Financial Officer. The position of Chief Market Officer (formerly held by Markus Boehm) was eliminated in August 2020. Martin Herrenbrück, who held the position of President and General Manager of Europe, voluntarily left the Group as of 31 December 2020. José Matthijsse took over his position as President and General Manager of Europe effective 1 February 2021. See also note 3.3.

4.4 Other

The Company announced on 25 November 2020 that the Group has entered into an agreement to acquire the remaining 50% of the shares in the two joint ventures in the Middle East from the joint venture partner Obeikan Investment Group ("OIG").

The acquisition is expected to complete before the end of the first quarter of 2021. The completion is subject to customary closing conditions and approvals from regulatory authorities. The consideration for the shares of the joint ventures will be made up of €167 million in cash and around 17.5 million newly issued SIG ordinary shares (to be issued out of authorised share capital of the Company). See note 4 of the consolidated financial statements of the Company for the year ended 31 December 2020 for additional details about the planned acquisition.

Management considers that the business of SIG is well placed to withstand the impacts of the global spread of a novel strain of corona virus (COVID-19) due to its role in the supply chain for essential food and beverages and its broad geographic reach. The Company, and its subsidiaries, is overall currently not significantly impacted by the COVID-19 pandemic.

There have been no events subsequent to 31 December 2020 that would require an adjustment to or disclosure in these financial statements except for the disclosures given in note 4.3 regarding organisational changes in the Group Executive Board.

There are no further items to disclose according to Art. 959c of Swiss Code of Obligations.

Proposal of the Board of Directors for the appropriation of the retained earnings

(In CHF thousand)	As of 31 Dec. 2020	As of 31 Dec. 2019
Profit/(loss) brought forward from previous period	107,174.2	(8,812.0)
Profit for the period	102,112.4	115,986.2
Retained earnings at the end of the period	**209,286.6**	**107,174.2**
Retained earnings to be carried forward	**209,286.6**	**107,174.2**

The Board of Directors proposes to the Annual General Meeting to be held on 21 April 2021 to carry forward retained earnings of CHF 209,286.6 thousand.

Proposal of the Board of Directors for the appropriation of the capital contribution reserve

(In CHF thousand)	As of 31 Dec. 2020	As of 31 Dec. 2019
Capital contribution reserve	2,209,198.0	2,330,816.2
Proposed dividend of CHF 0.42 per share (2019: CHF 0.38 per share) out of the capital contribution reserve	(134,422.4)	(121,620.2)
Dividends not paid on treasury shares held by the Company		2.0
Capital contribution reserve carried forward after cash dividend	**2,074,775.6**	**2,209,198.0**

Provided that the proposal of the Board of Directors is approved by the Annual General Meeting to be held on 21 April 2021, the dividend will amount to CHF 0.42 per share and is expected to be paid out of the Company's foreign capital contribution reserve. The proposed amount of CHF 134,422.4 thousand excludes any additional shares in circulation as a result of the planned acquisition of the remaining shares in the two joint ventures in the Middle East (see notes 3.12 and 4.4). Dividends will not be paid on treasury shares.

REPORT OF THE STATUTORY AUDITOR

to the General Meeting of SIG Combibloc Group AG
Neuhausen am Rheinfall

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SIG Combibloc Group AG, which comprise the income statement for the year ended 31 December 2020, the balance sheet as at 31 December 2020, and notes for the year then ended, including a summary of significant accounting policies. In our opinion, the financial statements (pages 206 to 215) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 12,100,000
How we determined it	0.5% of total equity
Rationale for the materiality benchmark applied	We chose total equity as the benchmark because it is a relevant and generally accepted measure for materiality considerations relating to a holding company.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Rossi	**Manuela Baldisweiler**
Audit expert	Audit expert
Auditor in charge	

Basel, 18 February 2021

DISCLAIMER AND CAUTIONARY STATEMENT

The Annual Report contains certain “forward-looking statements” that are based on our current expectations, assumptions, estimates and projections about us and our industry. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words “may”, “will”, “should”, “continue”, “believe”, “anticipate”, “expect”, “estimate”, “intend”, “project”, “plan”, “will likely continue”, “will likely result”, or words or phrases with similar meaning. Undue reliance should not be placed on such statements because, by their nature, forward-looking statements involve risks and uncertainties, including, without limitation, economic, competitive, governmental and technological factors outside of the control of SIG Combibloc Group AG (“SIG”, the “Company” or the “Group”), that may cause SIG’s business, strategy or actual results to differ materially from the forward-looking statements (or from past results). Factors that could cause actual results to differ materially from the forward-looking statements are included without limitations into our offering circular for the issue of notes in June 2020. SIG undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise. It should further be noted that past performance is not a guide to future performance. Persons requiring advice should consult an independent adviser.

The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon SIG’s ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws.

Definitions of the alternative performance measures used by the SIG and their related reconciliations are posted under the following link: https://reports.sig.biz/annual-report-2020/services/chart-generator

Some financial information in this Annual Report has been rounded and, as a result, the figures shown as totals may vary slightly from the exact arithmetic aggregation of the figures that precede them.

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